

UTAH
RETIREMENT
SYSTEMS



A HISTORY
in MINIATURE



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1907

The Legislature authorizes the organization of local teacher retirement associations.

1908

Salt Lake City institutes the first teacher retirement commission. Ogden follows in 1933 and Provo in 1934.

1919

First statewide pension plan for all full-time paid and volunteer firemen. Actuarially unsound, the system would be transferred to the Retirement Office in 1965.

1921

First police pension plans in Salt Lake, Ogden, Provo and Logan. Actuarially unsound, these plans would be transferred to the Public Safety Retirement System in 1969.

1927

The Prison and Industrial School Guards Retirement System is enacted. Industrial school guards join the teachers retirement system in 1937. Prison guards transfer to the Public Safety Retirement System in 1970.

1934

The Utah Education Association prepares a teacher retirement plan to present to the Legislature. This plan would form much of the basis for a new retirement system.

1937

First statewide teachers retirement system. Seven member board hires Ray L. Lillywhite as the first executive secretary.

1943

Utah Supreme Court rules that a retiree's statutory retirement benefit cannot be reduced, affirming the principle of vested rights. The Court would later affirm that a vested retirement benefit may not be reduced without providing a "substantial substitute."

1947

The State Officers' and Employees' Retirement System is created with a 3% contribution rate each by employee and employer.

Teachers in local systems are required to join the State Teachers Retirement System.

1948

The Utah Supreme Court permits service credit for prior service in parochial schools.

1949

The State Officers and Employees Retirement System is renamed The Public Employees Retirement System; it will cover all public employees and judges. Retirement benefit ceiling is \$100 a month.

1952

Ray Lillywhite resigns; Leonard W. McDonald is hired as 2nd executive secretary of the Teachers Retirement System.

1953

The short-lived Teachers Retirement System is liquidated in favor of Social Security.

1954

The Teachers Retirement System is replaced by the Utah School Employees Retirement System and integrated with Social Security to preserve its solvency. Local teacher retirement associations are terminated.

1957

Minimum monthly retirement benefit is \$85.

1959

The Utah State Public Employees Association is formed with the intent to produce a comprehensive plan for a statewide public employee retirement system.

1961

The Public Employees Retirement System is created with a seven member board.

The public employees and teachers retirement systems retain separate boards but unite under a single administrator and office.

1963

Creation of a single board for all retirement systems is the crowning achievement in Utah public retirement history and the birth of today's Utah Retirement Systems.

1967

The heretofore separate school and public retirement systems are consolidated into a single Utah State Retirement System.

1969

The Utah Public Safety Retirement Act covers all public safety employees engaged full time in hazardous duty. Benefits would be uniform in each jurisdiction, but contribution rates would vary.

1971

Members gain a salary deferral program.

1975

Current service formula rises from 1.25% to 2%. The cost-of-living ceiling rises to 4%.

1976

Leonard W. McDonald retires. Bert D. Hunsaker becomes executive director.

1977

Governor Scott Matheson dedicates the new Leonard W. McDonald Building for the Utah Retirement Systems.

1979

Board gains custody of the retirement fund and greater investment authority.

1982

The court affirms that the Board is independent of the executive department and has authority to hire its own legal counsel.

1983

The Retirement Board sees its first actuarial surplus as new investments prove their worth; hires a full time investment manager.

1986

The Public Employees Noncontributory Retirement System debuts: Employers pay all contributions; 3-year final average salary; State and education employers pay 1.5% of salary into URS' 401(k) plan. Employees forfeit access to contributions, but the new system portends a superior career retirement.

1987

A "25-and-out" retirement incentive plan permits public employees to retire after 25 years with no actuarial reduction, and increases to 2% the value of each year of service credit. Over 3000 employees take advantage of its 6-month window.

1989

The U.S. Supreme Court rules that if federal retirement benefits are taxable, then state-provided retirement benefits cannot be exempt. Legislature grants a 3% substantial substitute benefit for affected members.

Bert Hunsaker steps down. Dee Williams becomes executive director.

The Public Safety Noncontributory Retirement System is created.

The Systems' assets nearly quadruple from \$1 billion to \$3.85 billion during the 1980s.

1990

Public Employees Noncontributory Retirement members receive 2% for all years of service.

1994

URS begins dividing pension, death, and DC benefits after court rules that a former spouse may be awarded death and retirement benefits, whether or not the spouse remarries.

1995

Members with 25 years of service in the Public Employees Noncontributory System may buy future service credit to permit immediate retirement.

1996

URS recovers 100% of member assets originally invested in Guaranteed Investment Contracts which failed when Confederation Life Insurance Company of Canada was declared insolvent in August, 1994.

1997

Judges Noncontributory Retirement System is created.

The URS DC video receives a Telly Award — the commercial equivalent of an “Oscar” for motion pictures; URS’ publication for retirees, *Cycles*, places 2nd worldwide among corporate and institutional newsletters.

Legislature affirms the Board’s authority to define provisions and terms of the retirement code.

1998

The 401(k) plan launches a bold marketing program to help members better map a retirement investment strategy. Investment options are enhanced and expanded.

State employees at retirement may defer 25% of accumulated sick leave to the 401(k) plan, convert it to paid-up health or Medicare supplement insurance or take it as cash.

1999

Members may buy up to 5 years of future service credit, even if it exceeds the years required to retire.

Leonard W. McDonald, director of the Utah Retirement Systems 1952-1976 and to whom much of the structure of the Systems can be attributed, dies.

Dee Williams retires. Robert V. Newman becomes executive director.

Systems assets rise from \$3.85 billion to over \$13 billion during the 1990s.

2000

401(k) plan participants may now apply for a fixed rate loan for any purpose of up to 50% of his or her 401(k) account balance.

2001

A value stock fund joins the menu of DC investment options.

URS web site calculators invite members to estimate pension benefits and compute potential 401(k)/457 earnings.

2002

The Olympic Winter Games are staged in Salt Lake City. URS adopts telecommuting.

457 plan permits deferrals up to 100% of includable compensation; offers a new catch-up feature; drops irrevocable withdrawal decisions; allows rollovers to any acceptant 457, 403(b), 401(k), or IRA; allows use for URS pension redeposits or to buy URS service credit.

Internet-based personal retirement account manager, myURS, allows members to view and transfer account balances, alter deferrals, estimate payouts, integrate Social Security benefits, and more.

2003

To protect 401(k) and 457 investors from the costs of others' adverse trading activities, URS restricts frequent trading privileges. Systems assets are \$14.2 billion.

2004

Ray L. Lillywhite, executive secretary of the Teachers Retirement System from 1937 to 1952, dies.

2005

Legislature repeals 1998 benefit allowing 25% of a state employee's accumulated sick leave to be converted to other retirement benefits.

2006

Members gain a partial lump-sum payment option (PLSO) at retirement.

2007

Retirement Systems' assets reached \$23.9 billion.

Members of the Public Safety Contributory Retirement System gain a window to convert to the Public Safety Noncontributory System.

2008

The Retirement Systems pay over \$1,000,000,000 in annual benefits.

2009

New online enrollment feature at urs.org offers simple, convenient way to enroll for benefits electronically.

IRS Private Letter Ruling confirms URS 457 Plan is an eligible deferred compensation plan as defined in IRC Section 457(b).

2010

Retirees who resume work for a URS employer within a year after retiring will be returned to active status to earn further service credit and may thereafter choose between retirement allowance options.

2011

URS creates the Tier 2 Retirement System for members initially entering full-time employment with a participating employer on or after July 1, 2011. These employees choose to participate in either the Tier 2 Hybrid Retirement System or the Tier 2 Defined Contribution (DC) Plan.

The URS Defined Contribution Department introduces a new and expanded set of asset classes within the Horizon Funds. The changes bring a broader, more diversified mix of securities to the Horizon Funds and offer inflation protection as well as exposure to real estate and commodities.

2012

Legislative bills brought about four noteworthy changes for the Utah Retirement Systems. First, the executive director of the Department of Corrections is now allowed to exempt from the Tier 1 Noncontributory Retirement System. Second, Tier 2 firefighters, including volunteers, are covered under the PEHP long-term disability policy. Third, certain Tier 2 Retirement Systems at-will employees are allowed to exempt from the 4-year vesting requirements. And fourth, new legislators and governors will not receive post-retirement health benefits.

2013

2013 Robert V. Newman retires. Daniel D. Andersen becomes executive director.

2014

2014 URS received a No-Action Letter from the Utah Division of Securities in preparation for its new Investment Advice Program to be offered in 2015.

After the close of business on December 31, 2014, all assets held in the DC Plan Horizon Funds were transferred into the new Target Date Funds. The assets were allocated according to the Target Date that corresponded with the participant's age.

2015

URS rolled out its retirement planning advisory program. In 2015, advisors conducted more than 1,600 sessions across the state. In satisfaction surveys, 98% of members were at least satisfied with their session, with 85% giving the highest satisfaction rating.

2016

S.B. 19: establishes an optional "Phased Retirement" program that allows continuing employment on a half-time basis of a retiree with the same participating employer after the retiree's retirement date while the retiree receives 50% of the retiree's monthly retirement allowance. This new program is offered beginning on January 1, 2017.