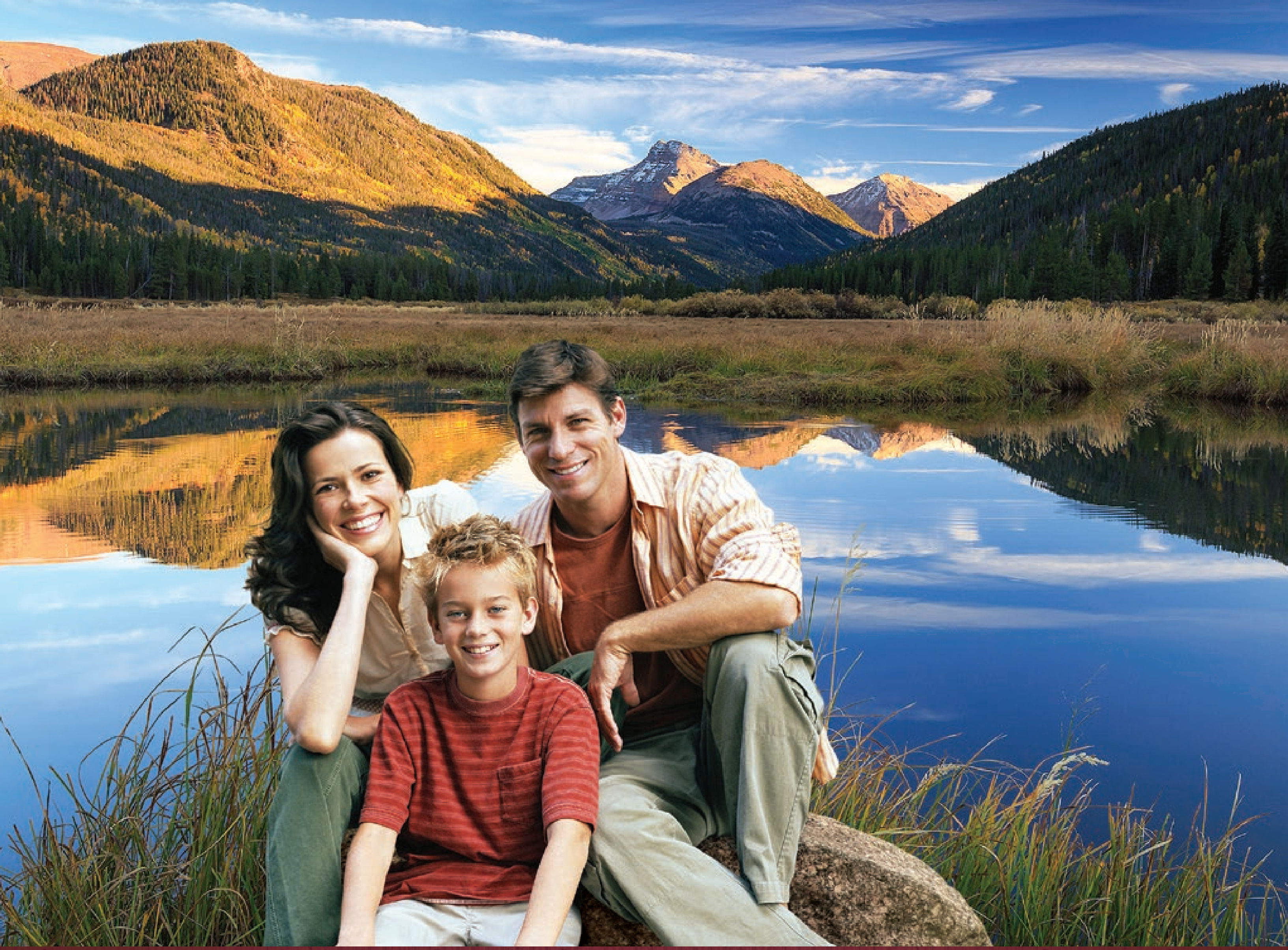


Individual Retirement Accounts

Roth & Traditional IRAs Guidebook

2016

Utah Retirement Systems

IRA

Roth & Traditional
Individual Retirement Accounts

Utah Retirement Systems (URS) administers a Roth IRA and a traditional IRA. Individual retirement accounts (IRAs) combined with other retirement plans (e.g., 401(k), 457, pension, Social Security, etc.), provide additional options to save for retirement and may assist you in your tax and estate planning.

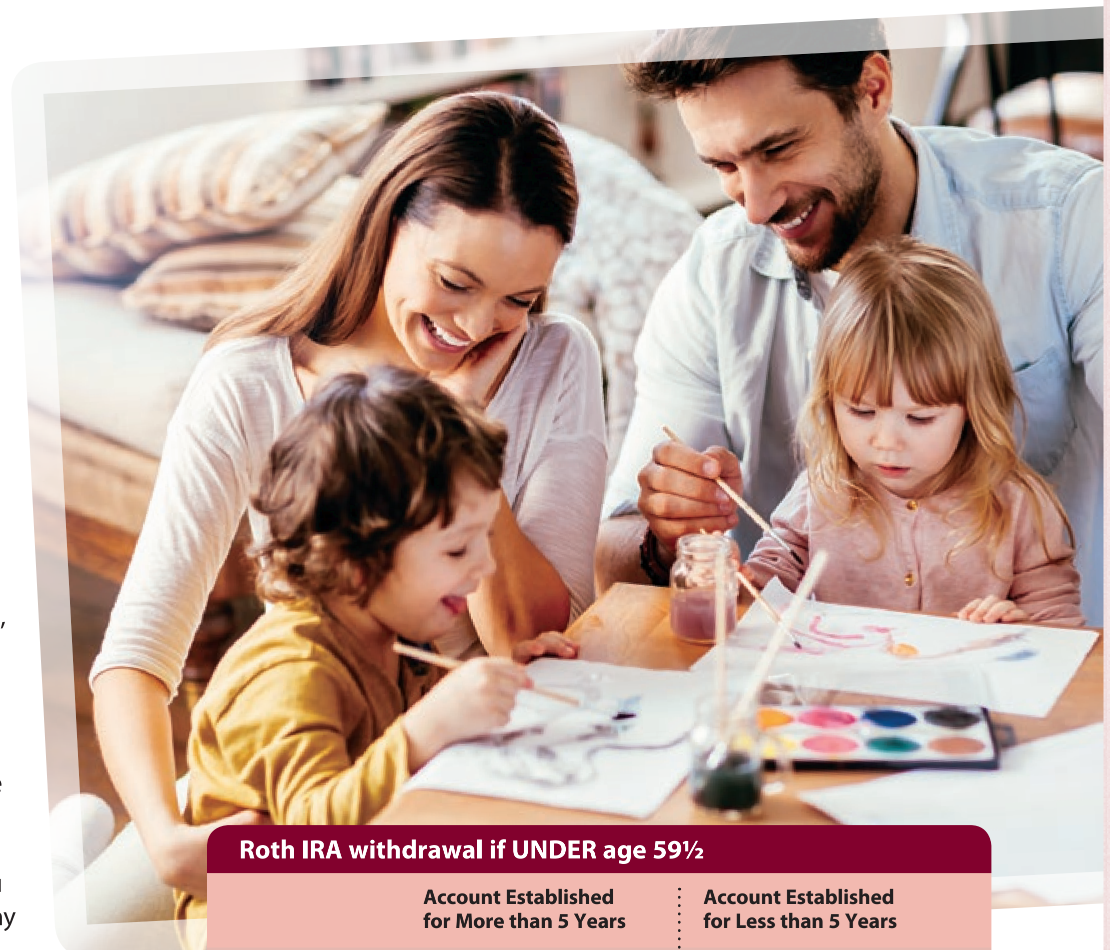
A Roth IRA allows non-deductible (after-tax) contributions. This gives you the advantage of tax-free withdrawals when certain conditions are met.

A traditional IRA may allow you to deduct all or part of your contributions for income tax purposes, while deferring any taxes on investment earnings until you start making withdrawals.

Contents

At-a-Glance	Roth IRA	Traditional IRA
Eligibility	Members of Utah Retirement Systems are eligible to participate. You may contribute as long as you have earned income (regardless of age).	Members of Utah Retirement Systems are eligible to participate. You may contribute if you are under age 70½ and have earned income.
Maximum Annual Contribution (This is the total amount for all IRAs you may have.)	Contribution limits are the same for both the Roth IRA and traditional IRA. Contributions to all IRAs must be combined toward the total limit. For example, if you contribute $1,000 to a traditional IRA at your bank and another $1,000 to your URS Traditional IRA (total of $2,000), you may only contribute up to $3,500 to your Roth IRA (for a total of $5,500 in 2016). The maximum annual contribution limit is $5,500 for 2016. For those ages 50 and older an additional "catch-up" contribution of $1,000 may also be made, bringing the total to $6,500 in 2016.	
Contributions are subject to income limits. If you are:	• A single income tax filer with income up to: $117,000 — qualifies for a full contribution $117,000 to $132,000 — qualifies for a partial contribution over $132,000 — cannot contribute • A married/joint income tax filer, with income up to $184,000 — qualifies for a full contribution $184,000 to $194,000 — qualifies for a partial contribution over $194,000 — cannot contribute	No income limits.
Rollover/Transfers	You may roll over or transfer money into a Roth IRA from: • Roth IRA • Roth 401(k) • Roth 403(b) • 457(b) • 401(a) • 401(k) • 403(b) • Qualified Pension (only a lump-sum distribution) *(See page 6 for details.)*	You may roll over or transfer money into a traditional IRA from the following: • 401(k) • 401(a) • 457(b) • Traditional IRA • 403(b) • Pension (only a lump-sum distribution)
Convert IRA	You may convert all or part of your traditional IRA to your Roth IRA. Amounts converted from a traditional IRA to a Roth IRA are subject to income taxes, but are not subject to the 10% early withdrawal penalty tax.	You may convert all or part of a traditional IRA to a Roth IRA. Amounts converted from a traditional IRA to a Roth IRA are subject to income taxes, but are not subject to the 10% early withdrawal penalty tax.
Key Tax Advantage	Federal tax-free growth (earnings may also be free of state income taxes).	Tax-deferred growth.
Tax-Deductible Contributions	Contributions to a Roth IRA are not deductible from your income for tax filing purposes.	The deductibility of contributions is subject to modified adjusted gross income (MAGI) limits and participation in an employer-sponsored retirement plan. (See page 3 for MAGI limits.)
Withdrawal Eligibility	A withdrawal may be made at any time.	A withdrawal may be made at any time.
Tax Treatment of Withdrawals	*Contributions* can be withdrawn, at any time, without taxes or penalties. *Earnings* can be withdrawn without taxes or penalties if you are over age 59½ and you have had a Roth IRA for at least five years.	All earnings and deductible contributions may be subject to income taxes when withdrawn.
10% Early Withdrawal Penalty Tax	If you are under age 59½ you may avoid the penalty tax if your withdrawal is for one of the following reasons: • First-time home buyer • Qualified higher education expenses • Payments paid to you based on your life expectancy • Health insurance premium payments when unemployed • Payments of medical expenses in excess of 10% of your adjusted gross income • Disability or death	If you are under age 59½, you may avoid the penalty tax if your withdrawal is for one of the following reasons: • First-time home buyer • Qualified higher education expenses • Payments paid to you based on your life expectancy • Health insurance premium payments when unemployed • Payments of medical expenses in excess of 10% of your adjusted gross income • Disability or death
Required Withdrawals	There are no required (or minimum) distributions while you are living.	Required minimum distributions must begin after you reach age 70½.

Roth IRA



Benefits of a Roth IRA

Tax Deferral of Investment Earnings

Investment earnings compound ***tax free***. This allows your IRA to grow faster than if it were subject to annual taxation.

Tax-Free Withdrawals

A Roth IRA, unlike a traditional IRA, allows you to withdraw your earnings ***tax free*** if your account has been established for at least five years **and** you are at least 59½ years old or the withdrawal is for a *first home* purchase (subject to a $10,000 lifetime limit). Because your contributions are from after-tax (non-deductible) money, you can withdraw your contributions at any time without taxes or penalties (with the possible exception of amounts converted or rolled over — see ordering rules on page 13).

In addition, earnings and contributions can pass on to your heirs *income tax free*.

Conversion from a Traditional IRA

One of the great tax planning tools available is a traditional to a Roth IRA conversion. This allows you to pay income taxes on a traditional IRA now and convert the money into your Roth IRA. *(See page 7 for more details.)*

No Required Minimum Distribution at Age 70½

The Roth IRA can be a worthwhile estate planning tool, because you are not required to take distributions during your lifetime and it can pass on to your beneficiaries tax free. However, beneficiaries of an inherited Roth IRA may be required to take a minimum distribution.

No Age Restrictions

You can make contributions to a Roth IRA, at any age, as long as you have earned income and are within the allowed limits. *(See Things to Know in the shaded area on page 3.)*

Roth IRA withdrawal if UNDER age 59½

	Account Established for More than 5 Years	Account Established for Less than 5 Years
Your Contributions	All withdrawals are tax and penalty free.	All withdrawals are tax and penalty free.
Your Investment Earnings	Ordinary income tax applies unless a withdrawal is taken for death, disability, or for first-time home purchase. In addition, the 10% penalty tax applies unless it is for an exception.*	Ordinary income tax applies to any earnings. In addition, the 10% penalty tax applies unless it is for an exception.*

Roth IRA withdrawal if OVER age 59½

	Account Established for More than 5 Years	Account Established for Less than 5 Years
Your Contributions	All withdrawals are tax and penalty free.	All withdrawals are tax and penalty free.
Your Investment Earnings	All withdrawals are tax and penalty free.	Ordinary income tax applies to earnings, but there is no penalty tax.

Exceptions to the 10% penalty tax include withdrawals taken due to death or disability, first-time home purchase ($10,000 lifetime maximum), medical expenses in excess of 10% of adjusted gross income, or medical insurance premiums when unemployed. (See IRS Publication 590 for a complete list of exceptions.)

✸Things to Know

- **Penalties**
  As with a traditional IRA, you may be subject to a penalty tax if you withdraw your earnings before you reach age 59½ or if you contribute more than either 100% of your earned income or the allowable maximum for a year.
- **Tax Deductibility of Contributions**
  Contributions to a Roth IRA do not qualify for a tax deduction, regardless of your adjusted gross income.
- **Income Restrictions**
  Single income tax filers with modified adjusted gross income (MAGI) of $132,000 or greater are not eligible to contribute. The maximum contribution limit is gradually reduced if your MAGI is over $117,000 and less than $132,000.
  Married/filing jointly, taxpayers with a MAGI greater than $194,000 are not eligible to make a Roth IRA contribution. The maximum allowable contribution limit is gradually reduced if your MAGI is between $184,000 and $194,000.
  If your MAGI is within the Roth IRA contribution phase-out limits (single filers — $117,000 to $132,000; married/joint filers — $184,000 to $194,000), review the Reduced Roth IRA Contribution Worksheet in *IRS Publication 590*, Individual Retirement Arrangements, for an example of how to calculate your maximum Roth IRA contribution. The MAGI limits are indexed for inflation each calendar year.

Traditional IRA

Benefits of a Traditional IRA

Tax Deferral of Investment Earnings

Investment earnings compound tax deferred. This allows your IRA to grow faster than if it were subject to annual taxation.

Broad Eligibility to Contribute

Even though your contributions may not be tax deductible, you can still make a non-deductible contribution to a traditional IRA if you have earned income and are under age 70½.

More Flexibility with Tax Withholding

If you withdraw money from your employer-sponsored savings plan (e.g., 401(k), 403(b), 457), IRS rules may require 20% of the amount you withdraw be withheld for federal income taxes. When you withdraw money from an IRA, you can elect to have no taxes withheld.*

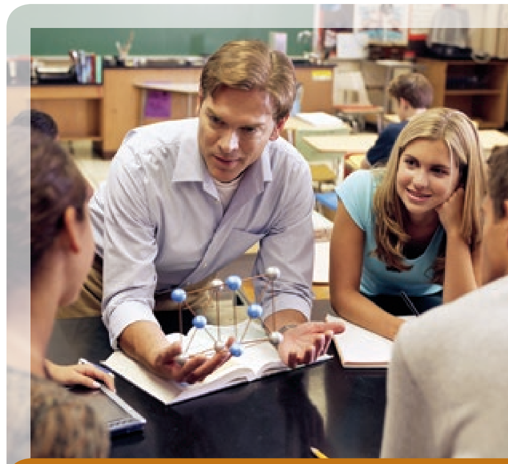
**IRS rules require 10% of your withdrawal amount be withheld unless you choose otherwise.*

Tax-Deductible Contributions

Your contributions are generally tax deductible if you are an active participant in an employer-sponsored plan (e.g., 401(k), 457, pension plan) and your MAGI is below a certain threshold. *(See the table to the right.)* For information on calculating your traditional IRA deductibility, see *IRS Publication 590* or consult a tax advisor.

Transfers and Rollovers

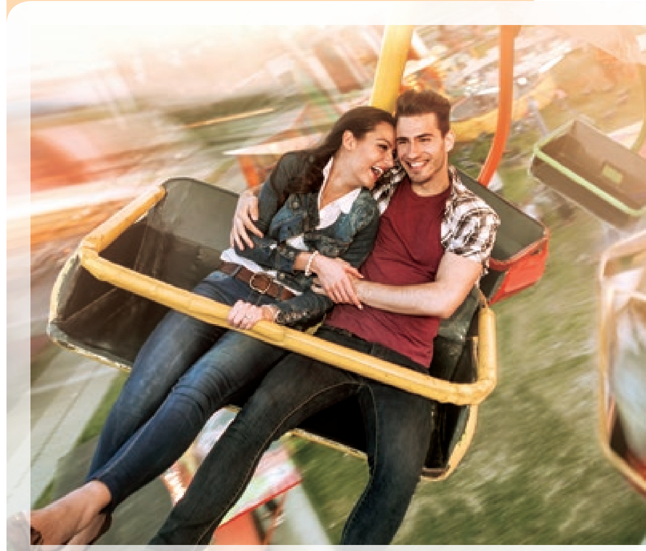
When you directly roll over or transfer money into a traditional IRA, the amount you roll over or transfer is not taxable at the time of the rollover. In addition, there are no limits on the amount you can roll over or transfer to a traditional IRA.



Income Limits for Traditional IRA Deductibility

MAGI of Single Filer

Year	Fully Deductible Up To	Partially Deductible Up To
2016	$61,000	$71,000



MAGI of Joint Filer

Year	Fully Deductible Up To	Partially Deductible Up To
2016	$98,000	$118,000

The MAGI limits are indexed for inflation each calendar year.

These limits assume you are an active participant in an employer-sponsored retirement plan. The income limits are based upon modified adjusted gross income (MAGI), which is used to determine IRA eligibility. For information on calculating your MAGI see IRS Publication 590 or consult a tax advisor.

Traditional IRAs Continued.

Required Minimum Distribution

Once you reach age 70½ the IRS requires you to begin withdrawing money from your traditional IRA. This withdrawal is known as a required minimum distribution (RMD). If you have multiple traditional IRAs, you are allowed to withdraw from just one traditional IRA to satisfy the RMD amount for all others (or you can take some from each).

The RMD amount is determined by taking all traditional IRA balances at the end of the previous year and dividing that total by a life expectancy factor provided by the U.S. Treasury.

URS allows you to withdraw your RMD at any time during the year. You are able to receive the payments monthly, quarterly, semi-annually or annually. URS can also calculate your new RMD amount each year (for your URS accounts).

Minimum Distribution Example:

Jacob will reach age 70½ on September 25, 2016. He has a URS Traditional IRA with a December 31, 2015, value of $6,500. Jacob has another traditional IRA at his bank with a December 31, 2015, value of $4,750. Jacob's RMD amount is calculated by doing the following:

Add the December 31, 2015, value of Jacob's URS Traditional IRA ($6,500) and his bank traditional IRA ($4,750) $11,250

Divide Line 1 by the U.S. Treasury life expectancy factor (27.4*) $410.58

Jacob must withdraw $410.58 for his 2016 required minimum distribution.

Because Jacob has more than one traditional IRA, he can choose to withdraw his total RMD from just one IRA or he may withdraw money from both accounts adding up to the total RMD.

Jacob's first RMD (for the 2016 tax year) may be deferred until as late as April 1, 2017. If he chooses to wait until April 1, he will have to take another RMD payment (for the 2017 tax year) by December 31, 2017.

✷Things to Know

- **Taxation of Withdrawals**
  When you withdraw money from your traditional IRA, you will pay ordinary income tax on your investment earnings and on any deducted (untaxed) contributions.
- **Penalties**
  (including early withdrawal penalties)
  You may be subject to a penalty tax if you withdraw money before you reach age 59½, depending on the circumstances of the withdrawal. You may also be subject to a penalty tax if you contribute more than either 100% of your earned income or the allowable maximum for a year.
- **Recordkeeping Requirements***
  URS will report to you all contributions, withdrawals, and the year-end account value for your IRA.
  Keep in mind, you must maintain personal records tracking all deductible and non-deductible IRA contributions. This type of record-keeping is vital when you begin withdrawing money from your IRA(s).

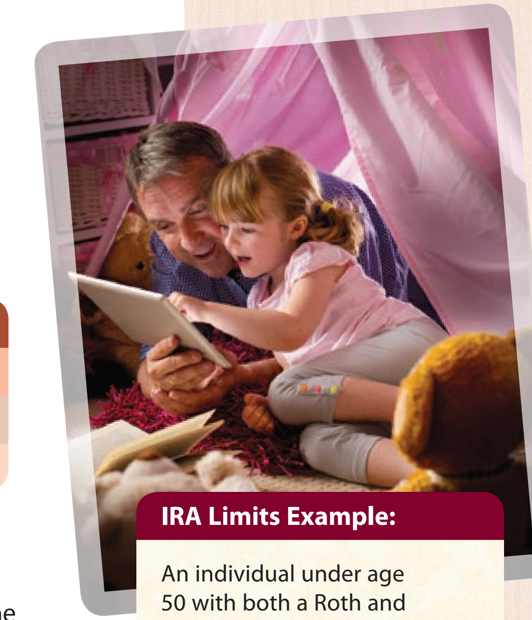
**The Internal Revenue Service and URS strongly encourage you to keep all records related to your traditional IRA(s).*

*IRS Calculation Table

Life expectancy factors are found in *IRS Publication 590.*

Age	Life Expectancy Factor	Age	Life Expectancy Factor
70	27.4	78	20.3
71	26.5	79	19.5
72	25.6	80	18.7
73	24.7	81	17.9
74	23.8	82	17.1
75	22.9	83	16.3
76	22.0	84	15.5
77	21.2	85	14.8

Roth & Traditional IRA Contribution Limits



IRA Limits Example:

An individual under age 50 with both a Roth and traditional IRA cannot contribute more than $5,500 combined to both the Roth and traditional IRAs within a tax year.

IRA Contribution Limits

Tax Year	Contribution Limit Under Age 50	Contribution Limit Over Age 50
2015	$5,500	$6,500
2016	$5,500	$6,500

Contributions to the IRAs Can be Made in Two Ways:

- ***Payroll Deduction***
  If your employer participates, contributions can be made directly from your paycheck. Any amount you choose to contribute to your IRA will be deducted after taxes from each paycheck. Keep in mind the contribution limits to IRAs when you decide how much you want to contribute from each paycheck. There is a tax penalty if you contribute more to an IRA than you are allowed.
- ***Personal Contribution***
  You can make a contribution with a deposit directly to URS. These deposits must be in an amount of $100 or more.

IRA Contribution Timing

You can make personal contributions to an IRA any time from January 1 of the current year until the tax filing deadline (generally April 15) of the following year. Any contributions you make for a prior year must be made through a personal contribution (check) and cannot be made through payroll deduction. Contributions for a prior year should be submitted with a URS IRA Deposit Authorization Form and must be postmarked by the tax filing deadline. For example, you could make an IRA contribution for the 2016 tax year any time from January 1, 2016, until April 17, 2017.

✷Things to Know

- **Limits Apply to All IRAs**
  The contribution limits for IRAs apply to all IRAs you may have (including those at a bank or credit union). This limit is the total of all Roth and traditional IRAs.
- **No Employer Contributions**
  All contributions to the URS IRAs must be made by you. Your employer is not allowed to make contributions (except as an after-tax deduction from your wages).
- **All Payroll Deductions are After Tax**
  If you choose to make IRA contributions directly from your paycheck, the amount you contribute will be deducted after applicable federal, state, Social Security, and Medicare taxes are withheld.
- **Contributions Will be Reported to You**
  URS will report any IRA contributions to both you and the IRS. It is your responsibility to maintain your own tax records.

Transfers
and Rollovers

If you have multiple retirement accounts with different employers and other financial institutions, you may be able to consolidate them into your URS IRA. Depending on the type of account you own, your age and employment status, there are multiple methods to consolidate your accounts.

Direct Transfers

A direct transfer is a transfer of funds from your existing IRA to another IRA of the same type (e.g., traditional IRA to traditional IRA or Roth IRA to Roth IRA). A direct transfer occurs when funds from a similar plan are sent directly to URS. Roth and traditional IRAs that you have at other financial institutions can be directly transferred and consolidated into your URS Roth and Traditional IRAs without tax consequences.

Direct Rollovers

A direct rollover occurs when a distribution from an eligible employer plan (401(a), 401(k), 403(b), 457(b)) is paid directly to your URS IRA. This avoids federal tax withholding and possible early withdrawal penalties because the distribution is made directly to URS.

Traditional IRA

Existing pre-tax employer-sponsored savings plans (e.g., 401(a), 401(k), 403(b), 457(b)) can be consolidated into your URS Traditional IRA through a direct rollover. When you directly roll over into a traditional IRA, the amount you roll over is not taxable at the time of the rollover. In addition, there are no limits on the amount you can roll over to a traditional IRA. However, to roll money out of your employer-sponsored savings plan you may be subject to withdrawal eligibility requirements. Check your plan to find out if you are eligible for a rollover.

Roth IRA

Designated Roth accounts (Roth 401(k), Roth 403(b)) can be directly rolled over and consolidated to your URS Roth IRA. When you roll a designated Roth account to a Roth IRA the five-year holding period for qualified distributions is not carried over. Rather, the amount rolled over takes on the five-year holding period of the Roth IRA. For additional information regarding the five-year holding period for designated Roth accounts see *IRS Publication 4530*.

Rollover/Transfer Guideline

From...	to Traditional IRA	to Roth IRA
Traditional IRA	✔	✔*
401(k)	✔	✔*
403(b)	✔	✔*
457(b)	✔	✔*
401(a) Pension	✔	✔*
Roth IRA		✔
Roth 401(k)		✔
Roth 403(b)		✔

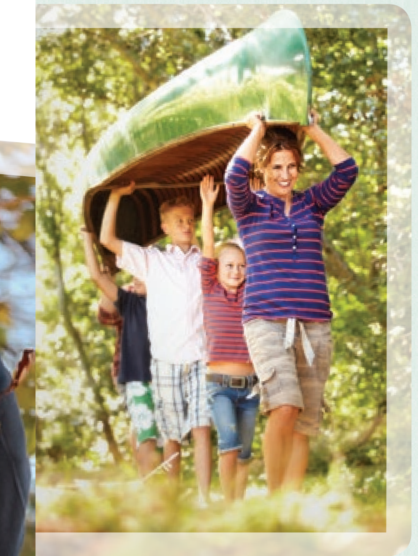
**May be taxable.*

60-Day (Indirect) Rollovers*

A 60-day, or indirect, rollover differs from a direct rollover or direct transfer in that the funds are sent to you (the member) and not directly to the new plan (URS), then you subsequently deposit the funds to your IRA within 60 days. These distributions may be subject to mandatory federal tax withholding. Any portion of the distribution that is not rolled over, including any taxes that are withheld and not replaced, is treated as a taxable withdrawal and may be subject to an additional 10% early withdrawal penalty tax. You may replace any amount that was withheld in order to rollover the entire distribution.

**You can make only one indirect rollover from an IRA to another (or the same) IRA in any 12-month period, regardless of the number of IRAs that you own. For additional information see IRS Announcement 2014-15 and IRS Announcement 2014-32.*

Conversions



A traditional IRA or pre-tax employer-sponsored plan (e.g., 401(a), 401(k), 403(b), 457(b)) may be converted to a Roth IRA. Converting your traditional IRA or pre-tax employer plan to a Roth IRA is taxable and should only be done after careful consideration of the tax consequences.

Traditional IRA

Traditional IRA to Roth IRA conversions are taxable as income. When converting your traditional IRA to a Roth IRA, you must pay taxes on any traditional IRA contributions you had previously deducted from your taxes and on any investment earnings.

Employer-Sponsored Plan

Pre-tax employer-sponsored plans converted to a Roth IRA are taxable as income. The entire amount of the pre-tax converted amount is taxable (contributions and earnings). You must be eligible for a distribution from your employer-sponsored plan to do a conversion to a Roth IRA.

Tax Considerations

- If you convert a large balance from your traditional IRA or pre-tax employer plan, the taxes may be substantial!
- While converted amounts are considered taxable, there is no 10% early withdrawal penalty tax. Conversions may be subject to a 5 year holding period to avoid the penalty. See *IRS Publication 590* for details.
- Conversions must be done before year end. It is important that URS receives your request by December 20, to ensure completion of the process by December 31 of that same tax year.
- Conversions must be reported to the IRS. For tax-filing purposes, you will receive an IRS Form 1099-R and an IRS Form 5498 when a conversion takes place. You must report any amount converted on your federal income tax return.
- **Consult a Tax Professional** — The rules and tax implications of converting any amount from a traditional IRA or pre-tax employer-sponsored plan to a Roth IRA are very complex. URS suggests you consult a tax professional to find out if a conversion is right for you.

✷Things to Know

- **No Limit on the Number of Conversions**
  There is no limit to the number of conversions that can be made in one year. Keep in mind that the total amount of any conversions will need to be reported for federal income tax purposes.
- **Reversing a Conversion (Recharacterization)**
  If you change your mind due to the tax impact, the initial conversion may be reversed. This process is called a recharacterization. All or part of a conversion may be recharacterized to a traditional IRA (converted amounts cannot be recharacterized back to an employer-sponsored plan) and appear as if the initial conversion never took place. However, you cannot convert, recharacterize and then reconvert an amount during the same taxable year, or within 30 days following a recharacterization (whichever is later).

Investing Your Funds

Investment options, the low expense structure, and trading rules for URS Roth and Traditional IRAs are identical to those of the URS 401(k) and 457 Plans.

URS offers 20 investment options (8 core funds and 12 Target Date Funds), and a self-directed brokerage account (Personal Choice Retirement Account (PCRA) offered through Charles Schwab). The following is a description of the investment options:

- **Income Fund** is a stable value fund, the most conservative of the investment options.
- **Bond Fund** invests in fixed income securities, such as corporate and government bonds.
- **Balanced Fund** invests in approximately 60% stocks, 40% bonds.
- **Large Cap Stock Value Fund** invests in stocks that appear undervalued, with a favorable future outlook.
- **Large Cap Stock Index Fund** invests in stocks that comprise a nationally recognized stock index.
- **Large Cap Stock Growth Fund** invests in stocks that have above-average earnings growth potential.

- **International Fund** invests in stocks of companies based outside the United States.
- **Small Cap Stock Fund** invests in stocks of companies whose market capitalization falls primarily within the smallest 10% of the U.S. market universe.
- **Target Date Funds** – The URS Target Date Funds were created to give participants a diversified retirement portfolio through a single investment option. These funds gradually adjust throughout your career and into retirement. The investment mix — which includes stocks, bonds, and real assets — is automatically reallocated to be weighted more conservatively as you age and enter retirement. There is no need to adjust your investments as your time horizon changes; your Target Date Fund does the work for you.

  To select a Target Date Fund, choose the fund with the date closest to when you will start withdrawing funds for retirement purposes. For example: if you're a younger employee and you plan to leave the workforce and begin withdrawals around the year 2055, you'd choose the Target Date 2055 Fund. If you're further along in your career and will begin utilizing your account close to the year 2020, you'd choose the Target Date 2020 Fund.

  Default Investment Option:

  If you do not select an investment option your funds will be placed in the Target Date Fund that corresponds to your date of birth, as shown in the chart to the right.
- **PCRA** – The PCRA rounds out the spectrum of investment options in the URS Savings Plans and provides investors with more alternatives. With a PCRA, you are responsible for managing your own investments. This means you plan your strategy, do the research, monitor performance, evaluate progress, make adjustments, and initiate changes as needed.

Target Date Funds Asset Allocations

Asset Classes	Target Date Funds 2060	2055	2050	2045	2040	2035	2030	2025	2020	2015	2010	Retired
URS Income Fund	—	—	—	—	—	—	—	5%	10%	15%	20%	25%
URS Bond Fund	3%	3%	3%	3%	3%	4%	9%	13%	18%	19%	21%	20%
URS Large Cap Stock Value Fund	10%	10%	10%	10%	10%	7.5%	5%	3%	1.5%	—	—	—
URS Large Cap Stock Index Fund	20%	20%	20%	20%	20%	22%	23%	25%	23%	21%	18%	14%
URS Large Cap Stock Growth Fund	10%	10%	10%	10%	10%	7.5%	5%	3%	1.5%	—	—	—
URS International Stock Fund	33%	33%	33%	33%	33%	32%	27%	19%	13%	8%	5%	4%
URS Small Cap Stock Fund	10%	10%	10%	10%	10%	9%	8%	5%	3%	2%	1%	1%
International Bonds	2%	2%	2%	2%	2%	3%	5%	8%	10%	10%	10%	10%
U.S. Real Estate Investment Trusts	4%	4%	4%	4%	4%	4%	4%	3%	—	—	—	—
Commodities	4%	4%	4%	4%	4%	4%	4%	4%	3%	3%	3%	3%
Global Inflation-Linked Bonds	—	—	—	—	—	—	—	2%	7%	12%	17%	20%
Private Real Estate	4%	4%	4%	4%	4%	7%	10%	10%	10%	10%	5%	3%

Target Date Funds

Fund	Date of Birthday From	Date of Birthday To
Target Date 2060	July 1, 1993	
Target Date 2055	July 1, 1988	June 30, 1993
Target Date 2050	July 1, 1983	June 30, 1988
Target Date 2045	July 1, 1978	June 30, 1983
Target Date 2040	July 1, 1973	June 30, 1978
Target Date 2035	July 1, 1968	June 30, 1973
Target Date 2030	July 1, 1963	June 30, 1968
Target Date 2025	July 1, 1958	June 30, 1963
Target Date 2020	July 1, 1953	June 30, 1958
Target Date 2015	July 1, 1948	June 30, 1953
Target Date 2010	July 1, 1943	June 30, 1948
Target Retired		June 30, 1943

The PCRA offers a wide variety of investment options and gives you more flexibility in managing your retirement savings. With a PCRA you can invest in:

- Any stock listed on the major U.S. exchanges, including over-the-counter stocks, and foreign securities.
- Bonds and other fixed income investments.
- Exchange traded funds (ETFs).
- Over 8,000 mutual funds, including over 4,000 mutual funds available with no loads or transaction fees, through Schwab Mutual Fund OneSource®.

The following are not allowed investments in the PCRA:

- URS core funds
- Tax-exempt securities
- Futures
- Limited partnerships
- Currencies (ETFs are allowed)
- Commodities (ETFs are allowed)
- Precious metals (ETFs are allowed)

Investment and Administrative Fees*

Fund	Annual Investment Fees	Annual Administrative Fees	Annual Fees Total
Income	0.29%	0.16%	0.45%
Bond	0.12%	0.16%	0.28%
Balanced	0.27%	0.16%	0.43%
Large Cap Stock Value	0.42%	0.16%	0.58%
Large Cap Stock Index	0.03%	0.16%	0.19%
Large Cap Stock Growth	0.31%	0.16%	0.47%
International	0.06%	0.16%	0.22%
Small Cap Stock	0.37%	0.16%	0.53%
Target Date 2060	0.22%	0.16%	0.38%
Target Date 2055	0.22%	0.16%	0.38%
Target Date 2050	0.22%	0.16%	0.38%
Target Date 2045	0.22%	0.16%	0.38%
Target Date 2040	0.22%	0.16%	0.38%
Target Date 2035	0.22%	0.16%	0.38%
Target Date 2030	0.23%	0.16%	0.39%
Target Date 2025	0.22%	0.16%	0.38%
Target Date 2020	0.22%	0.16%	0.38%
Target Date 2015	0.22%	0.16%	0.38%
Target Date 2010	0.20%	0.16%	0.36%
Target Date Retired	0.19%	0.16%	0.35%
Tier 2 Nonvested	0.18%	0.16%	0.34%

**Investment and administrative fees are subject to change. Please visit www.urs.org or contact URS directly for an up-to-date fee schedule.*

Fees Example:

Let's assume you had $1,000 in the Large Cap Stock Index Fund on January 1, 2016, and left it until January 1, 2017. Let's also assume there was no change in the stock market during that period. The fees for investing and administering this fund would be $1.90.

- Collectibles
- Margin trading and trade-away trades
- Short sales
- Options (writing covered calls and buying protected puts are allowed)
- Real estate (REITs are allowed)
- Life insurance policies.

Investment Allocation and Fund Transfers

When enrolling in the savings plans, you should elect an investment allocation for future deposits. This allocation will direct URS how to invest your money each time a new deposit is added to your account (whether through contributions or rollovers). If you do not submit an investment allocation for future deposits, URS will deposit your funds in the Target Date Fund that corresponds to your birthdate. You may change this allocation at any time on the URS website through myURS or by submitting an IRA Investment Contract.

You may also transfer the funds within your account among the 20 investment options. However, transfers among investment options are allowed no more frequently than once every seven calendar days.

Investment and Administrative Expenses

Investment fees are charged by the fund managers to cover the costs of investing your money. Administrative fees cover the costs of maintaining a retirement plan, such as customer service, statements, and recordkeeping. Both fees are charged as a fraction of a percent of assets under management and are calculated in each fund's daily unit value. Therefore, balances in your account and all rates of return are shown after these fees have been deducted.

✷Things to Know

- **Risk vs. Return**
  No investment is without risk. Generally, stocks are more risky than bonds. Stocks also have potential for higher returns than bonds. Cash investments are typically safer than either bonds or stocks.
- **Diversify Your Account**
  A portfolio is the total of all your investments. Diversifying your investments allows you to not "put all your eggs in one basket." How you diversify your investments depends on how much risk you are able to bear and how much time you have until the money is needed.
- **Dollar Cost Averaging**
  Investing a predetermined amount on a regular basis is called dollar cost averaging. Dollar cost averaging can help reduce risk by averaging out the ups and downs of volatile investments.

  Dollar cost averaging assures you will automatically buy more shares when the price is low and fewer shares when the price is high.

Investing Your Funds Continued.

Inactive Account Maintenance Fee

Because fees generated from small inactive accounts generally do not cover the costs of account maintenance, an annual fee of $15 is assessed. Small inactive accounts are those where the account owner is no longer employed by a participating organization, there have been no deposits or withdrawals during the prior 12 months, and assets in all URS Savings Plans are less than $5,000.

Short-Term Trading Fees

Because of costs generated by frequent trading and the potential impact on other participants' accounts, it is necessary to impose a short-term trading fee. Individuals who transfer any or all of their current accounts among core investment options more often than once every 30 days are charged 2% of the amount transferred for each additional trade. Each transfer starts a new 30-day period. Also, each savings plan is treated individually. For example, fund transfers in your IRA do not affect your ability to transfer funds in your 401(k) or 457 plans.

Additional Information Regarding Transfers

Transfer requests received at URS before the close of the New York Stock Exchange (NYSE), generally 2:00 p.m. Mountain Time, are transferred using that evening's closing market values. Transfer requests received after the close of the NYSE are transferred using the next business day's closing market values. On days of unusually heavy transfer activity, computer system failure or other unforeseen circumstances, URS reserves the right to process transfers using the next available business day's closing market values.

Other Things to Consider

Determining whether to invest in a Roth IRA, traditional IRA, 401(k) or 457 plan depends on several factors.

Flexibility of Withdrawals

You may withdraw money from an IRA at any time. Unlike a 401(k), or 457 plan, money from an IRA can be withdrawn while you are still employed, regardless of your age.

However, you may still be able to access your 401(k) and 457 funds if you find yourself in a financial hardship or emergency. In addition to hardship withdrawals, the 401(k) and 457 plans offer a low-interest loan option. The interest you pay on these loans is contributed back into your respective plan.

Penalty-Free Withdrawals

If you are under age 59½, IRA withdrawals may not be subject to a 10% early withdrawal penalty tax if used for these reasons:

- Expenses to buy, build, or rebuild a first home ($10,000 lifetime maximum)
- Qualified higher education expenses
- Certain unreimbursed medical expenses
- Disability
- Health insurance premiums when unemployed
- Periodic payments based on your life expectancy
- Payments to beneficiaries after your death
- See *IRS Publication 590* for a complete list of exceptions.

The 457 plan is not subject to the 10% early withdrawal penalty tax. You may also avoid this tax in the 401(k) if you work into the year that you turn age 55 (age 50 if you separate from service as a qualified public safety employee).

Qualified Reservist Distribution

If you are a qualified reservist on active duty, who takes or has taken a withdrawal after September 11, 2001, of all or part of your traditional IRA, you will not have to pay the additional 10% tax on a payment that is eligible for roll over and paid to you. You are a qualified reservist if you are a reservist or national guardsman ordered or called to duty after September 11, 2001, for a period in excess of 179 days or for an indefinite period. You may repay a qualified reservist distribution to an IRA at any time during the two-year period after the end of active duty.

Qualified Charitable Distributions

If you are age 70½ or over and have a traditional or Roth IRA, you can directly transfer, tax-free, up to $100,000 per year to an eligible charity. This option can be used whether or not you itemize your deductions. The distributed amount is excluded from your income; however, no deduction, such as a charitable contribution deduction on Schedule A, may be taken for the distributed amount.

To qualify, you must be age 70½ or older at the time of distribution and the funds must be transferred directly by the IRA trustee (URS) to the eligible charity. Not all charities are eligible. For example, donor-advised funds and supporting organizations are not eligible recipients. Distributions from employer-sponsored retirement plans, such as the URS 401(k) and 457 plans are not eligible for this option.

Amounts transferred to a charity from your IRA are counted toward your IRA's required minimum distribution (RMD) for the year.

If you have made nondeductible contributions to your traditional IRA, a special rule treats amounts distributed to charities as coming first from taxable funds, instead of proportionately from taxable and

nontaxable funds, as would be the case with regular IRA distributions.

Deferred Contributions vs. Tax-Free Withdrawals

Deferrals to 401(k) and 457 plans, in addition to deductible contributions to a traditional IRA, help reduce the amount of tax you pay now, but are taxable when the money is withdrawn.

Contributions to a Roth IRA do not reduce your taxes currently, but may be tax free when you withdraw money in retirement.

You need to determine whether tax deferral is more beneficial to you today, or if the advantages of tax-free withdrawals from a Roth IRA will be more valuable.

How much are you paying in federal and state income taxes?

If you expect your tax rate to be lower after you retire than while you are working, a 401(k) or 457 plan may be more beneficial than a Roth IRA.

How are you planning to use the money?

Keep in mind, IRAs and other savings plans sponsored by your employer are designed for use in retirement. However, you may need to use some of the money for other purposes. If you wish to help pay for college tuition or for the purchase of a first home, an IRA may be more beneficial to you.

When do you plan to withdraw your savings?

You are required to begin withdrawals from your 401(k), 457, and/or a traditional IRA once you reach age 70½. Withdrawals from a Roth IRA are never required while you are living.

Do you wish to pass on money to your heirs?

- Retirement savings are often passed from parents to children as an inheritance.
- Money from 401(k), 403(b), 457 plans, and traditional IRAs is taxable to your heirs.
- Money from a Roth IRA may be tax free to your heirs.

URS Savings Plans Comparison

	Lower tax bill!		Tax-deferred growth!	Tax-free growth!
Plan Ahead to Get Ahead!	401(k) **Tax deferred** Pay income tax when withdrawn	457 **Tax deferred** Pay income tax when withdrawn	Traditional IRA **May be tax deductible** Pay income tax when withdrawn	Roth IRA **After-tax deposits** Tax-free withdrawals
Deposits Payroll deduction *(if allowed by employer)*	✓	✓	✓	✓
Rollovers	✓	✓	✓	✓
Transfers	✓	✓	✓	✓
Personal deposits			✓	✓
Withdrawals (Vested balances only)	• Retirement • Termination • Age 59½ if still employed • Hardship (Elective deferrals only)	• Retirement • Termination • Age 70½ if still employed • Unforeseeable Emergency	• Any time	• Any time
Early Withdrawal Penalty Tax	Yes — 10% early withdrawal penalty tax if withdrawn before age 59½	No penalty tax	Yes — if withdrawn before age 59½	Contributions: No Earnings: Yes — if withdrawn before age 59½
Exceptions:	• You work into the calendar year you turn age 55 (age 50 if you separate from service as a qualified public safety employee) • Payout based on life expectancy • Disability		• First home • Higher education • Payout based on life expectancy • Disability *(For additional exceptions see IRS publication 590.)*	• First home • Higher education • Payout based on life expectancy • Disability
Loan Provision	Yes *(Limitations apply to Tier 2 employer contributions.)*	Yes	No	No
Annual Contribution Limits 2016	$18,000	$18,000*	$5,500**	$5,500**
With Age 50+ Catch-Up Provision 2016	$24,000	$24,000	$6,500	$6,500
Special 457 Catch-Up Provision		*The three years prior to the year you qualify to retire, your limit on 457 contributions is double the standard limit (depending on past contributions). *Note: You cannot use the 457 age 50+ catch-up the same year as the special catch-up.*		

**The IRA annual contribution limit represents the amount you can contribute, in total, across all of your Roth and traditional IRAs, including those that you hold with other financial institutions.

Glossary of Investment and Financial Terms

5-Year Holding Rule
A member must have had a Roth IRA open for at least 5 years to qualify for tax-free distributions of earnings.

401(k) Plan
A savings plan in which employees may elect to contribute pre-tax dollars to a tax-deferred retirement plan.

403(b) Plan
A savings plan that permits employees of qualifying education or non-profit organizations to contribute pre-tax dollars to a tax-deferred retirement plan.

457(b) Plan
A savings plan whereby governmental employees may elect to contribute pre-tax dollars to a tax-advantaged deferred compensation plan. (The URS 457 is a governmental 457(b) deferred compensation plan regulated by Section 457 of the Internal Revenue Code, and authorized under Title 49 of the Utah Code.)

1099-R Tax Form
An IRS tax form that reports the amount of any distribution to the owner of an IRA or eligible retirement plan.

5498 Tax Form
An IRS tax form that reports any IRA contributions, rollovers, conversions, and recharacterizations made by an IRA owner. The fair market value of the IRA is also reported on Form 5498.

Adjusted Gross Income (AGI)
Adjusted gross income is determined by adding all sources of income such as wages and interest income and subtracting certain deductions and adjustments to your income.

Asset Allocation
Separating investment funds among different asset types such as: cash or cash equivalents, bonds, stocks, real estate, etc.

Beneficiary
A person or entity receiving the proceeds of an eligible savings plan or IRA when the owner of the plan dies.

Beneficiary, Naming Your Spouse As
URS Savings Plans accepts information regarding your spouse (the person you are legally married to) as correct, and will not do an independent verification of your marital status. Providing incorrect information regarding your marital status may lead to tax consequences that are solely your responsibility. For additional information regarding the definition of marriage for federal tax purposes see U.S. Department of the Treasury Revenue Ruling 2013-17.

Bond
An interest-bearing security whereby the issuer agrees to pay the bondholder a specified sum of money, usually at specific intervals, and to repay the principal amount at maturity. This is a form of an IOU.

Cash or Cash Equivalent
Investments of such high liquidity and safety that they are similar to cash.

Catch-Up (Age 50)
An additional contribution allowed for individuals age 50 and over.

Compensation
Compensation typically includes salary, bonuses, overtime, vacation pay, and self-employment income. Compensation DOES NOT include rental, investment and interest income, pension, annuity, or Social Security income, disability payments, and deferred or unemployment compensation.

Contribution
A deposit into an IRA for a particular tax year.

Conversion
Funds withdrawn from a traditional IRA and deposited into a Roth IRA. A conversion is a taxable transaction.

Deductible Contribution
Contributions to a traditional IRA may be fully or partially deductible from your income when filing your federal income taxes. Contributions to a Roth IRA are NOT tax deductible.

Deemed IRA
A traditional or Roth IRA maintained under an eligible employer plan that accepts voluntary employee contributions.

Direct Rollover
A direct rollover allows you to move a distribution from an eligible plan into another eligible plan, avoiding federal tax withholding and early withdrawal penalties because the distribution is made directly to the other institution.

Direct Transfer
A direct transfer is a transfer of funds between similar plans (e.g., 401(k) to 401(k), or Roth IRA to Roth IRA).

Disability
A taxpayer is considered disabled when he or she is no longer able to engage in any substantial gainful activity and the disability's duration is expected to be indefinite and/or result in death.

Disclosure Statement
The disclosure statement explains the rules that govern an IRA.

Distributions
Any withdrawal from your eligible savings plan or IRA.

Diversification
A spreading of risk by putting assets in several categories of investments — stocks, bonds, cash, precious metals, etc.

Excess Accumulation
An insufficient withdrawal from a 401(k), 403(b), 457 or traditional IRA for an individual who is subject to the required minimum distribution (RMD) rule. A 50% excise tax may be imposed on RMD amounts not withdrawn.

Excess Contribution
The amount of an IRA contribution that exceeds the allowable limits. If an excess contribution is not corrected, a 6% IRS penalty applies until the excess contribution is corrected.

Fair Market Value
The value of an account as of a certain date, based on the current value of the underlying assets.

First-Time Homebuyer Tax Penalty Exception
Generally, you are a first-time homebuyer if you had no present interest in a main home during the 2-year period ending on the date of acquisition of the home with which the distribution is being used to buy, build, or rebuild. If you are married, your spouse must also meet this no-ownership requirement.

Health Insurance Premiums for the Unemployed
A taxpayer who has been receiving unemployment compensation for 12 consecutive weeks is eligible to take a distribution to pay for health insurance premiums for the IRA owner, owner's spouse, and any dependents. This exception will result in no 10% early withdrawal penalty tax.

Indirect (60-Day) Rollover
A withdrawal from a retirement account that is rolled over to an eligible plan or IRA within 60 days. An indirect rollover differs from a direct rollover or direct transfer in that the money is sent to the participant and not directly to the new plan. You can make only one indirect rollover from an IRA to another (or the same) IRA in any 12-month period, regardless of the number of IRAs that you own. For additional information see *IRS Announcement 2014-15* and *IRS Announcement 2014-32*.

Life Expectancy
The number of years an individual is expected to live based on his or her current age.

Modified Adjusted Gross Income (MAGI)
For most taxpayers, MAGI is the same as their AGI. Your MAGI is your AGI, with adjustments for the following: required minimum distributions (RMD), income from U.S. Savings Bonds used for higher education expenses, foreign earned income exclusions, foreign housing exclusions, IRA deductions, employer-reimbursed adoption expenses.

Mutual Fund
An investment allowing investors to pool money for investments in stocks, bonds, and other securities. Diversification and professional investment management are among a mutual fund's benefits.

Nondeductible Contribution
A contribution made to a traditional IRA that cannot be deducted from an individual's federal income taxes. If a nondeductible contribution is made, the taxpayer must file IRS Form 8606.

Ordering Rules
The order in which Roth IRA assets are deemed to be withdrawn. The first assets withdrawn are considered to be a return of contributions made. After contributions are withdrawn, further withdrawals are amounts that have been converted from a traditional IRA. Finally, the earnings are considered withdrawn. See *IRS Publication 590* for a full description.

Penalty-Free Withdrawal
A withdrawal exempt from the 10% early withdrawal penalty tax. Exemptions include: age 59½, purchase of a first home, qualified education expenses, qualifying medical expenses, health insurance premiums for the unemployed, payments paid over the owner's life expectancy, disability, or payments to a beneficiary.

Pension Plan
A retirement plan organized to receive contributions and pay a lifetime monthly benefit when the participant retires.

Portfolio
The total investment holdings of an individual or the total investment holdings of a mutual fund.

Premature Distribution
Distributions taken from a traditional or Roth IRA before the account owner is age 59½. Premature distributions are usually subject to a 10% early withdrawal penalty tax, unless an exception applies.

Prior-Year Contribution
A contribution made to a Roth or traditional IRA between January 1 and April 15 for the prior tax year.

Qualified Distribution
A distribution from a Roth IRA that meets the 5-year holding period requirement and the taxpayer is over age 59½.

Qualified Higher Education Expenses
Expenses such as tuition, fees, books, and supplies at an eligible higher education institution. These expenses include those of the IRA owner, spouse, children, or grandchildren. These expenses are exempt from the 10% early withdrawal penalty tax.

Qualified Retirement Plan
A qualified retirement plan is one that has been approved by the IRS and generally gets preferential tax treatment.

Qualifying Medical Expenses
Distributions from an IRA to pay unreimbursed medical expenses that exceed 10% of adjusted gross income are exempt from the 10% early withdrawal penalty tax.

Rebalancing
The process of restoring a portfolio to its target mix by periodically buying or selling some of each investment option. The Balanced Fund and the Target Date Funds are automatically rebalanced quarterly, when target ranges are exceeded.

Recharacterization
A choice to treat a contribution made to one type of IRA as having been made to a different type of IRA (e.g., from a traditional IRA to a Roth IRA or vice versa).

Required Minimum Distribution (RMD)
After a traditional IRA holder reaches 70½ or a 401(k), 403(b), 457 plan participant reaches age 70½ and terminates employment, a minimum amount must be withdrawn every year.

Rollover IRA
A traditional IRA that receives assets from another eligible plan.

Roth 401(k)
A savings plan in which employees may elect to contribute after-tax dollars to an employer-sponsored retirement plan. Contributions and earnings may be withdrawn tax free provided certain conditions are met. URS does not currently offer a Roth 401(k).

Roth 403(b)
A savings plan that permits employees of qualifying education or non-profit organizations to contribute after-tax dollars to an employer-sponsored retirement plan. Contributions and earnings may be withdrawn tax free provided certain conditions are met.

Roth IRA
A tax-deferred retirement account that allows annual nondeductible contributions. Qualified distributions from a Roth IRA may be tax free.

Stock
A security that represents an ownership share in a corporation.

Tax Deferral
Postponing payment of income taxes on retirement contributions and any subsequent earnings until the money is withdrawn.

Tax Withholding
An IRS mandated or member elected tax withheld from the gross proceeds of a withdrawal from an eligible savings plan or IRA. The withholding rate varies according to the participant and the type of distribution.

Traditional IRA
A tax-deferred retirement account that allows voluntary contributions, and may be deductible on an individual's income taxes. Withdrawals from a traditional IRA are partially or fully taxable when withdrawn.

URS Roth & Traditional IRAs

Defined Contribution Department
P.O. Box 1590, Salt Lake City, UT 84110-1590

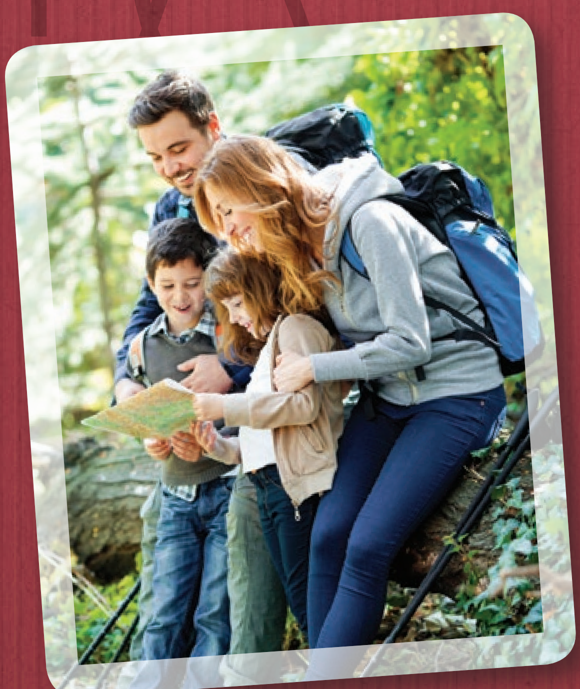
Or visit us at
560 East 200 South, Suite 200
Salt Lake City, UT 84102-2021

Customer Service:
801-366-7720 or 800-688-401k
Fax: 801-366-7445
Toll free fax: 800-753-7445

Southern Utah Branch Office
165 North 100 East #9, St. George, Utah 84770
435-673-6300, 800-950-4877

Daniel D. Andersen
Executive Director

IRA



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