



URS Savings Plans

Utah Retirement Systems 401(k), 457, and IRAs

An informational bulletin published quarterly for members of the Utah Retirement Systems



Rollover

What is it? How does it work?

What pops into your head when you hear the word *rollover*? In the world of retirement savings plans it means being able to “rollover” your savings into another eligible retirement account, and it is a very useful tool. However, it’s important to understand the rules of the game when it comes to moving your money from one institution to another.



UTAH
RETIREMENT
SYSTEMS

Salt Lake City Office

401(k), 457, and IRAs

560 East 200 South, Suite 200

Salt Lake City, Utah 84102

Phone (801) 366-7720

(800) 688-401k

Fax (801) 366-7445

(800) 753-7445

Southern Utah Branch Office

165 North 100 East #9

St. George, Utah 84770

(435) 673-6300

(800) 950-4877

www.urs.org

The Taxman Cometh — *Not!*

The benefit of a rollover is your ability to move money between investment managers, institutions, or employers without paying income taxes or penalty taxes. Also, people will often consolidate their savings plans in order to more easily manage their accounts.

For example, suppose you worked for a corporation before you came to work as a public employee. You may be able to “roll” the money from your former employer’s 401(k) into your new 401(k) at Utah Retirement Systems.

Terminology

There are three different ways to move money from one institution to another:

Transfer — similar plan types (401(k) to 401(k), IRA to IRA) directly from one financial institution to another financial institution (no taxes are involved).

Direct Rollover — different plan types (403(b) to 401(k), 457 to IRA) directly from one financial institution to another financial institution (no taxes are involved).

60-Day Rollover — a withdrawal from your account. You have 60 days to redeposit the money into a retirement plan. It can be the same type of plan or a different type of plan and taxes may be withheld. In order to rollover the entire withdrawal, you must replace the amount withheld as taxes.

Different Plans = Different Rules

There are many different types of retirement savings plans, each with its own set of rules. The most common plan is the 401(k). You have probably heard of traditional IRAs and Roth IRAs, but there is also the 457 (for public employees) and the 403(b) (for education employees and non-profit organizations). The chart on the reverse side shows when you can rollover these plans.

Continued on back side.

Rollover — Continued

Plan	When Eligible for Rollover*
401(a), 401(k)	Termination from sponsoring employer – or after age 59 1/2
457	Termination from sponsoring employer – or after age 70 1/2
403(b)	Termination from sponsoring employer – or after age 59 1/2
Traditional IRA	Any time. Only one 60-day rollover per 12 months.
Roth IRA (may only rollover to other Roth IRA)	Any time. Only one 60-day rollover per 12 months.

**You may transfer money at any time if the plan sponsor allows in-service transfers. (See the definition of a transfer under Terminology on the previous page.) IRAs can be transferred to other IRAs as often as desired.*

When rolling money to a different type of plan (e.g., rolling your 457 into a traditional IRA), the money may take on the characteristics and rules of the new plan. This is an important distinction because, in this example, the traditional IRA carries a 10% early withdrawal penalty tax if withdrawn before age 59 1/2, whereas the 457 is not subject to the penalty tax.

How Is It Done?

If you would like to rollover or transfer funds into your URS Savings Plan(s), you can obtain a *Savings Plan Transfer/Direct Rollover to URS* form on our web site at www.urs.org, click *Online Forms*. Or, you can call our customer service department at (801) 366-7720 or (800) 688-401k (press 0 to speak with a counselor). You can also start the process by contacting your other financial institution to determine what forms or information it requires to initiate a rollover/transfer.

Buying Retirement Service Credit

One of the great benefits of being a public employee in the state of Utah is your *Defined Benefit Retirement System* (i.e., Noncontributory Retirement System, Firefighters' Retirement System, etc.). Thanks to a law enacted in 2001, you may be able to use your savings plan(s) to buy additional service credit within your retirement system, enabling you to retire at a younger age or with a higher monthly benefit. This purchase can be made with a direct rollover into the retirement system, even if you have not yet terminated employment or turned 59 1/2 (subject to eligibility for a service credit purchase). For information regarding purchasing service credit, visit the URS web site at www.urs.org, click *Retiring Right*. Or, call the Defined Benefit Department at (801) 366-7770 or (800) 695-4877.

Investment Options to Meet Your Needs

UTAH RETIREMENT SYSTEMS offers a wide range of investment options. These options consist of three categories, or *involvement levels*, based upon how much time and effort you want to spend managing your savings plan(s).

Involvement Level 1 is for those who do not want to be heavily involved in the investment process. URS offers three Horizon Funds. The Short, Medium, and Long Horizon Funds are allocated using the eight individual investment options according to the level of investment risk and the length of time until the money is needed. These asset allocation funds are constructed using efficient frontier modeling techniques.

For more personal participation, URS also offers eight individual investment options as part of **Involvement Level 2**. Each option represents different investment objectives, styles and risk/return characteristics. You can design and manage your own portfolio using the individual investment options.

If you wish to be much more involved, do your own research, and closely monitor your account, URS provides **Involvement Level 3** — *a self directed brokerage window*. The Charles Schwab Personal Choice Retirement Account® (PCRA) allows you to invest in individual stocks and bonds, over 2,000 no load/no transaction fee mutual funds and other investment alternatives.

Regardless of how involved you want to be in managing your savings plan account, URS has an investment alternative for you.

Additional information about URS Savings Plans investment options, fees, transfer restrictions, etc. is available at www.urs.org.

2006
Stock Market Holidays

The New York Stock Exchange will be closed on the following days during the 2006 calendar year:

Independence Day
July 4

Labor Day
September 4

Thanksgiving
November 23

Christmas
December 25