

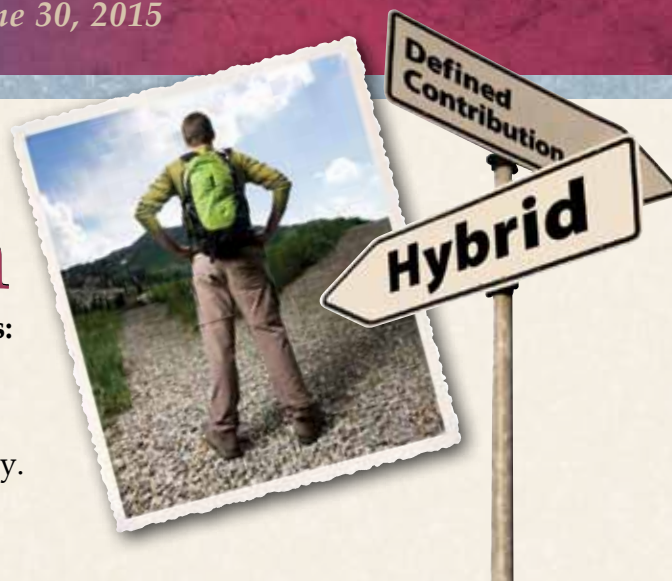
# Tier 2 Public Safety & Firefighter Retirement System

July 1, 2014 – June 30, 2015

## Choose Your Path

You have a choice between two retirement options:

- 1) The Tier 2 Hybrid Retirement System combines a pension and 401(k) plan, or
- 2) The Tier 2 Defined Contribution Plan is 401(k) only.



### Tier 2 Hybrid Retirement System

#### Pension + 401(k)

- Your employer contributes an amount equal to 12% of your salary between both plans (pension and 401(k)).
- Pension contributions are based on the yearly pension contribution rate. For example, the 2014-2015 year rate is 10.72%. The difference between 12% and the pension contribution rate (10.72%) is contributed to your 401(k) (1.28%). If the pension contribution rate ever exceeds 12%, you must pay the additional amount above 12%.
- The pension gives you a lifetime monthly payment determined by the benefit formula. It's based upon your number of years of service credit x 1.5% x highest five years' earnings converted to a monthly average. Shown at right is an example:
- You may qualify for a monthly retirement benefit if you are:
  - 65 with 4 years of service
  - 62 with 10 years of service\*
  - 60 with 20 years of service\*
  - Any age with 25 years of service

Years of service	→	25 Years
x		.....
1.5%	→	37.5%
x		.....
Average Salary (Average of 5 highest years)	→	\$40,000
=		.....
Benefit	→	\$15,000/ year
		\$1,250/ month

*\*If you have less than 25 years of service credit and retire before age 65, your monthly payment will be reduced by approximately 7% for each year between the ages of 60 and 63 and approximately 9% for each year between ages 63 and 65.*

- You'll get up to a 2.5% annual cost-of-living adjustment (COLA) on your retirement payments, based on the consumer price index.
- Pension and employer contributions to your 401(k) are vested after four years.

### Tier 2 Defined Contribution Plan

#### 401(k) Only

- Your employer contributes an amount equal to 12% of your salary to a 401(k) plan.
- Employer contributions to your 401(k) are vested after four years.
- The amount of money you have throughout retirement depends on investment performance and personal withdrawals.

See other side ►►►



# Tier 2

## *Which plan is right for you?*

Both plans have advantages and disadvantages. Some questions to ask yourself: How long do I plan to work in the public sector? What is my risk tolerance? How comfortable am I managing investments?

Here are some considerations to help you decide:

<i>Tier 2 Hybrid Retirement System</i>	<i>Tier 2 Defined Contribution Plan</i>
Guaranteed fixed monthly income for life.	Your retirement income is subject to the performance of your investments and has no guaranteed monthly benefit.
Your pension is managed by professionals and bears all investment risk.	You manage investments and risk level, meaning you have the potential for higher or lower returns.
Possible 401(k) contribution if pension contribution rate is below 12%.	You receive the full 12% to your 401(k).
You must contribute to the pension if the pension contribution rate ever exceeds 10%.	You are not required to contribute to the plan.
Up to 2.5% COLA on your pension.	No COLA benefit.
Your 401(k) plan is portable among URS-covered and private sector employers.	Your 401(k) plan is portable among URS-covered and private sector employers.
You can withdraw from your vested 401(k) at any time upon termination (may be subject to IRS penalty).	You can withdraw from your vested 401(k) at any time upon termination (may be subject to IRS penalty).
You can pass on your vested 401(k) balance to your spouse or any beneficiary.	You can pass on your vested 401(k) balance to your spouse or any beneficiary.

*This is just a brief summary for comparison purposes. Go to [www.urs.org](http://www.urs.org) for more complete details about both plans.*