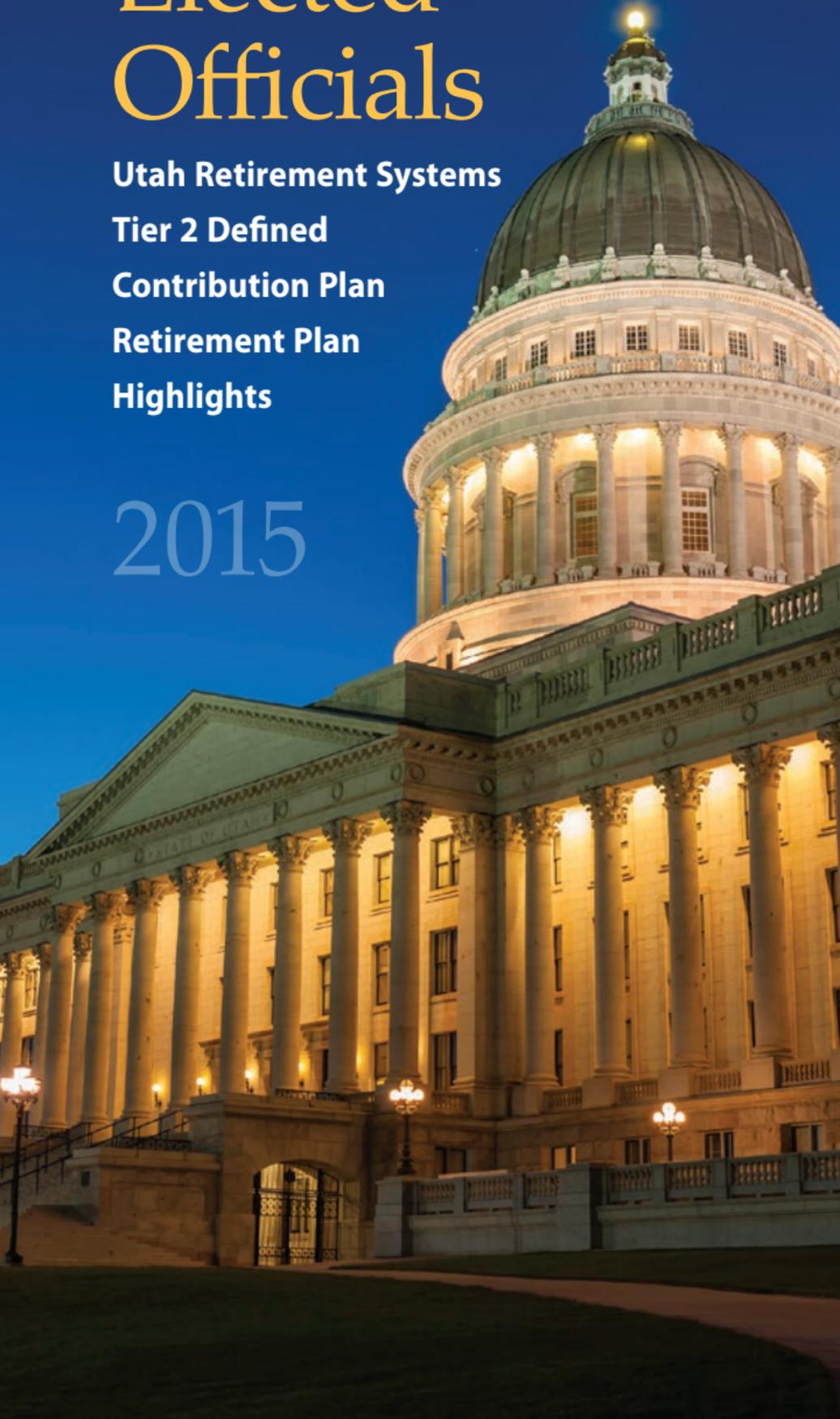


# *Tier 2* Elected Officials

Utah Retirement Systems

Tier 2 Defined  
Contribution Plan  
Retirement Plan  
Highlights

2015



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## Utah Retirement Systems Tier 2 Defined Contribution Plan

# Welcomes Elected Officials

*The Utah Retirement Systems (URS) Tier 2 Defined Contribution (DC) Plan is a qualified tax-deferred plan governed by Section 401(k) of the Internal Revenue Code, and authorized under Title 49 of the Utah Code. This brochure is intended to provide a brief description of the current provisions of the Plan and is not intended to serve as a complete or final description of this plan. For additional information about this plan and investment options, please visit [www.urs.org](http://www.urs.org) or call our Defined Contribution Department at 801-366-7720 or 800-688-401k.*



**P**lanning and saving for retirement isn't always easy, but it is important to do so you can achieve your financial goals. The Tier 2 Defined Contribution Plan's primary purpose is to provide income for your retirement. This plan can also be a valuable tool for tax planning, as well as an additional source of income for your family if you were to die or become disabled before retirement.

## Membership Eligibility for Elected Officials

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You qualify for membership if:

- 1. You are an elected official whose position is full time, as certified by your participating employer, or you are a Utah State Legislator; **AND**
- 2. You were initially elected into office on or after July 1, 2011, and do not have prior Tier 1 service.

## Contributions

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### Tier 2 Employer Required Contributions

Your employer (or the State of Utah for legislators) contributes an amount equal to 10% of your eligible compensation to the URS 401(k) Plan. These contributions are referred to as *Tier 2 employer required contributions*. All employer required contributions paid into the URS 401(k) Plan by the State or your employer are vested to your account after four years of eligible service (see *Vesting*).

### Employee Elective Deferrals

You may choose to have a portion of your eligible wages deducted from your paycheck and deposited into your URS 401(k) account. These contributions are known as elective deferrals. Elective deferrals are deducted from the wages you earn from your elected position before state and federal income taxes are assessed, resulting in your ability to save more money and pay less in income tax during the year. However, deferral amounts are generally subject to FICA and Medicare taxation in the period earned (if these taxes would otherwise apply). The deferrals you make are immediately and fully vested to you.

### Employer Non-Elective or Employer Matching Contributions

In addition to employer required contributions, your employer may contribute additional amounts as employer non-elective or employer matching contributions. These contributions can be a fixed dollar amount, a percent of your wages, or they can be based on your deferrals (known as matching contributions). Employer contributions are made as a benefit to you and do not reduce your wages, and these contributions are not subject to state, federal, or FICA taxation in the period contributed to your account. Employer non-elective and matching contributions are immediately and fully vested to you.

## Vesting

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*Tier 2 employer required contributions* and their related earnings are vested after four years of accrued service. This means you must be in office and/or work for an eligible employer for four years in order for the funds to become yours. If you separate from service prior to completing the 4-year vesting period and are subsequently re-elected or enter employment with a URS participating employer within 10 years of your previous separation date, you will have all Tier 2 employer required contributions, and related earnings or losses, reinstated. If you are not re-employed or re-elected within 10 years of your prior separation date, the funds will be forfeited.

## Before-Tax Saving Versus After-Tax Saving

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Deferrals to the 401(k) plan are deducted from your pay *before* income taxes are assessed to your wages. The funds you and your employer have contributed to this plan, and the earnings

that accumulate through the years, are not taxed until withdrawn. As a result of tax deferral, you are able to accumulate earnings on money normally sent to the government as taxes.

## Future Investment Allocation

Deposits are invested according to the investment elections you have submitted to our office. If no investment instructions are provided to URS, contributions and deferrals are placed into the Target Date Fund that corresponds to your birthdate (see chart on page 8).

Unvested Tier 2 employer required contributions are placed in the Tier 2 Nonvested Fund. Once you become vested, Tier 2 employer required contributions will be deposited according to your allocation for future deposits.

## Contribution and Deferral Limits

Because deferrals to your account reduce the taxes you pay currently, the IRS has set limits on the amount you and your employer can contribute each year. The following shows the maximum deferral amount from your pay allowed for 2015:

Year	Maximum Elective Deferrals	Age 50 Catch-Up Provision	Employee Contribution Limit (under age 50/age 50+)	Employee and Employer Combined Contribution Limit
2015	\$18,000	\$6,000	\$18,000/\$24,000	\$53,000

This limit may increase in future years based on cost-of-living adjustments. Your employer's contributions, combined with your personal deferrals, cannot exceed the lesser of \$53,000, for 2015, or the equivalent of 100% of your gross eligible wages for the year.

*Any excess deferrals, and earnings attributed to them, must be returned to you no later than April 15, after the close of the year to which they relate. You are responsible for any taxes owed on these excess contributions.*

## Catch-Up Contributions

If you are eligible to make elective deferrals into the 401(k) plan and will attain or exceed age 50 before the close of the year, you may be eligible to make catch-up contributions in addition to the limits previously discussed. This catch-up provision allows you to go beyond the regular limits by \$6,000, bringing the total deferral limit for 2015 to \$24,000 (\$18,000 regular + \$6,000 catch-up).

**Example:** Alice is 55 years old and has an annual salary of \$50,000. She receives a 10% annual contribution into her 401(k) from her employer (\$5,000). Alice's personal contribution into her 401(k) account in 2015 is limited to the regular deferral limit of \$18,000, plus the catch-up contribution of \$6,000, for a total of \$24,000. Adding her employer's contribution, total deposits to her account for the year could be \$29,000.

**Note:** Please keep in mind this example is hypothetical. There are other factors that may limit deferrals, such as mandatory deductions taken from pay for taxes, insurance, etc.

## Rollovers and Transfers into the 401(k) Plan

Another way funds can be added to your 401(k) account is through rollovers and transfers from other eligible retirement plans. Only untaxed funds are eligible to roll into the 401(k) plan (some IRAs and 401(k)s may have after-tax funds). Rollovers from other plans are not subject to the maximum deferral limits. Therefore, there is no limit to the amount that can be rolled or transferred into the plan. For funds to be eligible for roll over into your 401(k) plan, they must be:

1. Untaxed funds from an eligible retirement plan. These plans may include any of the following: 401(k), 457(b), traditional IRA, and 403(b); AND one of the following two options:

- 2a. A direct rollover or plan-to-plan transfer. This means the check is made payable to Utah Retirement Systems; **OR**
- 2b. A distribution received by and made payable to you from another eligible plan, which you have deposited into your URS account within 60 days of the date you received the check.

## Investment Options

To help build a diversified investment portfolio that's right for you, the 401(k) plan provides 20 core funds (8 individual investment options and 12 Target Date Funds), and a self-directed brokerage account.

### Individual Investment Options

Designing your own portfolio can be done by using the eight URS individual investment options. Each investment option represents different investment objectives, styles, or risk/return characteristics. The funds are managed by professional money managers and are invested

according to their individual objectives and style groups. These funds are:

- Income Fund
- Bond Fund
- Balanced Fund
- Large Cap Stock Value Fund
- Large Cap Stock Index Fund
- Large Cap Stock Growth Fund
- International Fund
- Small Cap Stock Fund

### Target Date Funds

Target Date Funds offer a one-fund approach to investing in the URS Savings Plans. A Target Date Fund will give you a diversified retirement portfolio through a single investment option. Each Target Date Fund is comprised of a different mix of asset classes that will gradually adjust over time (see allocation chart below). These periodic adjustments result in a gradual change in asset allocation, where the allocation to stocks is greatest when you are farthest away from retirement and is reduced as you near

### Asset Allocation

Asset Classes	2060	2055	2050
URS Income Fund	—	—	—
URS Bond Fund	3%	3%	3%
URS Large Cap Stock Value Fund	10%	10%	10%
URS Large Cap Stock Index Fund	20%	20%	20%
URS Large Cap Stock Growth Fund	10%	10%	10%
URS International Stock Fund	33%	33%	33%
URS Small Cap Stock Fund	10%	10%	10%
International Bonds	2%	2%	2%
U.S. Real Estate Investment Trusts	4%	4%	4%
Commodities	4%	4%	4%
Global Inflation-Linked Bonds	—	—	—
Private Real Estate	4%	4%	4%

### Target Date Funds

2045	2040	2035	2030	2025	2020	2015	2010	Retired
—	—	—	—	5%	10%	15%	20%	25%
3%	3%	4%	9%	13%	18%	19%	21%	20%
10%	10%	7.5%	5%	3%	1.5%	—	—	—
20%	20%	22%	23%	25%	23%	21%	18%	14%
10%	10%	7.5%	5%	3%	1.5%	—	—	—
33%	33%	32%	27%	19%	13%	8%	5%	4%
10%	10%	9%	8%	5%	3%	2%	1%	1%
2%	2%	3%	5%	8%	10%	10%	10%	10%
4%	4%	4%	4%	3%	—	—	—	—
4%	4%	4%	4%	4%	3%	3%	3%	3%
—	—	—	—	2%	7%	12%	17%	20%
4%	4%	7%	10%	10%	10%	10%	5%	3%

retirement. There is no need to adjust your investments as your time horizon changes. Your Target Date Fund does the work for you, moving your investments to the appropriate allocation through the course of your career. To select a Target Date Fund, simply choose the fund that corresponds to your age using the chart below.

### Target Date Funds

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

### Self-Directed Brokerage Account

#### *Schwab Personal Choice Retirement Account® (PCRA)* – a self-directed brokerage account available through URS Savings Plans

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

- Over 8,000 mutual funds, including over 4,000 funds available with no loads or transaction fees, through Schwab Mutual Fund OneSource® (excluding core funds currently offered in the URS Savings Plans).
- Any stock listed on the major U.S. exchanges, including over-the-counter stocks, and foreign securities.

- Bonds and other fixed income investments.
- Money market and brokered CDs.
- Exchange traded funds (ETFs).

#### Requirements:

Before enrolling in a PCRA, be sure to review these minimum eligibility requirements:

- You must have a \$5,000 minimum vested account balance for each plan utilizing the PCRA (401(k), 457, and IRAs constitute separate plans).
- You must maintain a minimum vested account balance of \$1,000 in the URS core investment options for each of the plans (401(k), 457, traditional and/or Roth IRA) in which you have a PCRA.
- If you have established automatic withdrawals from the plan, you must maintain the minimum \$1,000 in the core funds plus the next six months of projected distributions.
- If your core funds balance falls below \$750 at the end of a quarter, you will be notified you need to move money back to the core funds. If your core fund balance is not restored to \$1,000 by the end of the following quarter, URS may request money from the PCRA.
- Beneficiary accounts and alternate payee accounts are not eligible to participate in a PCRA.
- You must be willing to sign a limited power of attorney (LPOA) with Charles Schwab.
- To enroll and transfer money to the PCRA you must have access to the Internet.
- You must be willing to pay the \$25 quarterly administrative fee for each plan utilizing a PCRA.

***Additionally:***

- Trades in the PCRA may be subject to initial and subsequent investment minimums. For example, many mutual funds have initial investment minimums of \$1,000.
- There may be other applicable fees, depending upon the investments you choose.

**Transfer Policies**

You may instruct our office how to invest your future deposits of vested funds, and you may also direct us to change where your current vested balances are invested.

***Core Fund Transfer Policy***

You are allowed to submit one transfer request (whether electronically, by fax, mail, or hand delivered) for your current vested account balances every seven (7) days. This applies separately to each plan in which you participate — the 401(k), 457, Roth IRA, and traditional IRA each constitutes a separate plan. In addition, if you transfer any or all of your current vested account between core investment options more often than once every 30 days you will be charged a 2% fee on amounts transferred. Each transfer, after being processed, starts a new 30-day period. The fees generated by this policy are used to reduce the administrative expenses for all plan participants.

Elections for the investment allocation of future deposits and the elections of future deferral amounts are allowed as often as requested.

***PCRA Transfer Policy***

Transfers to or from a PCRA are allowed once every seven (7) calendar days. Unvested funds are not eligible for transfer.

***Additional Information Regarding Transfers***

Investment instructions received by 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. Change requests received after the close of the NYSE are transferred using the next business day's closing market values. On days of unusually heavy transfer activity, computer system failure or other unforeseen circumstances, URS reserves the right to process transfers using the next available business day's closing market values.

**Core Fund Dividends and Interest**

When a URS core fund receives a dividend or interest income, the additional amount received is automatically reinvested. The reinvestment results in a higher price per share on the applicable fund. Dividend or interest income paid within a URS Target Date Fund will result in a price per share increase for the applicable Target Date Fund.

**Managing Your Account**

You can manage your account and obtain other general information 24 hours a day at **[www.urs.org](http://www.urs.org)** (**myURS login**). A user ID and password are needed when using our website to get account information. You can create your user ID and password on the URS website. Once established, you have immediate access to your account via our website.

***myURS allows you to:***

- Enroll in a plan or plans
- Access your current account balance
- Change your beneficiary(ies)
- Change your deferral amount
- Alter how your vested future deposits will be invested
- Transfer your current vested balances

between investment options

- Obtain general information and forms
- View rates of return and other investment information
- Change your method of receiving confirmations
- Update your address
- Obtain savings plans quarterly statements, pension annual statements, and tax forms.

### Fund Information and Calculators

Each quarter a statement of your account, together with the funds' rates of return and other general information, is provided for you via mail and/or online. Additional detailed fund information and daily unit values are available on our website, at our offices, or by calling our Defined Contribution Department. An interactive calculator (Future Values Calculator) is also available on our website to help you determine the amount of savings necessary for you to achieve your long-term financial goals.

## Withdrawing Funds from Your Account

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In exchange for the tax advantages of the 401(k) plan, and because it is meant as a savings vehicle for retirement, the IRS allows withdrawals from your vested account only under certain circumstances, such as:

- 1- Retirement or separation from service
- 2- Disability
- 3- Financial hardship (as defined by the IRS)
- 4- Attainment of age 59½
- 5- Death
- 6- Domestic relations orders
- 7- Qualified reservist distribution.

### Retirement or Separation from Service

You are considered separated from service at the time you retire or are no longer employed by a URS participating employer. If you retire or separate from service and are later rehired by the same or a different participating employer, you are not eligible to withdraw the funds. An individual on leave of absence or a school employee at the end of a contract year is not considered separated from service.

### Disability

To be eligible for a distribution due to disability you must be approved for long-term disability through either your disability insurance carrier or through Social Security. Documentation is required to demonstrate your disability status.

### Financial Hardship

A hardship withdrawal is allowed for active participants, only if you have an immediate and heavy financial need and all other reasonably available resources and remedies have been exhausted. The distribution cannot exceed the amount necessary to satisfy the financial need plus applicable taxes and penalties. Hardship withdrawals may come only from employee deferrals and not from employer contributions and earnings. Hardship withdrawals are available only from amounts you have in the URS core funds (PCRA funds must be transferred to the URS core funds to be eligible for hardship withdrawal).

The following situations generally satisfy the requirement for an immediate and heavy financial need:

1. Medical expenses incurred by you, your spouse, your dependents, or your primary beneficiary;
2. Costs directly related to the purchase of your principal residence (excluding mortgage payments or refinancing);

3. Payments of tuition, related educational fees, and room and board expenses for the next 12 months of post-secondary education for you, your spouse, your children, dependents, or your primary beneficiary;
4. Payments necessary to prevent eviction from your principal residence or foreclosure on the mortgage on that residence;
5. Payments for funeral or burial expenses for your deceased parent, spouse, child, dependent or primary beneficiary;
6. Expenses to repair damage to your principal residence due to natural disaster;
7. Any other immediate and heavy financial need demonstrated to the satisfaction of the plan administrator.

If you receive a distribution of your elective deferrals due to hardship, you are required to stop making elective deferrals to this and all other employer sponsored retirement plans for six months. This may result in a loss of matching contributions from your employer.

### **Attainment of Age 59½**

Once you have reached the age of 59½, you may make up to four in-service withdrawal elections from your vested account each calendar year (if you are still employed). One election could include any of the following: monthly payments, partial balance payments, your full balance, or any other withdrawal option available in this plan.

### **Death**

In the event of your death, any remaining vested funds are payable to the beneficiaries you have designated in the 401(k) plan. These funds are payable first to your primary beneficiary(ies) or, if they are deceased, to your contingent beneficiary(ies).

If you have not named beneficiaries, if your beneficiaries do not survive you, or if URS is unable to locate your beneficiaries, the funds are paid to your spouse. If your spouse does not survive you, the funds are paid to your next of kin as dictated by Utah law.

*For additional information on death benefits for non-retired active members see page 23.*

### **Spouse as Beneficiary**

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

### **Domestic Relations Order (DRO)**

URS may divide an account with a former spouse or other family members if instructed by a valid domestic relations order, signed by a judge.

### **Qualified Reservist Distribution**

If you have been called to active duty for more than 179 days, 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 you withdrew, to an IRA, for up to two years from the end of active service. These amounts would be above the current contribution limits. You must be ordered or called to duty after September 11, 2001.

## Required Minimum Distribution (RMD)

Once you reach age 70½, and are no longer employed by a URS participating employer, the IRS requires you to begin taking at least the required minimum distribution (RMD) from your vested account each year. This minimum amount is determined by taking your vested account balance on the last day of the previous year and dividing it by the uniform lifetime factor or joint life expectancy factor provided by U.S. Treasury tables.

*Example: Suppose you turn age 70½ on July 1, 2015. We would determine your account balance on December 31, 2014 (\$15,000 in this example), and divide that by the figure shown in the U.S. Treasury tables. In this case, the figure is 27.4, calculating out to an RMD of \$547.45 ( $\$15,000/27.4 = \$547.45$ ).*

Your first RMD (the year you turn 70½) may be deferred until as late as April 1 of the next year. If you choose to defer the first payment, you will have to take two payments during the next calendar year in order to satisfy the RMD for the next year as well.

*Example: Using the information in the previous example, you choose to defer your payment until April 1, 2016. You must take at least \$547.45, to satisfy the 2015 RMD, but you also need to take an additional payment to satisfy the 2016 RMD.*

The distribution to satisfy the RMD can be taken any time during the calendar year it is due and can be taken in any form (monthly, annually, as a single amount, etc.). URS offers a withdrawal option wherein your RMD is automatically calculated and distributed to you each year.

## Involuntary Distributions of Inactive Accounts

Inactive accounts of participants with combined vested savings plans balances below \$1,000 are automatically closed and the funds

are distributed to the account owners. Inactive accounts are defined as accounts that have had no contribution or withdrawal activity for a period of at least 12 months and the participant is no longer employed with a URS participating employer.

## Plan-to-Plan Transfers (while still employed)

Vested account balances may be transferred on a trustee-to-trustee basis to another 401(k) or 401(a) qualified plan, provided you can demonstrate to the URS Plan Administrator you are no longer eligible to participate in a URS pension plan or your employer does not participate in the URS 401(k) Plan on behalf of any of its employees. Under certain circumstances, you may also be eligible to transfer your vested 401(k) funds to a defined benefit (pension) plan in order to purchase service credit.

## Taxes

Distributions made from the 401(k) plan are generally taxable. When you receive a partial balance or total balance withdrawal of \$200 or more, the IRS requires 20% of the amount withdrawn be withheld for federal income taxes. The 20% withholding requirement does not apply if you choose to receive periodic payments over a span of 10 years or more, or if the periodic payments are calculated based on your life expectancy. The 10-year or life expectancy calculations are based on a 7.5% rate of return and the U.S. Treasury's life expectancy tables. For these periodic distributions, a *Substitute W-4P* form may be submitted to our office indicating your tax withholding request. If no *Substitute W-4P* is received, federal withholding is based on an assumption of "married with three exemptions." Utah state taxes are withheld based on information provided on the *Substitute W-4P* form using state tables regardless of the type of payment.

If you receive a distribution from your account prior to age 59½, you may be subject to the 10% early withdrawal penalty tax. This penalty is in addition to any federal or state income taxes you are required to pay. This penalty tax may not apply if you work into or beyond the year you reach age 55. Also, the penalty tax does not apply to death benefits, domestic relations accounts, persons on disability, or payments calculated over life expectancy.

There may be other exceptions to the taxes or penalties previously mentioned. For more information regarding taxation, please review the *Special Tax Notice Regarding Plan Payments (401(k) & 457)* available on our website or in our offices, or IRS Publication 575 *Pension and Annuity Income*. URS personnel are not qualified to give tax advice. (Consult a tax advisor.)

## 401(k) Loans

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### Eligibility

In order to be eligible to take a loan from your 401(k) plan, your employer must participate in the URS 401(k) loan program and allow payroll deduction for payments. You may have one outstanding loan at any time from your 401(k) plan and you may only borrow money you have in the URS core funds (PCRA funds must be transferred to the core funds to be available for loan). In addition, vested and unvested Tier 2 employer required contributions are restricted from being taken as a loan.

### Minimum Loan

The minimum loan available is \$1,000. This requires a vested balance in your account of at least \$2,000.

### Maximum Loan

The maximum loan that may be taken is the lesser of 50% of your vested account balance or \$50,000. The \$50,000 maximum amount is reduced by the highest loan balance during the past 12 months in any or all retirement savings plans (including 457 and 403(b) plans). Tier 2 employer required contributions are restricted from being taken as a loan. However, Tier 2 vested employer required contributions may be used to determine the amount you have available when computing the 50% limit.

### Loan Repayment

Loan payments may be amortized over five years or less. However, if the loan is used for the purchase of your primary residence payments may be amortized for up to 10 years. (Mortgage payments and refinancing are not considered as a purchase.) An outstanding 401(k) loan balance becomes due upon separation from employment (*see next paragraph for an option for loan repayment*). If the loan balance is not paid within the cure period, the loan is considered in default and treated as a withdrawal. 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.

### Automated Clearing House (ACH)

The automated clearing house (ACH) loan repayment program is offered to retirees and other URS members who have outstanding 401(k) or 457 plan loans and are not able to make payroll deductions through a participating URS employer. 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 must agree 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.

### URS Check Policy

URS accepts personal checks and certified funds (i.e., cash in the exact amount, money orders, and cashier checks) for additional loan prepayments. Loan prepayments of \$500.00 or more are accepted, or for full repayment of the loan. Certified funds will post to your account within 3 – 5 business days. If you submit a personal check, payment is not posted to your account for a minimum of five (5) business days. Returned checks, due to insufficient funds, are not posted to an account and URS charges a \$20 returned check fee.

### Interest Rate on Loans

The interest rate is a fixed rate for the duration of the loan. The loan interest rate for new loans is determined at the beginning of each calendar quarter, based on the prime rate (as published in *The Wall Street Journal*) plus 1%. The interest on a 401(k) loan is generally not deductible for income tax purposes. (Consult a tax advisor.)

### Loan Fee

There is a \$60.00 nonrefundable fee deducted from your account when the loan is made.

### Taxes and Penalties

There are no taxes or penalties on a loan, unless the loan is in default and/or offset against the account.

### Application of Funds

When the loan is created the principal is transferred from the core investment options beginning with employer contributions (except those required under Tier 2) in the most conservative fund, progressing to employee deferrals in the most aggressive fund. Your loan payments to the plan reduce the outstanding

loan principal owed, and the principal and interest paid is applied to the 401(k) investment options based on your specified allocation for future deposits. All interest you pay is deposited into your account.

For more loan information, please read the *URS 401(k)/457 Loan Program* brochure. Also, take advantage of the URS Loan Payment Calculator on our website. The brochure is available on our website and at our offices.

## Plan Fees and Expenses

There are several different types of expenses that may be deducted from an account to cover the costs of administering the plan: 1) investment, 2) administrative, 3) loan, 4) inactive account maintenance, and 5) short-term trading.

### Investment and Administrative Fees

Fund	Investment	Adminis- trative	Total Fee
Income Fund	0.30%	0.16%	0.46%
Bond Fund	0.12	0.16	0.28
Balanced Fund	0.26	0.16	0.42
Large Cap Value Fund	0.42	0.16	0.58
Large Cap Index Fund	0.03	0.16	0.19
Large Cap Growth Fund	0.29	0.16	0.45
International Fund	0.06	0.16	0.22
Small Cap Stock Fund	0.37	0.16	0.53
Target Date 2060	0.21	0.16	0.37
Target Date 2055	0.21	0.16	0.37
Target Date 2050	0.21	0.16	0.37
Target Date 2045	0.21	0.16	0.37
Target Date 2040	0.21	0.16	0.37
Target Date 2035	0.22	0.16	0.38
Target Date 2030	0.23	0.16	0.39
Target Date 2025	0.23	0.16	0.39
Target Date 2020	0.22	0.16	0.38
Target Date 2015	0.23	0.16	0.39
Target Date 2010	0.20	0.16	0.36
Target Date Retired	0.20	0.16	0.36
Tier 2 Nonvested	0.20	0.16	0.36

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

**Example:** Let's assume you invested \$1,000 in the Large Cap Stock Index Fund on January 1, 2015, and left it until January 1, 2016. Let's also assume there was no change in the stock market during that same period. The fee for investing and administering this fund would be \$1.90 (.19% x \$1,000).

### Loan Fee

If you take advantage of the plan's loan program, you are assessed a \$60 processing fee for each loan you receive from the plan. This fee appears as a withdrawal on your quarterly statement.

### Inactive Account Maintenance Fee

Because the fees generated from small inactive accounts generally do not cover the costs of maintaining them, an annual fee of \$15 is assessed to each plan. Small inactive accounts are those where the account owner is no longer employed by a URS participating employer, there have been no deposits or withdrawals during the prior 12 months, and vested assets in all URS Savings Plans are less than \$5,000. This fee appears as a withdrawal on your quarterly statement.

### Short-Term Trading Fee

Because of costs generated by frequent trading and the potential impact on other participants' accounts, it is necessary to impose a short-term trading fee. Individuals who transfer any or all of their current account among core investment options more often than

once every 30 days are charged a 2% fee on the amount transferred. Each transfer starts a new 30-day period. Also, each savings plan is treated individually. For example, fund transfers in your IRA do not affect your ability to transfer funds in your 401(k) or 457 plans.

### Self-Directed Brokerage Account Fee

Participants in the Schwab Personal Choice Retirement Account® (PCRA) are assessed a \$25 quarterly fee for each plan utilizing a PCRA. The administrative fee (.16%) is not applied to funds within a PCRA.

## Death Benefits

The financial settlement your beneficiary(ies) will receive when you die is determined by your status according to the system in which you participate. The following summarizes specific death benefits payable in the Tier 2 Defined Contribution Plan.

### Lump-Sum Settlement

If you have any vested contributions in your 401(k), these funds are payable to your designated beneficiary(ies).

### Active Employee Death Benefit

If you are an active member who is employed by the State or a URS participating employer at the time of your death, your beneficiary(ies) will receive a death benefit payment representing 75% of your highest retirement eligible salary (in addition to the lump-sum settlement). If you have less than 12 months' service, the benefit is prorated. The minimum benefit is \$1,000.

**Note:** The death benefit payment is not payable if the covered member commits suicide before group coverage has been in force for two years.

### Accelerated Death Benefit

This provision allows you to take an advance payment of 75% of your active employee death benefit coverage, if you have a terminal illness and a life expectancy less than 18 months.

### Your Right to Privacy is Protected

Information can be given over the telephone to you only if you can demonstrate your identity through knowledge of personal information. If such knowledge cannot be demonstrated, account information will not be discussed over the telephone. Because your file is confidential, we cannot release information to your spouse, relatives, or group representative. Information provided through our website is permitted only with a valid user ID and password.

### Appeals

If you disagree with a calculation, policy, procedure, or some other action taken by a department of URS, you may appeal such decisions. You will need to write a letter to the executive director stating the facts of the situation, the remedy you are requesting, and the legal or equitable basis for the reversal. The executive director will review the case and either grant or deny your request. If your request is denied you may, within 30 days of the denial, file a written petition with the hearing officer. Steps for filing the petition will be sent to you at that time.

### A Final Word

This brochure is general in nature. For more information regarding the 401(k) plan, contact our Defined Contribution Department at 801-366-7720 or 800-688-401k, or visit [www.urs.org](http://www.urs.org).



Utah Retirement Systems

Daniel D. Andersen, Executive Director



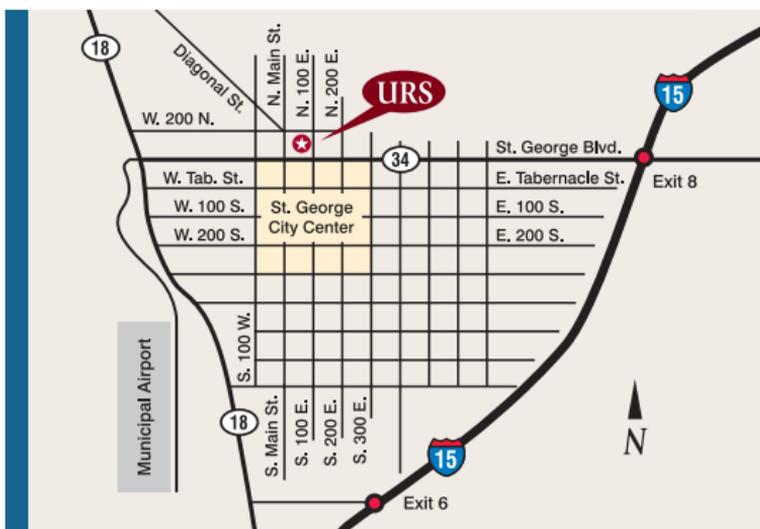
### Salt Lake City Office

560 East 200 South, Suite 200  
Salt Lake City, UT 84102-2021  
801-366-7720 • 800-688-401k

Visit: Monday - Friday, 8:00 a.m. - 5:00 p.m.

### Salt Lake Office Mailing Address

P.O. Box 1590 • Salt Lake City, UT 84110-1590



### Southern Utah Branch Office

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

For more information: [www.urs.org](http://www.urs.org)

On the Cover: Utah State Capitol