Utah Retirement Systems

Tier 2 Retirement Benefits

Utah Retirement Systems
Choose Your Path
Hybrid Plan

Two Parts:

Pension

+ 401(k)
Hybrid Pension

- Guaranteed lifetime benefit
- Benefit based on formula
- Minimum age and service requirements
How much will you get from your Pension?

**FORMULA**

Years of Service

\[ \times \]

1.5%

\[ \times \]

Final Average Salary

(average of highest 5 years)

\[ = \]

Annual Benefit
Estimating Your Basic Benefit

**FORMULA**

Years of Service \( \times \) 1.5% \( \times \) Final Average Salary (average of highest 5 years) = Benefit

**EXAMPLE**

35 Years \( \rightarrow \) 52.5% \( \rightarrow \) $40,000 \( \rightarrow \) $21,000/year \( \rightarrow \) $1,750/month
When can you retire?

- 65 with 4 years of service.
- 62 with 10 years of service.*
- 60 with 20 years of service.*
- Any age with 35 years of service.

*Early age reduction if under age 65 with fewer than 35 years of service.
Purchasing Service Credit

Future Service Credit
- At 30 years of service or age 65
- May purchase up to 5 years

Eligible Service Credit
- Forfeited public service
- Active full-time U.S. military service
- Forfeited U.S. federal employment
- Forfeited private school employment
Expanding Your Horizon Funds

URS is excited to introduce a new and expanded set of asset classes within the Horizon Funds.

The changes will bring a broader, more diversified mix of securities and offer inflation protection as well as exposure to real estate and commodities.

These changes, along with updates to the International Fund and Large Cap Index Fund, are detailed in the URS Savings Plan Update.

Learn about your investment options

Expanded Horizons
Pension Benefit Estimate Calculator

Calculators

Note that these calculators provide only hypothetical examples and not binding contracts.

**URS Savings Plans**

- **401(k) and 457 Loan Payment Calculator**
  Find out how much could be deducted every paycheck. (In addition, see the new loan policy.)
- **Savings Plan Future Value Calculator**
  Estimate future values of your 401(k)/457/IRAs.

**URS Pension Plans**

- **Retirement Benefit Estimate Calculator**
  Estimate your future retirement benefit today.
- **Service Purchase Estimate Calculator**
  Calculate the cost of purchasing service credit.

**Social Security Administration**

- **Social Security Benefit Estimate Calculator**

[URS.org](http://URS.org) | [PFP.org](http://PFP.org)
Cost Of Living Adjustment

- Annually on the Anniversary of Retirement
- Maximum COLA = 2.5%
- Consumer Price Index (CPI) Inflation Rate
Your Death Benefits Before Retirement

One Time Insurance payment – 75% of highest annual salary to beneficiary(ies)

+  

Monthly benefit to spouse, if qualified
Tier 2 Hybrid Plan’s 401(k)

- 10% of salary split between pension and 401k
- 4 year vesting
- Manage investment options after 4 years
Hybrid Contribution Rates
2011-2012

<table>
<thead>
<tr>
<th>Employer Contribution</th>
<th>10%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pension Rate</td>
<td>7.59%</td>
</tr>
<tr>
<td>=</td>
<td>=</td>
</tr>
<tr>
<td>401k Contribution</td>
<td>2.41%</td>
</tr>
</tbody>
</table>
Hybrid Contribution Rates

**Example 1**
- Employer Contribution: 10%
- Pension Rate: 8.5%
- 401k Contribution: 1.5%

**Example 2**
- Employer Contribution: 10%
- Pension Rate: 11.0%
- 401k Contribution: 0%

**Employee Contribution = 1.0%**
Defined Contribution Plan

• 10% of salary into 401(k) account

• 4 year vesting

• Choose investment options after 4 years
How Much Money Will I Receive?
Based on:

- Contributions
- Investment performance
- Payout period
Withdrawal Eligibility

- Termination of Employment
- Possible 10% IRS early age withdrawal penalty
Penalty Free Withdrawals

- Age 59 ½
- Work into calendar year you turn age 55
- Payout based on life expectancy
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Learn About Your Benefits

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- Social Security Benefit Estimate Calculator
Savings Plans Calculator

Savings Plans Future Values Calculator

Current Total Balances (401(k), 457, 403(b)):

Monthly gross wages (Annual gross income / 12):

Projected average annual increase in wages (as a percent):

Monthly contributions (percentage of gross wages):

Employer contributions (percentage of gross wages):

Estimated years of future contributions:

Interest rate you expect to receive:

Number of years you would like to receive monthly withdrawals:

Rate of return you expect during withdrawals:

Average rate of inflation you expect:

[Calculate]
Your Death Benefits Before Retirement

One Time Insurance payment –
75% of highest annual salary to beneficiary(ies)

+ 

Balance of 401(k)
Choose Your Path
Which Plan Is Right For You?

**Hybrid**
- Guaranteed monthly income for life.
- Lower risk
- Professional investment managers
- Cost of living adjustment (COLA)
- Possible 401(k) contribution if pension rate is below 10%

**Defined Contribution**
- Not guaranteed. Income based on investment performance.
- Higher risk
- You determine your investment allocation.
- No COLA
- Full 10% of salary to your 401(k)
### Which Plan Is Right For You?

<table>
<thead>
<tr>
<th>Hybrid</th>
<th>Defined Contribution</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Required contribution to pension if rate ever exceeds 10%</td>
<td>• Never required to contribute to the plan</td>
</tr>
<tr>
<td>• Pension is portable among all URS covered employers</td>
<td>• Portable among URS covered and private sector employers</td>
</tr>
<tr>
<td>• Guaranteed monthly payout options for spouse</td>
<td>• Pass on 401(k) balance to your spouse or any beneficiary</td>
</tr>
</tbody>
</table>
Choosing Your Path

- Consider the advantages and disadvantages
- Choose your plan at www.urs.org
- One year to decide which plan you want
- You can change mind during the first year
The Advantage of Investing Early

When you start investing is every bit as important as how much you invest. Indeed, the power of time gives you an advantage.

When Do I Start?

<table>
<thead>
<tr>
<th>EARLY SAVER</th>
<th>LATE SAVER</th>
</tr>
</thead>
<tbody>
<tr>
<td>Saving $100.00 a month from age 25 to 35</td>
<td>Saving $100.00 a month from age 35 to 65</td>
</tr>
<tr>
<td>$200,065 at age 65</td>
<td>$149,036 at age 65</td>
</tr>
<tr>
<td>Contributed $12,000 at 8% Growth</td>
<td>Contributed $36,000 at 8% Growth</td>
</tr>
</tbody>
</table>

The Earlier the Better!