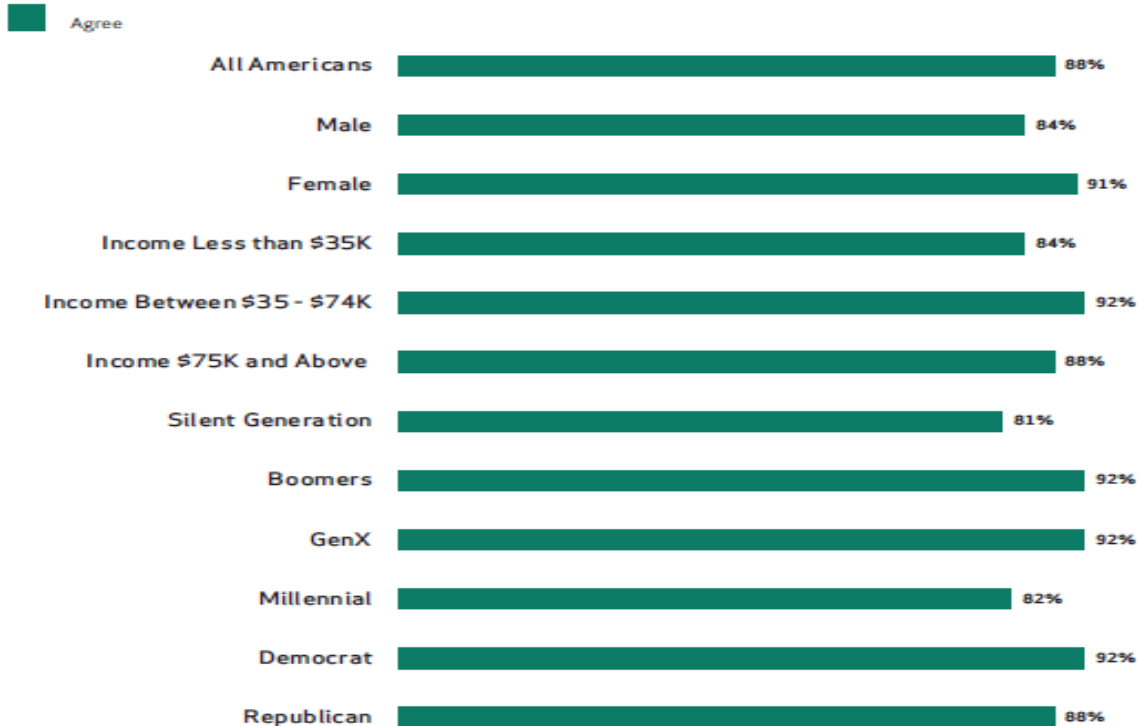

Employer Update

March 16, 2017

Employer Update

Figure 8: Across the board, Americans overwhelmingly agree that the nation faces a retirement crisis.

To what extent do you agree or disagree that America is facing a retirement crisis.



Employer Update

Progress Towards Financial Goals

Saving for college education



Income replacement if seriously ill or injured



Saving enough for retirement



Adequate life insurance to protect family



Paying off or reducing household debt



Employer Update

2017 Best Cities for Successful Aging (Large)

1. Provo / Orem, Utah
4. Salt Lake City, Utah

2017 Best Cities for Successful Aging (Small)

9. Logan, Utah
95. St. George, Utah

» Milken Institute, 2017 Best Cities for Successful Aging



Employer Update

Today's Topics

1. Actuarial Status of the Systems
 - a. Investment Return Assumptions
 - b. Tier 2 Status
2. Administration of the Systems
 - a. Invest Productively
 - b. Administer Efficiently
 - c. Advise Wisely

Employer Update

1. Financial Status of the Systems

1. Actuarial Status of the System

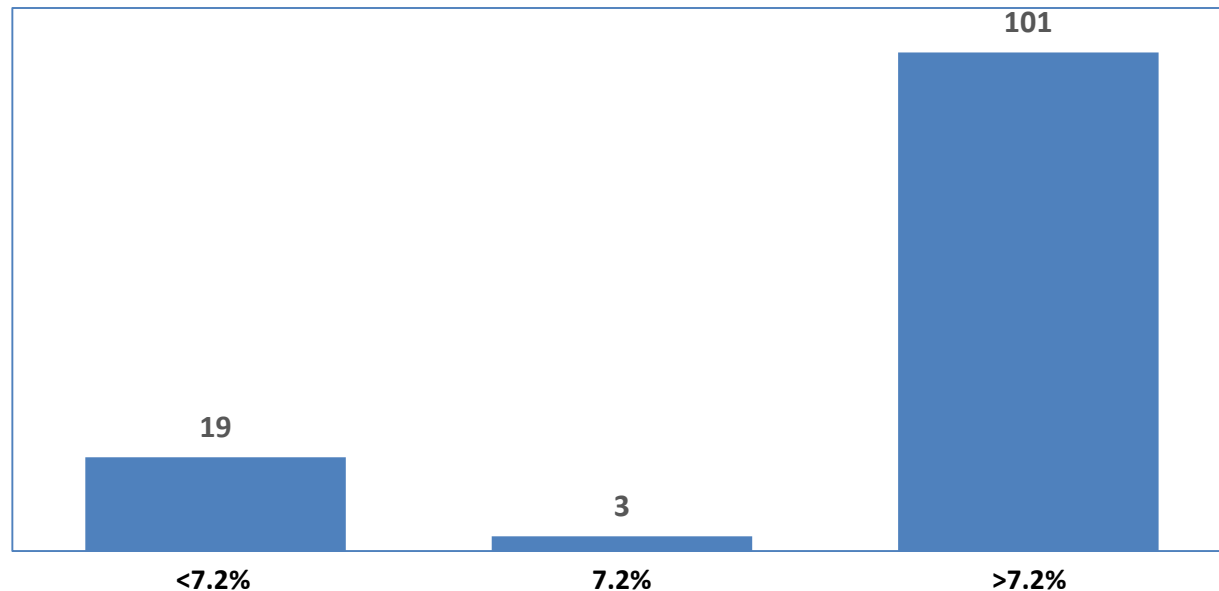
a. Investment Return Assumptions

Nearly three-fourths of state pension plans have reduced their investment return assumption since fiscal year 2010, resulting in a decline in the average return assumption from 7.91 percent to 7.52 percent.

1. Actuarial Status of the System

a. Investment Return Assumptions

URS Compared to Other Large State Pension Plans



1. Actuarial Status of the System

a. Investment Return Assumptions

- The change in the investment return assumption increased the collective Net Pension Liability by \$734 million.
- The “Plan Fiduciary Net Position as a Percentage of the total Pension Liability” (old funded ratio) went from 85.7% to 83.8% (a 1.9% decrease).
- With the 2016 pension earnings, we expect the funded ratio be somewhere around 85% funded.

1. Actuarial Status of the System

a. Investment Return Assumptions

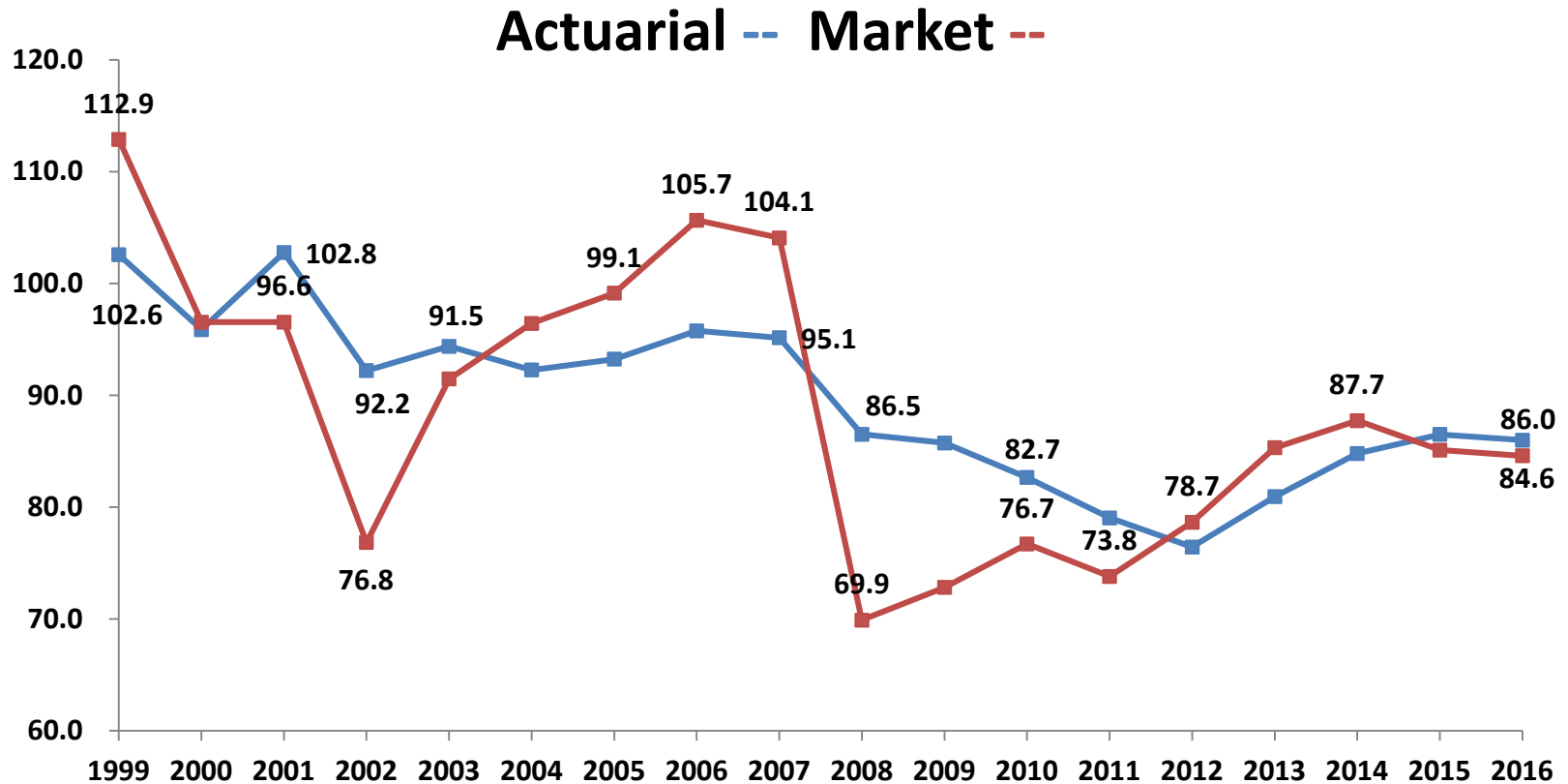
Will

- Increase your proportionate share of the Net Pension Liability
- Decrease your proportionate share of the plan net position

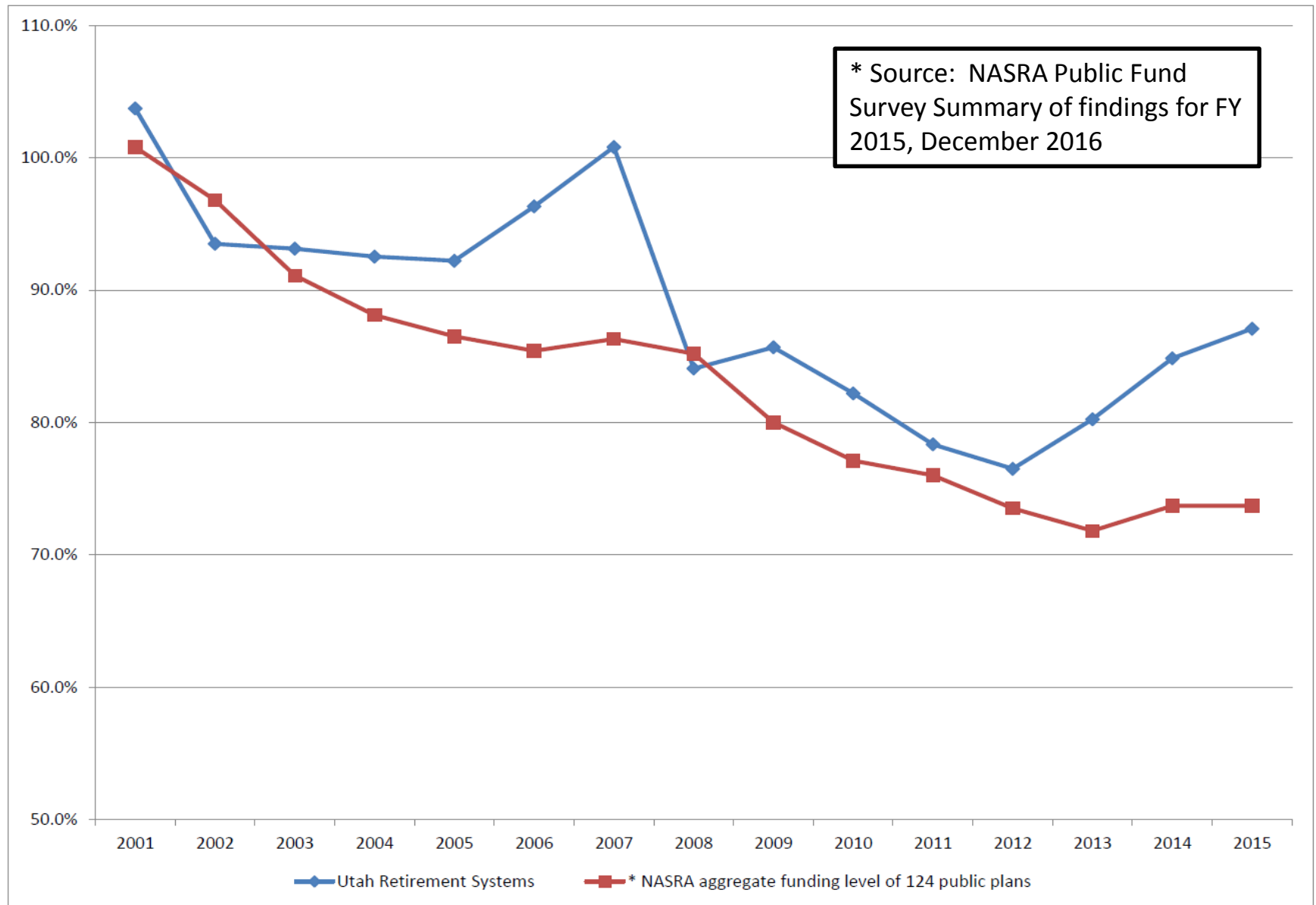
Will not

- Increase retirement contributions (except one employer)
- Require you to increase budgets

Noncontributory Funded Status



How URS compares to the aggregate public pensions fiscal year 2001 - 2015



1. Actuarial Status of the System

b. Tier 2 Status

Tier 2 Elections of Active Employees

Hired After July 1, 2011 | 33,009 Active Employees | as of Jan. 1, 2017

	Count	Percentage
Hybrid Retirement System	19,759	78.6%
DC-only Plan	5,391	21.4%
Still within first year and can choose	7,855	

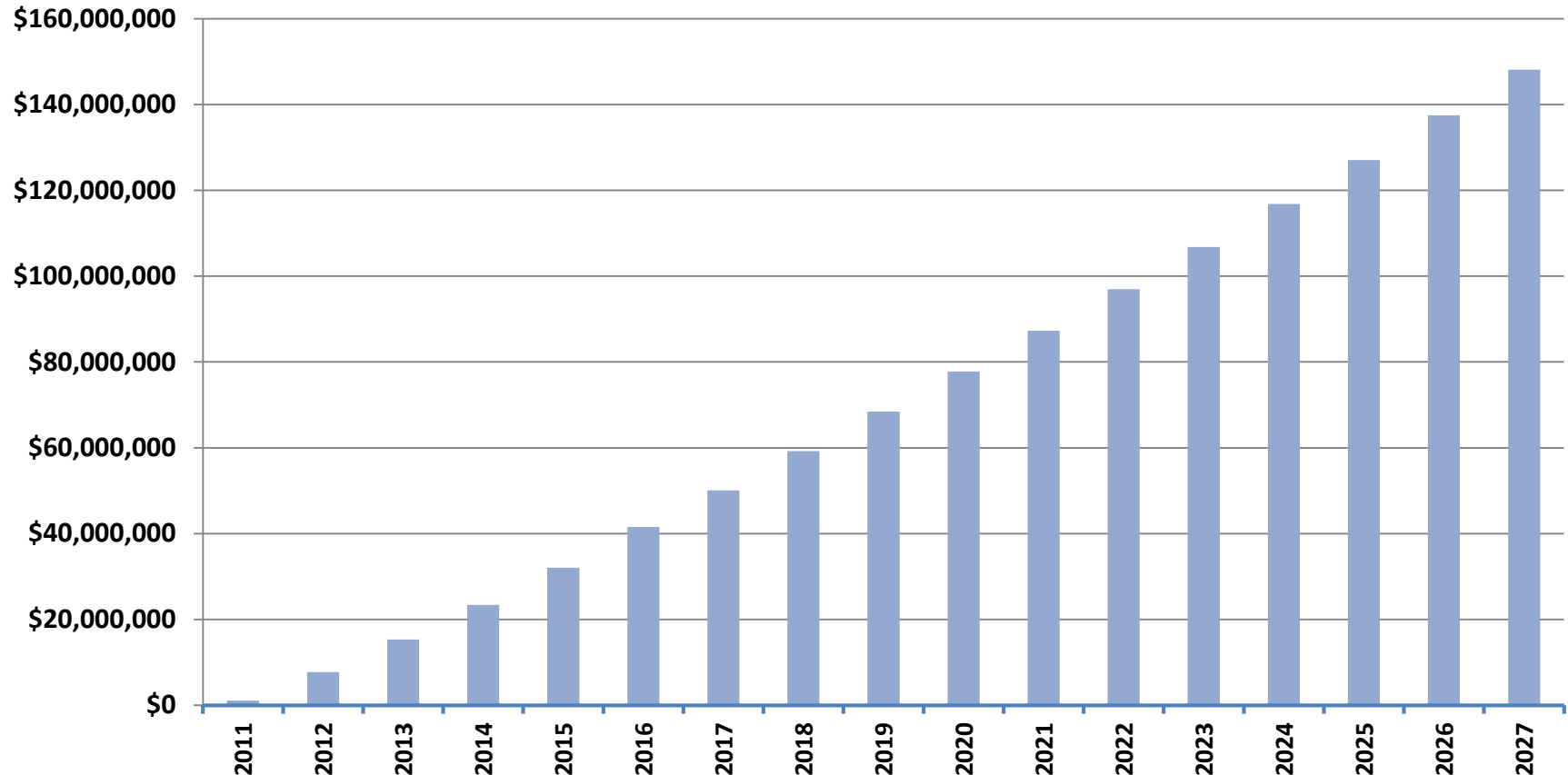
Estimated Total Tier 2 Annualized Savings

Calendar Year	Savings	Cumulative Savings
2011	\$1,122,497	\$1,122,497
2012	\$7,734,952	\$8,857,449
2013	\$15,332,997	\$24,190,446
2014	\$23,373,380	\$47,563,826
2015	\$32,087,138	\$79,650,964
2016	\$41,576,030	\$121,226,995
2017	\$50,099,000*	\$171,325,995 *
2018	\$59,241,000*	\$230,566,995 *
2019	\$68,472,000*	\$299,038,995 *
2020	\$77,811,000*	\$376,849,995 *
2021	\$87,290,000*	\$464,139,995 *
2022	\$96,950,000*	\$561,089,995 *
2023	\$106,793,000*	\$667,882,995 *
2024	\$116,803,000*	\$784,685,995 *
2025	\$127,026,000*	\$911,711,995 *
2026	\$137,447,000*	\$1,049,158,995 *
2027	\$148,142,000*	\$1,197,300,995 *

* Estimated



Estimated Total Tier 2 Annualized Savings



Employer Update

2. Administration of the Systems

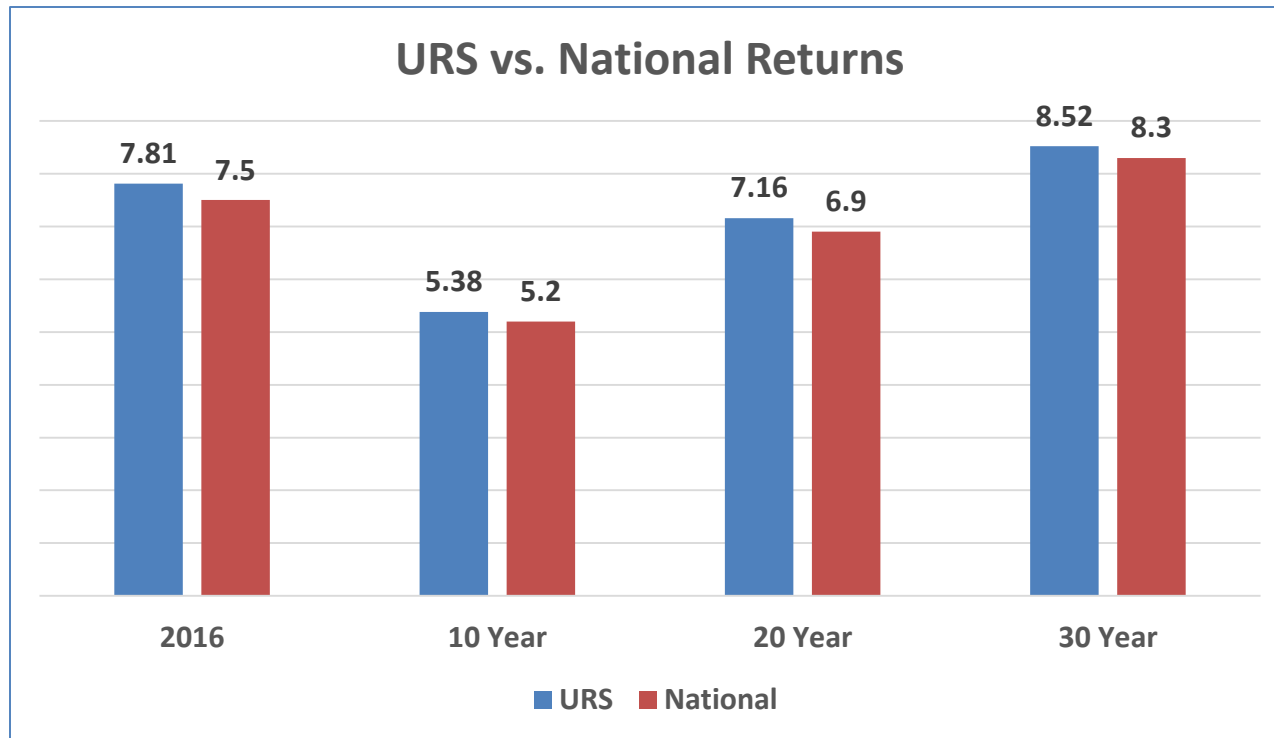
2. Administration of the Systems

“The tasks of the pension fund organization are to invest productively, administer efficiently, and advise wisely.”

Keith Ambachtsheer

2. Administration of the Systems

a. Invest Productively



2. Administration of the Systems

b. Administer Efficiently

Your total pension cost was \$68 per active member and annuitant. This was \$10 below the peer average cost of \$78.*

*URS Pension Administration Benchmarking Results, Fiscal Year 2015, CEM Benchmarking



2. Administration of the Systems

b. Administer Efficiently

Your cost increased 0.3% per annum from 2012 – 2015, whereas peer costs increased by 2.9% per annum on average.*

*URS Pension Administration Benchmarking Results, Fiscal Year 2015, CEM Benchmarking

2. Administration of the Systems

b. Administer Efficiently

Your total service score was 78.5. This was slightly below the peer median of 79.2. Your peer group is a high service peer group.*

*URS Pension Administration Benchmarking Results, Fiscal Year 2015, CEM Benchmarking

2. Administration of the Systems

b. Administer Efficiently

New Employee Management Center provides a powerful tool to manage employees in relation to URS, update eligible, ineligible, terminations etc.

2. Administration of the Systems

b. Administer Efficiently

New Message Center within MyURS allows members to send and receive secure docs, ask questions or make comments online, giving employers another way to respond to employees.

2. Administration of the Systems

b. Administer Efficiently

Released an online version of the “Employer’s Guide” which provides greater search capability and statutory references.

2. Administration of the Systems

b. Administer Efficiently

Expanded our series of topic specific monthly webinars by producing a series of short “How to” videos to assist employers in understanding how to work with URS.

2. Administration of the Systems

c. Advise Wisely

- Retirement Seminars
- Retirement Benefit Presentations
- Webinars
- Individual Retirement Planning Sessions

2. Administration of the Systems

c. Advise Wisely

Pre-Retirement Seminars designed for those within 10 years of retirement and discusses the pension, 401(k), 457 IRAs, Social Security, and estate planning.

2. Administration of the Systems

c. Advise Wisely

- Early to Mid-Career Retirement Seminars include all of the topics above plus 529 plans.
- In 2016, URS conducted 15 retirement seminars with 1,650 attendees.

2. Administration of the Systems

c. Advise Wisely

- Retirement Benefit Presentations are one hour sessions conducted on site at employers throughout the state and discuss Tier 1 and Tier 2 systems as well as savings plans.
- In 2016, URS conducted 705 presentations with 14,699 attendees.

2. Administration of the Systems

c. Advise Wisely

- New webinar designed to educate new employees on the difference between the Tier 2 Hybrid and DC only plans.
- Two webinars have been provided with 191 attendees.

2. Administration of the Systems

c. Advise Wisely

- Individual Retirement Planning Sessions provide a comprehensive analysis of a member's income sources including Tier 1 or Tier 2 benefits, Social Security, and savings plans.
- Advisors develop specific recommendations to achieve member's retirement goals.
- In 2016, URS conducted 2,888 sessions and since inception in March of 2015 have advised 5,523 members.

Questions?
