

# Introduction to URS



## About URS

### Utah Retirement Systems

provides retirement and insurance benefits exclusively for Utah public employees. We serve more than 250,000 members and about 490 public employers. We're a component unit of the State of Utah, governed by Utah Code Title 49. We administer eight defined benefit pension systems and four retirement savings plans.

### PEHP Health & Benefits

is the insurance division of URS. Public entities who participate in URS are also eligible to offer PEHP medical, dental, life, and LTD benefits to their employees. PEHP covers approximately 170,000 lives through all product lines. We offer all insurance products on a self-funded basis (see Pages 6-7).



#### Mission Statement:

We serve Utah public employees with retirement and insurance benefits in a partnership of trust with a commitment to value, innovation, and excellence.

## Economic Impact

URS pension payments ripple throughout Utah's economy, supporting jobs, expanding GDP, and providing steady state and local tax revenue, a recent study shows.

These payments support about 9,400 Utah jobs, \$453 million in wages, \$859 million in GDP, and \$84 million in state and local tax revenue, according to a 2021 report prepared by the University of Utah's Kem C. Gardner Policy Institute. View the full report at [newsroom.urs.org](https://newsroom.urs.org).

URS paid more than \$1.92 billion in pension payments to Utah residents in 2022, including \$705 million to Salt Lake County retirees alone.

**\$1.92 billion**  
in pension payouts  
**69,774**  
total recipients

— 2022 Utah Retirement Systems

**1.1%** of state's total income  
**9,400** jobs supported  
**\$453 million**  
of earnings from these jobs

**\$859 million**  
in state GDP impact  
**\$84 million**  
state and local tax revenue

— URS 2021 Economic Impact to Utah Residents

# Retirement Plans

## Tier 1

(hired on or before June 30, 2011)  
consists entirely of defined benefit pension plans with varying contribution rates.

## Tier 2

(hired on or after July 1, 2011)  
members have one year to choose between two options.

### TIER 2 OPTIONS:

- » **Tier 2 Hybrid Retirement System** (Hybrid Option)  
Combines a pension and 401(k) plan. The pension provides a lifetime monthly payment based on years of service and earnings. Pension and employer contributions to the 401(k) are vested after four years.
- » **Tier 2 Defined Contribution Plan** (401(k) Option)  
Employer contributes an amount equal to 10% of an employee's salary to a 401(k) plan. The employee is vested after four years.

### Free URS Individual Retirement Planning:

We offer one-on-one retirement planning sessions free to members. Sessions are available at our office and various locations throughout the state, throughout the year.



# URS Savings Plans

The URS pension helps Utah public employees build a secure retirement. But it's just one piece of the puzzle.

We help members build personal retirement savings by providing easily managed plans with low fees. We offer four defined contribution plans: 401(k), 457, Roth IRA, and Traditional IRA.

In the complicated and sometimes-hazardous landscape of retirement savings, we help members understand their options and make choices in their best interest. We take our fiduciary responsibility to members seriously.

Our Target Date funds take the guesswork out of investing. We offer other options with various levels of customization and involvement, all the way up to a full-service trading platform (Charles Schwab PCRA).

Members like the convenience of local customer service and the peace of mind that comes from working with URS in the important task of saving for retirement.

» [Learn More About URS Savings Plans](#)

# Contribution Rates

Employers contribute on behalf of their employees to cover pension costs. Employer contribution rates consist of:

- 1) an amount for normal cost, the estimated amount necessary to finance benefits earned by the members during the current year;
- 2) an amount for amortization of the Net Pension Liability over a 20-year amortization period.

Contribution rates for July 1, 2020, to June 30, 2021, are shown on the right.

» [See More Contribution Rates](#)

July 1, 2023 – June 30, 2024		Contribution Rates as a Percent of Covered Payroll	
System	Member	Employer	
Noncontributory	—	17.97 - 22.19%	
Contributory	6.00%	13.96 - 17.70	
Public Safety:			
Noncontributory	—	32.28 - 50.38	
Contributory	10.50 - 12.29	22.79 - 27.98	
Firefighters:			
Division A	15.05	3.61	
Division B	16.71	6.34	
Judges: Noncontributory	—	45.15	
Governors and Legislators		\$364,321	
Tier 2 Public Employees	—	16.19-20.02	
Tier 2 Public Safety and Firefighter	2.59	14.08 - 40.97	

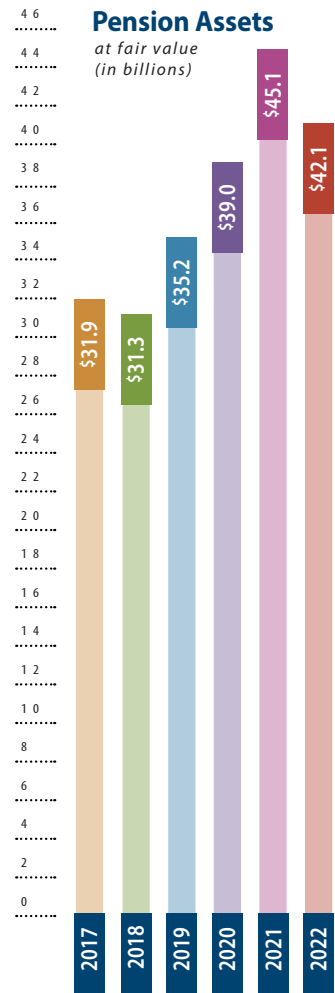
# Investments

The majority of the funds we invest are paid by our members’ employers to help fund their retirement benefits. Under the direction of the Utah State Retirement Board, we carefully handle these funds amid unpredictable economic winds and volatile financial markets to produce a stable return.

Our pension asset allocation is designed to meet long-term obligations, protect members’ benefits, and minimize risk and volatility to employers’ contribution rates and budgets.

We prudently invest with appropriate asset diversification to maximize long-term returns throughout all types of market cycles, with an emphasis on downside protection.

Our asset allocation is designed to be less reliant on public equity and more diversified than a traditional portfolio. It includes assets that have little or no correlation to the price movement of equities. Our goal is to generate returns, diversify, and reduce risk.



# Net Pension Liability and Funding Ratio

**G**ASB (Governmental Accounting Standards Board) 68 reporting standards require government agencies to report their share of Net Pension Liability in their financial statements. Net Pension Liability is the total pension liability less the pension plan's assets available to pay benefits.

A 2013 GASB report specifically states, "While this information will, in some cases, give the appearance that a government is financially weaker than it was previously, the financial reality of the government's situation will not have changed."

Think of pension liability like a mortgage. You wouldn't expect to pay off your mortgage the first month you move into your home. Likewise, pension is a long-term liability. Under GASB 68, employers now must report your "mortgage" as a liability.

Even in the long term, your budgets will likely pay only a portion of this liability. Remember, investment income covers the majority of pension costs.

	Market Value Funded Ratio	Actuarial Funded Ratio
2022	94%	96%
2021	105%	94%
2020	97%	91%
2019	92%	89%

### Actuarial Funded Ratio

The difference between actuarial value of assets and actuarial value of liabilities. This metric uses a five-year smoothing period to recognize investment gains and losses.

### Market Value Funded Ratio

The present value of pension plan assets versus accrued pension benefits. GASB 68 dictates that employers report this in their annual financial reports.

URS ended 2022 with a Market Value Funded Ratio of 94%. Many experts consider a funding ratio of 80% or better to be sound for government pensions, and URS remains among the most well-funded statewide plans in the country.

### Return on Investment:

The average portion of benefits paid through investment returns over the past 20 years is 64%.



# PEHP Health & Benefits

**P**EHHP Health & Benefits is the insurance division of URS. Public entities who participate in URS are also eligible to offer PEHP medical, dental, life, and LTD to their employees.

We offer all insurance products on a self-funded basis. This means we hold funds in trust for the benefit of the groups and individuals that we serve. Every year, we look to return excess funds. Over the last 10 years, we've given back \$97,846,595 in reserves.

PEHP offers benefits at cost. There are never hidden fees or any other kind of surprises. PEHP charges a very low administrative rate that is under 5% of medical premium. This rate has held steady for more than five years even as we've added new services, like group reporting under the Affordable Care Act and our first-in-the-market cost tools.

As the old adage goes, "You get what you pay for." With PEHP, you get competitively priced benefits that give public employees the peace of mind they deserve without unnecessary loopholes and hassles that can often accompany insurance.



## Customer Focus:

An outside survey found that 98% of our employers and employees are satisfied with PEHP and would recommend us to a friend.



### Medical

We offer self-funded medical and Medicare supplement plans that provide access to every major hospital in Utah. We find ways to help groups and members save money and pass along the savings.



### Dental

We offer flexible plan options to fit individual groups' needs. They include plans with or without a deductible or waiting period. Our large dental network includes most Utah dentists.



### Life & Accident

We offer life and accident benefits for employees and their beneficiaries. We offer employer-paid and voluntary coverage, with hassle-free enrollment, detailed member education, and committed employer support.



### LTD

PEHP Long-Term Disability offers unsurpassed value and outstanding service. PEHP LTD is an employer-paid benefit.

## Putting Employees First

**W**e fully recognize that we exist to serve the insurance needs of public employees. We do this in many ways.

We offer Traditional and HSA-qualified health plans and a broad choice of providers, including every hospital in Utah, through our various networks. We provide excellent customer service that goes beyond resolving problems. Our Health Benefits Advisors help members find the best care at the best value. We proactively reach out to our members when, for example, we become

aware of their use of an out-of-network provider or we authorize a procedure to go forward.

PEHP offers many online tools to help members shop for quality care. These tools include the ability to search for in-network providers and facilities, view and compare provider cost information, and read reviews from other PEHP members. They can also search by medical procedures to see historical costs and find cashback opportunities to save money on healthcare.

### We don't just pay claims...

We help members navigate the healthcare system, better understand and utilize their benefits, find and select the right provider, and lead them to better health.



## Making Healthcare Better

It isn't enough to offer great benefits and put members first. We work to make healthcare better. Here are some of the ways we do that.

- » Developing cost comparison tools that empower members to take control of healthcare costs.
- » Establishing fixed inpatient hospital fees and entering into other, new payment arrangements with providers.
- » Developing detailed data analytics to report trends and savings opportunities.
- » Protecting members from balance billing for out-of-network emergency room visits.
- » Piloting state benefits for autism and bariatrics surgery.
- » Finding innovative cost-reduction strategies for pharmacy and other services.
- » Advising policymakers on the complexities and challenges of healthcare.
- » Creating innovative provider arrangements.



From Left:

Larry W. Evans, Christie N. Behunin (Vice President), Roger G. Donohoe, Richard K. Ellis, Karl W. Wilson (President), Laura C. Warnock, Marlo M. Oaks.

## Meet the Board

A majority of the URS Board members are experts in banking and investments, and are appointed by the Governor. The Board appoints our executive director to carry out the day-to-day operations of URS. Together they guide and safeguard URS.

## Membership Advisory Council

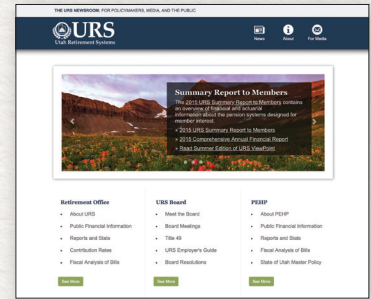
Those who serve on the Membership Advisory Council speak for the interests of active and retired members and participating employers.

### Executive Committee Members / Represents

Marty Peterson (*Chair*).....Professional Firefighters of Utah  
 Amy Ehresman (*Vice Chair*).....Utah School Employees' Association  
 Brad Hardesty.....Utah Public Employees' Association – Retirees  
 Larry Millward.....Utah Retired School Employees' Association  
 Zane Woolstenhulme.....Utah Association of School Business Officials

### Council Members / Represents

Tina McMullin .....Utah Education Association  
 LeGrand Bitter .....Utah Association of Special Districts  
 Sandy Gustavson.....Utah Public Employees' Association  
 Rodney Hurd .....Utah Education Association  
 Kara Pettit ..... Utah Judicial Council  
 Jamie Davidson.....Utah League of Cities and Towns  
 Sheri Dearden.....Utah Association of Counties  
 Anna Lewin.....Utah Education Association  
 Scott Wilberger.....Utah Peace Officers' Association



[newsroom.urs.org](http://newsroom.urs.org)

### Find...

- » **The Annual Comprehensive Financial Report**
- » **Board Meeting and Minutes**
- » **Detailed Reports and Stats**

## Contact Information

**Daniel D. Andersen**  
 URS Executive Director  
 dan.andersen@urs.org  
 801-366-7309

**R. Chet Loftis**  
 Managing Director  
 PEHP Health & Benefits  
 chet.loftis@pehp.org  
 801-694-0404

**Dee Larsen**  
 URS General Counsel  
 dee.larsen@urs.org  
 801-366-3937

**Kory Cox**  
 Director of Legislative and Government Affairs  
 kory.cox@urs.org  
 801-366-7345