Make Your Choice
An Introduction to Your Retirement Benefit Options

These two new Utah public employees get a retirement benefit equal to 12% of their salary. Like you, they choose how to receive this benefit.

How did they make their decision? — Look inside. —

Meet Dave
He chose the Hybrid option, which includes a pension for lifetime retirement income.

Meet Rob
He chose the 401(k) option and will get a 12% contribution in an employer-paid 401(k).

This brochure provides a brief overview of the Tier 2 Public Safety and Firefighters Hybrid Retirement System (Hybrid Option) and the Tier 2 Public Safety and Firefighters Defined Contribution Plan (401(k) Option).

Go to www.urs.org for more details about your benefits.
**What's the Hybrid Option?**

Your employer contributes an amount equal to 12% of your salary to fund the Hybrid Option, which combines a pension and a 401(k). A pension provides a lifetime income stream based on the formula below.

**Important: Benefits may change in 2020. See Page 3-4.**

**Example:**

<table>
<thead>
<tr>
<th>Years of Service</th>
<th>25 Years</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.5% Multiplier</td>
<td>37.5%</td>
</tr>
<tr>
<td>Average Salary</td>
<td>$40,000</td>
</tr>
<tr>
<td>Benefit</td>
<td>$15,000 / Year $1,250 / Month</td>
</tr>
</tbody>
</table>

**Pension & 401(k)**

In addition to your pension, you may get an employer contribution to a 401(k). The amount is based on the yearly pension contribution rate, which will change throughout your career. For example, the 2019–2020 rate is 11.30%. The difference between 12% and the pension contribution rate (11.30%), which is 0.70%, is contributed to your 401(k).

When Can I Retire?

Your pension eligibility depends on your age and years of service. Here are the minimum qualifications:

- **65** with at least **4** years of service
- **Any age** with at least **25** years of service
- **62** with at least **10** years of service*
- **60** with at least **20** years of service*

*Early age reduction if you retire under age 65 with fewer than 25 years.

**Current Benefit** | **SB 129 New Benefit Beginning July 1, 2020 (subject to change)**
---|---
1.5% Multiplier | 2.0% Multiplier on service earned after July 1, 2020. All service accrued prior to July 1, 2020, will still be multiplied by 1.5%.

Hybrid Option

- Employer funds benefit at 12% of pay
- Employees currently not required to contribute to fund the pension benefit (because the pension contribution rate is less than the 12% employer cap).
- Based on today’s pension contribution rate, employees would add about 2.27% of their pay to fund the pension benefit. Employers may choose to pick up their employees’ contributions.

401(k) Option

- Employer contributes an amount equal to 12% of your salary into your 401(k).
- Employer contributes an amount equal to 14% of your salary into your 401(k). Employers may choose to make additional 401(k) contributions.

**Changes in 2020**

A bill to enhance Tier 2 Public Safety and Firefighter retirement benefits was passed by the legislature and signed by the governor in April 2019. It takes effect beginning July 1, 2020, and is subject to change.
### Changes in 2020

**What the Benefit Might Be in 2020**

Here’s how the Hybrid Option benefit might change if legislation passed in 2019 remains intact when it takes effect in July 2020.

<table>
<thead>
<tr>
<th>Years of Service</th>
<th>x</th>
<th>2%</th>
<th>Average 5 Highest Years’ Salary</th>
<th>=</th>
<th>Basic Yearly Pension Benefit</th>
</tr>
</thead>
<tbody>
<tr>
<td>25</td>
<td>x</td>
<td>2%</td>
<td>$40,000</td>
<td></td>
<td>$20,000 / Year, $1,666 / Month</td>
</tr>
</tbody>
</table>

**Example of Hybrid Pension Benefit Under Proposed Changes**

<table>
<thead>
<tr>
<th>Years of Service</th>
<th>x</th>
<th>2%</th>
<th>Average Salary (Average of 5 highest years)</th>
<th>Benefit</th>
</tr>
</thead>
<tbody>
<tr>
<td>25</td>
<td>x</td>
<td>2%</td>
<td>$40,000</td>
<td>$20,000 / Year, $1,666 / Month</td>
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**Meets Dave**

- Is uncomfortable taking investment risks
- Likes the stability of fixed, monthly income
- Wants his spouse to have the security of lifetime income if he dies on duty

**What Are the Hybrid Option Death Benefits?**

**Death Benefits**
- Your beneficiary may get a payment of 75% of your highest annual salary and
- Your spouse will get a monthly payment if you have been married at least six months, and
  - you qualify for retirement, but are not yet retired, or
  - you have at least 15 years of service

**Line-of-Duty Death Benefits**
- Less than 20 years service
  - Your spouse gets a lump-sum equal to six months of your final average salary and a monthly payment equal to 30% of your final average salary.
- More than 20 years service
  - Your spouse gets a benefit equivalent to what would have been payable to you in retirement.

**How Much Would the Hybrid Option Provide You?**

Go to calculators at www.urs.org to estimate your monthly retirement income. Use the Retirement Benefit Estimate Calculator and Savings Plans Future Values Calculator.

<table>
<thead>
<tr>
<th>Pension:</th>
<th>401(k):</th>
<th>Total:</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
A 401(k) is a retirement savings plan. With this option, your employer contributes an amount equal to 12% of your salary into your 401(k). The money you get is based on employer contributions and two other main factors:

**INVESTMENT PERFORMANCE** The way you invest your money and the financial markets will have a big impact on your retirement income.

While Working Retirement (in Today’s Dollars)

<table>
<thead>
<tr>
<th>Assumed Rate</th>
<th>4%</th>
<th>6%</th>
<th>8%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Money</td>
<td>$401,821</td>
<td>$604,088</td>
<td>$941,408</td>
</tr>
<tr>
<td>Contribution</td>
<td>$1,012</td>
<td>$1,522</td>
<td>$2,372</td>
</tr>
<tr>
<td>Growth</td>
<td>2% Yearly</td>
<td>2% Yearly</td>
<td>2% Yearly</td>
</tr>
</tbody>
</table>

**What’s the 401(k) Option?**

The investment performance example shown in this graph illustrates the future value of money and potential outcomes and are not to be considered advice or recommendations, nor are they guarantees of future results. These examples are based on the following assumptions: salary, employer contribution rate, and salary growth assumptions are chosen on the graph; employer contribution will be made with each pay period and the time of retirement; contributions are compounded based on 4%, 6%, and 8% hypothetical rates of return, which are net of fees, and no withdrawals are made during the investment period and money are held over the years reflected in the graph. The assumptions for the investment examples affect the potential return estimates and will not be the same as for your account. Individual account performance varies based on your investment selections, the underlying expenses of those selections, the timing of the investments, any cash flow in or out of the account during the investment period (such as loans or in-service distributions), and on the balance in the account.

Visit the online Savings Plans Future Values Calculator at www.urs.org to estimate the future value of your account using customized assumptions.

**PAYOUT PERIOD** You choose how to draw from your account in retirement. Your monthly withdrawals will be based on your account balance and how long you need the retirement income from your account to last.

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The payout examples above illustrate hypothetical monthly payments from your account based on the following assumptions: a 20- and 25-year payout period; initial account balances at the time of retirement based on 4%, 6%, and 8% hypothetical rates of return and taken from the graph above; 4% hypothetical rate of return during the payout period, which is net of fees; 2% annual inflation rate; and, besides the monthly payment shown, no additional withdrawals or contributions are made during the payout period. The assumptions for the example payouts will not be the same as for your account. For this reason, potential payouts from your account will not match those shown in the table and will vary based on the balance in your account, investment selections, the underlying expenses of those selections, the timing of the investments, and cash flow in or out of the account during the investment and payout periods.

**How Much Would the 401(k) Option Provide You?**

Go to the Savings Plans Future Values Calculator at www.urs.org to estimate your monthly retirement income.

**Withdrawing Your Money**

Generally, you may withdraw your money once you reach an eligible age. You can also withdraw after you’ve terminated employment, however, depending on your age, you may be subject to a 10% IRS early-withdrawal penalty in addition to income taxes. For more specific information, go to www.urs.org/us/savings.
Consider Your Preferences

Everyone’s situation is unique, and there’s no right or wrong answer. Like Dave and Rob, you’ll have your own considerations. Here’s a brief overview of three major advantages of each option. For a better understanding and more considerations, see resources on the back page.

Hybrid Option
- Stable, monthly retirement income
- Guaranteed benefit
- Includes a line-of-duty death benefit that would pay guaranteed monthly income to your spouse.

401(k) Option
- Flexibility to manage and withdraw on your own terms
- No guaranteed benefit; potential for higher or lower benefit
- Your death benefit would provide a one-time payment to your beneficiary.

Important Legal Notice

Investing is an important decision. Read the Summary Plan Descriptions and Investment Fund Fact Sheets in their entirety for more information and consider all investment objectives, risks, charges, and expenses before investing in URS Savings Plans. All investing is subject to risk, and you assume all investment risks, including potential for loss of principal as well as responsibility for any federal and state tax consequences.

No Guarantees. The URS Savings Plans investments described in this publication: are not insured; are not a deposit or obligation of, nor guaranteed by, any financial institution; and are not guaranteed by URS or any government agency. Because you make the investment decisions about your account, the plan’s sponsor, trustee, and others associated with the investments are not responsible or liable for your investment performance.

Performance. Past performance does not guarantee future results. The value of your investment may vary depending on market conditions and the performance of the investment option you select. It could be more or less than the amount you contribute; in short, your investment could lose value.

Consult an advisor. The information provided in this document does not contain financial, investment, tax, or legal advice and cannot be construed as such or relied upon for those purposes. Please consult your own investment, tax, or legal advisors for qualified professional advice in these areas.

Also Note: This brochure refers to the Tier 2 Public Employees Hybrid Retirement System as the “Hybrid Option” and the Tier 2 Public Employees Defined Contribution Plan as the “401(k) Option.” Go to www.urs.org for more details about your benefits.

“Dave” and “Rob” are fictitious characters intended to help illustrate potential considerations in choosing between the retirement options. Individual circumstances and considerations vary.

DECIDING

Make Your Choice

You have one year from your hire date to choose your retirement option. To make your decision, create a myURS account at www.urs.org.

How to Create a myURS Account

Go to www.urs.org and click “LOGIN” in the top-right corner. To create an account, you’ll need your URS account number — a “W” followed by eight digits. If you have questions, call 801-366-7720 or 800-688-4015.

Making Your Decision

You’ll choose between the Tier 2 Hybrid Retirement System (Hybrid Option) and the Tier 2 Defined Contribution Plan (401(k) Option). You may change your election any time within one year of your eligibility date. At the end of one year, your final selection can’t be changed. If you don’t choose, the Hybrid Option is the default.

Your Next Important Choice

What’s the best decision you can make for your retirement? It’s the decision to start saving now, on your own, to supplement your benefit. Set up automatic deductions from your paycheck at myURS.

Learn more about URS Savings Plans and Investment Options at www.urs.org/us/savings
Let Us Help You Understand Your Options

## Your Choice, Your Way

Whatever your style of learning, URS is here to help you understand your retirement choice and benefits.

### Website
Go to the [New Members](#) section of our website for an overview of your retirement options and to find resources to make an informed decision.

### Publications
Go in-depth by reading the detailed booklet *Comparing Tier 2 Plans*. Find publications at [www.urs.org](http://www.urs.org). Or email [publications@urs.org](mailto:publications@urs.org) to request printed copies.

### Videos
Our library of videos provide both a quick overview and a deeper discussion of your retirement benefits. Go to [www.urs.org/us/videos](http://www.urs.org/us/videos).

### Webinars
**Tier 2 Choice** webinars explain your options. See schedule at [www.urs.org/us/webinars](http://www.urs.org/us/webinars). Archived webinars also available.

### Presentations
We offer Tier 2 New Hire Presentations regularly at various locations across the state. [See Full Schedule](#)

### One-on-One
A URS Retirement Planning Advisor can help you choose the right retirement option for you. Schedule a free session at myURS at [www.urs.org](http://www.urs.org).

### Via Phone
We look forward to answering your questions. Call weekdays between 8 a.m. and 5 p.m., 801-366-7700 or 800-365-8772.