

THE Inside STORY

A Utah Retirement Systems Newsletter for Employers

Target Date Funds

One Fund for Your Lifetime

URS Horizon Funds will be replaced on Jan. 1, 2015

Get ready for an exciting new way to diversify and simplify your URS retirement savings plans.

On Jan. 1, 2015, we introduce 12 new Target Date Funds. They give you a diverse investment mix that gradually adjusts throughout your career and into retirement.

Learn More

Read the full brochure at www.urs.org. Or request an emailed or printed copy: publications@urs.org



The funds — which include stocks, bonds, and alternatives such as commodities and REITs — are automatically reallocated to be weighted more conservatively as you age.

Target Date Funds will replace the Horizon Funds. On Jan. 1, 2015, any money you have in a Horizon Fund will be transferred to the Target Date Fund that corresponds to your age. ■

Four Key Points

- » **If you don't have money in the Horizon Funds, you won't be affected.** The Income, Bond, Balanced, Large Cap Value, Large Cap Index, Large Cap Growth, International, and Small Cap funds are not subject to this change.
- » **Any money you have in a Horizon Fund will automatically be placed in the Target Date Fund appropriate for your age.** This standard industry practice is called "money mapping."
- » **Future deposits directed to Horizon Funds — or those you haven't otherwise allocated — will also be contributed to the same default Target Date Fund.** Should you wish to put your money in a different Target Date Fund, you may do so on or after Jan. 2, 2015.
- » **Access to URS Savings Plans accounts will be restricted on Dec. 30-31, 2014.** This brief blackout is necessary as we transition to the Target Date Funds.



LTD and Benefit Protection Contracts » What employers need to know.

See Page 3

Pension Contribution Rates

Expected to Hold Steady

Losses from 2008 market crash have caused recent increases

Pension contribution rates have risen in the years following the 2008 market crash. But here's the good news: With higher employer contributions and market gains since 2008, we don't anticipate any contribution rate increases next year or for the next few years.

Pension contribution rates are calculated based on a number of dynamic factors. Yearly investment return is the main driver. For example, market returns were strong in the 1990s, keeping pension contribution rates relatively stable in the early 2000s.

Where to Find Them

Find the pension contribution rate for your system at www.urs.org (go to the Employers Section and find "Contribution Report and Rates" from the menu on the left).

To avoid dramatic year-to-year changes in pension contribution rates, we use a five-year horizon to smooth out the effects of yearly market volatility.

The market crash of 2008 is the main reason contribution rates have increased the last few years. The losses from 2008 have been absorbed through a number of years of smoothly increasing rates. ■

Retiree contractors are considered post-retired employees

In 2010, the Utah Legislature set a standard for the re-employment of retired members as contractors. These guidelines define employment as work in exchange for compensation, including work or services performed as a contract for a participating employer. If a retiree is listed as the contractor for, the owner of, or the partner or principal of the contractor he or she is considered as participating in post-retired employment (see Utah Code Ann. §49-11-505).

Many of the responsibilities and penalties in this subsection of Title 49 impact the retired member. However, this will become an issue for your organization if it is determined you have willfully

disregarded or encouraged actions that violate statute. In these cases, your organization may be found liable for retirement contributions based on the contracted retiree's eligible earnings, penalties, and be subject to an immediate compliance audit.

We encourage you to complete a due diligence process for contractors that best fits your business needs. During this process keep in mind retired URS members returning to any form of work with a participating employer are still subject to post-retired employment statute limitations.

If you have questions, contact us at 801-366-7770 or 800-695-4877. ■

Benefit protection contracts let members on LTD accrue service credit

Members have an opportunity to accrue retirement service credit if their employer covers them with a benefit protection contract through URS. Exceptions: Members of the Tier 1 Firefighters Retirement System and the Utah Governors and Legislators Retirement Plan are not eligible for benefit protection coverage.

A benefit protection contract is a contract between URS and a participating employer. An approved contract allows members to accrue retirement service credit during the time they receive LTD monthly benefits. Members accrue service credit until they are either terminated from LTD by their insurance company, or they can qualify for a monthly URS retirement benefit without an early age reduction.

Approval of a benefit protection contract is contingent on the employer's disability plan meeting substantial equivalency guidelines in accordance with statutory and Board requirements. You can find the list of substantially equivalent guidelines under the Disability Benefits section of the URS Employer's Guide. Employers are not required to sign a benefit protection contract if they have LTD coverage through PEHP.

Questions?

Please contact Carol Tilson in the Defined Benefit Retirement Department at 801-366-7477 or 800-695-4877 for more information about benefit protection for your employees.

If the cost of service credit accrual is incorporated into the Tier 1 contribution rate of active members, URS does not require contributions. Should contributions be required, they will be paid by the covered employers with sufficient notice being provided by our office.

Employers have the option of covering Tier 2 members under their current benefit protection contract or waiving such coverage. If the employer decides to cover Tier 2 members under their current benefit protection contract, they will be required to pay the total contribution rate for any Tier 2 member approved for LTD.

If employers want benefit protection for their employees, they should request a benefit protection contract from our office before their LTD plan goes into effect. Employers must submit a copy of their entire LTD policy for us to review for substantial equivalency. ■

We're trying to reach you. Are you receiving the message?

We send emails with URS publications and information, updates to contribution rates, upcoming trainings, events, and more. If you or someone in your office hasn't heard from us lately, your spam filter may be blocking our emails. URS uses LISTSERV@LISTSERV.

HEALTHYUTAH.ORG to send bulk email messages to employers.

Please make sure you can get email from this server's address. If you have taken this step and still do not receive our email, contact your employer support technician at 801-366-7318 or 800-753-7318. ■

Do Tier 2 elected officials receive benefits?

Some situations for Tier 2 employees occur less frequently. We'd like to remind you of the rules that apply to some of these less common, but important, circumstances.

In the event a Tier 2 elected official is employed with you, you must be aware of the rules that apply. As the rules for Tier 2 elected officials are different than those for other employees, we suggest you have a procedure to determine these employees' eligibility with our office.

Tier 2 full-time elected officials are eligible for benefits; Tier 2 part-time elected officials are not. Your office is responsible for determining if a Tier 2 elected official is part time or full time. Here are some questions that may help in formulating a consistent and unbiased process.

1. Based on your current policies, is the person employed full time or part time?
2. Is this the standard for all employees or do elected officials have a different standard?
3. If elected officials have a different standard, what is the documented standard?
4. Does the documented standard state how many hours or which positions are full time?

If your office doesn't have a formalized standard in place for elected officials, consider establishing one. Consistency is the key for the classification of these employees. Remember, the employer decides what the full-time standard is for this group not Title 49 or URS.

If you have questions, contact your employer support technician at 801-366-7318 or 800-753-7318. ■

Open house honors longtime St. George branch manager

Sue An Barney, URS Southern Utah Branch Manager, will be retiring effective April 16, 2015. Sue An will have 30 years of service in the retirement system, 28 of those years with URS. She's served as the Southern Utah Branch Manager in St. George since 2006, providing exceptional service in retirement and savings plans to employers, members, and staff.

Please join us for an open house to wish Sue An farewell on Wednesday April 15, 2015, from 2-5 p.m. at the URS Southern Utah Branch office, at 165 North 100 East, #9, in St. George. Please RSVP to mark.cain@urs.org.

Effective April 16, 2015, Nikki Hammer will be the URS Southern Utah Branch Manager. Nikki currently serves as a retirement advisor in the St. George Branch Office and has over 10 years experience in retirement and savings plans. Feel free to stop in and visit or contact Nikki at 435-673-6300 or 800-950-4877. ■

New year, new service...

Coming in 2015, URS will be rolling out a new service to our members. The URS Marketing Investment Advice Department will be offering personalized advice on the pension, retirement savings plans, Tier 2 election, and more. Additional information to come at the URS Employer Event on March 17, 2015.

Learn more about the Employer Event and register: www.eventbrite.com/e/2015-urs-employer-event-tickets-14126006265 ■