



# TIER 2 BASICS

You're in the Tier 2 Retirement System if you began employment or first became eligible for URS **on or after July 1, 2011**. As such, you have either chosen, or will choose within the first year of your employment, either the **Tier 2 Hybrid Retirement System** or the **Tier 2 Defined Contribution Plan**. Look inside for a brief overview.



This brochure provides a brief overview of the Tier 2 Public Safety & Firefighters System. Go to [www.urs.org](http://www.urs.org) for more details about your benefits.



Your employer contributes an amount equal to **12%** of your salary into one of two retirement options.

- 1) **Hybrid Retirement System** » Combines a pension and 401(k).
- 2) **Defined Contribution Plan** » The full amount goes into a 401(k).

» **Tier 2 Hybrid Retirement System**

# What is the **Tier 2 Hybrid** Benefit?

$$\text{Number of Years of Service} \times 1.5\% \times \text{Average 5 Highest Years' Salary} = \text{Basic Yearly Pension Benefit}$$

Example	
Years of service	→ 25 Years
x	.....
1.5%	→ 37.5%
x	.....
Average salary <i>(Average of 5 highest years)</i>	→ \$40,000
=	.....
Benefit	→ \$15,000 / year \$1,250 / month

## Cost-of-Living Adjustment (COLA)

You'll get a cost-of-living adjustment (COLA) on the anniversary of your retirement date, equal to the rate of inflation, based on the consumer price index. This increase is a simple COLA limited to an annual maximum of 2.5%.

## When Can I Retire?

- » **65** with at least **4** years of service
- » **62** with at least **10** years of service\*
- » **60** with at least **20** years of service\*
- » **Any age** with at least **25** years of service

## Early Age Reduction

\* If you have **fewer than 25 years of service** and retire **before age 65**, your benefit is reduced.

Age	Reduction
64	10.15%
63	19.11%
62	27.03%
61	34.06%
60	40.31%



» Tier 2 Hybrid Retirement System

# What Are My Payout Options?

When you apply for retirement, you'll choose among **several payout options**. For example, Option 1 is the maximum benefit payable to you, but it pays nothing after your death. Other options will pay your spouse\* after your death, but **decrease your monthly benefit**.

\* Spouse at the time of retirement



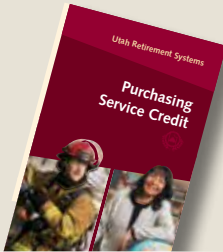
**This example based on**

- » \$40,000 final average salary
- » 25 years of service
- » Member age 65 and spouse age 62

EXAMPLE

OPTION 1	<b>\$1,250</b> per month	<b>No Beneficiary Benefit</b>
OPTION 2	<b>\$1,187</b> per month	<b>Any Beneficiary:</b> Remaining <i>contributory</i> account balance
OPTION 3	<b>\$1,040</b> per month	<b>Spouse Benefit:</b> <b>\$1,040</b> per month
OPTION 4	<b>\$1,135</b> per month	<b>Spouse Benefit:</b> <b>\$567</b> per month
OPTION 5	<b>\$1,025</b> per month	<b>Spouse Benefit:</b> <b>\$1,025</b> per month
Reverts to Option 1 if your spouse dies before you.		
OPTION 6	<b>\$1,126</b> per month	<b>Spouse Benefit:</b> <b>\$563</b> per month
Reverts to Option 1 if your spouse dies before you.		

## Purchasing Service Credit



**Increase the amount of service credit** you have — and increase your retirement benefit — by reinstating and/or purchasing service credit. For example, you can eliminate any early age reduction by purchasing up to five years of future service.

Download this brochure at [www.urs.org](http://www.urs.org) for more information.

## The 401(k) Component of the Hybrid System

Pension contributions are based on the yearly pension contribution rate. For example, the 2015-2016 year rate is **10.67%**. The difference between **12%** and the pension contribution rate (**10.67%**) is contributed to your 401(k) (**1.33%**). If the pension contribution rate ever exceeds 12%, you must pay the additional amount above 12%.



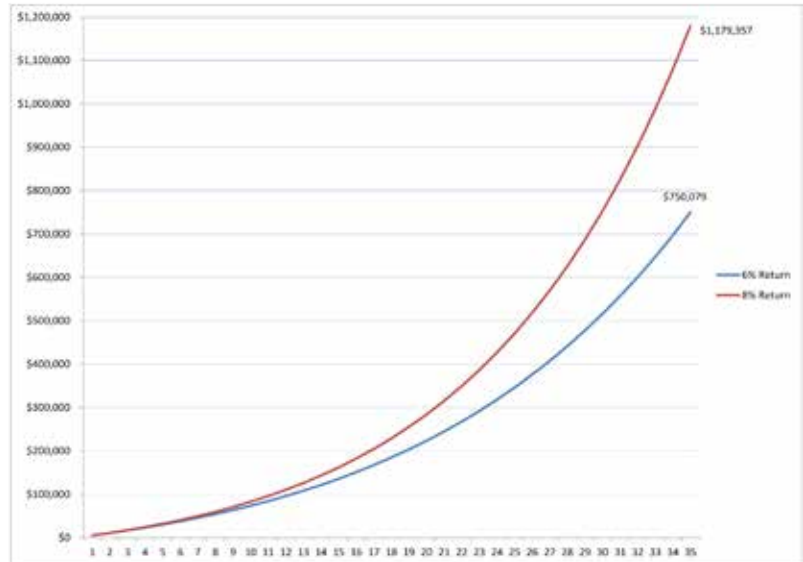
» Tier 2 Defined Contribution Plan (401(k) Only)

# What is the Tier 2 DC Plan Benefit?

The money you get from this option is based on three main factors.

**1 CONTRIBUTIONS** » Your employer contributes an amount equal to **12%** of your salary into a 401(k).

**2 INVESTMENT PERFORMANCE** » The way you invest your money can have a big impact on your retirement income. The graph at right shows how a 2% increase in investment returns can significantly boost your retirement income.



Assumptions: Salary: \$40,000. Employer contribution: 12% of salary. Salary growth: 2%.

**3 PAYOUT PERIOD** » How long you need your retirement income to last will determine your monthly payment. Below are two hypothetical monthly payments spread over 20 and 25 years\*.

**Payout 20 Years During Retirement**

401(k) BALANCE	MONTHLY INCOME
<b>\$750,079</b> . . . . .	<b>\$4,904</b> a month
<b>\$1,179,357</b> . . . . .	<b>\$7,711</b> a month

**Payout 25 Years During Retirement**

401(k) BALANCE	MONTHLY INCOME
<b>\$750,079</b> . . . . .	<b>\$4,336</b> a month
<b>\$1,179,357</b> . . . . .	<b>\$6,818</b> a month

\* Assuming a 5% investment return



» **Tier 2 Defined Contribution Plan (401(k) Only)**

## When Can I **Withdraw My Money**?

You can withdraw your money after you have terminated employment. However, depending on your age, you may be subject to a 10% IRS early-withdrawal penalty.



**You can avoid** the early-age penalty by meeting one of the following criteria:

- » Age 59 ½
- » Work until the calendar year you turn 55
- » Payout based on life expectancy

## What Are My **Payout Options**?

- » **Leave funds** with URS
- » **Roll over funds** to another account
- » **Withdraw** funds
  - › Lump-sum distribution
  - › Partial distribution as desired
  - › Periodic payment
    - » Monthly\*
    - » Quarterly\*
    - » Semi-annually\*
    - » Annually\*

\* Age 70½ Minimum Distribution Requirement

IRS requires annual minimum withdrawals at age 70½ unless you are still employed.





## Death Benefits

### Both Plans

» Your beneficiary may get a payment of 75% of your highest annual salary

### and

### Hybrid Retirement System only

» Your spouse will get a monthly lifetime benefit if you have been married at least six months, and

- › you qualify for retirement, but are not yet retired, or
- › you have at least 15 years of service

This applies to death benefits not in the line of duty. For details about the line-of-duty death benefit, go to [www.urs.org](http://www.urs.org).



## How Do I Learn More?

**Access your personal accounts at myURS.** View information such as: years of service credit, beneficiaries, statements, and much more. You can also contribute to and manage URS Retirement Savings Plans. Go to **[www.urs.org](http://www.urs.org)** and click “Create Account” in the upper-right corner. You’ll need your URS account number and Social Security number.



## Supercharge Your Retirement

**Don't rely on your Tier 2 Retirement System alone** for a comfortable retirement. URS Savings Plans offer an outstanding way to supplement your retirement and secure your financial future. The key is to start saving early and consistently. Go to **[www.urs.org](http://www.urs.org)** to start saving today.

*Go to [www.urs.org](http://www.urs.org) to learn more about URS Retirement Savings Plans. Download this brochure for savings plan comparisons and investment options.*



### Hybrid Retirement System

801-366-7770 | 800- 695-4877

### Defined Contribution Plan

801-366-7720 | 800- 688-4015