

Utah State Retirement Systems Overview



February 2, 2010

Prepared by the Office of Legislative Research and General Counsel

January 2010

 **OLRGC**

Overview -- Utah Retirement Systems (URS)

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**



URS -- Systems

Six Participant Systems - With Divisions

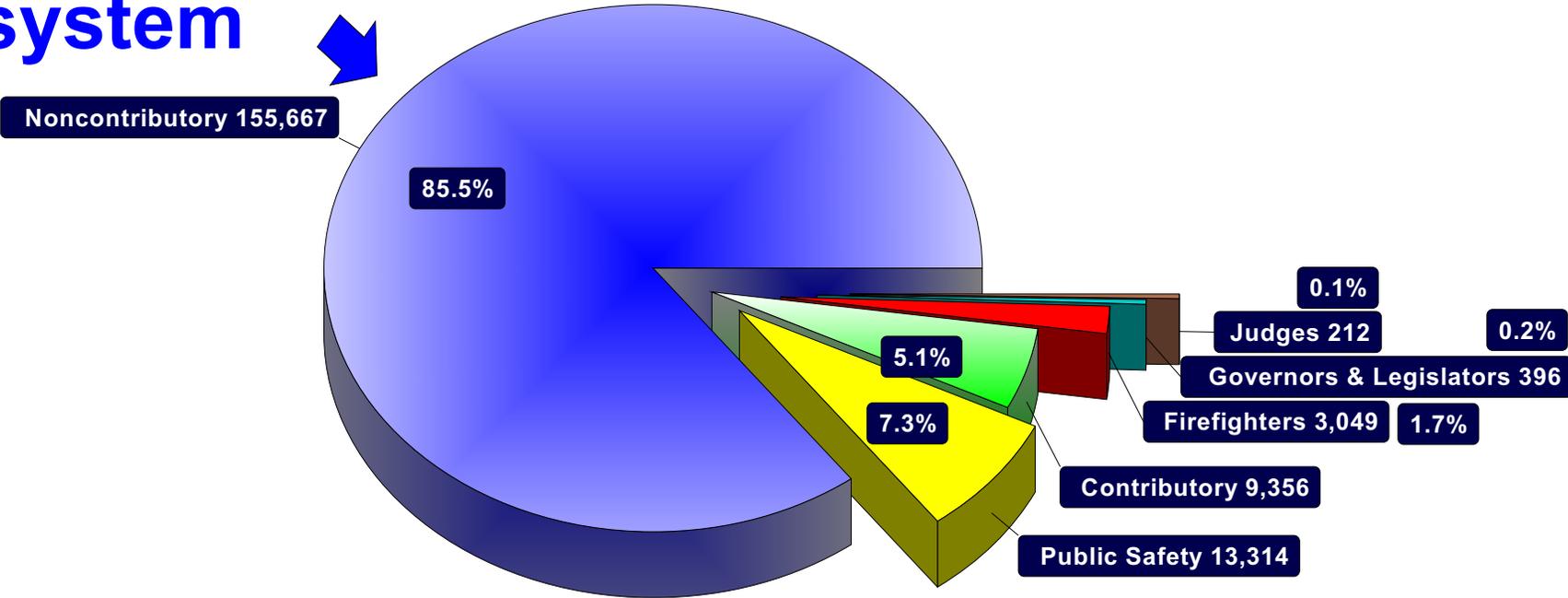
- Public Employees Noncontributory
- Public Employees Contributory
- Public Safety
 - Noncontributory - Division A (with Social Security)
 - Noncontributory - Division B (without Social Security)
 - Contributory - Division A (with Social Security)
 - Contributory - Division B (without Social Security)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

URS -- Membership in Systems

Total System Membership 181,994

As of December 31, 2008

The “big”
system

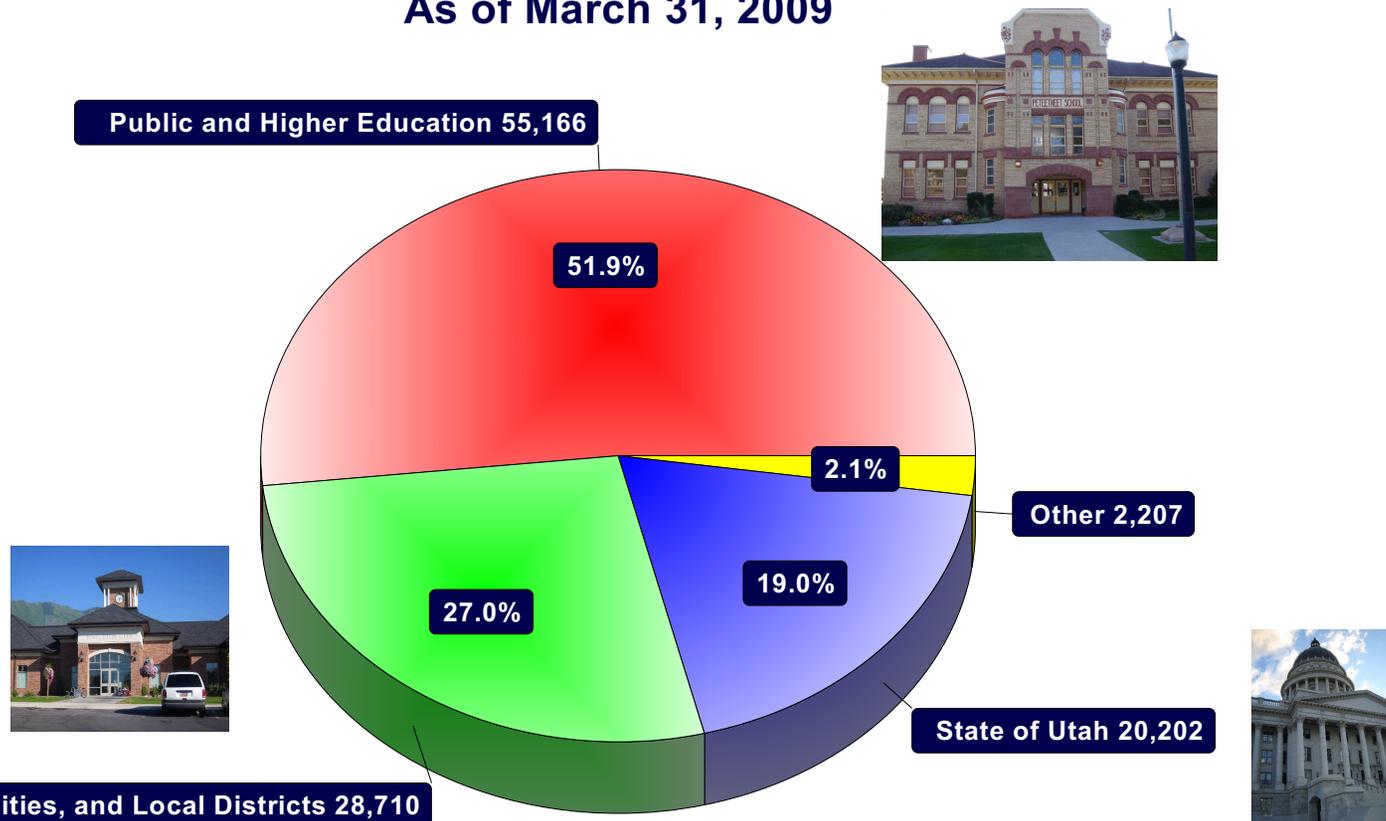


Source: Utah Retirement Systems Comprehensive Annual Financial Report;
For the Year Ending Dec. 31, 2008
January 2010

URS -- Membership by Employer Type

Active Membership 106,285

As of March 31, 2009



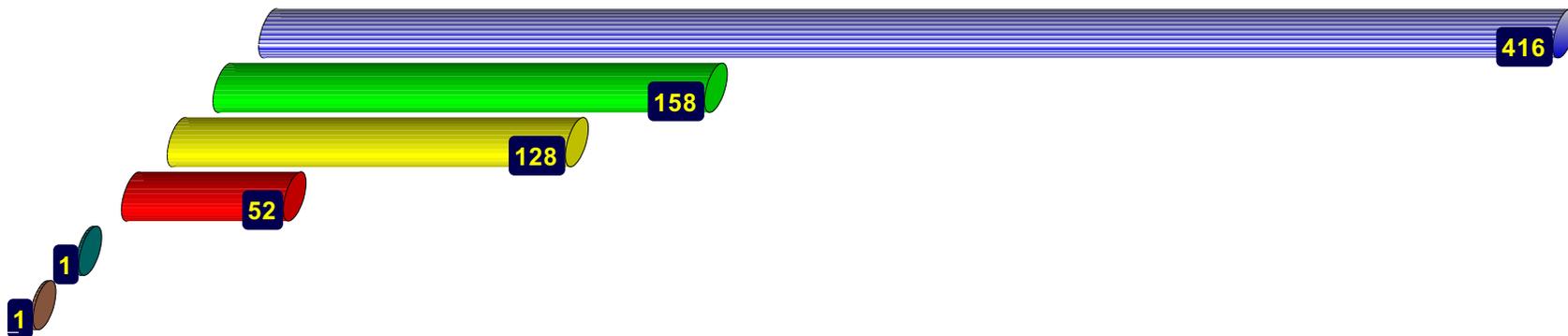
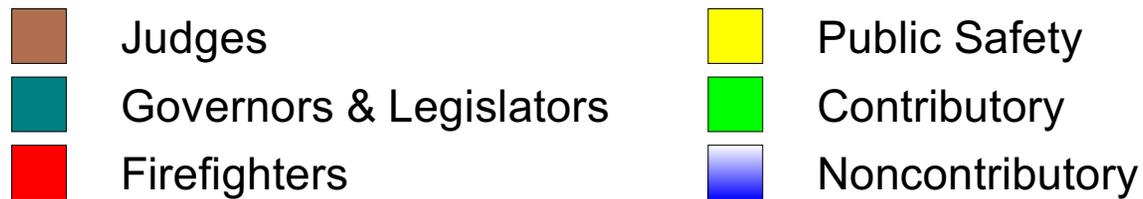
Source: Utah Retirement Systems, July 17, 2009

January 2010

URS -- Participating Employers

Total Participating Employers 444

Retirement System Offered



Source: Utah Retirement Systems Comprehensive Annual Financial Report;
For the Year Ending Dec. 31, 2008
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 X 2% X Final Average Salary
(FAS = Average of highest 3 years)

Example:

30 years X 2% = 60%



Highest Years:

Yr. 1 \$40,240+

Yr. 2 \$45,000+

Yr. 3 \$48,803

÷ 3 = \$44,681



60% X \$44,681 = \$26,808

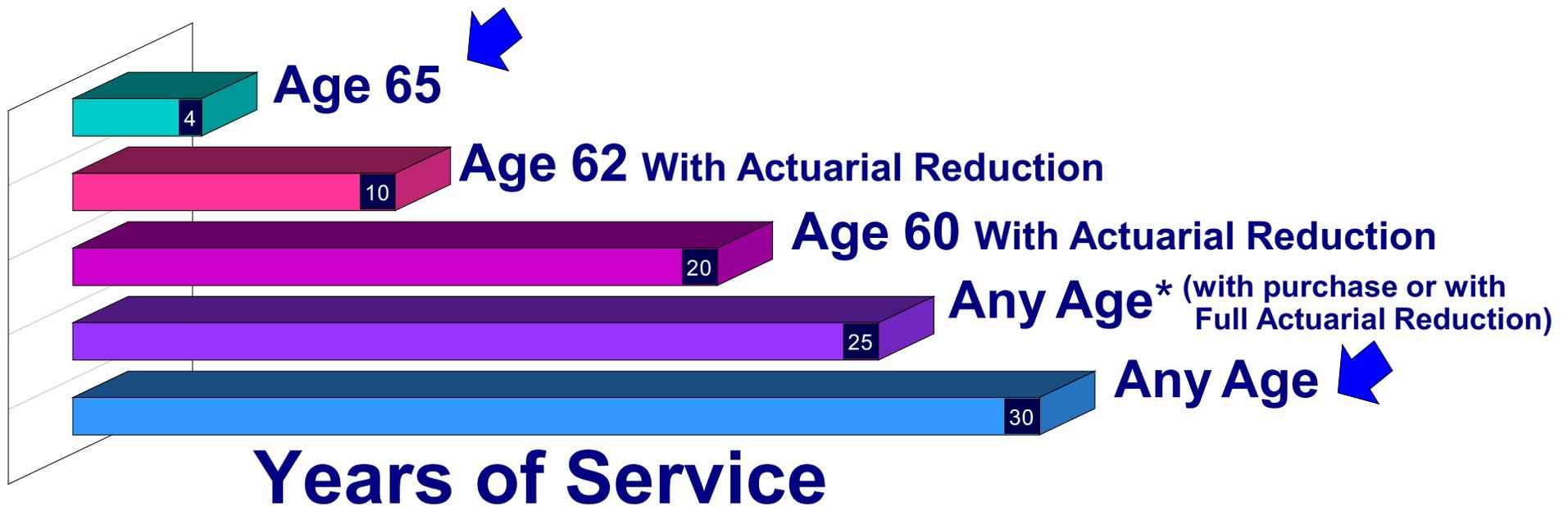
\$44,681 is the final average salary of 2008 retirees,
Comprehensive Annual Financial Report, Dec. 31,
2008
January 2010

Plus up to 4% annual Cost
of Living Adjustment



URS -- Eligibility

Public Employees' Noncontributory



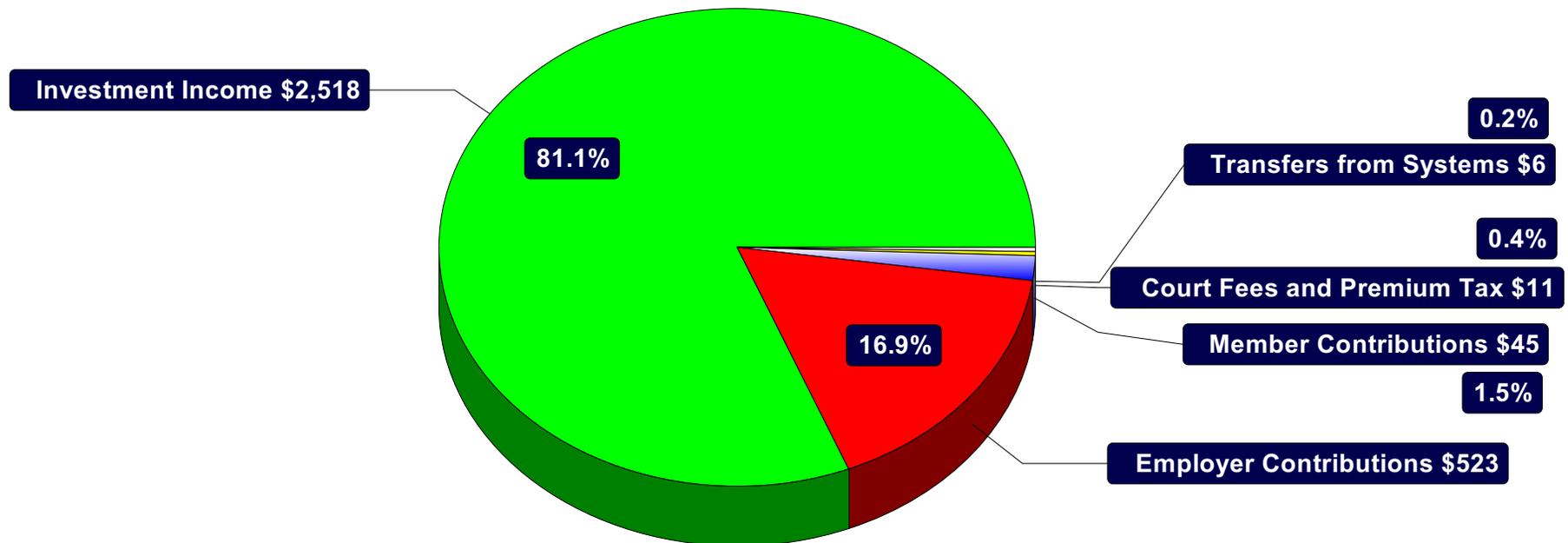
*Option not available in Contributory System

Utah State Retirement Systems Revenue Sources

All Six Systems – Average Annual Total = \$1,638.4 Million

(In Millions)

Ten-Year Average 1997- 2006



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

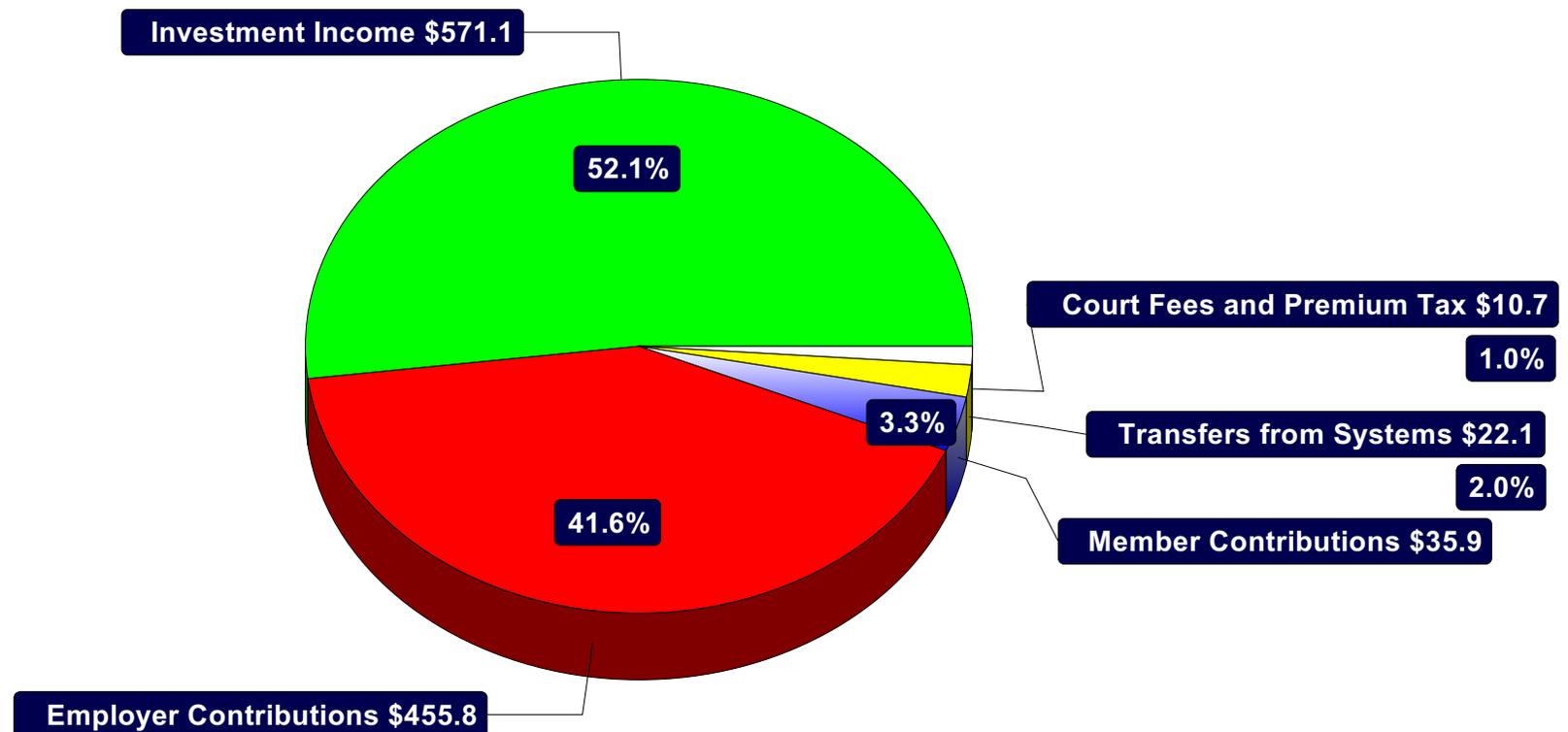
Source: Utah Retirement Systems, Comprehensive Annual Financial Reports 2000 to 2006– For the Year Ending Dec. 31.

Utah State Retirement Systems Revenue Sources

All Six Systems – Average Annual Total = \$1,095.7 Million

(In Millions)

Ten-Year Average 1999- 2008

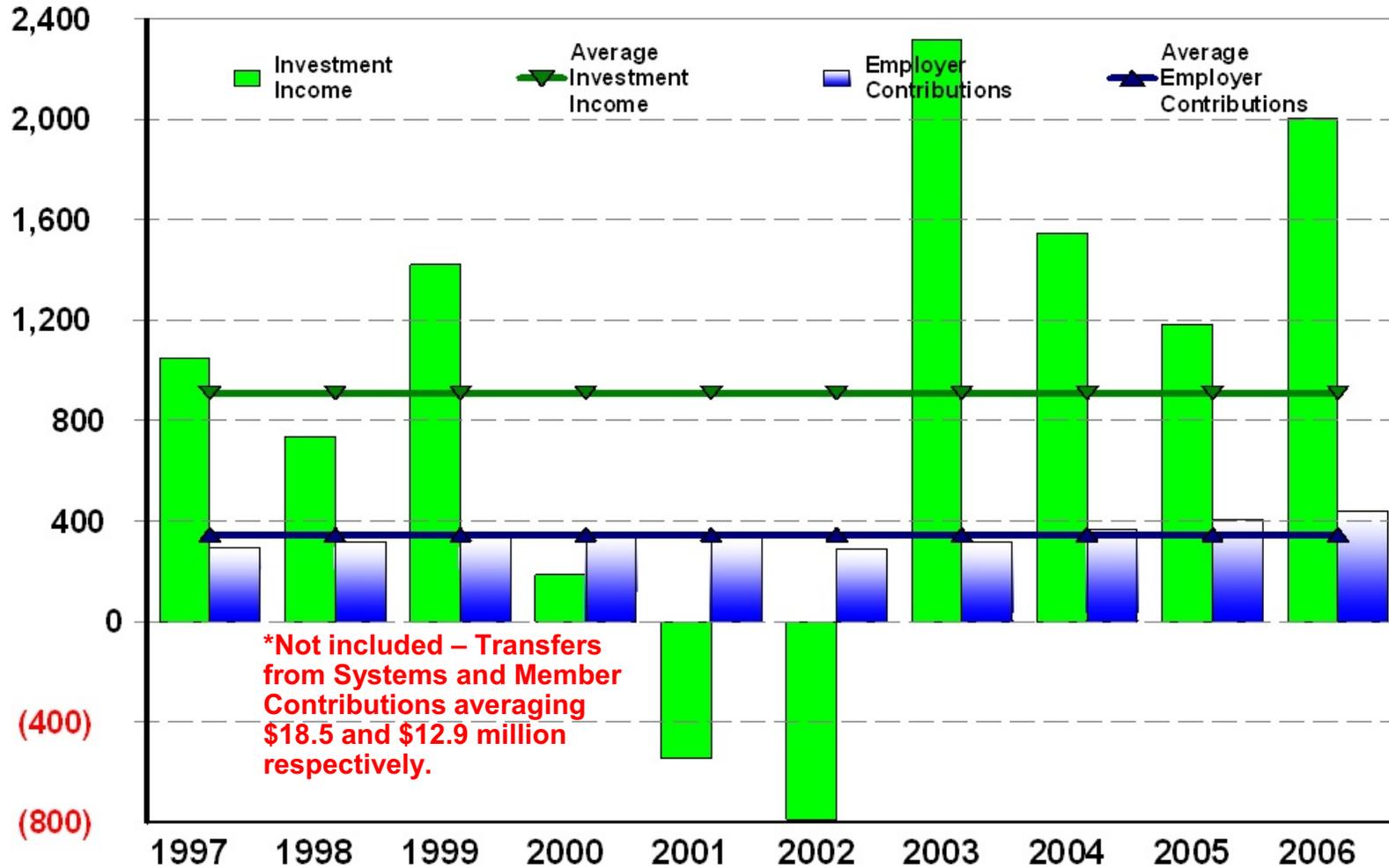


Source: Utah Retirement Systems Comprehensive Annual Financial Reports 2000 to 2008 For the Year Ending Dec. 31.

Utah State Retirement Systems

Noncontributory – Revenue Sources*

(Millions)

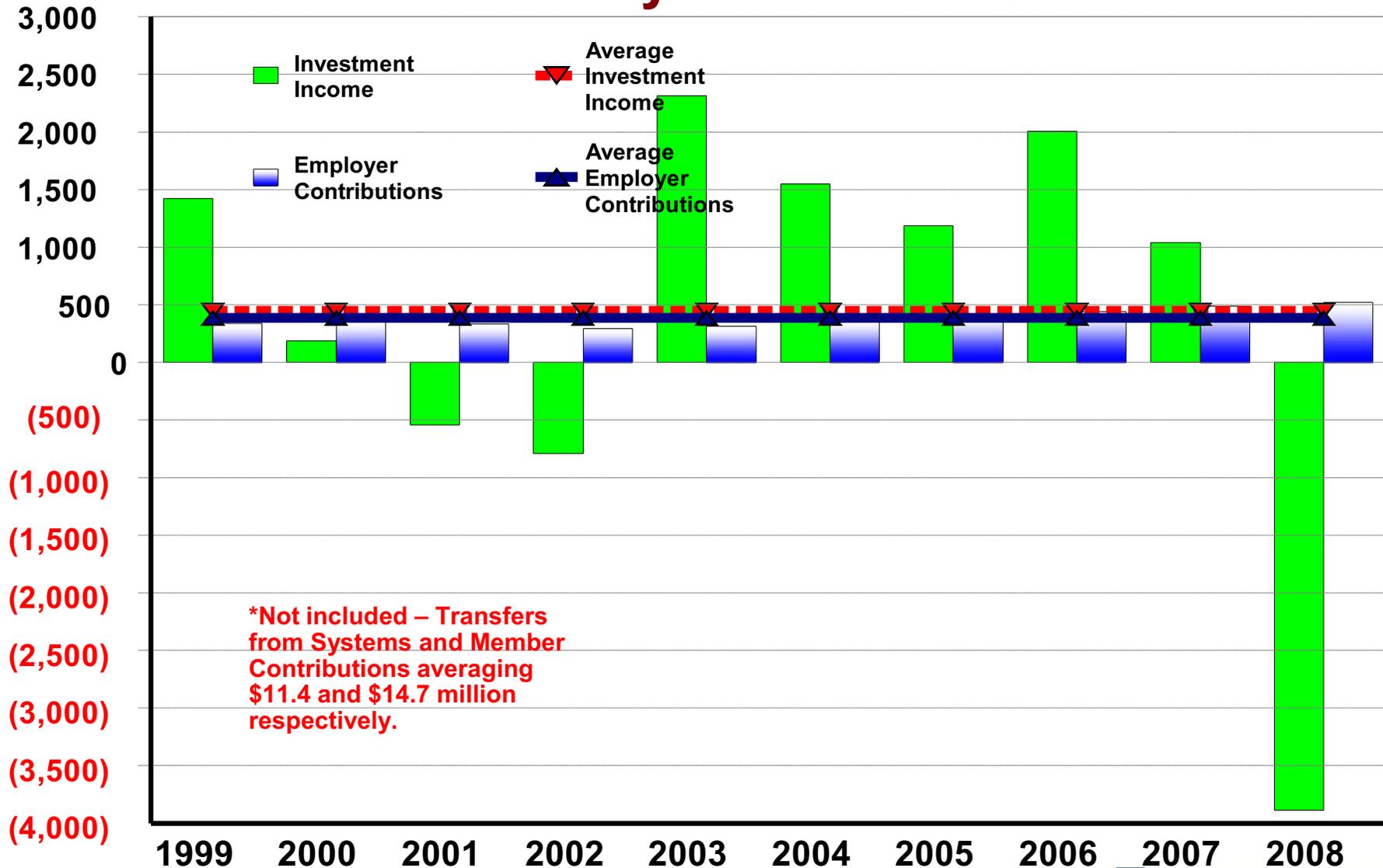


Prepared by the Office of Legislative Research and General Counsel – August 2007

Source: Utah Retirement Systems Comprehensive Annual Financial Reports 2000-2006 – For the Year Ending Dec. 31.

Utah State Retirement Systems

Noncontributory – Revenue Sources*



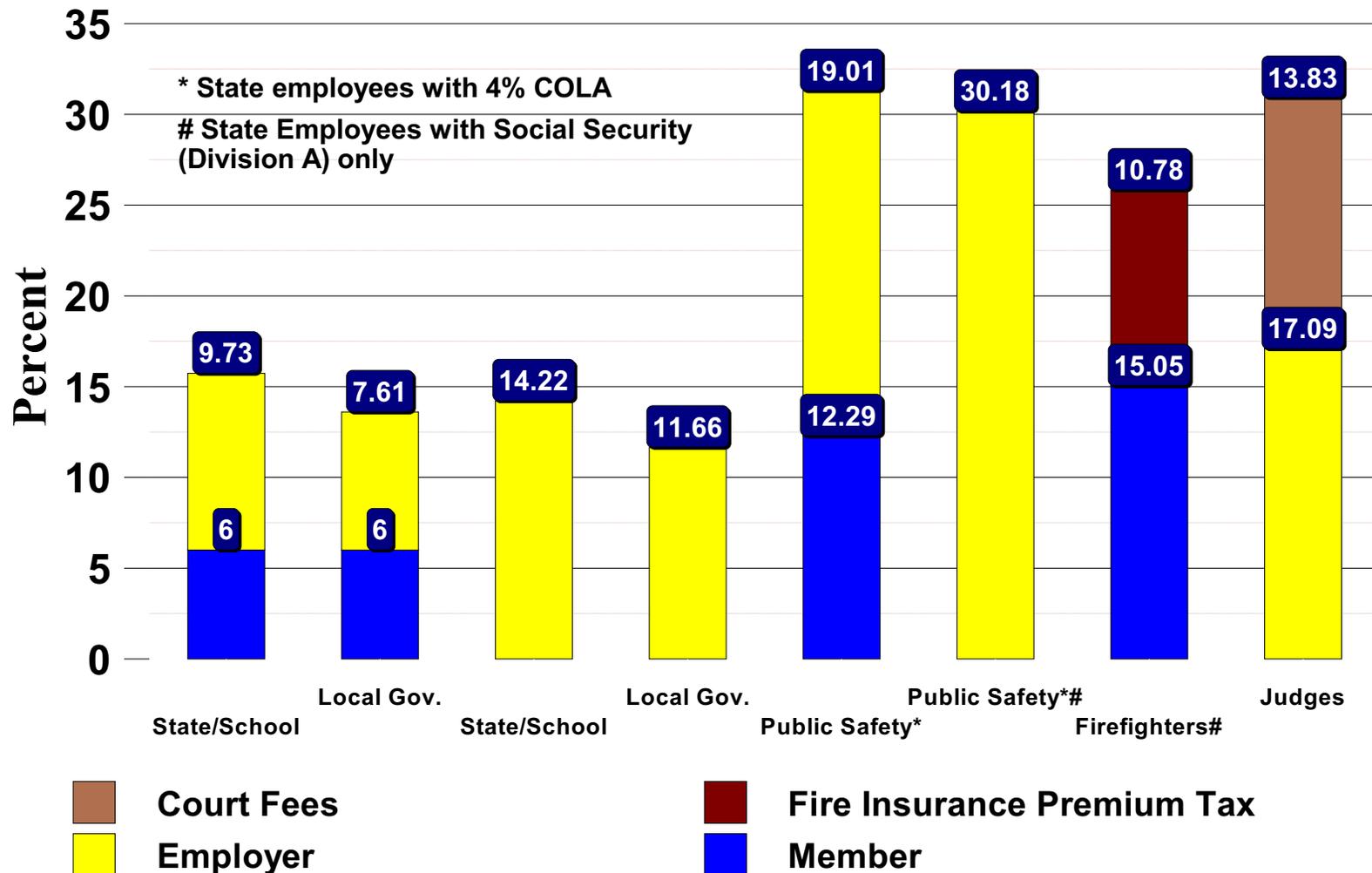
Source: Utah Retirement Systems Comprehensive Annual Financial Reports 2000-2008 – For the Year Ending Dec. 31.

January 2010



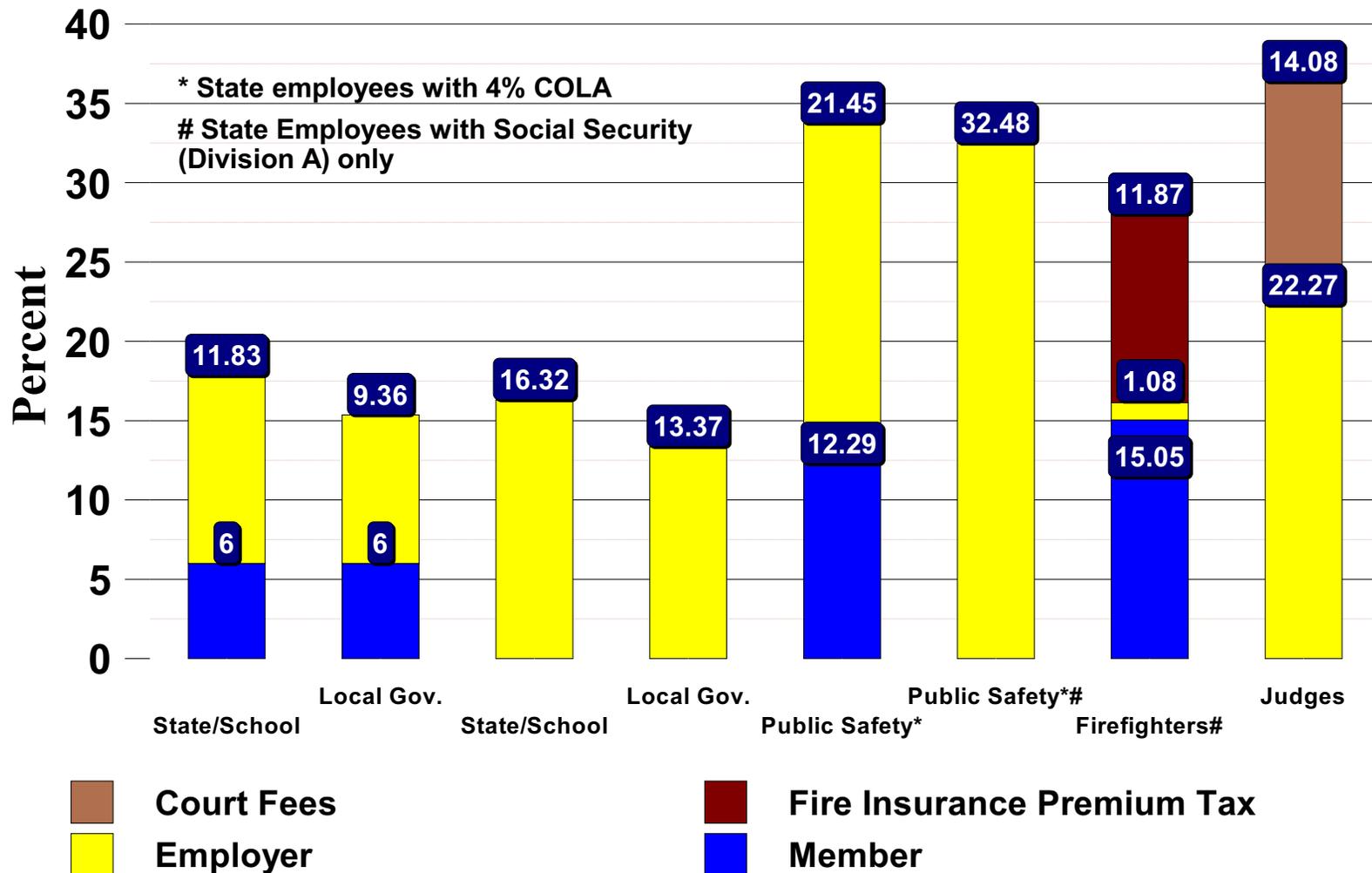
Utah State Retirement Systems

FY 2010 Contribution Rates – Percent of Salary



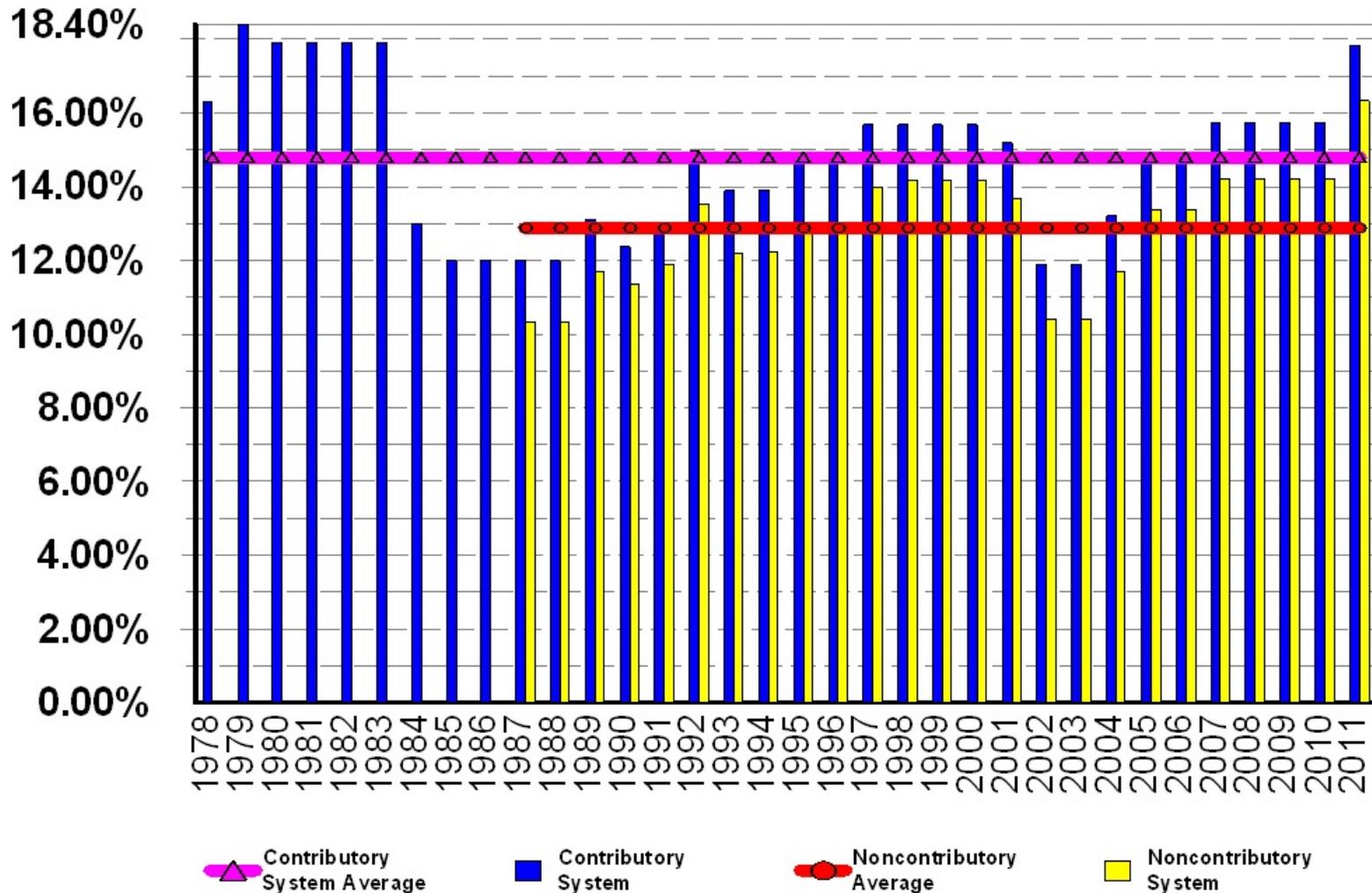
Utah State Retirement Systems

FY 2011 Contribution Rates – Percent of Salary



Utah State Retirement Contribution Rate History

State and School Employees



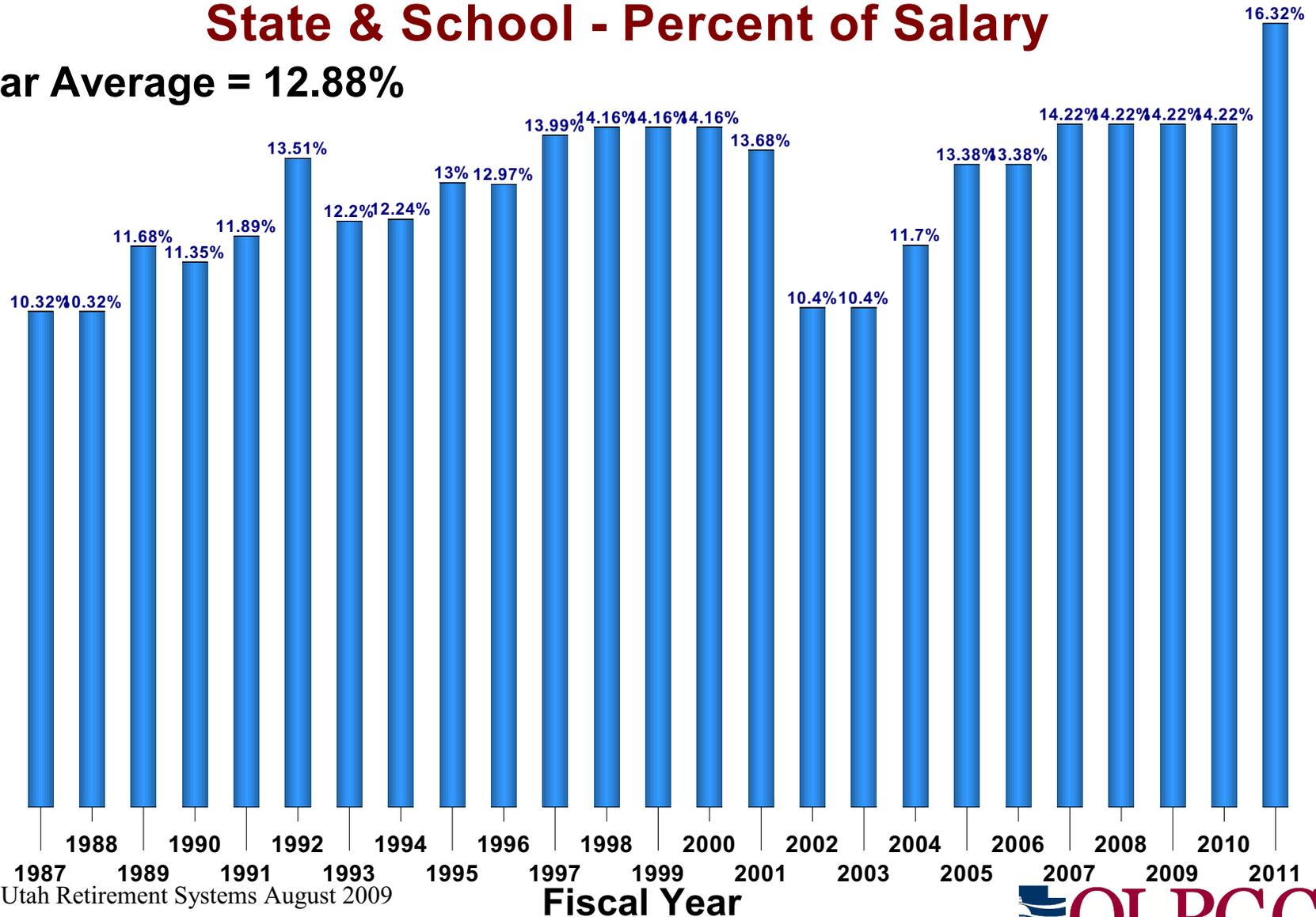
Source: Utah Retirement Systems July 2009
January 2010



Public Employees' Noncontributory Contribution Rate History

State & School - Percent of Salary

25 Year Average = 12.88%



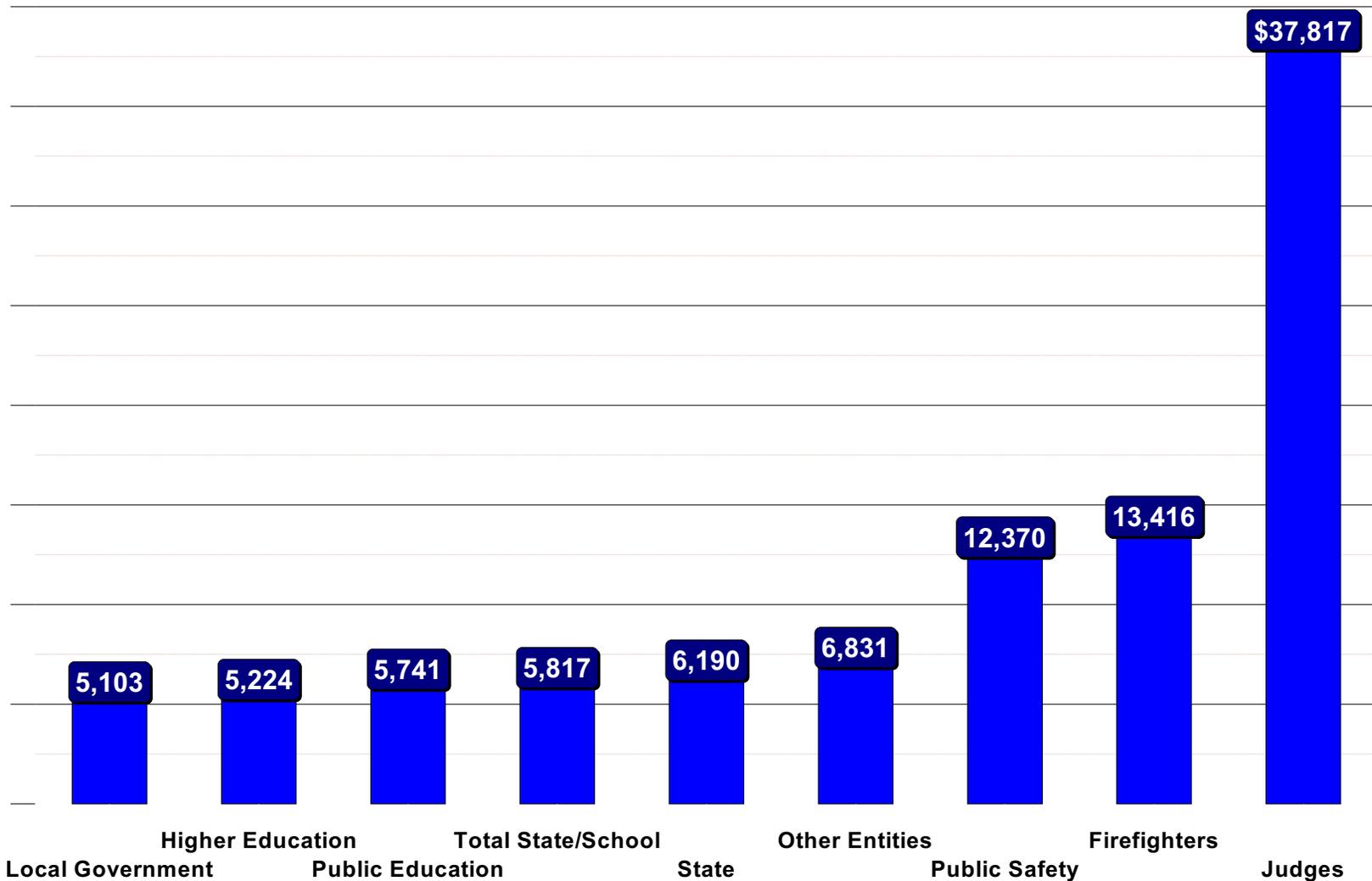
Source: Utah Retirement Systems August 2009

January 2010



Average Annual Retirement Contribution Per Employee

Calendar Year Ending December 31, 2008



Source: Utah State Retirement Systems July 15, 2009

January 2010

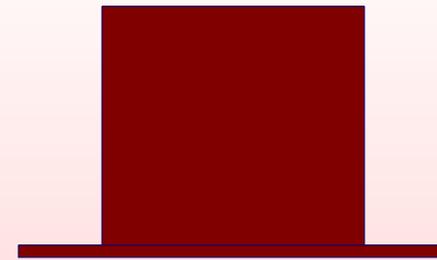


Role of the Utah State Legislature With Retirement Systems

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**

