Utah Retirement Systems

ESTABLISHING YOUR DISTRIBUTION STRATEGY

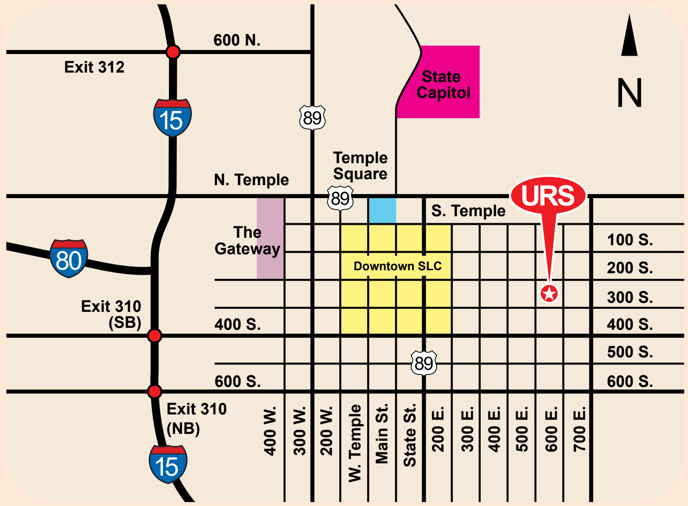
We can help set up withdrawals to meet your needs

During your career, as you save money for retirement, you're in the "asset accumulation phase" of your life. After retirement, and as you start drawing down from your savings, you move into the "distribution phase."

Look inside to explore the various options and strategies you may use as you take withdrawals from your vested savings plans.

LET US HELP

We can help you figure out your distribution strategy and set up withdrawals. Call or visit 8 a.m. through 5 p.m. Monday through Friday.



801-366-7720 | 560 East 200 South, Salt Lake City

To begin, it's important to understand your sources of income and whether they are fixed or variable.

A fixed benefit could be Social Security, your monthly retirement (pension) benefit, or a combination of both. Generally, you can count on these to continue through your life, and you don't have to worry about running out of money.

Variable benefits are those that can change according to interest rates, investment returns, and/or the speed at which you spend – such as a 401(k), IRA, or savings account at the bank.

If your fixed benefits give you adequate income, you have more flexibility in how and when to withdraw your variable savings plans. On the other hand, if you depend on your savings plans to maintain your lifestyle and health, how quickly you spend is vital.

Periodic Distributions

One of the benefits of URS Savings Plans is your ability to establish periodic withdrawals. Consistent periodic withdrawals allow you to control how long your money will last. You decide if your regular payments come monthly, quarterly, semiannually, or annually. These payments can be automatically deposited to your checking account, and will be combined with your monthly retirement benefit (if applicable).

Fixed Amount

Suppose you get $3,000 monthly from a combination of Social Security and URS pension. Also suppose you need an extra $500 monthly to live comfortably. You can set-up a fixed amount to withdraw from your savings plans each month and modify it as your needs change. With this method, be sure to multiply out how many years your money could last.

You can also instruct us to calculate a fixed amount determined by the number of years you want your savings to last, combined with an assumed rate of return.

For example, if you have $50,000 in your account, you want it to pay monthly for 20 years, and you believe the plan will earn at least 4% per year over that period, your payment stream would be $300 per month. Each year you can review the rate of return your investments have actually earned and make adjustments to your assumptions, increasing or decreasing your withdrawal rate accordingly.

Finally, you can simply tell us how many years you want your money to last. Each year we divide your balance by the number of years remaining and adjust the payout accordingly.

For example, suppose you have $50,000 and you want it to last 20 years. The first year we would pay you $208 per month (($50,000/20)/12). The next year we would divide your remaining balance by 19 years, etc. Using this method, you can control the number of years your account will pay you, regardless of stock market movement and earnings.

Minimum Distributions

When it comes to tax-deferred retirement plans (such as a 401(k) or traditional IRA), federal law requires you to withdraw a portion of your account each year, beginning the year you turn 70½ years old.

If your fixed assets pay you an adequate income, you could choose to take the bare minimum from your savings plans. URS can compute the amount for you, and send it out each year, monthly, quarterly, semiannually, or annually – your choice. If you don't specify otherwise, we send it each fall, combined with your retirement benefit.

The IRS publishes a chart to determine how much you must withdraw. The following is a sample:

Age	Factor
70.5	27.4
71	26.5
72	25.6
73	24.7
74	23.8
75	22.9

How it works: You obtain the balance in your account as of Dec. 31 in the year before your age shown in the chart. You divide that balance by the corresponding factor. For example, someone who is 70½ years old with an account worth $50,000 must withdraw $1,825 for that year (50,000/27.4 = 1,825). Again, URS is happy to compute this for you and send it each year.

If you choose to use one of the periodic distribution options discussed above, and if those payments exceed the required minimum distribution, you will not need to go through this process. Another benefit we provide: Each year we monitor our members' 401(k) and 457 accounts to make sure they meet this requirement, regardless of the other withdrawal methods used.

Roth IRA

One of the advantages of a Roth IRA is you're never required to withdraw money. If you are over 59½ and have had the account open for at least five years, all withdrawals are tax-free.

Therefore, the IRS isn't concerned if you do not withdraw the money during your lifetime (if yours is a beneficiary, or inherited, Roth IRA – you must still take out a required distribution).

Partial Balance Distributions

You are always allowed to withdraw a portion of your account, even if you have other methods of periodic distributions established. Just a word of caution when you reach in and take large chunks from your account, the withdrawal is generally taxable. It is often advisable to spread your taxable distributions over several years to soften the impact of income taxation.

We're Here for You

Our counselors are trained and available to help you with your questions regarding all aspects of your savings plans. Call or come into our offices at your convenience. You can also use our Savings Plans Future Values Calculator to help you model your distribution phase. ■

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