

URS Fiscal Analysis of 2016 S.B. 19

This document has been prepared by the Utah Retirement Systems (URS) based on information and analysis received from its consulting actuary, Gabriel Roeder Smith & Company.

Summary of Fiscal Impact

If enacted, S.B. 19, Phased Retirement, likely will not result in a material fiscal impact on the URS:

Increase in unfunded actuarial accrued liability:	Increase in annual cost for all participating employers:	Increase in actuarially determined contribution rates:
None	None	None

Proposed Legislative Provisions

This bill would create a phased retirement program within URS. This program allows employers to offer their employees phased retirement on a selective basis. Employer and retiree participation is not mandatory. The employer will establish a written policy and have a written agreement with each employee who enters phased retirement that specifies certain conditions of the phased retirement, such as the duration of the employee's phased retirement.

When employees enter phased retirement, they will receive 50% of their retirement benefit and will be employed on a 50% of time basis. The retirees will not receive any cost-of-living-adjustments (COLA) on their retirement allowance while they are in phased retirement. The employers will also contribute the amortization rate to URS on the payroll of the phased retirees. When the phased retirement has ended, the retiree will receive 100% of the retirement allowance based on the retirement benefit earned at the time the retiree entered phased retirement (i.e. the retiree will not receive any service or pay accruals while in phased retirement).

The proposed legislation has a July 1, 2021 sunset date on the phased retirement program. Also, the proposed bill provides the right for the Legislature to make adjustments or terminate the program prior to the sunset date.

Summary of Fiscal Impact

If enacted, the phased retirement program would change the actuarially determined contribution rates by less than one basis point (i.e. 0.01%) for each of the public employee, public safety, and firefighter funds. The program would not have a measurable change on the unfunded actuarial accrued liability. This phased retirement program does not have a fiscal impact because the actuary expects there will be a low utilization rate of the program and the design of the program will result in a relatively small change in the net actuarial value of the member's retirement benefit.

Actuarial Analysis and Assumptions

To determine the fiscal impact, the actuary modeled a hypothetical public employee and public safety officer/firefighter. The age and compensation used in these examples is representative of the demographic profile for a typical employee (age, service, and compensation) who would be expected to participate in this type of program. Using a different compensation amount in the example would only change the relative magnitude of the fiscal impact.

Since the design of this phased retirement program does not provide a clear financial incentive for the member to enter a phased retirement program, it is uncertain how this will alter their retirement behavior. As a result, the actuary analyzed the fiscal impact of each individual under two scenarios. The first scenario assumes the employee enters phased retirement three years prior to their planned ultimate retirement age (i.e. the phased retirement program does not change their ultimate retirement age). The second scenario assumes the phased retirement program results in the employee delaying their ultimate retirement age by three years.

Scenario 1. – Phased Retirement Does Not Change the Employee’s Ultimate Retirement Age

Under this scenario, the member’s income (salary and benefits) would be smaller during phased retirement (approximately 20% for public employees and 25% less for public safety) than if they remained as a full-time employee. The retirement benefit provided to the retiree would also be smaller after phased retirement (compared to the benefit they would have ultimately received had they not entered the phased retirement program) because the member ceases to earn additional benefits while in the phased retirement program. However, the net present value of the retirement benefit provided by the retirement system remains relatively unchanged. While the retirement benefit is smaller under the phased retirement program, the member starts receiving their retirement benefit at a younger age.

Scenario 2. – Phased Retirement Delays the Employee’s Ultimate Retirement Age

In this scenario, the member’s income (salary and benefits) would be higher while they are in phased retirement (approximately 40% for public employees and 50% for public safety), than if the member had decided to retire. The retirement benefit provided to the retiree would be smaller after phased retirement (compared to the benefit they would have received if they had retired instead of going into phased retirement) because the design of the phased retirement program does not provide a COLA during phased retirement. Also, the net present value of the retirement benefit is lower if the member participates in the phased retirement program. The primary cause for the net decrease in the present value of the retirement benefit is due to the fact that the employee only receives half their retirement allowance while in phased retirement. The delay of the COLA during phased retirement also provides some cost savings. While this scenario shows there are potential fiscal savings to the Retirement System if the employee delays their ultimate retirement age, we expect that very few members would delay their ultimate retirement age by using the phased retirement program.

Please see the four Scenario Exhibits for analysis showing the financial impact to the hypothetical retirees as well as the retirement systems.

Other Actuarial Comments

This phased retirement design is very similar to the program implemented by the Federal Office of Personnel Management (OPM) in 2014. The Congressional Budget Office projected the phased retirement program would slightly reduce the cost of the retirement program. Their analysis assumed that employees utilizing the program would delay their ultimate retirement age. URS could have a similar fiscal impact if the phased retirement program delayed the member’s ultimate retirement date (Scenario 2 in the Exhibits). However, we believe it is more likely for employees to elect to participate in this program prior to their ultimate planned retirement date.

There have been a few articles in the popular press suggesting that federal employees have expressed interest in participating in the phased retirement program provided by the OPM, but employers have been very slow to embrace the program. It is possible that employers participating in URS may also

express some initial reluctance to offer a phased retirement option to their employees. It is possible there would be higher utilization if URS develops a model policy for employers to customize.

We expect that many employees will choose to continue to return to work under the current working retiree provisions because there is greater opportunity for the retiree to substantially increase their financial resources (i.e. the retiree may continue receiving 100% of their entire retirement allowance while employed on a full-time basis). We expect the majority of those employees utilizing phased retirement would view the program as an opportunity for them to reduce their workload without incurring a significant decrease in their immediate income. Stated differently, the program provides them an opportunity to exit the workforce in a more moderate manner.

Please bear in mind that actual results could deviate significantly from our projections, depending on actual plan experience. This letter is intended to describe the financial and actuarial effect of the proposed plan changes on URS only. It should be noted that we are neither for nor against the proposed changes. Phased retirement is a policy decision for the Legislature and employers. Our goal is to inform the stakeholders of the impact of changes to these rules.

There is proposed legislation that will be introduced during the 2016 legislative session that would provide increased opportunity for retirees to return to the workforce and continue to receive their retirement benefit. If one or more of those proposed changes are enacted, we would expect there would be decreased interest from employees wanting to utilize the phased retirement program. This would not change our fiscal analysis.

Administrative Cost Analysis

As with all bills that alter benefit design or make substantive benefit modifications, implementation of S.B. 19 will likely result in some administrative costs. However, such costs will be handled within existing budgets, will not result in direct, measurable costs for URS, will not have a material fiscal impact on URS, and will not result in an increase to actuarially determined contribution rates.

Utah Retirement System

Scenario 1. Public Employee No Change in Retirement Age

		Comparison of Income and Retirement Benefits for the Employee						Comparison of Net Plan Distributions for the Retirement System					
Age	Service	Full-Retirement at Age 63			Phased Retirement Age 60 through Age 63			Full-Retirement at Age 63			Phased Retirement Age 60 through Age 63		
		Salary	Retirement Benefit	Total Income	Salary	Retirement Benefit	Total Income	Contributions Received	Benefit Distribution	Net Plan Cash Flow	Contributions Received	Benefit Distribution	Net Plan Cash Flow
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)
60	30	\$ 65,000	\$ -	\$ 65,000	\$ 32,500	\$ 18,211	\$ 50,711	\$ (14,424)	\$ -	\$ (14,424)	\$ (3,231)	\$ 18,211	\$ 14,980
61	31	67,275	-	67,275	33,638	18,211	51,849	(14,928)	-	(14,928)	(3,344)	18,211	14,867
62	32	69,630	-	69,630	34,815	18,211	53,026	(15,451)	-	(15,451)	(3,461)	18,211	14,750
63		-	44,419	44,419	-	36,421	36,421	-	44,419	44,419	-	36,421	36,421
64		-	45,641	45,641	-	37,423	37,423	-	45,641	45,641	-	37,423	37,423
65		-	46,862	46,862	-	38,425	38,425	-	46,862	46,862	-	38,425	38,425
66		-	48,084	48,084	-	39,427	39,427	-	48,084	48,084	-	39,427	39,427
67		-	49,305	49,305	-	40,429	40,429	-	49,305	49,305	-	40,429	40,429
68		-	50,527	50,527	-	41,431	41,431	-	50,527	50,527	-	41,431	41,431
69		-	51,748	51,748	-	42,433	42,433	-	51,748	51,748	-	42,433	42,433
70		-	52,970	52,970	-	43,435	43,435	-	52,970	52,970	-	43,435	43,435
71		-	54,191	54,191	-	44,437	44,437	-	54,191	54,191	-	44,437	44,437
72		-	55,413	55,413	-	45,439	45,439	-	55,413	55,413	-	45,439	45,439
73		-	56,634	56,634	-	46,441	46,441	-	56,634	56,634	-	46,441	46,441
74		-	57,856	57,856	-	47,443	47,443	-	57,856	57,856	-	47,443	47,443
75		-	59,077	59,077	-	48,445	48,445	-	59,077	59,077	-	48,445	48,445
76		-	60,299	60,299	-	49,447	49,447	-	60,299	60,299	-	49,447	49,447
77		-	61,520	61,520	-	50,449	50,449	-	61,520	61,520	-	50,449	50,449
78		-	62,742	62,742	-	51,451	51,451	-	62,742	62,742	-	51,451	51,451
79		-	63,964	63,964	-	52,453	52,453	-	63,964	63,964	-	52,453	52,453
80		-	65,185	65,185	-	53,455	53,455	-	65,185	65,185	-	53,455	53,455
81		-	66,407	66,407	-	54,457	54,457	-	66,407	66,407	-	54,457	54,457
82		-	67,628	67,628	-	55,459	55,459	-	67,628	67,628	-	55,459	55,459
83		-	68,850	68,850	-	56,461	56,461	-	68,850	68,850	-	56,461	56,461
84		-	70,071	70,071	-	57,463	57,463	-	70,071	70,071	-	57,463	57,463
85		-	71,293	71,293	-	58,465	58,465	-	71,293	71,293	-	58,465	58,465
Total Salary and Benefits (Age 60 to Age 85):		\$ 1,532,590			\$ 1,246,775			\$ 1,285,882			\$ 1,135,786		
Present Value (Age 60):		\$ 669,444			\$ 540,072			\$ 448,080			\$ 440,487		

Present Value of Member's Total Income

Phased Retirement for ages 60 through 63:	\$ 540,072
Full Retirement at age 63:	669,444
Difference:	\$ (129,372)

Present Value of Net Plan Distribution

Phased Retirement for ages 60 through 63:	\$ 440,487
Full Retirement at age 63:	448,080
Difference:	\$ (7,593)

Notes and Assumptions:

- The present value at age 60 is determined using a 7.50% discount rate.
- URS receives the amortization rate on the payroll of the employee while in phased-retirement. No COLA is provided on the retirement benefit while the employee is in phased retirement.
- Example assumes the retiree lives to age 85, the approximate life expectancy for current retirees.

Utah Retirement System

Scenario 2. Public Employee Delays Retirement

		Comparison of Income and Retirement Benefits for the Employee						Comparison of Net Plan Distributions for the Retirement System					
Age	Service	Full-Retirement at Age 60			Phased Retirement Age 60 through Age 63			Full-Retirement at Age 60			Phased Retirement Age 60 through Age 63		
		Salary	Retirement Benefit	Total Income	Salary	Retirement Benefit	Total Income	Contributions Received	Benefit Distribution	Net Plan Cash Flow	Contributions Received	Benefit Distribution	Net Plan Cash Flow
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)
60	30	\$ -	\$ 36,421	\$ 36,421	\$ 32,500	\$ 18,211	\$ 50,711	\$ -	\$ 36,421	\$ 36,421	\$ (3,231)	\$ 18,211	\$ 14,980
61	31	-	37,423	37,423	33,638	18,211	51,849	-	37,423	37,423	(3,344)	18,211	14,867
62	32	-	38,425	38,425	34,815	18,211	53,026	-	38,425	38,425	(3,461)	18,211	14,750
63		-	39,427	39,427	-	36,421	36,421	-	39,427	39,427		36,421	36,421
64		-	40,429	40,429	-	37,423	37,423	-	40,429	40,429		37,423	37,423
65		-	41,431	41,431	-	38,425	38,425	-	41,431	41,431		38,425	38,425
66		-	42,433	42,433	-	39,427	39,427	-	42,433	42,433		39,427	39,427
67		-	43,435	43,435	-	40,429	40,429	-	43,435	43,435		40,429	40,429
68		-	44,437	44,437	-	41,431	41,431	-	44,437	44,437		41,431	41,431
69		-	45,439	45,439	-	42,433	42,433	-	45,439	45,439		42,433	42,433
70		-	46,441	46,441	-	43,435	43,435	-	46,441	46,441		43,435	43,435
71		-	47,443	47,443	-	44,437	44,437	-	47,443	47,443		44,437	44,437
72		-	48,445	48,445	-	45,439	45,439	-	48,445	48,445		45,439	45,439
73		-	49,447	49,447	-	46,441	46,441	-	49,447	49,447		46,441	46,441
74		-	50,449	50,449	-	47,443	47,443	-	50,449	50,449		47,443	47,443
75		-	51,451	51,451	-	48,445	48,445	-	51,451	51,451		48,445	48,445
76		-	52,453	52,453	-	49,447	49,447	-	52,453	52,453		49,447	49,447
77		-	53,455	53,455	-	50,449	50,449	-	53,455	53,455		50,449	50,449
78		-	54,457	54,457	-	51,451	51,451	-	54,457	54,457		51,451	51,451
79		-	55,459	55,459	-	52,453	52,453	-	55,459	55,459		52,453	52,453
80		-	56,461	56,461	-	53,455	53,455	-	56,461	56,461		53,455	53,455
81		-	57,463	57,463	-	54,457	54,457	-	57,463	57,463		54,457	54,457
82		-	58,465	58,465	-	55,459	55,459	-	58,465	58,465		55,459	55,459
83		-	59,467	59,467	-	56,461	56,461	-	59,467	59,467		56,461	56,461
84		-	60,469	60,469	-	57,463	57,463	-	60,469	60,469		57,463	57,463
85		-	61,471	61,471	-	58,465	58,465	-	61,471	61,471		58,465	58,465
Total Salary and Benefits (Age 60 to Age 85):		\$ 1,272,596			\$ 1,246,775			\$ 1,272,596			\$ 1,135,786		
Present Value (Age 60):		\$ 528,275			\$ 540,072			\$ 528,275			\$ 440,487		

Present Value of Member's Total Income

Phased Retirement for ages 60 through 63:	\$ 540,072
Full Retirement at age 60:	528,275
Difference:	\$ 11,797

Present Value of Net Plan Distribution

Phased Retirement for ages 60 through 63:	\$ 440,487
Full Retirement at age 60:	528,275
Difference:	\$ (87,788)

Notes and Assumptions:

- The present value at age 60 is determined using a 7.50% discount rate.
- URS receives the amortization rate on the payroll of the employee while in phased-retirement. No COLA is provided on the retirement benefit while the employee is in phased retirement.
- Example assumes the retiree lives to age 85, the approximate life expectancy for current retirees.

Utah Retirement System

Scenario 1. Public Safety / Firefighter No Change in Retirement Age

Age (1)	Service (2)	Comparison of Income and Retirement Benefits for the Employee						Comparison of Net Plan Distributions for the Retirement System					
		Full-Retirement at Age 55			Phased Retirement Ages 52 through 55			Full-Retirement at Age 55			Phased Retirement Ages 52 through 55		
		Salary	Retirement Benefit	Total Income	Salary	Retirement Benefit	Total Income	Contributions Received	Benefit Distribution	Net Plan Cash Flow	Contributions Received	Benefit Distribution	Net Plan Cash Flow
		(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)
52	23	\$ 60,678	\$ -	\$ 60,678	\$ 30,339	\$ 15,300	\$ 45,639	\$ (25,090)	\$ -	\$ (25,090)	\$ (5,601)	\$ 15,300	\$ 9,699
53	24	62,802	-	62,802	31,401	15,300	46,701	(25,969)	-	(25,969)	(5,797)	15,300	9,503
54	25	65,000	-	65,000	32,500	15,300	47,800	(26,878)	-	(26,878)	(6,000)	15,300	9,300
55		-	37,696	37,696	-	30,600	30,600	-	37,696	37,696	-	30,600	30,600
56		-	38,733	38,733	-	31,442	31,442	-	38,733	38,733	-	31,442	31,442
57		-	39,769	39,769	-	32,284	32,284	-	39,769	39,769	-	32,284	32,284
58		-	40,806	40,806	-	33,126	33,126	-	40,806	40,806	-	33,126	33,126
59		-	41,843	41,843	-	33,968	33,968	-	41,843	41,843	-	33,968	33,968
60		-	42,879	42,879	-	34,810	34,810	-	42,879	42,879	-	34,810	34,810
61		-	43,916	43,916	-	35,652	35,652	-	43,916	43,916	-	35,652	35,652
62		-	44,952	44,952	-	36,494	36,494	-	44,952	44,952	-	36,494	36,494
63		-	45,989	45,989	-	37,336	37,336	-	45,989	45,989	-	37,336	37,336
64		-	47,026	47,026	-	38,178	38,178	-	47,026	47,026	-	38,178	38,178
65		-	48,062	48,062	-	39,020	39,020	-	48,062	48,062	-	39,020	39,020
66		-	49,099	49,099	-	39,862	39,862	-	49,099	49,099	-	39,862	39,862
67		-	50,136	50,136	-	40,704	40,704	-	50,136	50,136	-	40,704	40,704
68		-	51,172	51,172	-	41,546	41,546	-	51,172	51,172	-	41,546	41,546
69		-	52,209	52,209	-	42,388	42,388	-	52,209	52,209	-	42,388	42,388
70		-	53,246	53,246	-	43,230	43,230	-	53,246	53,246	-	43,230	43,230
71		-	54,282	54,282	-	44,072	44,072	-	54,282	54,282	-	44,072	44,072
72		-	55,319	55,319	-	44,914	44,914	-	55,319	55,319	-	44,914	44,914
73		-	56,356	56,356	-	45,756	45,756	-	56,356	56,356	-	45,756	45,756
74		-	57,392	57,392	-	46,598	46,598	-	57,392	57,392	-	46,598	46,598
75		-	58,429	58,429	-	47,440	47,440	-	58,429	58,429	-	47,440	47,440
76		-	59,465	59,465	-	48,282	48,282	-	59,465	59,465	-	48,282	48,282
77		-	60,502	60,502	-	49,124	49,124	-	60,502	60,502	-	49,124	49,124
78		-	61,539	61,539	-	49,966	49,966	-	61,539	61,539	-	49,966	49,966
79		-	62,575	62,575	-	50,808	50,808	-	62,575	62,575	-	50,808	50,808
80		-	63,612	63,612	-	51,650	51,650	-	63,612	63,612	-	51,650	51,650
81		-	64,649	64,649	-	52,492	52,492	-	64,649	64,649	-	52,492	52,492
82		-	65,685	65,685	-	53,334	53,334	-	65,685	65,685	-	53,334	53,334
83		-	66,722	66,722	-	54,176	54,176	-	66,722	66,722	-	54,176	54,176
84		-	67,759	67,759	-	55,018	55,018	-	67,759	67,759	-	55,018	55,018
85		-	68,795	68,795	-	55,860	55,860	-	68,795	68,795	-	55,860	55,860
Total Salary and Benefits (Age 52 to Age 85):		\$ 1,839,094			\$ 1,480,270			\$ 1,572,677			\$ 1,368,632		
Present Value (Age 52):		\$ 643,499			\$ 510,943			\$ 404,451			\$ 410,774		

Present Value of Member's Total Income

Phased Retirement for ages 52 through 55:	\$ 510,943
Full Retirement at age 55:	643,499
Difference:	\$ (132,556)

Present Value of Net Plan Distribution

Phased Retirement for ages 52 through 55:	\$ 410,774
Full Retirement at age 55:	404,451
Difference:	\$ 6,323

Notes and Assumptions:

- The present value at age 52 is determined using a 7.50% discount rate.
- URS receives the amortization rate on the payroll of the employee while in phased-retirement. No COLA is provided on the retirement benefit while the employee is in phased retirement.
- Example assumes the retiree lives to age 85, the approximate life expectancy for current retirees.

Utah Retirement System

Scenario 2. Public Safety / Firefighter Delays Retirement

Age (1)	Service (2)	Comparison of Income and Retirement Benefits for the Employee						Comparison of Net Plan Distributions for the Retirement System					
		Full-Retirement at Age 52			Phased Retirement Age 52 through 55			Full-Retirement at Age 52			Phased Retirement Age 52 through 55		
		Salary	Retirement Benefit	Total Income	Salary	Retirement Benefit	Total Income	Contributions Received	Benefit Distribution	Net Plan Cash Flow	Contributions Received	Benefit Distribution	Net Plan Cash Flow
		(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)
52	23	\$ -	\$ 30,599	\$ 30,599	\$ 30,339	\$ 15,300	\$ 45,639	\$ -	\$ 30,599	\$ 30,599	\$ (5,601)	\$ 15,300	\$ 9,699
53	24	-	31,440	31,440	31,401	15,300	46,701	-	31,440	31,440	(5,797)	15,300	9,503
54	25	-	32,281	32,281	32,500	15,300	47,800	-	32,281	32,281	(6,000)	15,300	9,300
55		-	33,122	33,122	-	30,600	30,600	-	33,122	33,122		30,600	30,600
56		-	33,963	33,963	-	31,442	31,442	-	33,963	33,963		31,442	31,442
57		-	34,804	34,804	-	32,284	32,284	-	34,804	34,804		32,284	32,284
58		-	35,645	35,645	-	33,126	33,126	-	35,645	35,645		33,126	33,126
59		-	36,486	36,486	-	33,968	33,968	-	36,486	36,486		33,968	33,968
60		-	37,327	37,327	-	34,810	34,810	-	37,327	37,327		34,810	34,810
61		-	38,168	38,168	-	35,652	35,652	-	38,168	38,168		35,652	35,652
62		-	39,009	39,009	-	36,494	36,494	-	39,009	39,009		36,494	36,494
63		-	39,850	39,850	-	37,336	37,336	-	39,850	39,850		37,336	37,336
64		-	40,691	40,691	-	38,178	38,178	-	40,691	40,691		38,178	38,178
65		-	41,532	41,532	-	39,020	39,020	-	41,532	41,532		39,020	39,020
66		-	42,373	42,373	-	39,862	39,862	-	42,373	42,373		39,862	39,862
67		-	43,214	43,214	-	40,704	40,704	-	43,214	43,214		40,704	40,704
68		-	44,055	44,055	-	41,546	41,546	-	44,055	44,055		41,546	41,546
69		-	44,896	44,896	-	42,388	42,388	-	44,896	44,896		42,388	42,388
70		-	45,737	45,737	-	43,230	43,230	-	45,737	45,737		43,230	43,230
71		-	46,578	46,578	-	44,072	44,072	-	46,578	46,578		44,072	44,072
72		-	47,419	47,419	-	44,914	44,914	-	47,419	47,419		44,914	44,914
73		-	48,260	48,260	-	45,756	45,756	-	48,260	48,260		45,756	45,756
74		-	49,101	49,101	-	46,598	46,598	-	49,101	49,101		46,598	46,598
75		-	49,942	49,942	-	47,440	47,440	-	49,942	49,942		47,440	47,440
76		-	50,783	50,783	-	48,282	48,282	-	50,783	50,783		48,282	48,282
77		-	51,624	51,624	-	49,124	49,124	-	51,624	51,624		49,124	49,124
78		-	52,465	52,465	-	49,966	49,966	-	52,465	52,465		49,966	49,966
79		-	53,306	53,306	-	50,808	50,808	-	53,306	53,306		50,808	50,808
80		-	54,147	54,147	-	51,650	51,650	-	54,147	54,147		51,650	51,650
81		-	54,988	54,988	-	52,492	52,492	-	54,988	54,988		52,492	52,492
82		-	55,829	55,829	-	53,334	53,334	-	55,829	55,829		53,334	53,334
83		-	56,670	56,670	-	54,176	54,176	-	56,670	56,670		54,176	54,176
84		-	57,511	57,511	-	55,018	55,018	-	57,511	57,511		55,018	55,018
85		-	58,352	58,352	-	55,860	55,860	-	58,352	58,352		55,860	55,860
Total Salary and Benefits (Age 52 to Age 85):		\$ 1,512,167			\$ 1,480,270			\$ 1,512,167			\$ 1,368,632		
Present Value (Age 52):		\$ 494,779			\$ 510,943			\$ 494,779			\$ 410,774		

Present Value of Member's Total Income

Phased Retirement for ages 52 through 55:	\$ 510,943
Full Retirement at age 52:	494,779
Difference:	\$ 16,164

Present Value of Net Plan Distribution

Phased Retirement for ages 52 through 55:	\$ 410,774
Full Retirement at age 52:	494,779
Difference:	\$ (84,005)

Notes and Assumptions:

- The present value at age 52 is determined using a 7.50% discount rate.
- URS receives the amortization rate on the payroll of the employee while in phased-retirement. No COLA is provided on the retirement benefit while the employee is in phased retirement.
- Example assumes the retiree lives to age 85, the approximate life expectancy for current retirees.