

URS Update & Outlook and Event Preview



Daniel D. Andersen URS/PEHP Employer Event March 26, 2025

Trust • Commitment • Value • Innovation • Excellence

Utah public pension system is considered 'better than most'

State's retirement system compares favorably with other states and "is not just sustainable but thriving."

By BROCK MARCHANT

The Salt Lake Tribune

Cathy Jensen retired from the state of Utah twice — once in 2010 after 33 years as a teacher and principal, and again in 2023 after about 14 years working for the Utah State Office of Education.

"The first several months was really, really hard. I didn't like it at all," she said of retirement. "I

loved my work and had a hard time finding fulfillment."

Working with Utah Retirement Systems, however, has been easy — and she said a group of retired teachers she now hikes with twice weekly feel similarly.

"They think it's so seamless, well-run, they never make mistakes," she said. "It's been really good."

Please see PENSION, A2



TRENT NELSON | The Salt Lake Tribune

After working for 47 years in Utah's education system, Cathy Jensen says she's been happy with her experience with the Utah Retirement Systems.

TRUTH. EMPOWERMENT. COMMUNITY.

The Salt Lake Tribune

THURSDAY, FEBRUARY 13, 2025

A2 Thursday, Feb. 13, 2025 THE SALT LAKE TRIBUN



TRENT NELSON | The Seal Lake Tribume
Utah lawmakers in 2010 made changes to limit the amount of retirement costs that public employers pay. Employees hired during or after July 2011 were given a "Tier 2" retirement propriet

Utah public retirement 'a pretty healthy system,' says national research director

Pension

Continued from A

But how does Jensen's experience relate to how Utah Retirement Systems is operating now? And what kind of experiences can Utah's public employees expect in the future?

HOW UTAH'S RETIREMENT BENEFITS STACK UP NEXT TO OTHER STATES

According to Keith Brainard, the research director for the National Association of State ReHe said Utah Retirement Systems is on track to achieve its 100% funding-status goal. Still, Brainard said an actuary ratio alone doesn't determine the entire health of a pension plan.

The health of a pension plan.
A lot of it comes down to the fiscal condition of the plan sponsor, he said. In the case of URS, that's the state of Utah and its employers — towns, school districts, counties and other entities

If, he explained, a plan was funded at 50% — "which is not a good funding level" — but the sponsor is financially solid, with revenues expected to keep incoming, the sponsor could be able to pay down the unfunded portion and rewrited benefits.

employers aren't required to pay their contributions.

"Utah has never done this," Holland noted. "At URS, our participating employers share our long-term perspective and value careful funding today for the sake of a healthy, sustainable pension fund tomorrow."

HOW EMPLOYER CONTRIBUTIONS HAVE CHANGED

In 2010, state lawmakers changed Utah Retirement Systems to limit the total amount of retirement costs that public employers pay.

Any employees hired during or

with at least four years of service don't face any allowance reductions when retiring.

"Tier 2" employees also have the option to forgo a state pension plan and have their employers contribute the 10% or 14% to a 401(k).

"Eligibility requirements didn't change, but the benefits did. Tier 2 benefits are not quite as rich as Tier 1 benefits," Holland said.

He explained that the changes helped Utah Retirement Systems secure a solid footing among successful public pension plans in the country and that, even though it doesn't match what the "Tier I" plan offered. "filt's still

paid out more than \$2.15 billion to more than 70,000 Utahns.

"For perspective," Holland said, "this is larger than the earnings paid by many entire industries in Utah, including motor vehicle and parts dealers, truck transportation, and repair and maintenance."

WHAT THE FUTURE

Since the 2020 COVID-19 pandemic, Holland said Utah's public employees are receiving "rapid salary growth."

"We're happy to see public employees in Utah, such as teachers, firefighters and police officers, get the higher salaries that most peo"The URS funding ratio is well above average compared to other public pension plans around the United States ...
You're able to say, overall, it's a pretty healthy system.
It's doing pretty well."

Keith Brainard

National Association of State Retirement Administrators (NASRA)

Pension Fund in 2024

Tentative figures (subject to change)

Overall growth in 2024

Second Se

Funding Level as of Dec. 31, 2024

Actuarial Value (smoothed basis)

Pension Funded Ratio



* 2024 data is preliminary and subject to change

Pension Funded Ratio

How URS compares to national average (market value)

94.0%

76.4%



2024 dataPreliminary and subject to change



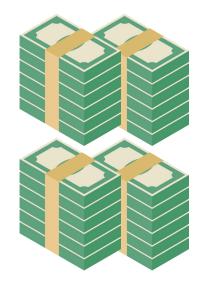
2023 data Source: NASRA Summary of Findings for FY 2023

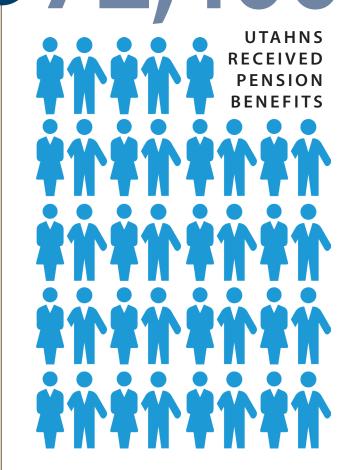
URS Pension Payouts: 2024

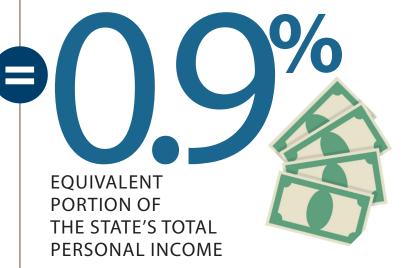
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BILLION

IN PENSION BENEFITS
PAID IN UTAH







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

Economic Impact on Utah

In 2024, URS pension payouts supported...



7,200 UTAH JOBS \$377.4 Million UTAH WAGES



INFORMED DECISIONS

\$8288 Million YEARLY ECONOMIC IMPACT IN LITTED **IMPACT IN UTAH**

Source: University of Utah's Kem C. Gardner Policy Institute.

Economic Impacts from Utah Retirement Systems 2024 Pension Payments

benefit pension payments to 72,400 Utah residents in 2024, generating 7,200 jobs with \$377.4 million in earnings \$828.8 million in state GDP.

Spending on Public Pensions

State and local government contributions to pensions as a percentage of all direct general spending

NASRA Issue Brief: State and Local Government Spending on Public Employee Retirement Systems Percentage of spending remains stable

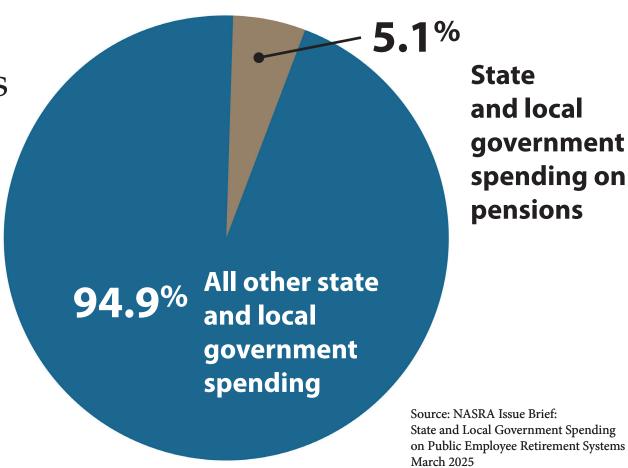


Updated March 2025

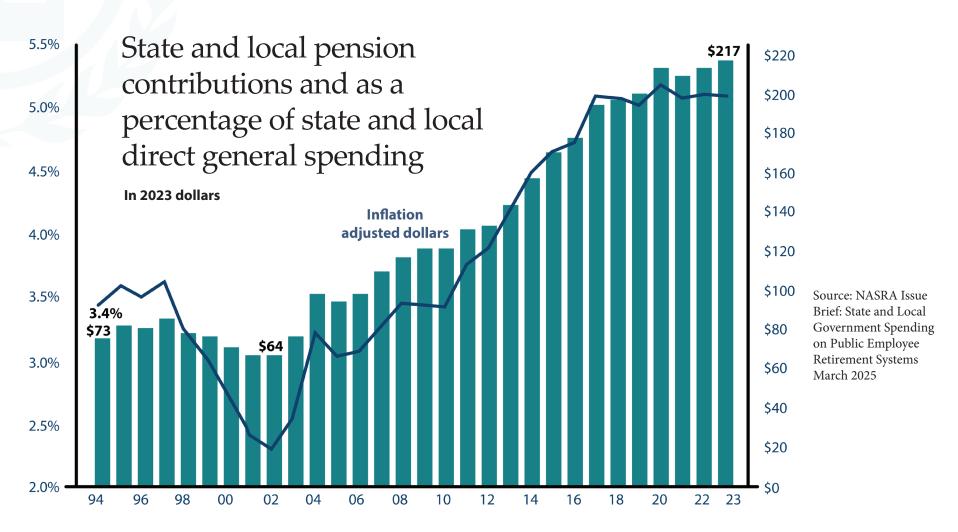
Key Findings

- Nationally, spending by states and local governments on public pensions has remained just above 5.0 percent of total state and local
- Pension spending levels vary widely, from as little as two percent to more than 10 percent.

State and local government pension benefits are paid not from general operating revenues, but from trust funds to which state and local government retirees and their employers contribute during employees' working years. These trusts pay nearly \$400 billion annually to retirees and their beneficiaries, benefits that reach virtually every city and town in the nation. On a nationwide basis, contributions made by state and local governments to pension trust funds account for 5.11 percent of direct general spending (see Figure 1)." Pension spending levels, however, vary widely among states, depending on various factors, and are actuarially sufficient for some



Differences in Pension Costs



Government Pension Funding

State and local government contributions to pensions as a percentage of all direct general spending

	FY 13%	FY 13 to FY 22%	FY 22%
Utah	3.88		3.45
U.S. average	4.13	Source: NASRA Issue Brief: State a Spending on Public Employee Ret March 2025	

Public Pension Revenue Sources

NASRA Issue Brief: Employee Contributions to Public Pension Plans November 2024

Employee Contributions \$1.2 Trillion

Employer 28% Contributions \$2.9 Trillion

61% **Investment Earnings** \$6.4 Trillion

NASRA Issue Brief: **Employee Contributions to Public Pension Plans**

Nearly all employees of state and local government are required to share in the cost of their retirement benefit, a requirement that contrasts with pension plans in the private sector, whose participants do not contribute to their pension benefit. Employee contributions to public pensions typically are set as a percentage of salary either by statute or by the board that oversees the pension plan. By providing a consistent and predictable stream of revenue to public pension funds, contributions from employees fill a vital role in financing pension benefits. Reforms made in the wake of the 2008-09 market decline included higher employee contribution rates for many public pension plans. This issue brief examines employee contribution plan designs, policies and recent trends.

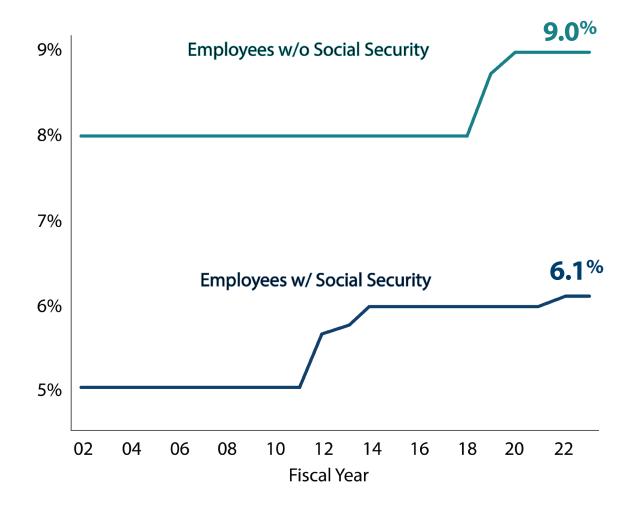
Mandatory Participation & Shared Financing

For nearly all employees of state and local government, participating in an employer-sponsored retirement plan and contributing toward its cost are mandatory terms of employment. majority of employees who participate in a



Employee Contribution Trends

Median employee contribution rate by Social Security eligibility, FY 02 to FY 23 (non-public safety)



NASRA Issue Brief: Employee Contributions to Public Pension Plans November 2024



Utah Retirement Systems

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