Key Questions

- Who is included? *(Membership)*
- How is it organized? *(Systems)*
- What are the benefits? *(Formulas)*
- When can benefits be taken? *(Eligibility)*
- How is it funded? *(Revenues)*
- What contributions are needed? *(Contribution Rates)*
URS -- Systems

Six Participant Systems

Public Employees Noncontributory

Public Safety

Judges

Public Employees Contributory

Firefighters

Governors & Legislators

January 2010
URS -- Systems

Six Participant Systems - With Divisions

- Public Employees Noncontributory
- Public Employees Contributory
- Public Safety
  - Noncontributory - Division A (with Social Security)
  - Noncontributory - Division B (without Social Security)
  - Contributory - Division A (with Social Security)
  - Contributory - Division B (without Social Security)
- Firefighters Contributory
  - Division A (with Social Security)
  - Division B (without Social Security)
- Judges
  - Noncontributory
  - Contributory
- Governors and Legislators

January 2010
Total System Membership
181,994
As of December 31, 2008

The “big” system
Noncontributory 155,667
Contributory 9,356
Public Safety 13,314

For the Year Ending Dec. 31, 2008
January 2010
URS -- Membership by Employer Type

Active Membership
106,285

As of March 31, 2009

Source: Utah Retirement Systems, July 17, 2009
URS -- Participating Employers

Total Participating Employers
444

Retirement System Offered

- Judges
- Governors & Legislators
- Firefighters
- Public Safety
- Contributory
- Noncontributory

January 2010
URS -- Benefit Formulas

Defined Benefit Retirement Allowance Components

- **Years of Service** (years of service credit)
- **Multiplier** (e.g. 2% per year of service)
- **Final Average Salary** (average of highest three years)
URS -- Allowance Formula

Annual Retirement Benefit

Noncontributory

Formula:

Years of Service $\times$ 2% $\times$ Final Average Salary

(FAS = Average of highest 3 years)

Example:

30 years $\times$ 2% = 60%

Highest Years:

\[
\begin{align*}
Yr. 1 & \quad $40,240+ \\
Yr. 2 & \quad $45,000+ \\
Yr. 3 & \quad $48,803
\end{align*}
\]

\[
\frac{\text{Highest Years}}{3} = \frac{\text{Yr. 1} + \text{Yr. 2} + \text{Yr. 3}}{3} = \frac{\$40,240 + \$45,000 + \$48,803}{3} = \$44,681
\]

\[60\% \times \$44,681 = \$26,808\]

$44,681$ is the final average salary of 2008 retirees, Comprehensive Annual Financial Report, Dec. 31, 2008

January 2010

Plus up to 4% annual Cost of Living Adjustment
URS -- Eligibility

Public Employees’ Noncontributory

Years of Service

- Age 65
- Age 62 With Actuarial Reduction
- Age 60 With Actuarial Reduction
- Any Age* (with purchase or with Full Actuarial Reduction)
- Any Age

*Option not available in Contributory System

January 2010
Utah State Retirement Systems Revenue Sources

All Six Systems – Average Annual Total = $1,638.4 Million
(In Millions)

Ten-Year Average 1997-2006

- Investment Income $2,518 (81.1%)
- Employer Contributions $523 (16.9%)
- Member Contributions $45 (1.5%)
- Court Fees and Premium Tax $11 (0.4%)
- Transfers from Systems $6 (0.2%)
- Transfers to Systems $6 (0.2%)

Prepared by the Office of Legislative Research and General Counsel – August 2007
Utah State Retirement Systems Revenue Sources

All Six Systems – Average Annual Total = $1,095.7 Million
(In Millions)

Ten-Year Average 1999- 2008

- Investment Income $571.1 (52.1%)
- Employer Contributions $455.8 (41.6%)
- Member Contributions $35.9 (3.3%)
- Transfers from Systems $22.1 (2.0%)
- Court Fees and Premium Tax $10.7 (1.0%)


January 2010
Utah State Retirement Systems

Noncontributory – Revenue Sources*

Prepared by the Office of Legislative Research and General Counsel – August 2007

*Not included – Transfers from Systems and Member Contributions averaging $18.5 and $12.9 million respectively.
Utah State Retirement Systems

Noncontributory – Revenue Sources*

*Not included – Transfers from Systems and Member Contributions averaging $11.4 and $14.7 million respectively.

Utah State Retirement Systems

FY 2010 Contribution Rates – Percent of Salary

<table>
<thead>
<tr>
<th></th>
<th>State/School</th>
<th>Local Gov.</th>
<th>Local Gov.</th>
<th>Public Safety*</th>
<th>Public Safety*#</th>
<th>Firefighters#</th>
<th>Judges</th>
</tr>
</thead>
<tbody>
<tr>
<td>Court Fees</td>
<td>9.73</td>
<td>7.61</td>
<td>14.22</td>
<td>19.01</td>
<td>30.18</td>
<td>15.05</td>
<td>17.09</td>
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<tr>
<td>Fire Insurance</td>
<td>6</td>
<td>6</td>
<td>11.66</td>
<td>12.29</td>
<td>10.78</td>
<td></td>
<td></td>
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<tr>
<td>Premium Tax</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Employer</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

* State employees with 4% COLA
# State Employees with Social Security (Division A) only

February 2009
Utah State Retirement Systems

FY 2011 Contribution Rates – Percent of Salary

* State employees with 4% COLA
# State Employees with Social Security (Division A) only

<table>
<thead>
<tr>
<th>Category</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>State/School</td>
<td>11.83%</td>
</tr>
<tr>
<td>Local Gov.</td>
<td>9.36%</td>
</tr>
<tr>
<td>State/School</td>
<td>16.32%</td>
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<tr>
<td>Local Gov.</td>
<td>13.37%</td>
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<tr>
<td>Public Safety*</td>
<td>21.45%</td>
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<tr>
<td>Public Safety*#</td>
<td>32.48%</td>
</tr>
<tr>
<td>Firefighters#</td>
<td>11.87%</td>
</tr>
<tr>
<td>Judges</td>
<td>14.08%</td>
</tr>
</tbody>
</table>

- Court Fees
- Fire Insurance Premium Tax
- Employer
- Member

January 2010
# Public Employees’ Noncontributory Contribution Rate History

## State & School - Percent of Salary

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>1987</td>
<td>10.32%</td>
</tr>
<tr>
<td>1988</td>
<td>11.68%</td>
</tr>
<tr>
<td>1989</td>
<td>11.89%</td>
</tr>
<tr>
<td>1990</td>
<td>12.2%</td>
</tr>
<tr>
<td>1991</td>
<td>12.24%</td>
</tr>
<tr>
<td>1992</td>
<td>13.51%</td>
</tr>
<tr>
<td>1993</td>
<td>12.97%</td>
</tr>
<tr>
<td>1994</td>
<td>13%</td>
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<tr>
<td>1995</td>
<td>13.99%</td>
</tr>
<tr>
<td>1996</td>
<td>14%</td>
</tr>
<tr>
<td>1997</td>
<td>14.16%</td>
</tr>
<tr>
<td>1998</td>
<td>14.16%</td>
</tr>
<tr>
<td>1999</td>
<td>14.16%</td>
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<tr>
<td>2000</td>
<td>13.68%</td>
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<tr>
<td>2001</td>
<td>10.4%</td>
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<tr>
<td>2002</td>
<td>10.4%</td>
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<td>2003</td>
<td>11.7%</td>
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<td>2005</td>
<td>13.38%</td>
</tr>
<tr>
<td>2006</td>
<td>14.22%</td>
</tr>
<tr>
<td>2007</td>
<td>14.22%</td>
</tr>
<tr>
<td>2008</td>
<td>14.22%</td>
</tr>
<tr>
<td>2009</td>
<td>14.22%</td>
</tr>
<tr>
<td>2010</td>
<td>16.32%</td>
</tr>
</tbody>
</table>

25 Year Average = 12.88%

Source: Utah Retirement Systems August 2009

January 2010
Average Annual Retirement Contribution Per Employee

Calendar Year Ending December 31, 2008

- Local Government: 5,103
- Higher Education: 5,224
- Public Education: 5,741
- Total State/School: 5,817
- State: 6,190
- Other Entities: 6,831
- Public Safety: 12,370
- Firefighters: 13,416
- Judges: $37,817

Source: Utah State Retirement Systems July 15, 2009

January 2010
Role of the Utah State Legislature With Retirement Systems

Two Hats

- Policymaker for All Six Retirement Systems
- Employer:
  - State employees
  - School employees
Evaluating Retirement Systems

Potential Success Criteria

- Affordable retirement benefit
- Financially sound retirement plans
- Predictable employer costs
- Reasonable administrative costs
- Attract and retain quality workforce
- Safe and secure investments
- Competitive total compensation package
- Inflation protections through fixed income years
- Adequate and stable retirement income throughout retirement years

January 2010