



The **Wyoming Coalition for a Healthy Retirement** believes that all workers deserve to retire with dignity. We work to preserve and protect the financial security of all retirees in the **Wyoming Retirement System (WRS)**. Public employees in Wyoming put aside a piece of every paycheck to fund the WRS. No politician or Wall Street interest should take away the hard-earned retirement security of these public servants. The Equality State Policy Center is the state coordinator for the Wyoming Coalition for a Healthy Retirement.

The Wyoming Coalition for a Healthy Retirement consists of:

- [The Wyoming Education Association-Retired](#)
- [The Federated Firefighters of Wyoming](#)
- [Wyoming Public Employees Association](#)
- [Wyoming Retired Education Personnel](#)
- [Equality State Policy Center](#)

If you would like to know more about WCHR and how to be involved, please send an email to wchr@equalitystate.org or visit protectpensions.org for more information.

THE ECONOMIC BENEFIT OF DEFINED BENEFIT PENSIONS IN WYOMING

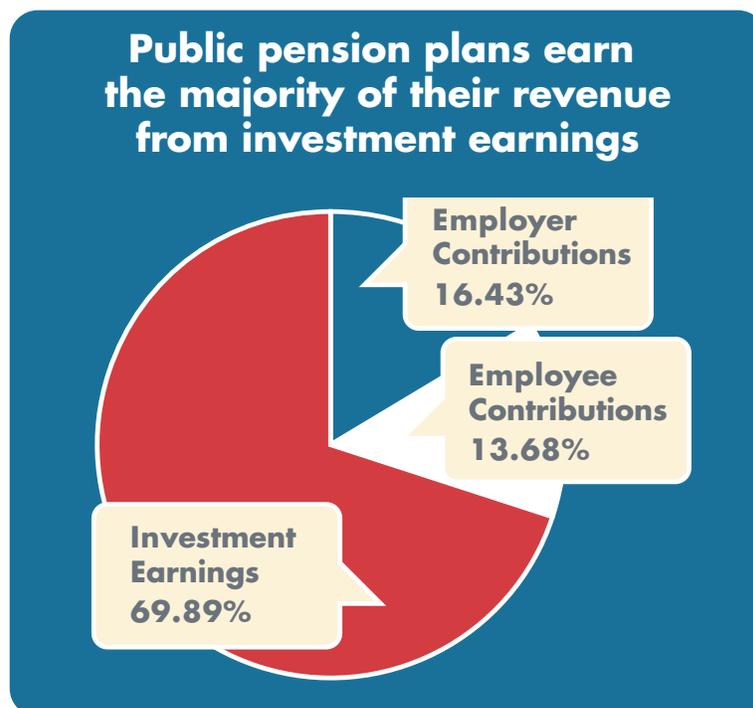
Defined benefit pensions are the most reliable path to a secure retirement for working families. They are also powerful economic engines for local communities. The spending of pension benefits by retirees supports local businesses through purchases of food, medicine, gas, and other staple items.

In 2016, the spending of pension benefits in Wyoming:

- Generated **\$792.3 million** in economic activity
- Supported **5,103** jobs that paid nearly **\$206.8 million** in income

Each dollar paid out in pension benefits creates **\$1.22** in total economic output in Wyoming.

Public pensions are a great investment for taxpayers. Each dollar invested by Wyoming taxpayers in public pensions supports **\$7.44** in economic activity.



Public pension plans create more tax revenue than what is contributed to the plan by the taxpayer. Nationally in 2016, taxpayers saw **\$277.6 billion** in state and local tax revenue because of pension asset investment and the spending of pension benefits. Since taxpayers only contributed **\$140.3 billion** into these funds, taxpayers saw a return of **\$137.3 billion**. In Wyoming, public pension plans create **\$180.3 million** more in tax revenue than what is contributed to the plan by the taxpayer.

Information provided by NIRS. For full reports, go to protectpensions.org/pensionsonmainstreet.

We Must Fight to Protect and Provide a Secure Retirement for Wyoming Teachers, Firefighters, Police Officers, and Other Public Employees. Here's Why.

Inflation Adjustment Talking Points:

- Retired public employees across the state are in dire need of an inflation adjustment this year. The cost of healthcare alone has put a major strain on retirees who have dedicated their entire careers to serving their communities.
- Pension funding is the only item in a state's budget that is pre-funded. Funding levels below 100% are not indicative of problems with the pension system. Maintaining funding discipline is crucial to system health. "Over the past few years, changes were made to assumptions, benefits, and contributions to ensure the long-term health of several plans." [1] We need to let the plan put forth work.
- "Experts find that a funding level of 80% or more is just fine for most public plans." [2]
- [Tell your own story. Legislators need to hear from retirees so they can better understand the issue and see how it affects everyday Wyomingites.]
- Public employees and retirees are the economic foundation to thriving communities, especially in rural Wyoming.
- 79% of pension benefit payments stay right here in Wyoming - that's real money benefiting our local economies. [4]
- According to NCPERS, in 2018, \$616 million in WRS pension benefits generated more than \$1.5 billion in additional personal income and \$382 million in state and local tax revenue. [4]
- WRS recipients in [INSERT COUNTY] earned [INSERT TOTAL] in benefits in 2020. Pension benefits help support main street jobs and businesses. [4]
- According to AARP, Wyoming's retired public employees support 3,358 jobs and \$487 million in economic output in the state. [5]

Protect Pensions for Current Employees Talking Points:

- Pensions cost less to taxpayers than defined-contribution plans like 401(k)s and provide a better benefit to workers. [3]
- Public employees are essential workers. We must fight to protect them.
- As the coronavirus pandemic continues to affect Wyoming, public employees are on the front lines defending our communities. We must fight to protect them and their pensions.
- According to NASRA, Wyoming's state and local governments only spend 1.98% of their budgets on public pension plans compared to the national average of 4.71%, making the state the most efficient in the country. [6]
- In 2018, expenditures stemming from state and local pensions supported 5,121 jobs that paid \$219.0 million in wages and salaries, \$891.5 million in total

economic output and \$129.4 million in federal, state, and local tax revenues in the state of Wyoming. [7]

- Each dollar paid out in pension benefits supported \$1.12 in total economic activity in Wyoming. [7]
- Each dollar “invested” by Wyoming taxpayers in these pension plans supported \$6.90 in total economic activity in the state. [7]

[1] [Wyoming Retirement System Summary Report 2019](#)

[2] U.S. Government Accountability Office, [2008. State and Local Government Retiree Benefits: Current Funded Status of Pension and Health Benefits](#). Washington, DC: U.S. GAO.

[3] National Public Pension Coalition, [Defined Benefit Pension Plans vs. 401\(k\)-style Defined Contribution Plans](#)

[4] [Wyoming Retirement System Summary Report 2020](#)

[5] AARP in the States, [Snapshot: Wyoming Public Employees Pension Plan 2018](#)

[6] [NASRA Issue Brief: State and Local Government Spending on Public Employee Retirement Systems](#), 12/2019. Found on the Wyoming Retirement System Summary Report 2020.

[7] National Institute on Retirement Security: [Pensionomics 2021](#)

WYOMING

RETIREES SUPPORT

Each dollar paid out
in pension benefits
creates **\$1.22** in total
economic activity
totaling **\$792.3 million**
in economic output
across Wyoming.

to take action and learn more, visit
ProtectPensions.org/bucks

WYOMING

RETIREES SUPPORT

In 2016, the spending of pension benefits supported **5,103 jobs** which paid nearly **\$206.8 million** in income in Wyoming.

to take action and learn more, visit
ProtectPensions.org/bucks



**The 80-percent threshold:
Its source as a healthy or minimum funding level for public pension plans**

*Prepared by Keith Brainard and Paul Zorn
January 2012*

Recently, some have challenged the idea that an 80 percent funding level is a healthy level for public pension plans and have asked about the origins of such statements.¹ Based on our research, the use of 80 percent as a healthy or minimum public pension funding level seems to have its genesis in corporate plans, for which it was a statutory threshold. This standard was also applied to private sector multiemployer plans.

However, there may be some confusion about the context in which the funding ratio is being used, since it could be considered in two different contexts. The first is the context of the funding ratio as the funding target, or the ultimate funding goal. Public pension plans generally have a funding policy targeting full funding, i.e., a 100 percent funding level. This is recommended by the Government Finance Officers Association (GFOA) in their Best Practice, “Sustainable Funding Practices of Defined Benefit Pension Plans.”²

The second context is the funding ratio as a general indicator of a pension plan’s health at a specific point in time, possibly pointing to the need for corrective action. This is the context in which the 80-percent threshold is used by the federal government for private sector pension plans. For example, as explained in a 2008 U.S. Government Accountability Office report:

The Pension Protection Act of 2006 provided that large private sector pension plans will be considered at risk of defaulting on their liabilities if they have less than 80 percent funded ratios under standard actuarial assumptions and less than 70 percent funded ratios under certain additional ‘worst-case’ actuarial assumptions. When private sector plans default on their liabilities, the Pension Benefit Guaranty Corporation becomes liable for benefits. These funding standards will be phased in, becoming fully effective in 2011, and at-risk plans are required to use stricter actuarial assumptions that will result in them having to make larger plan contributions.

Pub. L. No. 109-280, sec. 112(a), § 430(i), 120 Stat. 780, 839-42.³

In addition, the 80-percent threshold is used by credit rating agencies as a general indicator of a public plans financial health. For example, in their 2011 report “Enhancing the Analysis of U.S. State and Local Government Pension Obligations,” Fitch Ratings says it “generally considers a funded ratio of 70% or above to be adequate and less than 60% to be weak,” but also goes on to say that the funded ratio is “only one of many factors” used in the analysis of a government’s pension obligations.⁴

Also, in Standard & Poor’s report, “U.S. State Ratings Methodology,” the funding ratio is one of four factors used to evaluate pension liabilities. The other factors are pension funding levels (pertaining to the plan sponsor’s history of paying the Annual Required Contribution); unfunded pension liabilities per capita; and unfunded pension liabilities relative to personal income. S&P assigns a “strong” rating for funding levels above 90 percent; a rating of “above average” for levels between 80 percent and 90 percent; “below average” for funded levels 60 percent to 80 percent; and “weak” below 60 percent.⁵

As explained in the *Public Fund Survey Summary of Findings for FY 2010*, by Keith Brainard:

Funded status is a single-point measure of the degree to which a plan is on course to meet a distant goal. ... The fact that a plan is underfunded is not necessarily a sign of fiscal or actuarial distress; many pension plans remain underfunded for decades without causing fiscal stress for the plan sponsor or requiring benefits to be reduced.

The critical factor in assessing the current and future health of a pension plan is whether or not funding its liabilities creates fiscal stress for the pension plan sponsor. Although a pension plan that is fully funded is preferable to one that is underfunded, other factors held equal, a plan’s funded status is simply a snapshot in a long-term, continuous financial and actuarial process, akin to a single frame of a movie that spans decades.⁶

Keith Brainard is research director at the National Association of State Retirement Administrators. Paul Zorn is director of governmental research at Gabriel, Roeder, Smith & Company.

¹ For example see Girard Miller, “[Pension Puffery](#),” *Governing Magazine*, January 2012.

² Government Finance Officers Association, Best Practice, Sustainable Funding Practices of Defined Benefit

Pension Plans, 2009. (http://www.gfoa.org/index.php?option=com_content&task=view&id=1627)

³ U.S. Government Accountability Office, “State and Local Government Retiree Benefits: Current Funded Status of Pension and Health Benefits,” January 2008. (<http://www.gao.gov/products/GAO-08-223>)

⁴ Fitch Ratings, “Enhancing the Analysis of U.S. State and Local Government Pension Obligations,” 2011. (Note: Fitch would base its measure of funded ratio on a 7% discount rate, so their 70% funded ratio would be higher using a higher discount rate.)
http://www.ncpers.org/Files/2011_enhancing_the_analysis_of_state_local_government_pension_obligations.pdf

⁵ Standard & Poor’s, “U.S. State Ratings Methodology, January 3, 2011.
(http://www.standardandpoors.com/spf/upload/Ratings_US/US_State_Ratings_Methodology_Related_2.pdf)

⁶ Keith Brainard, Public Fund Survey Summary of Findings for FY 2010, National Association of State Retirement Administrators, December 2011. (<http://www.publicfundsurvey.org/publicfundsurvey/summaryoffindings.html>)

HOUSE BILL NO. HB0221

State retirement plans-ad hoc payment.

Sponsored by: Representative(s) Harshman, Henderson, Olsen,
Schwartz and Sweeney and Senator(s) Pappas

A BILL

for

1 AN ACT relating to public employee retirement plans;
2 providing for a single, additional, noncumulative benefit
3 payment under the Wyoming Retirement Act, the Wyoming State
4 Highway Patrol, Game and Fish Warden and Criminal
5 Investigator Retirement Act and the Firemen's Pension
6 Account Reform Act of 1981; specifying legislative intent
7 and making legislative findings; requiring a study of plans
8 administered by the Wyoming retirement system board or
9 director; requiring reports and certifications as
10 specified; and providing for an effective date.

11

12 *Be It Enacted by the Legislature of the State of Wyoming:*

13

14 **Section 1.**

15

1 (a) It is the intent of the legislature to:

2

3 (i) Provide a single, benefit payment to
4 retirees within specified Wyoming public employee
5 retirement plans;

6

7 (ii) Review public employee retirement plans to
8 determine if adjustments for inflation can be made while
9 still keeping the plans actuarially sound.

10

11 (b) The legislature finds:

12

13 (i) Wyoming public employee retirement plans
14 have existed since as early as 1927. Cost-of-living or
15 other benefit adjustments have been made in various public
16 employee retirement plans on an ongoing basis since as
17 early as 1953;

18

19 (ii) 2012 Wyoming Session Laws, Chapter 107,
20 made significant modifications to cost-of-living and other
21 benefit increases in public employee retirement plans.
22 While finding that the actuarial funding levels of the
23 Wyoming plans were higher than many public employee

1 retirement plans in other states, the legislature found
2 that "as constructed by statute, the Wyoming plans were not
3 intended to and cannot support cost-of-living or other
4 benefit increases;"

5

6 (iii) The 2012 enactment removed the authority
7 of the board of the Wyoming retirement system to provide
8 cost-of-living adjustments and placed further restrictions
9 on cost-of-living adjustments. Since the 2012 enactment,
10 no cost-of-living adjustments or other benefit increases
11 have been made under any of the plans subject to the
12 restrictions imposed by that enactment;

13

14 (iv) For the largest retirement plan, Wyoming
15 law has provided, since the initiation of that plan in
16 1949, that the enactment of the plan shall not constitute a
17 contract or create other rights other than to receive a
18 return of contributions upon withdrawal. The recreated act
19 in 1953 reiterated that no contract was created and
20 provided that the state was not incurring any future
21 obligation or liability other than to make the employer
22 contributions specified. Those provisions have remained
23 through the current day. However, the legislature is

1 authorized to make appropriations to satisfy moral
2 obligations of the state. State v. Carter, 215 P. 477
3 (Wyo. 1923). Payment under these retirement plans and this
4 act is not a gift to the employee but is at least in part a
5 recognition of a moral and equitable obligation;

6

7 (v) While stability of retirement plans is
8 critical, fair treatment of public employees is also
9 important in order to employ and retain dedicated
10 employees, as recognized by past legislative actions.

11

12 **Section 2.**

13

14 (a) The board of the Wyoming retirement system shall
15 review the findings underlying the enactment of 2012
16 Wyoming Session Laws, Chapter 107 and report to the
17 legislature:

18

19 (i) Subsequent legislative and board actions
20 which affect the findings of the 2012 enactment;

21

1 (ii) The effect of inflation on retirees since
2 the last benefit adjustments were provided to retirees in
3 each public employee retirement plan;

4

5 (iii) Eligibility of retirees under each of the
6 plans for social security benefits and the effect that
7 eligibility for social security benefits:

8

9 (A) Was and is considered in establishing a
10 plan's benefits, contribution rates and pay provisions for
11 active employees;

12

13 (B) Has in offsetting benefit purchasing
14 power reduced as a result of inflation.

15

16 (iv) Existing and projected funding ratios for
17 each retirement plan, under current law and under any
18 recommended benefit, contribution or other adjustment for
19 each plan;

20

21 (v) An explanation of each plan, providing:

22

1 (A) The contribution rates by employer and
2 employee and identifying mandated employee "out-of-pocket"
3 contributions;

4

5 (B) An explanation of eligibility
6 requirements for normal and early retirement and disability
7 benefits and how benefits are calculated;

8

9 (C) Annual benefits paid;

10

11 (D) Historical changes to each plan; and

12

13 (E) Number of active, inactive and retired
14 participants of each plan.

15

16 (vi) Funds needed to fund each plan at an
17 actuarial funded ratio of one hundred percent (100%) at the
18 time of the report and at a thirty (30) year projection,
19 and benefit adjustments that would reach these ratios
20 without additional increases in funding not currently
21 provided in law;

22

1 (vii) Recommended modifications to current law
2 that provides parameters under which any benefit adjustment
3 may be authorized, including:

4

5 (A) Recommended actuarial funded ratios;

6

7 (B) An index by which to measure true cost
8 increases or decreases for retirees;

9

10 (C) Minimum and maximum adjustments over
11 specified periods and the immediate and projected cost of
12 the adjustments.

13

14 (b) The board shall include within its review the
15 feasibility of establishing an endowment within each
16 retirement fund or account funded by a portion of
17 investment returns, above the assumed rate of return used
18 by the board in calculating the actuarial funding level of
19 each plan, and using earnings from the investment of
20 endowed funds to provide either regular cost-of-living
21 adjustments or ad hoc adjustments for retirees.

22

1 (c) The report required by this section shall be
2 submitted not later than September 1, 2021.

3

4 (d) The joint appropriations committee shall consider
5 the recommendations of the board of the Wyoming retirement
6 system and may develop legislation as the committee
7 determines appropriate for introduction in the 2022 budget
8 session.

9

10 **Section 3.** As used in sections 1 and 2 of this act
11 "public employee retirement plan" or "retirement plan"
12 includes all plans administered by the Wyoming retirement
13 board, the volunteer firefighter, EMT and search and rescue
14 pension plan under W.S. 35-9-616 through 35-9-628 and the
15 paid firemen plan A administered by the Wyoming retirement
16 board under W.S. 15-5-201 through 15-5-209.

17

18 **Section 4.** A single, additional payment shall be made
19 on or before July 1, 2022, to each eligible individual
20 receiving a service pension, survivor's pension, retirement
21 benefit, survivor benefit, death benefit or disability
22 pension or benefit under the Wyoming Retirement Act, the
23 Wyoming State Highway Patrol, Game and Fish Warden and

1 Criminal Investigator Retirement Act or the Firemen's
2 Pension Account Reform Act of 1981 as provided in this
3 section. The additional payment shall be limited to
4 individuals who first began receiving the applicable
5 benefit prior to July 1, 2020, either alone or in
6 combination with a member or retired or disabled employee
7 if the individual is a survivor. If the individual is a
8 survivor, the payment applicable benefit date shall be
9 based on the initial retirement or disability benefit of
10 the pertinent member. Each additional payment to an
11 eligible individual shall be calculated by multiplying the
12 eligible individual's existing annual benefit by one-tenth
13 of one percent (0.1%) for each year his retirement or
14 disability benefit was effective prior to July 1, 2020, or
15 if the individual is a survivor for each year the pertinent
16 member's or employee's benefit was effective prior to July
17 1, 2020, up to a maximum amount of three percent (3%) of
18 the existing annual benefit. The additional payment under
19 this section shall not be ongoing or cumulative.

20

1 **Section 5.** This act is effective immediately upon
2 completion of all acts necessary for a bill to become law
3 as provided by Article 4, Section 8 of the Wyoming
4 Constitution.

5

6

7

(END)

FISCAL NOTE

	FY 2022	FY 2023	FY 2024
NON-ADMINISTRATIVE IMPACT			
Anticipated Expenditure increase			
RETIREMENT FUND-PUBLIC EMPLOYEE PLAN	\$0	\$5,010,887	\$0
RETIREMENT FUND-FIREMAN B PLAN	\$0	\$30,047	\$0
RETIREMENT FUND-GUARD FIRE PLAN	\$0	\$1,342	\$0
RETIREMENT FUND-JUDICIAL PLAN	\$0	\$8,994	\$0
RETIREMENT FUND-LAW ENFORCEMENT PLAN	\$0	\$256,415	\$0
RETIREMENT FUND-VOLUNTEER FIRE	\$0	\$54,206	\$0
RETIREMENT FUND-WARDEN	\$0	\$106,100	\$0

Source of expenditure increase:

The bill provides for a single additional payment to retirees or survivor beneficiaries, on or before July 1, 2022 (FY 2023). The total cost to the affected plans would be approximately \$5,467,991.

Assumptions:

The amount of each check is the multiple of one-tenth of one percent (0.1%) of an individual's current retirement benefit amount and the number of years since an individual's retirement was effective. This check would only apply to retirees/beneficiaries with a benefit effective prior to July 1, 2020, up to a maximum of 3%. This payment would not become an ongoing or cumulative benefit and would not permanently raise the retirement benefit for eligible retirees or survivor beneficiaries.

Any additional fiscal or personnel impact is not determinable due to insufficient time to complete the fiscal note process.

NOTICE-AGENCY ESTIMATE OF ADMINISTRATIVE IMPACT REQUESTED

This bill has administrative impact that appears to increase duties or responsibilities of one or more state agencies and may impact agency spending or staffing requirements. As introduced, the bill does not modify any state agency budget or current personnel authorizations.

The following state agencies will be asked to provide their estimate of the administrative fiscal impact prior to the first committee meeting held to consider the bill:

Retirement System

Prepared by: Dean Temte, LSO Phone: 777-7881
 (Information provided by Mike Bleakley, Retirement System, 777-6109)



Partnering to Build Financial Security For Members and their Families

SUMMARY REPORT 2020



Overview - Pension Contribution

Our nation has been battling the COVID-19 pandemic which is reaching deeply into the fabric of everyone's lives. Markets are volatile, unemployment is surging and lives are disrupted. The toll in human suffering is large and growing. But we are long-term investors and the pandemic highlights the value of what we do. As markets plunged in March and our nation sought emergency financial aid in many forms, WRS pension payments arrived as scheduled. They arrived again in April and again in May and will continue to do so. WRS issued regular monthly pension benefits totaling more than \$656 million during 2019 – about \$55 million every month. WRS has retirees across the globe, but 79% of these payments go to Wyoming zip codes. Wherever they go, these benefits stabilize member families and communities. Our reliable pension payments have always done this, but now it means more.

All this happens with a remarkable value to the taxpayer. Only 30% of the benefits paid come from contributions, either from the employee or the employer. Seventy percent (70%) comes from investment earnings. Moreover, benefits paid revolves in our economy to generate even more personal income and generating tax revenue for state and local governments. A recent study from the National Conference on Public Employee Retirement Systems (NCPERS) found that the \$616 million in WRS pension benefits paid in 2018 generated more than \$1.5 billion in additional personal income and \$382 million in additional state and local government tax revenue.

WRS Board of Trustees

WRS is governed by the Wyoming Retirement Board of Trustees, whose duty is to manage WRS assets and liabilities to keep the retirement plans financially sound. Trustees are fiduciaries and required by law to act in the best financial interest of WRS members.

The Board is comprised of the State Treasurer and ten other members appointed by the Governor and confirmed by the Senate. Five members are appointed from constituent groups with some connection to the System. Five at-large members are appointed who are known for their public spirit and business or professional ability, and at least two of whom have professional expertise in investments and finance.

The Board employs an Executive Director who oversees a staff of about 40 employees. WRS reports annually to the Joint Appropriations Committee.

Mission

The Wyoming Retirement System's mission is to provide expert administration and responsible investment of Wyoming's public retirement and supplemental savings programs.

Vision

Partnering to Build Financial Security for Members and their Families

Values

Integrity

The quality of being honest and having strong moral principles; moral uprightness.

Accountability

The fact or condition of being accountable; responsibility.

Commitment

The state or quality of being dedicated to a cause or activity.

Excellence

The quality of being very good, best of its kind or eminently good.

Who We Serve

WRS administers eight different pension plans and a 457(b) supplemental retirement savings plan. The majority of WRS members are in the Public Employee Pension Plan. Smaller plans exist for judges and public safety professionals because those occupations necessitate a unique benefit structure. WRS also administers a pension plan for volunteer firefighters, volunteer emergency medical technicians and volunteer search and rescue personnel.

Because so many employers in Wyoming participate in the pension plans, members have some pension portability. For example, a member could move from employment with a school district to a state agency without interrupting the accumulation of pension benefits. Overall WRS services 104,000+ accounts.



Our newest plan members include recently added Search and Rescue Volunteers from throughout Wyoming

Employers

As of January 2019, WRS serves 650+ employers and their 41,000 current employees. The employers that participate in WRS range from small to large agencies. Wyoming school districts are the largest category of employers, followed by state government agencies.

A retirement benefit is an important tool used by employers to recruit and retain a qualified workforce. Research shows that a pension plan is a particular help to employers in this regard.¹

About 87 percent of actively employed WRS members surveyed in 2019 said the pension is "Mostly Important" or "Very Important" in keeping them in their current employment.

A retirement benefit is a part of the total compensation determined by each employer. In addition to the required employer contribution, employers have the flexibility to pay for some of the contributions required for employees according to the employer's specific compensation arrangements. Disability and death benefits, also important for human resource management, are included within each pension plan.

1. Do Public Pensions Help Recruit and Retain High-Quality Workers? Center for Retirement Research at Boston College

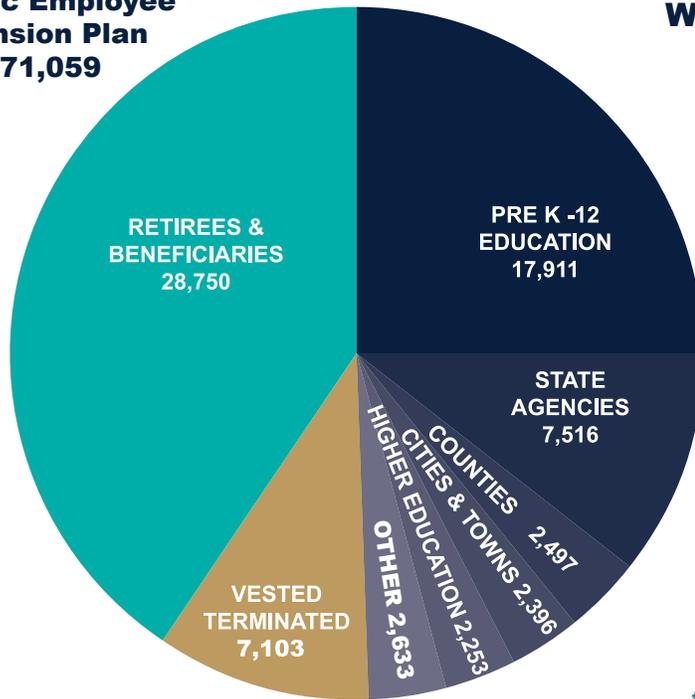
Members

WRS membership includes active members, retirees, and their surviving beneficiaries as well as terminated members who have left their contributions on deposit. Eighty-six percent (86%) of the nearly 41,000 active members are in the large Public Employee Plan. The remaining 14% are in one of the seven smaller judicial and public safety plans. Retiree and beneficiary membership reflects similar proportions.

The State of Wyoming is the single largest employer with about 21% of the active membership across all plans. However, 79% of WRS active members work for local governments. Pre K-12 education is the single largest category of membership and their 17,911 active members are more than double the number of state employees.

WRS members work in all varieties of public service occupations, including teachers, police officers, firefighters, public health professionals, game wardens, accountants, professors, and mechanics, to name just a few. WRS active members provide essential public services upon which we all depend. Retirees did the same when they were working, and often still make important contributions to their communities. Wherever you see public service in Wyoming, past or present, a WRS member is likely there.

Public Employee Pension Plan
71,059



Largest member group in the Wyoming Retirement System is from the education field.

WRS Pension Benefit Facts

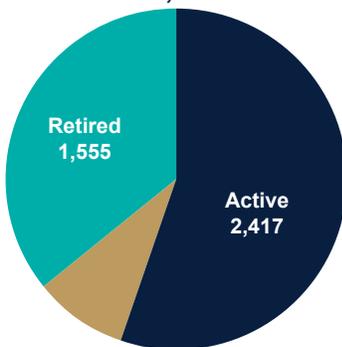
1970
Retirement year of our longest paid retiree

765
Retirees over the age of 90

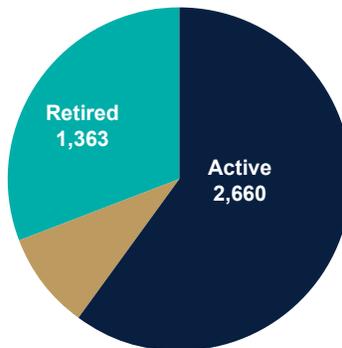
21
Retirees over the age of 100

108
The age of our oldest retiree

Volunteer Firefighter, EMT & SAR
5,968



Law Enforcement
5,490



Patrol, Warden & DCI
741



Air Guard Firefighter
60



Judicial
80



Paid Firemen's A
275



Paid Firemen's B
606



Public Employee Plan Total does not equal pie chart breakdown due to members who work for multiple employers.

Cost Comparison

Pension costs paid by state and local government employers vary and reflect multiple factors, including differing levels of public services, benefits, pension funding levels, employer effort to pay required contributions, and the fiscal condition of states and their political subdivisions, among others.

Compared to the national average for pension plan spending of 4.71%, Wyoming's contribution rate is 1.98% of state and local government budget expenses.



5%

National average for pension plan spending is 4.71%.

2%

Contributions to the Wyoming Retirement System totaled 1.98% of state and local government budget expenses.²

2 - NASRA Issue Brief: State and Local Government Spending on Public Employee Retirement Systems Published 12/2019



Educators, law enforcement and firefighters from around the state participate in our pension plans.

Funding Status

The WRS Board closely monitors funding status and has an actuarial study, or valuation report, done for each plan every year. The valuation report estimates the long-term liabilities of the plan based on assumptions about investment returns, inflation, future salary increases, member life spans, and other factors. An experience study, which examines these assumptions, is done every three to five years with the most recent in 2017.

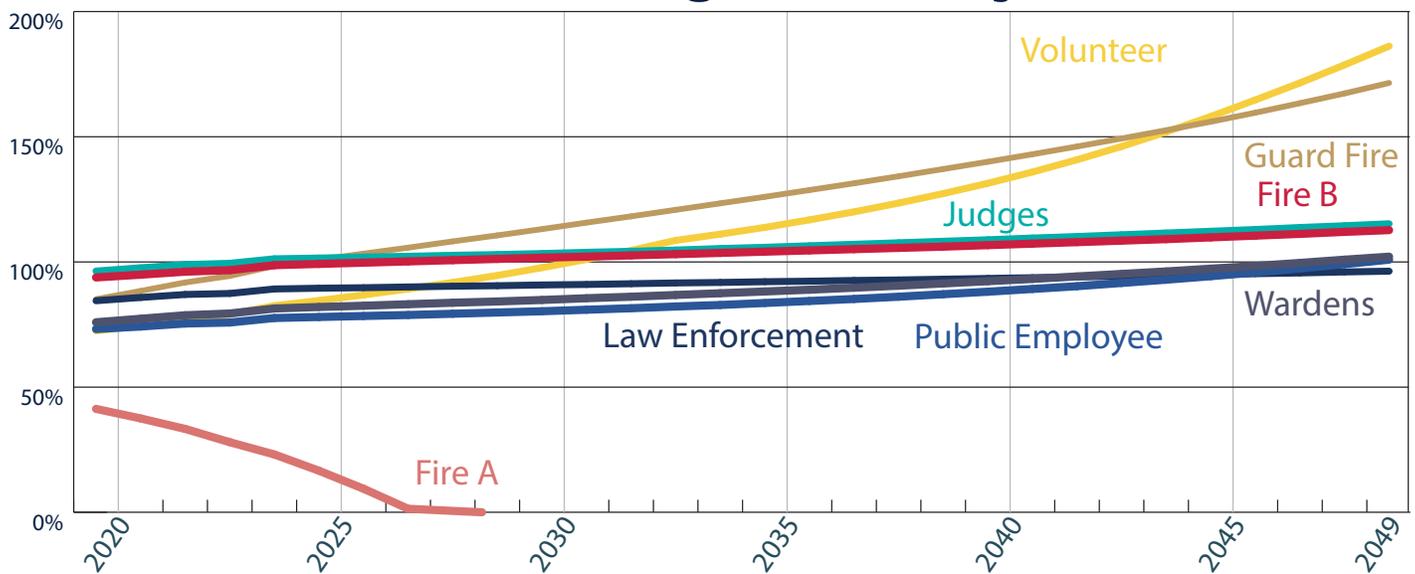
The funding ratio—assets of the plan divided by liabilities—is a key measure of a pension plan’s health. The funding ratio is most meaningful when viewed in the context of additional factors such as the adequacy of incoming contributions, the financial health of member employers, investment strategy, the projected trend in funding status, and the realized accuracy of actuarial assumptions.

A current ratio below 100 percent does not necessarily indicate a funding problem as long as incoming contributions are adequate to meet projected future benefit payments. Over the past few years, changes were made to assumptions, benefits, and contributions to ensure the long-term health of several plans.

Careful management by the Board, as well as partnerships with the Legislature and other stakeholders, has positioned all of WRS’s open plans for sustainability.

The Paid Firefighter A Plan has been closed to new members and will require a legislative solution to address the long-term funding problem in that plan. Currently, the plan is projected to run out of money by March 2028.

30 Year Funding Ratio Projections



	Public Employee	Fire A	Fire B	Wardens	Law Enforcement	Judges	Guard Fire	Volunteer
2020	73.2%	41.3%	93.8%	75.9%	84.5%	95.1%	85.1%	72.5%
2025	78.0%	16.6%	99.2%	82.0%	89.5%	100.3%	100.9%	84.6%
2030	80.3%	0.0%	101.7%	84.8%	90.8%	102.1%	113.1%	97.7%
2035	83.6%	0.0%	104.1%	88.2%	92.1%	104.6%	126.0%	113.8%
2040	88.1%	0.0%	106.7%	92.3%	93.4%	107.6%	140.0%	127.8%
2045	94.3%	0.0%	109.8%	97.3%	94.9%	111.0%	156.0%	142.5%
2050	102.8%	0.0%	113.6%	103.4%	96.7%	114.8%	175.8%	158.1%

Current Contribution Rates as of July 1, 2020

Plan	Employer Rate	Employee Rate	Total Rate
Public Employee*	9.12%	9.00%	18.12%
Warden, Patrol, & DCI	14.88%	14.56%	29.44%
Law Enforcement	8.60%	8.60%	17.20%
Judicial	14.50%	9.22%	23.72%
Guard Fire	7.12%	16.65%	23.77%
Paid Fire A	Contributions suspended April of 1997		
Paid Fire B*	14.00%	10.245%	24.245%
Volunteer Firefighter & EMT		\$18.75	
Search and Rescue		\$37.50	

*Note: Public Employee plan is scheduled to increase to 18.62% as of July 1, 2021.
 Paid Fire B is scheduled to increase to 27.245% as of July 1, 2022.

In general, 30-year projections for 2020 indicate all open plans are on track to reaching near 100 percent funding or more within 30 years. The closed Paid Fire A plan will need a legislated solution. Long term projections can change significantly from year to year. Additional changes were made to the Volunteer Firefighter, EMT, and Search and Rescue plan during the most recent legislative session. Several other plans are still working on implementing previous changes. Time will determine the impact of these changes to contribution rates and benefit provisions. WRS believes a monitoring period is best suited for the present circumstances and continues to evaluate the need for additional changes in contributions, benefits, or both.



Economic Impact

In 2019, WRS paid over \$656 million in regular benefits and another \$24 million in refunds and death benefits. About 79% of these payments remain in Wyoming.

The ripple effect of these payments helps to stimulate and stabilize both the state and local economies. Pension payments also offer excellent retirement security and reduce economic hardship among the elderly.

WRS Benefits make an Economic Impact
\$680 Million paid annually by WRS
\$533 Million paid to retirees living in Wyoming

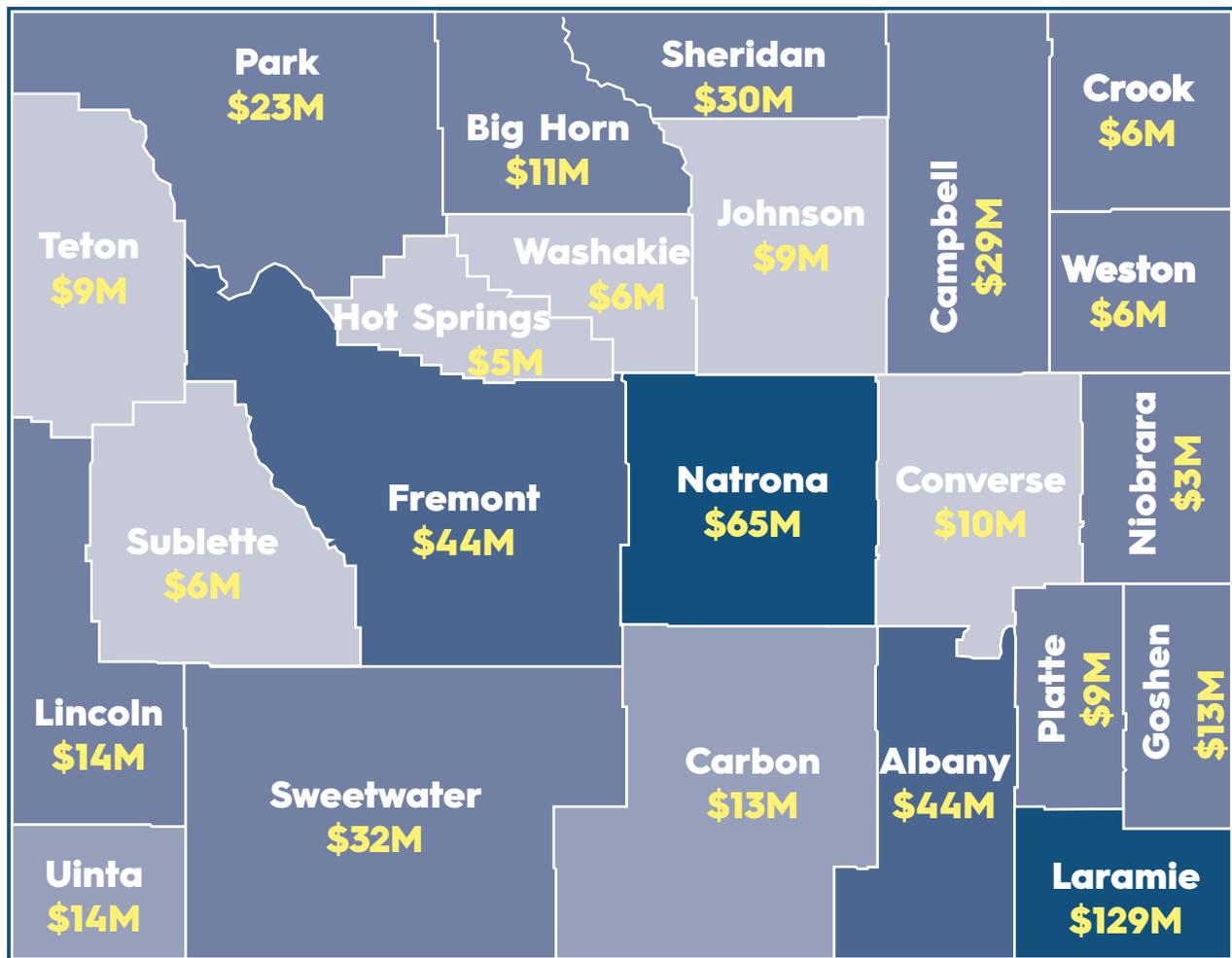


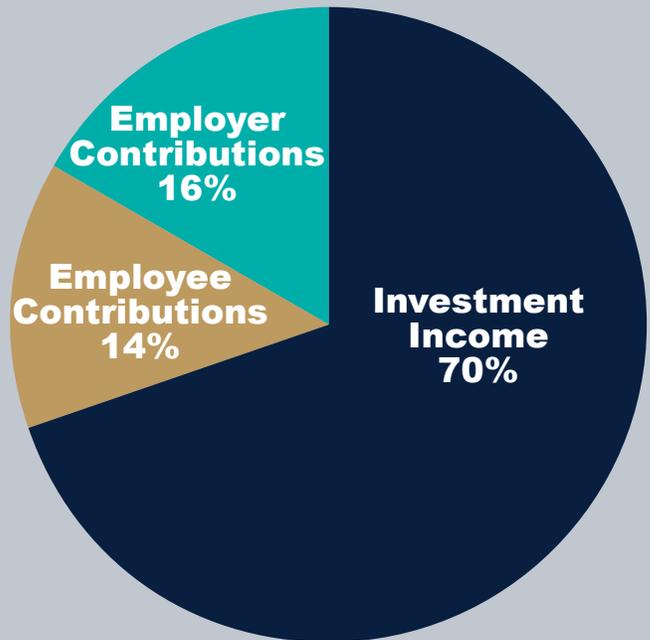
Chart includes refunds in addition to pension payments. County payments may not total to "Inside WY" payments due to rounding.

One important aspect of a pension is that retirement payments are paid for life, ensuring the retiree will have a degree of financial security, even in the event of a long life span.

WRS Investments Pay 70% of the Cost of Plan Benefits

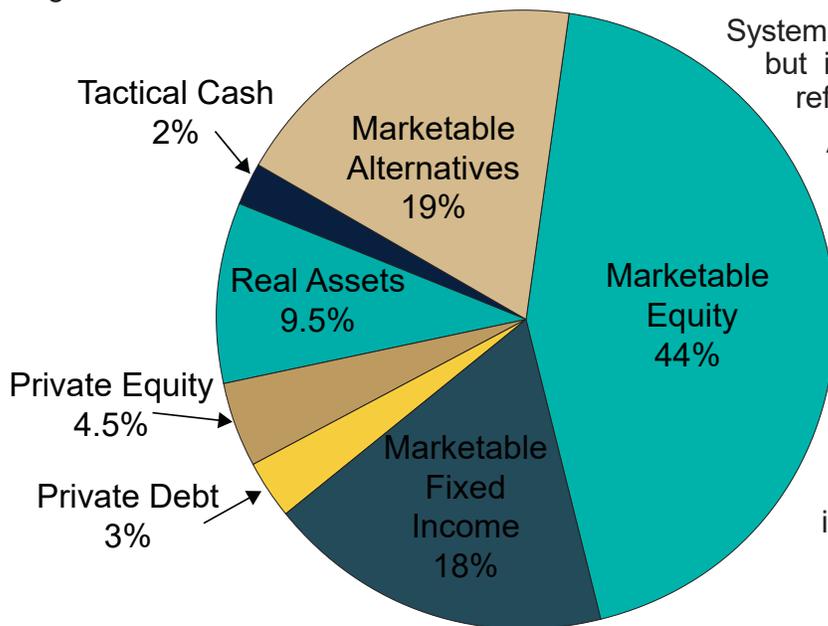
WRS investment returns cover 70% of the plan's expenses. Funding a pension plan takes place over many years. It involves a combination of contributions from employers, employees and compounded investment returns. Contributions are invested with a long-run strategy to generate higher investment earnings, within risk tolerances established by the Board.

Note: Pensionomics 2018, National Institute on Retirement Security between 1993 and 2016. Nirsonline.org



Strategic Target Asset Allocation

Asset allocation is neither static nor straightforward. To a significant degree, the decisions made by the Board dictate the amount of risk assumed by the portfolio and the associated investment return expected over the long-term.



Systematic approaches to asset allocation can be useful, but in the final analysis, asset allocation decisions reflect the institutional beliefs of the Board.

Asset allocation decisions are long-term in nature and therefore give WRS the ability to hold a higher level of risk-bearing assets. By assuming more risk, it is expected that long-term returns will be considerably higher than if the focus is strictly on short-term capital preservation.

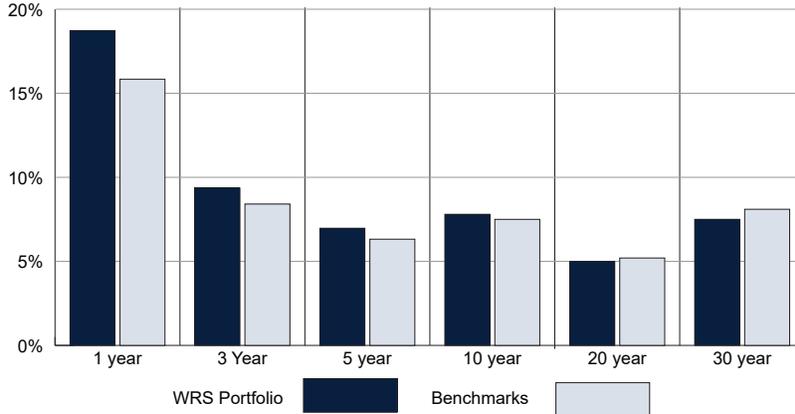
Generating higher long-term returns enables WRS to reduce the amount of money needed from participant contributions to fund the system properly. The accompanying pie chart illustrates the Strategic Asset Allocation of the WRS investment portfolio as of December 31, 2019.



Investments

WRS invests approximately \$9.0 Billion with a combined investment strategy for all plans. The Board establishes parameters for asset allocation and delegates investment manager selection and tactical allocation decisions to its Chief Investment Officer with Executive Director Approval. The asset allocation is designed to achieve the Board's assumed rate of return over long periods. Currently, the assumed rate of return is 7.0 percent. The Board also measures performance relative to shorter-term benchmarks to evaluate investment policy implementation decisions.

Annualized Net Returns
as of 12/31/2019



	1 YR	3 YR	5 YR	10 YR	20 YR	30 YR
WRS	18.72%	9.36%	6.97%	7.80%	5.0%	5.2%
Benchmark	15.84%	8.41%	6.32%	7.10%	7.5%	8.1%
Difference	2.88%	0.95%	0.65%	0.70%	-2.5%	-2.9%

Note: WRS added professional investment staff in 2008

Financial Summary

WRS receives statutorily required incoming contributions, from both employers and employees to pre-fund future pension benefit payments. This allows WRS to invest the contributions and increase assets available to pay benefits over the long term. Each plan has a different contribution rate, based on what is needed to fund promised benefits.

In aggregate, the pension plans paid out more in benefits in 2019 than was received in contributions. This is normal for a mature pre-funded pension plan, as investment earnings represent a large portion of benefits paid. A well-funded plan will have a higher percentage of benefits paid from investment earnings, highlighting the importance of stable and conservative investment practices.



2019 Financial Summary for All Plans Combined

Total 12/31/2019 Pension Fund Balance	\$9,040,666,951
Employee Contributions	\$175,173,390
Employer Contributions	\$177,686,763
Other Contributions	\$11,390,591
Investment Gain/(Loss)	\$1,450,039,037
Benefits Paid	\$679,686,847

Putting Your Retirement Together

Retirement preparation is a shared responsibility. WRS members and employers contribute to the WRS Pension throughout their careers. Most also contribute to Social Security and, in many cases, personal retirement savings such as the WRS 457(b) Deferred Compensation Plan.

The WRS Board believes that a secure retirement is ideally composed of these three components that will provide a steady retirement income over a long life span.



457(b) Plan + Personal Savings

WRS administers the Wyoming Deferred Compensation Plan, which is an elective supplemental savings plan. The Plan is a type of “defined contribution” plan, commonly understood as a 401(k) plan for the public sector. The Plan is a tax-advantaged structure that allows each individual to decide how much to invest in working years to supplement other retirement benefits.



Pension

WRS Pension Plans provide a member with a monthly payment for life once the member meets the age, vesting, and service qualifications. In general, the amount of this “defined benefit” is determined by a formula based on the member’s salary, length of service, and age at retirement.

Social Security

Most of WRS’ members also participate in Social Security with the exception of paid firefighters and some police. Social Security provides a basic safety net for retirees and important death benefits to active workers. Learn more by visiting ssa.gov.

Public Employee Pension Plan Retirement Benefits

The average WRS Public Employee Plan Pension benefit paid to retirees in 2019 was \$20,652 annually or \$1,721 a month. The average service at retirement is 19.9 years, and about 19 percent of all retirees are career employees with 30 or more years of service. When combined with Social Security, the benefits of the Public Employee Pension Plan allow career members (assumed to be those with 30 years of service), to maintain their pre-retirement standard of living at the time of retirement. When compared to a regional peer group WRS Public Employee pension benefits are within the norm (See the chart at the bottom of page 11).

Average Annual Payment
\$20,652

Average Service at Retirement
19.9 Years

Average Age of Beneficiaries
73

Policy Considerations

The WRS Board carefully manages its pension plans with the goal of keeping pension promises. This encompasses both sustainability and affordability. The Board is diligent in upholding its duty to act in the best interest of members. A strong non-partisan governance process has evolved with legislative liaisons and frequent reporting to the Governor and Joint Appropriations Committee. WRS believes retirement security is a shared responsibility between employers and employees and reaches thousands of members each year with education, equipping them to play their part.

In general, a defined benefit pension plan can pay more retirement benefits than a defined contribution plan for the same amount of contribution. Defined benefit plans can achieve cost-savings and superior returns as a result of professionally managing a large pool of assets. Defined benefit plans can base their investment strategy on a continuously long investment time horizon. Individuals would need to adjust their investments according to a decreasing time horizon in order to protect against losses in retirement.

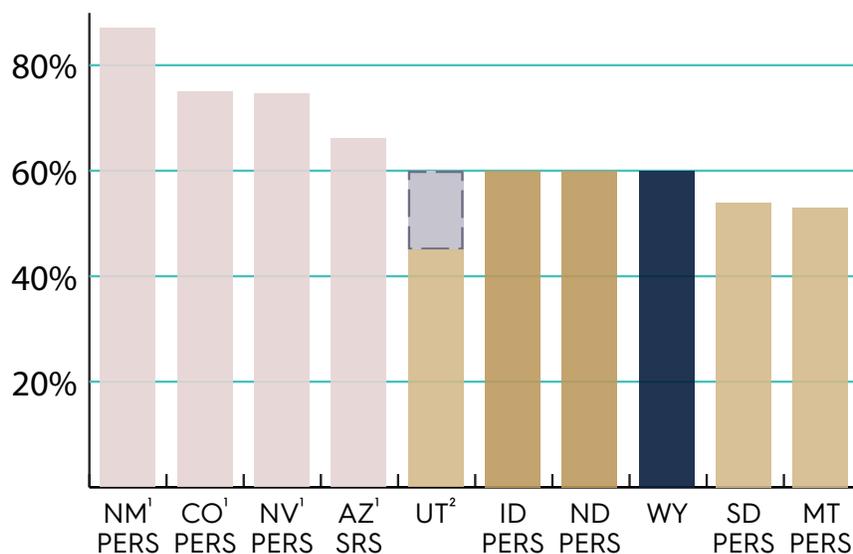
Because of the long-time horizons involved, careful management of a pension plan necessitates ongoing monitoring of actuarial assumptions, funding status, and contribution requirements, which could lead the Board to recommend incremental changes. Once changes are made, time is needed to determine the effect.

In contrast, members of a defined contribution plan make individual decisions about how much to contribute, how to invest, and how to withdraw. A defined contribution plan is usually more portable than a pension. However, short-term market conditions and uninformed investment decisions can have negative impacts on an individual's retirement income. When a defined contribution plan is the primary retirement plan, an individual could run out of money, particularly if he or she lives for a long time after retirement.

The WRS Board believes, and passed a resolution affirming, that a defined benefit plan supplemented by the 457(b) plan is the best way to provide retirement benefits for the public employees of Wyoming.

The Board continues to advocate for a Cost of Living Adjustment (COLA). While COLA suspension was necessary in the wake of the 2008 financial crisis, the Board is aware that the ongoing lack of a COLA imposes increasing hardship on many retirees.

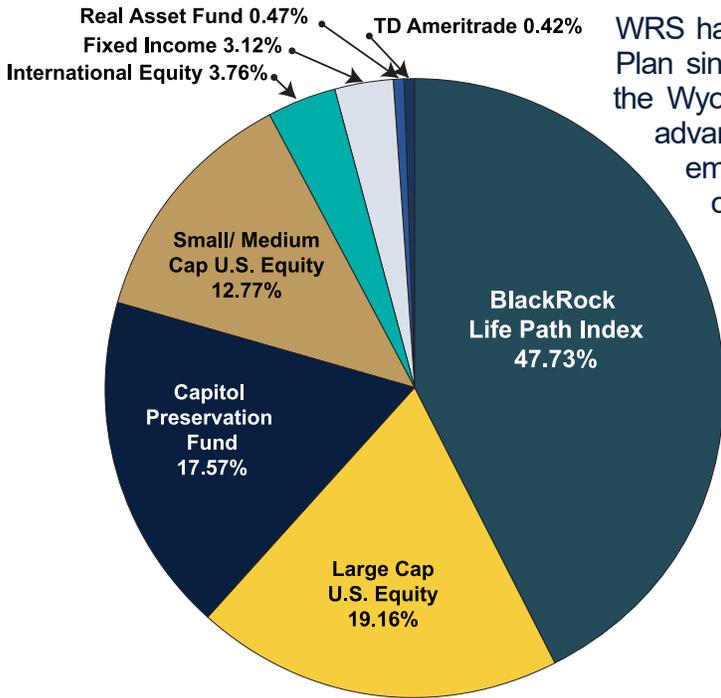
WRS Public Employee Plan Versus Peer Group



Based on a 2019 WRS Comparison of Public Employee Pension Plan tier 2 to Regional Peers assuming 30 years of service. 1 - These plans do not participate in Social Security. 2 - Since 2011 Utah offers a Hybrid Retirement shown here is the 45% provided by the DB component and a dashed boxed representing the uncertain amount provided by the DC component. Source: NASRA June 2019 Retirement System Benefits & Eligibility for General Employees & Teachers.



Deferred Compensation Plan



Note: Distribution of investments based on member allocations.

WRS has administered the Deferred Compensation Plan or 457(b) Plan since 2001. Prior to 2001, the program was administered by the Wyoming Treasurer's Office. The Plan is a non-qualified, tax-advantaged retirement savings plan available to governmental employers to offer as an additional benefit to their employees. As of December 31, 2019, plan assets totaled \$801,430,934. 296 non-state agencies have adopted the WRS 457(b) Plan, and five are utilizing optional auto-enrollment, which enhances optimal saving outcomes. Fifteen thousand (15,000) public employees are currently saving in the Plan.

During 2019 eligible plan participants, including retirees, withdrew \$16.2 million as supplemental income from their WRS 457(b) Plan.

296
Participating
Agencies

\$16.2 million
in Supplemental
Income Paid

\$801 million
in Assets in the
457(b) Plan

Board Members



(From left to right) Tim Sullivan, Kay Watson, Brian Foster, Curt Meier - State Treasurer, Garth Shanklin, Laura Ladd - Board Chair, Eric Nielson, Tom Chapman - Vice Chair, Vicci Colgan, Keith Hay, Mike Ceballos

Our Legacy & Promise to You

WRS issued the First Retirement Check, in 1953

to Frank H. Allyn when he retired from the Wyoming Highway Department after working 30 years as a draftsman.



(From left to right) Board Chair R. G. Stopp, Secretary John Kugland and Frank H. Allyn.

Since 1953, the Wyoming Retirement System has endeavored to provide excellent administration of Wyoming's public pension and retirement savings programs. Today's system is a proud legacy of the 1953 Wyoming Retirement Act that has evolved over the years to serve the needs of members and employers and adapt to an ever-changing world. The WRS staff and Wyoming Retirement Board are committed to continuing the legacy and keeping the system strong.

Wyoming Retirement System