



# *Employer's Guide to the Utah Retirement Systems*

Tier 1 Public Employees Noncontributory Retirement System  
Tier 1 Public Employees Contributory Retirement System  
Tier 1 Public Safety Noncontributory and Contributory Retirement Systems  
Tier 1 Firefighters Retirement System  
Tier 1 Judges Noncontributory Retirement System  
Utah Governors & Legislators Retirement Plan  
Tier 2 Public Employees Retirement System  
Tier 2 Public Safety & Firefighter Retirement System  
URS Savings Plans (401(k), 457, traditional and Roth IRAs)

**Utah Retirement Systems**  
560 East 200 South  
Salt Lake City, UT 84102-2021  
801-366-7700 or 800-365-8772

**Southern Utah Branch Office**  
165 North 100 East, #9  
St. George, UT 84770-2505  
435-673-6300 or 800-950-4877

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

This Page Intentionally Left Blank



## Introduction

I am pleased to present the 2014 copy of the *Employer's Guide to the Utah Retirement Systems (Guide)*. The compilation of this *Guide* reflects the combined efforts of the Utah Retirement Systems' staff under the leadership of the Utah State Retirement Board. It's designed to assist you in understanding Utah Retirement Systems' (URS') policies, procedures, and benefits available to your employees. For instructions on how to use this *Guide*, please refer to *Using the Employer's Guide* on the following page.

Although this *Guide* is designed to facilitate the retirement process, from certification to retirement, it does not supersede Title 49 of the Utah Code, which governs the retirement process. Also, it is not meant to replace the expertise of URS staff members. Questions that cannot be answered from information provided in the *Employer's Guide* should always be directed to the URS staff. *URS is not liable for any mistakes or misrepresentations made by employers.*

Our objective is to keep the *Guide* as current as possible. As laws, procedures, or rules and regulations change, revisions will be made available to you.

If you have questions on a specific section of the *Guide*, refer to the phone numbers within that section or to the phone list in the *General Information* section on page 1. If you are unsure who to contact, call 801-366-7700 or 800-365-8772.

Please attend the annual training sessions conducted by URS staff regarding the information contained in this *Guide* and for assistance in administering your employees URS benefits.

Sincerely,

A handwritten signature in black ink, appearing to read "Dan Andersen".

Dan Andersen  
Executive Director  
Utah Retirement Systems



---

## Using the Employer's Guide

The *Employer's Guide to the Utah Retirement Systems* (*Employer's Guide* or *Guide*) has been developed to provide URS participating employers (*employers*) with a reference source for general retirement information, as well as clarification of URS policies and procedures. We encourage you to call the phone numbers listed in each section for assistance or answers to your questions.

### **Guide Format**

**Sections** — The *Guide* is divided into 17 sections, some of which are further divided into subsections.

**Forms** — Most employer-based forms are available at [www.urs.org](http://www.urs.org). Some forms cannot be stocked by the employer and must be requested directly from our office. See the *Forms & Publications* subsection for instructions on placing an order.



# Table of Contents

## **Introduction**

Letter from Daniel D. Andersen, URS Executive Director  
Using the *Employer's Guide*

## **Section 1 — General Information**

- 1 URS Phone and Fax Numbers
- 2 Employee Resources
- 3 URS Website
- 4 Forms & Publications
- 5 URS Pension (Defined Benefit) Annual Retirement Statement
- 6 Sample Statement
- 8 Records Retention
- 9 Compliance Audits
- 9 Social Security Exempt Employers
- 10 Notification for Jobs Not Covered by Social Security
- 11 Nonassignability of Benefits or Payments
- 11 Appeals

## **Section 2 — Membership**

- 13 Employer's Responsibility
- 14 Personnel Authorization
- 16 Changes to Members' Account Information

## **Eligibility & Certification**

- 17 Certification Guidelines
- 18 Online Certification
- 19 Tier 1 and Tier 2 Public Employees Retirement Systems (Membership Eligibility Requirements)
- 21 Tier 1 and Tier 2 Public Safety Retirement Systems (Membership Eligibility Requirements)
- 23 Tier 1 and Tier 2 Firefighter Retirement Systems (Membership Eligibility Requirements)
- 24 Tier 1 Judges Noncontributory Retirement System (Membership Eligibility Requirements)
- 25 Utah Governors and Legislators Retirement Plan (Membership Eligibility Requirements)
- 25 Eligibility Requirements for Higher Education Participating Employers
- 26 Dual Employment with the Same Employer
- 27 Employees Working for More Than One Participating Employer
- 28 Minimum Earnings Requirements for Elected and Appointed Officials in the Public Employees Retirement Systems



## **Exempting**

29 Exempting

## **Ineligibility for Retirement Coverage**

33 Ineligibility Status  
34 Changes in Employment Status  
35 Part-Time Employment  
35 Substitute Employees  
36 Temporary or Seasonal Employees  
36 When Employees are not Employees

## **Leaves of Absence**

37 Leaves of Absence and Service Credit  
38 Military Leave  
40 Family Medical Leave  
40 Sabbatical Leave  
41 Workers' Compensation  
42 Employee Separation Notice

## **Section 3 — Contribution Reporting**

43 Contribution Reporting Process  
48 Reporting Contribution Corrections (See *Adjustments* section)  
48 Clearing Account Statements  
49 Compensation Definitions  
51 Compensation Table  
52 Special Types of Compensation  
53 Eligible Compensation and How It Affects Final Average Salary  
54 Federal Compensation Limits  
54 Employer Audit Confirmation and Pension Plan Information Requests  
55 Compensation Definition for URS Savings Plans (401(k), 457, IRAs)

## **Section 4 — Contribution Rates**

57 Certification of Contribution Rates  
58 Final Condensed Retirement Contribution Rate Guide (Tier 1 and Tier 2)  
59 Final Tier 1 Retirement Contribution Rates as a Percentage of Salary and Wages  
60 Final Tier 2 Retirement Contribution Rates as a Percentage of Salary and Wages

## **Section 5 — Adjustments**

61 Adjustments

## **Section 6 — Refunds**

65 Refunds

## **Section 7 — Purchasing Service**

69 Purchasing Service



## **Section 8 — Defined Contribution**

- 73 Introduction to the URS Savings Plans
- 74 URS Savings Plans Comparison
- 75 Investing in the URS Savings Plans
- 78 Investment Options
- 80 Limits on Contributions
- 83 Transfer Limitations and Short-Term Trading Fees
- 84 Annual Investment and Administrative Fees
- 84 Inactive Accounts
- 85 Online Account Access
- 87 Changes to Members' Savings Plans – 401(k), 457, and IRAs
- 88 URS Savings Plans Quarterly Statement
- 89 Savings Plans Death Benefit

## **Section 9 — 401(k) Plan**

- 91 Tier 1 Defined Contribution Plan 401(k)
- 92 Tier 2 Defined Contribution Plan 401(k)
- 94 Rollover Contributions from a Previous Employer or IRA (Tier 1 and Tier 2)
- 96 401(k) Hardship Withdrawals (Tier 1 and Tier 2)
- 98 401(k) Loans (Tier 1 and Tier 2)
- 101 Loan Promissory Note Instructions  
*Promissory Note and Security Agreement*
- 103 401(k) Withdrawals (Tier 1)
- 107 401(k) Withdrawals (Tier 2)
- 111 Utah Retirement Systems 401(k) and 457 Plans *Special Tax Notice Regarding Plan Payments*

## **Section 10 — 457 Plan**

- 117 457 Deferred Compensation Plan
- 118 Transfers and Rollovers to the URS 457 Plan
- 120 457 Emergency Withdrawals
- 122 457 Loans
- 125 457 Withdrawals

## **Section 11 — Roth IRA**

- 129 URS Roth IRA
- 130 Transfers and Rollovers from Existing Roth IRAs
- 132 Personal Contributions to a URS Roth IRA
- 133 Roth IRA Withdrawals
- 136 Qualified Rollover Contributions from a Previous Employer Plan to a Roth IRA
- 138 Converting from a Traditional to a Roth IRA

## **Section 12 — Traditional IRA**

- 139 URS Traditional IRA
- 140 Rollover Contributions from a Previous Employer or IRA
- 142 Personal Contributions to a URS Traditional IRA



- 143 Traditional IRA Withdrawals
- 146 Converting from a Traditional to a Roth IRA

### **Section 13 — Death Benefit**

- 147 Death Benefit Coverage for Non-Retired and Retired Members

### **Section 14 — Retirement Benefits**

- 149 Tier 1 Defined Benefit Retirement Summary of Benefits by System
- 150 Tier 2 Summary of Benefits by System
- 151 Pre-Retirement Information
- 153 General Procedures for Retirement
- 154 Pre-Retirement Checklist for Members
- 155 Retirement Application Process

### **Section 15 — Disability Benefits**

- 159 Long-Term Disability (LTD)
- 162 Substantial Equivalency Guidelines (for Long-Term Disability Benefit Protection Contracts)
- 164 Short-Term Disability (STD)
- 166 Tier 1 Firefighters Retirement System Disability Retirement

### **Section 16 — Post-Retirement Employment**

- 171 Post-Retirement Employment

### **Section 17 — Education & Marketing**

- 175 Education & Marketing
- 177 URS Education & Marketing Representative Map





## URS Phone and Fax Numbers

Office hours are Monday – Friday 8:00 a.m. to 5:00 p.m.

### **Defined Benefit Retirement (Pension) Department**

801-366-7770  
800-695-4877  
801-366-7733 fax

### **Defined Contribution Department (401(k), 457, IRAs)**

801-366-7720  
800-688-401k  
801-366-7445 fax  
800-753-7445 fax

### **Education & Marketing Department**

801-366-7414  
800-753-7414  
801-328-7414 fax

### **Finance Department**

801-366-7361  
800-753-7361  
801-366-7729 fax

### **Records Management Department**

801-366-7318  
800-753-7318  
801-366-7759 fax

### **Southern Utah Branch Office**

435-673-6300  
800-950-4877  
435-634-0654 fax

### **TTY**

Telecommunication Access for the Hearing and Speech Impaired —  
Utah Relay Operator  
800-877-8339 or 711

For departments not listed above, call 801-366-7700 or 800-365-8772.

Visit us online at [www.urs.org](http://www.urs.org)



---

## Employee Resources

Individual counseling sessions about URS benefits and information about the pension and defined contribution plans are available at various locations throughout the state. A printed copy of the dates and locations is forwarded to your agency each quarter, and is available for viewing on our website. **Please post the printed schedule where your employees can refer to it.** Any URS member is welcome to attend these sessions, regardless of location. No appointments are necessary. Members are counseled in the order of their arrival. *Please note, pension estimates and retirement applications are only available by calling URS directly and are not available at counseling sessions.*

**URS Pre-Retirement and Personal Planning Seminars** are also held throughout the state, but require pre-registration. All employees and their spouses are welcome to attend. Schedules are published each January and are available on our website in the *Members* section under the Education tab [www.urs.org/Counseling/Members](http://www.urs.org/Counseling/Members).

Retirement estimates or applications can be requested from either our Salt Lake City or Saint George office. Location information is listed below.

Utah Retirement Systems (main office)  
560 East 200 South  
Salt Lake City, UT 84102  
Counseling: 801-366-7750 / 800-753-7750

Southern Utah Branch  
165 North 100 East #9  
Saint George, UT 84770  
435-673-6300 / 800-950-4877

Retirement estimates and applications: 801-366-7770 / 800-695-4877

Office hours: Monday through Friday 8 a.m. to 5 p.m.



## URS Website

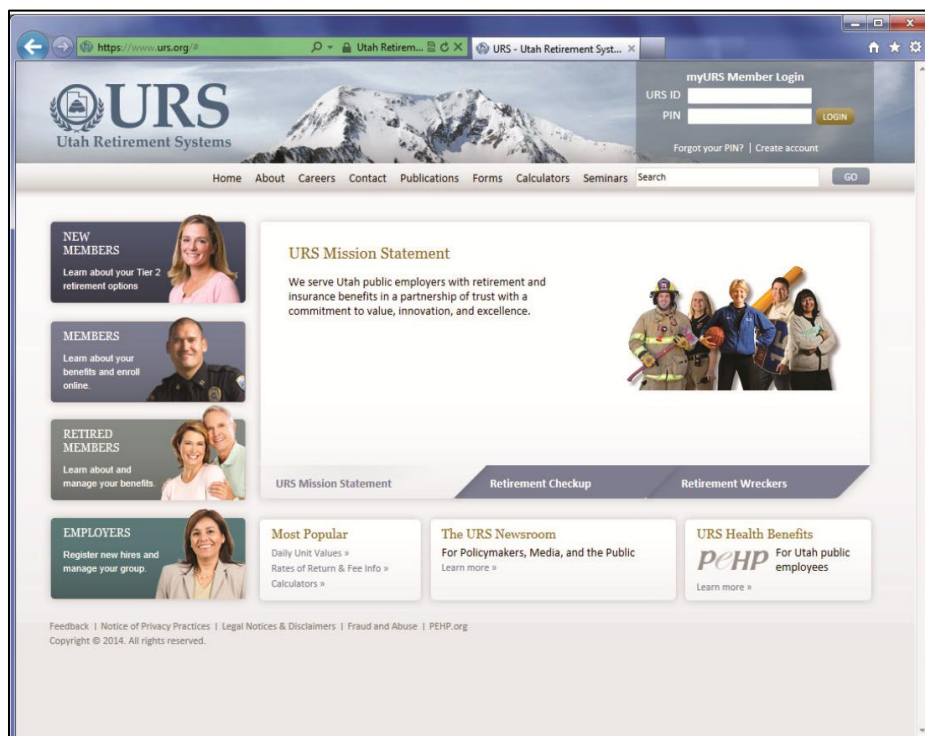
To learn more about Utah Retirement Systems, visit [www.urs.org](http://www.urs.org). Our home page includes tabs to view forms, office locations, publications, a listing of personal planning and pre-retirement seminars, benefit and savings plans calculators, career opportunities, retirement systems' history, and administrative staff listings.

New members are encouraged to visit the *New Members* section to learn more about their Tier 2 retirement benefit options. Once they set up their account access in myURS, they can manage their accounts, enroll in available benefit plans, assign or change beneficiaries, and much more.

Current or returning members can go to the *Members* section to learn about their benefits, find publications, get retirement information, etc. They can also manage and update their accounts via myURS.

The *Retired Members* section provides information on cost-of-living increases, Medicare, and post-retirement employment. Retirees can also access and read the *Cycles* publications here.

There's also an *Employers* section for information specific to URS participating employers. After logging in to the *URS for Employers* tab, employers have access to tools to establish and manage their employees' retirement benefits. This section includes certification processes, legislative updates, current contribution rate schedules, forms, publications, and employer reporting software.





## Forms & Publications

### Forms

Federal laws and State of Utah laws, rules, policies, and procedures can impact changes in URS forms. We now require most notifications and changes be completed online.

Employers are encouraged to use the forms found on our website. For answers to questions about forms unavailable on our website, call Records Management at 801-366-7318 or 800-753-7318. **Please note some forms cannot be stocked by the employer, but may be requested by contacting our office.** If language or format on any URS form is changed by employers or employees, our office will not accept the form. Any such change may result in employer liability.

### Publications

All our publications are available upon request by sending an email to [publications@urs.org](mailto:publications@urs.org) or by calling 801-366-7372 or 800-753-7372.

The *Highlights* brochures mentioned throughout the *Guide* explain the benefits for each URS retirement system and plan. These brochures, which are also available on our website or from our office upon request, are updated annually and become effective on July 1.

Our office informs employers about legislative updates and changes in rules, policies, or procedures through *The Inside Story* newsletter. *The Inside Story* and the *Utah Retirement Systems Comprehensive Annual Financial Report* are mailed to designated individuals within each employer's office. The *Viewpoint* publication is for non-retired members of URS and *Cycles* publication is for URS members after they retire. Both publications are mailed out (in print form) each summer, but are also available two other times during the year (e-copy) on our website.

The *Defined Benefit Annual Retirement Statements* are created in March. Employees have the option of receiving their statements electronically or by mail. Likewise, the *URS Savings Plans Statements* are generated quarterly and may be mailed or viewed electronically. Go to [www.urs.org](http://www.urs.org) and log in to myURS to view statements or click on the *Publications* tab for printer-friendly copies of any of the publications mentioned above. **Note: Tier 2 employees who have elected to participate in the Defined Contribution Plan do not receive the annual "retirement" statement.**

Our office sends a "welcome packet" to new retirement-eligible members upon completion of the employer's online certification. The packet includes: a welcome letter, a *Comparing Tier 2 Plans booklet* (or appropriate brochure if the member is a Tier 1 rehire) an *Investment Options and Savings Plans Overview* with rates of return and other information for the URS Savings Plans (401(k) 457, IRAs), and a *Highlights* brochure appropriate to the member's retirement system. Employees certified ineligible receive a notification letter, rather than a packet.



## URS Pension (Defined Benefit) Annual Retirement Statement

URS Pension (Defined Benefit) annual retirement statements are available to members at [www.urs.org](http://www.urs.org) via myURS or can be received by mail in March each year. It's important our office always has a current mailing and email address on file for each member. URS paperless annual statements are formatted exactly the same as those delivered by mail. Because the years of service listed on the annual retirement statement reflect unverified service credit, we strongly recommend before members separate from employment, they check with our Defined Benefit Retirement (Pension) Department, at 801-366-7770 or 800-695-4877, to verify the years credited to their retirement accounts are eligible for retirement coverage.

### **Explanation of the URS Pension (Defined Benefit) Annual Retirement Statement**

#### **ACCOUNT SUMMARY**

This section contains the member's URS account number, current employer(s) as of December 31 of the recent calendar year, and demographic information. If any of this information is incorrect, members should update it online at [www.urs.org](http://www.urs.org) via myURS or contact our office at the numbers listed above.

#### **SYSTEM SUMMARY FROM ALL EMPLOYERS**

This shows the retirement system(s) in which members have service credit and the amount of service credited to their retirement accounts. Transactions are listed for each employer, showing the earnings reported to URS for each year. Only the *base salary* should be reported for members of the Firefighters and Public Safety systems, because only *base salary* is used to calculate retirement benefits for these systems. Member total service credit is reflected on the annual statement. Salary prior to 1980 may not be listed.

Presuming members' employment is eligible for coverage, if they work for more than one employer during the year, the combined service from all employers cannot count for more than one year of service credit. If they have held more than one job with a government entity, members may have service credit in more than one system.

#### **Members' Account Balance from Contributory System**

If members are now or have ever been participants in one of the contributory systems and have not taken a refund, their account balance is listed on the statement.

#### **Designated Beneficiaries**

These are current beneficiaries designated for the member's pension benefit account. If members need to make a beneficiary change, they should access their account online through myURS to make the change or request a *Beneficiary Designation Form* from our office.

#### **Installments**

If members have participated in one or more service purchase or redeposit contract, the money they paid from the inception of their agreements, through December 31 of the statement year, is listed. The service is not credited until the final payment is received by URS and posted to their accounts.



## Annual Retirement Statement

Retirement Department  
560 East 200 South, Suite 240  
Salt Lake City, UT 84102  
801-366-7770 || 800-695-4877 | www.urs.org

#BWNBBBT  
#WCCV000007#  
JOHN PUBLIC  
PO BOX 361  
SALT LAKE CTY UT 84106

### 2013 URS PENSION (DEFINED BENEFIT)

#### ACCOUNT SUMMARY

Account # W00001111

Member Name: JOHN PUBLIC Birth Date: 1953/10/20 Marital Status: Married Gender: M  
Spouse Name: AMY Birth Date: 1964/01/28  
Current Employer: STATE OF UTAH

#### Tier 1 Noncontributory Local Government as of December 31, 2013

System Name	Service Credit	Taxed Balance	\$0.00
Tier 1 Noncontributory Local Government	0.770	Untaxed Balance	\$100.00
		Interest Balance	\$200.00
		<b>Contribution Balance</b>	<b>\$300.00</b>

YEAR	SALARY	YEAR	SALARY	YEAR	SALARY
1985	\$1,593.07	1984	\$680.08		

#### Tier 1 Firefighters Division A as of December 31, 2013

System Name	Service Credit	Taxed Balance	\$9,300.20
Tier 1 Firefighters Division A	26.500	Untaxed Balance	\$100,200.27
		Interest Balance	\$0.00
		<b>Contribution Balance</b>	<b>\$109,500.47</b>

YEAR	SALARY	YEAR	SALARY	YEAR	SALARY
2013	\$78,750.41	2004	\$60,865.60	1995	\$31,683.50
2012	\$74,380.80	2003	\$56,948.40	1994	\$29,496.00
2011	\$74,380.80	2002	\$70,069.60	1993	\$27,315.00
2010	\$71,593.12	2001	\$48,608.00	1992	\$25,392.00
2009	\$68,917.60	2000	\$45,354.40	1991	\$21,876.00
2008	\$67,736.06	1999	\$50,707.20	1990	\$20,503.50
2007	\$68,657.34	1998	\$37,476.80	1989	\$19,068.00
2006	\$64,814.40	1997	\$36,370.40	1988	\$18,101.00
2005	\$63,776.00	1996	\$32,292.10	1987	\$10,217.00

#### DESIGNATED BENEFICIARIES FOR PENSION BENEFIT ACCOUNT

Primary AMY PUBLIC  
Contingent AMANDA PUBLIC  
Contingent LORY PUBLIC  
Contingent SCOTT PUBLIC



**Member Name: JOHN PUBLIC**

**Account # W00001111**

**HIGHLIGHTS OF ANNUAL RETIREMENT STATEMENT**

**PLEASE EXAMINE THIS STATEMENT** - If the balances shown on this statement are not correct, please write promptly giving details of any difference to our auditors, Deloitte & Touche, Attention: URS, 299 South Main Street, Suite 1900, Salt Lake City, UT 84111-1919. Correspondence should include your name, SSN, and a copy of this statement. If other information is incorrect, please contact the Retirement Office 801-366-7770 or 800-695-4877. If this statement is correct, no reply is necessary.

**CURRENT EMPLOYER** - The employer listed on your account as of December 31, 2013.

**SERVICE CREDIT PER SYSTEM** - Years of service credit listed on this annual statement are **estimated** based solely on information received from your employer(s). URS makes no representation or warranty regarding the accuracy of your annual retirement statement. Even if this annual retirement statement shows service credit during a period of time, such service credit may be ineligible if your employment did not meet the statutory eligibility requirements for service credit. URS determines your actual eligibility for service credit at the time of either (a) your request for a formal retirement estimate by URS, or (b) your application for retirement. If URS determines that any of your employment periods have not met eligibility for service credit, the period deemed ineligible will not count toward your years of service credit in calculating your retirement benefit. Although it is rare, occasionally employers incorrectly report to URS the eligibility of retirement service credit for their employees. Such incorrect reporting may result in increased or decreased benefits for you at the time of retirement. **Please examine this annual retirement statement carefully.** If you believe this statement incorrectly reflects your years of service credit in any way, please contact the Retirement Office immediately at 801-366-7770 or 800-695-4877.

**CONCURRENT EMPLOYMENT** - Service you rendered in any one year cannot count for more than one year of service credit. For example, if you work in two positions for 12 consecutive months and both positions are eligible for service credit (concurrent service), you will receive 12 months worth of service credit. Therefore, concurrent service credit reported on your annual retirement statement from different employers should not be added together in order to determine your total years of service credit with URS.

**CONTRIBUTION BALANCE** - If you are now or have ever been a participant in one of the contributory systems and have not taken a refund, your balance is listed on this statement.

**SALARIES** - We've listed the yearly salary reported by your employer(s) to the Utah Retirement System(s). Only the base salary should be reported for members of the Firefighters' and Public Safety systems because only base salary is used in the calculation of retirement benefits for those systems.

**INSTALLMENTS** - If you are participating in one or more service purchase or redeposit contracts, the money you have paid from the inception of your agreement(s) through December 31, 2013, is listed. The service will not be credited until the final payment is received by URS and posted to your account.

**A FINAL WORD**

Each retirement system administered by URS has its own requirements and formulas. All final retirement benefits will be determined by a URS employee in accordance with the laws in effect at the time of retirement. Therefore, before making any final decisions concerning your retirement benefits, you should contact the URS Retirement Department. To learn more about your retirement benefits and eligibility, go to [www.urs.org](http://www.urs.org).

We recommend that you contact a URS retirement advisor three years before your proposed retirement date to obtain a retirement estimate and review your service credit. We also suggest that you make an appointment with a URS retirement advisor when you file for retirement.

**It is your responsibility to understand your retirement benefits and to make timely application. Refer to our web site at [www.urs.org](http://www.urs.org) for brochures on the steps to retirement, highlights of our retirement systems, purchasing service credit, post-retirement employment, etc. You can figure a monthly benefit estimate by clicking on the Retirement Benefit Estimate Calculator link on our web site. Have questions? Contact the Retirement Office at 801-366-7770 or 800-695-4877. Need to update your beneficiaries or your address? Go to [www.urs.org](http://www.urs.org) and login to your myURS account.**



## Records Retention

*"A participating employer shall maintain records necessary to calculate benefits under this title and other records necessary for proper administration of this title as required by the office."*

Utah Code Ann. § 49-11-602(1)

Employers are required by statute to maintain records that enable our office to determine an employee's eligibility for retirement coverage. Employers must report information about each covered employee with the same frequency they generate payroll. Record keeping is a vital employer obligation that protects the interests and benefits of both the employee and employer alike. Employers must retain employee personnel and payroll records necessary to calculate retirement benefits until the earliest of:

1. Three years after the date of retirement of the employee from a system or plan;
2. Three years after the date of death of the employee; or
3. Sixty-five (65) years from the date of employment with the participating employer.

These records include, but are not limited to:

- Dates of hire and separation
- Rates of compensation
- Earnings
- Benefits provided
- Number of hours worked per week or percentage of full-time employment
- Employment status (full time, part time, permanent, temporary, seasonal, etc.)
- Dates of leave without pay
- Periods of workers' compensation benefits
- Proof of whether or not the employee received benefits normally provided by the employer
- Number of months required for the job
- Meeting minutes establishing a definite and fixed term of office for appointed officials.

There are good reasons why employers must keep records. As a participating employer many of the benefits provided to your employees are by contractual agreement, certain of which extend beyond the term of employment. The employee, of course, must meet the qualifying conditions to receive those benefits. If any party to those agreements questions the terms, conditions, or compliance with them, these records may be needed. It could mean the difference between being eligible to retire versus having to work additional years to qualify for retirement.

Sometimes, whether due to reporting errors, misunderstanding the qualifying conditions, or a host of other reasons, questions arise that may not be resolved by the information found in the *Wage and Contribution* report.

If the employer cannot validate an employee's claim of earned salary required to make an adjustment, lawyers frequently request restitution from either URS or the employer.





### Employers' Obligation

While our office shares the long-term commitment attached to retirement benefits, the laws governing the Retirement Systems emphasize the employer's responsibility to report and certify each employee's eligibility status for retirement coverage. Our office is authorized to audit employers' payroll reports to ensure compliance and to impose penalties for noncompliance. Employers failing to maintain these records can be held responsible for liabilities and expenses, including administrative expenses and costs of increased benefits to members. A penalty equal to 1% of the employer's monthly contributions may also be imposed.

The retirement benefits employers provide for their employees constitute a long-term commitment that is shared with our office. Employers should keep their employees' records secure, whether within their own facilities or at offsite facilities.

The State Division of Archives and Records can answer records management questions. Call 801-531-3848 for more information. For a list of analysts and agencies served, go to [www.archives.utah.gov](http://www.archives.utah.gov).

### Participation in Social Security

If the employer does not participate in Social Security, full-time, part-time, temporary, or seasonal employees who are ineligible to participate in a URS Defined Benefit Plan, must participate fully in Social Security **or** an acceptable alternate plan such as a 401(k) or 457. Read more about exempting from Social Security below.

## Compliance Audits

URS audits employers every 24-36 months to ensure participating employer's compliance with reporting, contributions, and certifications pursuant to Utah Code Ann. § 49-11-604.

## Social Security Exempt Employers

Some employers covered by URS have exempted from Social Security. Under U.S. Treasury regulations effective July 1, 1991, full-time, part-time, temporary, and seasonal employees of employers exempting from Social Security coverage, who don't participate in one of the Utah Retirement Systems, **must** participate fully in an acceptable alternate plan such as a 401(k) or 457. **Please note:** Public safety and firefighter coverage and contribution rates **may be impacted** when employers change their Social Security participation status.

To qualify under this federal provision, an employer must ensure an amount of at least 7.5% of the worker's annual compensation is deposited into an acceptable alternate plan for the employee. This amount may be from employer contributions, employee deferrals, or a combination of both. Retirees rehired before July 1, 2010, may receive a defined contribution of 7.5% above the normal cost cap deposited to a variety of savings plans. Further definition of employment under these categories can be obtained from Internal Revenue Service offices.



---

## Notification for Jobs Not Covered by Social Security

The Social Security Protection Act of 2004 requires employers to provide a written notice to new employees not covered by Social Security who begin work on or after January 1, 2005. The notice informs the employees they are not covered by Social Security, but are covered by another retirement benefit. The notice provides an explanation of the effect a retirement plan benefit based on earnings not covered by Social Security can have on an employee's Social Security benefit, such as a reduction due to the Government Pension Offset (GPO) Provision or the Windfall Elimination Provision (WEP).

Employees covered by URS who don't contribute to Social Security must be provided with the notice for them to read and sign. Copies of the signed form must be sent to our office and filed in the members' records, as outlined in the Social Security Protection Act of 2004.

The notice is provided by the Social Security Administration. A link is available at [www.urs.org](http://www.urs.org) or it can be accessed directly at [www.socialsecurity.gov/form1945](http://www.socialsecurity.gov/form1945).

This information is being provided as a service to you. If you have any questions on this matter, please call the Social Security Administration at 800-772-1213 or contact your local Social Security office.



## Nonassignability of Benefits or Payments

Retirement benefits or payments are not subject to alienation or assignment by the member and are not subject to attachment, execution, garnishment, or any other legal or equitable process. However, a member's retirement allowance or refund of contributions upon separation from employment may be payable to former spouses and family members, if the member is subject to an order of a court of competent jurisdiction, with respect to domestic relations matters on file with our office.

### **Model Domestic Relations Orders**

The defined benefit plans (pension) and the defined contribution savings plans (401(k), 457, and IRAs) have separate model domestic relations orders (DROs), available upon request from our office, to help attorneys prepare an acceptable order.

In addition, any tax levies issued by the IRS must be honored.

## Appeals

If members disagree with the calculation of a benefit, the accrual of service credit, any policy or procedure or some other action taken by our office, they may appeal such decisions pursuant to Utah Code Ann. § 49-11-613. Additionally, if an employer has been sent a large adjustment billing invoice, it may use the appeals process to request payment by installments.

The first step in appealing a decision or action by our office is to write a letter to the executive director stating the facts of the situation, the requested remedy, and the legal or equitable basis for the request. The executive director will review the case and either grant or deny the request. If a member's appeal is denied, he or she may file a written petition with the hearing officer within 30 days of the denial. Steps for filing the petition are sent to the member at that time.



This Page Intentionally Left Blank



## Employer's Responsibility

*"A participating employer shall maintain records necessary to calculate benefits under this title and other records necessary for proper administration of this title as required by the office."*  
Utah Code Ann. § 49-11-602(1)

Employers are required to provide certain information that allows our office to accurately determine the employment and benefit eligibility for all employees by completing an online certification, other appropriate paper form or by quickly responding to requests made by our office for status information. Employers must certify status for employees prior to reporting any type of contributions for them. They must also notify URS of status changes for current employees that impact their reporting requirements. Requested information may include, but is not limited to:

- Cancellations of exemptions
- Contract payable amounts
- Current forms being submitted
- Death of a member
- Earnings
- Eligibility for coverage
- Employee separation notification
- Online status certification
- List of exempted positions
- Hours worked per week or percentage of full-time employment
- Identification of salaries paid to employees
- Leave without pay dates
- Long-term disability benefits (when members apply or are approved for LTD)
- Meeting minutes establishing a definite and fixed term of office for appointed officials
- Post-retirement employment forms
- Public safety job descriptions
- Sabbatical salary and leave dates
- Salary rates
- Short-term disability benefits (when members apply or are approved for STD)
- Statements of ineligibility
- Verification of service and salary
- Verification of separation from employment
- Work status (seasonal, temporary, substitute, etc.)
- Workers' compensation benefits (beginning and ending dates).

*Any of the information filed with our office is confidential and is used for the sole purpose of carrying into effect the provisions of the law. Refer to the General Information section, page 8, for requirements concerning records retention.*



## Personnel Authorization

Our office maintains a database of contact personnel for each participating employer. This is a record of all individuals assigned specific tasks related to retirement issues. Employers are asked to assign members of their staff as URS employer contacts for specific functions (described in detail below). A *Personnel Authorization* (Form DPPE-1) is available in the *Employers* section of our website. Use the form to designate new employer contacts or to replace or remove existing contacts. With the exception of the function that receives and provides employee information, only one person per function should be designated. The State of Utah may approve contact personnel for each agency. If an employer contact leaves employment, it's the employer's responsibility to notify our office to remove that contact and to name a replacement in a timely manner. Employers should not pass user IDs and passwords to replacement personnel. As positions or duties change, they should request new accesses. Keep in mind, anyone knowing an active user ID and password has access to the employer's data from any outside source until that access is canceled. The most recent authorization form supersedes all prior requests if a function is checked that duplicates a previous form submission.

Although URS limits most functions to one assigned contact, the organization's web administrator can assign multiple employees the same access through the user management tools. This step provides employers with an alternate, or backup, resource.

**Employer Number** — each employer is assigned a three digit identifying number. All correspondence with our office should reference this employer number. Contribution reports are also identified by employer number. When contacting our office, you, the employer should have this employer number available. State departments are further identified by their three digit agency number. If you don't know your employer number, call Records Management at 801-366-7318 or 800-753-7318 (*please note, these lines are for employer use only*).

You will be asked to provide the name of the person at your entity who is authorized to exchange this information with URS staff:

- Provides and receives employee information such as separation dates, separation pay, enrollments, pay rates, pay and employment dates, eligibility, hours worked (may declare more than one person).
- Provides contribution information and payments.
- Verifies separation form employment requests.
- Acts as the executive administrator of your organization.
- Acts as the web access administrator.
- Receives public safety certification requests (POST).
- Acts as the police chief or sheriff of your organization.
- Receives long-term disability notices.
- Receives contribution credit notices from URS.
- Receives contribution billings from URS.
- Acts as the information technology applications interface for your organization.
- Acts as the fire chief of your organization.



- Receives deferral changes (savings plans) for employee accounts.
- Provides contractor accounting services (vendor or third party).
- Acts as the business administrator for your organization.



---

## Changes to Members' Account Information

Members are responsible for keeping our office informed of changes to their account information including: name, marital status, address, and beneficiary information. Generally members have two types of accounts: defined benefit (pension) and savings plans (401(k), 457, and IRAs). These accounts need current information so participants can receive statements and updates. Members can make changes to their name, spousal information, and marital status online the first time they log on to URS or PEHP to enroll for those benefits. Or, they can obtain a form by requesting one from our office.

### **Beneficiary Changes**

The beneficiary designation in a member's URS file at the time of the member's death is binding for the payment of any/all benefits. All beneficiary changes can be made on our website via myURS or a member may request a form from our office. A change in beneficiary designation may be made at any time. Whenever a change is made, URS sends a confirmation notification to the employee by email or postal service if we have a valid email or mailing address on the member's account. For more information, read the *Designating Your Beneficiaries* brochure under the *Publications* tab at [www.urs.org](http://www.urs.org)

### **Address Changes**

Members should update their addresses through myURS at [www.urs.org](http://www.urs.org).





## Certification Guidelines

These general guidelines describe the four status types URS uses to categorize **all** new hires, and elected or appointed officials at the time they take office. *Effective July 1, 2011, employers are required to certify all employees' status electronically (within 60 days of hire and before reporting any contributions to the Retirement Office).* This web-based process guides you, the employer, to the employee's appropriate classification, as well as determining Tier 1 or Tier 2 participation. By providing this information electronically, employers can minimize reporting errors that could require future correction adjustments. In many cases, it also eliminates the need for faxing or mailing paper forms to our office. Consider the following criteria every time a new employee is hired, elected or appointed:

1. Eligibility Certification — if employees qualify for membership in one of the retirement systems, as explained in this section, the employer must certify the employee eligible online.
2. Exempting from Retirement Coverage — if employees qualify for membership and their positions qualify for exemption, they may elect to exempt from either Tier 1 retirement coverage or Tier 2 Defined Contribution vesting requirements by completing the appropriate exemption form. Employers should certify their status online and complete and sign Section A of the *Request for Exemption* form before handing it to the employee for completion and forwarding to our office. *(Please note: Tier 2 exempting from the four-year vesting requirement is **completely separate** from exempting from retirement coverage. More information about exempting begins on page 29.)*
3. Post-Retirement Employment — if employees are retired from URS covered employment, the online certification process will identify them and provide instructions for employers on form completion and reporting requirements. Please refer to the *Post-Retirement Employment* section for more information.
4. Ineligible – if employees don't meet requirements for any of the above three categories, certify them ineligible online.

All employees must be certified within 60 days from hire or change in status. There is no choice of whether or not eligible employees should participate in URS unless employees qualify to exempt from retirement coverage or from the four-year vesting requirements under the Tier 2 DC Plan. Employee exemption is not automatic. It's the employer's responsibility to inform employees of their right to exempt from URS, certify them in that category online, and provide the employee with: the appropriate exemption form for completion, signature, and forwarding to URS before the effective exemption date.

When completing online certification of eligibility, employers certify employees are eligible for membership. In addition to notifying our office of new members, employers are required to update employees' eligibility status when there are changes affecting their contribution reporting requirements. Employers must provide these notifications as soon as administratively possible and not later than 60 days after members' effective status change. Read more on changes in employment status on page 34.



## Online Certification

URS/PEHP launched an online application in 2010. Once employers certify each employee's status online, under the *Employers* section of our website, employees have a simple, convenient way to enroll in URS/PEHP products electronically. Established employees already have access to their benefits through myURS, and myPEHP (if applicable).

### **ASSISTANCE WITH ONLINE CERTIFICATION (EMPLOYER AND EMPLOYEE):**

- Employers with questions about the *Employers* section of our website, please call 801-366-7318 or 800-753-7318.
- Employees with questions about URS online enrollment, please call 801-366-7720 or 800-688-401k.
- Employees with questions about PEHP online enrollment, please call 801-366-7410 or 800-753-7410.



## Tier 1 and Tier 2 Public Employees Retirement Systems

### **Membership Eligibility Requirements**

Employees qualify for membership and must be certified eligible, if they meet **one** of the following:

- Their employment, contemplated to continue during a fiscal or calendar year, normally requires an average of 20 hours or more per week **and** they receive at least one of the benefits approved by the Retirement Board. These benefits consist of any leave benefits, employer contributions to a savings plan or insurance premiums given to the employee or paid for by the employer on the employee's behalf (this excludes payments mandated by state or federal law).
- They are teachers, including substitutes, who teach half time or more and receive any benefit approved by the Retirement Board.
- They are Tier 1 elected or appointed officials who earn the minimum salary required by law beginning their first full month in office and continuing throughout their term of office. The minimum salary is increased yearly based on the consumer price index (additional information is provided on page 28).
- They are Tier 2 elected or appointed officials whose positions have been declared full time by their employers.
- They are in a probationary status and meet eligibility requirements. (Probationary employees who meet eligibility requirements must be certified immediately.)
- They perform services through an employee leasing or similar arrangement and they meet eligibility requirements, *unless they are being paid through the leasing company rather than the employer's payroll.*

### **Classified School District Grandfathered Employees**

Classified school employees who were hired prior to July 1, 2013, and who have met eligibility requirements (above) with their current employer before that date, maintain their classification status until separation from their current employment.

URS considers an employee to have begun a new employment period if the employee returns after being separated from the employer for 120 days or more, and the separation is not due to a qualifying leave (e.g., LTD or FMLA).

**Note:** *Eligibility requirements for employees at institutions of higher education are discussed later in this section.*



Employers should carefully review and maintain written policies that govern personnel classifications receiving benefits, as stated in bullet one of this section, and certify all employees' status in the system where the eligibility requirements are met, whether newly hired or transferring from one retirement system or employer to another. Certifying new hires through the online certification program will identify Tier 1 or Tier 2 participation requirements for employers.

### **Exceptions to Immediate Coverage**

When the job is scheduled to be completed in six months or less, employers should initially certify these temporary and seasonal employees (not probationary) online as ineligible. If they are still employed by the beginning of the seventh month, **and** if they meet eligibility for retirement coverage, their status change must be certified eligible online and contributions reported beginning the first period end date in the seventh month. Employees must have a 120-day break in employment between temporary/seasonal employment periods.

### **Eligibility Requirements for Appointed Officials**

Participating employers designate positions as appointed by duly recording their fixed term of office in their charter, creation document, or similar document. Appointed officials are employees appointed to a position for a definite and fixed term of office by a participating employer's official and duly recorded action, which is recorded in the employer's charter, creation document, or similar document.

Tier 1 participants' eligibility requirements are not determined by the number of hours worked or the benefits provided, but rather on the minimum earnings requirement each month during the term of office. These minimum earnings requirements are listed on page 28.

Tier 1 appointed officials of a city, town, county, or other political subdivision who meet the minimum earnings requirement for membership, and are not entitled to merit protection, may be certified online as either eligible for, or exempt from, retirement coverage.

Appointed officials whose position is full time, as certified and documented by the participating employer in a defined process who initially begin employment on or after July 1, 2011, participate in the Tier 2 Retirement System. All Tier 2 participants must make an election to participate in either the Tier 2 Hybrid Retirement System or the Tier 2 Defined Contribution (DC) Plan within the first 12 months of employment. (**Elected** officials are only eligible to participate in the Tier 2 DC Plan.) For the first 12 months of employment, regardless of the employees' election, employers must report contributions into the Tier 2 Hybrid System. At the end of 12 months, URS will transfer funds for all employees who have chosen to participate in the Tier 2 DC Plan and will notify employers to update reporting information.

### **Eligibility Requirements for Elected Officials**

Like appointed officials, Tier 1 participants' eligibility requirements are not determined by the number of hours worked or the benefits provided, but rather on the minimum earnings requirement each month during the term of office. These minimum earnings requirements are listed on page 28. Tier 1 elected officials of a city, town, county, or other political subdivision who meet the minimum earnings requirement for membership, and are not



entitled to merit protection, may be certified online as either eligible for, or exempt from, retirement coverage.

Elected officials whose position is full time, as certified and documented by the participating employer in a defined process, and who initially begin employment on or after July 1, 2011, participate in the Tier 2 Retirement System. (Elected officials are only eligible to participate in the Tier 2 Defined Contribution (DC) Plan.) Part-time elected officials may participate in the DC Plan only, as they are not eligible for other coverage.

Eligible State of Utah Tier 1 elected or appointed positions may exempt from coverage in accordance with Utah Code Ann. § 67-22-2. Exempting from coverage is discussed further in *Exempting*, beginning on page 29.

### **Ineligible Employees**

Seasonal, temporary, substitute, and part-time ineligible employees are discussed in *Ineligibility for Retirement Coverage*, beginning on page 33.

### **URS Savings Plans (401(k), 457, IRAs)**

Employers are no longer required to complete separate URS Savings Plans enrollments for their employees. Employees assign beneficiaries, investment allocations, and deferrals online through myURS. Some plans have the participation incorporated into their benefits package.

## Tier 1 and Tier 2 Public Safety Retirement Systems

### **Membership Eligibility Requirements**

Employees qualify for membership in a Public Safety Retirement System if employed in a position that has been reviewed and approved by URS as a public safety position and the position normally requires an average of 2,080 hours of regularly scheduled employment per year in a recognized public safety department.

For our office to make an accurate determination we request the following information in the job description, if applicable:

1. The position requires completion of the Peace Officer Standards and Training (POST), for anyone certified eligible since January 1, 1984;
2. The job places life or personal safety at risk;
3. The employee performs duties that actively prevent or detect crime and enforce criminal statutes or ordinances of the state of Utah or any of its political subdivisions;
4. The employee responds to situations involving threats to public safety and making emergency decisions affecting the lives and health of others;
5. The employee performs duties that consist of providing community protection.



Our office must review each position to ensure the position qualifies to participate in the Public Safety Retirement System by meeting the conditions outlined in:

- “Public safety service” as defined in Utah Code Ann. § 49-14-102(5);
- Standards for Public Safety Retirement System eligibility according to Utah Code Ann. § 49-14-201(9);
- Employer’s requirement to certify included positions according to Utah Code Ann. § 49-15-201(5);
- Resolution of coverage disputes according to Utah Code Ann. § 49-15-201(10);
- Law enforcement officer according to Utah Code Ann. § 53-13-103;
- Correctional officer according to Utah Code Ann. § 53-13-104;
- Full-time member of the Board of Pardons and Parole; or a
- Special functions officer according to Utah Code Ann. § 53-13-105, if approved by the Council on Peace Officer Standards and Training.

### **Maintenance of Positions**

Each time a job description for a public safety position changes, the employer must submit the new job description to our office for review.

Employers must certify annually that the public safety positions our office has on file have not changed and still meet the eligibility requirements to participate in a Public Safety Retirement System.

### **Eligibility Exclusions**

An employee has one year from the date hired into a public safety position to complete POST. If POST is not completed within one year, the employee’s Public Safety Retirement account is transferred to either the Tier 1 or Tier 2 Public Employees Retirement System (assuming minimum qualifications for the Public Employees Retirement System are met) effective retroactive to the first date of ineligibility for the Public Safety Retirement System.

Employees who separate from employment prior to obtaining a POST certificate may not be eligible to retain their service credit in the Public Safety Retirement System. A participating employer may request a credit for the difference to transfer paid contributions from the Public Safety Retirement System to the Public Employees Retirement System. Our office will contact the employee to request a copy of the POST certificate. The employee has 30-days from the date of the letter to provide a copy of the certificate to our office; otherwise service and contributions will be transferred to the Public Employees Retirement System and the employer will be credited the difference.

Additionally, employees hired within public safety organizations who do not meet the requirements for eligibility in a Public Safety Retirement System, must be certified in the Public Employees Retirement System, assuming minimum requirements are met for that system.

### **Two Divisions**

The Public Safety Retirement Systems are divided into two divisions, according to Social Security coverage, as follows:

1. Members with on-the-job Social Security coverage are in Division A.



2. Members without on-the-job Social Security coverage are in Division B.

Employers already participating with URS may add a Public Safety Retirement System at a later date. Contact our office at 801-366-7302 to request an abbreviated application. Both a copy of the governing body's resolution and copies of proposed public safety position(s) and job description(s) are required as part of the application.

## Procedures

### Steps for Job Description Requests and Revisions

1. While creating or revising the job description for a new or current public safety position, review the *Membership and Eligibility Requirements*. Include any applicable criteria that will assist our office in determining eligibility requirements.
2. Send a copy to our office. If providing an electronic copy, PDF format is preferred.
3. Our office will provide notification of whether the position is eligible for the Public Safety Retirement System.

## Tier 1 and Tier 2 Firefighter Retirement Systems

### Membership Eligibility Requirements

Employees qualify for membership in a firefighter retirement system if their employment normally requires an average of 2,080 hours of regularly scheduled employment per year in a *regularly constituted fire department*, meaning they report to a full-time fire chief. Employees must be trained in firefighter techniques and be assigned to a position of hazardous duty.

Employers must complete the online certification and select their participating firefighter retirement system.

If employees have not been trained in firefighter techniques or they are not assigned to a position of hazardous duty, based on employer participation, they must instead be certified eligible in either the Tier 1 or Tier 2 Public Employees Retirement System, as long as eligibility requirements are met.

Volunteer firefighters don't contribute to the System and are not eligible for service retirement benefits. However, they or their beneficiaries are eligible for benefits provided for firefighters in Division A if they are disabled or killed in the line of duty and they meet the following requirements:

- They have been trained in firefighter techniques and skills; and
- They received continuing regular firefighter training; and



- They are on the rolls of a legally organized volunteer fire department that provides ongoing training and serves a political subdivision of the state.

Volunteer firefighter benefits are based upon the lowest monthly salary of firefighters in a first-class city in this state.

**Note:** Each volunteer fire department must maintain a current roll of all volunteer firefighters who meet the above-listed requirements.

Employers already participating with URS may add a firefighters retirement system at a later date. Contact our office at 801-366-7302 to request an abbreviated application. A copy of the governing body's resolution is required as part of the application, which is then presented to our board of directors for final approval.

#### **URS Savings Plans (401(k), 457, IRAs)**

Employers are no longer required to complete separate URS Savings Plans enrollments for their employees. Employees assign beneficiaries, investment allocations, and deferrals online through myURS. Some plans have the participation incorporated into their benefits package.

## Tier 1 Judges Noncontributory Retirement System (State of Utah ONLY)

#### **Membership Eligibility Requirements**

Judges or justices of the courts of record working in a full-time capacity must be certified eligible through the online certification process.

Elected and appointed municipality judges are an exception to this rule. These retirement eligible employees are members of the Public Employees Retirement System. Their salary and contribution information needs to be provided on the Public Employees Retirement System file.

#### **URS Savings Plans (401(k), 457, IRAs)**

Employers are no longer required to complete separate URS Savings Plans enrollments for their employees. Employees assign beneficiaries, investment allocations, and deferrals online through myURS. Some plans have the participation incorporated into their benefits package.





## Utah Governors and Legislators Retirement Plan (State of Utah ONLY)

Governors of the state of Utah, as well as all legislators in both the state Senate and House of Representatives, are eligible for coverage under this Tier 1 plan, if they have eligible service credit in any URS retirement plan through June 30, 2011.

Governors and legislators may elect to forfeit a retirement benefit and participate exclusively in a defined contribution plan administered by our office pursuant to Utah Code Ann. § 49-19-403. When employees choose this exempt status, state agencies should certify them online as eligible, print a *Request for Exemption State of Utah* (Form MERQ-5), and give it to the employee to complete, sign, and forward to our office before the effective exemption date on the form.

The Governors and Legislators Retirement Plan is closed to elected officials who begin initial employment on or after July 1, 2011. When employers certify their positions are full time, they are only eligible to participate in the Tier 2 Public Employees Defined Contribution Plan.

### **URS Savings Plans (401(k), 457, IRAs)**

Employers are no longer required to complete separate URS Savings Plans enrollments for their employees. Employees assign beneficiaries, investment allocations, and deferrals online through myURS. Some plans have the participation incorporated into their benefits package.

## Eligibility Requirements for Higher Education Participating Employers

Institutions of higher education are required to comply with the employment classifications that allow a regular full-time faculty member or employee to participate only in the retirement plan attached to the position's employment classification. The employment classification assigns positions to URS; the Teacher's Insurance and Annuity Association (TIAA); or any other public or private system, organization, or company designated by the Board of Regents. Institutions of higher education must certify faculty members or other employees hired after January 1, 1979, in the retirement plan attached to their employment classifications. Positions not covered by URS should be certified ineligible.

There is one exception that applies to employees who have prior service credit with URS. These employees may elect to continue participation in URS even if the coverage normally required by the position's classification is assigned to another public or private company by the Board of Regents. Individuals must file a *Higher Education Election to Continue Participation – Utah Public Employees Retirement System* (Form MEMS-51A), within 30



days of hire or promotion into a position classified for coverage by another retirement plan, to request to continue URS participation. Employers complete online certification as retirement eligible.

## Procedures

1. If employees elect to participate with TIAA, certify them ineligible through the online certification process. (This process applies to both Tier 1 and Tier 2 participants.)
2. If employees with prior service credit with URS elect to continue participation with URS, complete Section A of a *Higher Education Election to Continue Participation – Utah Public Employees Retirement System* (Form MEMS-51A). The employee then completes Section B before forwarding the form to URS. Call Records Management at 801-366-7318 or 800-753-7318 to request this form.

## Dual Employment with the Same Employer

It's possible for employees who work in two or more separate positions for one employer at different rates of pay (dual employment) to qualify for retirement coverage and service credit. Our most recent file format update allows employers to identify records for employees in this category. Read the rules listed below.

### **Certification of Coverage for Dual Employment**

If employers elect to cover dual employment by signing a *Certification of Coverage for Dual Employment* form prepared by our office, **all eligible hours worked in the two or more positions are considered in determining eligibility for retirement coverage.** This decision is irrevocable. By electing to cover and pay the retirement contributions for dual employment, the employer authorizes our office to combine the hours. If the combined hours worked in the two or more positions, as determined by our office, meet the minimum eligibility requirements of the System, the dual employment qualifies for coverage and service credit. The following example illustrates.

**Example:** A school district employee works 10 hours a week as a custodian and 15 hours a week as a cook. Because *neither* position standing on its own averages 20 or more hours per week, the employee is not eligible for retirement coverage unless the employer has a signed *Certification of Coverage for Dual Employment* form filed with our office.

### **Current Law on Dual Employment**

Once employees meet eligibility requirements for service credit **all** eligible compensation for services performed during the period they are eligible for service credit is subject to retirement contributions that must be remitted to our office.



Please call our Defined Benefit Retirement Department at 801-366-7770 or 800-695-4877 for more specific information. Employers can confirm their dual coverage status with Records Management at 801-366-7318 or 800-753-7318.

**Note:** *From July 1, 2002, forward, our office requires employers to remit retirement contributions on **all** compensation paid to their employees **who already meet membership eligibility** in a single position, but also work additional hours in a different position.*

## Employees Working for More Than One Participating Employer

Each position must stand on its own to qualify for retirement coverage. For example, if a covered full-time local government employee is also an appointed trustee or board member for a political subdivision, the local government position would qualify for retirement coverage and the appointed position would need to meet minimum monthly earnings requirements, as outlined on page 28, to qualify for coverage or exemption from coverage. Certifying these employees online will provide specific guidelines for each employer to determine correct eligibility status.



## Minimum Earnings Requirements for Elected and Appointed Officials in the Tier 1 Public Employees Retirement Systems

Eligibility for Tier 1 elected or appointed officials' exemptions is based upon minimum earnings requirements, as provided in Utah Code Ann. §§ 49-12-407 and 49-13-407 and as listed below. Monthly earnings requirements apply each month during the term of office. This table is not applicable to Chapter 19, UCA, Utah Governors and Legislators Retirement Plan, or Tier 2 elected and appointed officials.

Prior to July 1, 1989	\$ 30.00	February 1, 2009 / January 31, 2010	\$908.00
July 1, 1989 / January 31, 1990	\$500.00	February 1, 2010 / January 31, 2011	\$908.00
February 1, 1990 / January 31, 1991	\$524.00	February 1, 2011 / January 31, 2012	\$923.00
February 1, 1991 / January 31, 1992	\$552.00	February 1, 2012 / January 31, 2013	\$953.00
February 1, 1992 / January 31, 1993	\$575.00	February 1, 2013 / January 31, 2014	\$973.00
February 1, 1993 / January 31, 1994	\$592.00	February 1, 2014 / January 31, 2015	\$988.00
February 1, 1994 / January 31, 1995	\$610.00	February 1, 2015 / January 31, 2016	
February 1, 1995 / January 31, 1996	\$626.00	February 1, 2016 / January 31, 2017	
February 1, 1996 / January 31, 1997	\$644.00	February 1, 2017 / January 31, 2018	
February 1, 1997 / January 31, 1998	\$663.00	February 1, 2018 / January 31, 2019	
February 1, 1998 / January 31, 1999	\$678.25	February 1, 2019 / January 31, 2020	
February 1, 1999 / January 31, 2000	\$689.00	February 1, 2020 / January 31, 2021	
February 1, 2000 / January 31, 2001	\$704.00	February 1, 2021 / January 31, 2022	
February 1, 2001 / January 31, 2002	\$728.00	February 1, 2022 / January 31, 2023	
February 1, 2002 / January 31, 2003	\$748.00	February 1, 2023 / January 31, 2024	
February 1, 2003 / January 31, 2004	\$760.00	February 1, 2024 / January 31, 2025	
February 1, 2004 / January 31, 2005	\$777.00	February 1, 2025 / January 31, 2026	
February 1, 2005 / January 31, 2006	\$798.00	February 1, 2026 / January 31, 2027	
February 1, 2006 / January 31, 2007	\$825.00	February 1, 2027 / January 31, 2028	
February 1, 2007 / January 31, 2008	\$851.00	February 1, 2028 / January 31, 2029	
February 1, 2008 / January 31, 2009	\$875.00	February 1, 2029 / January 31, 2030	



# Exempting

## Qualifying

All elected and appointed officials who intend to exempt must be certified online by the employer and reported on the employer contributions file.

Tier 1 elected and appointed officials must qualify for coverage by meeting *monthly* minimum earnings requirements as listed on page 28, and work in a position eligible for exemption in order to request retirement exemption. Appointments must be recorded in an official record kept by the employer. Employers are responsible for monitoring salary to comply with regular monthly minimum earnings requirements. *Tier 1 Request for Exemption* (Form MERQ-1, 2, 3 or 5) must be submitted to our office within the first 60 days of employment.

Tier 2 appointed officials must qualify for coverage, be certified as full time by the employer, and work in a Tier 2 eligible position in order to request exemption from the DC four-year vesting requirements. *Tier 2 Request of Exemption* (Form MERQ 12 or 13) must be submitted to our office during the first 12 months of employment.

## Allowable Position Exemptions

### Tier 1 Positions

1. State of Utah
  - Elected and appointed positions meeting eligibility requirements. UCA §67-22-2
  - Legislative employees. Appointed under subsection 36-12-7(3)(a) or by the Speaker of the House of Representatives Minority Leader, the President of the Senate or the Senate Minority Leader.
  - Other State Officers and Employees
    - i. Employees of the Governor's Office of Management & Budget
    - ii. Employees of the Governor's Office of Economic Development
    - iii. Employees of the Commission on Criminal & Juvenile Justice
    - iv. Employees of the Governor's Office
    - v. Employees of the Utah Science Technology & Research Initiative
    - vi. Employees of the State Auditor's Office
    - vii. Employees of the State Treasurer's Office
    - viii. Executive Department Heads
    - ix. Employees of the Public Service Commission
    - x. Employees of the State Tax Commission
2. Elected officials
3. Appointed and administrative officials. Persons appointed as city managers, chief city administrators, or other persons employed by a city, town, county or other political subdivision who are not entitled to merit or civil service protection.
  - a. Administrative positions must meet hours worked and benefits provided eligibility requirements (see *Eligibility & Certification*).
4. Employees of an Interlocal Cooperative Agency. Employees of an Interlocal Cooperative Agency created under Title 11, Chapter 13, Interlocal Cooperation Act, who are engaged in a specialized trade customarily provided through membership in a labor organization that provides retirement benefits to its members.



5. Students; full-time students, spouses of full-time students, and persons employed in a trainee relationship.
6. Elected sheriff, appointed chief of police or public safety, executive director of the Department of Corrections, or commissioner of public safety.
7. Fire chief of a regularly constituted fire department.

### Tier 2 Positions

1. State of Utah
  - Other State Officers and Employees.
    - xi. Employees of the Governor's Office of Management & Budget
    - xii. Employees of the Governor's Office of Economic Development
    - xiii. Employees of the Commission on Criminal & Juvenile Justice
    - xiv. Employees of the Governor's Office
    - xv. Employees of the Utah Science Technology & Research Initiative
    - xvi. Employees of the State Auditor's Office
    - xvii. Employees of the State Treasurer's Office
    - xviii. Executive Department Heads
    - xix. Employees of the Public Service Commission
    - xx. Employees of the State Tax Commission
2. Appointed and administrative officials. Persons appointed as city managers, chief city administrators, or other persons employed by a city, town, county or other political subdivision who are not entitled to merit or civil service protection.
  - a. Administrative positions must meet hours worked and benefits provided eligibility requirements (see *Eligibility & Certification*).
3. Employees of an Interlocal Cooperative Agency. Employees of an Interlocal Cooperative Agency created under Title 11, Chapter 13, Interlocal Cooperation Act, who are engaged in a specialized trade customarily provided through membership in a labor organization that provides retirement benefits to its members.
4. Elected sheriff or appointed chief of police or public safety.

### **Exemption Limits and Exclusions**

The maximum number of appointed or administrative positions a city, town, county or political subdivision may exempt is 50 positions or a number equal to 10% of its retirement-eligible employees, whichever is less. Every city, town, county or political subdivision is entitled to a minimum exemption of one eligible employee.

Don't count public safety, firefighter, full-time student, spouse of a full-time student, persons employed in a trainee position, or elected officials as part of the 10% cap mentioned above.

Members receiving a monthly retirement benefit from URS are considered post-retired and may not exempt. Their names should not appear as updates on an employer's annual exemption certification even when the positions may qualify.

### **Status Changes**

Tier 1 employees don't accrue service credit towards a defined benefit retirement during the period of exemption. Appointed and administrative officials must remain exempt for at least one year from the effective date recorded on the form.



Tier 1 individuals may cancel their exemptions by completing a *Notice of Cancellation of Exemption* (Form MEMS-14) and forwarding it to our office. The form must be completed regardless of the terms of cancellation (e.g., separation from employment, failure to meet eligibility requirements, re-entry into the system, transfer to another employer, etc.). The *Notice of Cancellation of Exemption* acts as an *Employee Separation Notice* for separation from employment purposes (see *Re-Entering the Retirement System* section below).

Tier 2 participants may not cancel their exemption after their initial 12-month election period, and they may not change elections if hired by a different employer after the 12-month election deadline.

### **State of Utah Exempt Transfer**

Subject to Federal Law, a select group under § 49-11-406 may make an irrevocable election to transfer the calculated defined benefit balances of their accounts into a 401(k) account under their names. This election forfeits all rights to any service benefit that has accrued under the defined benefit system at the time of the transfer. To exercise this exempt transfer, the employee must submit a *State of Utah Select Exempt Transfer* (Form MERQ-SE) to our office. Employers may call 801-366-7318 or 800-753-7318 to request this form.

### **Re-Entering the Retirement System**

Tier 1 individuals who exempt and later choose to cancel their exemption must be certified eligible online by the employer. Choosing to cancel an exemption is different from the mandatory cancellation of exemption for not meeting salary or position requirements.

### **Purchasing Exempt Service**

Tier 1 individuals who exempt from retirement coverage may purchase the exempted time if the member has an existing record of four or more years of eligible service credit with our office, and our office is provided with certification that any benefits accrued in an alternate retirement plan have been forfeited for the purchase period. This is a service purchase and not a contribution adjustment. Refer to the *Purchasing Service* section.

### **Reporting**

Contribution files must include gross earnings (not retirement salary or contributions) for Tier 1 exempt employees. Employers must report contributions for Tier 2 participants to the Hybrid Retirement System until the employer is notified by URS the exemption has been approved.

### **Transfer of Contributions**

Employees who exempt are not eligible for a refund of member contributions, because they have not separated from employment; however, they may request a direct transfer of member contributions to a qualified defined contribution plan administered by our office. Contact our Retirement Department (801-366-7770 or 800-695-4877) for more information.

## **Procedures**

### **Steps for Tier 1 Employers**

1. Determine if the employee is eligible to exempt from Tier 1 retirement coverage.
2. Certify the employee online.



3. Print the appropriate Tier 1 exemption form and fill in Section A and give it to the employee to complete and sign. (Forms are available under the *Forms* tab in the *Employers* section of our website.)
4. The employee needs to return the form to the employer.
5. Keep a copy for your records and forward the original to our office.
6. Add the position to your annual *Exemption Plan*, where applicable.
7. Follow reporting instructions beginning on page 43.

#### **Steps for Tier 1 Exemption - Employee**

1. Review section A for accuracy. Inform your employer of any changes needed.
2. Complete Section B of the appropriate exemption form.
3. Sign, date, and return the form to the employer.

#### **Steps for Tier 2 Exemptions - Employer**

1. Determine if the employee is eligible to exempt from Tier 2 four-year vesting, and meets all requirements.
2. Certify the employee online.
3. Print the appropriate Tier 2 exemption form and fill in Section A and give it to the employee to complete and sign. (Forms are available under the *Forms* tab in the *Employers* section of our website.)
4. The employee needs to change the online election to “Defined Contribution Plan” and return the completed exemption form to the employer.
5. Keep a copy for your records and forward the original to our office.
6. Add the position to your annual *Exemption Plan*, where applicable.
7. Follow reporting instructions beginning on page 43. Keep in mind, a Tier 2 employee *may* have completed the initial election period prior to employment with you, the current participating employer.

#### **Steps for Employees**

1. Review Section A for accuracy. Inform your employer of any changes needed.
2. Complete Section B of the appropriate exemption form.
3. Sign and date the form and return it to your employer.





## Ineligibility Status

Certifying ineligible employee status provides documentation that may protect employers from liability on claims for benefits made in the future. This status applies when:

- An employee has a change in status and no longer qualifies for retirement coverage.
- A part-time employee's hours drop below an average of 20 hours per week; measured over either a school or calendar year's time, or if teachers teach less than half time.
- The employee is hired as a substitute, working less than 20 hours per week or will not be receiving benefits.
- The employer uses an employment agency to fill positions.
- A new hire is determined temporary or seasonal (not probationary).
- The employer uses our 457 plan in lieu of Social Security.
- The employee doesn't qualify for retirement coverage, but wishes to participate in the URS Defined Contribution Savings Plans.

## Procedures

### Employers

1. Call the Records Management Department at 801-366-7318 or 800-753-7318 with questions about eligibility for retirement coverage (*please note, these numbers are for employer use only*).
2. Complete an online certification of ineligible status for employees who become ineligible for coverage under the Public Employees Noncontributory and Contributory Retirement Systems, rehired retirees, and for any new hires who are not eligible. Please note a Batch Ineligibility Certification option is available in the *Employers* section of our website.



## Changes in Employment Status Public Employees Retirement Systems

Employees may start out meeting the requirements to be certified eligible for retirement coverage in URS, however, if their work status changes, they become ineligible for coverage according to the following situations:

- Part-time employees whose hours drop below an average of 20 or more hours per week measured over a year's time;
- Part-time teachers who teach less than half time;
- Tier 1 elected or appointed officials not earning the monthly minimum eligibility income;
- Tier 2 part-time elected or appointed officials, as designated by their employer;
- Employees who no longer receive benefits normally provided by their employers (as defined by URS);
- Full-time employees whose job classification changes to TIAA participation.

If an employee's status changes from eligible to ineligible, or ineligible or eligible, the employer must certify the status change, and effective date, through the online certification process confirming the employee either meets or no longer meets eligibility requirements.

Further retirement contributions to the defined benefit plan should be changed corresponding with the new status. (Employees don't need to update deferrals, fund allocations or beneficiary choices for a status change with the same employer.)

If an ineligible employee wants to participate in the URS Savings Plans (401(k), 457, traditional or Roth IRA), or if the employer makes contributions on behalf of the employee to these plans, the employee should set up deferral amounts, fund allocations, and beneficiary choices through myURS on our website.

## Public Safety and Firefighters Retirement Systems

If an employee's hours drop below full time (2080 hours annually) in either the Public Safety or Firefighters Retirement System, the employee is no longer eligible for coverage under these systems. See additional information on the next page under *Part-Time Employment*. (Employees don't need to update deferrals, fund allocations or beneficiary choices for a status change with the same employer as part of this status recertification.)



## Part-Time Employment

### **Public Employees Noncontributory and Contributory Retirement Systems**

When part-time employees drop below an average of 20 hours per week, as measured over a calendar or school year's time, or if teachers teach less than half time, they are not eligible for retirement coverage. URS must be notified of their status change to ineligible through the online certification. Employers must stop reporting retirement contributions to the pension plan beginning the next reporting cycle.

### **Public Safety Noncontributory or Contributory Retirement Systems and Firefighters Retirement System**

If employees render less than 2,080 hours of regularly scheduled employment per year, as required to participate in either the Public Safety or Firefighters Retirement System, but work an average of 20 or more hours per week and receive benefits normally provided, their status changes to eligible in the Public Employees Retirement System and requires online recertification. Contact our office at 801-366-7318 or 800-753-7318 for more information. *(Please note, these numbers are for employer use only.)*

### **All Systems**

All employers are required to "certify" the eligibility of every employee reported to URS. Employers may notify URS of a reporting error due to change in status and request an account adjustment retroactive 12 months from the date of notification. It's important for employers to regularly review their part-time employees' status to protect them, and reduce the chance of URS penalties or employee lawsuits.

If employees' hours drop below an average of 20 hours per week, as measured over a year's time, they are not eligible for retirement coverage under any retirement system. They must be removed from coverage and retirement contributions to the pension plan must stop. The employer must certify the status change online confirming they no longer meet eligibility requirements.

## Substitute Employees

Effective January 1, 2006, substitute employees must follow the same eligibility criteria as regular employees. This means substitutes are no longer considered ineligible just because of their status as substitutes.

If the employer contemplates substitute employees will not be eligible for coverage due to the nature of their employment (i.e., the employee will work less than 20 hours per week, or will not have benefits normally provided), the employer must certify them ineligible online. However, if they are still employed at the beginning of the seventh month **and** if they meet eligibility requirements for retirement coverage, they must be certified eligible online and the employer must begin reporting contributions for them.



## Temporary or Seasonal Employees

### **Exceptions to Immediate Eligibility Certification for Retirement Coverage**

Temporary (not probationary), and seasonal employees receive the benefits and hours to be otherwise eligible for retirement benefits, but are employed in a specific project or task scheduled to be completed in six months or less. These employees should be certified ineligible for the first six months of employment. However, if they are still employed at the beginning of the seventh month **and** if they continue to meet the eligibility requirements for retirement coverage, they must be certified eligible online and the employer must report contributions for them.

*Non-benefitted* seasonal and temporary employees, full or part time, are not eligible for retirement coverage even if their employment lasts more than six months.

When hiring employees that may seem temporary in nature, please refer to §49-12-203 (Public Employees Contributory Retirement System) and §49-13-203b (Public Employees Noncontributory Retirement System) to determine if new hires will truly be temporary by URS and statute standards, which read:

“...if an employee, previously terminated prior to becoming eligible for service credit in this system, is re-employed within three months of separation by the same participating employer, the participating employer shall report and certify to the office that the member is a regular full-time employee when the total of the periods of employment equals six months and the employee otherwise qualifies for service credit in this system.”

## When Employees are not Employees

URS has formally recognized and reconciled with state statute programs that establish “non-employee employees.” They may be part of the employer’s payroll, receive a W-2, work more than 20 hours a week, and may even receive benefits. The charters for these federally-funded programs specifically exclude the participating individuals from the normal employee status or some benefits as part of the terms of the program. “Americorps” is an example of such a program.

Employees hired and paid through programs of this type may be ineligible to participate in any of the defined benefit or defined contribution plans offered by URS. Employers should not include these individuals on their contribution reports to URS; however, they should maintain documentation on the eligibility status of all individuals on their payroll. Under these programs, that documentation could be a letter of determination from URS or the program sponsor, the specific program contracts, statute citations or legal opinions, etc.

There is no form required to document this status with URS; however, it is the employer’s responsibility to maintain sufficient documentation relating to that individual’s employment status to prove ineligibility should a question arise. (See Records Retention on Page 8)



## Leaves of Absence and Service Credit

If a member receives no salary or a partial salary while on a leave of absence, it may impact retirement service credit. The leave of absence may be due to a member on military leave, family medical leave, sabbatical leave, workers' compensation, or short-term disability benefits. This section contains information on each of these types of leave. For more information on how receiving short-term disability or long-term disability benefits may impact retirement service credit, see the *Disability Benefits* section.

In all instances, employers are required to maintain accurate records and inform our office of the dates a member's leave of absence begins and ends by completing a *Leave Notification* (Form MELV-1).



## Military Leave

According to federal law, under a defined benefit pension or defined contribution plan, individuals whose employment is interrupted by federal military service must be given benefit accruals for the period of military leave if the following criteria are met:

1. Upon discharge from military service, the individual must return to employment with the participating employer within the designated time frame that depends on the length of the military service\*; and
2. Separation from military service must be under honorable conditions, where this designation is applicable.

\*Depending on the length of military service, employees are entitled to take from one to 90 days following their return before reporting back to work or applying for re-employment. This period of time must be treated as continuous service with the employer for purposes of determining participation, vesting, and accrual of pension benefits under the plan.

A general overview of requirements to accrue service credit for the military leave period in question is:

- For service of one to 30 days, employees are expected to return to work by the beginning of the first regularly scheduled work day that would fall eight hours after the end of the calendar day.
- For service of 31 to 180 days, an application for re-employment must be submitted no later than 14 days after completion of the military service.
- For service of 181 days or more, an application for re-employment must be submitted no later than 90 days after completion of the military service.

*Please note: there are exceptions to these time frames that may allow the employee more days before returning to work than indicated above.*

United States military service is eligible for service credit when appropriate payments, as determined by our office, are made by the member, the participating employer, or the member and participating employer jointly, in accordance with the law governing the system in which the member is participating at the time of the official call to duty. Military service under federal authority is protected by Uniformed Service Employment and Re-employment Rights Act (USERRA). Service under Federal authority includes active duty performed under Title 10 of the United States Code and service under Title 32 of the United States Code, such as active duty for training, inactive duty training, or full-time national guard duty.

Payments must be made before the member's retirement date, either during the period of United States military service or subsequent to the military service within a period not to exceed three times the length of military service, up to a maximum of five years. If payments are made subsequent to the military service, interest will be assessed.

If employees are members of a noncontributory retirement system, employers must pay the entire contribution, as well as any 401(k) contributions that would have been paid, had the employees not left employment.



If employees are members of a contributory retirement system, they must pay the employee portion of the contribution (member account/employee paid), if applicable, while employers must pay the member account/employer paid portion of the contribution, as well as the required employer contribution (system account).

## Procedures

1. Complete Sections A and B of the *Leave Notification* (Form MELV-1) and submit a copy of the form to our office, along with a copy of the *official* call to duty. Maintain the original *Leave Notification* in the member's personnel file. When the member returns from duty, complete Section C of the form, make a copy for the member's personnel file, and send the original *Leave Notification* to our office with a copy of the DD-214 Form (military discharge), where applicable.
2. To avoid paying interest charges, report contributions during the time of service as part of the regular contribution file data; OR
3. Delay reporting contributions until after the employee returns to work. The employer will then be billed for a contribution adjustment, including interest. For computing purposes, an employee's compensation during the period of military service is at the same pay rate had the employee not been called to military service.

If the contributions to the defined benefit (pension) are remitted to our office during the period of military leave, and employee does not return to work, URS will reverse the contributions deposited into the employee's account and credit the contributions back to the employer's clearing account once proper written notification is made to our office. Contributions made to the URS 401(k) and/or 457 Plans are only reversed if the contributions were made within 12 months of the employer's notification to us the employee, who was on military leave, did not return to employment. Employers should explicitly indicate their desire to have the 401(k)/457 savings plans deposits credited back to them at the time of the notification. The savings plans reversal will reflect the lesser of the contributions reported or the current market value at the time of adjustment.



## Family Medical Leave

During the period a member participates in the Family Medical Leave Act **and** is paid sick leave and/or annual leave, the employer must continue to remit retirement contributions as part of the employer's file data. If the member is not compensated with leave pay according to the hours defined for eligibility under each retirement system, the service is prorated.

When members don't receive compensation for sick or annual leave during Family Medical Leave periods no retirement service credit is granted and can't be adjusted or purchased.

**For example:** An employer completes Sections A and B of the *Leave Notification* form and pays the remaining balance of 18 hours of sick leave to a member who is on Family Medical Leave. This is considered compensation subject to retirement even though the hours are less than what is defined for eligibility under a URS retirement system. The employer must remit retirement contributions on the 18 hours that will result in the service being prorated on the member's account. With the next report period, the employee is in a true leave without pay status. The employee should not be included on the regular file transmission and will not receive retirement service credit until the employer returns the original *Leave Notification* form, with Section C completed, to indicate the end of the Family Medical Leave period.

## Sabbatical Leave

School district employees or instructors in colleges or universities, who take paid sabbatical leave, must remain covered by URS if they are compensated for at least 50% of their regular annual salary **and** continue to receive benefits normally provided during paid sabbatical leave. For employees to maintain full service credit appropriate retirement contributions should continue to be reported by their employers. Not including member account/employee paid contributions, for employees in a contributory retirement system, could result in a reduction in service accrual for the report periods affected.

Employers should complete Sections A and B of the *Leave Notification* (Form MELV-1), mark the "other" box and use sabbatical leave as the "explanation." When the member returns to work, complete Section C of the form, make a copy for the member's personnel file, and send the original *Leave Notification* to our office.





## Workers' Compensation

Members who cease working and begin collecting workers' compensation benefits continue to accrue retirement service credit with the URS Defined Benefit pension, if their employers have signed a workers' compensation benefit protection contract with URS. According to the contract, the employers agree to remit the required retirement contributions necessary to maintain active status for such members. There is no retirement coverage before the effective date of the contract unless members elect to purchase workers' compensation benefit periods for which they were paid but no workers' compensation benefit protection contract existed.

Employers can call Records Management at 801-366-7318 or 800-753-7318 to confirm their participation and the effective date of coverage. For assistance in covering employees with benefit protection, call our Defined Benefit Retirement Department at 801-366-7770 or 800-695-4877.

Employees should contact our Defined Benefit Retirement Department to find out how receiving these benefits may impact their retirement service credit.

## Procedures

### **Public Employees Retirement Systems** (with a benefit protection contract)

1. To avoid paying interest charges, report contributions during the workers' compensation benefit period as part of the regular contribution file data; OR
2. Delay reporting contributions until the employee returns to work. Our office will calculate a contribution adjustment and bill the employer with interest. For computing purposes, the employee's compensation is based on the normal number of hours worked per week and the salary rate at the time of the injury.

### **Public Employees Retirement Systems** (without a benefit protection contract)

1. If sick or annual leave payments equal less than 20 hours per week or teaching is less than half time, complete Sections A and B of a *Leave Notification* (Form MELV-1) and send a copy to our office.
2. Discontinue reporting retirement contributions.
3. Even without a benefit protection contract in place, continue to include file records for employees who are paid sick or annual leave as required under current eligibility standards for their positions. (See *Eligibility & Certification* for detailed information).

### **Public Safety Retirement Systems and Firefighters Retirement System** (with a benefit protection contract)

Members in the Public Safety Retirement Systems or the Firefighters Retirement System remain in these systems, if they receive leave pay equal to less than 40 hours per week, but



at least 20 hours per week. Their service credit, however, is prorated. Employers should follow the same reporting instructions as outlined for the Public Employees Retirement Systems.

**Public Safety Retirement Systems and Firefighters Retirement System** (without a benefit protection contract)

1. If sick or annual leave payments equal less than 20 hours per week, complete Sections A and B of a *Leave Notification* (Form MELV-1) and send a copy to our office.
2. Discontinue reporting retirement contributions on your file transmissions.

## Employee Separation Notice

Employers are required to certify all employee separations from employment in the *Employers* section of our website, except for commencement of long-term disability benefits, retirement from URS, or death. In these instances, employers should complete and send in an *Employee Separation Notice* (Form ADNT-3).

In addition, employers must complete an *Employee Benefits Notification* (Form ADNT-2), to inform employees of possible eligibility for retirement benefits and 401(k) or 457 plan benefits from URS upon separation. When employees have not been eligible for defined benefit coverage, but have participated in URS Saving Plans through employee and/or employer-paid contributions, the *Employee Benefits Notification* form provides them with information about withdrawing their balances. Processing the separation certification through our website pre-populates a printed form the employer may present to members for signature.

Employers are required to retain proof an *Employee Benefits Notification* was given or mailed to members who separated from employment. Employers should not send a copy of the *Employee Benefits Notification* (Form ADNT-2) to URS; for our purposes, it has been replaced by the online separation action or *Employee Separation Notice* (Form ADNT-3).

If employers participate in the Public Employees Health Program (PEHP), employees should complete a similar form at separation from employment. Contact PEHP at 801-366-7555 or 800-753-7751 for details.



## Contribution Reporting Process

Through the contribution reporting process, employers fulfill defined benefit and/or defined contribution plan reporting requirements. This process integrates information based on retirement systems for public employees, public safety employees, firefighters, and state judges whose employment status can be eligible, exempt, ineligible, or post-retired. All employers are required to transmit their contribution report files electronically.

When employers pay defined benefit contributions on behalf of members, they certify the continuing eligibility of those members. For retirement system eligibility requirements and definitions of exempt and ineligible employees, refer to the *Membership* section. For our definition of post-retired employees, refer to the *Post-Retirement Employment* section.

### **Employer Responsibility**

Employers are responsible for identifying each employee's status with respect to an applicable Tier 1 or Tier 2 participation, reporting appropriate salary and contribution information, and making correct contribution payments. Our office provides annual training sessions to give employers the tools needed to administer retirement benefits and savings plans deposits accurately for their employees. We recommend all employees who send documents, contribution reports or contribution payments to URS attend these training sessions every year.

Our office makes information available on our website for employers to review and confirm their employees' reporting history by retirement system and eligibility status. We work with employers to resolve system and status questions and errors. Our office conducts audits with employers in order to determine their compliance with reporting and certification requirements. We can charge employers with financial penalties when reporting errors result in the payment of an incorrect benefit or for failure to remit reports and contributions within the guidelines stated in the *Period Report and Payment* section on the following page.

### **Reporting Frequency**

Employers should report contributions with the same frequency as their payroll cycles, provided the cycle is biweekly, semimonthly, or monthly. We require employers report at least monthly.

Recent updates to our file layout now permit employers with multiple employee payroll cycles to designate those variables on one file. This change will ensure accurate service credit for all eligible employees. Call Records Management at 801-366-7318 or 800-753-7318 for instructions on how to update file records.

### **Period Dates and Pay Dates**

Differentiating when employees earn their salaries and when they receive payment for earnings is an important aspect of contribution reporting. The report period represents when the employees have earnings. The tax year represents when the employees receive their paychecks.

For defined benefit purposes, our office uses period end dates to record salary earned and apply service credit. The salary amounts earned during a calendar year appear on the



defined benefit annual retirement statement our office sends to employees (and is available online). When a qualified employee applies for retirement, our office uses these calendar year earnings to determine the amount of the monthly retirement benefit.

For defined contribution savings plans purposes, our office uses tax year to record salary received. By recording salary by tax year, we can assist employees who want to maximize contributions to their 401(k), 457, and/or IRAs. Maximums for these contributions are based on tax year earnings.

### **Compensation**

Our office qualifies types of compensation for employers to report as retirement-eligible salary for employees. We base these qualifiers on compensation definitions in specific Utah Code sections that appear in *Compensation Definitions* and on URS board resolutions. For example, overtime pay qualifies in some systems and does not qualify in others. The *Compensation Table* included later in this section summarizes qualifying and non-qualifying salary by retirement system.

### **Contribution Rates**

Generally, contribution rates are effective from July 1 through June 30. Public schools (K - 12) have contribution rates effective from September 1 through August 31. Employers use the rates in combination with retirement salary to determine payable retirement contribution amounts. When an employer has a report period that begins in June and ends in July, the rate payable for the entire report period is the new rate, even if the period end date falls on a weekend when most employees usually don't work. Our office notifies employers of these rates each year prior to their effective date. (Refer to the *Contribution Rates* section.) They are also available in the *Employers* section on our website.

## **Period Report and Payment**

For each reporting period, employers submit both contribution file details and payment, required electronically beginning July 1, 2011. Employers must report each period as a separate file and notify URS of any prior period correction information independently. Negative amounts will not be processed as part of current file details (see the *Adjustments* section). Employers may submit multiple period reports at one time as long as they provide separate electronic file data for each period.

Employers can submit contribution information and payment as soon as practical after the end of their payroll period with a guideline of not later than 30 days after the end of the period. Employers should submit file information only after all corrections or updates have been made to current period employee records, including military leave, workers' compensation additions, and supplemental 401(k) payments. For contribution information and payments not received within 60 days after the end of a payroll period, our office may charge penalty fees to the employer. We recommend employers notify Records Management if they experience unusual circumstances that delay their reporting.

Likewise, if an employer no longer has any eligible employees to report, URS requires notification of the change in status. This notice should be stated on official letterhead, be signed by an authorized administrator, and provide an effective date to discontinue reporting



contributions. If the employer later hires eligible employees, our office should be notified by calling Records Management. This process allows us to guide employers through setting up new web access and providing instructions for online certifications, electronic file transmissions, and ACH payments.

All contribution records on electronic files must include a valid fund number that matches the employee's position and eligibility requirements. Employers can view available contribution fund numbers on their web page.

We encourage employers to maintain a reconciliation document, to confirm their file details match their payroll documents, before submitting electronic payments that may be out of balance.

#### **Detail for Exempt and Post-Retired Employees**

Employers are required to include contribution records on their files for all exempt and post-retired employees, as long as these employees are actively working. Records flagged with the post-retired indicator should also include retirement salary. State and school post-retired employees participating in another plan, such as TIAA-CREF or EMIA, should have their contribution records set with the "other 401(k)" indicator. *Early retirement incentive payments are not eligible, in whole or in part, for contributions to the URS Savings Plans after retirement or separation from employment.*

#### **Detail for Ineligible Employees**

Include records for these employees **only** when they are participating in URS Savings Plans and/or have installment payments.

**The next page contains a guide to assist employers in determining which employees to include in contribution reporting.**



**UTAH RETIREMENT SYSTEMS  
 CONTRIBUTION REPORTING TABLE**

Use this table as a guide in determining which employees to include in contribution reporting and the applicable earnings, contributions, and payments to report to the Retirement Office. Please call Records Management at 801-366-7318 or 800-753-7318, if you have questions about contribution reporting.

**Key:** **DB** - Defined Benefit (Retirement/Pension Plans)  
**SP** - Savings Plans (401(k), 457, and IRAs)

<b>EMPLOYEES TO INCLUDE</b> See Footnotes 2 and 3 for Employees to Omit	<b>R E P O R T</b>				
	<b>Earnings</b>		<b>Contributions</b>		<b>Payments</b>
Type of Employee	DB Qualifying Salary <sup>1</sup>	Gross Salary	DB Contributions	SP Contributions	Installment Payment
DB Eligible	Yes	Yes	Yes	If Applicable	If Applicable
DB Ineligible <sup>2</sup>	No	If Applicable	No	If Applicable	If Applicable
Tier 1 DB Exempt <sup>3</sup>	No	Yes	No	If Applicable	If Applicable
Tier 2 DC Vesting <sup>3</sup>	No	Yes	No	Yes	If Applicable
Post-Retired <sup>4</sup>	Yes	Yes	If Applicable	If Applicable	If Applicable

<sup>1</sup> See the *Compensation Table* (page 51) for types of salary that qualify to be reported and used in calculating DB contributions.

<sup>2</sup> If an ineligible employee does not participate in URS Savings Plans and does not have an installment contract with our office, omit the employee record from contribution reporting.

<sup>3</sup> Title 49 requires employers to report earnings for any Tier 1 exempt employee, as long as the status applies. (Tier 2 employees exempt from the DC four-year vesting period by choosing to participate in the Defined Contribution Plan rather than the Hybrid Retirement System.)

<sup>4</sup> Report earnings for a post-retired member as long as the employee actively works for your organization.



### **Payment**

As of July 1, 2011, employers are required to remit payment electronically or use their clearing account credit balance. Instructions for the ACH process or clearing account usage are available by contacting Records Management.

If file corrections change totals by more than 10%, we contact the employer to request payment of the difference prior to finalizing the posting.

## **Procedures**

1. Determine the appropriate reporting frequency for each employee on the file. File formats now acknowledge these variables.
2. Evaluate and determine the appropriate retirement status for all employees on the file. (Use the inquiry option in the online certification application for accuracy.) For employees who are eligible for defined benefit plan membership, determine qualifying compensation to use as retirement salary.
3. Complete online certification or other status notification.
4. Update contribution reporting programs to accommodate any employee status or contribution-related changes, such as: marking employee status as “I” for ineligible, “X” for exempt, “P” for post-retired or “E” for eligible; increasing and decreasing employee savings plans deductions (401(k), 457, IRAs); starting and stopping deductions for installment payments; and modifying fields to calculate contribution rate increases or decreases.
5. Create the data file and/or report detail.
6. Transmit file data through the *Employers* section on the URS website.
7. Confirm file receipt through the “Pending Transmittals” tab. If payroll records match file details, submit the electronic payment. Reconcile any out-of-balance items, alert Records Management before creating and transmitting a replacement file.



---

## Reporting Contribution Corrections

Please see the *Adjustments* section, beginning on page 61, for instructions on reporting contribution corrections.

## Clearing Account Statements

Each employer has a clearing account with our office. Contribution transactions and adjustments create entries in clearing accounts. Some examples are variances between contribution detail and payments and also employers' requests for corrections, adjustments, or reversals to members' accounts. These entries may include workers' compensation reversals.

Each month our office provides employers with a *Clearing Account Statement*, if their accounts have a balance forward other than zero, and/or if any contribution process variances or miscellaneous payments or reversals occurred for the account during the month. Employers resolve credit balances by using available funds as payment for billed adjustments or reducing their electronic payment for a contribution file.

Employers can direct questions about account entries or balances to Records Management at 801-366-7318 or 800-753-7318 (*please note, these lines are for employer use only*).





## Compensation Definitions

### **Compensation under the Public Employees**

#### **Contributory and Noncontributory Retirement System is defined as follows:**

“*Compensation* means the total amount of payments made by a participating employer to a member of this system for services rendered to the participating employer, including: bonuses; cost-of-living adjustments; other payments currently includable in gross income and that are subject to Social Security deductions, including any payments in excess of the maximum amount subject to deduction under Social Security law; amounts the member authorizes to be deducted or reduced for salary deferral or other benefits authorized by federal law; and member contributions...” Utah Codes Ann., § 49-12-102(1)(a), § 49-13-102(1)(a), and § 49-22-102(1)(a).

Under this definition, *compensation* may not exceed the amount allowed under Internal Revenue Code § 401(a)(17).

“*Compensation* does not include: the monetary value of remuneration paid in kind, including a residence or use of equipment; the cost of any employment benefits paid for by the participating employer; compensation paid to a temporary employee, an exempt employee, or an employee otherwise ineligible for service credit; any payments upon separation, including accumulated vacation, sick leave payments, severance payments, compensatory time payments, or any other special payments; or any allowances or payments to a member for costs or expenses paid by the participating employer, including automobile costs, uniform costs, travel costs, tuition costs, housing costs, insurance costs, equipment costs, and dependent care costs...” Utah Codes Ann., § 49-12-102(1)(c), §49-13-102(1)(c), and §49-22-102(1)(c).

### **Compensation under the Public Safety Contributory and Noncontributory Retirement System is defined as follows:**

“*Compensation* means the total amount of payments that are includable in gross income which are received by a public safety service employee as base income for the regularly scheduled work period. The participating employer shall establish the regularly scheduled work period. Base income shall be determined prior to the deduction of member contributions or any amounts the public safety service employee authorizes to be deducted for salary deferral or other benefits authorized by federal law. Compensation includes performance-based bonuses and cost-of-living adjustments...” Utah Codes Ann., § 49-14-102(1)(a)(b), §49-15-102(1)(a)(b), and §49-23-102(1)(a)(b).

Under this definition, *compensation* may not exceed the amount allowed under Internal Revenue Code § 401(a)(17).

“*Compensation* does not include: overtime; sick pay incentives; retirement pay incentives; the monetary value of remuneration paid in kind, including a residence, use of equipment or uniform, travel, or similar payments; a lump-sum payment or special payments covering accumulated leave; and all contributions made by a participating employer under this system or under any other employee benefit system or plan maintained by a participating employer for the benefit of a member or participant...” Utah Codes Ann., § 49-14-102(1)(c), §49-15-102(1)(c), and §49-23-102(1)(c).



**Compensation under the Firefighters Retirement System is defined as follows:**

“*Compensation* means the total amount of payments that are includable as gross income, which are received by a firefighter service employee as base income for the regularly scheduled work period. The participating employer shall establish the regularly scheduled work period. Base income shall be determined prior to the deduction of member contributions or any amounts the firefighter service employee authorizes to be deducted for salary deferral or other benefits authorized by federal law. Compensation includes performance-based bonuses and cost-of-living adjustments...” Utah Codes Ann., § 49-16-102(1)(a)(b), and §49-23-102(1)(a)(b).

Under this definition, *compensation* may not exceed the amount allowed under Internal Revenue Code § 401(a)(17).

“*Compensation* does not include: overtime; sick pay incentives; retirement pay incentives; remuneration paid in kind such as a residence, use of equipment, uniforms, travel, or similar payments; a lump-sum payment or special payments covering accumulated leave; and all contributions made by a participating employer under this system or under any other employee benefit system or plan maintained by a participating employer for the benefit of a member or participant...” Utah Codes Ann., § 49-16-102(1)(c), and §49-23-102(1)(c).

**Compensation under the Judges Noncontributory Retirement System is defined as follows:**

“*Compensation* means the total amount of payments which are currently includable in gross income made by a participating employer to a member of this system for services rendered to the participating employer. Compensation includes: performance-based bonuses; cost-of-living adjustments; payments subject to Social Security deductions; any payments in excess of the maximum amount subject to deduction under Social Security law; amounts which the member authorizes to be deducted or reduced for salary deferral or other benefits authorized by federal law; and member contributions...” Utah Codes Ann., § 49-17-102(1)(a)(b), and §49-18-102(1)(a)(b).

Under this definition, *compensation* may not exceed the amount allowed under Internal Revenue Code § 401(a)(17).

“*Compensation* does not include: the monetary value of remuneration paid in kind, such as a residence or use of equipment; all contributions made by a participating employer under any system or plan for the benefit of a member or participant; salary paid to a temporary or exempt employee; payments upon separation or any other special payments including early retirement inducements; or uniform, travel, or similar payments...” Utah Codes Ann., § 49-17-102(1)(d), and §49-18-102(1)(d).

**Refer to the *Compensation Table* on the following page to determine what type(s) of pay qualify for use as retirement salary in applicable retirement systems.**

Employers can direct questions about specific types of payments to Records Management at 801-366-7318 or 800-753-7318 (*please note, these lines are for employer use only*).



## Compensation Table

Use this table as a guide for determining which compensation to include in retirement contribution calculations. Call Records Management at 801-366-7318 or 800-753-7318, with questions about specific types of payments or adjustments.

System or Plan	Defined Benefit				Non-Elective Defined Contribution
	Public Employees	Public Safety	Firefighters	Judges	401(k) Plan
<b>Base or Contract Salary</b>	Yes	Yes	Yes	Yes	Yes
<b>Overtime</b>	Yes	No	No	N/A	Yes
<b>Cost-of-Living Adjustment</b>	Yes	Yes	Yes	Yes	Yes
<b>Bonuses</b>	Yes	Performance Bonus	Performance Bonus	Yes	Yes
<b>Salary Deferral and Other Benefit Programs</b>	Yes	Yes	Yes	Yes	Yes
<b>Costs and Expenses</b>	No	No	No	No	No
<b>Discretionary Payments</b>	No	No	No	No	No
<b>Cashouts</b>	See Cashout	No	No	No	See Cashout
<b>Separation Payments</b>	No	No	No	N/A	No*

\*See page 55, for what may be considered compensation for the 401(k) and 457 plans related to separation payments such as lump-sum vacation pay, sick leave, early retirement incentives, and other payments.



## Special Types of Compensation

### **Bonuses**

Taxable bonuses and cash payments paid to participants in the Public Employees Retirement Systems are considered retirement-eligible salary and should have retirement contributions remitted for them, except when there is a discretionary component to the payment as detailed in *Discretionary Payments* below.

### **Performance Bonus**

Public safety and firefighter bonuses are reportable if they are performance based.

### **Salary Deferral and Other Benefit Programs**

Compensation includes amounts employees authorize you, the employer, to reduce or deduct from their salaries for benefit programs. Examples are employee-paid contributions for 401(k) and 457 plans and deductions for flex and cafeteria plans.

### **Costs and Expenses**

Allowances or payments you pay to or on behalf of your employees for costs and expenses don't qualify as compensation. Examples are: automobile, uniform, travel, tuition, housing, insurance, equipment, and dependent care.

### **Discretionary Payments**

Any payment by a participating employer to a member when the member has the **choice** to take the payment either as salary or in some other form does not qualify as compensation. An example is salary paid in lieu of an insurance premium.

**Exception:** Payment for sick or annual leave that does not exceed the employer's allowable leave accrual in a single year in the Public Employees Noncontributory and Contributory Retirement System (see *Cashouts* section below).

### **Cashouts**

Cashouts of vacation leave, sick leave, and compensatory time you pay on a year-to-year basis during your fiscal year may qualify as compensation in the Public Employees Noncontributory and Contributory Retirement Systems according to the following criteria:

- You have a written policy that allows a year-to-year cashout; and
- The cashout does not exceed your policy for allowable leave accrual in a single year under your policy.

### **Separation Payments**

Accumulated vacation leave, sick leave, compensatory time or other special payments, you pay employees upon their separation, don't qualify as compensation.

**Salary Credit on Dual Employment** - See page 26.

### **Early Retirement Incentives**

IRS regulations prohibit URS from accepting savings plans deposits for retirees who are receiving incentive payouts beyond their separation dates. The 403(b) plans have a provision for employers to deposit contributions for up to five years after separation.



## Eligible Compensation and How It Affects Final Average Salary

It's very important for employers to understand what types of earnings qualify as compensation under Utah retirement laws. Refer to the *Compensation Table*, on page 51, or contact our office at 801-366-7318 or 800-753-7318, for answers to questions on what types of payments qualify as compensation for use in reporting contributions to our office.

The final average salary used to determine monthly retirement benefits is based on eligible compensation paid to employees and reported to our office. A monthly retirement allowance is calculated according to the definition of "final average salary" as defined in the various URS retirement systems. For more information about final average salary in each retirement system, refer to the *Highlights* brochures on our website or available from our office.

### **URS Defined Benefit Retirement Plan:**

#### **Which Cashouts Count as Compensation and Which Don't?**

When determining compensation subject to defined benefit retirement plan contributions for the Public Employees Noncontributory and Contributory Retirement Systems, a clear distinction exists between annual cashouts and cashouts paid upon separation.

Cashouts of vacation leave, sick leave, or compensatory (comp) time paid on a year-to-year basis, during the fiscal year, **may** be used as compensation for retirement according to the following criteria.

1. The employer has a written policy allowing for a year-to-year cashout; and
2. The cashout represents amounts of leave accrued in a single year under that policy.

Any payments *upon separation*, including accumulated vacation leave, sick leave, compensatory time, or any other special payments don't qualify as compensation on which to calculate contributions for the defined benefit retirement plan.

Allowances or payments to members for costs or expenses paid by an employer, including automobile, uniform, travel, tuition, housing, insurance, equipment, and dependent care costs, don't qualify as compensation.

#### **Payment for Automobile Use**

Retirement contributions should not be paid on any allowance or payment an employee receives for costs or expenses relating to automobile use. This means any amount paid on a regular basis for an employee to use his or her own vehicle or the employer's vehicle in the course of conducting business, any expense allowance created for purposes of paying for vehicle expenses, or reimbursement for mileage, etc., is not includable as salary for the URS Defined Benefit Retirement Plan. Please contact our office if you have any questions.



## Federal Compensation Limits

Federal rules in accordance with the Omnibus Budget Reconciliation Act (OBRA) prevent our office from accepting contributions on earned salary that exceed certain limits. One limit applies to members of URS before January 1, 1994, and the other applies to members of URS after January 1, 1994.

Compensation limits since 2012 are listed below:

	<u>Members after January 1, 1994</u>	<u>Members before January 1, 1994</u>
2012	\$250,000	\$375,000
2013	\$255,000	\$380,000
2014	\$260,000	\$385,000

Contributions based on salaries reported to our office above these limits are annually credited back to the employer's clearing account.

## Employer Audit Confirmation and Pension Plan Information Requests

Employers can obtain GASB 27 compliance information one to two months after the close of their fiscal year by contacting our Finance Department at 801-366-7715 or 800-753-7361. (An audit confirmation request, or a written request from the employer, is required to initiate this process.)



# Compensation Definition for URS Savings Plans

## 401(k) and 457 Plans

The definition of compensation for the defined benefit plans may differ considerably from the definition for the defined contribution 401(k) and 457 plans (see IRA information on the next page). Separation payments are not included as compensation for defined benefit purposes (see *Compensation Table on page 51*). However, separation payments such as lump-sum vacation pay, sick leave, bonuses, etc., may be considered as compensation for the 401(k) and 457 plans depending on how the employer reports such payments. Use IRS Publication 15, Circular E and Publication 15-A, *the Employer's Supplemental Tax Guide* for assistance. (The 401(k) is a qualified plan, and the 457 is a deferred compensation plan.)

### **Compensation Definition**

The total annual remuneration, salary, or wages for employment paid by the employer to employees from whatever source, including commissions and bonuses, is currently includable in gross income. Compensation does not include any employer matching or non-elective contributions to the savings plans, but does include all elective and tax-deferred contributions made by employees under IRC sections 125, 401(k), 403(b), and 457. Compensation does not include reimbursement for an expense not considered wages (nontaxable).

For savings plans purposes, our office uses the tax year to record salary received. By recording salary per tax year, we can assist employees who want to maximize contributions to their 401(k) or 457 plan accounts. Maximums for these contributions are based on tax year earnings.

### **Lump-sum Leave Pay**

Employees may elect to contribute the lump-sum value of their unused or accumulated sick, vacation, or other leave programs to the 401(k) and/or 457 plans. In this case, the contribution is treated as an employee's elective contribution subject to limitations established under federal law.

Employers may contribute the lump-sum value of an employee's unused or accumulated sick, vacation, or other leave programs to the employee's 401(k) account when the employee does not have the option to receive cash or any other taxable benefit in lieu of the contribution to the 401(k) account. In this case, the contribution is treated as a nonelective employer contribution subject to limitations established under federal law.

Employee or employer contributions of lump-sum unused or accumulated sick, vacation, or other leave pay (as described above) must be paid by the latter of 2½ months after separation from employment or the end of the calendar year that includes the date of separation from employment.

Other types of separation pay that don't meet the definition of compensation must be contributed while the employee is still working.



For contribution limits, refer to page 80 in the *Defined Contribution* section.

## IRAs

### **Compensation Definition**

Typically, compensation is earnings from working. For a more detailed explanation of compensation for IRAs, please refer to IRS Publication 590, *Individual Retirement Arrangements (IRAs)*.

Compensation includes wages, salaries, tips, professional fees, commissions, and bonuses. Taxable alimony payments and separate maintenance payments received under a divorce decree are also considered compensation.

Compensation does NOT include pension, annuity, Social Security benefits, or deferred compensation income. Rental, interest, and dividend income are also excluded. As a general rule, any amount excluded from income is not compensation.

### **Compensation for Purposes of IRAs**

Includes:

- wages, salaries, etc.
- commissions
- self-employment income
- alimony and separate maintenance.

Does not include:

- pension or annuity income
- Social Security benefits
- deferred compensation/defined contribution (401(k), 403(b), 457)
- interest and dividend income
- earnings and profits from property
- any amounts you exclude from income.

For limits on contributions, see *Roth and Traditional IRA Maximum* (page 82).





## Certification of Contribution Rates

The Utah State Retirement Board annually determines the contribution rate necessary for each system based on actuarial studies. Our office provides employers these finalized rates in the *Employers* section of our website. Employers will be reminded annually to acknowledge the current rates. The employer's web administrator is responsible for completing this task or assigning another employee to this role.

Most retirement systems have required contribution percentages, particularly in the system accounts, post-retired amortization categories, and required employer 401(k) payments. These required amounts are pre-populated on the certification form and may not be modified by employers. The certification must be completed, signed by the administrator, and returned to our office before the rates take effect on July 1 (or September 1 for school districts).



Utah Retirement Systems  
Contribution Rates

Utah Retirement Systems  
Final Condensed Retirement Contribution Rate Guide  
Fiscal Year July 1, 2014 - June 30, 2015

	Tier 1 DB System			Tier 1 Post Retired			Tier 2 - DB Hybrid System			Tier 2 - DC Plan				
	Employee	Employer	TOTAL	Post Retired Employment after 6/30/2010 - NO 401(k) Amortization of UAL**	Post Retired Employment before 7/1/2010	Optional 401(k) Cap	Tier 2 Fund	Employer	401(k)	TOTAL	Tier 2 Fund	Employer	401(k)	TOTAL
<b>Public Employees</b>														
<b>Contributory Retirement System</b>														
11- Local Government	6.00	14.46	20.46	8.37	12.09	11.45	111	16.70	1.78	18.48	211	8.48	10.00	18.48
12- State and School	6.00	17.70	23.70	12.25	11.45	-	-	-	-	-	-	-	-	-
<b>Public Employees Noncontributory Retirement System</b>														
15- Local Government	-	18.47	18.47	6.61	11.86	12.25	111	14.94	1.78	16.72	211	6.72	10.00	16.72
16- State and School	-	22.19	22.19*	9.94	12.25	-	112	18.27	1.78	20.05	212	10.05	10.00	20.05
<b>Public Safety</b>														
<b>Contributory Retirement System</b>														
Division A														
22- State With 4% COLA	12.29	29.70	41.99	18.46	23.53	-	122	-	-	-	222	-	-	-
23- Other Division A With 2.5% COLA	12.29	22.75	35.04	11.75	23.29	-	122	22.55	1.28	23.83	222	11.83	12.00	23.83
77- Other Division A With 4% COLA	12.29	24.33	36.62	12.91	23.71	-	122	23.71	1.28	24.99	222	12.99	12.00	24.99
Division B														
27- Logan With 2.5% COLA	11.13	31.80	42.93	19.33	23.60	-	122	-	-	-	222	-	-	-
29- Other Division B With 2.5% COLA	10.50	22.29	32.79	9.75	23.04	-	122	20.55	1.28	21.83	222	9.83	12.00	21.83
74- Other Division B With 4% COLA	10.50	28.95	39.45	15.92	23.53	-	122	26.72	1.28	28.00	222	16.00	12.00	28.00
<b>Public Safety Noncontributory Retirement System</b>														
Division A														
42- State With 4% COLA	-	41.35	41.35	18.46	22.89	-	122	29.26	1.28	30.54	222	18.54	12.00	30.54
43- Other Division A With 2.5% COLA	-	34.04	34.04	11.75	22.29	-	122	22.55	1.28	23.83	222	11.83	12.00	23.83
75- Other Division A With 4% COLA	-	35.71	35.71	12.91	22.80	-	122	23.71	1.28	24.99	222	12.99	12.00	24.99
48- Bountiful With 2.5% COLA	-	47.33	47.33	24.88	22.45	-	122	35.68	1.28	36.96	222	24.96	12.00	36.96
Division B														
44- Salt Lake City With 2.5% COLA	-	46.67	46.67	24.17	22.50	-	122	34.97	1.28	36.25	222	24.25	12.00	36.25
45- Ogden With 2.5% COLA	-	48.68	48.68	26.27	22.41	-	122	37.07	1.28	38.35	222	26.35	12.00	38.35
46- Provo With 2.5% COLA	-	42.16	42.16	19.56	22.60	-	122	30.36	1.28	31.64	222	19.64	12.00	31.64
47- Logan With 2.5% COLA	-	41.92	41.92	19.33	22.59	-	122	30.13	1.28	31.41	222	19.41	12.00	31.41
49- Other Division B With 2.5% COLA	-	32.20	32.20	9.64	22.56	-	122	20.44	1.28	21.72	222	9.72	12.00	21.72
76- Other Division B With 4% COLA	-	38.94	38.94	15.92	23.02	-	122	26.72	1.28	28.00	222	16.00	12.00	28.00
<b>Firefighters' Retirement System</b>														
Division A														
31- Division A	15.05	3.82	18.87	-	18.87	-	132	10.80	1.28	12.08	232	0.08	12.00	12.08
Division B														
32- Division B	16.71	6.59	23.30	-	23.30	-	132	10.80	1.28	12.08	232	0.08	12.00	12.08
<b>Judges' Retirement System</b>														
37- Judge's Noncontributory	-	40.01	40.01	-	-	-	-	-	-	-	-	-	-	-

\* Does not include the required 1.5% 401(k) contribution.  
\*\* Amortization of Unfunded Actuarial Assumed Liability (UAL)



Utah Retirement Systems  
Final Tier 1 Retirement Contribution Rates as a Percentage of Salary and Wages  
Fiscal Year July 1, 2014 - June 30, 2015

	Final Tier 1 2014-2015 RATES						Increase (Decrease) From Prior Year
	(1) Employee	(2) Employer	(3) Normal cost (1) + (2)	(4) Amortization of UAAL *	(5) Net Employer (2) + (4)	(6) Total (3) + (4)	
<b>Public Employees</b>							
<b>Contributory Retirement System</b>							
11- Local Government	6.00	6.09	12.09	8.37	14.46	20.46	1.18
12- State and School	6.00	5.45	11.45	12.25	17.70	23.70 <sup>1,2</sup>	1.73
<b>Public Employees</b>							
<b>Noncontributory Retirement System</b>							
15- Local Government	-	11.86	11.86	6.61	18.47	18.47	1.18
16- State and School	-	12.25	12.25	9.94	22.19	22.19 <sup>1,2</sup>	1.73
<b>Public Safety</b>							
<b>Contributory Retirement System</b>							
Division A							
22- State With 4% COLA	12.29	11.24	23.53	18.46	29.70	41.99 <sup>1</sup>	2.07
23- Other Division A With 2.5% COLA	12.29	11.00	23.29	11.75	22.75	35.04	1.92
77- Other Division A With 4% COLA	12.29	11.42	23.71	12.91	24.33	36.62	1.58
Division B							
27- Logan With 2.5% COLA	11.13	12.47	23.60	19.33	31.80	42.93	2.04
29- Other Division B With 2.5% COLA	10.50	12.54	23.04	9.75	22.29	32.79	0.00
74- Other Division B With 4% COLA	10.50	13.03	23.53	15.92	28.95	39.45	1.46
<b>Public Safety</b>							
<b>Noncontributory Retirement System</b>							
Division A							
42- State With 4% COLA	-	22.89	22.89	18.46	41.35	41.35 <sup>1</sup>	2.04
43- Other Division A With 2.5% COLA	-	22.29	22.29	11.75	34.04	34.04	1.90
75- Other Division A With 4% COLA	-	22.80	22.80	12.91	35.71	35.71	1.54
48- Bountiful With 2.5% COLA	-	22.45	22.45	24.88	47.33	47.33	4.54
Division B							
44- Salt Lake City With 2.5% COLA	-	22.50	22.50	24.17	46.67	46.67	1.84
45- Ogden With 2.5% COLA	-	22.41	22.41	26.27	48.68	48.68	3.70
46- Provo With 2.5% COLA	-	22.60	22.60	19.56	42.16	42.16	2.19
47- Logan With 2.5% COLA	-	22.59	22.59	19.33	41.92	41.92	2.08
49- Other Division B With 2.5% COLA	-	22.56	22.56	9.64	32.20	32.20	0.00
76- Other Division B With 4% COLA	-	23.02	23.02	15.92	38.94	38.94	1.49
<b>Firefighters' Retirement System</b>							
Division A							
Gross Rate	15.05	15.53	30.58	0.00	15.53	30.58	0.82
Insurance Premium Offset	0.00	(11.71)	(11.71)	0.00	(11.71)	(11.71)	0.04
31- Net rate	15.05	3.82	18.87	0.00	3.82	18.87	0.86
Division B							
Gross Rate	16.71	18.30	35.01	0.00	18.30	35.01	2.09
Insurance Premium Offset	0.00	(11.71)	(11.71)	0.00	(11.71)	(11.71)	0.04
32- Net rate	16.71	6.59	23.30	0.00	6.59	23.30	2.13
<b>Judges' Retirement System</b>							
Gross Rate	-	51.91	51.91	0.00	51.91	51.91 <sup>1</sup>	3.51
Court Fees Offset	-	(11.90)	(11.90)	0.00	(11.90)	(11.90)	0.84
37- Net rate - Noncontributory	-	40.01	40.01	0.00	40.01	40.01 <sup>1</sup>	4.35
<b>Governors and Legislative</b>							
14- Appropriation Payable by June 30, 2015					\$421,009	\$421,009	\$ 9,520

<sup>1</sup> Includes funding of 3% Substantial Substitute based on salaries for all state and school employees.

<sup>2</sup> Does not include 1.5% 401(k).

\* Amortization of Unfunded Actuarial Accrued Liability (UAAL)



Utah Retirement Systems  
Contribution Rates

Utah Retirement Systems  
Final Tier 2 Retirement Contribution Rates as a Percentage of Salary and Wages Fiscal  
Year July 1, 2014 - June 30, 2015

		Final Tier 2 Hybrid Retirement System					Final Tier 2 Defined Contribution Plan				Increase (Decrease) From Prior Year
(1) Employer Tier 2 Rate	(2) Hybrid Plan DB Plan Rate	(3) Hybrid Plan DC Plan Rate (1)-(2)	(4) Death Benefit**	(5) Tier 1 Amortization %	(6) Total (1)+(4)+(5)	(1) Employer Tier 2 Rate	(2) Death Benefit**	(3) Tier 1 Amortization %	(4) Total (1)+(2)+(3)		
<b>Public Employees</b>											
<b>Contributory Retirement System</b>											
11- Local Government	10.00	8.22	1.78	0.11	8.37	18.48	0.11	8.37	18.48	1.14	
<b>Noncontributory Retirement System</b>											
15- Local Government	10.00	8.22	1.78	0.11	6.61	16.72	0.11	6.61	16.72	1.14	
16- State and School	10.00	8.22	1.78	0.11	9.94	20.05	0.11	9.94	20.05	1.71	
<b>Public Safety</b>											
<b>Contributory Retirement System</b>											
23- Other Division A (2.5% COIA)	12.00	10.72	1.28	0.08	11.75	23.83	0.08	11.75	23.83	1.89	
77- Other Division A (4.0% COIA)	12.00	10.72	1.28	0.08	12.91	24.99	0.08	12.91	24.99	1.53	
29- Other Division B (2.5% COIA)	12.00	10.72	1.28	0.08	9.75	21.83	0.08	9.75	21.83	(0.03)	
74- Other Division B (4.0% COIA)	12.00	10.72	1.28	0.08	15.92	28.00	0.08	15.92	28.00	1.53	
<b>Noncontributory Retirement System</b>											
42- State	12.00	10.72	1.28	0.08	18.46	30.54	0.08	18.46	30.54	2.05	
43- Other Division A (2.5% COIA)	12.00	10.72	1.28	0.08	11.75	23.83	0.08	11.75	23.83	1.89	
75- Other Division A (4.0% COIA)	12.00	10.72	1.28	0.08	12.91	24.99	0.08	12.91	24.99	1.53	
44- Salt Lake City	12.00	10.72	1.28	0.08	24.17	36.25	0.08	24.17	36.25	1.89	
45- Ogden	12.00	10.72	1.28	0.08	26.27	38.35	0.08	26.27	38.35	3.79	
46- Provo	12.00	10.72	1.28	0.08	19.56	31.64	0.08	19.56	31.64	2.36	
47- Logan	12.00	10.72	1.28	0.08	19.33	31.41	0.08	19.33	31.41	2.13	
48- Bountiful	12.00	10.72	1.28	0.08	24.88	36.96	0.08	24.88	36.96	4.49	
49- Other Division B (2.5% COIA)	12.00	10.72	1.28	0.08	9.64	21.72	0.08	9.64	21.72	0.12	
76- Other Division B (4.0% COIA)	12.00	10.72	1.28	0.08	15.92	28.00	0.08	15.92	28.00	1.53	
<b>Firefighters' Retirement System</b>											
31- Division A*	12.00	10.72	1.28	0.08	0.00	12.08	0.08	0.00	12.08	(0.03)	
32- Division B*	12.00	10.72	1.28	0.08	0.00	12.08	0.08	0.00	12.08	(0.03)	

\* For Firefighters, the fire insurance premium offset was applied first to the amortization change, leaving no amount owed to Tier 1 by employers for Tier 2 Firefighters  
\*\* Employer paid active member death benefit (75% of salary) per Utah Code Section 49-22-501 and 49-23-501.



## Adjustments

*"A participating employer shall be liable to the office for: Any liabilities and expenses, including administrative expenses and the cost of increased benefits to members, resulting from the participating employer's failure to correctly report and certify records under this section."*

Employers are responsible for understanding both Tier 1 and Tier 2 eligibility requirements for each retirement system under URS. Misunderstanding these requirements could result in extra expense for the employer and misinformation about service on the member's annual defined benefit statement. It's the employer's responsibility to certify and report each employee who qualifies for membership in URS. Our office provides annual training sessions to give employers the tools needed to administer their employees' retirement benefits and savings plans deposits accurately. We recommend all employees who send documents, contribution reports or contribution payments to URS attend these training sessions every year.

Personnel and payroll records for employees should be kept for 65 years beyond the hire date, three (3) years beyond retirement from a URS retirement system or plan or the date of death, whichever occurs first. For a complete list of requirements, refer to *Records Retention* on page 8 of this *Guide*.

Eligible employees not certified at the time of hire, or dropped from coverage in error, may qualify for a contribution adjustment calculation, which often includes a service adjustment. Adjustments are based on the eligibility requirements in effect at the time the service was rendered. For current requirements, refer to the *Membership – Eligibility & Certification* section.

Our office, not the employer, determines eligibility and the cost of an adjustment. If any part of an adjustment request exceeds 90 days from the date of the earliest reporting period, interest is assessed on the entire adjustment. In these cases, it's important our office calculates the adjustment. *Employer calculation of adjustments is only acceptable when the adjustment time frame is within the last 90 days.*

URS may defer processing adjustments that result in a change of less than \$25 in retirement contributions and/or \$5 in savings plan contributions (i.e., 401(k), 457) per employee for efficiency purposes.

Employers who initially certify an employee as eligible for URS coverage will be billed for the difference in retirement contributions necessary to bring the employee to the eligible level should the employee become ineligible for coverage after July 23, 2003, unless a *Certification of Ineligibility* (Form MERQ-7) is filed with our office within the 12-month contribution correction period limitation. Extensions to the 12-month contribution correction period can only be approved by the employee through use of the *Employer Request to Recover Retirement Contributions* (Form MEMS-52), available to employers on request.



Adjustments should not be reported as part of the regular contribution file details, as this might be interpreted as an overpayment and could result in an unintentional reversal. Likewise, corrections to prior reporting periods should be separate from the current period. All reversals (negative file data) are considered prior period adjustments and are processed under these guidelines. Instructions and worksheets for reporting corrections are available by calling Records Management. **Note:** the 12-month contribution correction period may be limited further in some cases to preserve service credit for school years. It's recommended employers review their employees' status regularly to ensure necessary corrections occur in a timely manner.

Overstated retirement salaries that are identified within the 12-month contribution correction period will result in the reversal of the corresponding employer retirement contributions to the employer's clearing account. Savings plans contributions paid in error and identified within the contribution correction period will likewise be reversed to the employer's clearing account. However, savings plans reversal credits to the employer will represent the reported contributions or the current market value at the time of processing, whichever is less.

URS strongly encourages employers to call Records Management at 801-366-7318 or 800-753-7318, option 1, with questions on adjustments.

## Procedures

1. Maintain personnel and payroll records that provide information necessary for us to determine a member's eligibility. Be prepared to provide information about the employee in question. Refer to *Records Retention* on page 8 of this *Guide* for the type of information we may need.
2. Notify the Records Management Department in writing as soon as a discrepancy between hire and eligibility dates is identified, or if eligible members' coverage has accidentally been dropped. Proper written notification typically includes the employer contact's name and both the employee's name and Social Security number PLUS one of the following:
  - Payroll reports, by reporting period, for the affected time frame with an accompanying explanation of the changes to be made;
  - A spreadsheet outlining the appropriate changes listed by reporting period; or
  - A brief memo explaining, by reporting period, the changes to be made.
3. Mail, fax or send an encrypted email adjustment request to URS. Contact Records Management at 801-366-7318 or 800-753-7318, option 1, to get a delivery fax number or email address. Adjustment requests via email are only accepted from a secured source, which Records Management can provide.
4. If an adjustment is needed, URS will send the employer an invoice with a deadline for sending payment. Employers should not send payments on expired invoices. If the employee's contributions have been overpaid, and the employer made the correction request within the guideline listed in the **Note** above, the overpayment will



- be reversed from the member's account and deposited as a credit into the employer's clearing account.
5. Send payment within the time frame specified on the billing letter rather than on billings that have expired. If our office calculates a large group adjustment, usually identified through a compliance review or an employer's personnel status review, and the invoice would have an adverse affect on their current budget, the employer may request payment by installments. (See *Appeals* information on page 11.)
  6. Include a copy of the billing letter if paying by paper check, or authorize URS to use clearing account balances as payment by calling Records Management at 801-366-7318 or 800-753-7318, option 1.



This Page Intentionally Left Blank





## Refunds

### **Options for Members who Separate from Employment**

Members who separate from all URS covered employment may request a refund of contributions paid to a contributory defined benefit retirement system, by the employee or contributions paid on behalf of the employee, pursuant to Internal Revenue Code Section 414(h) ("Member Contributions"). Or, they may leave the funds in the system until they qualify for a service retirement. It's not mandatory to take a refund. Members may leave funds with URS until age 70½ and retain membership.

### **Leaving Funds with URS**

Members who elect to leave their funds with URS retain service credit that can be added to any eligible service credit earned if they are later employed in a URS covered position. Members with four or more years of verified service credit are considered vested and eligible for a monthly retirement benefit when corresponding age and service requirements are met.

### **Forfeiture of Service Credit**

If separated members elect to take a refund, the service credit associated with the refunded period of coverage under a Contributory Retirement System is forfeited. A refund from the URS Defined Benefit Plan includes all member contributions and interest (if applicable) in the member's account. URS does not pay partial refunds.

### **Noncontributory Retirement System**

Contributions made by the employer to a Noncontributory Retirement System are nonrefundable. These contributions represent service credit, and are not credited to the member's account and are not reflected in the member's defined benefit annual retirement statement.

### **Reinstating a Previous Refund**

Members who return to work for a covered employer, or who retain membership under a URS Noncontributory Retirement System, may reinstate a previous refund if it represents eligible service. Reinstating a refund increases a member's monthly benefit at retirement and may provide an increased death benefit.

### **When Members Are Not Eligible for a Refund**

Members must terminate employment from all URS participating employers in order to receive a refund of their retirement account. Members are **not** eligible for a refund under any of the following conditions:

1. Transferring from one participating URS employer to another.
2. Terminating employment with one participating employer and being subsequently rehired by the same or a different participating employer, even though there may be a break in service.
3. Terminating employment, applying for a refund, and subsequently accepting employment with another URS participating employer before the disbursement of the retirement refund.



4. Exempting from retirement coverage in Tier 1. Refer to the section marked *Membership – Exempting from Retirement Coverage* for more information about who may exempt.

**Exempt employees may request a direct rollover of member contributions, if applicable, to a qualified defined contribution plan.**

5. Becoming ineligible for service credit. This includes:
  - a. Employees whose hours drop below an average of 20 per week,
  - b. Employees who no longer receive their employers' normal benefits, and
  - c. Teachers whose hours drop below teaching half time.

**Ineligible employees may request a direct rollover of member contributions, if applicable, to a qualified defined contribution plan.**

6. Applying for or receiving long-term disability benefits through an employer that has a benefit protection contract with the Utah State Retirement Board.
7. Taking a leave of absence from any position covered by URS.

Refunds cannot be processed until after 60 days from the last date of the pay period for which contributions were paid. If a refund includes member contributions paid on employment rendered before January 1, 1989, the additional 3% retirement allowance granted pursuant to law may be forfeited.

### **Taxes on Refunds**

Members may elect to either have the refund paid to them directly or paid as a direct rollover to a 401(k) or other qualified plan, or to an eligible plan such as a 403(b), 457, or traditional IRA. The taxes members owe are impacted by this decision. Refer to the *Refund of Member Contributions* brochure for important tax information.

Because tax rules that apply to refunds are complex, it's recommended members consult a professional tax advisor before completing a refund application. An *Application for Refund of Member Contributions* must be completed by members and their most recent participating employer.

Members who qualify for a monthly retirement benefit, and who elect to forfeit their rights to their monthly retirement benefit by withdrawing their member contributions, are required to sign a *Lifetime Monthly Retirement Benefit Waiver* in order to process the refund.

### **URS Savings Plans**

For withdrawals from the URS Savings Plans (401(k), 457, IRAs), contact our Defined Contribution Department at 801-366-7720 or 800-688-401k.



## Procedures

### Steps for Members

1. To apply for a refund of your member contributions, you must terminate employment from all URS participating employers.
2. Contact our Defined Benefit Retirement Department at 801-366-7770 or 800-695-4877 for an *Application for Refund of Member Contributions* form. Employers don't stock this form.
3. Read the *Refund of Member Contributions* brochure and the *Special Tax Notice Regarding Plan Payments* brochure before completing the application.
4. Have the *Application for Refund of Member Contributions* form notarized.
5. Forward the application to your most recent participating employer.
6. Complete, sign, and return the *Lifetime Monthly Retirement Benefit Waiver* form to our office if it was included with the *Application for Refund of Member Contributions*.
7. Complete, sign, and return the *Direct Rollover Certification* form provided by our office if you are transferring your account balance from URS to another qualified plan.
8. Complete, sign, and return the *After-Tax Contributions Rollover Certification* form if you are rolling over after-tax contributions.

### Steps for Employers

1. Instruct your employees to request an *Application for Refund of Member Contributions* form from our Defined Benefit Retirement Department at 801-366-7770 or 800-695-4877. You cannot stock this form.
2. Enter separation information through the URS website.
3. The application must be completed and signed by an authorized employer contact before forwarding it to our office.
4. If you need assistance with completing the application, call 801-366-7770 or 800-695-4877.



This Page Intentionally Left Blank



## Purchasing Service

Members who elect to reinstate previously withdrawn funds, or to purchase service, must do so before the retirement date they set with our office. Reinstating or purchasing service credit may qualify members for earlier retirement and/or an increased monthly benefit at retirement.

### **Reinstating Previously Refunded Service Credit**

Members who have an existing record of eligible, non-forfeited service credit with URS may reinstate, or their employers may reinstate for them, a previous refund of member contributions if the refund represents eligible service. The total reinstatement payment must be completed before their effective retirement date set with our office.

**Note:** *A reinstatement must be credited to a member's account four years before qualifying for a non-line-of-duty disability benefit in the Tier 1 Firefighters Retirement System.*

### **Purchasing Eligible Service Credit**

Active members who have an existing record of *four or more years of eligible service credit* with URS may purchase, or their employers may purchase, the following:

- Active full-time United States military service, if it does not otherwise qualify for service credit under a system administered by URS.
- Any amount of the following qualified service equal to the period of employment, if the service has been forfeited under any other retirement system or plan. This includes:
  1. United States federal employment.
  2. Private school employment based in the United States.
  3. Public employment in another state or territory of the United States.
  4. Public service in this state.
  5. Full-time employment while on an approved leave of absence.
  6. Workers' compensation, long-term and short-term disability benefit period for which the member was paid and no benefit protection contract existed.
  7. Employment covered by the Teachers Insurance and Annuity Association of America (TIAA).
  8. Utah Charter School employment.

Members or their employers purchasing service must make payment to the system under which the member is currently covered.

For detailed information on the types of service that may be purchased, and options for payment, refer to the *Purchasing Service Credit* brochure available on our website or from our office.



### **Purchasing Future Service Credit**

To purchase future service members must meet one of the following:

Be an active member in the Tier 1 Public Employees Contributory or Noncontributory Retirement System and have 25 years of service or be age 65 with five years of service.

Be an active member in the Tier 2 Public Employees Retirement System and have 30 years of service or be age 65 with five years of service.

Be an active member in the Tier 2 Public Safety & Firefighter Retirement System and have 20 years of service or be age 65 with five years of service.

For information on purchasing service credit, refer to the *Purchasing Future Service Credit* brochure on our website or from our office.

## **Procedures**

### **Steps for Members**

1. To reinstate eligible service forfeited by a refund of member contributions, you must be an active member and have an existing record of eligible non-forfeited service credit with URS.
2. To purchase qualified forfeited service or active full-time United States military service, you must be an active member and have four or more years of eligible service credit with URS. Your payment is made to the system under which you are currently covered.
3. To purchase future service credit you must meet one of the following:
  - Be an active member in the Public Employees Contributory or Noncontributory Tier 1 Retirement System and have 25 years of service or be age 65 with five years of service.
  - Be an active member in the Tier 2 Public Employees Retirement System and have 30 years of service or be age 65 with five years of service.
  - Be an active member in the Tier 2 Public Safety & Firefighter Retirement System and have 20 years of service or be age 65 with five years of service.
4. Inquire about the cost of reinstating or purchasing service at least six months before retiring by calling the Defined Benefit Retirement Department at 801-366-7770 or 800-695-4877. Members may calculate an estimate of a service purchase cost by using our *Service Purchase Estimate Calculator* at [www.urs.org](http://www.urs.org).
5. If you complete paperwork and make payment to URS for a service purchase or reinstatement of a retirement refund, it does not mean you have filed for monthly retirement benefits. To officially retire, you must set a retirement date by completing an *Application for Service Retirement* and filing it with our office. For more information on how to apply for retirement benefits, refer to the *Retirement Benefits* section.



### Steps for Employers

1. If, as an employer, you elect to participate in the purchase of future service credit, you are required to adopt and follow a purchase policy that includes nondiscriminatory participation standards for all regular full-time employees.
2. If a member elects to purchase future service credit, complete Section B, Employer Verification, on the *Application for Purchase of Future Service Credit* (Form RTRT-37). Indicate if you, as the employer, will participate in paying for the purchase and if so, complete a *Certification of Nondiscriminatory Participation Standards* (Form RPSP-9) confirming you will send the payment to our office. For more information on future service credit, refer to the *Purchasing Future Service Credit* brochure and the *Purchasing Service Credit* brochure available on our website or from our office.
3. Remind members if they complete paperwork and make payment to URS for a service purchase or reinstatement of a retirement refund, it does not mean they have filed for monthly retirement benefits. To officially retire, they must set a retirement date by completing an *Application for Service Retirement* and filing it with our office. For more information on how to apply for retirement benefits, refer to the *Retirement Benefits* section of this *Guide*.
4. If requested by our office, verify employment information on previously withdrawn funds.



This Page Intentionally Left Blank





## Introduction to the URS Savings Plans

URS offers four retirement savings plans: 401(k), 457, Roth IRA, and traditional IRA. The 401(k) plan is established under Section 401 of the Internal Revenue Code (IRC) and the 457 plan is established under Section 457 of the IRC. The traditional IRA is established under Section 408 of the IRC and the Roth IRA is established under IRC Section 408A. Because each plan has been established under separate sections of the IRC, a separate set of laws and regulations governs each plan. As a result, there are some differences among the plans. As you review the sections of the *Guide*, you will notice some of the differences and similarities in the plans. We have included a comparative summary of the URS 401(k), 457, Roth IRA, and Traditional IRA on the following page. You may also refer to the *Summary Plan Description* brochures, and the *URS Roth & Traditional IRAs Guidebook*, outlining each of these savings plans. To look at the complete plan documents for 401(k), 457, and IRAs, you may request one from our office.

Information regarding the URS Savings Plans can be obtained by:

1. Reviewing information provided in this *Guide*,
2. Contacting our Defined Contribution Department, or
3. Visiting [www.urs.org](http://www.urs.org).

### **Salt Lake City Office**

Defined Contribution Department  
560 East 200 South, Suite 200  
Salt Lake City, Utah 84102  
801-366-7720 • 800-688-401k  
Fax 801-366-7445 • 800-753-7445

### **Salt Lake Office Mailing Address**

P.O. Box 1590  
Salt Lake City, Utah 84110-1590

### **Southern Utah Branch Office**

165 North 100 East #9  
St. George, Utah 84770-2505  
435-673-6300 • 800-950-4877



## URS Savings Plans Comparison

	Lower tax bill now!		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
<b>Deposits</b>				
Payroll deduction (if allowed by employer)	✓	✓	✓	✓
Rollovers	✓	✓	✓	✓
Transfers	✓	✓	✓	✓
Personal deposits			✓	✓
<b>Withdrawals</b> (Vested funds only)	<ul style="list-style-type: none"> <li>• Retirement</li> <li>• Termination</li> <li>• Age 59½ if still employed</li> <li>• Hardship (Elective deferrals only)</li> </ul>	<ul style="list-style-type: none"> <li>• Retirement</li> <li>• Termination</li> <li>• Age 70½ if still employed</li> <li>• Unforeseeable Emergency</li> </ul>	<ul style="list-style-type: none"> <li>• Any time</li> </ul>	<ul style="list-style-type: none"> <li>• Any time</li> </ul>
<b>Early Withdrawal Penalty Tax</b>	Yes — 10% early withdrawal penalty tax if withdrawn before age 59½. Exceptions: <ul style="list-style-type: none"> <li>• You work into the calendar year you turn age 55</li> <li>• Payout based on life expectancy</li> <li>• Disability</li> </ul>	No penalty tax	Yes — if withdrawn before age 59½. Exceptions: <ul style="list-style-type: none"> <li>• First home</li> <li>• Higher education</li> <li>• Payout based on life expectancy</li> <li>• Disability</li> </ul>	Contributions: No Earnings: Yes — if withdrawn before age 59½. Exceptions: <ul style="list-style-type: none"> <li>• First home</li> <li>• Higher education</li> <li>• Payout based on life expectancy</li> <li>• Disability</li> </ul> (For additional exceptions see IRS publication 590.)
<b>Loan Provision</b>	Yes (Limitations apply to Tier 2 employer contributions)	Yes	No	No
<b>Annual Contribution Limits</b>	<b>2014</b> \$17,500	\$17,500*	\$5,500	\$5,500
<b>With Age 50+ Catch-Up Provision</b>	<b>2014</b> \$23,000	\$23,000	\$6,500	\$6,500
<b>Special 457 Catch-Up Provision</b>	*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). This is called the Special Catch-Up. Note: You cannot use the 457 Age 50+ Catch-Up the same year as the Special Catch-Up.			



# Investing in the URS Savings Plans

## **Goals and Objectives**

The purpose of the URS Savings Plans is to allow public employees throughout Utah to adequately prepare themselves for retirement by investing a portion of their income in one or more of these retirement plans.

Employees should take the initiative to personally put aside a portion of their salaries into some type of long-term savings plan. These plans are exceptional vehicles to accomplish a well-balanced retirement. Employees who begin participating in these plans early in their careers can accumulate sizable account balances by the time they retire.

## **Employer Contributions**

In addition to accepting employee salary deferrals, the 401(k) and 457 plans can also accept employer contributions on behalf of their employees. All state employees participating in the Public Employees Noncontributory Retirement System (Tier 1) receive an amount equal to 1.5% of their compensation in the URS 401(k) Plan. All educational employees participating in the Public Employees Noncontributory Retirement System (Tier 1) receive an amount equal to 1.5% of their compensation paid to a URS 401(k) Plan, an EMIA Plan, or another authorized, qualified plan. All other employers also have the option of contributing to the URS 401(k) and/or 457 Plans on behalf of their employees. Employers can update their savings plans participation at any time by completing a new service agreement.

The Tier 2 Public Employees and Tier 2 Public Safety & Firefighter Systems allow members to participate in either the Tier 2 Hybrid Retirement System or the Tier 2 Defined Contribution (DC) Plan. The laws that govern these retirement systems, as set forth in Utah Code Title 49, state a person initially entering full-time employment with a participating employer on or after July 1, 2011, must make an election to participate in either the Tier 2 Hybrid Retirement System or the Tier 2 DC Plan within the first year of employment. The election made is irrevocable. If no election is made, the employee automatically becomes a member of the Tier 2 Hybrid Retirement System. Full-time elected officials are only eligible to participate in the Tier 2 DC Plan.

With the introduction of Tier 2, employers are required to participate at least in the URS 401(k) plan. Tier 2 employer-required contributions paid into the defined contribution plan are vested after four years of accrued service credit (see the *Exempting* section beginning on page 29 for employees who may exempt from the four-year vesting requirement). Employees who separate from eligible employment prior to vesting, and subsequently enter employment with a URS participating employer within 10 years of their previous separation date, will have all employer contributions reinstated upon completion of the vesting period. If the employee is not re-employed within 10 years of their prior separation date, the funds will be forfeited.

Employer nonelective and matching contributions are not subject to income taxation in the period contributed to the plans. However, all 457 contributions (whether employee or employer paid) may be subject to Social Security and Medicare taxation (if these taxes would



otherwise apply to the employee's wages). See IRS W-2 instructions for Box 3, 457(b) plans.

### **Employee Contributions**

All members of URS Defined Benefit Programs are eligible to participate in the savings plans, provided the employer allows participation in these plans. All members of the Tier 2 Public Employees and Public Safety & Firefighter Systems are eligible to contribute elective deferrals to the 401(k) plan, regardless of employer participation. Employees can request to begin, cancel, or change their elective contributions at any time (provided their employers don't have restrictions). There are, however, limitations on the amounts that can be contributed to tax-deferred plans. Refer to limits on contributions later in this section. Because tax rules that apply to contribution limitations are complex, it's recommended employees consult a professional tax advisor.

### **IRA Contributions**

Members may contribute to a URS IRA either by an after-tax payroll deduction (subject to employer participation) or directly to URS (\$100 minimum amount) with a cashier's check, money order, personal check or cash. Payroll deducted contributions are only credited to the tax year in which they are posted by our office. IRS rules don't allow employer contributions to URS IRAs.

## **Procedures**

### **Steps for Members**

1. Enroll or make changes online at [www.urs.org](http://www.urs.org). The myURS web page includes step-by-step instructions. New employees can also print an *Enrollment Contract* (Form DCCT-1 or DTEN-1) from our website, or request one from our Defined Contribution Department
2. After you have entered all information through our website, you may screen print the page or wait for URS to mail you a notification confirmation. When using a paper form, be sure all sections are completed and the form is signed.
3. Forward the contract to our Defined Contribution Department or return it to your employer.

### **Steps for Employers**

1. If an employee brings you a completed paper form, suggest he or she use our web applications for future changes or enrollments.
2. Update changes through your payroll process. Changes in 457 deferrals cannot take effect until the calendar month following the date the employee signed the form.
3. If the contract includes instructions for a transfer of a current account balance, **immediately fax a copy** to our Defined Contribution Department. **Don't** mail the



- original of any document you have faxed. Duplications of account balance transfers could subject the member to a 2% transfer fee.
4. Fax or mail any paper contracts to our office.
  5. If the contract was received and processed only by our office, the deferral/contribution request is included on your change reports, available on the *Employers* page of our website; use these reports to complete your payroll record updates.
  6. Report the deferrals/contributions to our office on your electronic contribution file. (See the *Contribution Reporting* section for more information.) Members can enroll online through our website. Step-by-step instructions are included at [www.urs.org](http://www.urs.org).



## Investment Options

URS Savings Plans offer three levels of involvement for members to choose from to invest the funds in their 401(k), 457, Roth and/or traditional IRA.

### **Asset Allocation Funds**

The URS Horizon Funds are pre-diversified investments based upon the length of time and tolerance for risk the member has. These funds provide an option for members who don't want to be greatly involved with their investment choices.

**Short Horizon Fund:** is designed for investors expecting to withdraw their money within five years. This fund provides a relatively conservative investment with a more stable rate of return.

**Medium Horizon Fund:** is planned for investors intending to withdraw their money within 5 to 10 years. This fund emphasizes moderate risk and moderate earnings potential. The Medium Horizon Fund is the default investment vehicle when no investment option has been selected by the member, and for any Tier 2 unvested funds.

**Long Horizon Fund:** is intended for investors with 10 years or more before withdrawing their money. This fund offers the potential for higher returns over a long period of time.

### **Core Investment Options**

These funds allow members to design their own portfolios using the eight individual investment options. They may pick any combination of the individual URS Funds.

**Income Fund:** offers a stable value option that is the most conservative of the investment choices. Approximately 95% of its assets are invested in investment grade bonds, which are "wrapped" with book value contracts. The contracts are financial agreements from creditworthy banks and insurance companies, protecting against changes in interest rates and allowing the returns to be smoothed over the duration of the portfolio.

**Bond Fund:** invests in corporate and government bonds, and looks for a high stable rate of current income, consistent with long-term preservation of capital. A secondary objective is to take advantage of opportunities to realize capital appreciation.

**Balanced Fund:** seeks regular income, conservation of principal, and an opportunity for long-term growth of principal and income. This portfolio consists of approximately 60% stocks and 40% bonds.

**Large Cap Stock Value Fund:** looks for long-term growth on principal and income. A secondary objective is to achieve reasonable current income. This fund is diversified among common stocks that appear undervalued by the market.

**Large Cap Stock Index Fund:** closely follows the performance of the Russell 1000 Index, which consists of large capitalization (large cap) U.S. stocks. This fund represents a broad range of industries in the U.S. economy.



**Large Cap Stock Growth Fund:** emphasizes long-term capital appreciation by investing in the stock of a limited number of large, carefully selected, U.S. companies. The portfolio is actively managed to react quickly to market forces.

**International Fund:** seeks long-term growth of capital and future income by investing primarily in the stocks of companies based outside the U.S. The fund seeks to track the performance of the MSCI All Country World Index - ex. U.S. - Investable Market Index (ACWI ex. U.S. IMI) as closely as possible. The index is designed to be a measure of the global stock market performance of developed and emerging markets that excludes the United States.

**Small Cap Stock Fund:** invests primarily in the stock of small U.S. companies, whose market capitalization falls within the smallest 10% of the market universe.

**Self-Directed Brokerage Account**

The self-directed brokerage account, offered through a Charles Schwab Personal Choice Retirement Account® (PCRA), provides members the opportunity to invest in any publicly traded stock, many fixed income securities, over 3,000 mutual funds, and exchange traded funds (ETFs), just to name a few. The following are some things members should consider before choosing this option:

- Can they stay invested longer term?
- Are they willing to spend more time researching, choosing, and maintaining their investments?
- Are they willing to incur additional costs?
- How comfortable are they with risk?

If you have any questions regarding any of the investment options, please call our Defined Contribution Department at 801-366-7720 or 800-688-401k.



## Limits on Contributions

The IRS limits the amount employees can contribute to retirement savings plans. The limitations for 401(k) and 457 plans are expressed as the lesser of a percentage of salary or dollar amount. Limitations for Roth and traditional IRAs are expressed as the lesser of modified adjusted gross income (MAGI) or dollar amount. The dollar limitations are expected to increase by a cost-of-living factor as determined by the IRS.

If an employee is participating in more than one tax-deferred plan (i.e., 401(k) and 403 (b) or multiple 457 plans), deferrals made to one plan may reduce the amount allowed to another. For those who have multiple IRAs, contribution limits apply to the total contributions an individual makes to ALL IRAs combined.

The following is a summary of the maximums allowed for the 401(k) and 457 plans, and Roth and traditional IRAs. Based on information provided, we distribute any excess amounts from the URS 401(k) and 457 plans. Our office notifies employees of any excess contributions to the URS IRAs. If employees are deferring to multiple plans (other than the URS 401(k), 457 Plans, Roth and Traditional IRAs), we cannot monitor for compliance. **Employees** are responsible for any consequences resulting from exceeding IRS limitations.

### **401(k) Maximum**

Effective January 1, 2014, the maximum amount employees are allowed to defer to the 401(k) plan is **100% of “gross” salary or \$17,500 annually, whichever is less**. This limit is reduced by the percentage of any employer contribution made; however, the dollar contribution an employer makes is not included in the \$17,500 limitation. For example, an employee who earns \$8,000 annually whose employer is contributing 1.5% is restricted to deferring 98.5% of gross salary ( $100\% - 1.5\% = 98.5\%$ ). Because 98.5% of \$8,000 is less than \$17,500 annually ( $98.5\% \text{ of } \$8,000 = \$7,880$ ), the member is restricted to the percentage limitation. If the employee earns \$45,000 annually ( $98.5\% \text{ of } \$45,000 = \$44,325$ ), the member is restricted to the dollar limit or \$17,500 annually.

For the years following 2014, the limits may be adjusted upwards for inflation.

Employee elective deferrals and employer non-elective contributions are also limited to a combined total of \$52,000. Contributions to the 401(k) don't affect the limit to the 457 plan. However, deferrals to 401(k) and 403(b) plans combined cannot exceed these limitations.

### **457 Maximum**

Effective January 1, 2014, the maximum amount employees are allowed to defer to the 457 plan is **100% of “gross” salary or \$17,500 annually, whichever is less**. This limit is reduced by any employer contribution. For example, an employee who earns \$45,000 annually and whose employer is contributing 1.5% to the 457 is restricted to deferring \$16,825 ( $1.5\% \text{ of } \$45,000 = \$675$ ;  $\$17,500 \text{ less } \$675 = \$16,825$ ). Deferrals made to 401(k) or 403(b) plans don't affect the limit to the 457 plan. However, deferrals made to multiple 457 plans need to be coordinated so they don't exceed the percentage or dollar limit combined.

For the years following 2014, the limits may be adjusted upwards for inflation.





### **Maximums if Participating in Both 401(k) and 457**

Effective January 1, 2014, if employees are participating in both 401(k) and 457 plans, total deferrals combined cannot exceed \$35,000 (\$17,500 to 401(k) and \$17,500 to 457). However, each plan is still subject to the 100% of compensation limit.

### **Deferrals from Lump-Sum Leave Payout**

Employees are allowed to defer up to the maximum annual limit allowed by the IRS to 401(k) or 457 plans from any lump-sum leave benefit paid to them at separation of employment. Typically, the lump-sum leave payout includes accumulated sick, annual, or converted sick leave cashed out by the employer to the employee's final pay. The cashed out amount of the leave pay is included in gross salary for purposes of determining 401(k) and 457 maximum limits. To request deferrals to the 401(k) or 457 plan from the payout amount, employees are required to complete an *Investment Contract* (Form DCCT-2) indicating the amount. It should also be noted on the *Investment Contract* (Form DCCT-2) the deferrals are to be made from the employee's final pay. **Note:** *A contract requesting deferrals to the 457 plan must be signed in the month prior to the month the pay is issued to the employee.*

### **Age 50 Catch-Up**

IRS regulations allow employees age 50 and older to contribute an additional amount to 401(k), 403(b), or 457 plans.

If employees defer to multiple 401(k) or 403(b) plans, they can only "catch-up" a total of \$5,500 for 2014 between these plans. However, the catch-up for the 457 only has to be coordinated with other 457 plans. Employees cannot participate in the age 50 catch-up provision for 457 plans if they are participating in the 457 special catch-up. (See the Special Catch-Up Provision in the next paragraph.)

### **Special Catch-Up Provision for the 457 Plan**

In the three taxable years immediately preceding (not during) the year in which employees attain normal retirement age, they are eligible for a special catch-up provision in 457 plans. Normal retirement age is defined as the earliest age employees qualify to retire under their retirement plan without a reduction in benefits. This provision allows employees to defer the difference between actual deferrals made and the maximum employees were allowed to defer for prior years. By utilizing this special catch-up provision, the maximum dollar limits double annually for each of the three years.

For example, if employees' 457 maximum for 2014 is \$17,500 and they qualify to participate in the 457 special catch-up provision, they could contribute an additional \$17,500, for a total of \$35,000 to the 457 plan for 2014. If, in addition to participating in the 457 plan with the special catch-up provision, they defer to the 401(k) plan, the total of deferrals allowed is \$52,500 (\$17,500 to the 401(k) plus \$35,000 to the 457). If employees are participating in the 457 special catch-up provision, they cannot also participate in the 457 age 50 catch-up provision.



### **Roth and Traditional IRA Maximum**

Effective January 1, 2014, the maximum contribution allowed to Roth *and* traditional IRAs is 100% of modified adjusted gross income (MAGI) or \$5,500 annually, whichever is less. IRS regulations don't allow employers to contribute to URS IRAs.

The responsibility for determining IRA contribution eligibility is that of the employee. The employer may allow payroll deducted contributions to URS IRAs. All contributions are made on an after-tax basis. Contributions made to multiple IRAs must be coordinated so they don't exceed the percentage or dollar limit.

### **Age 50 Catch-Up**

IRS regulations allow employees age 50 and older to contribute an additional \$1,000 to IRAs.

### **IRA Contribution Methods**

Employees are allowed to contribute to an IRA in two ways:

1. An after-tax deduction from an employee's paycheck (dependent upon employer participation).
2. A cashier's check, money order, cash, or personal check (\$100 minimum) made payable to Utah Retirement Systems.

### **IRA Contribution Timing**

An employee may contribute to an IRA for the 2014 tax year at any time from January 1, 2014, until April 15, 2015. Payroll deducted contributions are only credited to the tax year in which they are posted by our office. Contributions made for the 2014 tax year between January 1, 2015, and April 15, 2015, must be paid directly to URS with a cashier's check, money order, personal check, or cash (\$100 minimum).



## Transfer Limitations and Short-Term Trading Fees

Individuals may make one investment transfer between core investment options no more frequently than every seven (7) calendar days. In addition, 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. The 30-day period begins on the day our office processes the transfer, and each transfer begins a new 30-day period.

*Investment Contracts* received at our office 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. Contracts 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, we reserve the right to process transfers using the next available business day's closing market value.

Transfers to or from a Schwab PCRA® requested by members before the close of the NYSE, generally 2:00 p.m. Mountain Time, are processed that business day. Transfers to or from the Schwab PCRA® are allowed once every seven (7) calendar days. PCRA transfers are not subject to the 2% trading fee (*see above*).

### **Other Considerations**

In the event our office receives conflicting investment instructions on the same day (i.e., instructions received before 2:00 p.m. by mail, by fax, or from the website), the last instructions processed will supersede any previous instructions.

We recommend members only submit one transfer per transaction period. If more than one request is received for the same period, we don't guarantee the requests will be processed in the sequence the member intended.



## Annual Investment and Administrative Fees

URS Defined Contribution Plan participants pay fees for plan administration and investment management. The daily unit values available on our website are reported net of these fees. Likewise, the unit values and account balance data reported on participants' quarterly statements are net of these fees. The breakdown of annualized fees is itemized by investment fund and reported periodically to plan participants. This information is also available at [www.urs.org](http://www.urs.org).

Members participating in the Schwab Personal Choice Retirement Account® (PCRA) with PCRA balances of \$500 or more are assessed a \$25 quarterly fee for each plan participating in the PCRA. The fee is only charged if a member has funds in the PCRA that quarter. The quarterly fee is for plan administration. The PCRA is also subject to commissions, loads, and other fees associated with trading in the securities markets.

## Inactive Accounts

In an effort to maintain low, equitable, administrative costs, the Utah State Retirement Board has established a policy affecting small accounts of individuals who: 1) are not actively employed by an employer participating with URS, and 2) have not actively participated with URS for the past 12 months. Inactive participants with combined 401(k) plan, 457 plan, Roth IRA, and traditional IRA balances between \$15 and \$1,000 are issued a check (or checks) to bring their account balance(s) to \$0.

An annual account maintenance fee of \$15 is assessed to inactive participants' accounts with combined savings plans balances of less than \$5,000. There is an exception to this policy for those inactive participants who have scheduled periodic distributions from their savings plans.

To accommodate those who have changed employment (or who are no longer employed) and would like to relocate their savings plans, the IRS allows tax-free rollovers or transfers to other eligible retirement plans.

For more information about 401(k) and 457 plans distributions or rollovers, read the *Special Tax Notice Regarding Plan Payments* (on pages 111-116). To obtain this brochure, go to *Forms* at [www.urs.org](http://www.urs.org) or call our Defined Contribution Department at 801-366-7720 or 800-688-401k.

Additional information regarding IRA distributions and rollovers can be found in the *URS Roth & Traditional IRAs Guidebook* or IRS Publication 590, *Individual Retirement Arrangements (IRAs)*, by visiting [www.irs.gov](http://www.irs.gov) or by calling the IRS directly.



## Online Account Access

Employees can manage their URS Savings Plans information at [www.urs.org](http://www.urs.org). With a user ID number (either the Social Security number, without the hyphens, or URS account number), and personal identification number (PIN), members can:

1. Access current account balance information;
2. View or change deferral/contribution amounts;
3. View or change how future payroll deferrals/contributions are invested;
4. Transfer current account balances between investment options (subject to URS policy);
5. Obtain withdrawal information;
6. Obtain loan information;
7. Obtain general information or forms;
8. View *Investment Fund Fact Sheets*;
9. Change address or select email confirmations;
10. View investment fund rates of return and fees;
11. View *Summary Plan Descriptions, Roth & Traditional IRAs Guidebook*, and other information;
12. Establish a Personal Choice Retirement Account® (PCRA);
13. Enroll in other plans using the Online Enrollment option.

Through the section, in the upper right corner of the home page, titled “myURS Member Login” participants can follow a series of menus to initially enroll, view account information, and make changes.

### **Confirmation of Changes**

Confirmation of changes is mailed or sent to members via email, depending on their selected preference.

### **Transfer Policy**

Participants may make one transfer between core investment options no more frequently than every seven (7) calendar days. In addition, 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. The 30-day period begins on the day our office processes the transfer, and each transfer begins a new 30-day period. *Investment Contracts* received at our office 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. Contracts 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, we reserve the right to process transfers using the next available business day’s closing market values.

Participants can check their balances and make changes to their accounts by accessing myURS at [www.urs.org](http://www.urs.org) at any time. And, they can speak to a counselor about their account(s), during regular business hours, by calling 801-366-7720 or 800-688-401k.



### Other Considerations

In the event we receive conflicting investment instructions on the same day (i.e., instructions received before 2:00 p.m. by mail, by fax, or from the website), the last instructions processed supersede any previous instructions.

We recommend members only submit one transfer per transaction period. If more than one request is received for the same period, we cannot guarantee requests will be processed in the sequence the member intended.

### Withdrawal Information

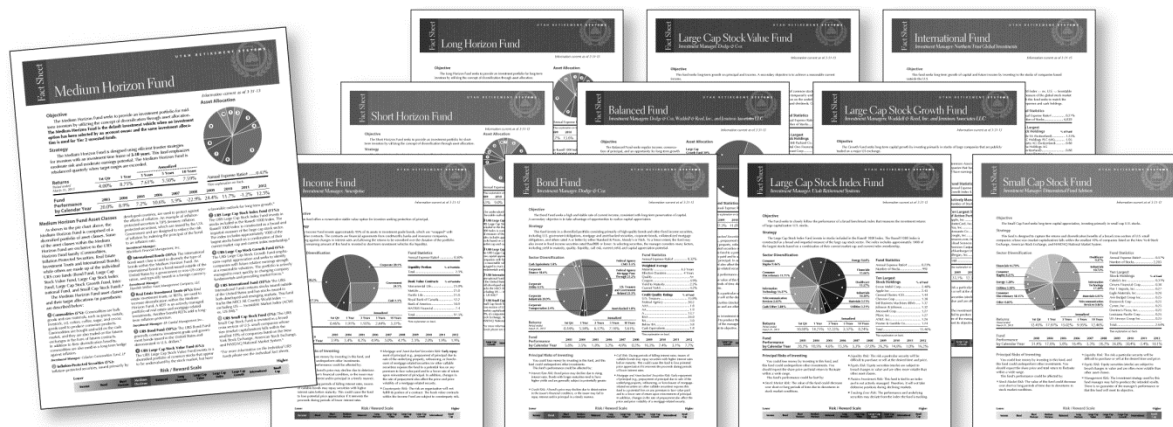
General information (forms, and amounts available for hardship withdrawal, or for withdrawals upon separation from employment) is available on our website. Members must complete a withdrawal application or hardship withdrawal application and mail or fax the completed form to our office. Requests for withdrawals cannot be made online.

### Loan Information

There is no longer an application form required to establish a loan, but the member must sign a promissory note agreeing to the terms of the loan. The member can simply call us and request a counselor to initiate the loan process over the phone.

### Investment Fund Fact Sheets

The *Investment Fund Fact Sheets* detail each fund's objective, strategy, investment breakdown, returns, and fees. These fact sheets are available at [www.urs.org](http://www.urs.org) or by contacting our office.





## Changes to Members' Savings Plans – 401(k), 457, and IRAs

Members are responsible for keeping our office informed of changes to their personal information, including changes of name, marital status, address, and beneficiary(ies). We encourage members to set up and update their personal information through the myURS section of our website. If members prefer to provide or change information on paper, they can request a *Beneficiary Designation* form from our office. Note: There are now two distinct change forms: the *Beneficiary Designation* (Form MECF-1B) to update a member's beneficiary information; and the *Change in URS Records* (Form MECF-1) to update general information, such as a name or address change.

### **Beneficiary Changes**

A member may change beneficiary designation at any time. The beneficiary designation in a member's URS file, at the time of death, is binding in the payment of any/all benefits. The most efficient way to update beneficiaries is to use the myURS section of our website. Beneficiaries may also be updated by completing and filing a *Beneficiary Designation* (Form MECF-1B) requested from our office. A confirmation of all beneficiary changes is sent to the member, either by postal mail or email.

### **Other Changes**

Addresses may also be updated in the myURS section of our website. Name and marital status changes are currently only accepted by our office in writing, on the *Change in URS Records* (Form MECF-1), or employer-generated forms and reports.

To obtain a *Beneficiary Designation* (Form MECF-1B) or a *Change in URS Records* (Form MECF-1), call our Defined Contribution Department at 801-366-7720 or 800-688-401k.



# URS Savings Plans Quarterly Statement

After the end of each calendar quarter, all 401(k), 457, Roth IRA, and traditional IRA information is mailed and/or available to participants online, according to the member's preference. A statement of individual account activity and a quarterly bulletin, which includes important news about the URS Savings Plans, is mailed to participants' home addresses each quarter. Statements are also available online via myURS. A sample of this statement is shown below. *Retirement service credit for Tier 2 participants, who have elected the Defined Contribution Plan instead of the Defined Benefit Hybrid System, is part of their quarterly statements.*

Members participating in the PCRA also receive a monthly statement from Charles Schwab.

URS Utah Retirement Systems		Savings Plans Quarterly Statement		Defined Contribution Department 560 East 200 South, Salt Lake City, UT 84102 801-366-7720    800-688-4015    www.urs.org																			
January 1, 20xx - March 31, 20xx																							
#BWNBLZT #WmMmMmMSV9# John Public PO Box 1234 SALT LAKE CTY UT 84102			Account Number	W1000001																			
			Core Account Balance	\$8,398.45																			
<b>COMBINED ACCOUNT SUMMARY</b>			<b>FYI FROM URS</b>																				
			<i>I know about the 401(k) but what is the 457 plan?</i>																				
<table border="0"> <tr> <td>Beginning Balance</td> <td style="text-align: right;">This Quarter</td> <td></td> </tr> <tr> <td></td> <td style="text-align: right;">\$7,397.58</td> <td></td> </tr> <tr> <td>Deposits</td> <td style="text-align: right;">\$240.34</td> <td></td> </tr> <tr> <td>Withdrawals/Transfers</td> <td style="text-align: right;">\$0.00</td> <td></td> </tr> <tr> <td>Investment Results</td> <td style="text-align: right;">\$760.53</td> <td></td> </tr> <tr> <td><b>Ending Balance</b></td> <td style="text-align: right;"><b>\$8,398.45</b></td> <td></td> </tr> </table> <p><i>The balances shown here include all of your URS Savings Plans combined.</i></p>			Beginning Balance	This Quarter			\$7,397.58		Deposits	\$240.34		Withdrawals/Transfers	\$0.00		Investment Results	\$760.53		<b>Ending Balance</b>	<b>\$8,398.45</b>		<p>Be sure to read this quarter's edition of the URS Savings Plans Quarterly Bulletin as we discuss the benefits of investing in the URS 457 Plan. This may be a helpful option if you would like to save extra for retirement and/or if you plan to retire before age 59 1/2.</p> <p>Included is an important article about a little known, but potentially valuable, program known as the Saver's Tax Credit. Also discussed are some new terms you might hear from the retirement systems, such as Tier 1 &amp; Tier 2. Be sure and check out these valuable articles.</p>		
Beginning Balance	This Quarter																						
	\$7,397.58																						
Deposits	\$240.34																						
Withdrawals/Transfers	\$0.00																						
Investment Results	\$760.53																						
<b>Ending Balance</b>	<b>\$8,398.45</b>																						
<b>SAVINGS PLANS SUMMARY</b>																							
Account	% of Total	Beg. Balance	End Balance																				
401(k)	100%	\$7,397.58	\$8,398.45																				
<b>Total</b>	<b>100%</b>	<b>\$7,397.58</b>	<b>\$8,398.45</b>																				
<b>FUND PERFORMANCE</b>			Annualized																				
<b>Fund</b>	<b>Quarter Just Ended</b>	<b>Year to Date</b>	<b>1 Year</b>	<b>3 Years</b>	<b>5 Years</b>																		
Income	0.47%	0.47%	1.85%	2.06%	3.07%																		
Bond	2.79%	2.79%	6.70%	10.50%	6.94%																		
Balanced	10.33%	10.33%	7.38%	18.28%	4.54%																		
Large Cap Value	13.25%	13.25%	2.42%	23.73%	-2.14%																		
Large Cap Index	12.80%	12.80%	7.70%	22.81%	1.70%																		
Large Cap Growth	16.59%	16.59%	13.00%	22.58%	5.81%																		
International	11.53%	11.53%	-7.54%	15.96%	-3.39%																		
Small Cap	12.60%	12.60%	0.10%	30.83%	3.14%																		
Short Horizon	4.86%	4.86%	3.73%	12.45%	4.87%																		
Medium Horizon	7.57%	7.57%	2.58%	16.18%	3.50%																		
Long Horizon	9.60%	9.60%	0.23%	18.63%	1.47%																		
Tier 2 Nonvested	7.57%	7.57%	N.A.	N.A.	N.A.																		
<p><small>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. An annual account maintenance fee of \$15 will be assessed to vested inactive accounts with combined balances of less than \$5,000. Visit our website for a complete listing of returns and fees. The Tier 2 Nonvested Fund was established July 1, 2011.</small></p>																							
Page 1 of 3																							





## Savings Plans Death Benefit

When employees die the balances in their URS Savings Plans become payable to their beneficiary(ies). Employers should notify our office immediately of an employee's death by contacting our Defined Contribution Department. Our office contacts the beneficiary(ies) with instructions.

The beneficiary payout options vary depending on plan rules. Some regulations are the same for all plans while others are specific to the individual plan. The rules regarding beneficiaries are complex; please don't hesitate to contact our office for clarification. The summary below highlights a few of the rules regarding beneficiaries:

1. If the spouse is the designated beneficiary, the spouse has the option of beginning payments immediately or delaying distributions until the year the deceased would have reached age 70½.
2. A spouse beneficiary has the option of rolling over the funds to another eligible plan in his/her name. A non-spouse beneficiary has the option of rolling over the funds to an inherited IRA.
3. Beneficiaries have the option of receiving a lump-sum payment or periodic payments.
4. Individual designated beneficiaries can extend payments from the 401(k), 457, Roth or traditional IRAs over their life expectancies.

**Note:** *Payments received from the 401(k) and 457 plans are taxable to the beneficiaries as income. Payments received from the Roth and traditional IRA may be taxable to beneficiaries as income. Beneficiaries should consult a tax advisor for help in determining any taxes due when withdrawals are made.*



This Page Intentionally Left Blank



## Tier 1 Defined Contribution Plan 401(k) (Tier 1 generally applies to members who initially entered employment with a URS covered employer **prior to July 1, 2011**)

The URS 401(k) Plan (the Plan) is a qualified defined contribution plan under Section 401 of the Internal Revenue Code and was adopted in 1984 for the benefit of URS participants. It's a tax-deferred savings plan designed to provide additional retirement income for participants and their beneficiaries.

Eligible employees are able to defer a portion of their income on an elective basis before income taxes are calculated and assessed to their wages. Employers can also make "non-elective" or matching contributions to the plan to attract and benefit employees, elected officials, and other parties related to public service in the state of Utah. (Certain restrictions apply to those returning to work who have previously retired with URS).

Benefits of the plan include:

1. Convenient, automatic payroll deductions;
2. A variety of investment options;
3. Tax-deferred savings;
4. Increase/decrease elective deferrals as often as every pay period;
5. Change investment allocation of future deferrals as often as desired;
6. Transfer among investment options (subject to policies established by the Utah State Retirement Board);
7. Rollover to or from other retirement plans (subject to eligibility);
8. Funds transfer to beneficiaries upon death;
9. Immediate vesting;
10. Loan availability (see information beginning on page 98); and
11. Local customer service.



## Tier 2 Defined Contribution Plan 401(k)

(Tier 2 generally applies to members who initially entered employment with a URS covered employer **on or after** July 1, 2011)

The URS 401(k) Plan (the Plan) is a qualified defined contribution plan under Section 401 of the Internal Revenue Code and was adopted in 1984 for the benefit of URS participants. It's a tax-deferred savings plan designed to provide retirement income for participants and their beneficiaries.

The Tier 2 Public Employees and Tier 2 Public Safety & Firefighter Retirement Systems allow members to participate in either the Tier 2 Hybrid Retirement System or the Tier 2 Defined Contribution (DC) Plan. The laws that govern the retirement systems, as set forth in Utah Code Title 49, state a person initially entering full-time employment with a participating employer on or after July 1, 2011, must make an election to participate in either the Tier 2 Hybrid Retirement System or the Tier 2 DC Plan within the first year of employment. The election made is irrevocable and remains in effect throughout the member's employment with all future URS participating employers. If no election is made, the employee automatically becomes a member of the Tier 2 Hybrid Retirement System. Full-time elected officials are only eligible to participate in the Tier 2 DC Plan.

Tier 2 employer required contributions paid into the defined contribution plan are vested after four years of accrued service credit (See *Membership - Exempting* section for vesting exemption eligibility). Employees who separate from service prior to completing the vesting period and subsequently enter employment with a URS participating employer within 10 years of their previous separation date, will have all employer contributions reinstated upon completion of the vesting period. If the employee is not re-employed within 10 years of their prior separation from employment date, the funds will be forfeited.

Employees are able to defer a portion of their income on an elective basis before income taxes are calculated and assessed to their wages. Employers can also make additional "non-elective" or matching contributions to the plan on the behalf of employees and elected officials related to public service in the state of Utah. These types of contributions are immediately vested.

Benefits of the plan include:

1. Convenient, automatic payroll deductions;
2. A variety of investment options;
3. Tax-deferred savings;
4. Increase/decrease elective deferrals as often as every pay period;
5. Change investment allocation of future deferrals as often as desired (non-vested employer required contributions excluded);



6. Transfer vested balances among investment options (subject to policies established by the Utah State Retirement Board);
7. Rollover vested balances to or from other retirement plans (subject to eligibility);
8. Vested funds transfer to beneficiaries upon death;
9. Loan availability (see information beginning on page 98): and
10. Local customer service.



## Rollover Contributions from a Previous Employer or IRA (Tier 1 and Tier 2)

Employees can make a rollover contribution of untaxed money from an eligible plan to the URS 401(k) Plan. By rolling over the account, the funds remain tax-deferred. Examples of acceptable plans are: 401(a), 401(k), 403(b) tax sheltered annuities (TSAs), profit-sharing plans, and 457(b) plans. Examples of acceptable IRAs are: traditional IRAs, conduit IRAs, and simplified employee pension (SEP) IRAs. However, we don't accept rollovers of after-tax money into the 401(k) plan. A rollover may be made at any time after employees begin employment with participating employers.

### Types of Rollovers

A **transfer** occurs when funds are moved between two similar types of plans (e.g., 401(k) to 401(k) or 457 to 457). A **direct rollover** occurs when funds are moved from one eligible retirement plan to another eligible retirement plan (e.g., 403(b) to 401(k), etc.). In both cases the check is made out and sent to the institution receiving the funds, such as:

**Utah Retirement Systems  
For the benefit of (Participant's Name)  
PO Box 1590  
Salt Lake City, UT 84110-1590**

A **60-day rollover** occurs when a check is paid to the participant and is subject to a 20% federal income tax withholding. Members can roll over the net amount of the funds within 60 days from the date they received their checks. They may also roll over the total amount of the distribution by including a check in the amount of taxes withheld.

Before an employee requests a rollover from the previous plan, he/she should consult a tax advisor.

### Procedures

#### Steps for Members

1. Contact the previous plan provider to determine if funds are eligible for roll over and request instructions and forms for a rollover from the previous plan.
2. Complete any forms for roll over from the previous plan. Return them to the previous plan provider.
3. Obtain a *Savings Plan Transfer/Direct Rollover to Utah Retirement Systems* (Form DCRL-1) from our website or by calling our Defined Contribution Department.
4. Complete all sections of the form.



5. Return the form to our Defined Contribution Department. Include a copy of a recent statement of the account to be rolled into the URS 401(k).
6. If it's a 60-day rollover, complete the *Savings Plan Transfer/Direct Rollover to Utah Retirement Systems* (Form DCRL-1) and forward a check to our office made payable to the Utah Retirement Systems 401(k) Plan. Payment must be made and received within 60 days from the date the distribution was received. Name and Social Security number or account number must be noted on the check.

### **Steps for Employers**

1. Instruct employees to obtain a *Savings Plan Transfer/Direct Rollover to Utah Retirement Systems* form from our website or by calling our Defined Contribution Department.
2. Notify employees to request instructions and forms from the previous plan.
3. If the previous employer's plan requires an authorized signature from a representative of the accepting plan, forward that plan's forms to our Defined Contribution Department.



## 401(k) Hardship Withdrawals (Tier 1 and Tier 2)

Employees experiencing a financial hardship may qualify for a hardship withdrawal. Hardship withdrawals enable employees to access their before-tax savings under certain circumstances. There is no minimum hardship withdrawal amount; the maximum is the amount needed to meet the financial hardship, up to the maximum amount available. Only employee deferrals are available for hardship withdrawal; employer contributions and investment earnings on both employee and employer deferrals are not available.

The IRS requires employees demonstrate financial need to qualify for hardship withdrawals. Only the following items meet the IRS definition of financial hardship:

1. Medical expenses, neither paid for nor reimbursable by insurance, of member, his/her spouse, dependents or primary beneficiary;
2. Payment of tuition, related educational fees and room and board expenses for the next 12 months of post-secondary education for the member, his/her spouse, children, dependents or primary beneficiary;
3. Costs directly related to the purchase of principal residence (excluding mortgage payments or refinancing);
4. Payments necessary to prevent eviction from the principal residence, or foreclosure on the mortgage on that residence;
5. Payments for funeral or burial expenses for the participant's deceased parent, spouse, child, dependent or primary beneficiary;
6. Expenses to repair damage to the participant's principal residence due to natural disaster; and
7. Any other immediate and heavy financial need demonstrated to the satisfaction of the plan administrator.

Before a hardship withdrawal can be granted, employees must have exhausted all other financial resources. Hardship withdrawal funds are considered taxable income during the year they are received. They may also be subject to a 10% penalty tax if received before age 59½.

Upon receipt of a hardship withdrawal, employees' deferrals to their plans and all other plans maintained by their employers (including 457 and 403(b) annuity plans) must be suspended for at least six months.





## Procedures

### Steps for Members

1. Determine the amount available for a hardship withdrawal via myURS on our website or by calling our Defined Contribution Department.
2. Obtain a *401(k) Hardship Withdrawal Packet* by calling our Defined Contribution Department. The *Hardship Withdrawal Packet* includes: a *401(k) Hardship Withdrawal Application* (Form DCWD-7), a *Financial Information for 401(k) Hardship Withdrawal* (Form DCWD-17), and a *Substitute W-4P Withholding Certificate for URS Savings Plans* (Form DCTX-1), or these forms can be printed from our website.
3. Read the 401(k) Hardship Withdrawal rules on the back of the *401(k) Hardship Withdrawal Application*. Consult a tax advisor for consequences of receiving a hardship distribution.
4. Return the completed *401(k) Hardship Withdrawal* application, *Financial Information for 401(k) Hardship Withdrawal* (Form DCWD-17), if applicable, and documentation to our Defined Contribution Department. The request will be reviewed by our office.
5. If the hardship is approved, we will cancel deferrals to the URS 401(k) and/or 457 Plans. Instruct the employer to cancel all deferrals to all other tax-deferred plans (401(k), 403(b), and 457 plans) for no less than a six-month period. The *401(k) Hardship Withdrawal Application* cancels deferrals to the URS 401(k) and 457 Plans.
6. Report the amount received for a hardship withdrawal on the individual tax return for the year in which it was received. An *IRS Form 1099-R* is issued for reporting purposes.

### Steps for Employers

1. Instruct employees to determine the amount available for a hardship withdrawal via myURS on our website or by calling our Defined Contribution Department.
2. Instruct employees to consult a tax advisor regarding consequences of receiving hardship distributions.
3. Instruct employees to obtain a *401(k) Hardship Withdrawal Packet* by calling our Defined Contribution Department. The *Hardship Withdrawal Packet* includes: a *401(k) Hardship Withdrawal Application* (Form DCWD-7), a *Financial Information for 401(k) Hardship Withdrawal* (Form DCWD-17), and a *Substitute W-4P Withholding Certificate for URS Savings Plans* (Form DCTX-1), or these forms can be printed from our website.
4. If the hardship withdrawal is approved, our office will notify the employer to cancel deferrals.



## 401(k) Loans (Tier 1 and Tier 2)

Regulations allow 401(k) plan administrators to provide loans to participants from 401(k) plans. URS has adopted a loan provision for the 401(k) plan.

To utilize the loan provision in the URS 401(k) Plan, participants must be actively employed by an employer participating in the URS 401(k) loan program. For an employer to participate in the loan program, the employer must have authorized repayment of the loan through payroll deductions. The loan payments are deducted from payroll after taxes and are included as an installment payment on the employer's electronic contribution reporting file (see the *Contribution Reporting* section).

Participants are generally allowed to borrow up to 50% of their vested 401(k) balances for any reason. Tier 2 employer required contributions are restricted from being loaned to the member. However, Tier 2 vested employer required contributions can be used to determine the amount available for a loan. The minimum loan is \$1,000; the maximum loan is \$50,000. A non-refundable loan processing fee of \$60 is deducted from the member's account at the time the loan is processed.

Participants cannot have more than one 401(k) loan outstanding under the current policy. Repayment of the loan cannot exceed five years unless the loan is for the purchase of a primary residence. If the loan is for the purchase of a primary residence, participants can extend repayment of the loan for up to 10 years. A fixed rate of interest is applied for the duration of the loan. The interest rate is determined on the first day of each calendar quarter, based on the prime rate as published in the Wall Street Journal plus 1%. The interest paid on a loan from the URS 401(k) Plan is generally not deductible for income tax purposes (consult a tax advisor).

The automated clearing house (ACH) loan repayment program is offered to URS members who have outstanding 401(k) or 457 plan loans and are no longer able to make payroll deductions through a participating URS employer. This may occur due to retirement, disability, separation from employment with a participating employer, or re-employment with an employer who does not participate in the loan program.

URS plan loans are subject to both IRS regulations and the terms of each individual member's signed *Promissory Note*. Participating in the ACH program does not supersede the terms of the original signed *Promissory Note* except that the repayment amount may be recalculated to a monthly amount necessary to repay the loan in the length of time specified in the *Promissory Note*. The member agrees to allow monthly loan payments to be automatically debited by URS on the 15th of the month (or next closest bank business day) from the financial institution he/she has chosen.

The member agrees to keep URS notified, in writing, of any changes to his/her account information (account numbers, new bank, address changes, etc.). If a request for payment is refused by the member's financial institution, URS will attempt to contact the member to correct the situation. If URS receives two failed ACH requests over the period of the loan, URS will default/offset the loan without further notice. The member will receive a notice confirming the default/offset.



An outstanding 401(k) loan balance becomes due upon separation from employment. If the loan balance is not paid off within the cure period, the loan is considered in default and treated as a withdrawal, unless the ACH loan repayment program is set up for the member. The cure period cannot continue beyond the last day of the calendar quarter following the calendar quarter in which the required installment payment was due.

## Procedures

### Steps for Members

1. The member should read the *URS 401(k)/457 Loan Program* brochure available on our website or by calling our Defined Contribution Department.
2. The member should call our office at 801-366-7720 or 800-688-401k (press "0") and a counselor will assist in setting up the loan.
3. The counselor generates a *Promissory Note* with the terms of the loan and will either mail or fax the note to the member.
4. The member reviews the *Promissory Note* to verify its accuracy, signs it in the presence of a notary public (if the loan amount is over \$5,000), and returns the *Promissory Note* to our office via fax or mail.
5. We verify the notarized signature, process the loan, and mail a check to the address shown on the *Promissory Note*.
6. The member should immediately notify our office if the deduction for repayment of the loan does not appear on his/her pay stub or if he/she separates from employment.

### Steps for Employers

1. If you don't participate in the loan program, employees are not eligible to participate. You can update your service agreement, to change your participation status, at any time by calling our Defined Contribution Department.
2. Instruct employees to determine the amount available for a 401(k) loan via myURS on our website or by calling our Defined Contribution Department.
3. Instruct the employee to call our office at 801-366-7720 or 800-688-401k (press "0") and a counselor will assist in setting up the loan.
4. You are notified of the amount to be deducted after-tax from the employee's paycheck on your weekly deferral change report. This amount is combined with all other installment payments and reported as a single amount. Process the deduction through your payroll.
5. Report the deducted amounts to our office on your electronic file submission. See the *Contribution Reporting* section for more information.



6. If an employee ends his or her employment, notify our office by providing the separation information online. (If you have problems, call our Records Management Department at 801-366-7318 or 800-753-7318). **NOTE: Employers must also complete an *Employee Benefits Notification* (Form ADNT-2) to provide employees with information about withdrawing their balances. URS does not require a copy of this (more information is available in the *Membership – Leaves of Absence* section).**
7. If an employee is called to active military duty or is on unpaid leave of absence, complete the *Leave Notification* (Form MELV-1) and fax or mail it to our office. This form is available in the *Employers* section of our website.
8. If an employee has a loan and informs you he/she is filing for bankruptcy, instruct the employee to call our office immediately at 801-366-7720 or 800-688-401k. You don't need to take further action at this time. We will contact you with instructions and whether to stop payments.



# Loan Promissory Note Instructions

**Purpose.** To disclose and agree to the terms of the 401(k) loan.



UTAH RETIREMENT SYSTEMS  
Defined Contribution Plan  
560 East 200 South, Suite 200  
Salt Lake City, Utah 84102-2021  
(801) 366-7720  
(800) 688-401K  
FAX (801) 366-7445  
FAX (800) 753-7445

## PROMISSORY NOTE AND SECURITY AGREEMENT PLAN LOAN

\_\_\_\_\_  
Name (First, Middle, Last)

\_\_\_\_\_  
Date

For value received, the above named ("Borrower") agrees to the loan terms below and to pay Utah Retirement Systems (URS), Trustee of the Plan, the full amount as indicated.

### TERMS OF THE LOAN

Loan amount	Amount of each payment	Approximate date of first payment		Approximate payoff date
Annual interest rate	Total interest	Total number of payments	Total of payments	Payments per year based on employer report to URS

The loan will be repaid by payroll deduction. The first payment of the loan will be approximately the first pay period following the date of the loan, or the first pay period when the employer can reasonably permit the payment. The loan must be repaid, as to both principal and interest. The loan can be prepaid in full without penalty at any time. The loan must be paid in full within five (5) years unless the loan is used for the purchase of the Borrower's primary residence, in which case the loan must be paid in full within ten (10) years. The loan may be reamortized by URS and payments adjusted, if necessary, to meet the required guidelines.

The Borrower authorizes the employer to deduct from his or her paychecks the above amount as indicated until all principal and accrued interest on the loan are entirely paid.

This promissory note is treated as an individual investment of the Borrower's account under the Plan. The Borrower hereby grants to the Trustee a security interest from the Plan of an amount equal to the loan balance as of the date the loan is issued. The security interest for the loan will be taken from the investment options beginning with employer contributions within the most conservative fund, progressing to employee deferrals within the most aggressive fund (as defined by URS). As principal and interest are received from the borrower, deposits will be made to the investment options according to the Borrower's allocation for future deposits on file with URS. Upon payment in full of all amounts owing under this Note, the above referenced security interest will terminate automatically.

**Events of Default** - Each of the following is considered events of default, the consequences of which are set forth below:

- Any failure to make timely payment of principal and interest, if such failure remains uncorrected during the *cure period* which is the last day of the calendar quarter following the calendar quarter in which the failure occurred.
- Any breach of warranty, misrepresentation or inaccuracy made by the Borrower in connection with the request for the loan or in any other respect URS deems to be material.
- Any revocation of the payroll deduction election, which may include termination from employment with an employer participating in the URS Loan Program.



**Basic Instructions.** Members need to:

1. Verify terms of the loan.
2. Sign and date the *Promissory Note*. The *Promissory Note* must be notarized if the loan amount is over \$5,000.
3. Include Social Security number and current address.
4. Fax or mail completed *Promissory Note* to our office.

PLAN

**Consequences of Default** - If the default is a failure to make timely payment, URS will give notice to the Borrower to correct the default within the cure period. If the Borrower fails to make a timely correction, URS will foreclose on the Borrower's benefits that secure the loan.

- If at the end of the cure period the Borrower is entitled to a distribution from the Plan (e.g., termination of employment with the Employer), the unpaid balance of principal and interest of the delinquent loan will be offset against the Borrower's benefit and constitute a taxable distribution, and a Form 1099-R will be issued by URS to the Borrower.
- If the Borrower's loan fails to meet the requirements specified in IRC 72(p), and the Borrower has not incurred a distribution event, then such loan will become a deemed distribution. This normally occurs when a Borrower's loan is not repaid in accordance with the terms and it is not possible to foreclose on the security as described above. If this occurs, then immediately following the end of the cure period, the outstanding balance on the loan will become taxable, as if it had been distributed, and a Form 1099-R will be issued by URS to the Borrower.

This Note is governed by, construed under, and enforced in accordance with the laws of the State of Utah to the extent not preempted by applicable federal law.

**Borrower's Certification and Signature**  
 I certify that I do not have an outstanding loan with another outside retirement program, and that the highest total balance of all such loans during the last 12 months was \$ \_\_\_\_\_.

I certify that if my payment schedule is for more than five (5) years, the funds will be used for the purchase of my primary residence (but not for mortgage payments, refinance, or purchase of a vacation or second home).

I understand that a non-refundable loan origination fee of \$60 will be deducted from my account when the signed Promissory Note is received and processed by Utah Retirement Systems. *The terms of the loan become invalid if this Promissory Note and Security Agreement is not signed, notarized, and received by Utah Retirement Systems within 30 days from the date on page 1 of this form.*

\_\_\_\_\_  
 Borrower's Signature

\_\_\_\_\_/\_\_\_\_\_/\_\_\_\_\_  
 Borrower's Social Security Number      Date

\_\_\_\_\_  
 Borrower's Mailing Address

\_\_\_\_\_  
 City      State      Zip      Daytime Phone

**NOTARIZATION**  
 County of \_\_\_\_\_ State of \_\_\_\_\_  
 On this \_\_\_\_\_ day of \_\_\_\_\_,

\_\_\_\_\_  
 personally appeared before me and proved to me on the basis of satisfactory evidence to be the person whose name is subscribed to this instrument and acknowledge that he/she executed the same.  
 Notary Public \_\_\_\_\_

Page 2 of 2



## 401(k) Withdrawals (Tier 1)

In exchange for the before-tax savings advantage, the IRS only allows access to the savings plans funds under certain circumstances. Funds taken out of the plan and not rolled over into another qualified plan or IRA become taxable income and may be subject to an additional 10% penalty tax if received prior to age 59½. For more information about the 10% penalty tax, refer to the *Special Tax Notice Regarding Plan Payments* on pages 111-116 and on our website.

Funds in the 401(k) plan should be used during retirement. However, distributions of vested funds from a 401(k) account can be made:

1. Upon separation from employment;
2. Upon retirement;
3. Upon attaining age 59½ while still employed (up to four withdrawal elections per calendar year);
4. Upon becoming disabled;
5. Active duty reservist deployment;
6. In the event of death (see *Savings Plans Death Benefit*), or
7. For financial hardship (see *401(k) Hardship Withdrawals*).

### **Retirement or Separation**

Employees who retire or separate from employment become eligible to receive funds from their 401(k) accounts. However, employees transferring from one covered employer under URS to another covered employer don't qualify for withdrawal.

Retired or separated employees are not required to withdraw money from their 401(k) plans. However, when employees reach age 70½ or separate employment, whichever is later, they must begin withdrawing a minimum amount each year. These required withdrawals are known as required minimum distributions (RMDs). Deferrals to the URS 401(k) Plan are not allowed after separation or retirement.

Employees may redirect how their funds are invested by logging into myURS on our website and making the change, or by completing an *Investment Contract* (Form DCCT-2) available on our website or from our office.

### **Age 59½**

Employees age 59½ or older and still employed may elect to withdraw all or a portion of their vested 401(k) accounts. However, employees are limited to four withdrawal elections per calendar year while employed by participating employers. The 10% early withdrawal penalty tax does not apply.



### **Disability**

If employees become permanently disabled while employed with participating employers, they become eligible for plan distributions. Employees are considered permanently disabled under the 401(k) plan if they are approved for disability benefits from the state's long-term disability plan, a similar long-term disability plan, or Social Security.

### **Withdrawal Options**

The options for withdrawal of 401(k) funds are:

1. Full balance;
2. Partial balance in any amount;
3. Periodic payments made monthly, quarterly, semiannually, or annually based on:
  - A. Equal payments;
  - B. Equal payments calculated for a desired number of years and a projected rate of return;
  - C. Payments for a specific number of years, adjusted annually for market fluctuations;
  - D. Age 70½ minimum distribution requirements adjusted annually;

OR

4. A direct rollover to an IRA or other eligible plan.

Employees receiving periodic payments can request an additional form of distribution by completing a new withdrawal application. Periodic payments are issued the last working day of the month. Payments for an employee receiving periodic 401(k) plan payments and any retirement (pension) benefits are combined with their retirement checks. When a balance exists in more than one investment option, unless indicated otherwise, payments are withdrawn pro rata based on existing balances.

### **Taxes on Distributions**

If employees separate from service before reaching age 55 and choose to receive distributions from their URS 401(k) Plan, the distributions may be subject to a 10% penalty tax in addition to income taxes. Taxes may be deferred by leaving the funds in the plan or by rolling over the taxable portion into another eligible plan. If employees reach age 55 before ending employment the distributions are subject to income tax, but not the penalty tax.

### **Tax Withholding on Distributions**

The IRS mandates if an employee receives a withdrawal from the 401(k) plan in a period of less than 10 years (such as a lump-sum, partial balance, or periodic payments), 20% must be withheld for federal income tax. If periodic payments are to be received for 10 years or more, or over life expectancy, withholding is based on marital status and the number of allowances claimed on the completed *Substitute W-4P* form. Utah state taxes will only be withheld based on information provided on the *Substitute W-4P* form. Lifetime payments or those lasting 10 years or longer; if no *Substitute W-4P* form is submitted, the IRS requires





federal withholding as if the employee is married claiming three withholding allowances and no state tax is withheld.

### **Rollovers**

Taxes on 401(k) savings can be deferred by:

1. Making a direct rollover to an eligible plan that accepts rollovers;
2. Making a direct rollover into a traditional IRA; or
3. Receiving a distribution of the account balance and depositing the balance with another eligible plan within 60 days.

A direct rollover to a Roth IRA is allowed, but the funds rolled over are taxable as income.

**Note:** If an employee receives payment instead of making a direct rollover, 20% of the amount is withheld for federal income tax. Employees are allowed to use personal savings to make up the 20% withholding in order to avoid the 10% early withdrawal penalty tax and keep the full value of the account tax-deferred. If employees roll over only a portion of the taxable amount, the remaining taxable portion is subject to ordinary income tax and may also be subject to the 10% early withdrawal penalty tax.

## Procedures

### **Steps for Members**

1. Determine the amount available for withdrawal via myURS on our website or by calling our Defined Contribution Department.
2. Obtain a *401(k) Withdrawal Packet* or *401(k) Rollover Packet* by calling our Defined Contribution Department. The *401(k) Withdrawal Packet* includes: a *Utah Retirement Systems 401(k) Withdrawal* application (Form DCWD-3), a *Special Tax Notice Regarding Plan Payments*, and a *Substitute W-4P Withholding Certificate for URS Savings Plans* (DCTX-1). The *401(k) Rollover Packet* includes a *Rollover/Transfer From Utah Retirement Systems Savings Plans* application (Form DCRL-2) and a *Special Tax Notice Regarding Plan Payments*, or these forms can be printed from our website.
3. Read the *Special Tax Notice Regarding Plan Payments*. Consult a tax advisor for consequences of receiving a 401(k) distribution.
4. Return the completed *Utah Retirement Systems 401(k) Withdrawal* application or *Rollover/Transfer From Utah Retirement Systems Savings Plans* application and *Substitute W-4P Withholding Certificate for URS Savings Plans*, if applicable, to our office.
5. Report the amount received for a withdrawal on the individual tax return for the year in which it was received. An *IRS Form 1099-R* is issued for reporting purposes.



### Steps for Employers

1. If an employee ends his or her employment, notify our office by providing the separation information online. (If you have problems, call our Records Management Department at 801-366-7318 or 800-753-7318). **NOTE: Employers must also complete an *Employee Benefits Notification (Form ADNT-2)* to provide employees with information about withdrawing their balances. URS does not require a copy of this (more information is available in the *Membership – Leaves of Absence* section).**
2. Instruct employees to determine the amount available for withdrawal via the myURS section of our website or by calling our Defined Contribution Department.
3. Instruct employees to obtain a *401(k) Withdrawal Packet* or *401(k) Rollover Packet* by calling our Defined Contribution Department. The *401(k) Withdrawal Packet* includes: a *Utah Retirement Systems 401(k) Withdrawal* application (Form DCWD-3), a *Special Tax Notice Regarding Plan Payments*, and a *Substitute W-4P Withholding Certificate for URS Savings Plans* (Form DCTX-1). The *401(k) Rollover Packet* includes a *Rollover/Transfer From Utah Retirement Systems Savings Plans* application (Form DCRL-2) and a *Special Tax Notice Regarding Plan Payments*, or these forms can be printed from our website.
4. Instruct employees to consult a tax advisor regarding consequences of receiving 401(k) distributions.



## 401(k) Withdrawals (Tier 2)

Only vested URS 401(k) Plan funds are available for withdrawal. In exchange for the before-tax savings advantage, the IRS only allows access to the savings plans funds under certain circumstances. Funds taken out of the plan and not rolled over into another qualified plan or IRA become taxable income and may be subject to an additional 10% penalty tax if received prior to age 59½. For more information about the 10% penalty tax, refer to the *Special Tax Notice Regarding Plan Payments* on pages 111-116 and on our website.

Funds in the 401(k) plan should be used during retirement. However, distributions from a 401(k) account can be made:

1. Upon separation from employment;
2. Upon retirement;
3. Upon attaining age 59½ while still employed, employee elective, and employer matching contributions can be withdrawn (up to four withdrawal elections per calendar year);
4. Vested Tier 2 employer required contributions can be withdrawn once the employee separates from service;
5. Upon becoming disabled, employee elective and employer matching contributions can be withdrawn; in-service Tier 2 employer required contributions are excluded from disability withdrawals, until the member is eligible for retirement (using the Tier 2 Hybrid System's eligibility rules);
6. Active duty reservist deployment;
7. In the event of death (see *Savings Plans Death Benefit*); or
8. For financial hardship (see *401(k) Hardship Withdrawals*)

### **Retirement or Separation**

Employees who retire or separate from employment become eligible to receive vested funds from their 401(k) accounts. However, employees transferring from one covered employer under URS to another covered employer don't qualify for withdrawal.

Retired employees or employees who are separated from service are not required to withdraw money from their 401(k) plans. However, employees reaching age 70½ or separating employment, whichever is later, must begin withdrawing a minimum amount each year. These required withdrawals are known as required minimum distributions (RMDs). Deferrals to the URS 401(k) Plan are not allowed after separation from employment or retirement.

Employees may redirect how their vested funds are invested by logging into myURS on our website and making the change or by completing an *Investment Contract* (Form DCCT-2), available on our website and from our office.



### **Age 59½**

Upon attaining age 59½ while still employed, employee elective, and employer matching contributions, can be withdrawn (up to four withdrawal elections per calendar year). Vested Tier 2 employer required contributions can be withdrawn once the employee separates from service.

### **Disability**

If employees become permanently disabled while employed with participating employers, they become eligible for plan distributions from employee elective deferrals and employer matching contributions. In-service Tier 2 employer required contributions are excluded from disability withdrawal availability until the employee would otherwise be eligible to retire (using the Tier 2 Hybrid System's eligibility rules).

Employees are considered permanently disabled under the 401(k) plan if they are eligible for disability benefits from the state's long-term disability plan, a similar long-term disability plan, or Social Security.

### **Withdrawal Options**

The options for withdrawal of 401(k) funds are:

1. Full balance;
  2. Partial balance in any amount;
  3. Periodic payments made monthly, quarterly, semiannually, or annually based on:
    - A. Equal payments;
    - B. Equal payments calculated for a desired number of years and a projected rate of return;
    - C. Payments for a specific number of years, adjusted annually for market fluctuations;
    - D. Age 70½ minimum distribution requirements adjusted annually;
- OR
4. A direct rollover to an IRA or other eligible plan.

Employees receiving periodic payments can request an additional form of distribution by completing a new withdrawal application. Periodic payments are issued the last working day of the month. Payments for an employee receiving periodic 401(k) plan payments and any retirement (pension) benefits are combined with their retirement checks. When a balance exists in more than one investment option, unless indicated otherwise, payments are withdrawn pro rata based on existing balances.

### **Taxes on Distributions**

If employees separate from service before reaching age 55 and choose to receive distributions from the URS 401(k) Plan, the distributions may be subject to a 10% penalty tax in addition to income taxes. Taxes may be deferred by leaving the funds in the plan or by



rolling over the taxable portion into another eligible plan. If employees reach age 55 before ending employment the distributions are subject to income tax, but not the penalty tax.

### **Tax Withholding on Distributions**

The IRS mandates if an employee receives a withdrawal from the 401(k) plan in a period of less than 10 years (such as a lump-sum, partial balance, or periodic payments), 20% must be withheld for federal income tax. If periodic payments are to be received for 10 years or more, or over life expectancy, withholding is based on marital status and the number of allowances claimed on the completed *Substitute W-4P* form. Utah state taxes will only be withheld based on information provided on the *Substitute W-4P* form. Lifetime payments or those lasting 10 years or longer; if no *Substitute W-4P* form is submitted, the IRS requires federal withholding as if the employee is married claiming three withholding allowances and no state tax is withheld.

### **Rollovers**

Taxes on 401(k) savings can be deferred by:

1. Making a direct rollover to an eligible plan that accepts rollovers;
2. Making a direct rollover into a traditional IRA; or
3. Receiving a distribution of the account balance and depositing the balance with another eligible plan within 60 days.

A direct rollover to a Roth IRA is allowed, but the funds rolled over are taxable as income.

**Note:** If an employee receives payment instead of making a direct rollover, 20% of the amount is withheld for federal income tax. Employees are allowed to use personal savings to make up the 20% withholding in order to avoid the 10% early withdrawal penalty tax and keep the full value of the account tax-deferred. If employees roll over only a portion of the taxable amount, the remaining taxable portion is subject to ordinary income tax and may also be subject to the 10% early withdrawal penalty tax.

## **Procedures**

### **Steps for Members**

1. Determine the amount available for withdrawal via myURS on our website or by calling our Defined Contribution Department.
2. Obtain a *401(k) Withdrawal Packet* or *401(k) Rollover Packet* by calling our Defined Contribution Department. The *401(k) Withdrawal Packet* includes: a *Utah Retirement Systems 401(k) Withdrawal* application (Form DCWD-3), a *Special Tax Notice Regarding Plan Payments*, and a *Substitute W-4P Withholding Certificate for URS Savings Plans* (Form DCTX-1). The *401(k) Rollover Packet* includes a *Rollover/Transfer From Utah Retirement Systems Savings Plans* application (Form DCRL-2) and a *Special Tax Notice Regarding Plan Payments*, or these forms can be printed from our website.



3. Read the *Special Tax Notice Regarding Plan Payments*. Consult a tax advisor for consequences of receiving a 401(k) distribution.
4. Return the completed *Utah Retirement Systems 401(k) Withdrawal* application or *Rollover/Transfer From Utah Retirement Systems Savings Plans* application and *Substitute W-4P Withholding Certificate for URS Savings Plans*, if applicable, to our office.
5. Report the amount received for a withdrawal on the individual tax return for the year in which it was received. An *IRS Form 1099-R* is issued for reporting purposes.

### **Steps for Employers**

1. If an employee ends his or her employment, notify our office by providing the separation information online. (If you have problems, call our Records Management Department at 801-366-7318 or 800-753-7318.) **NOTE: Employers must also complete an *Employee Benefits Notification (Form ADNT-2)* to provide employees with information about withdrawing their balances. URS does not require a copy of this (more information is available in the *Membership – Leaves of Absence* section).**
2. Instruct employees to determine the amount available for withdrawal via the myURS section of our website or by calling our Defined Contribution Department.
3. Instruct employees to obtain a *401(k) Withdrawal Packet* or *401(k) Rollover Packet* by calling our Defined Contribution Department. The *401(k) Withdrawal Packet* includes: a *Utah Retirement Systems 401(k) Withdrawal* application (Form DCWD-3), a *Special Tax Notice Regarding Plan Payments*, and a *Substitute W-4P Withholding Certificate for URS Savings Plans* (DCTX-1). The *401(k) Rollover Packet* includes a *Rollover/Transfer From Utah Retirement Systems Savings Plans* application (Form DCRL-2) and a *Special Tax Notice Regarding Plan Payments*, or these forms can be printed from our website.
4. Instruct employees to consult a tax advisor regarding consequences of receiving 401(k) distributions.



---

Utah Retirement Systems 401(k) and 457 Plans  
**Special Tax Notice Regarding Plan Payments**

This notice explains how you can continue to defer federal income tax on your retirement savings in the URS 401(k) and 457 Plans, and contains important information you will need before you decide how to receive your Plan payments. This notice is provided to you because all or part of the payment you will soon receive from the Plan may be rolled over, by you or your plan administrator, to an IRA or an eligible employer plan. A rollover is a payment of all or part of your 401(k) or 457 to another plan or IRA that allows you to continue to postpone taxation of that payment until it is paid to you. However, if you don't want to postpone taxation, your payment can also be rolled over to a Roth IRA; pre-tax amounts rolled over to a Roth IRA will be subject to income tax in the year of distribution. Your payment cannot be rolled over to a SIMPLE IRA, or a Coverdell Education Savings Account (formerly known as an education IRA). An "eligible employer plan" includes a plan qualified under section 401(a) of the Internal Revenue Code, including a 401(k) plan, profit-sharing plan, defined benefit plan, stock bonus plan, and money purchase plan; a section 403(a) annuity plan; a section 403(b) tax-sheltered annuity; and an eligible section 457(b) plan maintained by a governmental employer (governmental 457 plan). An eligible employer plan is not legally required to accept a rollover. Before you decide to roll over your payment to another employer plan, you need to ask if the plan accepts rollovers and, if so, the types of distributions it accepts as a rollover. You should also inquire if any documents are required to be completed before the receiving plan will accept a rollover. Even if an eligible employer plan accepts rollovers, it might not accept rollovers of certain types of distributions. If an eligible employer plan accepts your rollover, the plan may restrict subsequent distributions of the rollover amount or may require your spouse's consent for any subsequent distribution. A subsequent distribution from the plan that accepts your rollover may also be subject to different tax treatment than distributions from this Plan. Check with the administrator of the plan that is to receive your rollover prior to requesting the rollover. If you have additional questions after reading this notice, please contact our Defined Contribution Department at **800-688-4015** or **801-366-7720**.

***Payments That Cannot Be Rolled Over***

**Payments Made to Coverdell Savings Plans or SIMPLE IRAs.** You cannot rollover a URS 401(k) or 457 into these types of accounts.

**Payments Spread Over Long Periods.** You cannot rollover a payment if it is part of a series of equal (or almost equal) payments made at least once a year and will last for: your lifetime (or a period measured by your life expectancy), or a period of 10 years or more.

**Required Minimum Distributions.** Beginning when you reach age 70½ or retire, whichever is later, a certain portion of your payment cannot be rolled over because it is a required minimum distribution (RMD) that must be paid to you.

**Hardship Distributions.** A hardship distribution cannot be rolled over.

**Corrective Distributions.** A distribution made because legal limits on certain contributions were exceeded cannot be rolled over.

***Rollover Options***

There are two ways you may be able to receive a Plan payment that is eligible for rollover: a direct rollover or a payment paid to you.



### **Direct Rollover**

A direct rollover is a direct payment of the amount of your Plan benefits to an IRA or an eligible employer plan that will accept it. You can choose a direct rollover of all or any portion of your payment that is an eligible rollover distribution. Payments made to a qualified employer plan or traditional IRA will not be taxed until you later take it out of the receiving traditional IRA or eligible employer plan. Payments made to a Roth IRA are subject to taxation in the year of distribution. No income tax withholding is required for any portion of your Plan for which you choose a direct rollover.

### **Direct Rollover to an IRA**

You can open a traditional IRA or Roth IRA to receive the direct rollover. If you choose to have your payment made directly to an IRA, contact our Defined Contribution Department or an IRA sponsor (usually a financial institution) to find out how to have your payment made in a direct rollover to an IRA. However, in choosing an IRA, you may wish to inquire whether the IRA you choose allows you to move all or part of your payment to another IRA at a later date, without penalties or other limitations. See IRS Publication 590, *Individual Retirement Arrangements*, for more information on IRAs (including limits on how often you can roll over between IRAs).

### **Direct Rollover to an Employer Plan**

If you are employed by a new employer with an eligible retirement savings plan, and you want a direct rollover to that plan, ask the plan administrator of that plan whether it will accept your rollover. An eligible employer plan is not legally required to accept a rollover. Even if your new employer's plan does not accept a rollover, you can choose a direct rollover to an IRA. If the employer plan accepts your rollover, the plan may provide restrictions on the circumstances under which you may later receive a distribution of the rollover amount or may require spousal consent to any subsequent distribution. Check with that plan's administrator before making your decision.

### **Change in Tax Treatment Resulting from a Direct Rollover**

The tax treatment of any payment from the eligible employer plan, or IRA, receiving your direct rollover might be different than if you received your payment in a taxable distribution directly from your URS Plan. For example, if you were born before January 1, 1936, you might be entitled to 10-year averaging or capital gain treatment. However, if you have your payment rolled over to a section 403(b) tax-sheltered annuity, a governmental 457 plan, or an IRA, your payment will no longer be eligible for that special treatment. See the following sections entitled, *Additional 10% Tax if You are Under Age 59½* and *Special Tax Treatment if You Were Born Before January 1, 1936*.

### **Direct Rollover Summary**

If you choose a direct rollover to a traditional IRA or an eligible employer plan:

- Your payment will not be taxed in the current year and no income tax will be withheld.
- You choose whether your payment is made directly to your traditional IRA or to an eligible employer plan that accepts your rollover. Your payment cannot be rolled over to a SIMPLE IRA or a Coverdell Education Savings Account because these are not traditional IRAs.
- The taxable portion of your payment will be taxed later when you take it out of the traditional IRA or the eligible employer plan. Depending on the type of plan, the later





distribution may be subject to different tax treatment than it would if you received a taxable distribution from this Plan.

If you choose a direct rollover to a Roth IRA:

- Your payment will be subject to income tax in the year of distribution.
- A direct rollover of your distribution to a Roth IRA avoids the 10% tax on early distributions.
- Amounts withheld for income tax that are not rolled over may be subject to the additional 10% tax on early distributions.
- You should consult a tax advisor if you are interested in rolling over your distribution to a Roth IRA.

### **Payment Paid to You**

If your payment is made to you in cash, it is subject to 20% federal income tax withholding. The payment is taxed in the year it takes place unless, within 60 days, you roll it over to a traditional IRA or an eligible employer plan that accepts rollovers. If you don't roll it over, special tax rules may apply.

### **Mandatory Withholding**

For withdrawals that you don't roll over, the Plan is required by law to withhold 20% of the taxable amount. This amount is sent to the IRS as federal income tax withholding. For example, if you can roll over a taxable payment of \$10,000, only \$8,000 will be paid to you because the Plan must withhold \$2,000 as income tax. However, when you prepare your income tax return for the year, unless you make a rollover within 60 days (see *60-day Rollover Option* to follow), you must report the full \$10,000 as a taxable payment from the Plan. You must report the \$2,000 as tax withheld, and it will be credited against any income tax you owe for the year. *Note: There will be no income tax withholding if your payment is less than \$200.*

### **Voluntary Withholding**

If any portion of your payment is taxable, but is not eligible to be rolled over under the rules listed within this notice (see *Payments That Cannot Be Rolled Over*), the mandatory withholding rules don't apply. In this case, you may elect not to have withholding apply to that portion. If you do nothing, "an amount will be taken out" of this portion of your payment for federal income tax withholding (depending on the type of payment). To elect out of withholding, contact our office to obtain a *Substitute W-4P* form and related information.

### **60-day Rollover Option**

If you receive a payment that can be rolled over under the rules listed within this notice, you can still decide to roll over all or part of it to an IRA or to an eligible employer plan that accepts rollovers. If you decide to do a rollover, you must contribute the amount of the payment you received to a traditional IRA or eligible employer plan within 60 days after you receive the payment. You can roll over up to 100% of your payment including an amount equal to the 20% of the taxable portion that was withheld. If you choose to roll over 100%, you must find other money within the 60-day period to replace the 20% that was withheld. Or if you roll over only the 80% of the taxable portion you received, you will be taxed on the 20% that was withheld.

**Example:** The taxable portion of your payment that can be rolled over is \$10,000, and you choose to have it paid to you. You will receive \$8,000, and \$2,000 will be sent to the IRS as



income tax withholding. Within 60 days after receiving the \$8,000, you may roll over the entire \$10,000 to a traditional IRA or an eligible employer plan. To do this, you roll over the \$8,000 you received from the Plan, and you will have to find \$2,000 from other sources (your savings, a loan, etc.). In this case, the entire \$10,000 is not taxed until you take it out of the new account. Also, if you roll over the entire \$10,000, when you file your income tax return, you may get a refund of part or all of the \$2,000 withheld. If, instead, you roll over only \$8,000, the \$2,000 you did not roll over is taxed in the year it was withheld. When you file your income tax return, you may get a refund of part of the \$2,000 withheld. (However, any refund is likely to be larger if you roll over the entire \$10,000.)

**Additional 10% Tax if You are Under Age 59½**  
**(applies to the 401(k) plan only; 457 plans are not subject to this tax)**

If you receive a payment before you reach age 59½ and you don't roll it over, then, in addition to the regular income tax, you may have to pay an extra tax equal to 10% of the taxable portion of the payment. See IRS Form 5329 for more information on the additional 10% tax.

**Exceptions to the Additional 10% Tax**

The additional 10% tax generally does not apply to: 1) payments paid after you separate from service with your employer during or after the year you reach age 55; 2) payments paid because you retire due to disability; 3) payments paid as equal (or almost equal) payments over your life or life expectancy (or yours and your beneficiary's lives or life expectancies); 4) payments paid directly to the government to satisfy a federal tax levy; 5) payments paid to an alternate payee under a domestic relations order; 6) payments up to the amount you paid for unreimbursed medical expenses during the year, minus 7.5% of your adjusted gross income for the year; 7) a qualified reservist distribution from your elective deferrals under the 401(k) plan. See IRS Form 5329 for more information on the additional 10% tax.

**Special Tax Treatment if You Were Born Before January 1, 1936**  
**(applies to the 401(k) plan only)**

If you receive a payment from the 401(k) plan that can be rolled over and you don't roll it over, the payment will be taxed in the year you receive it. However, if the payment qualifies as a lump-sum distribution it may be eligible for special tax treatment. A lump-sum distribution is a payment, within one year, of your entire balance under the Plan (and certain other similar plans of the employer) that is payable to you after you have reached age 59½ or because you have separated from service with your employer. For a payment to be treated as a lump-sum distribution, you must have been a participant in the Plan for at least five years before the year in which you received the distribution. The special tax treatment for lump-sum distributions that may be available to you is described below:

**10-year Averaging**

If you receive a lump-sum distribution and you were born before January 1, 1936, you can make a one-time election to figure the tax on the payment by using 10-year averaging (using 1986 tax rates): 10-year averaging often reduces the tax you owe.

**Capital Gain Treatment**

If you receive a lump-sum distribution and you were born before January 1, 1936, and you were a participant in the Plan before 1974, you may elect to have the part of your payment that is attributable to your pre-1974 participation in the Plan taxed as long-term capital gain



at a rate of 20%. There are other limits on the special tax treatment for lump-sum distributions. For example, you can generally elect this special tax treatment only once in your lifetime and the election applies to all lump-sum distributions you receive in that same year. You may not elect this special tax treatment if you rolled amounts into your 401(k) from a 403(b) tax-sheltered annuity contract, a governmental 457 plan, or from an IRA not originally attributable to a qualified employer plan. If you have previously rolled over a distribution from this Plan (or certain other similar plans of the employer), you cannot use this special averaging treatment for later payments from the Plan. If you roll over your payment to an IRA, governmental 457 plan, or 403(b) tax-sheltered annuity, you will not be able to use special tax treatment for later payments from that IRA, 457 plan, or annuity. Also, if you roll over only a portion of your payment to an IRA, governmental 457 plan, or 403(b) tax-sheltered annuity, this special tax treatment is not available for the rest of the payment. See IRS Form 4972 for additional information on lump-sum distributions and how you elect the special tax treatment.

#### **Qualified Reservist Distribution**

If you have been called to active duty for more than 179 days or for an indefinite period, you are eligible to withdraw elective deferrals (your contributions) from your 401(k) account without the 10% early withdrawal tax. The distribution must be made no earlier than the date of the order or call to active duty and no later than the close of the active duty period. Also, upon your return from active duty, you may redeposit any funds that you withdrew, to an IRA, for up to 2 years from the end of active service. These amounts would be above and beyond the current contribution limits. You must be ordered or called to duty after September 11, 2001.

#### **Payment Paid to You Summary**

If you choose to have a Plan payment that is eligible for roll over paid to you:

- You will receive only 80% of the taxable amount of the payment because the plan administrator is required to withhold 20% of that amount and send it to the IRS as income tax withholding to be credited against your taxes.
- The taxable amount of your payment will be taxed in the current year unless you roll it over to a traditional IRA or eligible employer plan. Under limited circumstances, you may be able to use special tax rules that could reduce the tax you owe. However, if you receive the payment before age 59½, you may have to pay an additional 10% tax on distributions from the 401(k) (does not apply to the 457 plan).
- You can roll over all or part of the payment by paying it to your IRA or to an eligible employer plan that accepts your rollover within 60 days after you receive the payment. Amounts rolled over to a traditional IRA or eligible employer plan will not be taxed until you take it out of the new traditional IRA or eligible employer plan. Amounts rolled over to a Roth IRA will be subject to income tax in the year of the distribution.
- If you want to roll over 100% of the payment to a traditional IRA or an eligible employer plan, you must find other money to replace the 20% of the taxable portion that was withheld. If you roll over only the 80% that you received, you will be taxed on the 20% that was withheld and not rolled over.



### **Your Right to Waive the 30-day Notice Period**

Generally, a direct rollover or a payment cannot be made from the Plan until at least 30 days after your receipt of this notice. Thus, after receiving this notice, you have at least 30 days to consider whether or not to have your withdrawal directly rolled over. If you don't wish to wait until this 30-day notice period ends before your election is processed, you may waive the notice period by signing the withdrawal rollover application. Your withdrawal will then be processed in accordance with your election as soon as practical after it is received by our office.

### **Surviving Spouses, Alternate Payees, and Other Beneficiaries**

In general, the *rules* summarized above for payments to employees also apply to payments to surviving spouses of employees and to spouses or former spouses who are alternate payees. You are an alternate payee if your interest in the Plan results from a domestic relations order, which is an order issued by a court, usually in connection with a divorce or legal separation. If you are a surviving spouse or an alternate payee, you may choose to have a payment paid in a direct rollover to an IRA or eligible employer plan or paid to you. If you have the payment paid to you, you can keep it or roll it over yourself to an IRA or to an eligible employer plan. Thus, you have the same choices as the employee. If you are a designated beneficiary, other than a surviving spouse or an alternate payee, you can choose to take a payment or direct rollover to an IRA, which will be treated as an inherited IRA subject to the minimum distribution rules applicable to beneficiaries. You cannot choose a direct rollover to an eligible employer plan, and you cannot roll over the payment yourself.

### **Special Rules**

If you are a surviving spouse, an alternate payee, or another beneficiary, your payment is generally not subject to the additional 10% tax described above, even if you are younger than age 59½. *\*Note: If you choose to roll over to an IRA or an eligible employer plan in your name, the funds rolled over will be subject to the rules and tax treatment of the new IRA or eligible employer plan. Thus, you may be subject to the additional 10% tax described above.* If you are a surviving spouse, an alternate payee, or another beneficiary, you may be able to use the special tax treatment for lump-sum distributions. See the section entitled *Special Tax Treatment if You Were Born Before January 1, 1936*. If you receive a payment because of an employee's death, you may be able to treat the payment as a lump-sum distribution if the employee met the appropriate age requirements, whether or not the employee had five years of participation in the Plan.

### **How to Obtain Additional Information**

This notice summarizes only the federal (not state or local) tax rules that might apply to your payment. The rules described above are complex and contain many conditions and exceptions that are not included in this notice. Therefore, you may want to consult with a professional tax advisor before you take a payment of your benefits from your Plan. Also, you can find more specific information on the tax treatment of payments from qualified employer plans in IRS Publication 575, *Pension and Annuity Income*, and IRS Publication 590, *Individual Retirement Arrangements*. These publications are available from your local IRS office, on the IRS website at [www.irs.gov](http://www.irs.gov), or by calling 800-TAX-FORMS.



## 457

# Deferred Compensation Plan

The URS 457 Plan (the Plan) is a governmental deferred compensation plan under Section 457(b) of the Internal Revenue Code. The Plan was adopted in 1971 for the benefit of URS participants. It is a tax-deferred savings plan designed to provide additional retirement income for participants and their beneficiaries.

Eligible employees are able to defer a portion of their incomes on an elective basis before income taxes are calculated and assessed to their wages. Employers can also make contributions to the plan to attract and benefit employees, elected officials, and other parties related to public service in the state of Utah.

Benefits of the plan include:

1. Convenient, automatic payroll deductions;
2. A variety of investment options;
3. Tax-deferred savings;
4. Increase/decrease elective deferrals as often as every month;
5. Change investment allocation of future deferrals as often as desired;
6. Transfer among investment options (subject to policies established by the Utah State Retirement Board);
7. Rollover to or from other retirement plans (subject to eligibility);
8. Funds transfer to beneficiaries upon death;
9. Immediate vesting, and
10. Loan availability (see page 122).

**Note regarding employer contributions:**

Employer non-elective and matching contributions are not subject to income taxation in the period contributed to the plans. However, all 457 contributions (whether employee or employer paid) may be subject to Social Security and Medicare taxation (if these taxes would otherwise apply to the employee's wages). See IRS W-2 instructions for Box 3, 457(b) plans.



## Transfers and Rollovers to the URS 457 Plan

Employees can transfer untaxed funds from another 457(b) deferred compensation plan. By transferring the account, the funds remain tax-deferred.

The transfer of 457 funds may be made at any time after employees begin employment with participating employers.

### Types of Rollovers

A **transfer** occurs when funds are moved between two similar types of plans (e.g., 401(k) to 401(k) or 457 to 457). A **direct rollover** occurs when funds are moved from one eligible retirement plan to another eligible retirement plan (e.g., 403(b) to 401(k), etc.). In both cases the check is made out and sent to the institution receiving the funds, such as:

**Utah Retirement Systems  
For the benefit of (Participant's Name)  
PO Box 1590  
Salt Lake City, UT 84110-1590**

A **60-day rollover** occurs when a check is paid to the participant and is subject to a 20% federal income tax withholding. Members can roll over the net amount of the funds within 60 days from the date they received their checks. Participants may also roll over the total amount of the distribution by including a check for the amount of taxes withheld.

Before an employee requests a rollover from a previous plan, he/she should consult a tax advisor.

## Procedures

### Steps for Members

1. Contact the previous plan provider to determine if funds are eligible for roll over and request instructions and forms for a rollover from that plan.
2. Complete any forms for roll over from the previous plan. Return them to the previous plan provider.
3. Obtain a *Savings Plan Transfer/Direct Rollover to Utah Retirement Systems* (Form DCRL-1) from our website or by calling our Defined Contribution Department.
4. Complete all sections of the form.
5. Return the form to our Defined Contribution Department. Include a copy of a recent statement of the 457 account to be transferred into the URS 457 Plan.



6. If it's a 60-day rollover, complete the *Savings Plan Transfer/Direct Rollover to Utah Retirement Systems* (Form DCRL-1) and forward it with a check to our office made payable to the Utah Retirement Systems 457 Plan. Payment must be made and received within 60 days from the date the distribution was received. Name and Social Security or account number must be noted on the check.

### **Steps for Employers**

1. Instruct employees to obtain a *Savings Plan Transfer/Direct Rollover to Utah Retirement Systems* form from our website or by calling our Defined Contribution Department.
2. Notify employees to request instructions and forms from their previous plan(s).
3. If the previous employer's plan requires an authorized signature from a representative of the accepting plan, forward that plan's forms to our Defined Contribution Department.



## 457 Emergency Withdrawals

Employees experiencing a financial emergency may qualify for a withdrawal. Emergency withdrawals enable employees to access their before-tax savings under certain circumstances. There is no minimum emergency withdrawal amount; the maximum is the amount needed to meet the financial hardship. The entire 457 account balance is available for emergency withdrawals (excluding outstanding loan balances).

The IRS requires employees to demonstrate severe financial need to qualify for an emergency withdrawal. The IRS Code states a financial hardship must be a “severe financial hardship to the participant resulting from an illness, accident, or loss of property due to casualty or other similar extraordinary and unforeseeable circumstances arising as a result of events beyond the control of the participant.”

Before an emergency withdrawal can be granted, employees must have exhausted all other financial resources. Regulations require employees to try to alleviate the hardship through compensation or reimbursement by insurance, liquidation of assets (at least to the extent that liquidation itself does not cause a hardship), and/or by cessation of contributions. Our office may, during the emergency withdrawal review process, require members to cancel all deferrals before release of funds is authorized. Emergency withdrawal funds are considered taxable income during the year received.

### Procedures

#### Steps for Members

1. Determine the amount available for an emergency withdrawal via myURS on our website or by calling our Defined Contribution Department.
2. Obtain a *457 Emergency Withdrawal Packet* by calling our Defined Contribution Department. The *457 Emergency Withdrawal Packet* includes: a *457 Emergency Withdrawal* application (Form DCWD-8), a *Financial Information for 457 Hardship Withdrawal* (Form DCWD-17), and a *Substitute W-4P Withholding Certificate for URS Savings Plans* (Form DCTX-1) or these forms can be printed from our website.
3. Read the back of the *457 Emergency Withdrawal* application. Consult a tax advisor for consequences of receiving an emergency withdrawal.
4. Return the completed *457 Emergency Withdrawal* application, *Financial Information for 457 Emergency Withdrawal*, and documentation to our Defined Contribution Department. The request is reviewed by our office.
5. Report the amount received for an emergency withdrawal on the individual tax return for the year in which it was received. An *IRS Form 1099-R* is issued for reporting purposes.





### **Steps for Employers**

1. Instruct employees to determine the amount available for emergency withdrawal via myURS on our website or by calling our Defined Contribution Department.
2. Instruct employees to consult a tax advisor regarding the consequences of receiving an emergency withdrawal.
3. Instruct employees to obtain a *457 Emergency Withdrawal Packet* by calling our Defined Contribution Department. The *457 Emergency Withdrawal Packet* includes: a *457 Emergency Withdrawal* application (Form DCWD-8), a *Financial Information for 457 Hardship Withdrawal* (Form DCWD-17), and a *Substitute W-4P Withholding Certificate for URS Savings Plans* (Form DCTX-1) or these forms can be printed from our website.



## 457 Loans

Regulations allow 457 plan administrators to provide loans from 457 plans to participants. We have adopted a loan provision for the 457 plan.

To utilize the loan provision in the URS 457 Plan, participants must be actively employed by an employer participating in the URS 457 loan program. For an employer to participate in the loan program, the employer must have authorized repayment of the loan through payroll deductions. The loan payments are deducted from payroll after tax and are included as an installment payment on the employer's electronic contribution reporting file (see the *Contribution Reporting* section).

Participants are generally allowed to borrow up to 50% of their 457 balances for any reason. The minimum loan is \$1,000; the maximum loan is \$50,000. A non-refundable loan processing fee of \$60 is deducted from the member's account at the time the loan is processed. Participants cannot have more than one 457 loan outstanding under the current policy. Repayment of the loan cannot exceed five years unless the loan is for the purchase of a primary residence. If the loan is for the purchase of a primary residence, participants can extend repayment of the loan for up to 10 years. A fixed rate of interest is applied for the duration of the loan. The interest rate is determined on the first day of each calendar quarter, based on the prime rate as published in the Wall Street Journal plus 1%. The interest paid on a loan from the URS 457 Plan is generally not deductible for income tax purposes (consult a tax advisor).

The ACH loan repayment program is offered to URS members who have outstanding 401(k) or 457 plan loans and are no longer able to make payroll deductions through a participating URS employer. This may occur due to retirement, disability, separation from employment with a participating employer, or re-employment with an employer who does not participate in the loan program.

URS plan loans are subject to both IRS regulations and the terms of each individual member's signed *Promissory Note*. Participating in the ACH program does not supersede the terms of the original signed *Promissory Note* except that the repayment amount may be recalculated to a monthly amount necessary to repay the loan in the length of time specified in the *Promissory Note*.

When using the ACH repayment program, the member agrees to allow monthly loan payments to be automatically debited by URS on the 15th of the month (or next closest bank business day) from the financial institution he/she has chosen. The member agrees to keep URS notified, in writing, of any changes to his/her account information (account numbers, new bank, address changes, etc.). If a request for payment is refused by the member's financial institution, URS will attempt to contact the member to correct the situation. If URS receives two failed ACH requests over the period of the loan, URS will default/offset the loan without further notice. The member will receive a notice confirming the default/offset.

An outstanding 457 loan balance becomes due upon separation from employment. If the loan balance is not paid off within the cure period, the loan is considered in default and treated as a withdrawal, unless the ACH loan repayment program is set up for the member.



The cure period cannot continue beyond the last day of the calendar quarter following the calendar quarter in which the required installment payment was due.

## Procedures

### Steps for Members

1. Read the *URS 401(k)/457 Loan Program* brochure available on our website or by calling our Defined Contribution Department.
2. Call our office at 801-366-7720 or 800-688-401k (Press “0”) and a counselor will assist in setting up the loan. The counselor generates a *Promissory Note* with the terms of the loan and will either mail or fax the note to the member.
3. Review the *Promissory Note* to verify its accuracy, sign it in the presence of a notary public (if the loan amount is over \$5,000), and return it to our office via fax or mail. We verify the notarized signature, process the loan, and mail a check to the address shown on the *Promissory Note*.
4. Immediately notify our office if the deduction for repayment of the loan does not appear on his/her pay stub or if he/she ends employment.

### Steps for Employers

1. If you don’t participate in the loan program employees are not eligible to participate. You can update your service agreement, to change your participation status, at any time by calling our Defined Contribution Department.
2. Instruct employees to determine the amount available for a 457 loan via myURS on our website or by calling our Defined Contribution Department.
3. Instruct the employee to call our office at 801-366-7720 or 800-688-401k (Press “0”) and a counselor will assist in setting up the loan.
4. You are notified of the amount to be deducted after-tax from the employee’s paycheck on your weekly deferral change report. This amount is combined with all other installment payments and reported as a single amount. Process the deduction through your payroll.
5. Report the deducted amounts to our office on your electronic file submission. See the *Contribution Reporting* section for more information.
6. If an employee ends his or her employment, notify our office by providing the separation information online. (If you have problems, call our Records Management Department at 801-366-7318 or 800-753-7318). **NOTE: Employers must also complete an *Employee Benefits Notification (Form ADNT-2)* to provide employees with information about withdrawing their balances. URS does not require a copy of this (more information is available in the *Membership – Leaves of Absence* section).**



7. If an employee is called to active military duty or is on unpaid leave of absence, complete the *Leave Notification* (Form MELV-1) and fax or mail it to our office. This form is available in the *Employers* section of our website.
8. If an employee has a loan and informs you he/she is filing for bankruptcy, instruct the employee to call our office immediately at 801-366-7720 or 800-688-401k. You don't need to take further action at this time. We will contact you with instructions and whether to stop payments.



## 457 Withdrawals

URS 457 Plan funds are immediately vested. However, in exchange for the before-tax savings advantage, the IRS only allows access to the savings plan funds under certain circumstances. Funds taken out of the plan and not rolled over into another 457 plan or other eligible retirement plan become taxable income.

Funds in the 457 plan should be used during retirement. However, distributions from a 457 account can be made:

1. Upon separation from employment;
2. Upon retirement;
3. Upon attaining age 70½ while still employed (up to four withdrawal elections per calendar year);
4. In the event of death (see *Savings Plans Death Benefit*), or
5. For financial hardship (see *457 Emergency Withdrawals*).

### **Retirement or Separation**

Employees who retire or separate from employment become eligible to receive funds from their 457 accounts. However, employees transferring from one covered employer under URS to another covered employer don't qualify for withdrawal.

Retired employees or employees who are no longer working for a URS participating employer are not required to withdraw money from their 457 plans. However, when employees reach age 70½ or terminate employment, whichever is later, they must begin withdrawing a minimum amount each year. These required withdrawals are known as required minimum distributions (RMDs). Deferrals to the URS 457 Plan are not allowed after separation or retirement.

### **Age 70½**

Employees age 70½ or older and still employed may elect to withdraw all or a portion of their 457 accounts. However, employees are limited to four withdrawal elections per calendar year while employed by participating employers.

### **Withdrawal Options**

Options for withdrawal of 457 funds are:

1. Full balance;
2. Partial balance in any amount;
3. Periodic payments made monthly, quarterly, semiannually, or annually based on:
  - A. Equal payments;



- B. Equal payments calculated for a desired number of years and a projected rate of return;
- C. Payments for a specific number of years, adjusted annually for market fluctuations;
- D. Age 70½ minimum distribution requirements adjusted annually;

OR

- 4. A direct rollover to an IRA or other eligible plan.

Employees receiving periodic payments can request additional forms of distribution by completing a new withdrawal application. Periodic payments are issued the last working day of the month. Payments for an employee receiving periodic 457 plan payments and any retirement (pension) benefits are combined with their retirement checks. When a balance exists in more than one investment option, unless indicated otherwise, payments are withdrawn pro rata based on existing balances.

#### **Taxes on Distributions**

Funds withdrawn from 457 plans are taxable. The funds withdrawn are not subject to a 10% early withdrawal penalty tax.

#### **Tax Withholding on Distributions**

The IRS mandates if an employee receives a withdrawal from the 457 plan in a period of less than 10 years (such as a lump-sum, partial balance, or periodic payments), 20% must be withheld for federal income tax. If periodic payments are to be received for 10 years or more, or over life expectancy, withholding is based on marital status and the number of allowances claimed on the completed *Substitute W-4P* form. Utah state tax is only withheld based on information provided on the *Substitute W-4P* form. Lifetime payments or those lasting 10 years or longer; if no *Substitute W-4P* form is submitted, the IRS requires federal withholding as if the employee is married claiming three withholding allowances and no state tax is withheld.

#### **Rollovers**

Taxes on the 457 savings plan can be deferred by:

- 1. Making a direct rollover to an eligible plan that accepts rollovers;
- 2. Making a direct rollover into a traditional IRA; or
- 3. Receiving a distribution of the account balance and depositing the balance with another eligible plan within 60 days.

A direct rollover to a Roth IRA is allowed, but the funds rolled over are taxable as income.

**Note:** If employees receive payment instead of making a direct rollover, 20% of the amount is withheld for federal income tax. When rolling over a distribution as a 60-day rollover, employees are allowed to use personal savings to make up the 20% withholding in order to keep the full value of the account tax-deferred. If employees roll over only a portion of the taxable amount, the remaining taxable portion is subject to regular income tax.



## Procedures

### Steps for Members

1. Determine the amount available for withdrawal via myURS on our website or by calling our Defined Contribution Department.
2. Obtain a *Utah Retirement Systems 457 Withdrawal* application from our website or a *457 Rollover Packet* from our Defined Contribution Department. The *457 Withdrawal* packet includes: a *Utah Retirement Systems 457 Withdrawal* application (Form DCWD-1), a *Special Tax Notice Regarding Plan Payments*, and a *Substitute W-4P Withholding Certificate for URS Savings Plans* (Form DCTX-1). The *457 Rollover Packet* includes a *Rollover/Transfer From Utah Retirement Systems Savings Plans* application (Form DCRL-2) and a *Special Tax Notice Regarding Plan Payments*, all these forms can be printed from our website.
3. Read the *Special Tax Notice Regarding Plan Payments*. Consult a tax advisor for the consequences of receiving a 457 plan distribution.
4. Return the completed *Utah Retirement Systems 457 Withdrawal* application or *Rollover/Transfer From Utah Retirement Systems Savings Plans* and *Substitute W-4P Withholding Certificate for URS Savings Plans*, if applicable, to our office.
5. Report the amount received for a withdrawal on the individual tax return for the year in which it was received. An *IRS Form 1099-R* is issued for reporting purposes.

### Steps for Employers

1. If an employee ends his or her employment, notify our office by providing the separation information online. (If you have problems, call our Records Management Department at 801-366-7318 or 800-753-7318). **NOTE: Employers must also complete an *Employee Benefits Notification* (Form ADNT-2) to provide employees with information about withdrawing their balances. URS does not require a copy of this (more information is available in the *Membership – Leaves of Absence* section).**
2. Instruct employees to determine the amount available for a withdrawal via the myURS section of our website or by calling our Defined Contribution Department.
3. Instruct employees to obtain a *Utah Retirement Systems 457 Withdrawal* application from our website or a *457 Rollover Packet* from our Defined Contribution Department. The *457 Withdrawal* packet includes: a *Utah Retirement Systems 457 Withdrawal* application (Form DCWD-1), a *Special Tax Notice Regarding Plan Payments*, and a *Substitute W-4P Withholding Certificate for URS Savings Plans* (Form DCTX-1). The *457 Rollover Packet* includes a *Rollover/Transfer From Utah Retirement Systems Savings Plans* application (Form DCRL-2) and a *Special Tax Notice Regarding Plan Payments*, all these forms can be printed from our website.
4. Instruct employees to consult a tax advisor regarding consequences of receiving a 457 distribution.



This Page Intentionally Left Blank





## URS Roth IRA

The URS Roth IRA is a “deemed” individual retirement account under Section 408A of the Internal Revenue Code, and authorized by IRC 408(q). Roth IRAs were originally established in 1998 as an additional retirement savings plan for individuals. It’s a savings plan designed to provide tax-free retirement income for participants and their beneficiaries.

Eligible members are able to contribute a portion of their **after-tax** income. The URS Roth IRA is funded solely by members. IRS regulations don’t allow employers to contribute.

Benefits of the Roth IRA include:

1. Convenient contributions via after-tax payroll deduction (subject to employer participation);
2. Members can contribute directly to URS with a cashier’s check, money order, cash or personal check (\$100 minimum);
3. A variety of investment options;
4. Withdrawals may be made at any time;
5. Potentially tax-free withdrawals;
6. Increase/decrease payroll deduction amounts as often as every pay period (subject to employer restrictions);
7. Change investment allocation of future contributions as often as desired;
8. Transfer among investment options (subject to policies established by the Utah State Retirement Board);
9. Funds transfer to beneficiaries upon death; and
10. Rollovers to your URS Roth IRA may be accepted from other Roth plans or qualified pre-tax 401(k), 401(a), 403(b), and 457 plans.



## Transfers and Rollovers from Existing Roth IRAs

A **transfer** occurs when funds are moved between two similar types of plans (e.g., Roth IRA to Roth IRA). Roth IRAs held with other financial institutions may be transferred to a URS Roth IRA. The transfer of Roth IRA funds may be made at any time. The check should be made payable to:

**Utah Retirement Systems  
For the benefit of (Participant's Name)  
PO Box 1590  
Salt Lake City, UT 84110-1590**

A **rollover** occurs when funds are moved between two dissimilar types of plans. Members may roll over money from existing employer-sponsored Roth savings plans (e.g., Roth 401(k)). If the member has employer sponsored Roth savings plan funds eligible for distribution, he/she may roll over these accounts to a URS Roth IRA. The following employer sponsored plan types may also be eligible for roll over to a URS Roth IRA: 401(a), 401(k), 403(b) and 457(b). Untaxed funds rolled over must be reported as taxable income by the issuing institution.

A **60-day rollover** occurs when a check is paid to the participant and may be subject to income tax withholding. Members can roll over the net amount of the funds within 60 days from the date they received their checks. Participants may also roll over the total amount of the distribution by including a check or certified funds in the amount of taxes withheld.

Before an employee requests a distribution from his/her previous plan, he/she should consult a tax advisor.



## Procedures

### Steps for Members

1. Contact the current trustee/custodian to determine what is required to transfer the Roth IRA or other eligible retirement plan funds to your URS Roth IRA.
2. Complete any forms for transfer from the previous plan. Return them to the previous plan.
3. Obtain a *Savings Plan Transfer/Direct Rollover to Utah Retirement Systems* (Form DCRL-1) from our website or by calling our Defined Contribution Department.
4. Complete all sections of the form.
5. Return the form to the URS Defined Contribution Department. Include a copy of a recent statement of the Roth IRA or other eligible retirement plan to be transferred.
6. If it's a 60-day rollover, forward a completed *IRA Deposit Authorization* (Form DIFA-1) **and** a money order, cashier's check or personal check to URS made payable to the Utah Retirement Systems Roth IRA. Payment must be made and received within 60 days from the date the distribution was received. Name and Social Security number or account number must be noted on the check.

### Steps for Employers

1. Instruct employees to obtain the correct form from our website or by calling our Defined Contribution Department.
2. Notify your employee to request instructions and forms from the previous plan.
3. If the previous plan requires an authorized signature from a representative of the accepting plan, forward that plan's forms to our Defined Contribution Department.



## Personal Contributions to a URS Roth IRA

Members may contribute directly to a URS Roth IRA. Contributions to a URS Roth IRA for a prior tax year must be received or postmarked no later than April 15 (or the tax filing deadline) of the following year.

### Contribution Instructions

Personal contributions must be made with cash, cashier's check, money order or personal check in amounts of at least \$100 and must be received with the *IRA Deposit Authorization* (Form DIFA-1). The check or money order should be made payable to:

**Utah Retirement Systems  
PO Box 1590  
Salt Lake City, UT 84110-1590**

The member's Social Security number or URS account number must be noted on the check.



## Roth IRA Withdrawals

Members may withdraw funds from the URS Roth IRA at any time. Earnings may be withdrawn **tax-free** if the member is over age 59½ and if any Roth IRA has been open for at least five years.

Funds from Roth IRAs are intended for use in retirement. Employees under age 59½ may avoid the 10% early withdrawal penalty tax on the untaxed portion if the withdrawal is for one of the following reasons:

- First-time home buyer
- Qualified higher education expenses
- Payments paid based on member's life expectancy
- Health insurance premium payments when unemployed
- Payments of medical expenses in excess of 7.5% of adjusted gross income
- Disability or death.

Additional information on Roth IRA penalty-free withdrawals is available in the *URS Roth & Traditional IRAs Guidebook* or in IRS Publication 590, *Individual Retirement Arrangements (IRAs)*.

### **Withdrawal Options**

The options for withdrawal of Roth IRA funds are:

1. Full balance;
  2. Partial balance of any amount;
  3. Periodic payments made monthly, quarterly, semiannually, or annually based on:
    - A. Equal payments;
    - B. Equal payments calculated for a desired number of years and a projected rate of return;
    - C. Payments for a specific number of years, adjusted annually for market fluctuations;
- OR
4. A transfer to another Roth IRA.

Members receiving periodic payments can request an additional form of distribution by completing a new withdrawal application. Periodic payments are issued the last working day of the month. Periodic Roth IRA payments and any retirement (pension) benefits are combined. When a balance exists in more than one investment option, unless indicated otherwise, payments are withdrawn pro rata based on existing balances.



### **Taxes on Distribution**

If a member has attained age 59½ and a Roth IRA has been open for at least five years, funds withdrawn are generally tax-free. Members under age 59½ or those whose Roth IRA has been open less than five years, may be subject to income tax and/or a 10% early withdrawal penalty tax.

### **Tax Withholding on Distributions**

The IRS requires 10% of any amount withdrawn from a Roth IRA (such as a lump-sum or a partial balance) be withheld for federal income tax unless an individual elects no withholding. A *Substitute W-4P Withholding Certificate for URS Savings Plans* (Form DCTX-1) must be completed to have more than 10% federal or any Utah state income tax withheld. Periodic payments require withholding as if the individual is married claiming three withholding allowances. No state tax is withheld. An individual may elect different marital status, withholding allowances, and state withholding, by completing the *Substitute W-4P Withholding Certificate for URS Savings Plans*.

### **Rollovers**

Any taxes on a Roth IRA distribution can be deferred by:

1. Making a direct rollover to another Roth IRA that accepts transfers; or
2. Receiving a distribution of the account balance and putting the balance in another Roth IRA within 60 days.

Members who receive payment from their accounts instead of making direct rollovers may have federal income taxes withheld. Members are allowed to use personal savings to make up any taxes withheld in order to roll over the full value of their distributions. Members who roll over only a portion of any taxable amount are subject to regular income taxes and applicable tax penalties.



## Procedures

### Steps for Members

1. Determine the amount available for withdrawal via myURS on our website or by calling our Defined Contribution Department.
2. Obtain a *Utah Retirement Systems Roth IRA Withdrawal* or a *Roth IRA Transfer Packet* by calling our Defined Contribution Department. The Roth IRA Withdrawal Packet includes: a *Roth IRA Withdrawal Application* (Form DRWD-12) and a *Substitute W-4P Withholding Certificate for URS Savings Plans* (Form DCTX-1). The *Roth IRA Transfer Packet* includes a *Rollover/Transfer From Utah Retirement Systems Savings Plans* application (Form DCRL-2), or you can print these forms from our website.
3. Consult a tax advisor for consequences of receiving a Roth IRA distribution.
4. Return the completed *Roth IRA Withdrawal application* or *Rollover/Transfer From Utah Retirement Systems Savings Plans application* and *Substitute W-4P Withholding Certificate for URS Savings Plans*, if applicable, to our office.
5. Report the amount received for a withdrawal on the individual tax return for the year in which it was received. An *IRS Form 1099-R* is issued for reporting purposes.

### Steps for Employers

1. Instruct employees to consult a tax advisor regarding consequences of receiving a Roth IRA distribution.
2. Instruct employees to determine the amount available for withdrawal via myURS on our website or by calling our Defined Contribution Department.
3. Instruct employees to obtain a *Utah Retirement Systems Roth IRA Withdrawal* or a *Roth IRA Transfer Packet* by calling our Defined Contribution Department. The Roth IRA Withdrawal Packet includes: a *Roth IRA Withdrawal Application* (Form DRWD-12) and a *Substitute W-4P Withholding Certificate for URS Savings Plans* (Form DCTX-1). The *Roth IRA Transfer Packet* includes a *Rollover/Transfer From Utah Retirement Systems Savings Plans* application (Form DCRL-2), or you can print these forms from our website.



## Qualified Rollover Contributions from a Previous Employer Plan to a Roth IRA

Members may rollover (convert) funds from an eligible plan (401(a), 401(k), 403(b) tax sheltered annuity (TSA), and 457(b)) to a URS Roth IRA. Taxable amounts rolled over to a Roth IRA are subject to income tax. There is no 10% early withdrawal penalty tax on amounts rolled over to a Roth IRA. Rolling over large amounts of taxable funds may adversely impact an individual's federal and state income taxes. Members should consult a tax advisor for an explanation of the consequences of rolling over to a Roth IRA.

### Types of Rollovers

A **direct rollover** occurs when funds are moved from the eligible plan to the Roth IRA. The check is made payable to the institution receiving the funds and the participant.

A **60-day rollover** occurs when a check is paid to the participant and may be subject to income tax withholding. Members can roll over the net amount of the funds within 60 days from the date he/she received the check. Participants may also roll over the total amount of the distribution by including a check in the amount of taxes withheld. Amounts withheld for income tax that are not rolled over may be subject to the additional 10% tax on early distributions.

Before an employee requests a distribution from the previous plan, he/she should consult a tax advisor.

The check should be made payable to:

**Utah Retirement Systems  
For the benefit of (Participant's Name)  
PO Box 1590  
Salt Lake City, UT 84110-1590**





## Procedures

### Steps for Members

1. Contact the plan provider to determine if funds are eligible for roll over and request instructions and forms.
2. Complete any forms for roll over from the previous plan. Return them to the previous plan provider.
3. Obtain a *Savings Plan Transfer/Direct Rollover to Utah Retirement Systems* (Form DCRL-1) from our website or by calling our Defined Contribution Department.
4. Complete all sections of the form.
5. Return the form to our Defined Contribution Department. Include a copy of a recent statement of the account to be rolled over.
6. If it's a 60-day rollover, forward a completed *IRA Deposit Authorization* (Form DIFA-1) **and** a money order, cashier's check or personal check to our office made payable to the Utah Retirement Systems Roth IRA. Payment must be made and received within 60 days from the date the distribution was received. Name and Social Security number or account number must be noted on the check.

### Steps for Employers

1. Instruct the employee to obtain the correct form from our website or by calling our Defined Contribution Department.
2. Notify your employee to request instructions and forms from the previous plan.
3. If the previous plan requires an authorized signature from a representative of the accepting plan, forward that plan's forms to our Defined Contribution Department.



## Converting from a Traditional to a Roth IRA

Members may convert funds from a URS Traditional IRA to a URS Roth IRA. Taxable amounts converted to a Roth IRA are subject to income tax. There is no 10% early withdrawal penalty tax on converted amounts. Conversions of large amounts may adversely impact an individual's federal and state income taxes. Members should consult a tax advisor for an explanation of the consequences of converting a traditional IRA to a Roth IRA.

### Procedures

#### Steps for Members

1. Obtain a *URS Roth IRA Conversion Application* (Form DRCV-1) from our website or by calling our Defined Contribution Department.
2. Consult a tax advisor for consequences of a Roth IRA conversion.
3. Return the completed *URS Roth IRA Conversion Application* to our Defined Contribution Department.
4. Report the converted amount from a URS Traditional to a URS Roth IRA on the individual tax return for the year in which the conversion took place. IRS *Forms 1099-R* and *5498* are issued for reporting purposes.

#### Steps for Employers

1. Advise the employee to consult a tax advisor for consequences of a Roth IRA conversion.
2. Instruct the employee to obtain a *URS Roth IRA Conversion Application* from our website or by calling our Defined Contribution Department.



## URS Traditional IRA

The URS Traditional IRA is a “deemed” individual retirement account under Section 408 of the Internal Revenue Code (IRC) and authorized under section 408(q) of the IRC. Traditional IRAs were originally established as an additional retirement savings plan for individuals. A traditional IRA may allow members to deduct all or part of their contributions for income tax purposes while deferring any taxes on investment earnings.

Members are able to contribute a portion of their **after-tax** income. The URS Traditional IRA is funded solely by members. IRS regulations don’t allow employers to contribute.

Benefits of the traditional IRA include:

1. Convenient contributions via payroll deduction (subject to employer participation);
2. Members can contribute directly to URS with cash, a cashier’s check, money order or personal check (\$100 minimum);
3. A variety of investment options;
4. Withdrawals may be made at any time;
5. Tax-deferred growth;
6. Funds transfer to beneficiaries upon death;
7. Increase/decrease payroll deduction amounts as often as every pay period;
8. Change investment allocation of future contributions as often as desired;
9. Transfer among investment options (subject to policies established by the Utah State Retirement Board);
10. Traditional IRAs are an excellent vehicle when consolidating different retirement plans into a single account (i.e., 401(k), 403(b), other IRAs).



## Rollover Contributions from a Previous Employer or IRA

Members may make a rollover contribution from an eligible plan to the URS Traditional IRA. By rolling over the account, the funds remain tax-deferred. Examples of acceptable plans are: 401(a), 401(k), 403(b) tax sheltered annuities (TSAs), profit-sharing plans, and 457(b) plans. Examples of acceptable IRAs are: traditional IRAs, conduit IRAs, and simplified employee pension (SEP) IRAs. A rollover may be made at any time.

### Types of Rollovers

A **transfer** occurs when funds are moved between two similar types of plans (e.g., traditional IRA to traditional IRA). The check should be made payable to:

**Utah Retirement Systems  
For the benefit of (Participant's Name)  
PO Box 1590  
Salt Lake City, UT 84110-1590**

A **direct rollover** occurs when funds are moved from one eligible plan to another eligible plan (e.g., 403(b) to traditional IRA). The check is made payable to the institution receiving the funds and the participant.

A **60-day rollover** occurs when a check is paid to the participant and may be subject to income tax withholding. Members can roll over the net amount of the funds within 60 days from the date he/she received the check. Participants may also roll over the total amount of the distribution by including a check in the amount of taxes withheld. Amounts withheld for income tax that are not rolled over may be subject to the additional 10% tax on early distributions.

Before an employee requests a distribution from the previous plan, he/she should consult a tax advisor.



## Procedures

### Steps for Members

1. Contact the plan provider or IRA trustee/custodian to determine if funds are eligible for roll over and request instructions and forms.
2. Complete any forms for roll over from the previous plan. Return them to the previous plan provider.
3. Obtain a *Savings Plan Transfer/Direct Rollover to Utah Retirement Systems* (Form DCRL-1) from our website or by calling our Defined Contribution Department.
4. Complete all sections of the form.
5. Return the form to our Defined Contribution Department. Include a copy of a recent statement of the account to be rolled over.
6. If it's a 60-day rollover, forward a completed *IRA Deposit Authorization* (Form DIFA-1) **and** a money order, cashier's check or personal check to our office made payable to the Utah Retirement Systems Traditional IRA. Payment must be made and received within 60 days from the date the distribution was received. Name and Social Security number or account number must be noted on the check.

### Steps for Employers

1. Instruct the employee to obtain the correct form from our website or by calling our Defined Contribution Department.
2. Notify your employee to request instructions and forms from the previous plan.
3. If the previous plan requires an authorized signature from a representative of the accepting plan, forward that plan's forms to our Defined Contribution Department.



## Personal Contributions to a URS Traditional IRA

Members who are under age 70½ may contribute directly to a URS Traditional IRA. Contributions to a URS Traditional IRA for a prior tax year must be received or postmarked no later than April 15 (or the tax filing deadline) of the following year.

### Contribution Instructions

Personal contributions must be made with cash, a cashier's check, money order or personal check in amounts of at least \$100 and must be received with the *IRA Deposit Authorization* (Form DIFA-1). The check or money order should be made payable to:

**Utah Retirement Systems  
PO Box 1590  
Salt Lake City, UT 84110-1590**

The member's Social Security number or URS account number must be noted on the check.



## Traditional IRA Withdrawals

Members may withdraw funds from the URS Traditional IRA at any time. Funds withdrawn may be subject to federal and state income taxes. Employees who withdraw funds before reaching age 59½ may also be subject to a 10% withdrawal penalty tax. Funds from traditional IRAs are intended for use in retirement. Employees under age 59½ may avoid the penalty tax if a withdrawal is for one of the following reasons:

- First-time home buyer
- Qualified higher education expenses
- Payments paid based on member's life expectancy
- Health insurance premium payments when unemployed
- Payments of medical expenses in excess of 7.5% of adjusted gross income
- Disability or death.

Additional information on traditional IRA penalty-free withdrawals is available in the *URS Roth & Traditional IRAs Guidebook*, or IRS Publication 590, *Individual Retirement Arrangements (IRAs)*.

### **Withdrawal Options**

The options for withdrawal of traditional IRA funds are:

1. Full balance;
  2. Partial balance refunds of any amount;
  3. Periodic payments made monthly, quarterly, semiannually, or annually based on:
    - A. Equal payments;
    - B. Equal payments calculated for a desired number of years and a projected rate of return;
    - C. Payments for a specific number of years, adjusted annually for market fluctuations;
    - D. Age 70½ minimum distribution requirements adjusted annually;
- OR
4. A direct rollover or transfer to another eligible plan.

Members receiving periodic payments can request an additional form of distribution by completing a new withdrawal application. Periodic payments are issued the last working day of the month. Periodic traditional IRA payments and any retirement (pension) benefits are combined. When a balance exists in more than one investment option, unless indicated otherwise, payments are withdrawn pro rata based on existing balances.



### **Taxes on Distributions**

Funds received from the IRA may be taxable when withdrawn. The funds may also be subject to the early withdrawal penalty tax. Certain exceptions to the penalty tax may apply.

### **Tax Withholding on Distributions**

The IRS requires 10% of an amount withdrawn from a traditional IRA (such as a lump-sum or a partial balance) be withheld for federal income tax unless an individual elects no withholding. A *Substitute W-4P Withholding Certificate for URS Savings Plans* (Form DCTX-1) must be completed to have more than 10% federal or any Utah state income tax withheld. Periodic payments require withholding as if an individual is married claiming three withholding allowances and no state tax is withheld. An individual may elect different marital status and withholding allowances by completing the *Substitute W-4P Withholding Certificate for URS Savings Plans*.

### **Rollovers**

Taxes on the traditional IRA savings can be deferred by:

1. Making a direct rollover to an eligible plan that accepts rollovers;
2. Making a transfer into another traditional IRA; or
3. Receiving a distribution of the account balance and rolling over the balance to an eligible plan or traditional IRA within 60 days.

Members who receive payment from their account instead of making a direct rollover may have had federal income taxes withheld. Members are allowed to use personal savings to make up any taxes withheld in order to keep the full value of the distribution. Members who roll over only a portion of the taxable amount may be subject to taxation on the amount not rolled over.





## Procedures

### Steps for Members

1. Determine the amount available for withdrawal via myURS on our website or by calling our Defined Contribution Department.
2. Obtain a *Traditional IRA Withdrawal* or *Transfer Packet* by calling our Defined Contribution Department. The *Traditional IRA Withdrawal Packet* includes: a *URS Traditional IRA Withdrawal* application (Form DTWD-12) and a *Substitute W-4P Withholding Certificate for URS Savings Plans* (Form DCTX-1). The *Traditional IRA Transfer Packet* includes a *Rollover/Transfer From Utah Retirement Systems Savings Plans* application (Form DCRL-2). Or, you can print the applicable forms from our website.
3. Consult a tax advisor for consequences of receiving a traditional IRA distribution.
4. Return the completed *URS Traditional IRA Withdrawal* application or *Rollover/Transfer From Utah Retirement Systems Savings Plans* application and *Substitute W-4P Withholding Certificate for URS Savings Plans*, if applicable, to our office.
5. Report the amount received for a withdrawal on the individual tax return for the year in which it was received. An *IRS Form 1099-R* is issued for reporting purposes.

### Steps for Employers

1. Encourage employees to consult a tax advisor regarding consequences of receiving a traditional IRA distribution.
2. Instruct employees to determine the amount available for withdrawal via myURS on our website or by calling our Defined Contribution Department.
3. Instruct employees to obtain a *Traditional IRA Withdrawal* or *Transfer Packet* by calling our Defined Contribution Department. The *Traditional IRA Withdrawal Packet* includes: a *URS Traditional IRA Withdrawal* application (Form DTWD-12) and a *Substitute W-4P Withholding Certificate for URS Savings Plans* (Form DCTX-1). The *Traditional IRA Transfer Packet* includes a *Rollover/Transfer From Utah Retirement Systems Savings Plans* application (Form DCRL-2). Or, you can print the applicable forms from our website.



## Converting from a Traditional to a Roth IRA

Members may convert funds from a URS Traditional IRA to a URS Roth IRA. Taxable amounts converted to a Roth IRA are subject to income tax. There is no 10% early withdrawal penalty tax on converted amounts. Conversions of large amounts may adversely impact an individual's federal and state income taxes. Members should consult a tax advisor for consequences of converting a traditional IRA to a Roth IRA.

### Procedures

#### Steps for Members

1. Obtain a *URS Roth IRA Conversion Application* (Form DRCV-1) from our website or by calling our Defined Contribution Department.
2. Consult a tax advisor for consequences of a Roth IRA conversion.
3. Return the completed *URS Roth IRA Conversion Application* to our Defined Contribution Department.
4. Report the converted amount from a URS Traditional to a URS Roth IRA on the individual tax return for the year in which the conversion took place. *IRS Forms 1099-R and 5498* are issued for reporting purposes.

#### Steps for Employers

1. Encourage employees to consult a tax advisor for consequences of a traditional to Roth IRA conversion.
2. Instruct employees to obtain a *URS Roth IRA Conversion Application* from our website or by calling our Defined Contribution Department.



## Death Benefit Coverage for Non-Retired and Retired Members

### **Qualifying for Survivor's Benefit under the Defined Benefit Plan**

The financial settlement the defined benefit plan provides beneficiaries when non-retired members die, is determined by the individual member's service record and status in the Utah Retirement Systems. Settlement is determined by the laws governing the retirement system or plan from which the member retired. Refer to the *Highlights* brochures or visit our website at [www.urs.org](http://www.urs.org) for more detailed information. The *Highlights* brochures are updated annually and are effective July 1, of each year.

### **Employer Responsibility**

You should notify our office immediately of a non-retired member's death by calling our Defined Benefit Retirement Department at 801-366-7770 or 800-695-4877. We will contact the beneficiaries to complete the necessary forms.

### **Accelerated Death Benefit**

This provision allows eligible non-retired members of the Tier 1 Public Employees Noncontributory and Contributory, Tier 2 Public Employees, and Tier 2 Public Safety & Firefighter Retirement Systems to take an advance payment of 75% of their death benefit if they have a terminal illness and a life expectancy of less than 18 months. Members should contact our Defined Benefit Retirement Department at 801-366-7770 or 800-695-4877 for more information.

### **URS Savings Plans (401(k), 457, Traditional IRA, and Roth IRA) Death Benefit Coverage**

You should notify us immediately of an employee's death by contacting our Defined Contribution Department at 801-366-7720 or 800-688-401k. For more information, refer to the *Defined Contribution* section.



This Page Intentionally Left Blank



## Tier 1 Defined Benefit Retirement Summary of Benefits by System

Utah Retirement Systems administers a defined benefit plan intended to provide a meaningful retirement benefit to employees who have chosen a career in public service. It's a qualified tax-deferred plan under Internal Revenue Code Section 401(a). The laws governing this retirement system are set forth in Utah Code Ann. Title 49.

Members who meet URS age and service requirements are eligible to receive a lifetime, monthly retirement benefit. A summary of plan provisions is listed in the table below.

	Public Employees Contributory System	Public Employees Noncontributory System	Public Safety System	Firefighters System	Judges System	Governors & Legislators Plan	
<b>Qualifications (years/age)</b>	30 yrs any age 20 yrs age 60 <sup>1</sup> 10 yrs age 62 <sup>1</sup> 4 yrs age 65	30 yrs any age 25 yrs any age <sup>1</sup> 20 yrs age 60 <sup>1</sup> 10 yrs age 62 <sup>1</sup> 4 yrs age 65	20 yrs any age 10 yrs age 60 4 yrs age 65		25 yrs any age 20 yrs age 55 <sup>1</sup> 10 yrs age 62 6 yrs age 70	Governor 1 term/ age 65 10 yrs/ age 62 <sup>1</sup>	Legislator 4 yrs/ age 65 10 yrs/ age 62 <sup>1</sup>
<b>Formula</b>	1.25% per yr to 6-30-75 2% per yr 7-1-75 to present	2% per yr all years	2.5% per yr up to 20 yrs 2% per yr over 20 yrs		5% first 10 yrs 2.25% second 10 yrs 1% over 20 yrs	\$500 <sup>2</sup> per mo per term \$10 <sup>2</sup> per mo for each yr of service	
<b>Final Average Salary</b>	Highest 5 yrs	Highest 3 yrs	Highest 3 yrs		Highest 2 yrs	Not Applicable	
<b>Cost-of-Living (max)</b>	4% Simple <sup>4</sup>	4% Simple <sup>4</sup>	2.5% Simple <sup>4</sup>	4% Simple <sup>4</sup>	4% Compounded	4% Simple <sup>4</sup>	
<b>Continuing Monthly Spousal Benefits</b>	<b>Option 1</b> – None <b>Option 2</b> – None, refund of unused contributions <b>Option 3</b> – Same monthly amount <b>Option 4</b> – ½ monthly amount <b>Option 5</b> – Same monthly amount <sup>3</sup> <b>Option 6</b> – ½ monthly amount <sup>3</sup>	<b>Option 1</b> – None <b>Option 2</b> – None, refund of unused contributions <b>Option 3</b> – Same monthly amount <b>Option 4</b> – ½ monthly amount <b>Option 5</b> – Same monthly amount <sup>3</sup> <b>Option 6</b> – ½ monthly amount <sup>3</sup>	<b>Option 1</b> – 65% Public Safety <b>Option 2</b> – 75% Public Safety 75% Firefighters		Option 1–65% Option 2–75%	With 4 or more years 50%	
<b>Partial Lump-Sum Option (PLSO)</b>	One-time payment at retirement equal to 12 or 24 months of the monthly retirement benefit. Along with the PLSO the retirement benefit is actuarially reduced for the member's lifetime. This pertains to ALL systems.						

1 Actuarial reduction.

2 The monthly benefit amount is increased semiannually by 2%.

3 If the member's spouse dies before the member, the benefit reverts to the amount payable under Option 1.

4 Eligible after one year; percentage increase based on original benefit and change in CPI. Effective 7-01-08 public safety employers have the option to raise COLA from 2.5% to 4%.

\*Firefighter disability retirees become eligible for the PLSO when their benefit converts to a service retirement.



## Tier 2 Summary of Benefits by System

As set forth in Utah Code Title 49, a person entering full-time employment with a participating employer on or after July 1, 2011, must make an election to participate in **either** the Tier 2 Hybrid Retirement System or the Tier 2 Defined Contribution (DC) Plan, within one year of his/her employment date. The election made is irrevocable. If no election is made, the employee automatically becomes a member of the Tier 2 Hybrid Retirement System.

	<b>Public Employees Contributory Retirement System</b>	<b>Public Employees Contributory Retirement System</b>	<b>Public Safety/Firefighters Contributory Retirement System</b>	<b>Public Safety/Firefighters Contributory Retirement System</b>
	<b>(Hybrid System)</b>	<b>(DC Plan)</b>	<b>(Hybrid System)</b>	<b>(DC Plan)</b>
<b>Qualifications (Years / Age)</b>	35 yrs any age 20 yrs age 60 <sup>1</sup> 10 yrs age 62 <sup>1</sup> 4 yrs age 65	Members will have access to the full value of their vested account balance when they leave employment, regardless of age, provided they have 4 yrs of eligible employment.	25 yrs any age 20 yrs age 60 <sup>1</sup> 10 yrs age 62 <sup>1</sup> 4 yrs age 65	Members will have access to the full value of their vested account balance when they leave employment, regardless of age, provided they have 4 yrs of eligible employment.
<b>Formula</b>	1.5 % per year of service credit.  401(k) contribution  (Equal to 10% minus the Hybrid DB Plan Rate and is vested after 4 years of accrued service.)	Employer contributes 10% to member 401(k) plan.  Benefit is not based on a fixed formula.	1.5 % per year of service credit.  401(k) contribution  (Equal to 12% minus the Hybrid DB Plan Rate and is vested after 4 years of accrued service.)	Employer contributes 12% to member 401(k) plan.  Benefit is not based on a fixed formula.
<b>Final Average Salary</b>	Highest 5 yrs	Not applicable	Highest 5 yrs	Not applicable
<b>Cost-of-Living (Max)</b>	2.5% <sup>2</sup>	None	2.5% <sup>2</sup>	None
<b>Continuing Monthly Spousal Benefits</b>	<b>Option 1</b> – None <b>Option 2</b> – None, refund of unused contributions <b>Option 3</b> – Same monthly amount <b>Option 4</b> – ½ monthly amount <b>Option 5</b> – Same monthly amount <sup>3</sup> <b>Option 6</b> – ½ monthly amount <sup>3</sup>	None  Any remaining vested funds in a member's 401(k) plan will be paid to his/her beneficiary(ies).	<b>Option 1</b> – None <b>Option 2</b> – None, refund of unused contributions <b>Option 3</b> – Same monthly amount <b>Option 4</b> – ½ monthly amount <b>Option 5</b> – Same monthly amount <sup>3</sup> <b>Option 6</b> – ½ monthly amount <sup>3</sup>	None  Any remaining vested funds in member's 401(k) plan will be paid to his/her beneficiary(ies).

1 Actuarial reduction.

2 Eligible after one year; percentage increase based on original benefit and change in CPI.

3 If the member's spouse dies before the member, the benefit reverts to the amount payable under Option 1.



## Pre-Retirement Information

### Reinstating Previously Refunded Service Credit

Active members with existing records of eligible, non-forfeited service credit with URS may reinstate, or their employers may reinstate, a previous refund of member contributions if it represents eligible service. The total reinstatement payment must be completed before the effective retirement date set with our office. **Note:** *The reinstatement must be credited to the member's account four years before qualifying for a non-line-of-duty disability benefit in the Tier 1 Firefighters Retirement System.*

### Purchasing Eligible Service Credit

Active members with an existing record of *four or more years of eligible service credit* with URS may buy, or their employers may buy, the following:

- Active full-time United States military service, if it doesn't otherwise qualify for service credit under a system administered by URS; or
- Any amount of the following qualified service equal to the period of employment, *if the service has been forfeited under any other retirement system or plan*. This includes:
  1. United States federal employment.
  2. Private school employment based in the United States.
  3. Public employment in another state or territory of the United States.
  4. Public service in this state.
  5. Full-time employment while on an approved leave of absence.
  6. Workers' compensation, long-term and short-term disability benefit period for which the employee was paid and no benefit protection contract existed.
  7. Employment covered by the Teachers Insurance and Annuity Association of America (TIAA).
  8. Utah Charter School employment.

### Filing for Retirement Benefits

It's the member's responsibility to officially set a retirement date by completing an *Application for Service Retirement*. The application must be filed with the Retirement Office no more than 90 days before or 90 days after the retirement date. **This is a completely separate process from filing paperwork for the reinstatement or purchase of service credit before retirement.** Failure to complete a retirement application could result in a member losing benefits if the application is not filed according to the time frame stated in this paragraph. Service retirement applications are only available at our office.

### Lump-Sum Refund of Member Contributions at Retirement

Upon terminating all URS covered employment, members at retirement age, may elect to receive a lump-sum refund of their member contribution accounts, if applicable. This is a total distribution. Members who elect to refund their member contributions forfeit service credit associated with their Contributory Retirement System accounts. Any eligible service associated with a Noncontributory Retirement System is not forfeited. For more information about refunds, see the *Refunds* section.



### **Partial Lump-Sum Option (PLSO)**

At retirement, members who participate in the Tier 1 Retirement System have the option to receive a lump-sum payment equal to 12 months or 24 months of their lifetime monthly retirement benefit. By electing to receive a lump-sum payment, members accept a permanently reduced lifetime monthly benefit.

**Note:** The PLSO is not available for firefighters on a disability retirement. This option is made available once disability benefits terminate and the disability retirement is converted to a service retirement.

A *Partial Lump-Sum Option (PLSO)* brochure is available from our office and at [www.urs.org](http://www.urs.org) in the *Publications* section.

### **Other Important Information**

For more information on final average salary, formulas for calculating a retirement benefit, payout plans, life insurance, and other information, refer to the *Highlights* brochures available from our office or at [www.urs.org](http://www.urs.org).





## General Procedures for Retirement

### Steps for Members

1. Call our Defined Benefit Retirement Department at 801-366-7770 or 800-695-4877 to inquire about retirement eligibility and benefits.
2. Provide the following information:
  - Name
  - Social Security number
  - Address and phone number
  - Projected last day of work
  - Projected date of retirement.
3. Call our Defined Benefit Retirement Department to make an appointment to set up an individual counseling session with a retirement advisor. If you visit our office, bring photo identification for yourself, your spouse, and any other adult who accompanies you. If you visit our office without an appointment, you will be referred to an advisor for general information as soon as one is available. Monthly benefit estimates are not provided to you if you visit our office without an appointment. Retirement advisors need time to evaluate your account and obtain necessary information in order to prepare an estimate.
4. Use the *Pre-Retirement Checklist for Members* on the next page as a guide in preparing for retirement.

### Steps for Employers

1. Recommend that members review URS brochures and *Viewpoint* publications, attend a pre-retirement seminar (a current schedule is available on our website) conducted by our Education & Marketing team, review defined benefit annual retirement statements from URS, and request a monthly benefit estimate from our office before retirement. For specific questions about retirement benefits, members must contact us directly.

Be aware of changes in retirement laws or policies by reviewing periodic URS publications of *The Inside Story*, or call our office with specific questions. Understand which salaries are, and are not, subject to retirement contributions. Refer to the *Compensation Table* (page 51) in the *Contribution Reporting* section.



## Pre-Retirement Checklist for Members

### 18 Months Before Retirement

Reinstatements of previous refunds and purchases (except future service credit) can be paid at any time before the effective date of your service retirement with our office. To reinstate a previous refund of member contributions if it represents eligible service, or to purchase eligible service, contact our office for the cost.

### 12 Months Before Retirement

Request a retirement estimate from our office.

Check on benefits that may be available through your employer (payment for unused vacation, sick leave, and healthcare).

### 6 Months Before Retirement

Check that you have proof-of-age documents for yourself and your spouse. You will also need to provide a copy of your marriage certificate (if you are married).

Check with your employer regarding health insurance coverage after retirement.

### 3 Months Before Retirement

If you are a member of the Public Employees Noncontributory or Contributory Retirement System and you plan to purchase future service credit, contact our office for an *Application for Purchase of Future Service Credit*. This application must be filed up to 90 days in advance of your proposed retirement date to initiate the process of figuring an exact cost. **Please note:** it can take up to 45 days to provide you with the exact cost.

Contact our office for a retirement application. In all URS retirement systems, you must file your application with our office no more than 90 days before, or 90 days after, your retirement date. If you plan to purchase future service credit, your retirement application cannot be filed until the purchase is complete. Refer to the *Purchasing Future Service Credit* brochure available at [www.urs.org](http://www.urs.org) or by calling our office.

Check with all sources regarding payment of future service credit to ensure availability of funds.

If you are planning to work for another agency covered by URS after your retirement, contact our office before you retire. Beginning employment with another participating employer before your effective date of retirement could jeopardize your receiving a monthly benefit. Refer to the *Post-Retirement Employment* section.

### 1 Month Before Retirement

If you mailed your retirement application and haven't been notified we've received it, call our Defined Benefit Retirement Department at 801-366-7770 or 800-695-4877.



## Retirement Application Process

URS members are eligible to receive a lifetime monthly benefit if they meet the eligibility requirements of the system or plan from which they are retiring. When a member requests an application to retire, our office provides a retirement packet that includes necessary forms and brochures to explain the process. **Retirement benefits don't start automatically. Members must apply for them through our office.**

### Selecting a Retirement Date

The effective date of retirement for all retirement systems:

- Must be the first or the 16th day of the month following the last actual working day;
- Must be on or after the termination date;
- Cannot be changed after the retirement date has passed. However, there is a three-day rescission period from the date the application is signed during which time the member may elect to make a change; and
- The retirement application must be filed with our office no more than 90 days before or 90 days after the effective retirement date.

The effective date of retirement for the Utah Governors and Legislators Retirement Plan:

- Must be the first or the 16th day of the month;
- The application setting the retirement date must be filed with our office no more than 90 days before or 90 days after the effective retirement date; and
- Cannot be changed after the retirement date has passed. However, there is a three-day rescission period from the date the application is signed during which time the member may elect to make a change.

### How and When Retirement is Paid

The lifetime benefit is paid monthly. The payment is sent the last working day of each month. The first check may be delayed up to three months following the retirement date; however, the first payment amount is retroactive to the date of retirement. The delay is due in part to the time required to receive and post salary information from the employer and to receive verification of the member's separation and service credit eligibility. The monthly benefit payment can be sent electronically to a bank or financial institution (direct deposit). If the benefit payment is sent electronically, members can view their monthly deposit notice by accessing their account online through myURS at [www.urs.org](http://www.urs.org).

### What can be deducted from the monthly retirement check?

- Federal and Utah state income taxes.
- Medical insurance if the member is insured with a participating insurance carrier.
- Payment to an alternate payee due to a divorce.



## Surviving Spouses and Other Beneficiaries

### *Tier 1 Public Employees Noncontributory and Contributory Retirement Systems, Tier 2 Public Employees Retirement System, and Public Safety & Firefighter Retirement System:*

- Payment at the time of death is based on the option selected at the time of retirement.
- Life insurance, if applicable, is paid to the designated beneficiary on file with our office at the time of death.

### *Tier 1 Public Safety and Judges Noncontributory and Contributory Retirement Systems:*

- 65% of the member's monthly benefit is payable to the spouse at the time of the member's death; or
- 75% of the member's monthly benefit is payable to the spouse at the time of the member's death, if the member elects to take a smaller monthly benefit at the time of retirement.

### *Tier 1 Firefighters Retirement System:*

- 75% is payable to the spouse at the time of the member's death.

## Taxation of the Retirement Benefit

The entire monthly benefit is subject to federal taxes, unless the member has contributions that have already been taxed. The monthly benefit is also subject to Utah state income taxes unless the member is a *nonresident*. The member should check the state of residence tax laws regarding receipt of a Utah retirement monthly benefit. Every January, our office will send a *1099-R Form* showing the gross and taxable benefits paid to the member for the previous year and the taxes withheld.

## How and When a Partial Lump-Sum Option (PLSO) is Paid

The exact PLSO amount cannot be determined until the final monthly benefit is calculated, which may take up to three months following the retirement date. The delay is due in part to the time required to receive and post salary information from the employer and to receive verification of separation and service credit eligibility. The PLSO amount is included in the first monthly retirement benefit payment, sent to you (or direct deposited to you) the last working day of the month.

## How is the PLSO Taxed?

The PLSO payment is subject to:

- A 20% federal income tax withholding on the eligible portion of the distribution unless it's paid as a direct rollover to a URS 401(k) or other qualified plan, a 403(b), or traditional IRA. If the taxable portion of the payment is paid as a direct rollover, the payment is taxed later when the payment is taken out of the traditional IRA or eligible employer plan. **Caution:** A subsequent distribution from the plan that accepts the member's rollover may also be subject to **different tax treatment** than distributions from this plan. Members should check with the administrator of the plan that is to receive the rollover prior to the member's request for a rollover. *A direct rollover of a PLSO payment does not affect the maximum deferral limits in a 401(k) plan.*



- Utah state income tax.
- Possible taxes of the state where the member resides if other than Utah.
- A 10% early withdrawal penalty if the payment is taken before age 59½ or if employment ends before the member reaches age 55.

Members who are qualified public safety employees who separated from service after age 50 won't be subject to the 10% early withdrawal tax imposed by the IRS. A *qualified public safety employee* provides police protection, firefighting or emergency medical services within the jurisdiction of the employing state or political subdivision.

### **Verification of Termination**

#### ***Public Employees Noncontributory and Contributory Retirement Systems***

The primary responsibility for the employer is to complete the *Verification of Termination* (Form RTCT-3 or RTCT-5). This form must not be completed until after the member has actually terminated. The completed form must be received by our office to ensure the correct retirement date has been set by the member and to allow the member's retirement to be processed. In addition to required verification of the member's separation, employers may also be asked to certify hire dates, pay rates, leave of absence dates, and payments made in addition to regular salary, etc.

#### ***Public Safety, Firefighters, Judges Retirement Systems, and Utah Governors and Legislators Retirement Plan***

Employers must certify a termination date and may also be asked to certify hire dates, pay rates, leave of absence dates, and overtime payments, etc.

## **Procedures**

### **Steps for Members**

1. Contact our Defined Benefit Retirement Department at 801-366-7770 or 800-695-4877 to request a *Retirement Application Packet* and monthly benefit estimate at least three to four months before your anticipated retirement date.
2. Review the packet materials and the enclosed monthly benefit estimate.
3. Complete the *Application for Service Retirement* form and file all applicable documents with our office before your retirement date either by mail or in person. If filing in person, call for an appointment. If you visit our office, bring photo identification for yourself, your spouse, or any other adult who accompanies you.
4. Provide proof-of-age documents for yourself, and your spouse, as well as your marriage certificate (if you are married). A list of acceptable documents can be found in the *Steps to Retirement* brochure. You may send the original documents to our office; these will be copied and returned to you, or you may send a legible copy.



5. Complete a *Notice of Post-Retirement Employment Restrictions* (Form RTRT-50), the *Substitute W-4P Withholding Certificate for Pension or Annuity Payments* (Form RTTX-1), and a *Direct Deposit Authorization* (Form RTCT-1) for direct deposit of the monthly allowance to a bank or other financial institution.
6. *Note:* In order to elect the PLSO, you are required to complete an additional application. (*PLSO only applies to Tier 1.*)

### **Steps for Employers**

1. Instruct members to request a *Retirement Application Packet* and monthly benefit estimate at least three to four months before the anticipated retirement date.
2. Complete the *Verification of Termination* and/or the *Verification of Service and Salary* form(s).



## Long-Term Disability (LTD)

With the exception of the Tier 1 Firefighters Retirement System, URS does not offer a disability retirement plan. Refer to information later in this section about the Tier 1 Firefighters Disability Retirement Plan.

Members have an opportunity to accrue retirement service credit if their employer covers them with a benefit protection contract through URS. **Exception:** Members of the Tier 1 Firefighters Retirement System and the Utah Governors and Legislators Retirement Plan are not eligible for benefit protection coverage.

**Benefit Protection Contract** – A contract between URS and a participating employer. An approved contract allows service credit to accrue during the period eligible members receive LTD benefits.

### **Service Accrual**

With benefit protection members accrue retirement service credit during the time they receive LTD monthly benefits until they are either terminated from LTD by their insurance company, or they can apply for a monthly URS retirement benefit without an early age reduction, if they qualify.

### **Approval of a Benefit Protection Contract**

Approval is contingent on the employer's disability plan meeting substantial equivalency guidelines in accordance with statutory and Board requirements. Refer to the list of substantial equivalency guidelines later in this section. Employers are not required to sign a benefit protection contract if they have LTD coverage through PEHP.

### **Cost**

If the cost of service credit accrual is incorporated into the Tier 1 contribution rate of active members, URS does not require contributions. Should contributions be required, they will be paid by the covered employers with sufficient notice being provided by our office.

Note: Employers have the option of covering Tier 2 members under their current benefit protection contract or waiving such coverage. If the employer decides to cover Tier 2 members under their current benefit protection contract, they will be required to pay the total contribution rate for any Tier 2 member approved for LTD.

### **Starting the Benefit Protection Contract Process**

If employers want benefit protection for their employees, they should request a benefit protection contract from our office **before** their LTD plan goes into effect. Employers must submit a copy of their entire LTD policy for us to review for substantial equivalency.

If the policy complies, eligible employees will accrue retirement service credit after the effective date of the contract for the period approved for LTD benefits.

If the policy does not comply, URS will notify the employer and explain the deficiencies in the policy. In this case, employers have the option to amend their policy to meet substantial equivalency in order to provide benefit protection for their eligible employees.



---

### **Tier 1 Public Safety Retirement Systems and Tier 2 Public Safety & Firefighter Retirement System**

Members of the Tier 1 Public Safety Retirement Systems and public safety employees in the Tier 2 Public Safety & Firefighter Retirement System must be covered by their employers with LTD insurance either through PEHP or a substantially similar LTD program.

Firefighters in the Tier 2 Public Safety & Firefighter Retirement System must be covered by their employers' LTD insurance through PEHP.

### **Lump-Sum Settlements from the Insurance Company**

Any insurance company that pays a lump-sum settlement, to a member approved and receiving monthly LTD benefits, and covered by a benefit protection contract, jeopardizes benefit protection coverage. Service accrual will cease for **all** members covered by the insurance policy.

### **Changing LTD Insurance Carriers**

Employers must inform our office if they change insurance companies or are considering changing companies after a benefit protection contract is in place. Changing LTD insurance companies requires employers to go through the benefit protection process anew if they wish to provide retirement service accrual for their disabled employees.

### **General Information**

Our office approves LTD policies for substantial equivalency according to each employer's individual LTD policy. There is no blanket approval of LTD policies written by individual insurance companies. Also, any changes affecting substantial equivalency of an LTD policy previously approved by our office could make a benefit protection contract invalid.

Benefit protection is not automatic unless members have LTD coverage through PEHP (this excludes Tier 2 members).

### **Employees exempted from URS retirement coverage**

Employees who have exempted from retirement coverage are not eligible to accrue service credit under a benefit protection contract.

### **Post-Retirement Employment**

Members who return to work for a participating employer after retirement are not eligible for PEHP LTD.

### **Refund of Member Retirement Contributions**

Employees who apply for LTD or are approved for LTD benefits, and are covered under a benefit protection contract, are not eligible to receive a refund of member retirement contributions.

### **Maintaining Accurate Records**

Employers covered by a benefit protection contract are required to submit an annual report to our office that identifies the following:

1. The employees receiving LTD benefits under policies approved under the benefit protection contract;
2. The employees who applied for LTD benefits and are waiting for approval; and





3. The insurance carriers that are actively providing LTD benefits.

*If employers fail to provide the annual report, benefits that would have accrued under the benefit protection contract are forfeited.*

## Procedures

### Steps for Members

1. Contact our Defined Benefit Retirement Department at 801-366-7770 or 800-695-4877 for information on how your retirement account may be affected if you apply for, or have been approved to receive, LTD benefits.
2. Contact our Defined Benefit Retirement Department if your insurance company offers you a lump-sum settlement or informs you LTD benefits will be terminated. Our office requires verification of separation from your insurance company if you apply for a monthly service retirement benefit or a refund of member contributions.

### Steps for Employers

1. Contact our Defined Benefit Retirement Department at 801-366-7770 or 800-695-4877 for more information about benefit protection for your employees.
2. Notify Records Management at 801-366-7318 or 800-753-7318 when a member applies for LTD or is approved for LTD benefits through completion of the *Long-Term Disability Explanation of Benefits* (Form LTD-2).
3. Certify LTD information annually based on criteria set by our Records Management Department.
4. Notify Records Management at 801-366-7318 or 800-753-7318, if a member who receives LTD benefits returns to work or has his/her LTD benefits terminated for any other reason.

For members of the Public Employees Noncontributory and Contributory Retirement Systems, report earnings and pay retirement contributions if members meet one of the following:

- a. Return to employment normally requiring an average of 20 or more hours per week and receive benefits normally provided as approved by the Retirement Board; or
  - b. Return to teach half time or more and receive benefits normally provided as approved by the Retirement Board; or
  - c. Return to employment normally requiring an average of 20 or more hours of work per week as a classified school employee, regardless of benefits provided.
5. Report earnings and resume paying retirement contributions if members of the Public Safety or Judges Retirement Systems return to work at the rate of 40 hours per week.



## Substantial Equivalency Guidelines

(for Long-Term Disability Benefit Protection Contracts)

The components of the following substantial equivalency guidelines must be included in an employer's LTD insurance plan in order to meet approval for benefit protection pursuant to Utah Code Ann., § 49-11-404. These guidelines apply to all contracts entered into after July 1, 1996.

Component	Utah Code Ann. § 49-21-101 et. Seq. LTD Plan	Guidelines for Establishing Substantial Equivalency																								
Elimination Period	Three months. § 49-21-401(2)	From zero to four months.																								
Percent of Monthly Pay	66⅔% of salary. § 49-21-401(4)	Not less than 60% of salary.																								
Reduction in the Disability Benefit by Amounts Received from Other Sources	Social Security disability benefits, Workers' Compensation, indemnity benefits, any monies received by judgment, legal action, or settlement from a third party liable to the employee for the disability, unemployment compensation benefits, and automobile no-fault, medical payments, or similar insurance payments. §49-21-402(2)	Social Security disability, Workers' Compensation, or other third party liable to employee for disability benefits or causing employee to be disabled.																								
Duration of Disability Benefits (period of time in which benefits are payable)	Two years if unable to perform the duties of the employee's own occupation. Thereafter, period during which employee is unable to engage in any occupation which is reasonable, considering the employee's education, training, and experience. §49-21-102(11)(a)(b)	Two years if unable to perform the duties of the employee's own occupation. Thereafter, period during which employee is unable to engage in any occupation which is reasonable, considering the employee's education, training and experience. §49-21-102(11)(a)(b)  When the employee has received minimum required payment in accordance with the following table:  <table style="margin-left: 20px;"> <thead> <tr> <th style="text-align: left;"><u>Age at Disability</u></th> <th style="text-align: left;"><u>Maximum Benefit Period</u></th> </tr> </thead> <tbody> <tr> <td>Less than age 60</td> <td>To age 65</td> </tr> <tr> <td>60</td> <td>60 months</td> </tr> <tr> <td>61</td> <td>48 months</td> </tr> <tr> <td>62</td> <td>42 months</td> </tr> <tr> <td>63</td> <td>36 months</td> </tr> <tr> <td>64</td> <td>30 months</td> </tr> <tr> <td>65</td> <td>24 months</td> </tr> <tr> <td>66</td> <td>21 months</td> </tr> <tr> <td>67</td> <td>18 months</td> </tr> <tr> <td>68</td> <td>15 months</td> </tr> <tr> <td>69 and over</td> <td>12 months</td> </tr> </tbody> </table>	<u>Age at Disability</u>	<u>Maximum Benefit Period</u>	Less than age 60	To age 65	60	60 months	61	48 months	62	42 months	63	36 months	64	30 months	65	24 months	66	21 months	67	18 months	68	15 months	69 and over	12 months
<u>Age at Disability</u>	<u>Maximum Benefit Period</u>																									
Less than age 60	To age 65																									
60	60 months																									
61	48 months																									
62	42 months																									
63	36 months																									
64	30 months																									
65	24 months																									
66	21 months																									
67	18 months																									
68	15 months																									
69 and over	12 months																									
Termination of Benefits (The point at which benefits cease under the plan)	When employee is no longer disabled or when employee is eligible to receive full retirement benefits. §49-21-403	When employee is no longer disabled; or when employee is eligible to receive full retirement benefits; or when employee has received the minimum required payment in accordance with the above table.																								
<b>Lump sum payoff provision?</b>		2) Benefits cannot be terminated based on the employee's receipt of a lump-sum benefit payment.																								



<b>Component</b>	<b>Utah Code Ann. § 49-21-101 et. Seq. LTD Plan</b>	<b>Guidelines for Establishing Substantial Equivalency</b>
Cost-of-Living Adjustments (COLA)	COLA is the same as the COLA in the system covering the employee at the time of disability. §49-21-404	<ol style="list-style-type: none"> <li>1) Benefit payable must include a COLA:</li> <li>2) COLA may be related to the system covering the member.</li> <li>3) The number of COLAs payable cannot be limited.</li> </ol>
Exclusions (Circumstance in which disability benefits will not be paid)	Intentional self-inflicted injury, alcoholism, substance abuse, or felony. §49-21-405	<ol style="list-style-type: none"> <li>1) Exclusions must include: war, self-inflicted injury, and felony.</li> <li>2) Exclusions may include, but are not limited to, active participation in a riot, assault and battery, drug abuse, alcoholism, not under the care of a regular physician.</li> <li>3) Exclusions cannot include dangerous sports.</li> </ol>
Benefits for Mental Health Disability	Two-year benefit, \$10,000 for psychiatric expenses. Up to five years benefit if employee is institutionalized. §49-21-401(5)(a)(b)(c)	1) There must be a mental health component; a) two years of benefit coverage while on mental health disability; b) up to five years benefit if the employee is institutionalized.
Rehabilitation Program	Provides offset of 50% of the income for two years or end of maximum period, whichever occurs first. Also provides training courses and job placement assistance. §49-21-406	Must have a rehabilitation program. However, the employer or carrier may determine its own criteria for rehabilitation.
Eligibility and Enrollment  (Participation in the disability benefit plan)	<p>Employees are required to be permanent full time. 49-21-201</p> <p>All employers participating in any system administered by the Board may cover their employees; if any employer elects to cover any eligible employees, all employees shall be covered (except Firefighter Retirement); nothing requires any political subdivision or educational institution to be covered by the LTD program. Public Safety service employees who are covered under a long-term disability program offered by their employer which is substantially similar to this program are not eligible for coverage under this program. Legislators are not eligible for coverage under this program. §49-21-201</p>	<p>Employees are required to be active members and eligible for participation in URS.</p> <p>If an employer elects to cover eligible employees, all eligible employees shall be covered.</p>



## Short-Term Disability (STD)

Members have an opportunity to accrue retirement service credit if their employers cover them with a benefit protection contract through URS.

**Benefit Protection Contract** – A contract between URS and a participating employer. An approved contract allows service credit to accrue during the period eligible members receive STD benefits.

### **Service Accrual**

With benefit protection members accrue retirement service credit during the time they receive STD benefits until they are either terminated from STD or they apply for a monthly URS retirement benefit, if they qualify.

### **Employees exempted from URS retirement coverage**

Employees who have exempted from retirement coverage are not eligible to accrue service credit under a benefit protection contract.

### **Cost**

According to the contract, employers agree to pay the required retirement contributions necessary to maintain active status for these members. There is no coverage before the effective date of the contract.

### **Starting the Benefit Protection Contract Process**

If employers want benefit protection coverage for their employees, they should request a contract from our Defined Benefit Retirement Department at 801-366-7770 or 800-695-4877.

### **Reporting Contributions**

To report contributions only, and to avoid paying interest charges, employers should remit contributions during the time the member is on short-term disability as part of the regular *Contribution Report*.

If contributions are paid after the member returns to employment, a contribution adjustment, including interest, is figured by the Retirement Office and billed to the employer.

*In any case, contributions must be based on the salary rate at the time of the disability.*

### **If there is no STD Benefit Protection Contract with URS**

*Public Employees Noncontributory and Contributory Retirement Systems*

Members who cease working and start STD benefits remain eligible for retirement coverage, if they meet the following requirements:

- they are paid sick leave or annual leave equal to 20 or more hours per week, *and* they continue to receive benefits normally provided, as approved by the Retirement Board; or
- they are paid sick or annual leave equal to teaching half time or more and they continue to receive benefits normally provided as approved by the Retirement Board; or



- They are classified school district employees, hired before July 1, 2014, paid sick or annual leave equal to 20 hours per week, regardless of benefits.
- They are classified school district employees hired after July 1, 2014, paid sick or annual leave equal to 20 hours per week, and also receive at least one qualifying benefit.

*Public Safety Noncontributory and Contributory Retirement Systems  
and Firefighters Retirement System*

Members who cease working and start short-term disability benefits remain eligible for retirement coverage if they are paid sick leave or annual leave equal to 40 hours per week. Members, who receive leave pay equal to *less than* 40 hours, but at least 20 hours per week, remain in the Public Safety or Firefighters Retirement System; however, their service is prorated.

**All Systems**

Members not receiving leave pay equal to 20 hours per week or equal to teaching half time, must be removed from coverage. Employers are required to complete a *Leave Notification* (Form MELV-1).

## Procedures

### Steps for Members

1. Contact our Defined Benefit Retirement Department at 801-366-7770 or 800-695-4877 for information on how your retirement account may be affected if you receive STD benefits.

### Steps for Employers

1. Contact our Defined Benefit Retirement Department at 801-366-7770 or 800-695-4877 for more information about benefit protection for your employees.
2. Notify our office when a member is approved for STD benefits by completing a *Leave Notification* Form (see information beginning on page 37).
3. Provide the following information for our Defined Benefit Retirement Department to calculate the cost of adjusting service credit for the STD period:
  - A. the member's name and Social Security number,
  - B. the member's salary rate at the time of the disability,
  - C. the normal number of hours worked per week, and
  - D. the date short-term disability benefits began and ended.
4. All systems: If sick or annual leave payments are less than 20 hours per week or less than teaching half time, you must complete a *Leave Notification* (Form MELV-1) and remove members from retirement coverage.



## Tier 1 Firefighters Retirement System Disability Retirement

The Firefighters Retirement System is the only retirement system under URS that offers a disability retirement. **Note:** Refer to information earlier in this section about all the other URS retirement systems and LTD.

Firefighters who are unable to perform firefighter service, due to a physical or mental condition incurred in the line of duty, may qualify for a disability retirement if the condition is classified by our office as a line-of-duty disability. The monthly disability retirement benefit is an amount equal to 50% of the member's final average monthly salary.

Our office determines the eligibility for a disability according to the following standards:

1. The member must have five years of earned service credit if the condition is classified by our office as a non-line-of-duty disability. There is no minimum service requirement if the member is disabled in the line of duty.
2. The member must be totally and presumably permanently disabled.
3. Application for a disability retirement may occur while the member is employed or within 90 days after separation of employment.
4. The member must *not* have taken a refund of his or her member retirement contributions.
5. The member does not have 20 years of service credit for a service retirement.

The disability retirement process requires members to submit an *Application for Retirement Firefighters Retirement System* (Form RTRT-25D), a *Substitute W-4P Withholding Certificate for Pension or Annuity Payments* (Form RTTX-1), and an *Authorization to Disclose Information to Utah Retirement Systems* (Form RTDA-4).

Upon receipt of the member's retirement application, we send an *Employer's Certification* (Form RTCE-1) to the employer. We also send a *Verification of Service and Salary* (Form RTCT-7) to employers when members have separated from employment.

The completed forms, copies of the member's medical records relating to the condition, and the *Doctor's Disability Examination Report* (Form RTDR-2) completed by one or more treating physicians, with the evaluation and recommendations of one or more independent physicians selected by our office, must be received by our office before the review for disability retirement eligibility can begin. The disability retirement application process usually takes three to six months to complete.

Our staff and the URS board physician approve or disapprove applications for disability retirement benefits based on the above-listed information. If necessary, additional referrals for examination of members by an impartial physician may be required. If disability retirement is denied, members may submit a written request to our office to initiate an administrative review of the decision.



Members approved for disability retirement receive service credit in the Firefighters Retirement System during the period of their disability. The disability retirement is converted to a service retirement at the time the disability benefits terminate. Disability retirees receive a disability retirement benefit until the earlier of:

1. The date the member is no longer disabled;
2. The date the member has accumulated 20 years of firefighter service credit, including years earned while disabled; or
3. The member has received disability benefits from this system and as of the date of disability:
  - The member is under age 60, the disability benefit is payable to age 65;
  - The member is 60-61, the disability benefit is payable for five years;
  - The member is 62-63, the disability benefit is payable for four years;
  - The member is 64-65, the disability benefit is payable for three years;
  - The member is 66-68, the disability benefit is payable for two years; and
  - The member is 69 or older, the disability benefit is payable for one year.

**Note:** A line-of-duty disability benefit is not taxable until the member's benefit is converted to a service retirement.

If a disability retiree regains health and is regularly employed by a non-participating employer, the disability allowance is reduced or suspended as a retiree's earnings justify. If members who retired on disability accept employment, for the first five years of receiving disability benefits, they are required to file a sworn statement with our office each year regarding their gross earnings. If their benefit and gross earnings combined exceed 125% of the final average salary used to determine their disability benefit, their benefit is offset the following year.

If disability retirees return to work for a participating employer, the disability retirement is canceled. If members are employed with a participating employer during the period of disability, members don't receive service credit for that employment.

Disability benefits are suspended while members receive workers' compensation benefits.

The effective date of retirement is the first or 16th day of the month following a member's last day physically on the job. If members use other paid leave after the last day physically on the job, the effective date of retirement is the first or 16th day of the month following the last day of paid leave. Members must separate from employment and the employer must certify the separation date online.



---

## Procedures

### Steps for Members

1. Call our Defined Benefit Retirement Department at 801-366-7770 or 800-695-4877 to request a disability retirement application and monthly disability retirement benefit estimate about three to four months before the anticipated retirement date.
2. Call our Defined Benefit Retirement Department and make an appointment for an individual counseling session with a retirement advisor. If you visit our office, bring photo identification for yourself, your spouse, and any other adult who accompanies you. If you visit our office without an appointment, you will be referred to an advisor for general information as soon as one is available. Monthly benefit estimates are not provided to you if you visit our office without an appointment. Retirement advisors need time to evaluate your account and obtain the necessary information to prepare an estimate.
3. Review the monthly benefit estimate and other application materials once you receive them.
4. Complete the *Application for Retirement* (Form RTRT-25D). Refer to the *Retirement Benefits* section for instructions on how to complete the application.
5. Complete the *Substitute W-4P Withholding Certificate for Pension or Annuity Payments* (Form RTTX-1).
6. Complete a *Direct Deposit Authorization* (Form RTCT-1) for direct deposit of the benefit payment to a bank or other financial institution.
7. Provide proof-of-age documents for yourself, and your spouse, as well as your marriage certificate (if you are married). A list of acceptable documents is included with your application materials. You may send the original documents to our office; these are copied and returned to you, or you may send a legible copy.
8. Complete the *Firefighters Retirement System Authorization to Disclose Information to Utah Retirement Systems* (Form RTDA-4).
9. Send a *Doctor's Disability Examination Report* (Form RTDR-2) to one or more physicians who have treated you. The physicians must then forward copies of your medical records to us.

### Steps for Employers

1. Instruct the member to request a disability retirement application from our Defined Benefit Retirement Department about three to four months before the anticipated retirement date.
2. Complete the information requested on the *Employer's Certification* (Form RTCE-1). This form is mailed by our office upon receipt of the member's application for disability retirement.





3. Complete the information requested in the *Verification of Service and Salary* (Form RTCT-2) and return it to our office as soon as accurate information is available. Refer to the *Retirement Benefits* section in this *Guide* for instructions on how to complete the form or contact our office at 801-366-7770 or 800-695-4877.



This Page Intentionally Left Blank



## Post-Retirement Employment

Restrictions for post-retirement employment are complex. Before hiring retirees who receive a monthly benefit from URS, employers should contact our Defined Benefit Retirement Department to find out how returning to work may impact retirees' retirement benefits.

Please be aware of the following post-retirement employment restrictions.

### **RE-EMPLOYMENT WITHIN ONE YEAR**

If retirees are employed by a participating employer **within 60 days** of their retirement date with Utah Retirement Systems (URS), their retirement benefit will be canceled, they will be returned to active status, and earn additional service credit, if they are eligible for service credit accrual.

Retirees can be employed with a participating employer **after 60 days**, but **within one year from their retirement date** with URS, subject to the following:

The retirees cannot receive any employer provided benefits including, but not limited to: *medical, dental, paid time off, annual leave, sick leave, other insurance benefits, excluding workers' compensation.*

The retirees' salary is limited to the lesser of \$15,000 or half of their final average salary during a calendar year. If retirees exceed the earnings' limitation or receive benefits, their retirement allowance will be canceled.

When retirees terminate their post-retirement employment, the termination date will serve as their new retirement date for purposes of calculating their **Separation Requirement\*** under the post-retirement restrictions.

### **RE-EMPLOYMENT AFTER ONE YEAR**

If retirees are employed with a participating employer **after one year** from their retirement date with URS and meet the **Separation Requirement\***, they will elect to either:

- earn a salary and continue to receive the retirement benefit; or
- earn a salary and cancel the retirement benefit in order to earn additional service credit; if re-employed for at least 2 years, a separate benefit will be calculated based upon the new service and salary at the time of the second retirement. Their original retirement benefit and the new retirement benefit will be combined.

### **\*SEPARATION REQUIREMENT**

Retirees must separate from employment (including part-time and contract arrangements) with any participating employer for **one year** from their retirement date with URS. If retirees are re-employed **after 60 days**, but **within one year from their retirement date**, the **Separation Requirement** will not be met until they complete **12 consecutive months** of separation from employment with all URS participating employers.

### **Private Industry**

URS retirees may work, and earn any amount, in private industry without URS penalty.



### **Service Credits**

Retirees can only earn service credit when they elect to cancel their retirement benefit to earn additional service credit or their retirement benefit has been canceled upon returning to post-retired employment within one year of their selected retirement date. If they then retire anew *after* two years, the original benefit is reinstated, on the original retirement formula; any new service credit earned is calculated on the formula in effect at the time of the second retirement. If they retire anew *before* two years from the cancellation date, their original benefit is resumed without earning additional service and salary credit.

### **Exclusion**

Post-retirement restrictions exclude a retiree who takes office as an elected official, if the elected official's position is not full time, as certified by the participating employer, or is re-employed as an active senior judge appointed to hear cases by the Utah Supreme Court.

## Procedures

### **Steps for Members**

1. If planning to be re-employed by a URS participating employer after retirement, contact our Defined Benefit Retirement Department at 801-366-7770 or 800-695-4877 before the beginning employment.
2. Complete and file a *Post-Retirement Employment* (Form RTRT-27A) with our office before entering re-employed. This form is on our website or contact our office to request a form.

### **Steps for Employers**

#### **Retirees Beginning Re-Employment on or after July 1, 2010**

1. Access our online enrollment process to receive status information identifying retirees and their retirement dates.
2. Complete the online certification process and follow guidelines below to determine salary limitations and contributions, if any.
  - The employer may **NOT** contribute to any type of deferred contribution savings plan (with any savings plan provider) on behalf of the post-retired employee.

#### **Re-employment within 60 days of retirement**

- The member's retirement benefit will be canceled when returning to employment. The member will earn additional service credit if eligible.
- The employer will continue with normal retirement contributions. Post-retired contributions don't apply.

#### **Re-employment after 60 days but within one year of retirement**

The member may be employed with a participating employer and continue to receive a retirement benefit with URS if the follow criteria are met:

- The member cannot receive any employer provided benefits including, but not limited to: medical, dental, paid time off, annual leave, sick leave, other insurance benefits, excluding workers' compensation.



- The member's salary is limited to the lesser of \$15,000 or half of the final average salary during a calendar year. If the member exceeds the earnings' limitation or receives benefits, the retirement allowance will be canceled.
- No post-retired contribution is required, unless in an eligible position.

#### **Re-employment after one year**

After one year the member no longer has the restrictions stipulated within the first year of retirement and may choose one of the following options:

- earn a salary and continue to receive the retirement benefit; or
  - earn a salary and cancel the retirement benefit in order to earn additional service credit;
    - If re-employed for at least two (2) years, a separate benefit will be calculated based upon the new service and salary at the time of the second retirement.
    - The second retirement will be calculated on the formula in effect at the time of the second retirement.
    - The original retirement benefit and the new retirement benefit will be combined.
    - If the member retires *before* two (2) years from the cancellation date, his/her original benefit is resumed with earning additional service or salary credit.
  - If the member continues to receive their retirement allowance the employer is require to contribute the amortized actuarial cost for the employee.
3. If the member elects to cancel his or her retirement allowance and earn service credit, our office will notify you of the change. If the member was hired more than 60 days before our notification, complete a paper *Certification* (Form EMCE-1) for URS. **Note:** In this instance, the member is NOT considered post-retired re-employed because he or she has chosen to cancel his/her retirement allowance.
  4. Change the election in the contribution file and begin paying the new contribution rate for the member. **Note:** Our office may send a bill for the difference in contributions paid during the member time worked prior to the statue change.
  5. Complete and send our office an *Employee Separation Notice* (Form ADNT-3), for any retiree who subsequently leaves employment.

#### **Retirees Hired and Re-Employed Prior to July 1, 2010**

1. **All** post-retired members must be reported on your URS contribution file, regardless of their full-time/part-time status. Both retirement and gross salaries must be included in their records.
2. The employer may contribute into the member's savings plan, up to the normal cost for the fund. The normal cost contribution is optional.



This Page Intentionally Left Blank



## Education & Marketing

The URS Education & Marketing team is committed to educating employers and employees about the valuable retirement benefits available to them and how to best utilize these benefits. Unlike most organizations in the retirement planning business, our staff members are not paid commissions. They are salaried employees whose primary objective is to educate members about their retirement benefits. This education may assist your employees in making the decisions necessary to reach their financial goals in retirement.

The URS Education & Marketing team travels throughout the state to provide information to your employees. A member of the team has been assigned to your agency. See the map on page 177, in this section, to contact your URS Education & Marketing representative regarding the following education opportunities and services.

### **Presentations** — *Do your employees understand their retirement benefits?*

Providing a comprehensive presentation at least **every year or two** will improve your employees' understanding of their benefits, make them aware of any changes that may affect their accounts, and give them the opportunity to review their current retirement strategies. The basic presentations cover the pension and retirement savings plans (401(k), 457, and IRAs); however, we can customize each session according to your needs.

### **Benefits Fairs** — *Do you conduct benefits fairs or open enrollment meetings for your employees?*

Your representative can attend these meetings to answer questions, provide updated materials, give presentations, etc. Keep URS in mind as one of the many benefits you provide for your employees.

### **Counseling** — *Would your employees like one-on-one counseling?*

Individual counseling sessions are available at various locations throughout the state. Schedules specifying the dates and locations of these sessions are on our website at [www.urs.org/Counseling/Members](http://www.urs.org/Counseling/Members). A printed copy of this schedule is forwarded to your agency each quarter. **Please post this schedule where your employees can refer to it.** Any member of URS is welcome to attend, regardless of the location. No appointments are necessary. Members are counseled in the order of arrival. These sessions are provided outside the Salt Lake Valley. In Salt Lake City, visit our office at 560 East 200 South, or in St. George at 165 North 100 East, #9.

**Note:** For retirement estimates or applications, members must contact our office at 801-366-7770 or 800-695-4877.

Employers wanting information on certification or reporting should call our Records Management Department at 801-366-7318 or 800-753-7318.



**Seminars** — *Have your employees taken advantage of the free URS Pre-Retirement and Personal Planning Seminars?*

- **Pre-Retirement Seminars** are structured for those who are in the latter stages of their careers or within 10 years of retirement. This seminar addresses the following topics: retirement income/pension; 401(k)/457 plans and IRAs; Social Security and disability; legal and estate planning.
- **Personal Planning Seminars** are for those at the beginning to middle of their careers. In this seminar the following topics are addressed: retirement income/pension; 401(k)/457 plans and IRAs; 529 Educational Savings Plans; legal and estate planning.

The seminars are held throughout the state. All employees and their spouses are welcome to attend. Pre-registration is required. Schedules are published each January in URS publications and are on our website. To register for a seminar, call 801-366-7750 or 800-753-7750. Early registration is encouraged as space is limited.

**Helping You Help Your Employees**

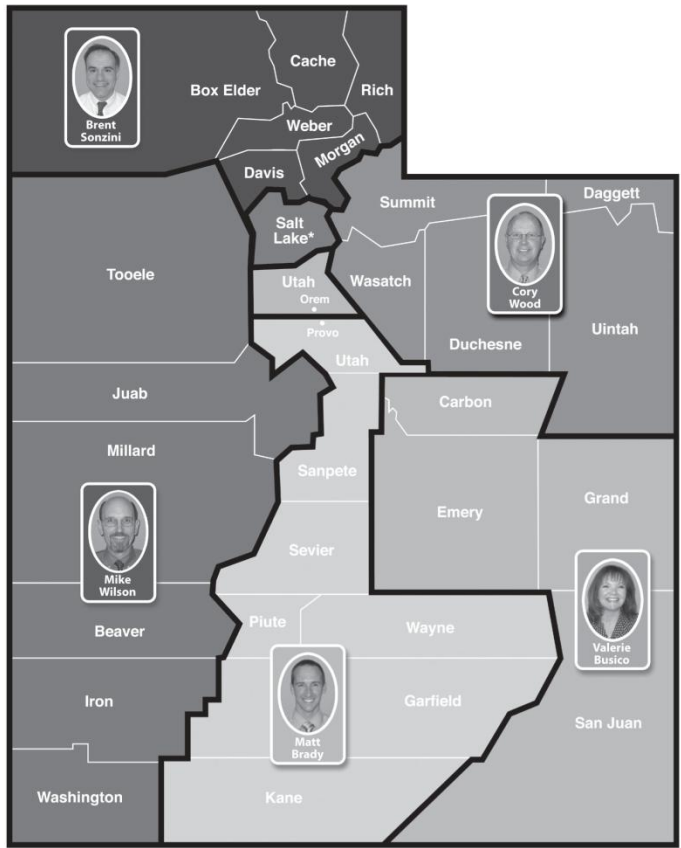
The URS Education & Marketing team is a key resource for employees in planning their financial futures and would like to work with you to provide your employees with the information necessary to ensure the best retirement possible. Please contact your representative with any educational needs your organization may have.





**EDUCATION & MARKETING REPRESENTATIVES**

Your employer may request to have an education and marketing representative give a presentation in your area or at your workplace. In addition, individual counseling sessions are offered at various locations throughout the state. Dates and locations of when your representative will be in your area are listed on the counseling schedule.



**\* SALT LAKE COUNTY AREA ASSIGNMENTS:**

**Brent Sonzini**  
801-366-7740 or  
800-753-7740  
Granite School District  
Salt Lake Community College  
University of Utah

**Mike Wilson**  
801-366-7491 or  
800-753-7491  
Canyons School District  
Jordan School District  
All Other Salt Lake Valley Organizations not listed here

**Matt Brady**  
801-366-7334 or  
866-980-0334  
Salt Lake School District  
State Offices

**Cory Wood**  
801-366-7340 or  
800-753-7340  
City Offices (except Salt Lake)  
Special Service Districts  
Salt Lake County

**Valerie Busico**  
801-366-7362 or  
800-753-7362  
Murray School District  
Salt Lake City



This Page Intentionally Left Blank