

QUESTIONS?

- What should you know about your retirement benefits?
- What does it take to retire? To retire early?
- Are you taking the right steps today?

Find out now! Sign up for our FREE financial planning seminars:

Early to Mid-Career Seminar

If you're at the beginning or middle of your career, you'll learn how to take advantage of URS' retirement programs for greater financial security.

Pre-Retirement Seminar

If you're within 10 years of retirement, you'll learn what to expect and how to prepare.

Retiree Seminar

If you have questions now that you're retired, this half-day seminar is for you.

Visit

<https://www.urs.org/Education/Members> for more information, and how to reserve your place.



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In Other Words

A helpful glossary of commonly used URS retirement terms and definitions.

Vested Annuity
Allowance COLA
Rollover Beneficiary
Actuarial Exempt

In Other Words...

A helpful glossary of commonly used URS retirement terms and definitions.

- Am I really an 'active employee'. I just sit at my desk all day."
 - What's a contingent beneficiary, anyway?
 - DC? DB?

When we "talk retirement" do you ever wonder if we're speaking the same language? Well, that's exactly why we created this glossary of retirement terms. Now you can speak or read like an expert, too.

Active Employee — One who is currently working for or has been employed by a participating employer within the last 120 days.

Actual Service — The actual amount of service credit earned while working for a participating employer, upon which a retirement benefit is calculated.

Actuary — A person or company that scientifically calculates the cost of funding future benefits.

Actuarial Reduction — Percentage reduction of a calculated retirement benefit (usually taken before age 65 or with fewer than 30 years) to equalize its cost to the retirement system.

Allowance — The amount of money paid, or to be paid, to a retiring member based on service credit and salary, including any cost-of-living or other authorized adjustments. *See also Retirement Benefit.*

Annual Statement — A yearly statement of a member's defined benefit service credit, earnings and, as applicable, retirement contributions paid by the member and/or employer.

Annuity — Monthly lifetime payments derived from the member contribution balance at the time of retirement. Also a financial instrument by which accumulated funds are paid incrementally over the life of a beneficiary.

Beneficiary — A person or entity designated by the member to receive any benefits that may be available after the member's death.

Benefit Protection Contract — A contract between a participating employer and URS that permits the accrual of service credit and benefits for a member on disability status in certain retirement systems.

Benefit Formula — Considers service credit, salary and age to determine one's eligibility for and the amount of an earned pension benefit.

Break-in-service — Time between employment periods with a URS participating employer.

Cancellation of Retirement — Occurs automatically when a retired member returns to work in a way that necessitates revoking retirement status and returning to active status.

Career Death — That of a working member of the retirement systems who at the time meets certain requirements necessary to provide a lawful spouse with a lifetime monthly benefit.

COLA — *See Cost-of-living Adjustment.*

Consumer Price Index (CPI) — Monthly data from the U.S. Department of Labor on changes in the prices urban consumers pay for goods and services.

Contingent Beneficiary — Person or trust designated to receive available benefits if the primary beneficiary dies first.

Contribution Account — Depository account for employer and/or member funds for future retirement benefits.

These are not legal definitions. More complete interpretations and applications are available from authorized URS representatives.

Contribution Rate — Percentage of a member’s salary, calculated by the actuary, required to be paid by the employer and, as applicable, the member, to fund future pension benefits.

Contributions — Funds paid by the member and/or employer to a defined benefit (pension) plan or defined contribution plan.

Cost-of-Living Adjustment — A calculated percentage increase in one’s retirement benefit, based on the consumer price index.

Covered Position — Employment subject to the provisions of a specific retirement system or plan

Death Benefit — A separate payment to a beneficiary upon the death of the member. Type and amount differ by retirement system or plan.

DB — Abbreviation for defined benefit.

DC — Abbreviation for defined contribution.

Deferrals — Funds typically deducted from one’s pay, before being taxed, to be applied to a tax-deferred savings/investment plan.

Deferred Compensation — Broadly, a retirement account to which one may defer, untaxed, a portion of salary to a later, taxable date. More narrowly, the URS 457 Plan.

Defined Benefit — Formula-based pension plan covering all members enrolled in one of the retirement systems. Pays a monthly retirement benefit for life, and by election in certain systems to a spouse thereafter.

Defined Contribution — Tax-deferred retirement savings plans such as the 401(k).

Direct Rollover — Transfer of funds from one eligible plan directly to a different type of eligible plan (e.g. from a 401(k) plan to an IRA).

Distribution — Any withdrawal (voluntary or required) from an eligible retirement plan or IRA.

Domestic Relations Order/DRO — A court ordered division of defined benefit/defined contribution retirement benefits.

Early Retirement — Retirement before the age and/or service eligibility for a normal retirement. Carries a reduced retirement benefit.

Early Withdrawal Penalty — Usually, the 10% additional tax levied on withdrawals from certain retirement funds before participant reaches a designated age.

EFT/Electronic Funds Transfer — Alternate term for direct deposit of retirement funds into a member’s personal financial account.

Employer’s normal Benefits — May include, but are not limited to, sick leave, insurance, vacation, etc. A benchmark to determine certain employees’ enrollment status.

Exempt — Due to characteristics of employment, certain employees may exempt from the URS pension plan and select an alternate plan [such as a 401(k)] for retirement contributions.

Final Average Salary, FAS — A component, along with service credit, used to calculate a member’s retirement benefit.

Forfeited Service — When a member receives a refund of contributions, the service credit represented by those contributions is forfeited.

Future Service Credit — That which by advance purchase in some retirement systems exceeds a member’s earned or purchased service credit.

Hazardous Duty — Employer paid service in which the employee’s life or safety is at risk.

Inactive Member — Member who has been unemployed by a participating employer for more than 120 days.

Indirect (60-day) Rollover — Member receives withdrawn plan funds and rolls them to an eligible plan or traditional IRA within 60 days. May be subject to tax withholding. Funds not rolled over may be taxed.

Lump-Sum — A single payment of money rather than payment by periodic installments.

Minimum Benefit — Members vested in certain URS defined benefit (pension) plans are assured a minimum monthly retirement payment. Not applicable to defined contribution plans.

Nonassignability — Broadly, retirement benefits can’t be assigned to others nor are they subject to attachment, garnishment, or other process

except by court order (DRO) and for IRS tax levies.

Normal Retirement — Age and length of service that entitles a member to an unreduced retirement benefit.

Participating Employer — An employer and its employees who are covered by URS.

Pension — A formula-based, defined benefit type retirement plan that receives contributions and pays a lifetime monthly benefit when the member retires.

Plan-to-plan Transfer — Transfer of funds between similar plans (e.g. traditional IRA to traditional IRA, 457 to 457).

Political Subdivision — Refers to counties, cities, towns and special service districts not part of state government.

Postretirement Employment — A return to work for a participating employer following an official retirement.

Redeposit — *See* Reinstatement.

Refund — A return of a member’s retirement contributions. A refund cancels the service credit attached to those contributions.

Reinstatement — Reinstating service credit to a member’s retirement account by paying back previously refunded, eligible member contributions plus interest.

Required Minimum Distribution (RMD) — IRS-required withdrawals from one’s retirement savings plans at age 70½.

Retirement Benefit — Lifetime monthly payment by URS to a retired member.

Retirement Date — Date a member sets with the retirement office on which he/she will be considered retired. Not date of employment termination, employer notification, or other date.

Roth IRA — Individual after-tax retirement account. Earnings are not taxed when certain requirements are met.

Service Credit — Period during which an enrolled employee is employed and compensated by the employer, or time otherwise purchasable.

Service Purchase — A member may purchase eligible public service earned elsewhere, if such service does not carry its own future benefit.

Service Retirement — Defined by formula and not by disability or settlement.

Social Security — A federal benefit not administered by URS.

Summary Plan Description — The document in which a plan sponsor describes the nature of the savings/investment plan.

Suspension of Benefits — A percentage of a post-retired employee’s retirement benefit is withheld when compensation exceeds the Social Security earnings limit.

Tax-Deferred — Contributions (deferrals) from salary to a retirement savings plan are made before they are taxed. Taxes are postponed until funds are withdrawn.

Tax Favored — Broad term for savings/investment plans having favorable tax provisions.

Termination of Employment — Employer’s designated date of an employee’s separation from employment in certain systems.

Traditional IRA — Individual retirement account (other than Roth, simple, or education IRAs) to which most taxpayers may make tax deductible contributions. Untaxed funds are taxed at withdrawal.

Vested — One has met a retirement plan’s requirements for a future retirement benefit.

10% Penalty Tax — A separate tax levied by the IRS when retirement funds are withdrawn before participant reaches a certain age.

401(k) Plan — A defined contribution, tax deferred retirement savings plan, to which employees may contribute pre-tax dollars. Often transferrable between public and private employers.

403(b) Plan — Retirement savings plan offered by qualified education and health related employers; also known as a tax-sheltered annuity.

457 Plan — A tax-deferred retirement savings plan offered by public and non-profit employers.