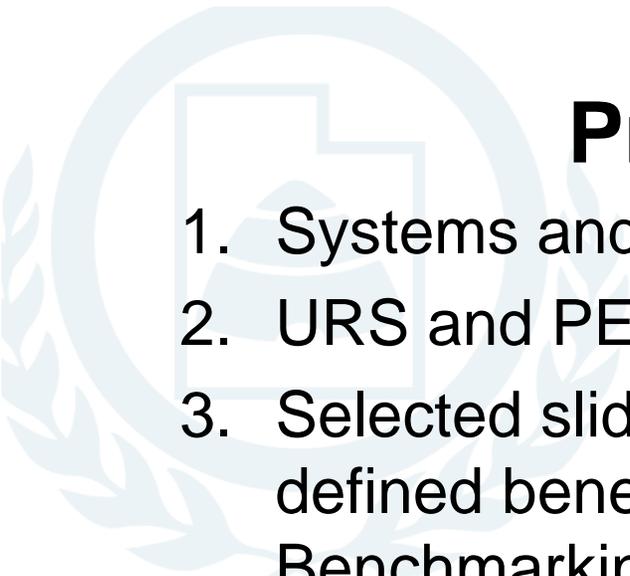




# **Presentation to the Retirement and Independent Entities Appropriations Subcommittee**

January 23, 2018

**Trust • Commitment**  
**Value • Innovation • Excellence**



## Presentation Outline:

1. Systems and Plans Statistical Highlights
2. URS and PEHP Combined Budget Report
3. Selected slides from CEM Benchmarking's report on the defined benefit systems, "Pension Administration Benchmarking Results"\*
4. Selected slides from CEM Benchmarking's report on the defined contribution (DC) plans, "BenchmarkDC Presentation"\*



\*Some of the tools used by the Utah State Retirement Board to measure and manage costs are annual administrative expense reviews of URS performed by an independent global benchmarking company, CEM Benchmarking.

# Systems and Plans Statistical Highlights

Year Ended December 31, 2016

## Defined Benefit Systems

	Noncontributory	Contributory	Public Safety	Firefighters	Judges	Governors and Legislators	Tier 2 Public Employees	Tier 2 Public Safety and Firefighter	Tier 2 Defined Contribution Only	Averages and Totals All Systems
<b>Membership Information</b>										
<b>Total Membership</b>	162,502	6,177	16,059	3,425	259	401	24,845	2,268	5,187	221,123
Active	63,214	738	6,032	1,663	115	61	24,372	2,240	5,022	103,457
Terminated vested	47,933	1,274	4,615	390	3	96	464	28	165	54,968
Retired	51,355	4,165	5,412	1,372	141	244	9	—	—	62,698
<b>Total 2016 Active Members</b>	63,214	738	6,032	1,663	115	61	24,372	2,240	5,022	103,457
Average age	49.2	57.3	42.6	42.8	56.1	55.8	35.9	30.2	36.3	44.6
Average years of service	15.5	29.0	15.2	15.0	16.6	12.1	2.2	2.3	2.8	11.5
Average annual salary	\$ 51,984	60,936	57,381	67,114	155,852	12,285	30,809	35,363	41,246	46,829
<b>2016 Retirees</b>										
Number	3,965	227	368	72	7	17	8	—	N/A	4,664
Average age	64.2	62.1	53.5	55.0	65.3	66.1	67.0	—	N/A	63.2
Average years of service	21.1	30.1	22.6	25.2	29.2	6.1	4.5	—	N/A	21.6
Final average annual salary	\$ 48,980	52,211	60,881	79,969	139,428	19,603	24,789	—	N/A	50,298
Average annual benefit	21,224	30,729	34,036	47,671	106,141	7,125	1,651	—	N/A	22,880
Average annual benefit —all retirees	\$ 22,475	19,284	29,241	36,574	84,793	3,863	1,565	—	N/A	23,221
<b>Financial Information</b>										
<b>Changes in Fiduciary Net Position Restricted for Pensions</b>										
	<i>(in thousands)</i>									
Contributions	\$ 847,939	11,608	147,929	36,252	8,852	421	63,062	8,488	N/A	1,124,551
Investment income	1,783,911	97,693	249,027	87,746	13,820	849	14,059	1,591	N/A	2,248,696
Pension benefits	1,188,683	85,147	164,691	52,568	12,329	941	316	28	N/A	1,504,703
Plan fiduciary net position	\$ 22,618,743	1,204,904	3,176,545	1,115,726	175,619	10,352	217,293	25,135	N/A	28,544,317
<b>Actuarial Information (GASB 67)</b>										
<b>Employers' Net Pension Liability/(Asset) <i>(dollars in thousands)</i></b>										
Total pension liability	\$ 26,501,781	1,292,512	3,794,880	1,129,729	210,624	12,654	228,450	24,266	N/A	33,194,896
Plan fiduciary net position (market value)	22,618,743	1,204,904	3,176,545	1,115,726	175,619	10,352	217,293	25,135	N/A	28,544,317
Employers net pension liability/(asset)	3,883,038	87,608	618,335	14,003	35,005	2,302	11,157	(869)	N/A	4,650,579
Percentage of the total pension liability	85.3%	93.2%	83.7%	98.8%	83.4%	81.8%	95.1%	103.6%	N/A	86.0%
<b>Actuarial Information (Funding)</b>										
<b>Funding Progress <i>(dollars in thousands)</i></b>										
Actuarial value of assets	\$ 22,913,647	1,221,609	3,217,221	1,130,198	177,782	10,470	219,885	25,388	N/A	28,916,200
Actuarial accrued liability	\$ 26,501,781	1,292,512	3,794,880	1,129,729	210,624	12,654	228,450	24,266	N/A	33,194,896
Unfunded (overfunded) actuarial accrued liability	\$ 3,588,134	70,903	577,659	(469)	32,842	2,184	8,565	(1,122)	N/A	4,278,696
Funded ratios	86.5%	94.5%	84.8%	100.0%	84.4%	82.7%	96.3%	104.6%	N/A	87.1%

Systems and Plans Statistical Highlights *(Concluded)*

Year Ended December 31, 2016

## Defined Contribution Plans

	401(k)	457	Roth IRA	Traditional IRA			
<b>Membership Information</b>							
<b>Number of Active Employees Eligible to Participate</b>	105,864	101,497	221,405	221,405			
Employee contributions (excluding employer contributions):							
Number of employees contributing	39,462	8,232	6,376	452			
Percent of eligible employees contributing	37.3%	8.1%	2.9%	0.2%			
Average percent of salary deferred by employees	5.5%	6.0%	3.7%	2.5%			
Total participants	166,430	17,416	8,772	1,763			
Average participant account balance	\$ 26,071	28,389	10,165	46,247			
<b>Financial Information</b>							
<b>Changes in Fiduciary Net Assets</b>							
	<i>(in thousands)</i>					Health Reimbursement Arrangement (HRA)	Total
Contributions	\$ 290,632	27,326	16,585	16,182	6,796	357,521	
Net investment income	332,672	39,252	7,200	4,825	36	383,985	
Refunds	257,651	25,706	4,192	8,332	30,075	325,956	
Plan net position	\$ 4,338,973	494,419	89,165	81,533	—	5,004,090	

## Utah Retirement Systems

2016-2017 Budget Report, 2017-2018 Budget Balancing, & 2018-2019 Budget Request

### URS and PEHP Combined

<i>Account Code Description</i>	2016-2017 Actual	2017-2018 Budget	Change	2018-2019 Request
<b>PERSONAL SERVICES</b>				
FTE Positions	422.00	444.90	-	444.90
Salaries and wages	29,187,384	30,878,377	-	30,878,377
Benefits	15,184,452	17,002,747	-	17,002,747
Taxable Educational Reimb.	-	-	-	-
Capital Labor (Major IT Projects)	(24,803)	(258,712)	-	(258,712)
<b>TOTAL PERSONAL SERVICES</b>	<b>44,347,033</b>	<b>47,622,411</b>		<b>47,622,411</b>
<b>TRAVEL</b>				
<b>In-State Travel</b>				
In-state transportation	107,875	138,790	4,000	142,790
Other in-state travel exp	-	-	-	-
Travel expense	-	-	-	-
Travel mileage	-	-	-	-
<b>Total in-state travel</b>	<b>107,875</b>	<b>138,790</b>	<b>4,000</b>	<b>142,790</b>
<b>Out-of-state Travel</b>				
Out-of-state transportation	240,085	348,516	11,180	359,696
Other out-of-state travel exp	-	-	-	-
<b>Total out-of-state travel</b>	<b>240,085</b>	<b>348,516</b>	<b>11,180</b>	<b>359,696</b>
<b>TOTAL TRAVEL EXPENSE</b>	<b>347,960</b>	<b>487,306</b>	<b>15,180</b>	<b>502,486</b>
<b>CURRENT EXPENSE</b>				
<b>Data processing expense</b>				
DP-Software purchases MF	606,280	1,097,034	(474,626)	622,408
DP-Software purchases PC	294,384	365,000	(364,540)	460
DP Production - Web Services	26,315	20,000	-	20,000
DP-Software maint. MF	624,378	691,680	-	691,680
DP-Software maint. PC	52,958	66,000	(25,000)	41,000
DP-Production vendor	108,339	73,000	2,500	75,500
DP-Laser Printer Maintenance	45,941	53,000	2,000	55,000
DP-Imaging	9,626	4,400	-	4,400
DP-Back up storage	15,855	10,000	-	10,000
<b>Total data processing exp</b>	<b>1,784,076</b>	<b>2,380,114</b>	<b>(859,666)</b>	<b>1,520,448</b>
<b>Communications expense</b>				
Telephone, etc	449,703	402,000	734,531	1,136,531
Other communications	-	-	-	-
Postage and mailing	738,924	750,050	-	750,050
Advertising & Marketing	-	-	-	-
Mailing services	-	-	-	-
<b>Total communications exp</b>	<b>1,188,627</b>	<b>1,152,050</b>	<b>734,531</b>	<b>1,886,581</b>

**Utah Retirement Systems**  
**2016-2017 Budget Report, 2017-2018 Budget Balancing, & 2018-2019 Budget Request**

**URS and PEHP Combined**

<i>Account Code Description</i>	2016-2017 Actual	2017-2018 Budget	Change	2018-2019 Request
<b>Professional services</b>				
Actuarial services	346,819	577,000	(85,500)	491,500
Attorney fees	730,027	1,365,000	-	1,365,000
Auditing services	711,420	723,500	-	723,500
Due diligence reporting	289,693	367,000	33,500	400,500
Other consulting services	3,060,980	4,630,438	(416,892)	4,213,546
Investment advisors	40,498,594	43,295,000	3,000,000	46,295,000
Securities handling fees	932,775	1,004,600	77,860	1,082,460
Bank service charges	206,890	211,600	2,000	213,600
Marketing expense	176,642	200,760	6,500	207,260
<b>Total professional services</b>	<b>46,953,840</b>	<b>52,374,898</b>	<b>2,617,468</b>	<b>54,992,366</b>
<b>Contractual services</b>				
Laundry services	-	-	-	-
Other contracts	2,067,694	2,322,980	(150,115)	2,172,865
Recruitment expenses	33,934	74,400	4,090	78,490
Printing and binding	170,858	238,750	-	238,750
Vehicle supp. & main.	32,895	37,650	-	37,650
<b>Total contractual services</b>	<b>2,305,381</b>	<b>2,673,780</b>	<b>(146,025)</b>	<b>2,527,755</b>
<b>Rental and lease expense</b>				
Office building expense	2,011,735	2,319,407	(6,810)	2,312,597
Equipment rental	141,510	84,380	1,000	85,380
DP-Equipment rental	252,947	-	-	-
DP-Software rental	-	-	-	-
Vehicle rental	-	-	-	-
<b>Total rent and lease expense</b>	<b>2,406,192</b>	<b>2,403,787</b>	<b>(5,810)</b>	<b>2,397,977</b>
<b>Bldg-equip suppl &amp; maint</b>				
Bldg supplies & maint	-	-	-	-
Automobile allowance	-	-	-	-
Other equip suppl & maint	2,807	9,800	-	9,800
DP-Hardware maint. PC	-	-	-	-
DP-Hardware maint. MF	156,834	190,000	-	190,000
<b>Total bldg eqp supp. &amp; maint.</b>	<b>159,641</b>	<b>199,800</b>	<b>-</b>	<b>199,800</b>
<b>Supplies expense</b>				
Office supplies	56,722	76,950	-	76,950
Printing supplies	45,517	48,400	-	48,400
Training supplies	20,783	8,200	270	8,470
Books and periodicals	7,742	18,590	-	18,590
Photocopy supplies	(954)	-	-	-
Photography supplies	-	-	-	-
Microfilm supplies	-	-	-	-
DP-Supplies	16,107	21,000	-	21,000
Printed forms	99,728	103,600	2,000	105,600
Garbage removal	-	-	-	-
Other admin. expense	19,132	29,585	1,459	31,044
<b>Total supplies expense</b>	<b>264,778</b>	<b>306,325</b>	<b>3,729</b>	<b>310,054</b>

**Utah Retirement Systems**  
**2016-2017 Budget Report, 2017-2018 Budget Balancing, & 2018-2019 Budget Request**

**URS and PEHP Combined**

<i>Account Code Description</i>	2016-2017 Actual	2017-2018 Budget	Change	2018-2019 Request
<b>Other expenses</b>				
Employee assistance program	-	-	-	-
Nontxbl. Education Expense	108,476	147,500	(6,250)	141,250
Awards program expense	43,838	85,574	5,897	91,471
Insurance and bond exp	911,437	1,053,956	-	1,053,956
Conference registration	131,589	232,425	(1,123)	231,303
Membership expense	79,534	94,102	2,654	96,756
Subscription expense	54,413	81,363	60,814	142,177
Seminars and workshops	56,869	81,195	965	82,160
Misc other expense	10,607	16,953	1,248	18,200
Food expense	34,408	76,560	1,825	78,385
<b>Total other expense</b>	<b>1,431,171</b>	<b>1,869,628</b>	<b>66,030</b>	<b>1,935,657</b>
<b>Depreciation Expense</b>				
Deprn. DP Equipment	244,247	239,592	-	239,592
Deprn. furniture & equipment	19,579	48,648	-	48,648
Deprn. Software	477,571	1,101,372	(192,492)	908,880
Deprn. Vehicles	82,378	25,382	(1)	25,381
Deprn. Building	-	-	-	-
Deprn. Building improvements	16,478	-	-	-
Deprn. Exercise room	-	-	-	-
Total depreciation expense	840,253	1,414,994	(192,493)	1,222,501
<b>TOTAL CURRENT EXPENSES</b>	<b>57,333,958</b>	<b>64,775,375</b>	<b>2,217,763</b>	<b>66,993,138</b>
<b>CAPITAL OUTLAY</b>				
DP-Hardware purchases MF	-	-	-	-
Office furniture & equip	-	-	-	-
DP-MF purchases nondep.	-	10,000	-	10,000
DP-Hardware purchases PC	-	-	-	-
Vehicle purchases	-	-	-	-
DP-PC purchases nondep.	200,994	367,000	(113,000)	254,000
Furniture & equip. nondep.	56,871	78,898	(29,798)	49,100
DP-Network Server Purchases	-	-	-	-
DP-Network Server nondep.	38,577	23,000	-	23,000
<b>TOTAL CAPITAL OUTLAY</b>	<b>296,442</b>	<b>478,898</b>	<b>(142,798)</b>	<b>336,100</b>
Approved Budget Adjustments	-	-	-	-
<b>GRAND TOTAL</b>	<b>102,325,393</b>	<b>113,363,991</b>	<b>2,090,145</b>	<b>115,454,136</b>

# Utah Retirement Systems

2016-2017 Budget Report, 2017-2018 Budget Balancing, & 2018-2019 Budget Request

## Retirement Office

<i>Account Code Description</i>	2016-2017 Actual	2017-2018 Budget	Change	2018-2019 Request
<b>PERSONAL SERVICES</b>				
FTE Positions	172.80	180.50	-	180.50
Salaries and wages	13,803,525	14,724,276	-	14,724,276
Benefits	6,810,028	7,672,599	-	7,672,599
Taxable Educational Reimb.	-	-	-	-
Capital Labor (Major IT Projects)	(11,770)	(122,767)	-	(122,767)
<b>TOTAL PERSONAL SERVICES</b>	<b>20,601,783</b>	<b>22,274,108</b>		<b>22,274,108</b>
<b>TRAVEL</b>				
<b>In-State Travel</b>				
In-state transportation	47,492	64,901	3,600	68,501
Other in-state travel exp	-	-	-	-
Travel expense	-	-	-	-
Travel mileage	-	-	-	-
<b>Total in-state travel</b>	<b>47,492</b>	<b>64,901</b>	<b>3,600</b>	<b>68,501</b>
<b>Out-of-state Travel</b>				
Out-of-state transportation	158,287	234,190	11,158	245,348
Other out-of-state travel exp	-	-	-	-
<b>Total out-of-state travel</b>	<b>158,287</b>	<b>234,190</b>	<b>11,158</b>	<b>245,348</b>
<b>TOTAL TRAVEL EXPENSE</b>	<b>205,779</b>	<b>299,091</b>	<b>14,758</b>	<b>313,849</b>
<b>CURRENT EXPENSE</b>				
<b>Data processing expense</b>				
DP-Software purchases MF	74,077	217,359	(140,538)	76,821
DP-Software purchases PC	135,391	167,869	(167,657)	212
DP Production - Web Services	12,201	9,273	-	9,273
DP-Software maint. MF	333,035	402,051	-	402,051
DP-Software maint. PC	20,469	25,510	(9,663)	15,847
DP-Production vendor	59,926	42,661	1,236	43,897
DP-Laser Printer Maintenance	22,731	26,223	990	27,213
DP-Imaging	1,620	740	-	740
DP-Back up storage	-	-	-	-
<b>Total data processing exp</b>	<b>659,449</b>	<b>891,686</b>	<b>(315,632)</b>	<b>576,054</b>
<b>Communications expense</b>				
Telephone, etc	222,443	198,847	363,331	562,178
Other communications	-	-	-	-
Postage and mailing	372,060	306,429	-	306,429
Advertising & Marketing	-	(330)	-	(330)
Mailing services	-	-	-	-
<b>Total communications exp</b>	<b>594,503</b>	<b>504,946</b>	<b>363,331</b>	<b>868,277</b>

# Utah Retirement Systems

2016-2017 Budget Report, 2017-2018 Budget Balancing, & 2018-2019 Budget Request

## Retirement Office

<i>Account Code Description</i>	2016-2017 Actual	2017-2018 Budget	Change	2018-2019 Request
<b>Professional services</b>				
Actuarial services	289,803	477,000	(85,500)	391,500
Attorney fees	742,652	1,281,851	-	1,281,851
Auditing services	638,748	650,000	-	650,000
Due diligence reporting	282,754	356,404	32,800	389,204
Other consulting services	2,735,614	4,127,739	(333,532)	3,794,207
Investment advisors	40,210,703	43,000,000	3,000,000	46,000,000
Securities handling fees	925,975	998,600	77,860	1,076,460
Bank service charges	69,086	72,513	1,987	74,500
Marketing expense	56,498	63,500	5,000	68,500
<b>Total professional services</b>	<b>45,951,832</b>	<b>51,027,607</b>	<b>2,698,615</b>	<b>53,726,222</b>
<b>Contractual services</b>				
Laundry services	-	-	-	-
Other contracts	93,146	203,391	(15,665)	187,726
Recruitment expenses	11,731	30,014	2,952	32,966
Printing and binding	105,996	158,478	-	158,478
Vehicle supp. & main.	11,884	15,000	-	15,000
<b>Total contractual services</b>	<b>222,757</b>	<b>406,883</b>	<b>(12,713)</b>	<b>394,170</b>
<b>Rental and lease expense</b>				
Office building expense	960,440	1,055,031	(4,345)	1,050,686
Equipment rental	56,309	27,553	321	27,874
DP-Equipment rental	126,474	-	-	-
DP-Software rental	-	-	-	-
Vehicle rental	-	-	-	-
<b>Total rent and lease expense</b>	<b>1,143,223</b>	<b>1,082,584</b>	<b>(4,024)</b>	<b>1,078,560</b>
<b>Bldg-equip suppl &amp; maint</b>				
Bldg supplies & maint	-	-	-	-
Automobile allowance	-	-	-	-
Other equip suppl & maint	1,992	4,231	-	4,231
DP-Hardware maint. PC	-	-	-	-
DP-Hardware maint. MF	90,502	109,640	-	109,640
<b>Total bldg eqp supp. &amp; maint.</b>	<b>92,493</b>	<b>113,871</b>	<b>-</b>	<b>113,871</b>
<b>Supplies expense</b>				
Office supplies	29,751	37,273	-	37,273
Printing supplies	14,688	15,587	-	15,587
Training supplies	624	3,065	113	3,178
Books and periodicals	4,159	9,944	-	9,944
Photocopy supplies	(387)	-	-	-
Photography supplies	-	-	-	-
Microfilm supplies	-	-	-	-
DP-Supplies	8,302	10,824	-	10,824
Printed forms	32,383	28,181	552	28,733
Garbage removal	-	-	-	-
Other admin. expense	11,201	12,582	608	13,190
<b>Total supplies expense</b>	<b>100,721</b>	<b>117,456</b>	<b>1,273</b>	<b>118,729</b>

# Utah Retirement Systems

2016-2017 Budget Report, 2017-2018 Budget Balancing, & 2018-2019 Budget Request

## Retirement Office

<i>Account Code Description</i>	2016-2017 Actual	2017-2018 Budget	Change	2018-2019 Request
<b>Other expenses</b>				
Employee assistance program	-	-	-	-
Nontxbl. Education Expense	51,065	73,841	(6,469)	67,372
Awards program expense	17,997	35,803	2,449	38,252
Insurance and bond exp	559,816	643,315	-	643,315
Conference registration	84,082	150,926	(3,096)	147,831
Membership expense	54,859	61,054	2,976	64,030
Subscription expense	11,222	17,391	617	18,008
Seminars and workshops	25,362	35,565	587	36,152
Misc other expense	7,271	9,585	545	10,129
Food expense	22,600	50,516	722	51,238
<b>Total other expense</b>	<b>834,274</b>	<b>1,077,996</b>	<b>(1,669)</b>	<b>1,076,326</b>
<b>Depreciation Expense</b>				
Deprn. DP Equipment	244,247	239,592	-	239,592
Deprn. furniture & equipment	19,579	48,648	-	48,648
Deprn. Software	477,571	1,101,372	(192,492)	908,880
Deprn. Vehicles	41,154	10,154	(1)	10,153
Deprn. Building	-	-	-	-
Deprn. Building improvements	-	-	-	-
Deprn. Exercise room	-	-	-	-
Total depreciation expense	782,551	1,399,766	(192,493)	1,207,273
<b>TOTAL CURRENT EXPENSES</b>	<b>50,381,804</b>	<b>56,622,795</b>	<b>2,536,687</b>	<b>59,159,482</b>
<b>CAPITAL OUTLAY</b>				
DP-Hardware purchases MF	-	-	-	-
Office furniture & equip	-	-	-	-
DP-MF purchases nondep.	-	5,000	-	5,000
DP-Hardware purchases PC	-	-	-	-
Vehicle purchases	-	-	-	-
DP-PC purchases nondep.	96,691	176,550	(54,360)	122,190
Furniture & equip. nondep.	30,267	39,471	(14,844)	24,627
DP-Network Server Purchases	-	-	-	-
DP-Network Server nondep.	19,289	11,500	-	11,500
<b>TOTAL CAPITAL OUTLAY</b>	<b>146,246</b>	<b>232,521</b>	<b>(69,204)</b>	<b>163,317</b>
Approved Budget Adjustments	-	-	-	-
<b>GRAND TOTAL</b>	<b>71,335,612</b>	<b>79,428,514</b>	<b>2,482,241</b>	<b>81,910,756</b>

# Utah Retirement Systems

2016-2017 Budget Report, 2017-2018 Budget Balancing, & 2018-2019 Budget Request

## PEHP

<i>Account Code Description</i>	2016-2017 Actual	2017-2018 Budget	Change	2018-2019 Request
<b>PERSONAL SERVICES</b>				
FTE Positions	249.20	264.40	-	264.40
Salaries and wages	15,383,859	16,154,101	-	16,154,101
Benefits	8,374,424	9,330,148	-	9,330,148
Taxable Educational Reimb.	-	-	-	-
Capital Labor (Major IT Projects)	(13,033)	(135,945)	-	(135,945)
<b>TOTAL PERSONAL SERVICES</b>	<b>23,745,249</b>	<b>25,348,303</b>		<b>25,348,303</b>
<b>TRAVEL</b>				
<b>In-State Travel</b>				
In-state transportation	60,383	73,889	400	74,289
Other in-state travel exp	-	-	-	-
Travel expense	-	-	-	-
Travel mileage	-	-	-	-
<b>Total in-state travel</b>	<b>60,383</b>	<b>73,889</b>	<b>400</b>	<b>74,289</b>
<b>Out-of-state Travel</b>				
Out-of-state transportation	81,798	114,326	22	114,348
Other out-of-state travel exp	-	-	-	-
<b>Total out-of-state travel</b>	<b>81,798</b>	<b>114,326</b>	<b>22</b>	<b>114,348</b>
<b>TOTAL TRAVEL EXPENSE</b>	<b>142,181</b>	<b>188,215</b>	<b>422</b>	<b>188,637</b>
<b>CURRENT EXPENSE</b>				
<b>Data processing expense</b>				
DP-Software purchases MF	532,204	879,675	(334,088)	545,587
DP-Software purchases PC	158,993	197,131	(196,883)	248
DP Production - Web Services	14,114	10,727	-	10,727
DP-Software maint. MF	291,343	289,629	-	289,629
DP-Software maint. PC	32,489	40,490	(15,337)	25,153
DP-Production vendor	48,413	30,339	1,264	31,603
DP-Laser Printer Maintenance	23,211	26,777	1,010	27,787
DP-Imaging	8,007	3,660	-	3,660
DP-Back up storage	15,855	10,000	-	10,000
<b>Total data processing exp</b>	<b>1,124,627</b>	<b>1,488,428</b>	<b>(544,034)</b>	<b>944,394</b>
<b>Communications expense</b>				
Telephone, etc	227,260	203,153	371,200	574,353
Other communications	-	-	-	-
Postage and mailing	366,864	443,621	-	443,621
Advertising & Marketing	-	330	-	330
Mailing services	-	-	-	-
<b>Total communications exp</b>	<b>594,124</b>	<b>647,104</b>	<b>371,200</b>	<b>1,018,304</b>

# Utah Retirement Systems

2016-2017 Budget Report, 2017-2018 Budget Balancing, & 2018-2019 Budget Request

## PEHP

<i>Account Code Description</i>	2016-2017 Actual	2017-2018 Budget	Change	2018-2019 Request
<b>Professional services</b>				
Actuarial services	57,016	100,000	-	100,000
Attorney fees	(12,625)	83,149	-	83,149
Auditing services	72,672	73,500	-	73,500
Due diligence reporting	6,939	10,596	700	11,296
Other consulting services	325,366	502,699	(83,360)	419,339
Investment advisors	287,891	295,000	-	295,000
Securities handling fees	6,800	6,000	-	6,000
Bank service charges	137,805	139,087	13	139,100
Marketing expense	120,144	137,260	1,500	138,760
<b>Total professional services</b>	<b>1,002,007</b>	<b>1,347,291</b>	<b>(81,147)</b>	<b>1,266,144</b>
<b>Contractual services</b>				
Laundry services	-	-	-	-
Other contracts	1,974,547	2,119,589	(134,450)	1,985,139
Recruitment expenses	22,204	44,386	1,138	45,524
Printing and binding	64,862	80,272	-	80,272
Vehicle supp. & main.	21,011	22,650	-	22,650
<b>Total contractual services</b>	<b>2,082,624</b>	<b>2,266,897</b>	<b>(133,312)</b>	<b>2,133,585</b>
<b>Rental and lease expense</b>				
Office building expense	1,051,295	1,264,376	(2,465)	1,261,911
Equipment rental	85,201	56,827	679	57,506
DP-Equipment rental	126,474	-	-	-
DP-Software rental	-	-	-	-
Vehicle rental	-	-	-	-
<b>Total rent and lease expense</b>	<b>1,262,969</b>	<b>1,321,203</b>	<b>(1,786)</b>	<b>1,319,417</b>
<b>Bldg-equip suppl &amp; maint</b>				
Bldg supplies & maint	-	-	-	-
Automobile allowance	-	-	-	-
Other equip suppl & maint	815	5,569	-	5,569
DP-Hardware maint. PC	-	-	-	-
DP-Hardware maint. MF	66,332	80,360	-	80,360
<b>Total bldg eqp supp. &amp; maint.</b>	<b>67,147</b>	<b>85,929</b>	<b>-</b>	<b>85,929</b>
<b>Supplies expense</b>				
Office supplies	26,971	39,677	-	39,677
Printing supplies	30,830	32,813	-	32,813
Training supplies	20,159	5,135	157	5,292
Books and periodicals	3,583	8,646	-	8,646
Photocopy supplies	(567)	-	-	-
Photography supplies	-	-	-	-
Microfilm supplies	-	-	-	-
DP-Supplies	7,805	10,176	-	10,176
Printed forms	67,345	75,419	1,448	76,867
Garbage removal	-	-	-	-
Other admin. expense	7,931	17,003	851	17,854
<b>Total supplies expense</b>	<b>164,057</b>	<b>188,869</b>	<b>2,456</b>	<b>191,325</b>

# Utah Retirement Systems

2016-2017 Budget Report, 2017-2018 Budget Balancing, & 2018-2019 Budget Request

## PEHP

<i>Account Code Description</i>	2016-2017 Actual	2017-2018 Budget	Change	2018-2019 Request
<b>Other expenses</b>				
Employee assistance program	-	-	-	-
Nontxbl. Education Expense	57,411	73,659	219	73,878
Awards program expense	25,841	49,771	3,448	53,219
Insurance and bond exp	351,621	410,641	-	410,641
Conference registration	47,507	81,499	1,973	83,472
Membership expense	24,675	33,048	(322)	32,726
Subscription expense	43,191	63,972	60,197	124,169
Seminars and workshops	31,507	45,630	378	46,008
Misc other expense	3,336	7,368	703	8,071
Food expense	11,807	26,044	1,103	27,147
<b>Total other expense</b>	<b>596,897</b>	<b>791,632</b>	<b>67,699</b>	<b>859,331</b>
<b>Depreciation Expense</b>				
Deprn. DP Equipment	-	-	-	-
Deprn. furniture & equipment	-	-	-	-
Deprn. Software	-	-	-	-
Deprn. Vehicles	41,224	15,228	-	15,228
Deprn. Building	-	-	-	-
Deprn. Building improvements	16,478	-	-	-
Deprn. Exercise room	-	-	-	-
Total depreciation expense	57,702	15,228	-	15,228
<b>TOTAL CURRENT EXPENSES</b>	<b>6,952,154</b>	<b>8,152,581</b>	<b>(318,924)</b>	<b>7,833,657</b>
<b>CAPITAL OUTLAY</b>				
DP-Hardware purchases MF	-	-	-	-
Office furniture & equip	-	-	-	-
DP-MF purchases nondep.	-	5,000	-	5,000
DP-Hardware purchases PC	-	-	-	-
Vehicle purchases	-	-	-	-
DP-PC purchases nondep.	104,303	190,450	(58,640)	131,810
Furniture & equip. nondep.	26,604	39,427	(14,954)	24,473
DP-Network Server Purchases	-	-	-	-
DP-Network Server nondep.	19,289	11,500	-	11,500
<b>TOTAL CAPITAL OUTLAY</b>	<b>150,196</b>	<b>246,377</b>	<b>(73,594)</b>	<b>172,783</b>
Approved Budget Adjustments	-	-	-	-
<b>GRAND TOTAL</b>	<b>30,989,780</b>	<b>33,935,476</b>	<b>(392,096)</b>	<b>33,543,380</b>

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# Utah Retirement Systems

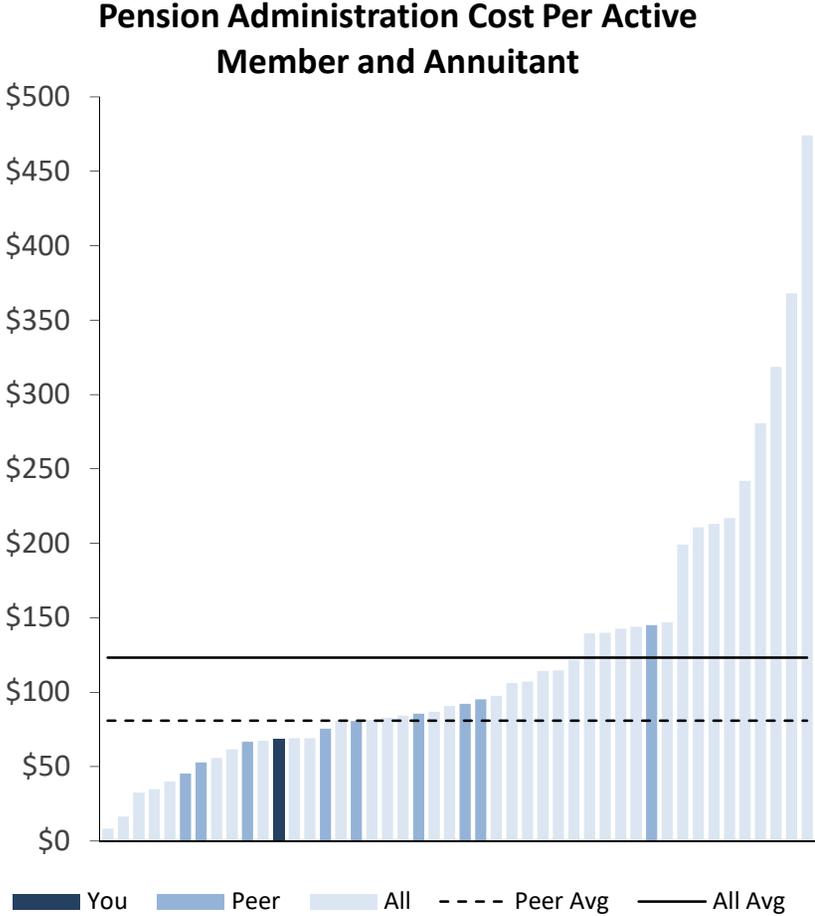
## Pension Administration Benchmarking Results

Fiscal Year 2016

June 8, 2017



**Your total pension administration cost was \$69 per active member and annuitant. This was \$12 below the peer average of \$81.**



Your total pension administration cost was \$11.1 million.

Non-pension and supplemental benefits are excluded from this analysis as they are not comparable between participants. Specifically, your DC costs of \$8.2 million are not included.

**Your cost increased by 0.9% per annum from 2013 to 2016, whereas peer costs increased by 3.5% per annum on average.**

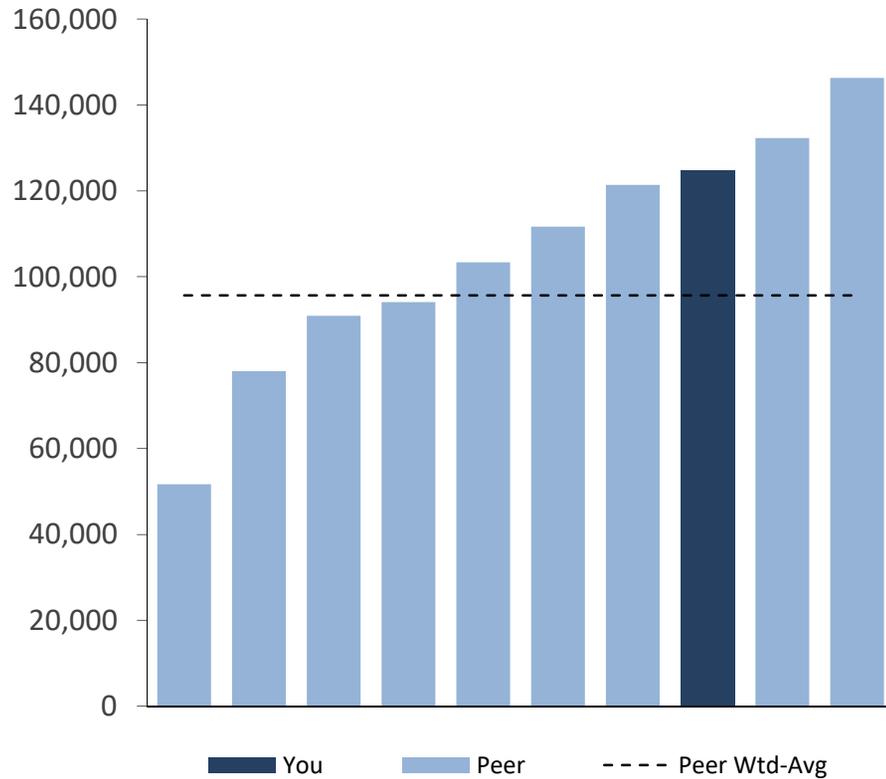
Activity Category	\$ Cost per Active Member and Annuitant									
	<u>You</u>					<u>Peer Average</u>				
	2013	2014	2015	2016	% <sup>1</sup>	2013	2014	2015	2016	% <sup>1</sup>
1. Member Transactions	5.32	6.47	6.83	7.94	14.3%	11.71	12.25	11.70	12.83	3.1%
2. Member Communication	11.85	10.90	11.08	11.22	-1.8%	12.41	12.14	12.51	12.86	1.2%
3. Collections and Data	8.91	8.21	8.29	7.32	-6.4%	7.27	7.47	7.63	7.43	0.7%
4. Governance and Financial	8.90	9.22	8.16	10.11	4.4%	6.39	6.82	6.74	7.32	4.7%
5. Major Projects	1.00	1.74	1.77	1.77	21.0%	5.04	6.51	8.89	8.38	18.5%
7. Support Services and Other	30.86	33.44	32.12	30.32	-0.6%	29.50	30.37	30.59	31.38	2.1%
<b>Total Pension Administration</b>	<b>66.83</b>	<b>69.97</b>	<b>68.25</b>	<b>68.68</b>	<b>0.9%</b>	<b>72.31</b>	<b>75.56</b>	<b>78.05</b>	<b>80.20</b>	<b>3.5%</b>

1. % is the compound annual growth rate from 2013 to 2016.

2. Trend analysis is based on 8 peers that have participated for 4-consecutive years. This ensures that trends are not caused by changes in the composition of the participants.

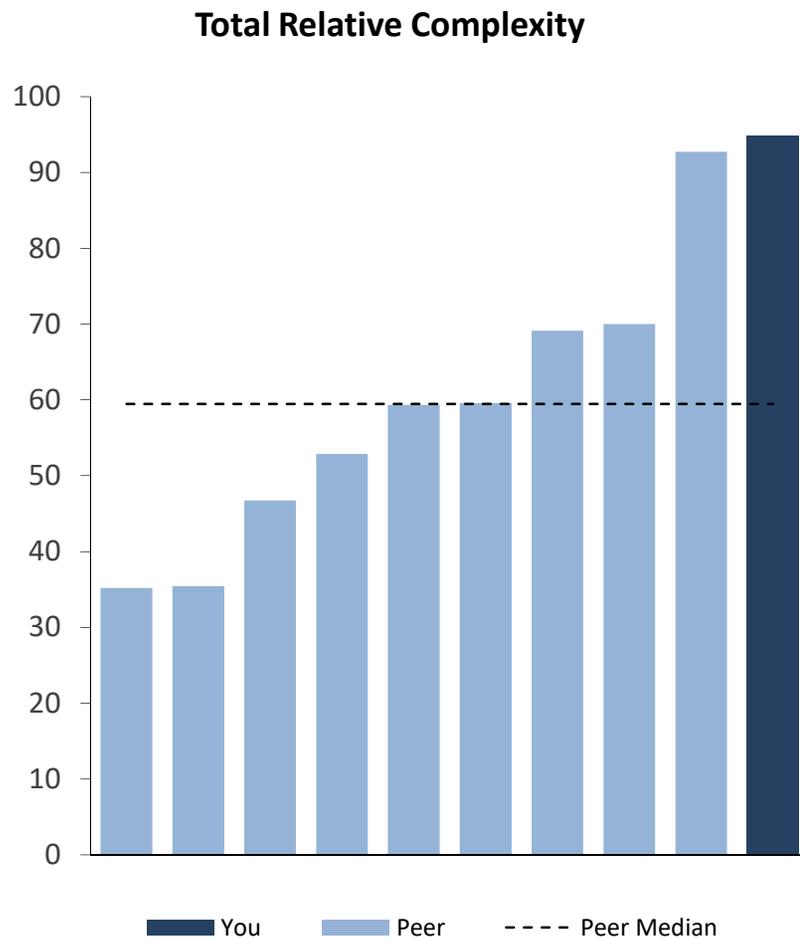
## You had higher transactions per FTE (total productivity).

**Weighted Transactions per Front-Office FTE**



- Your weighted transactions per front-office FTE were 30% above the peer average (adjusted for economies of scale to avoid double counting).
- Your higher transaction volumes per FTE decreased your total cost per member by \$8.18 relative to the peer average.

Back-office costs and productivity are impacted by system complexity. Your total relative complexity score of 95 was above the peer median of 59.

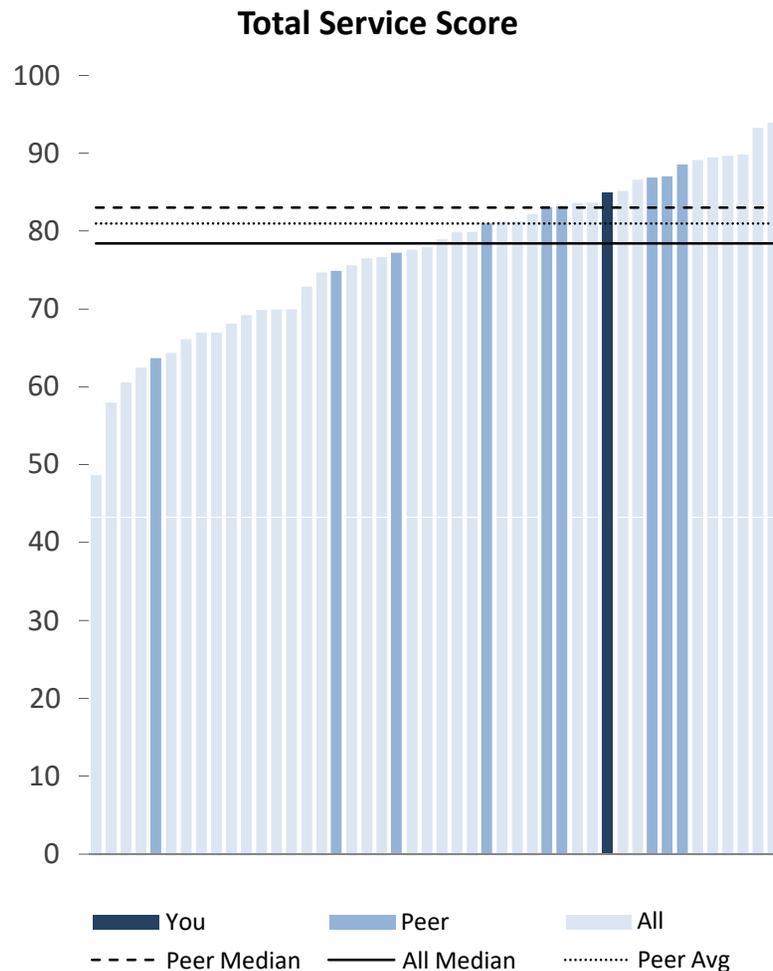


### Relative Complexity Score by Cause

(0 least - 100 most)

Cause	Score	Peer Median
Pension Payment Options	40	45
Customization Choices	76	9
Multiple Plan Types and Overlays	56	48
Multiple Benefit Formula	45	45
External Reciprocity	0	0
COLA Rules	56	23
Contribution Rates	83	54
Variable Compensation	100	100
Service Credit Rules	36	57
Divorce Rules	55	55
Purchase Rules	75	69
Refund Rules	95	40
Disability Rules	91	81
Translation	0	0
Defined Contribution Plan Rules	100	0
<b>Total Relative Complexity</b>	<b>95</b>	<b>59</b>

**Your total service score was 85. This was above the peer median of 83. Your peer group is a high service peer group.**



Service Scores by Activity			
Activity	Weight	You	Peer Median
<b>1. Member Transactions</b>			
a. Pension Payments	19.7%	100	100
b. Pension Inceptions	7.4%	94	87
c. Refunds, Withdrawals and Transfers-out	1.3%	79	82
d. Purchases and Transfers-in	3.1%	80	79
e. Disability	3.8%	100	91
<b>2. Member Communication</b>			
a. Call Center	21.2%	75	74
c. 1-on-1 Counseling	7.4%	92	85
d. Presentations and Group Counseling	6.5%	96	91
e. Written Pension Estimates	4.7%	70	86
f. Mass Communication			
• Website	11.3%	87	77
• News and targeted communication	2.8%	72	70
• Member statements	4.7%	71	83
<b>3. Other</b>			
Satisfaction Surveying	5.0%	53	47
Disaster Recovery	1.0%	89	90
<b>Weighted Total Service Score</b>	<b>100.0%</b>	<b>85</b>	<b>83</b>

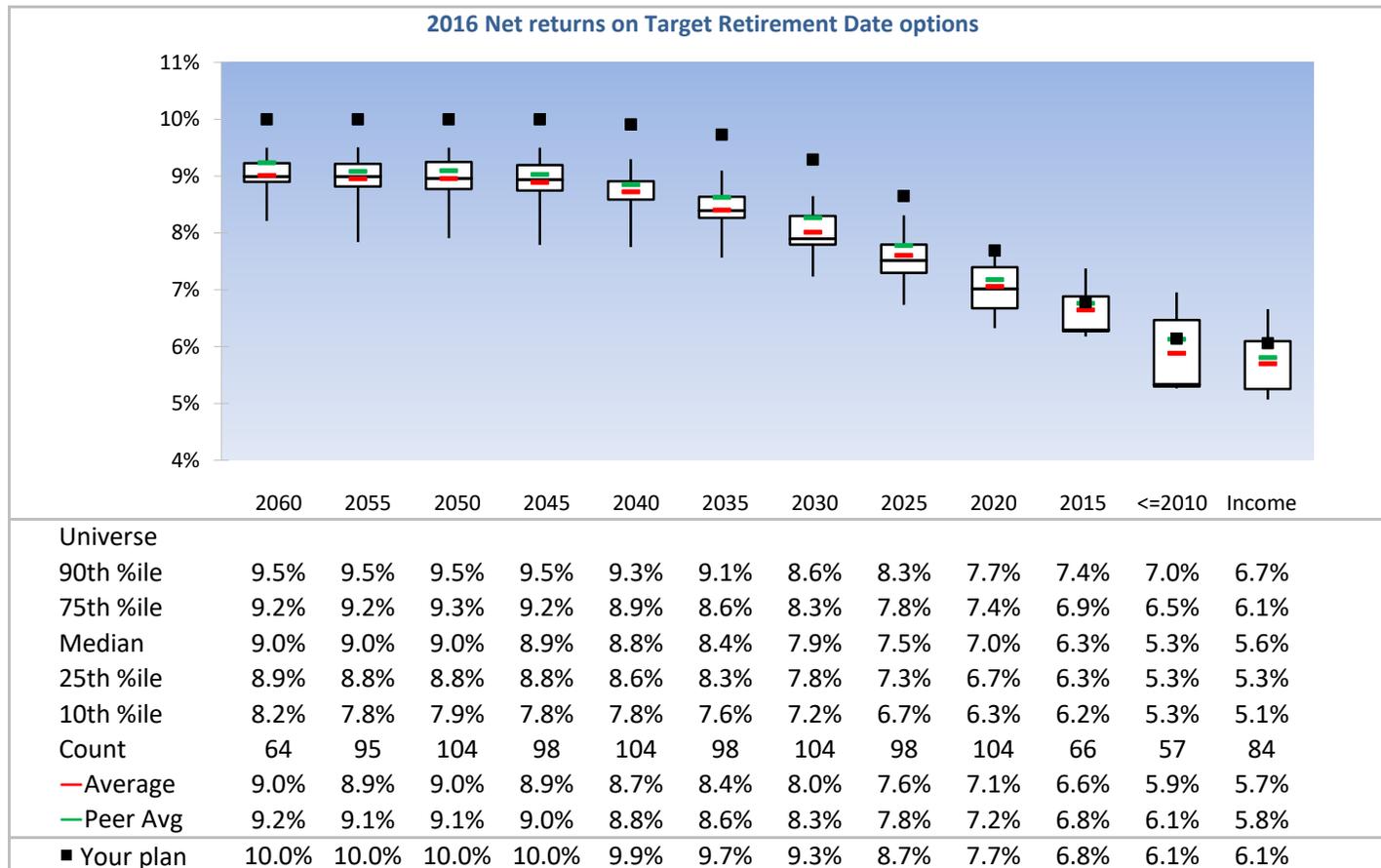


**BenchmarkDC Presentation**  
for  
Utah Retirement Systems  
(for the 5 years ending December 31, 2016)



Michael Reid  
[michael@cembenchmarking.com](mailto:michael@cembenchmarking.com)  
August 17, 2017

## The performance of your Target Retirement Date options relative to the peers and the U.S. universe is shown below.



## Are your total plan costs reasonable?

CEM calculates a benchmark cost for your plan based on the median cost that your peers pay for your plan participants' mix of investment options. Your total plan cost was 0.37%. This was 0.05% below your peer-based benchmark cost of 0.42%.

Being high or low cost is neither good nor bad in and of itself. But as fiduciaries you should understand where and why you are paying more (or less) than peers and be comfortable that you are receiving value for what you are paying. Reasons for your plan's 0.05% savings are summarized in the following table.

### Your total plan cost versus benchmark

	\$000's	%
Total plan cost	\$17,553	0.37%
Peer-based benchmark cost	\$19,904	0.42%
Cost savings	-\$2,351	-0.05%

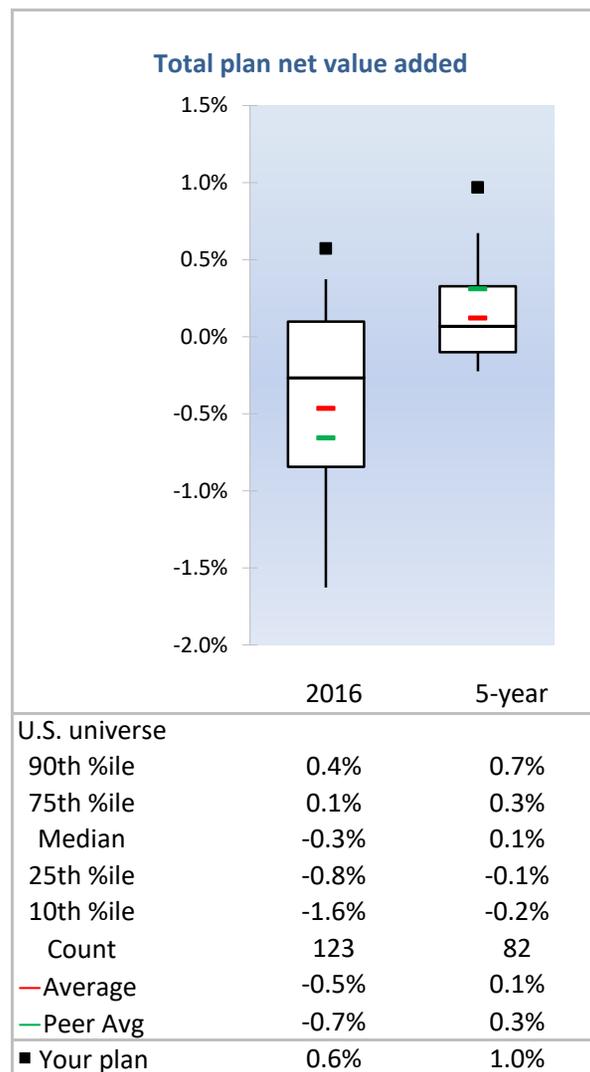
### Reasons for your plan's cost savings

Reason	+Excess/-Savings	
	\$000s	%
Paying less for similar-style investment options	-\$1,515	-0.03%
Added cost from active versus indexed options	\$408	0.01%
Lower administrative expenses	-\$1,294	-0.03%
Less assets in mutual fund windows	-\$19	0.00%
Adjustment for economies of scale, advantage	\$68	0.00%
Total cost savings	-\$2,351	-0.05%

## Your plan's total net value added from all investment options was 0.6% in 2016 and 1.0% for the 5 year period ending 2016.

Though we look at each of your investment options' performance in detail previously, it is also useful to review your plan's total net value added performance in aggregate.

Monitoring total plan value added serves a very different fiduciary purpose than monitoring the value added from individual investment options. Total plan value added shows you whether your process for adding and dropping investment options over time has been effective.



1. Employer stock's value added impact was neutralized by setting its benchmark return equal to its actual total return.