



URS Overview & Update

June 18, 2024

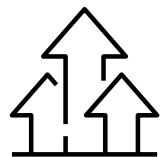


Trust • Commitment • Value • Innovation • Excellence

Historical Overview

1907 through 1950s →

Employee associations, local governments, and the Legislature struggled to provide employee retirement benefits at the local and state levels, resulting in the **establishment and expansion of the early pension plans.**



1963 →

The Legislature **consolidated the retirement programs** under one board and office. The modern Utah Retirement Systems was born.



1980s

The Legislature made **structural changes and benefit enhancements** to URS.

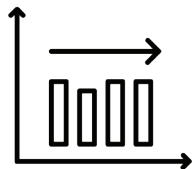


Historical Overview Continued

1990s through
2008-2009



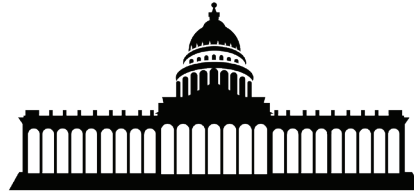
Retirement benefits were **mostly stable** through the 1990s until the global financial crisis.



After the Global Financial Crisis

The Legislature enacted **major retirement reforms** in the 2010 session:

- » Created a different benefit structure called Tier II for employees hired on or after July 1, 2011
- » Enacted post-retirement reemployment restrictions for retirees, including a one-year separation period between a retirement date a return to work



Utah State Legislature

Per Title 49, the Legislature's role involves **oversight and legislation** regarding benefits, and governance.



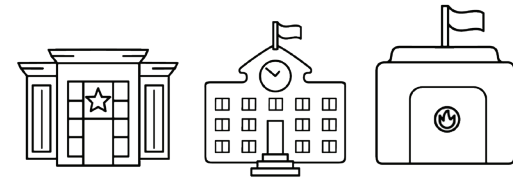
Members

URS serves more than **250,000** current and past public sector workers. Last year, we paid more than **\$2 billion** in benefits.



Utah Public

URS pension payments help keep **Utah's economy** buzzing, supporting thousands of jobs and significantly boosting the tax base.



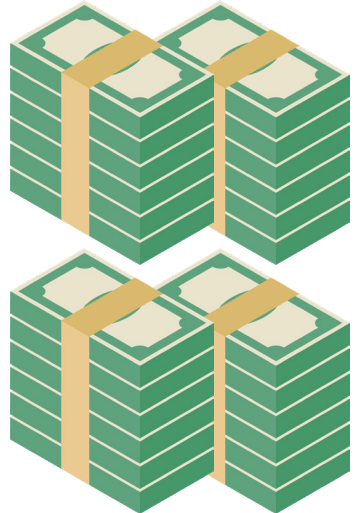
Employers

URS benefits help 492 Utah employers **recruit and retain** talent in order to maintain a stable workforce.

URS Pension Payouts: 2023

\$2.0
BILLION

IN PENSION BENEFITS
PAID TO UTAHNS IN 2023



71,161



1.1%

EQUIVALENT
PORTION OF
THE STATE'S TOTAL
PERSONAL INCOME



67%

AVERAGE PORTION
OF BENEFITS
PAID THROUGH
INVESTMENT
RETURNS OVER
THE PAST 10 YEARS

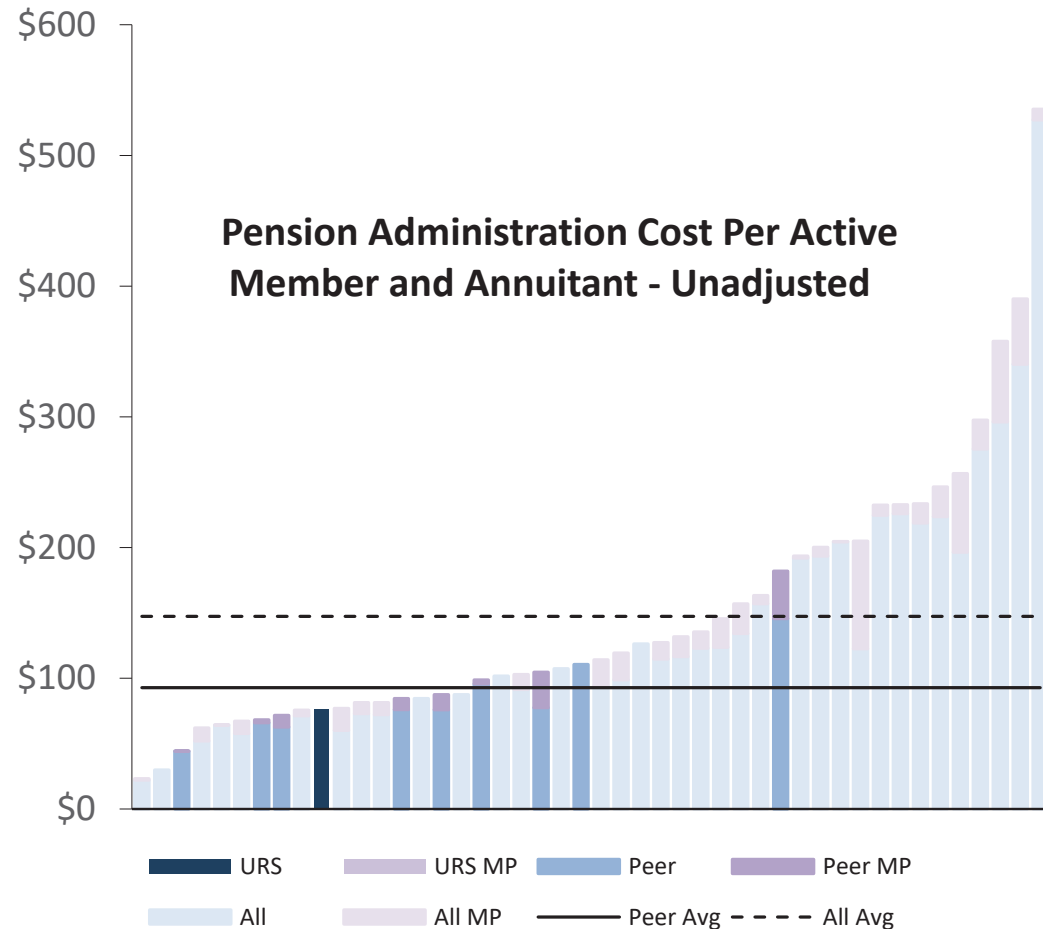
Pension Administration Cost

Unadjusted

\$76 Per active member and retiree

\$93 » Peer average

\$17 » Difference between URS and peers



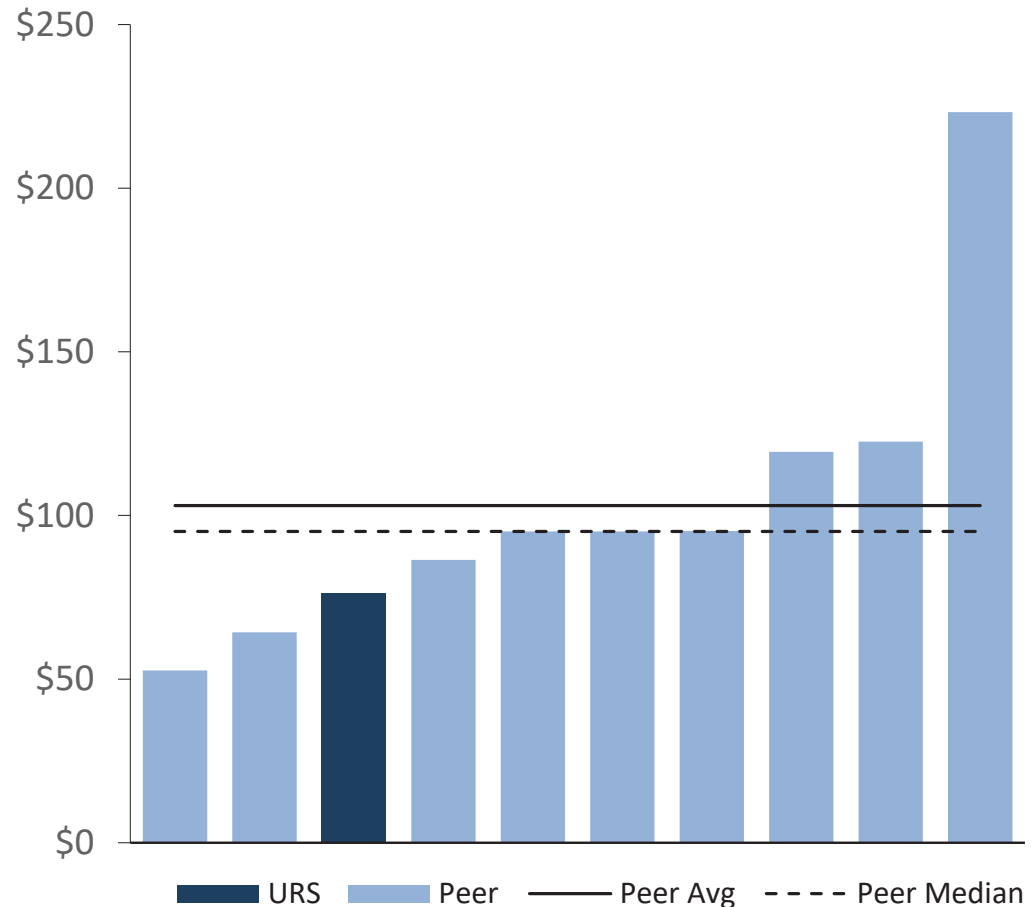
Pension Administration Cost

Adjusting the cost of each peer for its scale advantage/disadvantage

\$27 Difference between URS and peers

\$103 » Peer average

\$76 » URS per active member and retiree



Pension Administration Cost

“Your actual cost was lower than predicted after adjusting for differences in economies of scale, transaction volumes and cost environment.”

Reasons why your cost may differ from the benchmark cost include:

- » Differences in the effectiveness of historic IT implementation.
- » Differences in Major Project costs, caused partly by differences in IT investment cycles.

» Extremes of complexity, service and transaction volumes that are not captured by the model.

Cost Per Active Member and Retiree	
Actual Cost	\$76.23
Benchmark Cost	\$148.00
Difference	\$71.66

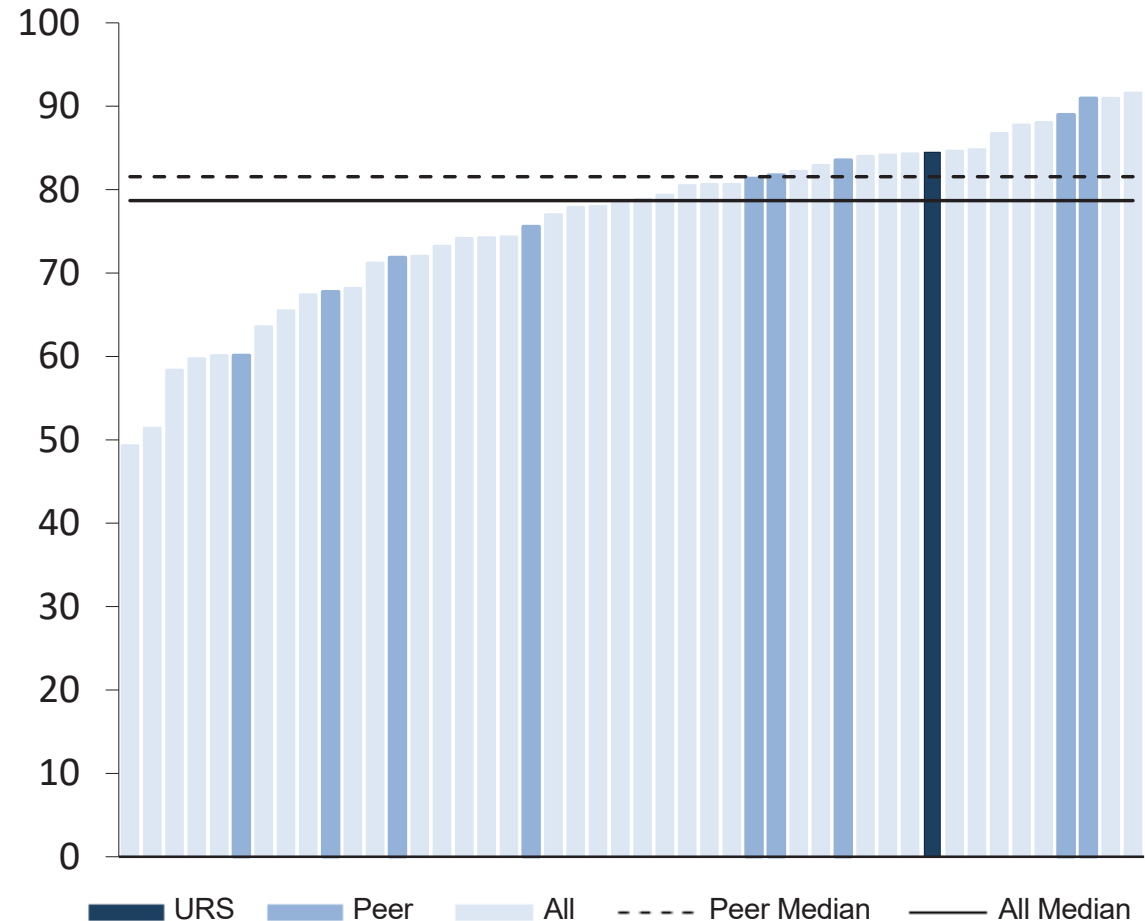
Total Service Score

84 URS Score

82 » Peer median

Service Score by Member Experience

Experience	Weight	URS	Peer Median
Active member experience	30%	83	77
Inactive member experience	5%	80	78
Retiring experience	35%	82	79
Retiree experience	30%	91	87
Total service score	100%	84	82



Key Outliers Higher Than Peers



» Scored well for both personal and salary & service credit information, giving your members access to their information as well as the option to change most personal information online and over the phone.

» Scored well for a number of key contact center metrics:

- › **Call wait time: 68** seconds (peers: **284** seconds)
- › **Undesired call outcomes: 3.6%** (peers: **16.5%**)
- › **Email response time: 0.5** days (peers: **0.9** days)
- › **Call reviews: 20** times per month (peers: **6.5** times)

Key Outliers Higher Than Peers



» High availability for your 1-on-1 counseling sessions and presentations, i.e. members attending as a percentage of active members.

› **1-on-1 counseling: 10.9%** and **60.7%** of the sessions were in the field (peers: **6.3%** and **31.8%** respectively)

› **Presentations: 17.3%** (peers: **8.6%**)

» Did well in a number of core processes:

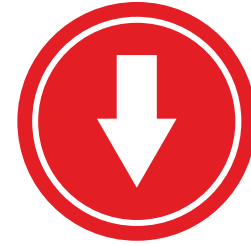
› **Service inceptions: 98.0%** paid within 1 month (peers: **78.6%**)

› **Disability decision: 1** month (peers: **2.9** months)

› **Written pension estimates: 2.2** days (peers: **4.5** days)

› **Transfers-in application: 1** month (peers: **2.1** months)

Key Outliers Lower Than Peers



» **Targeted campaigns:** compared to peers sent limited communication to your active members, and none to retiring and inactive members.

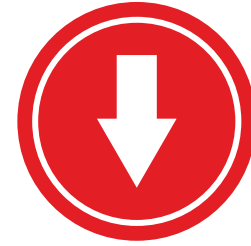
» **Member Statements:**

- › Data was on average **2.5** months out of date (peers: **0.6** months)
- › Did not show an estimate of future pension entitlement (peers: **80%** Yes)

» **Online pension calculator** could not show:

- › Different start dates (peers: **70%** Yes)
- › Different working percentages (peers: **50%** Yes)
- › Alternative payment options (peers: **60%** Yes)

Key Outliers Lower Than Peers



» Key metrics related to **contact center**:

- › First call resolution: **77%** (peers: **89.5%**)
- › Service reps did not have information on previous calls or emails (peers: **80%** Yes)
- › Did not offer estimates over the phone (peers: **70%** Yes)

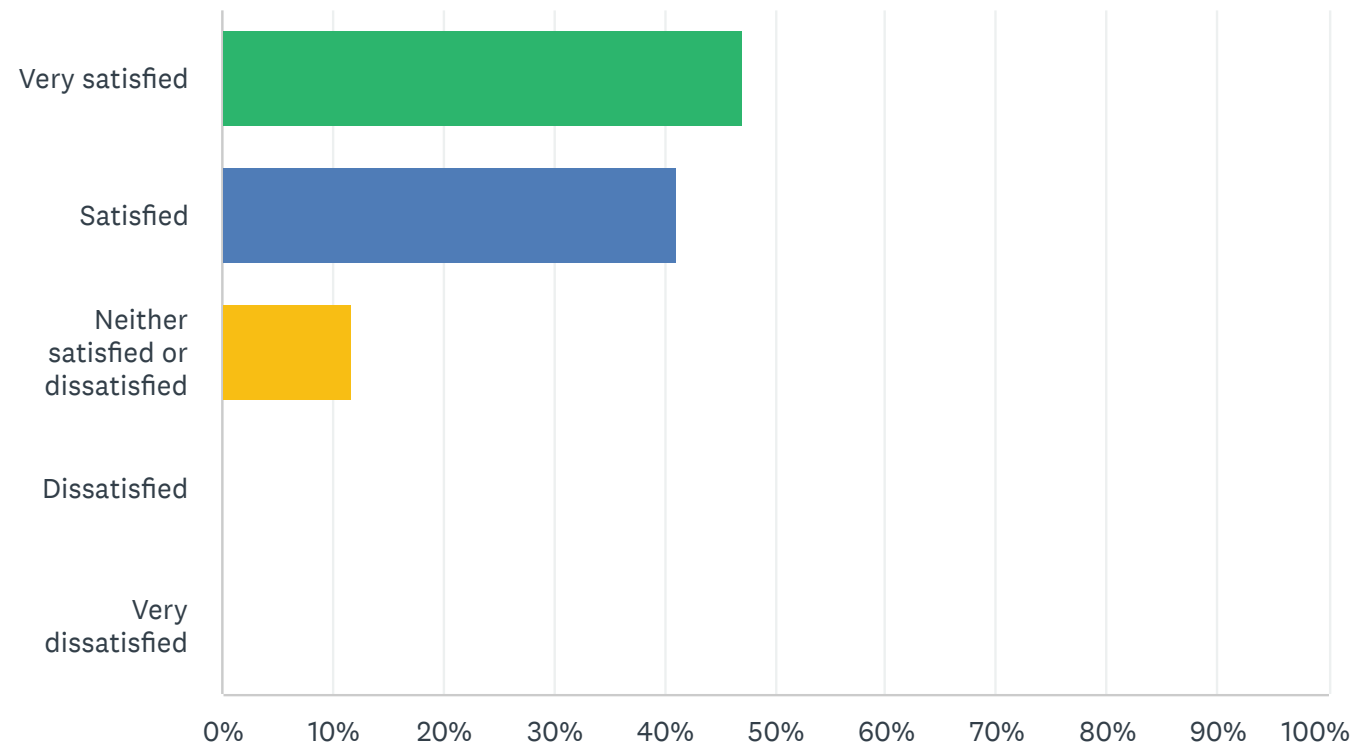
» Had lower **turnaround times** for:

- › Completing transfers-out: **42** days (peers: **28.4** days)
- › Service credit purchase estimate: **12** days (peers: **9.8** days)

Retirement Application Survey

Overall, how satisfied are you with the way URS processed your retirement application?

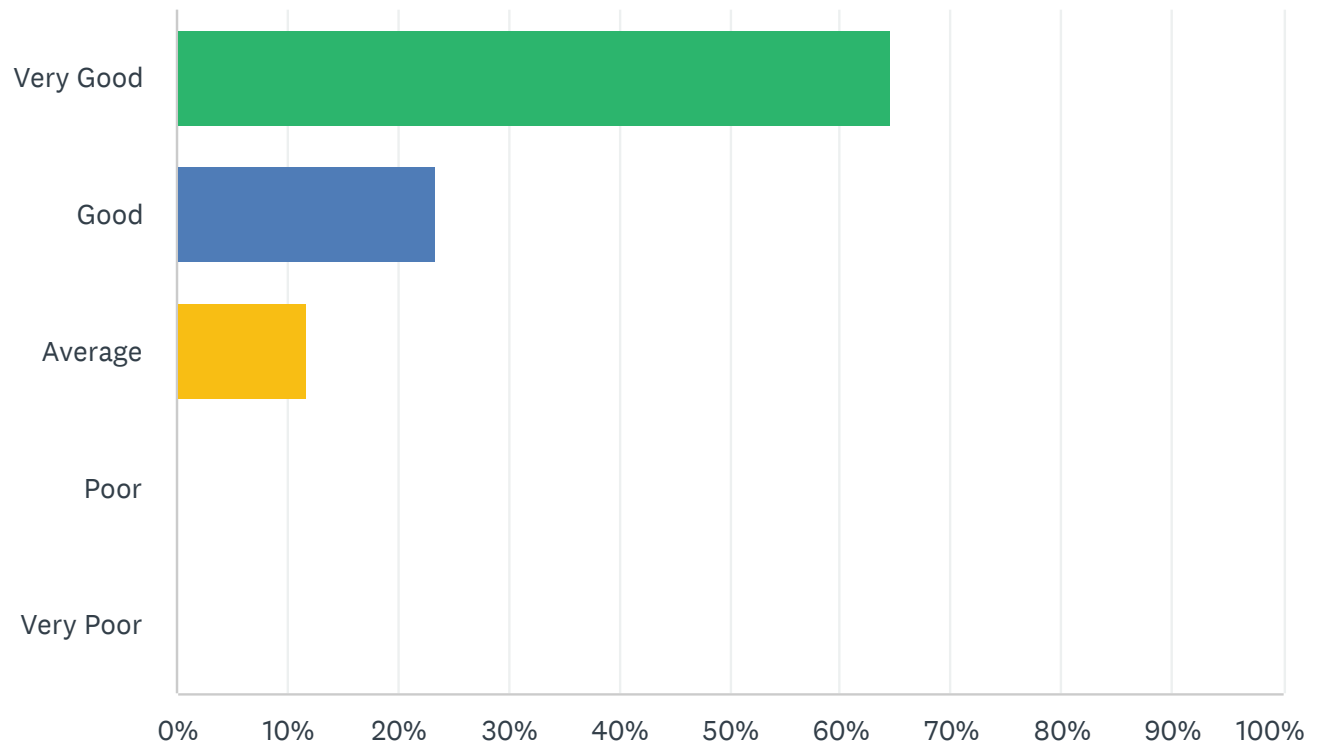
Answered: 17 Skipped: 0



Retirement Application Survey

How helpful was URS staff in explaining what steps and documentation were required for retirement?

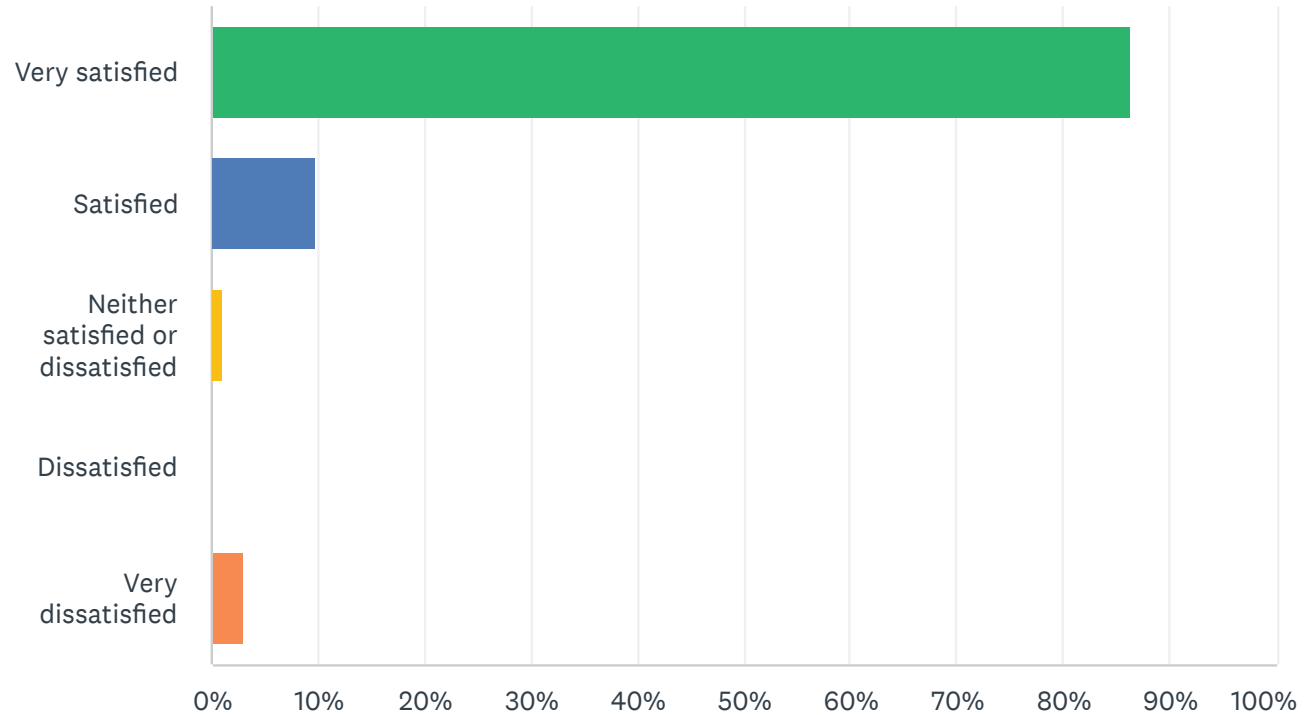
Answered: 17 Skipped: 0



Planning Session Survey

Overall, how satisfied were you with your URS retirement planning session?

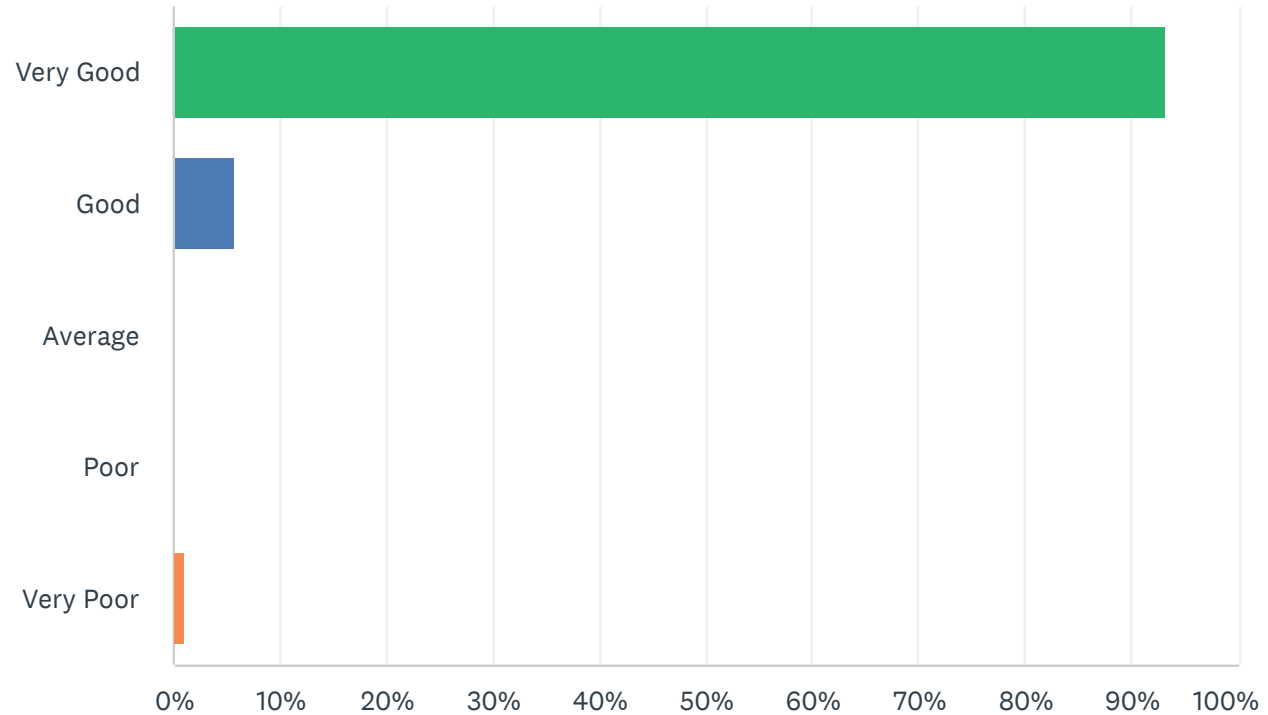
Answered: 103 Skipped: 0



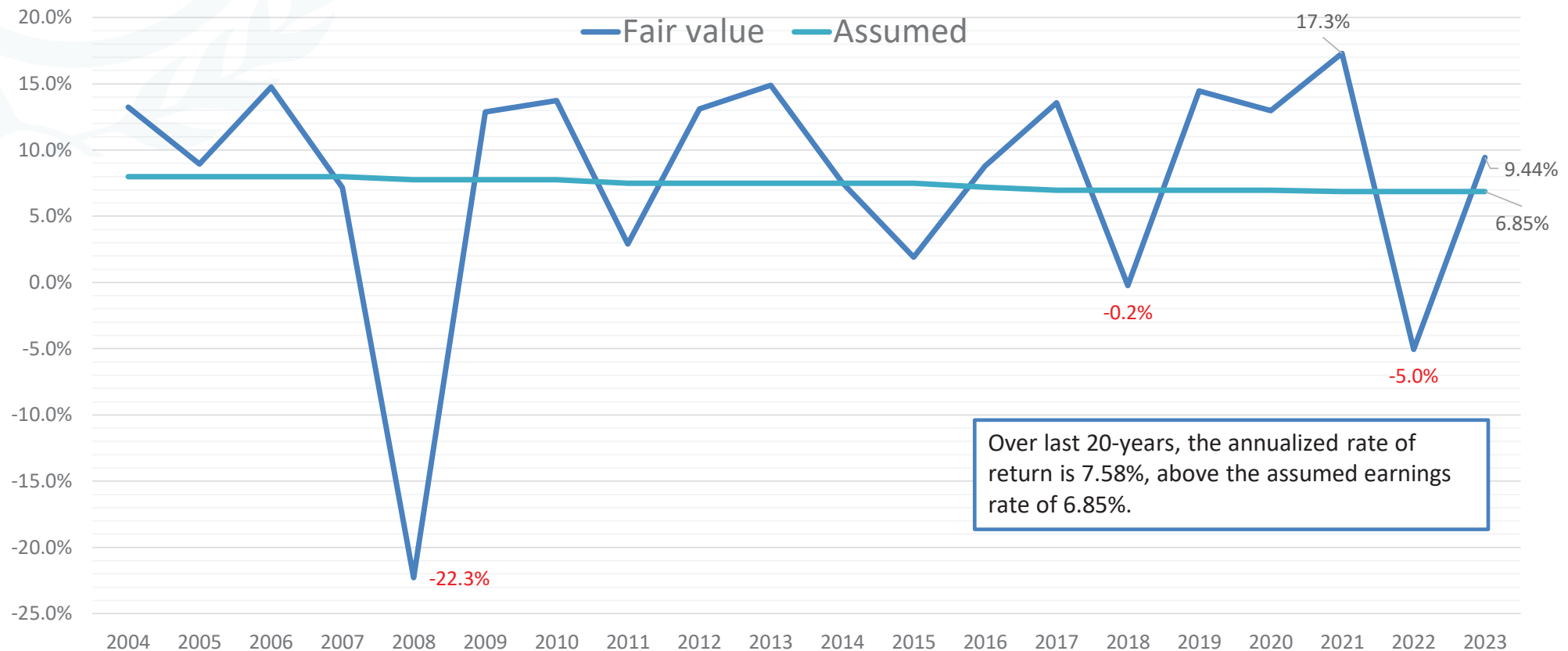
Planning Session Survey

How helpful was the URS advisor in answering your questions?

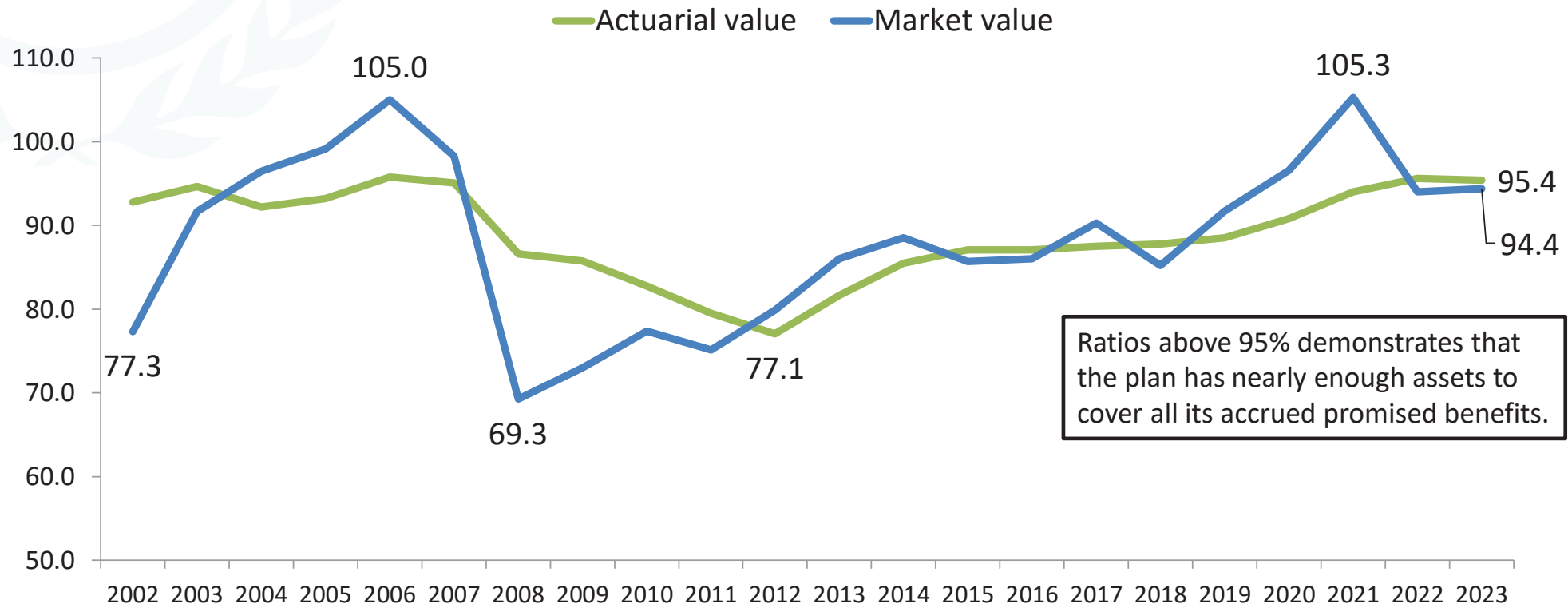
Answered: 103 Skipped: 0



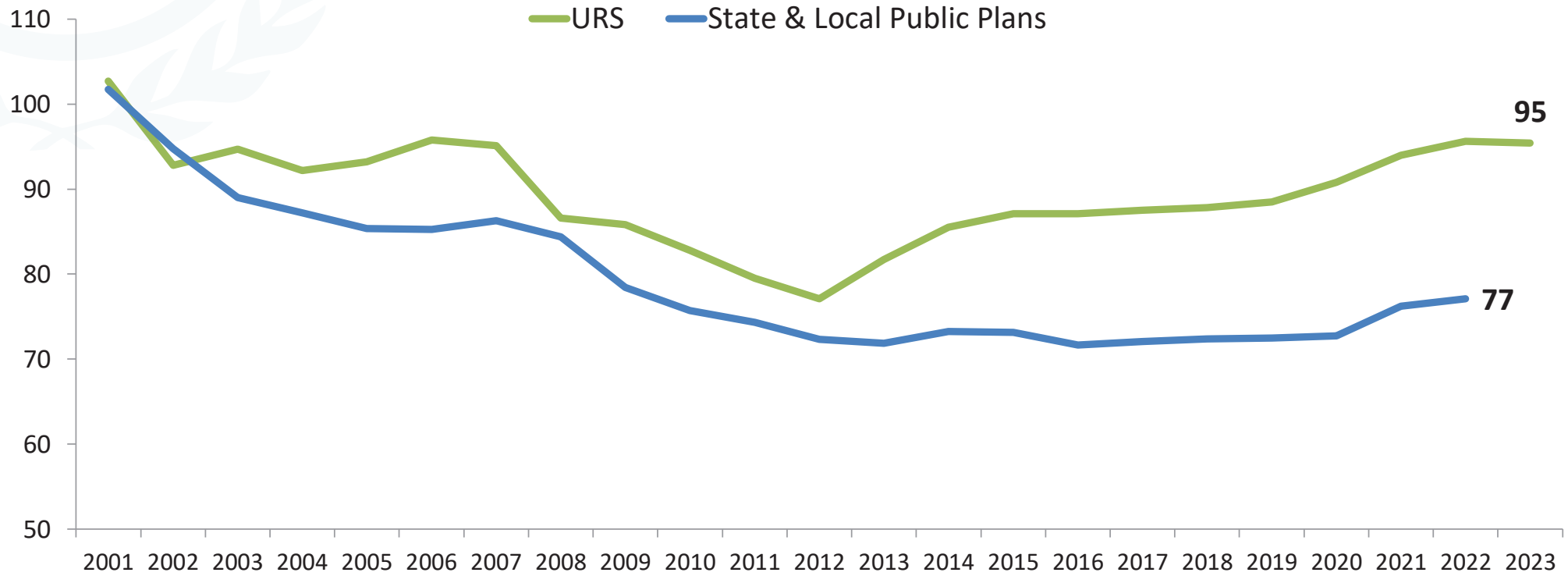
Pension Investment Returns



Funded Ratio



Comparative Funded Ratio



Statutes & Legislative Role

- » Plan design, policy, and benefit specifications for the defined benefit (DB) retirement systems are established in statute by the Legislature.
- » Utah Code Title 49 is the “Utah State Retirement and Insurance Benefit Act.”
- » Title 49 is the “plan document” for the DB systems.
- » Retirement “rules” and changes are policy and financial decisions for the Legislature, including membership eligibility, level of benefits, and eligibility for retirement.

URS' Role

- » Administrator of the systems, plans, and programs established under Utah Code Title 49.
- » Retirement Board members serve as the trustees of the Retirement Investment Fund and take actions required to maintain the retirement systems on an actuarially and financially sound basis.
- » URS' consulting actuary performs cost analysis for legislation making benefit changes, which are the basis for the fiscal notes on retirement bills.
- » URS informs stakeholders, including about the impacts of changes to retirement rules on contribution rates.

Review of Enacted Legislation

2024, H.B. 251, Postretirement Reemployment Restrictions Amendments, (Rep. Gwynn)

- » Creates a new option for a retiree to return to work with a URS participating employer beginning on July 1, 2025
- » A retiree may return to work after a bona fide termination and 90-day separation
- » Employers would be required to pay full contribution rate for rehired retirees (currently only paying amortization rate)
- » Rehired retirees would receive a reduction in their allowance while reemployed (15% for Public Safety and Firefighters; 20% for Public Employees)
- » Rehired retirees would not receive annual COLA while reemployed

Retiree Return to Work Options



Cancel retirement allowance	One-year separation	Limited earnings exception	Other Narrow Exceptions	Private sector or another state	2024 H.B. 251
Earn more service credit; Enhanced benefit when re-retire if work 2 or more years	General exception; Keep monthly retirement allowance & may return to work	60-day separation; No employer provided benefits; Annual pay limit (\$19,504.61 for 2023)*	See statutes and URS publications *	Not restricted	New “user fee” option that takes effect on July 1, 2025*

*The one-year separation period begins to run after this reemployment ends

2025 Anticipated Legislation

- » Annual bill with administrative and technical modifications for Title 49, Utah State Retirement and Insurance Benefit Act.

Questions?

URS is willing to discuss questions or provide additional information, whether related to this presentation or about other retirement-related issues.

Please contact:

- Dee Larsen, General Counsel

Email: Dee.Larsen@urs.org; Mobile/text: 801-643-5257

- Kory Cox, Director of Legislative and Government Affairs

Email: Kory.Cox@urs.org; Mobile/text: 801-530-9687

- Dan Andersen, Executive Director

Email: Dan.Andersen@urs.org; Mobile/text: 801-558-3297

