



URS Savings Plans

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

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



Should You Save in a Roth IRA: Yes!

*T*OO OFTEN WE FOCUS OUR ATTENTION on the investment options when deciding how and where to save retirement money. However, it's also a good practice to consider the tax consequences of our savings plans. One of the great advantages of using the different URS Savings Plans is the opportunity to choose when to pay income taxes.

Tax Free vs. Tax Deferred

The savings plans administered by URS are created to give you the benefits of low cost/diversified investment options, but just as important, to give you tax saving benefits. Let's talk about the tax advantages of the different plans.

Tax-deferred plans, such as the URS 401(k) and 457, allow you to save money *before* taxes are assessed to your pay, thus reducing the amount of taxes you currently pay. The idea is you reduce your taxable income during the years you are working, and push the taxes away until you withdraw the funds later in life. The assumption is your tax rate will be lower in your retirement years than during your working years.

The URS *Roth* IRA allows you to set aside money *after* you have paid taxes. The tax benefit with the Roth IRA is the growth on your investments is *not* taxed when you later draw it out (thus the earnings are "tax free"). This strategy is best if your tax rate will be higher after you retire than during your working years.

What if you're not sure whether your tax rate will be higher now, or in the future? You can diversify away some of the uncertainty by saving money in both types of accounts, giving you more flexibility with your income tax planning. Also, because each person's financial situation before and after retirement is unique, it cannot be said that one type of plan is better than the other. Both have their advantages.

Before enrolling in a URS Roth IRA it's important to review the eligibility rules for contributions. These rules and more detailed information are outlined in the URS Roth and Traditional IRAs Guidebook or in IRS Publication 590. For additional information regarding tax considerations, please consult a tax advisor.

Start Now

To get the tax-free advantages of the Roth IRA, your withdrawal must meet the definition of a qualified distribution:

1. The distribution must be made after the *fifth* tax year from when you made an initial contribution to a Roth IRA; *AND*

Should You Save in a Roth IRA: Yes! (Cont.)

2. One of the following:
- You are over age 59½,
 - You are disabled,
 - You buy a “first home” (limited to \$10,000 during your lifetime),
- OR**
- You die.

Because of the 5-year rule, you should open a Roth IRA as soon as possible.

Keep Your Records

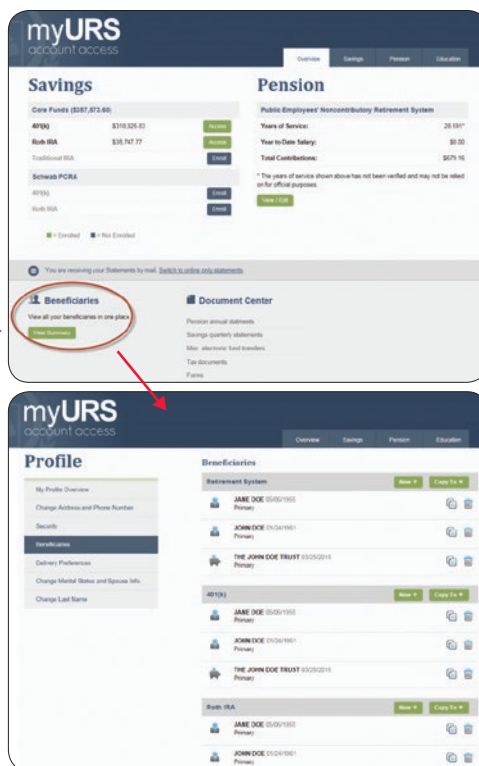
Because you can have multiple IRAs with different financial institutions, it's important you keep track of your forms and tax statements. Each year URS will mail you form 5498 for your records, which helps you keep a record of your contributions, earnings, conversions, and rollovers. A copy of this form is also available through your myURS account at **www.urs.org**. These and other tax forms from all of your accounts are necessary to help you with your tax reporting and planning. ■

Beneficiary Designations

Naming beneficiaries is an important part of planning for the future. It's important for you, your family, and your loved ones. Although naming beneficiaries is not required, failing to name or maintain current beneficiary designations can have unintended consequences. After all, you spend a big part of your life saving for retirement, in the event of your death, make sure your money goes to the person, or people, you choose, instead of who the state decides or having it locked up in a legal battle. If you are enrolling in a new retirement plan or if your circumstances have changed (marriage, divorce, birth, adoption, death, etc.) it's important to review your beneficiaries and make adjustments.

Updating your beneficiaries on myURS is now easier. Log in to your account at **www.urs.org** and click on “View Summary” under Beneficiaries at the bottom left side of the overview page and you can make the changes you'd like. It's best to review your beneficiary designations at least once a year.

If you need assistance logging into your account, please contact the Savings Plans Department at 801-366-7720 or 800-688-4015. ■



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2015 Stock Market Holidays

The New York Stock Exchange will be closed on the following days during the 2015 calendar year:

Memorial Day
May 25

Independence Day
July 4 (Observed July 3)

Labor Day
September 7

Thanksgiving
November 26

Christmas
December 25

The NYSE Trading Floor will close early, at 11:00 a.m., Mountain Time on Friday, November 27, 2015, (the day after Thanksgiving) and Thursday, December 24, 2015.

Transfers between investment options cannot be made on market holidays. This and other information about the New York Stock Exchange can be found at **www.nyse.com**.

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