



# Understanding Your Benefits

The Utah Retirement System

# Retirement System

## An Overview

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- The difference between a Defined Contribution Plan and a Defined Benefit Plan
- How URS provides a combination of both systems
  - Defined Benefit
    - 2% per year of service (non-contributory)
    - Calculated on top three years of service
    - All work for the district builds your retirement
  - Defined Contribution
    - 1.5% in your 401K
    - Personal contributions (up to \$15,000 max)
  - Who Qualifies for a Benefit?
  - When and How can you receive benefits?

# Defined Contribution Plans Versus Defined Benefit Plans

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- A **Defined Contribution Plan** is a plan where your employer contributes a set amount to the plan. The money is then invested, at the direction of the employer or the employee (depending on the plan). The benefit received by this type of plan is dependent upon the amount of money in the account at the time of retirement.
- A **Defined Benefit Plan** is a plan where, regardless of the contributions made and by whom, a set benefit is paid at the time of retirement. The beneficiary of this plan has the security of knowing exactly how much money he/she will receive at retirement. The downside is that extra returns don't mean extra money.

# Utah Retirement

## The Best of All Worlds

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- Educators in Utah benefit from a **three part** retirement system:
  - A **Defined Benefit Plan** – This plan provides teachers with a 2% benefit for each year taught. This money is provided by the Utah Retirement System (URS). This set amount is **guaranteed**, and has several payout options.
  - A **Defined Contributions Plan** – This plan takes the form of a 401(K) plan into which the district makes a contribution equivalent to 1.5% of the employee's salary. The benefit provided by this plan is determined by the amount of money in the account. Employee's can supplement this benefit by making before-tax payroll deductions.
  - Social Security and Medicare benefits – these benefits are also a **defined benefit** of a pre-determined amount. They are paid for via a joint payroll tax with  $\frac{1}{2}$  of the contribution coming from the employee and  $\frac{1}{2}$  being provided by the employer.

# URS – Defined Benefit Plan

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- The Defined Benefit Plan portion of your retirement has the following characteristics:
  - It is **non-contributory** – this means that the employee is not asked to make a contribution in order to participate. All contributions are made by the employer. The current contribution rate is 14.5% of an employee's salary.
  - An employee is vested (eligible to receive a benefit) after 4 years of participating in the plan.
  - It has a pre-determined benefit, the value of which is determined by the average of your three highest earning years x 2% for each year you have participated in the retirement system. This benefit is paid at retirement and once earned cannot be lost.

# URS – Defined Benefit Plan Tracking Your Benefit

- Each year the Utah Retirement System will send you an annual Statement of account.
- The statement will list the salary you were paid for each month of the year and the amount of Service Credit you earned.
- It is important to look over this statement carefully and make sure it is correct.

Name: \_\_\_\_\_  
Account \_\_\_\_\_  
Current Employer: \_\_\_\_\_  
**SERVICE CREDIT PER SYSTEM AS OF DECEMBER 31, 2005**  
NONCONTRIBUTORY STATE AND SCHOOL [2] 13.333 YEARS

To determine a monthly allowance estimate go to the Utah Retirement System web site at [www.urs.org](http://www.urs.org) and click on the Retirement Benefit Estimate Calculator link. Follow the guides and use information from this and previous statements to determine an estimated allowance.

If you are a member in more than one Retirement System, if you are a part-time elected or appointed official, or if you are employed with two or more employers at the same time, you will need to contact the Retirement Office. Retirement System refers to one of the following:

Public Employees' Contributory Retirement System (Local Government/State and School Employees)  
Public Employees' Noncontributory Retirement System (Local Government/State and School Employees)  
Public Safety Retirement Systems (members performing public safety service)  
Firefighters' Retirement System (members performing firefighter service)  
Judges' Retirement Systems - you will need to contact Utah Retirement Office for an estimate.  
Utah Governor's and Legislators' Retirement Plan - you will need to contact Utah Retirement Office for an estimate.

**Free Seminars**

Are you on track to retire the way you want? Don't make the same mistake many people make: waiting too long before they get their retirement planning in order.

Utah Retirement Systems offers free retirement planning seminars to assist you with these and other questions. Two different seminars are offered at several locations throughout the state. The *Pre-Retirement Seminar* is designed for those who are within five years of retirement. The *Personal Planning Seminar* is for those who are at the beginning or middle of their careers. For additional information, visit our web site at [www.urs.org](http://www.urs.org) or call us at (801) 366-7750 or 1-800-753-7750.

**2005 DEFINED BENEFIT RETIREMENT ANNUAL STATEMENT**

**2005 TRANSACTIONS PER SYSTEM**

NONCONTRIBUTORY SYSTEM  
STATE AND SCHOOL

| Month     | Salary    |
|-----------|-----------|
| JANUARY   | 4,115.42  |
| FEBRUARY  | 4,920.62  |
| MARCH     | 4,235.96  |
| APRIL     | 4,115.42  |
| MAY       | 4,415.42  |
| JUNE      | 13,226.46 |
| JULY      |           |
| AUGUST    |           |
| SEPTEMBER | 4,958.56  |
| OCTOBER   | 4,937.00  |
| NOVEMBER  | 5,730.91  |
| DECEMBER  | 4,832.00  |

Total Salary \$ 55,487.77  
Total Service 1.000

**IF YOU HAVE ANY QUESTIONS REGARDING THIS STATEMENT CALL 801-366-7700 OR 1-800-365-8772.**

# URS – Defined Benefit Plan Tracking Your Benefit

- The reverse side of this statement also contains important information about when you can retire and receive a benefit.

| Defined Benefit Retirement Summary |  |  |  |  |   |  |
|------------------------------------|--|--|--|--|---|--|
|                                    | Public (1)<br>Employees'<br>Contributory<br>System             | Public (2)<br>Employees'<br>Noncontributory<br>System                            | Public (3)<br>Safety<br>Systems              | Firefighters' (4)<br>System                  | Judges' (5)<br>Systems  | Governors' & (6)<br>Legislators'<br>Retirement Plan                |
| Qualifications<br>(Years/Age)      | 4 at age 65<br>10 at age 62*<br>20 at age 60*<br>30 at any age | 4 at age 65<br>10 at age 62*<br>20 at age 60*<br>25 at any age*<br>30 at any age | 4 at age 65<br>10 at age 60<br>20 at any age | 4 at age 65<br>10 at age 60<br>20 at any age | 6 at age 70<br>10 at age 62<br>20 at age 55*<br>25 at any age | 4 at age 65<br>10 at age 62*                                       |
| Formula                            | 1.25% to 6/30/75<br>2.00% 7/1/75 to<br>present                 | 2% all years   | 2.5% to 20 yrs<br>2% over 20 yrs             | 2.5% to 20 yrs<br>2% over 20                 | 5.0% to 10 yrs<br>2.25% to 20 yrs<br>1.0% over 20             | <b>Governors:</b><br>\$1,140 per month<br>per term of office       |
| Maximum                            | None   | None   | 70%  | 70%  | 75%   | <b>Legislators:</b><br>\$25.20 per month<br>per year of service*** |
| Final Average<br>Salary            | Highest<br>5 years   | Highest<br>3 years   | Highest<br>3 years                           | Highest<br>3 years                           | Highest<br>2 years  | N/A  |
| Cost of Living<br>(Maximum)        | 4% Simple**  | 4% Simple**  | 2.5% Simple**                                | 4% Simple**                                  | 4% Compounded   | 4% Simple**  |

\* Actuarial reduction  
\*\* Eligible after 1 year; percentage increase based on original benefit and change in CPI  
\*\*\* Increased semi-annually by CPI

Retirement Systems  
Highlights Brochures  
are available upon request.  
(801) 366-7700 or (800) 365-8772  
or visit the URS web site  
@ [www.urs.org](http://www.urs.org)

rev. 2/23/2006

# URS – Defined Contribution Plan

## Your 401(k) Plan

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- In addition to the Defined Benefit Plan already described, school employees also participate in a Defined Contribution Plan.
- This plan, also known as a 401(k) plan, receives a set contribution from the School District, currently equal to 1.5% of the employee's annual earnings.
- Additionally, employees may make a **elective deferral**, or a voluntary contribution to their account, through payroll deduction. The employee contribution is limited by law to no more than \$15,000 per year.



# URS – Defined Contribution Plan

## Your 401(k) Plan

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- Rules Governing Contributions to a 401(k) Plan
  - The monies deposited are **pre-tax dollars**. This means that your taxable income is reduced by the amount of your contribution.
  - All monies are invested within the plan accounts according to the **election** or choice of the employee.
  - Employees may change their election at any time including the amount of the contribution or the way that the funds are invested.
  - These choices can be different for the current balances and for future deposits.

# URS – Defined Contribution Plan Tracking Your 401(k) Investments

- You will be sent quarterly statements for your account.
- Important things to check include the summary of deposits, your account balance, and the current holdings by fund.

UTAH RETIREMENT SYSTEMS  
Defined Contribution Department  
560 East 200 South, Suite 200  
Salt Lake City, Utah 84102  
ADDRESS SERVICE REQUESTED

URS

QUARTERLY STATEMENT  
July 1, 2006 - September 30, 2006

401(k) SAVINGS PLAN

MANAGING YOUR ACCOUNT  
www.urs.org  
1-801-366-7720 (local)  
1-800-688-4015 (toll-free)

Account Number

Account Balance **\$10,941.81**

**ACCOUNT SUMMARY**

|                       | This Quarter       |
|-----------------------|--------------------|
| Beginning Balance     | \$10,159.56        |
| Deposits              | \$543.10           |
| Withdrawals/Transfers | \$0.00             |
| Investment results    | \$239.15           |
| <b>Ending Balance</b> | <b>\$10,941.81</b> |

*The ending balance may not reflect your latest contributions, due to timing of payroll contributions from your employer.*

**FIT from URS**

Give yourself tax benefits and more money for retirement!  
Have you received a raise in pay this year? Have you recently paid off a loan? If you are retired, did you have earned compensation this year? If your answer to these questions is "yes," this may be the perfect time to increase your contributions to your 401(k), 457, or IRAs. By adding more to your accounts now, you can take advantage of investment growth, a bigger nest egg for retirement, and tax benefits now or in the future.

**CURRENT HOLDINGS by FUND**

| % of Total Balance        | Number of Units | Unit Value | Fund Balance       |
|---------------------------|-----------------|------------|--------------------|
| 49% Income                | 343.038         | 15.545654  | \$5,332.75         |
| 25% Bond                  | 165.217         | 16.423465  | \$2,713.44         |
| 26% Large Cap Growth      | 289.035         | 10.018228  | \$2,895.62         |
| <b>100% Account Total</b> |                 |            | <b>\$10,941.81</b> |

*This is a snapshot of your current account holdings as of the quarter-end date. The percentages are rounded to the nearest whole percent.*

# URS – Defined Contribution Plan Tracking Your 401(k) Investments

- The back of this form also holds important information for your review including:
  - How your future contributions will be invested
  - The performance of each fund over time
  - All activity on the account over the quarter including, deposits, interest earned/lost, and fund balances
  - Your beneficiaries

Participant: \_\_\_\_\_ July 1, 2006 - September 30, 2006  
 Account Number: \_\_\_\_\_  
 401(k) SAVINGS PLAN

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**INVESTMENT of FUTURE DEPOSITS**

All new money into your account will be allocated as follows:

|                |                      |
|----------------|----------------------|
| 50.00%         | Income               |
| 25.00%         | Bond                 |
| 25.00%         | Large Cap Growth     |
| <b>100.00%</b> | <b>Account Total</b> |

*These are the allocations you have instructed us to use when depositing any new contributions to your account. You may change these future allocations at any time.*

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**FUND PERFORMANCE**

| Fund             | Quarter Just Ended | Year to Date | 1 Year | 3 Years | 5 Years |
|------------------|--------------------|--------------|--------|---------|---------|
| Income           | 1.20%              | 3.61%        | 4.78%  | 4.07%   | 4.40%   |
| Bond             | 3.39%              | 3.40%        | 3.92%  | 3.23%   | 5.06%   |
| Balanced         | 3.75%              | 3.00%        | 6.54%  | 9.90%   | 7.64%   |
| Large Cap Value  | 4.79%              | 11.15%       | 14.45% | 18.02%  | 13.87%  |
| Large Cap Index  | 5.63%              | 8.40%        | 10.53% | 11.94%  | 6.72%   |
| Large Cap Growth | 3.03%              | -4.16%       | 2.47%  | 8.84%   | 2.86%   |
| International    | -4.01%             | 10.71%       | 19.55% | 20.36%  | 14.36%  |
| Small Cap        | -0.39%             | 6.75%        | 8.13%  | 15.25%  | 14.76%  |
| Short Horizon    | 3.10%              | 3.68%        | 4.91%  | 4.98%   | 5.54%   |
| Medium Horizon   | 3.74%              | 5.51%        | 8.40%  | 9.83%   | 8.08%   |
| Long Horizon     | 3.82%              | 6.94%        | 10.93% | 13.09%  | 9.75%   |
| Group Annuity    | 1.19%              | 3.56%        | 4.76%  | 4.73%   | 5.06%   |

The investment returns shown are the actual rates of return for each fund during the period indicated. Past performance is not a guarantee of future results. These investment fund options are not FDIC insured, not deposits or obligations of, or guaranteed by any financial institution, and not guaranteed by the Utah Retirement Systems or any government agency. All returns shown are net of administrative and investment management fees. The 3 and 5 year returns are annualized. The Group Annuity Fund is closed to further contributions.

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**ACCOUNT ACTIVITY SUMMARY**

| Fund             | Beginning Balance  | Employee Deposits | Employer Deposits | Withdrawals Transfers | Investment Results | Ending Balance     |
|------------------|--------------------|-------------------|-------------------|-----------------------|--------------------|--------------------|
| Income           | \$5,023.19         | \$150.00          | \$121.55          | \$-23.82              | \$61.83            | \$5,332.75         |
| Bond             | \$2,383.00         | \$75.00           | \$60.78           | \$107.95              | \$86.71            | \$2,713.44         |
| Balanced         | \$100.71           | \$0.00            | \$0.00            | \$-98.04              | \$-2.67            | \$0.00             |
| Large Cap Index  | \$77.34            | \$0.00            | \$0.00            | \$-78.58              | \$-1.76            | \$0.00             |
| Large Cap Growth | \$2,545.10         | \$75.00           | \$60.77           | \$119.79              | \$94.96            | \$2,895.62         |
| Group Annuity    | \$30.22            | \$0.00            | \$0.00            | \$-30.30              | \$0.08             | \$0.00             |
| <b>Total</b>     | <b>\$10,159.56</b> | <b>\$300.00</b>   | <b>\$243.10</b>   | <b>\$-30.30</b>       | <b>\$239.15</b>    | <b>\$10,941.81</b> |

PLEASE PRINT your name on this statement if the balance shown does not agree with your previous statements. If you are unable to do so, please contact Deloitte & Touche, at the following address: Deloitte & Touche, Attn: URS, 50 South Main, Suite 1800, SLC, Utah 84144. Include your name, Social Security number, and a copy of this statement. If this statement is correct, no reply is necessary.

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**BENEFICIARIES**

|            |          |
|------------|----------|
| Primary    | DIANE    |
| Contingent | BRITTANY |

*These are the beneficiaries you have designated for your account. If they are not correct, please fill out and send us a Change Form available from our web site or by contacting our office.*

# Social Security: The Last Piece of the Puzzle

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- Each month you receive a paycheck and you notice that there are two deductions for the Social Security System: **FICA and Medicare**
- **FICA** – the Social Security Tax – provides a retirement benefit for all workers who have participated in the system for 40 Quarters (10 years).
  - This is a mandatory tax and was designed to provide a “safety net” benefit for all workers.
  - Social security benefits are paid monthly for all retired workers who have reached a certain age (65 or 67 depending on the year of your birth.)

# Social Security: The Last Piece of the Puzzle


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- **Medicare** – is a health insurance program provided by the Federal Government designed so that the retired population could take advantage of the same type of “group benefit” which was provided while they were working.
  - All retired workers who qualify can enroll in medicare at the age of 65.
- **Social Security and Medicare taxes** are paid in two parts: One half paid by the employee and a matching contribution paid by the employer.

# Social Security: The Last Piece of the Puzzle

- You should receive a Social Security Statement each year.
- Important parts of this statement to review are your earnings history, your eligibility status, and your anticipated benefit.

Prevent identity theft—protect your Social Security number



## Your Social Security Statement

Prepared especially for [REDACTED]

July 2, 2002

See inside for your personal information →

### What Social Security Means to You

We're sending you this *Social Security Statement* to help you understand what Social Security means to you and your family. We hope you'll use it in planning your financial future. Each year, about three months before your birthday, we'll send you a new *Statement* showing your updated earnings record and your potential benefits.

Be sure to read this *Statement* carefully. If you think there may be a mistake, please let us know. That's important because your benefits will be based on our record of your lifetime earnings. Remember, the future's in your hands when you read your *Social Security Statement*.

**Social Security is for people of all ages...**  
It can help you whether you're young or old, male or female, single or with a family. It's there for you when you retire, but it's more than a retirement program.

Social Security now takes in more in taxes than it pays out in benefits. The excess funds are credited to Social Security's trust funds, which are expected to grow to over \$4 trillion before we need to use them to pay benefits. In 2017, we'll begin paying more in benefits than we collect in taxes. By 2041, the trust funds will be exhausted and the payroll taxes collected will be enough to pay only about 73 percent of benefits owed. We'll need to resolve long-range financial issues to make sure Social Security will provide a foundation of protection for future generations as it has done in the past.

**Social Security On The Net...**  
Be sure to visit [www.ssa.gov](http://www.ssa.gov) on the Internet to use the *Benefit Planners* to help you plan your financial future; calculate customized estimates of your future benefits; apply for retirement benefits; subscribe to

# Social Security: The Last Piece of the Puzzle

- ▼ **Retirement** You have earned enough credits to qualify for benefits. At your current earnings rate, if you stop working...
- At age 62, your payment would be about . . . . . \$ 743 a month
- If you continue working until . . .
- your full retirement age (67 years), your payment would be about . . . . . \$ 1,056 a month
- age 70, your payment would be about . . . . . \$ 1,309 a month
- Note:* When you continue working beyond your retirement age, your benefit may increase because of your additional earnings. If you delay receiving benefits until age 70, your benefit will increase because of the special credits you'll receive for delaying retirement. This increased benefit could be important to you later in life. It also could increase the future benefit amounts your family and survivors could receive.
- ▼ **Disability** You have earned enough credits to qualify for benefits. If you become disabled right now...
- Your payment would be about . . . . . \$ 1,399 a month
- ▼ **Family** If you get retirement or disability benefits, your spouse and children may also qualify for benefits.
- ▼ **Survivors** You have earned enough credits for your family to receive the following benefits if you die this year.
- Total family benefits cannot be more than . . . . . \$ 2,570 a month
- Your child . . . . . \$ 1,101 a month
- Your spouse who is caring for your child . . . . . \$ 1,101 a month
- Your spouse who reaches full retirement age . . . . . \$ 1,468 a month
- Your spouse or minor child may be eligible for a special one-time death benefit of \$255.
- ▼ **Medicare** You have earned enough credits to qualify for Medicare at age 65. Even if you do not retire at age 65, be sure to contact Social Security three months before your 65th birthday to enroll in Medicare.

## Your Earnings Record at a Glance

| Years You Worked | Your Taxed Social Security Earnings | Your Taxed Medicare Earnings |
|------------------|-------------------------------------|------------------------------|
| 1978             | \$ 630                              | \$ 630                       |
| 1979             | 1,387                               | 1,387                        |
| 1980             | 3,017                               | 3,017                        |
| 1981             | 4,999                               | 4,999                        |
| 1982             | 5,369                               | 5,369                        |
| 1983             | 7,734                               | 7,734                        |
| 1984             | 7,267                               | 7,267                        |
| 1985             | 7,896                               | 7,896                        |
| 1986             | 12,112                              | 13,500                       |
| 1987             | 13,312                              | 20,209                       |
| 1988             | 18,376                              | 18,376                       |
| 1989             | 24,020                              | 24,020                       |
| 1990             | 31,083                              | 31,083                       |
| 1991             | 29,246                              | 29,346                       |
| 1992             | 29,419                              | 29,419                       |
| 1993             | 28,092                              | 28,092                       |
| 1994             | 26,873                              | 26,873                       |
| 1995             | 31,501                              | 31,501                       |
| 1996             | 34,859                              | 34,859                       |
| 1997             | 42,396                              | 42,396                       |
| 1998             | 45,324                              | 45,324                       |
| 1999             | 50,826                              | 50,826                       |
| 2000             | 34,207                              | 51,187                       |
| 2001             | 17,083                              | 51,007                       |

# Qualifying for Benefits: A Summary

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- **In order to receive a retirement benefit, the rules are different for each part of the retirement system:**
  - **URS** – you must participate in the system for a minimum of 4 years in order to qualify for a benefit.
    - If you work less than 4 years before age 65, you receive no benefit.
    - If you work 4 or more years, but less than 10, you can begin receiving benefits at age 65.
    - If you work between 10 and 20 years, you can begin receiving benefits at age 62\*.
    - If you work between 20-25 years you can begin receiving benefits at age 60\*.
    - If you work 25 – 30 years you can begin receiving benefits at any age\*.
    - If you work 30 or more years you can begin receiving full retirement benefits at any age.

\* Actuarial reduction applies



# Qualifying for Benefits: A Summary

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- **In order to receive a retirement benefit the rules are different for each part of the retirement system:**
  - **401(k)** –You are immediately vested in this account. All contributions belong to you.
    - If you leave the system, you may leave your money in the system to continue to earning, however you may not make additional contributions.
    - You may begin making withdraws from this account any time after you reach the age of 59½ with no penalty, however any amount withdrawn will be subject to federal, state, and local taxes (where applicable).
    - **Upon leaving the system or anytime thereafter, you may withdraw the funds in your account, however they are subject to Federal, State, and Local Taxes and an additional 10% penalty for early withdraw.**
    - **You may also “roll over” these funds into another qualifying account (IRA or 401K from another employer); however, any withdrawl will be subject to 20% federal tax withholdings, and you must make up the difference of pay a penalty.**

# Qualifying for Benefits: A Summary

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- **In order to receive a retirement benefit, the rules are different for each part of the retirement system:**
  - **Social Security and Medicare**
  - **You must participate in the system for a minimum of 10 years to qualify for a benefit.**
    - You may begin taking a social security benefit at a reduced rate at age 62.
    - Regular Social Security benefits will begin between the ages of 65 and 67 depending on your birth year. (Before 1938 – age 65, between 1938-1960 sometime between 65 – 67, after 1960 age 67).
    - Medicare begins for everyone at age 65.

# Where Can I get More Information?

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- Utah Retirement System

- [www.urs.org](http://www.urs.org)

- The portion of this site open to the general public provides highlights brochures in PDF form or you can request them in paper form.
    - Registered members of this site can also view all of their accounts including current years of service or account balances, and can make fund transfers, revise their elections, and use benefit calculators for both their future retirement benefit and their 401(k) accounts.

- Social Security and Medicare

- [www.ssa.gov](http://www.ssa.gov)

- This site provides general information about all aspects of the Social Security and Medicare Systems.