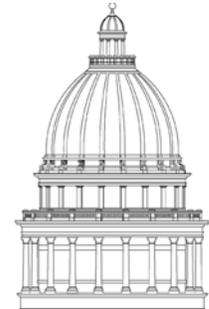


Office of  
LEGISLATIVE AUDITOR GENERAL  
State of Utah

**REPORT NUMBER ILR2013-E  
February 2013**



## **A Limited Review of Retirement Pensions**

Within the Utah Retirement System (URS), 50,900 retirees receive a pension less than \$100,000. In fact, 49,693 retirees (97.6 percent) receive an annual pension less than \$50,000. These retirement pensions are understandable given the average years of service and final average salaries (an average of the retiree's two or three highest salary years, depending on the retirement system) of the current retirees.

In early February, we issued ILR2013-B, which reported on all current URS retirees receiving an annual pension in excess of \$100,000. (Twenty-one retirees were identified—twelve from courts (judges), seven from education (superintendents), and two from local government.) In response to that report, Senator Madsen requested a report on all current URS retirees receiving pensions less than \$100,000.

URS has about 465 participating employers, including not only the State of Utah, but also counties, municipalities, public education, and local districts. Some higher education employees are served by URS as well; however, professors are generally served by TIAA-CREF, a private pension firm specializing in education. In February 2013, 50,921 retirees were receiving pensions from the URS. This number includes the 21 retirees with pensions in excess of \$100,000 discussed in our previous report.

---

**Most current URS retirees (97.6 percent) receive an annual pension less than \$50,000.**

---

---

**ILR2013-B reported on all URS retirees receiving a pension greater than \$100,000.**

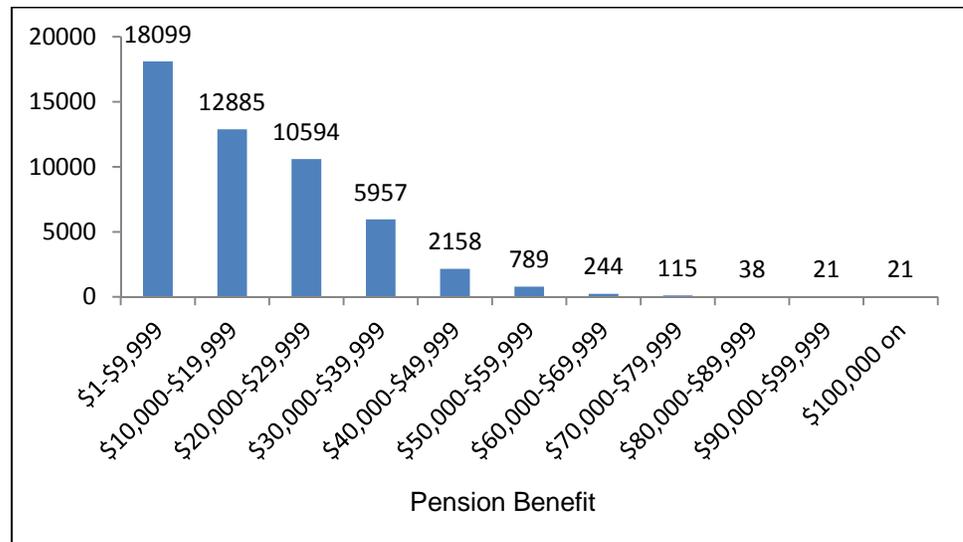
---

**URS personnel identified the base pension (the pension benefit actually received) for all current retirees.**

For this review, URS personnel identified the base pension (that is, the pension benefit actually received) for all current retirees. (The data provided by URS was not audited by our office.) This data was reported in \$10,000 base pension increments and segregated into the following categories—state government, education, local government, public safety, fire fighters, and judges. In addition to identifying base pension benefits, average years of service and final average salaries were also identified. To see this data reported by category, see Appendix A.

Figure 1 shows the number of retirees receiving a pension in a specified range.

**Figure 1 Number of Retirees Receiving Pensions Within a Pension Range for All Current URS Retirees.** Nearly 98% percent of all retirees receive less than \$50,000 in benefits annually.



**Less than 2.5 percent of URS retirees have pensions that are greater than \$50,000.**

Retirees with annual benefits less than \$50,000 had final average salaries ranging from \$22,490 to \$73,230, while average years of service range from 13.4 to 32.3 (shown in Figure 2). With these average years of service and final average salaries, the pensions received are understandable. It is uncommon for current URS retirees to receive a pension of \$50,000 or more. Less than 2.5 percent have pensions in this range.

Figure 2 provides information describing, in aggregate, all current 50,921 retirees by \$10,000 base pension increments.

**Figure 2 Information on All Current URS Retirees.** Of these URS retirees, 81.7 percent have pensions under \$30,000.

Pension Benefit	Retirees	Final Average Salary	Average Years of Service
\$ 1-\$9,999	18,099	\$ 22,490	13.4
10,000-19,999	12,885	38,090	23.0
20,000-29,999	10,594	47,930	28.3
30,000-39,999	5,957	59,760	30.8
40,000-49,999	2,158	73,230	32.3
50,000-59,999	789	87,210	32.9
60,000-69,999	244	101,890	33.6
70,000-79,999	115	115,600	32.0
80,000-89,999	38	132,110	32.2
90,000-99,999	21	133,290	35.9
100,000 and above	21	154,220	35.4

Source: URS data and auditor analysis

As noted earlier, most retirees receive annual pensions less than \$50,000, with a significant percentage (81.7 percent) receiving pensions under \$30,000. Judges, however, are an exception. Most judges (79.8 percent) receive pensions over \$50,000. (See Appendix A for more information.)

In conclusion, a substantial majority of URS retirees receive annual pensions under \$50,000. Given final average salaries and years of service, these pension benefits are understandable.

**Of the 50,921 current URS retirees, 41,578 (81.7 percent) receive less than 30,000.**

**This Page Left Blank Intentionally**

## **Appendix**

**This Page Left Blank Intentionally**

## Appendix A URS Retirees by Category

### Former State Employees

<b>Current URS Retirees Who Were Formerly State Government Employees.</b> Of these 9,190 retirees, 97.5 percent have pensions under \$50,000.			
<b>Pension Benefit</b>	<b>Retirees</b>	<b>Final Average Salary</b>	<b>Average Years of Service</b>
\$ 1- 9,999	3,245	\$26,540	12.9
10,000-19,999	2,616	38,520	23.5
20,000-29,999	1,820	47,750	29.7
30,000-39,999	904	60,920	31.9
40,000-49,999	372	75,350	33.2
50,000-59,999	145	92,550	33.1
60,000-69,999	58	105,690	34.6
70,000-79,999	21	121,590	34.6
80,000-89,999	8	157,770	34.4
90,000-99,999	1	164,860	32.2
100,000 and above	0	0	0

### Former Education Employees

<b>Current URS Retirees Who Were Formerly Education Employees.</b> Of these 27,732 retirees, 98.2 percent have pensions under \$50,000.			
<b>Pension Benefit</b>	<b>Retirees</b>	<b>Final Average Salary</b>	<b>Average Years of Service</b>
\$ 1- 9,999	10,439	\$19,930	14.4
10,000-19,999	6,689	38,160	23.7
20,000-29,999	5,577	48,170	29.4
30,000-39,999	3,427	59,350	31.7
40,000-49,999	1,103	72,270	33.3
50,000-59,999	338	86,510	34.5
60,000-69,999	102	100,960	35.2
70,000-79,999	32	116,480	35.8
80,000-89,999	9	136,850	35.5
90,000-99,999	9	133,000	40.0
100,000 and above	7	188,140	37.9

## Former Local Government Employees

<b>Current URS Retirees Who Were Formerly Local Government Employees.</b> Of these 8,206 retirees, 97.6 percent have pensions under \$50,000.			
<b>Pension Benefit</b>	<b>Retirees</b>	<b>Final Average Salary</b>	<b>Average Years of Service</b>
\$ 1- 9,999	3,714	\$25,350	11.6
10,000-19,999	2,072	39,610	22.6
20,000-29,999	1,285	49,100	29.2
30,000-39,999	655	62,930	31.1
40,000-49,999	287	79,970	31.9
50,000-59,999	118	93,000	33.0
60,000-69,999	38	106,000	33.9
70,000-79,999	28	119,400	33.7
80,000-89,999	4	143,420	34.4
90,000-99,999	3	149,130	39.9
100,000 and above	2	184,320	36.4

## Former Public Safety Employees

<b>Current URS Retirees Who Were Formerly Public Safety * Employees.</b> Of these 4,465 retirees, 97.0 percent have pensions under \$50,000.			
<b>Pension Benefit</b>	<b>Retirees</b>	<b>Final Average Salary</b>	<b>Average Years of Service</b>
\$ 1- 9,999	603	\$29,010	10.0
10,000-19,999	1,228	35,560	19.5
20,000-29,999	1,559	47,030	22.8
30,000-39,999	676	58,090	26.2
40,000-49,999	267	69,750	28.6
50,000-59,999	103	81,160	30.2
60,000-69,999	22	91,390	31.9
70,000-79,999	4	94,220	35.5
80,000-89,999	3	101,720	35.1
90,000-99,999	0	0	0.0
100,000 and above	0	0	0.0

*\*Includes employees from both state and local government*

## Former Fire Fighters

<b>Current URS Retirees Who Were Formerly Fire Fighters.</b> Of these 1,219 retirees, 92.9 percent have pensions under \$50,000.			
<b>Pension Benefit</b>	<b>Retirees</b>	<b>Final Average Salary</b>	<b>Average Years of Service</b>
\$ 1- 9,999	98	\$12,510	17.8
10,000-19,999	271	31,770	22.1
20,000-29,999	351	44,710	23.5
30,000-39,999	291	57,660	26.8
40,000-49,999	122	66,890	30.1
50,000-59,999	66	79,940	31.3
60,000-69,999	15	96,370	29.9
70,000-79,999	4	111,620	34.7
80,000-89,999	0	0	0.0
90,000-99,999	1	137,320	34.2
100,000 and above	0	0	0.0

## Former Judges

<b>Current URS Retirees Who Were Formerly Judges.</b> Of these 109 retirees, 20.2 percent have pensions under \$50,000.			
<b>Pension Benefit</b>	<b>Retirees</b>	<b>Final Average Salary</b>	<b>Average Years of Service</b>
\$ 1- 9,999	0	\$0	0.0
10,000-19,999	9	47,130	10.9
20,000-29,999	2	49,530	14.2
30,000-39,999	4	64,930	16.9
40,000-49,999	7	77,560	15.6
50,000-59,999	19	80,870	23.3
60,000-69,999	9	105,340	18.6
70,000-79,999	26	109,490	22.5
80,000-89,999	14	117,670	27.5
90,000-99,999	7	121,790	29.7
100,000 and above	12	129,420	33.8