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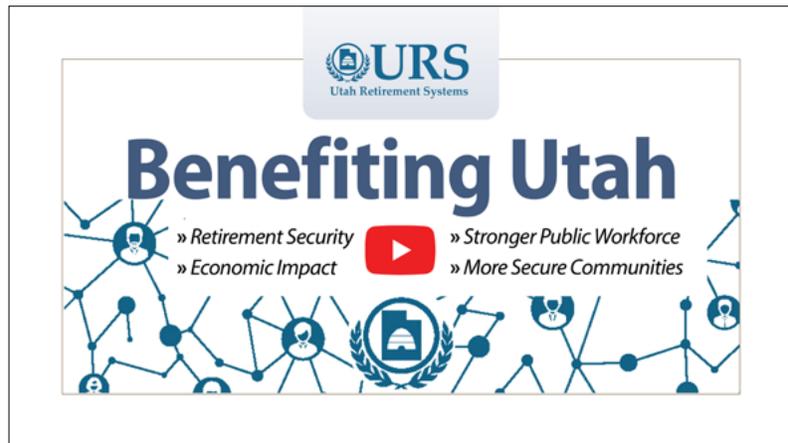
# Inside

A Utah Retirement Systems Newsletter for Employers

## Video » Benefiting Utah

# How URS Benefits Utah

URS helps provide a secure retirement for more than 200,000 Utah public employees. In 2019, we paid more than \$1.75 billion in pension benefits to retirees in Utah. But these numbers tell only part of the story. [This video](#) shows how URS touches the lives of all Utahns -- those directly enriched by our benefits, as well as the communities they serve. ■



## Which URS Training is Right for My Staff?

Training/Event	When	Description	Who Should Attend
<b>Comprehensive Employer Training</b>	Yearly in April and May <a href="#">See 2020 Schedule and Registration</a>	Deep dive into retirement laws, including legislative updates, compliance matters, and administrative hot topics	Decision-makers and staff involved in day-to-day retirement administration operations
<b>Retirement Basics Plus</b>	Semi-annual on-site trainings (at URS office) and six off-site trainings. <a href="#">Learn More</a>	Basic retirement laws, general administrative matters, URS Employer Portal functions	Decision-makers and staff involved in day-to-day retirement administration operations
<b>Employer Event</b>	Yearly in mid to late March <a href="#">Register Now for March 24, 2020</a>	News and trends in retirement and healthcare, updates from URS leadership	Executives, HR and benefits managers, and other decision-makers

**SECURE ACT » URS Acting to Address New SECURE Act Provisions: Page 6**



## Brochure Helps Employees Who Plan to Retire Soon

[This brochure](#) provides a high-level overview of some of the steps you'll take and decisions you'll make for employees who plan to retire soon. It covers pension, savings plans, Social Security, healthcare, taxes, and more. Request printed copies: [publications@urs.org](mailto:publications@urs.org) ■

## We Need Your Help with Tier 2 Members on Long-Term Disability

When a Tier 2 member is out on long-term disability leave, their retirement service accrual during that time depends on their employer having a benefit protection contract with URS. Assuming your office has a benefit protection contract, you must submit retirement contributions to URS while the members are on leave, as if they were continuing to work for you.

As the number of Tier 2 members on long-term disability leave continues to grow, it's becoming more challenging for URS to keep track of them and to seek timely payment from employers. We need your help to

ensure contributions are submitted on a regular basis to keep service credit accruing consistently and to avoid interest due on your contributions.

The best way for you to manage payment for these members is by keeping them on your regular contribution reports. If your payroll does not allow for this, there may be other ways for you to keep track of them and to regularly submit contributions to URS.

Please contact URS at 801-366-7318 or 800-753-7318 to discuss ways to regularly submit contributions to URS on behalf of these members. ■

## Tier 2 Public Safety & Firefighter Enhancements

# ‘Pick Ups’ Require Formal Action

### ‘Pick-up’ Contributions – Key Points

- » Employers may “pick-up” Tier 2 Public Safety/ Firefighter Hybrid employees’ retirement contributions through formal, documented action.
- » Formal action must be taken by July 1, 2020, to cover the employee contribution when the changes go into effect.
- » [S.B. 56 \(2020\)](#) would require that if an employer “picks-up” the employee contributions for those in the Hybrid Plan, it must provide an equal non-elective contribution to employees in the Defined Contribution Plan.
- » Employer “pick-ups” allow for deferral in income taxes. Employee contributions are generally taxable.

### Employers may decide to pay for the employee portion of the additional plan costs

Enhancements to Tier 2 Public Safety & Firefighter retirement benefits will take effect beginning July 1, 2020. They apply to new and current employees in the Tier 2 Public Safety & Firefighter Retirement system for benefits earned after July 1, 2020.

Due to the cost of the plan enhancements, contributions to the Tier 2 Public Safety & Firefighter Hybrid plan will be made by the employer (14%) and the employee (2.27%).

However, an employer may “pick-up” the employee’s portion of the retirement contribution and treat it as an employer contribution under [IRS Code](#).

URS cannot and does not provide legal, financial, or tax advice. Accordingly, employers should consult their own legal advisor if they have questions concerning a “pick-up” plan.

### Helpful Links

- » [IRS Guidance on Employer “Pick-Up” Contributions to Benefit Plans](#)
- » [Revenue Ruling 2006-43](#)
- » [Section 414\(h\)\(2\) of IRS Code](#)
- » [Senate Bill 129 \(2019\)](#)
- » [Senate Bill 56 \(2020\)](#)

In order to “pick-up” the employee contributions, an employer must take formal action to provide that the contributions on behalf of all Tier 2 Public Safety & Firefighter members, although designated as employee contributions, will be paid by the agency in lieu of employee contributions.

The action may only apply prospectively and be evidenced by a

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See ‘PICK-UPS’, Page 4

## ‘PICK-UPS’

*Continued from Page 3*

contemporaneous written document (e.g., minutes of a meeting, a resolution, ordinance, or statute).

Employers must take formal action by July 1, 2020, to cover the employee contributions before the benefit enhancements go into effect.

If an employer “picks-up” the employee contribution,

taxes on the pick-up contribution may be deferred until the employee receives the contributions as either a refund after termination of employment or as retirement benefits. If an employer does not “pick-up” the employee contributions, they will generally be taxable at the time the contribution is made. An employer “pick-up” plan allows deferral of the income taxes on the employees required contribution amount.

In the 2020 legislative session, Senator Wayne Harper is proposing [Senate Bill 56](#) as a follow up to the changes from enhancements made in the 2019 session. This bill would require that if an employer “picks-up” the contributions for its employees, they must also pay an equal non-elective contribution to Tier 2 Public Safety & Firefighter members in the Defined Contribution Plan. ■

	Current Benefit	SB 129 New Benefit Beginning July 1, 2020 (subject to change)
<b>Hybrid Option</b>	<b>1.5% Multiplier</b>	<b>2.0% Multiplier</b> on service earned after July 1, 2020. All service accrued prior to July 1, 2020, will still be multiplied by 1.5%.
	Employer funds benefit at <b>12%</b> of pay	Employer funds benefit at <b>14%</b> of pay
	Employees currently not required to contribute to fund the pension benefit (because the pension contribution rate is less than the 12% employer cap).	Based on today’s pension contribution rate, employees would add about <b>2.27%</b> of their pay to fund the pension benefit. Employers may choose to pick up their employees’ contributions.
<b>401(k) Option</b>	Employer contributes an amount equal to 12% of your salary into your 401(k).	Employer contributes an amount equal to <b>14%</b> of your salary into your 401(k). Employers may choose to make additional 401(k) contributions.

» It does not open a new window for employees who have worked beyond a year to change their selection between the Hybrid Option and 401(k) Option.

» It applies to new and current employees in the Tier 2 Public Safety and Firefighter Retirement System, for benefits earned after July 1, 2020. These changes are not retroactive.

## URS Pension Updates

### Federal Compensation Limits for 2020

Federal rules in accordance with the Omnibus Budget Reconciliation Act (OBRA) prevent URS from accepting contributions on earned salary which exceeds certain limits. One limit applies to members of URS before January 1, 1994, and the other applies to members of URS after January 1, 1994.

Contributions based on salaries reported to URS above these limits will be refunded annually to the employer. ■

#### COMPENSATION LIMITS SINCE 2018

Year	Members after January 1, 1994	Members before January 1, 1994
2020	\$285,000	\$425,000
2019	\$280,000	\$415,000
2018	\$275,000	\$405,000

### Tier 1 Public Employees' Noncontributory and Contributory Retirement Systems Elected and Appointed Officials' Minimum Earnings Requirements

Each month during the term of office elected or appointed officials must earn \$500 or more indexed as of July 1, 1990, as provided in Utah Code Ann. §§ 49-12-407 and 49-13-407, in order to be eligible for retirement coverage. The minimum earnings requirements increase each year based on the consumer price index. As of February 1, 2020, through January 31, 2021, the minimum earnings requirements is **\$1,083 per month.** ■

### Tier 2 Contributory Retirement System Elected and Appointed Officials' Minimum Earnings Requirements

Beginning July 1, 2011, a person initially entering full-time employment shall participate in the Tier 2 system. An elected or appointed official's position must be certified as full-time by the participating employer in order to qualify for retirement coverage. ■

Questions? Call URS Employer Services at 801-366-7318 or 800-753-7318.

## URS Savings Plans Updates

### URS Acting to Address New SECURE Act Provisions

The following provisions were recently enacted by Congress. URS is in the process of reviewing these provisions and updating the plans accordingly.

This is not a complete list of all provisions, but are those sections we're taking immediate action for:

- » Required minimum distribution requirements (RMDs) for those turning 70½ in 2020 or later has been changed to age 72.
- » Members over age 70½ may now contribute to an IRA.
- » In-service withdrawals from the 457(b) plan may now be taken at age 59½ and later (similar to the 401(k) plan).
- » In-service withdrawals are allowed for a birth or adoption
  - › Up to \$5,000 total from the member's savings plans
  - › The withdrawal is available for up to one year after the birth or adoption
  - › The funds may be recontributed to the savings plans at a later date
  - › The withdrawal is not subject to tax penalties

An FYI for long-term planning: There is a provision effective in 2021 wherein an employer must allow long-term/part-time employees to participate in the 401(k) plan. These employees are defined as those who have worked at least 500 hours per year in three consecutive years. ■

### 2020 Contribution Limits

Plan	Maximum Employee Contributions	Additional Employee Catch-up Contributions (age 50+)	Employee and Employer Combined Contribution Limit (below age 50/age 50+)
<b>401(k)</b>	\$19,500	\$6,500	\$57,000/\$63,500
<b>457(b)</b>	\$19,500	\$6,500	\$19,500/\$26,000
<b>Traditional IRA</b>	\$6,000	\$1,000	N/A
<b>Roth IRA</b>	\$6,000	\$1,000	N/A

**Roth and Traditional IRA Contribution Limits** » The IRA limit is combined; employees are limited to a total of \$6,000/\$7,000 for all of the IRAs that they own.

## URS Savings Plans Updates

### Summary of Important Benefit Notices

» Due to recent changes to state court rules, URS may delay a member's transaction requests if they're involved in divorce proceedings. See [Utah Rules of Civil Procedure 109](#).

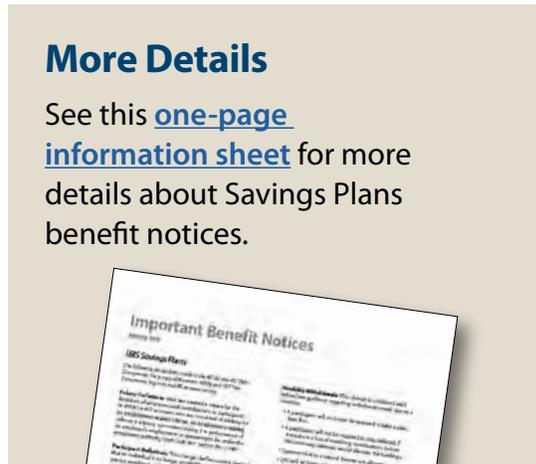
» Terminated employees who have taken a distribution of all vested funds from the Savings Plans, and who are not vested with URS, may no longer be eligible to participate unless they reemploy with a participating employer.

» Withdrawals from the Savings Plans based upon termination (does not apply to members over age 59½ or those retiring from URS):

- › URS will require a separation from service of 30 days prior to processing the withdrawal request;
- › The termination cannot be a change of employment to another participating employer; and
- › There cannot be a prearrangement for employment with a participating employer.

### More Details

See this [one-page information sheet](#) for more details about Savings Plans benefit notices.



### Hardship Withdrawals:

» The participants no longer must suspend their contributions to the plans for 6 months.

» The hardship must meet the definition of certain circumstances outlined on the hardship withdrawal application. There will not be an "other" catchall category.

See "[Important Benefit Notices](#)" for more-detailed information. ■

## 2020 Investment Options and Savings Plans Overview Now Available



See how URS Savings Plans have performed over the last year and beyond by reading the [2020 Investment Options and Savings Plans Overview](#).

It also explains differences among URS Savings Plans and investment options.

For printed copies to have on hand for your employees, ask your URS representative or email [publications@urs.org](mailto:publications@urs.org). ■