

WYOMING

Key Findings

Benefits paid by state and local pension plans support a significant amount of economic activity in the state of Wyoming.

Pension benefits received by retirees are spent in the local community. This spending ripples through the economy, as one person's spending becomes another person's income, creating a multiplier effect.

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
- \$129.4 million in federal, state, and local tax revenues

... in the state of Wyoming.

Each dollar paid out in pension benefits supported \$1.12 in total economic activity in Wyoming.

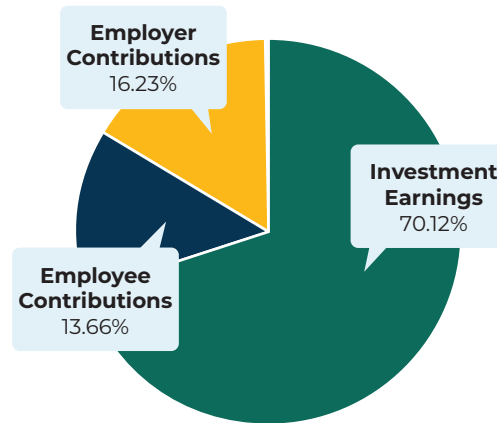
Each dollar "invested" by Wyoming taxpayers in these pension plans supported \$6.90 in total economic activity in the state.

Pensionomics 2021:

Measuring the Economic Impact of DB Pension Expenditures

Overview

Expenditures made by retirees of state and local government provide a steady economic stimulus to Wyoming communities and the state economy. In 2018, 37,943 residents of Wyoming received a total of \$796.4 million in pension benefits from state and local pension plans.



The average pension benefit received was \$1,749 per month or \$20,991 per year. These modest benefits provide retired teachers, public safety personnel, and others who served the public during their working careers income to meet basic needs in retirement.

Between 1993 and 2018, 16.23% of Wyoming's pension fund receipts came from employer contributions, 13.66% from employee contributions, and 70.12% from investment earnings.* Earnings on investments and employee contributions—not taxpayer based contributions—have historically made up the bulk of pension fund receipts.

Impact on Jobs and Incomes

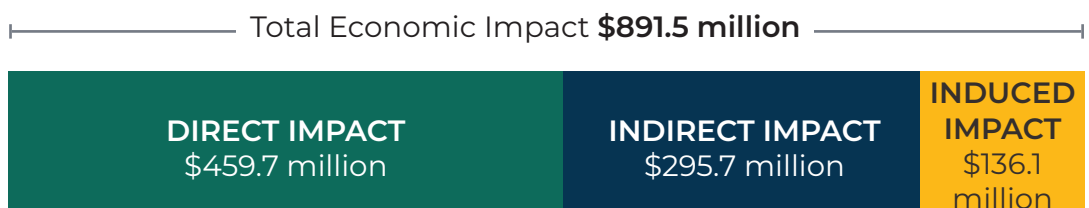
Retiree expenditures stemming from state and local pension plan benefits supported 5,121 jobs in the state. The total income to state residents supported by pension expenditures was \$219.0 million.

To put these employment impacts in perspective, in 2018 Wyoming's unemployment rate was 3.9%. The fact that DB pension expenditures supported 5,121 jobs is significant, as it represents 1.79 percentage points in Wyoming's labor force.

Economic Impact

State and local pension funds in Wyoming and other states paid a total of \$796.4 million in benefits to Wyoming residents in 2018. Retirees' expenditures from these benefits supported a total of \$891.5 million in total economic output in the state, and \$461.4 million in value added in the state.

\$459.7 million in direct economic impacts were supported by retirees' initial expenditures. An additional \$295.7 million in indirect impact resulted when these businesses purchased additional goods and services. \$136.1 million in induced impacts occurred when workers employed by businesses as a result of the direct and indirect impacts made expenditures.



Economic Multipliers

Taxpayer Contribution Factor*



\$1.00

contributed by taxpayers to Wyoming pensions over 30 years



\$6.90

total output



Each \$1 in taxpayer contributions to Wyoming's state and local pension plans supported \$6.90 in total output in the state. This reflects the fact that taxpayer contributions are a minor source of financing for retirement benefits—investment earnings and employee contributions finance the lion's share.

Pension Benefit Multiplier



\$1.00

pension benefits paid to retirees in Wyoming



\$1.12

total output



Each \$1 in state and local pension benefits paid to Wyoming residents ultimately supported \$1.12 in total output in the state. This "multiplier" incorporates the direct, indirect, and induced impacts of retiree spending, as it ripples through the state economy.

*Caution should be used in interpreting these numbers. See the Technical Appendix of the full *Pensionomics* report for details.

Impact on Tax Revenues

State and local pension payments made to Wyoming residents supported a total of \$129.4 million in revenue to federal, state, and local governments. Taxes paid by retirees and beneficiaries directly out of pension payments totaled \$24.7 million. Taxes attributable to direct, indirect, and induced impacts accounted for \$104.7 million in tax revenue.

| | |
|-----------------|-----------------|
| Federal Tax | \$76.8 million |
| State/Local Tax | \$52.6 million |
| Total | \$129.4 million |

Economic Impacts by Industry Sector

The economic impact of state and local pension benefits was broadly felt across various industry sectors in Wyoming. The ten industry sectors with the largest employment impacts are presented in the table below.

| Industry | Employment Impact (# Jobs) | Labor Income Impact | Value Added Impact | Output Impact |
|---------------------------------------|----------------------------|---------------------|--------------------|---------------|
| Limited-service restaurants | 305.20 | \$6,311,777 | \$10,247,899 | \$23,015,779 |
| Full-service restaurants | 287.70 | \$6,505,109 | \$9,218,553 | \$17,596,894 |
| Other real estate | 166.90 | \$3,759,445 | \$9,662,903 | \$29,267,717 |
| Retail - General merchandise stores | 152.80 | \$4,912,020 | \$7,957,081 | \$12,133,757 |
| Tenant-occupied housing | 145.10 | \$2,945,786 | \$32,993,700 | \$38,802,579 |
| Offices of physicians | 144.50 | \$15,526,573 | \$17,863,250 | \$26,472,281 |
| Retail - Food and beverage stores | 135.70 | \$4,395,892 | \$6,815,655 | \$10,744,142 |
| Hospitals | 129.50 | \$10,042,902 | \$12,085,260 | \$22,936,528 |
| All other food and drinking places | 127.10 | \$2,775,985 | \$4,361,936 | \$7,154,958 |
| Offices of other health practitioners | 116.50 | \$6,705,615 | \$6,129,551 | \$8,847,163 |

Industry totals include the first round of impacts from pension payments to state residents, and do not account for recaptured "leakage" to or from other states.



We must fight to protect the pensions of Wyoming's hard-working teachers, firefighters, police officers, and other public employees.
Here's why:

Protect Pensions for Current Public Employees Talking Points

- Wyoming's public employees serve their communities every day, making our state a better place to live. They've earned their pensions, and we must fight to protect them.
- Pensions cost less than defined-contribution plans like 401(k)s, while providing a more secure retirement for public employees.
- Wyoming's public pensioners have a profound economic impact on the state's local communities. In 2018, expenditures from state and local pensions supported 5,121 jobs that paid \$219 million in wages, \$891.5 million in total economic output, and \$129.4 million in federal, state, and local tax revenue.¹
- Each dollar paid in pension benefits in Wyoming in 2018 supported \$1.12 in total economic activity in the state.²
- Reports indicate that providing pensions to public employees plays an outsized role in recruiting and retaining the best workers.³
- Wyoming's state and local governments only spend 2.13% of their budgets on public pension plans compared to the national average of 5.16%, making the state the most efficient in the nation.⁴

¹ Boivie, I., & Doonan, D. (2021, January). *Pensionomics 2021: Measuring the economic impact of DB pension expenditures*. National Institute on Retirement Security. Retrieved from <https://www.nirsonline.org/wp-content/uploads/2020/12/Pensionomics-2021-Report-Final-V6.pdf>.

² Boivie, I., & Doonan, D. (2021, January). *Pensionomics 2021: Measuring the economic impact of DB pension expenditures*. National Institute on Retirement Security. Retrieved from <https://www.nirsonline.org/wp-content/uploads/2020/12/Pensionomics-2021-Report-Final-V6.pdf>.

³ Collier, A. (2021, May). *Fiscal Responsibility and 401(k)s: Why converting public employees to defined-contribution retirement plans is wrong for your state*. National Public Pension Coalition. Retrieved from <https://protectpensions.org/wp-content/uploads/2021/04/WY-conversion-final.pdf>.

⁴ NASRA Issue Brief: *State and Local Government Spending on Public Employee Retirement Systems*. National Association of State Retirement Administrators. (2020, December). Retrieved from <https://www.nasra.org/files/Issue%20Briefs/NASRACostsBrief.pdf>.



- 79% of pension benefit payments stay right here in Wyoming - that's real money benefiting our local economies.⁵
- Public employees and retirees are the economic foundation for thriving communities, especially in rural Wyoming.
- In August 2021, the Department of Administration and Information in collaboration with the Jobs/Workforce Committee found that 56% of public employees cite their retirement benefits as the reason they chose to work for the State of Wyoming. In the same survey, it was found that 55% of public employees cite their retirement as a reason they keep working for the State of Wyoming.⁶

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.
- It has been 14 years since retired public employees have received an inflation adjustment in Wyoming. As the price of gas, groceries, and medication increases year after year, retired public employees are falling behind.
- In November, it was announced that Wyoming saw the state's annual inflation rate rise to 7.7%, which is the highest rise in annual inflation since the 2008 recession.⁷ Wyoming's inflation rate was higher than the national average of 6.8%.⁸

⁵ *Wyoming Retirement System Summary Report 2020*. Wyoming Retirement System. (2020). Retrieved from <https://retirement.wyo.gov/-/media/Files/Admin/Summary-Reports/2020SummaryReport.ashx>.

⁶ *State of Wyoming Compensation Facts: Budget Session 2022*. The Wyoming Department of Administration and Information. 2022.

⁷ Hall, Jasmine. "Wyoming sees highest inflation increase since early 2000s." *The Sheridan Press*. November 15, 2021. Retrieved from https://www.thesheridanpress.com/news/regional-news/wyoming-sees-highest-inflation-increase-since-early-2000s/article_32f81efe-4642-11ec-b9dc-97add360014.html

⁸ Lane, Sylvan. "Annual inflation rises to 6.8 percent, the highest rate since 1982." *The Hill*. December 10, 2021. Retrieved from: <https://thehill.com/policy/finance/585263-annual-inflation-rises-to-68-percent-the-highest-rate-since-1982#:~:text=Economists%20expected%20the%20CPI%20to,is%20the%20highest%20since%201982.>



- “Experts find that a funding level of 80% or more is just fine for most public plans.”⁹

⁹ *State and Local Government Retiree Benefits: Current Funded Status of Pension and Health Benefits.* U.S. Government Accountability Office. January 29, 2008. Retrieved from: <https://www.gao.gov/products/gao-08-223>.



Partnering to Build Financial Security For Members and their Families

SUMMARY REPORT 2021



Overview - Pension Changes

Our nation is coming out of the worst pandemic in a 100 years and yet we find ourselves in a stronger position than we were a year ago. Markets continue to be volatile and yet growth is happening as the stimulus continues to help the economy. Even with the volatility of the past year, we are long-term investors and the pandemic highlighted the value of what our professional investment team does. WRS pension payments arrived as scheduled during the pandemic. WRS issued pension benefits totaling more than \$707 million during 2020 – about \$58 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 members' families and communities. Our reliable pension payments have always done this, but right now it provides critical payments into Wyoming communities.

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. 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.

Board Changes for 2021

2021 brings change to the WRS Board as we thank departing Trustees Laura Ladd, Garth Shanklin and Keith Hay for their many years of service and volunteerism. We are grateful for their exceptional dedication to WRS and the successful financial futures of our members.

Joining the Board as new trustees, appointed by Governor Gordon and confirmed by the Wyoming State Senate, are Dr. Lesley Travers from Torrington, Mr. John Lummis from Jackson, and Mr. Robert Leibrich from Sheridan. Mr. Paul O'Brien from Jackson was appointed by Governor Gordon in September of 2020 to replace departing Trustee Brian Foster. WRS welcomes our new trustees and thanks them for their volunteerism, leadership and altruism.

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.



Wyoming Pension plans cover most public safety employees and most teachers from across Wyoming.

Employers

As of January 2021, WRS serves 660+ 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.

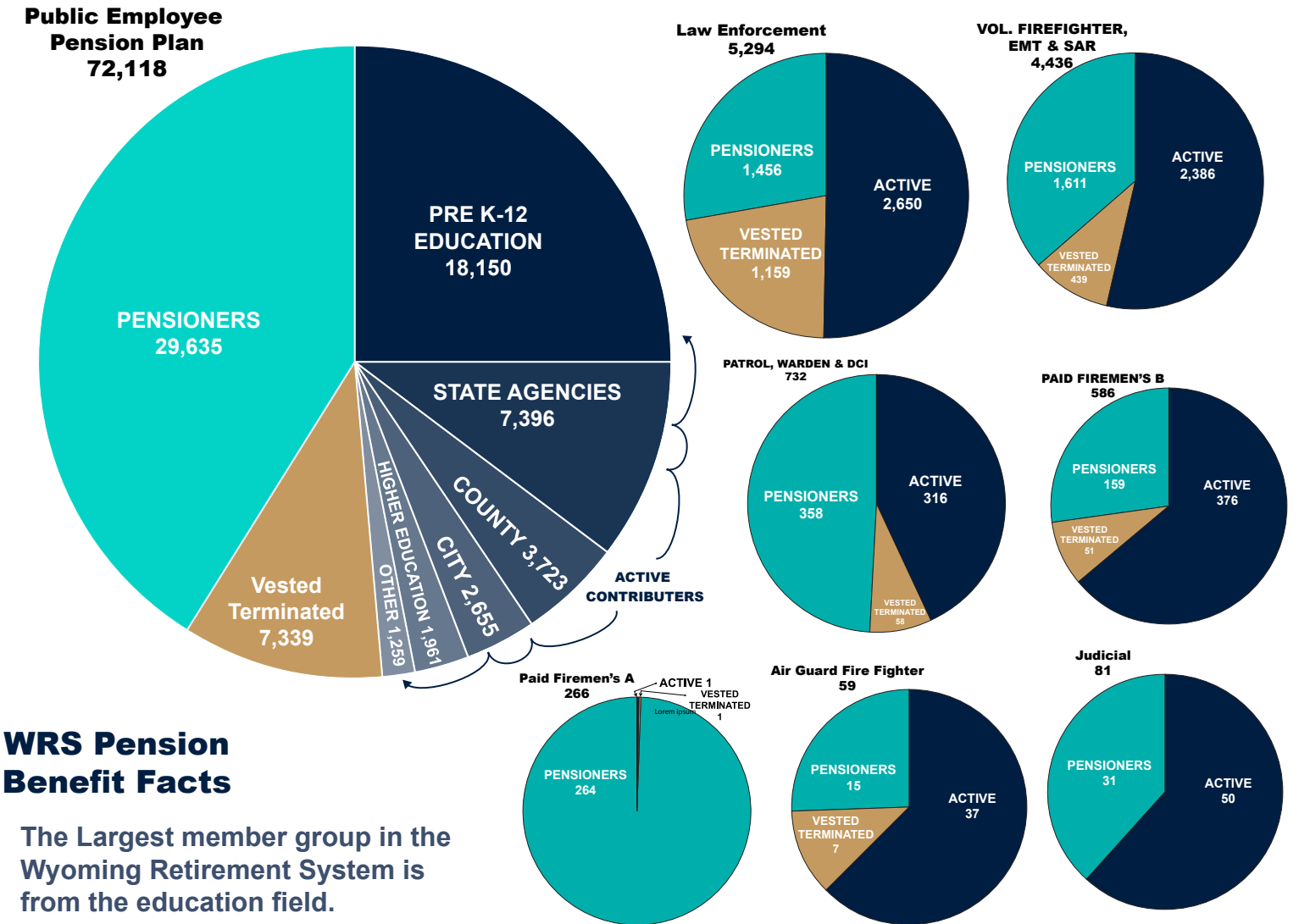
1. Do Public Pensions Help Recruit and Retain High-Quality Workers? Center for Retirement Research at Boston College

Members

WRS membership includes active members, retirees, and their surviving pensioners 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 Pensioner 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.



WRS Pension Benefit Facts

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

1970
Retirement year of
our longest paid retiree

715
Retirees over the
age of 90

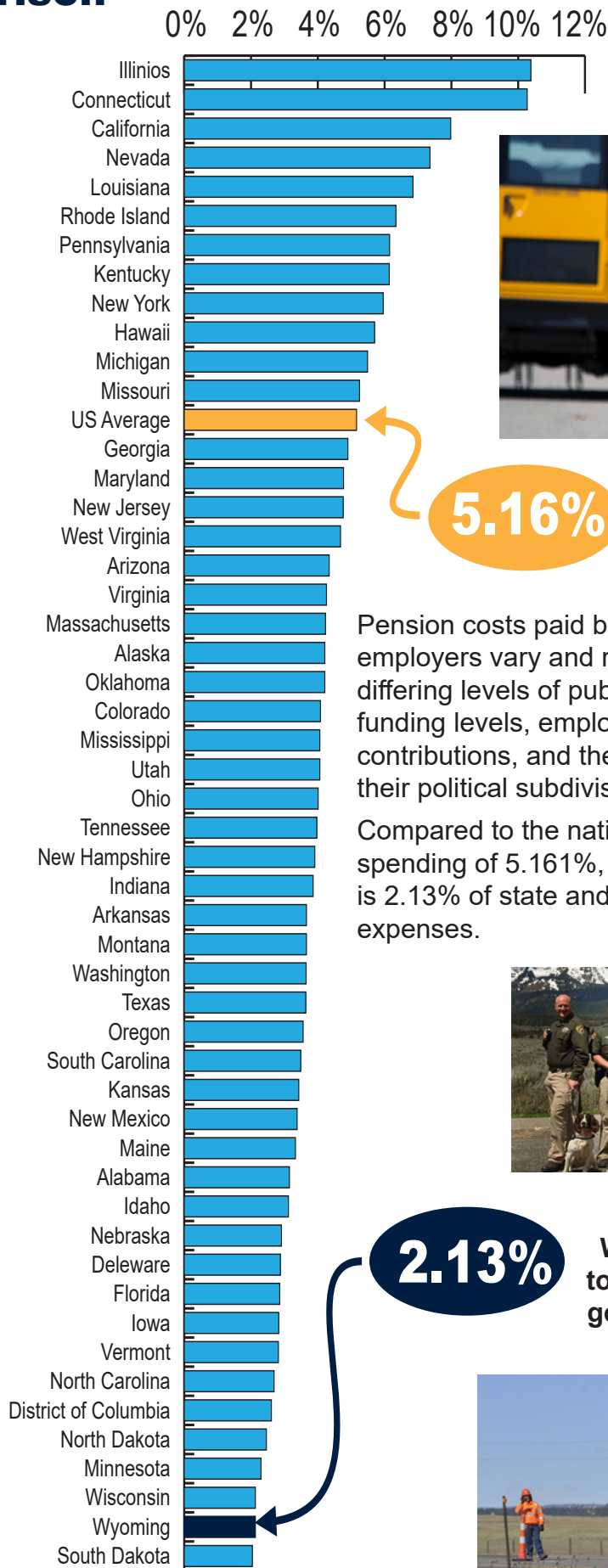
17
Retirees over
the age of 100

108
The age of our
oldest retiree

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

Cost Comparison

| | 2018 |
|----------------------|-------|
| Alabama | 3.15 |
| Alaska | 4.21 |
| Arizona | 4.34 |
| Arkansas | 3.66 |
| California | 7.98 |
| Colorado | 4.08 |
| Connecticut | 10.27 |
| Delaware | 2.88 |
| District of Columbia | 2.61 |
| Florida | 2.86 |
| Georgia | 4.9 |
| Hawaii | 5.7 |
| Idaho | 3.12 |
| Illinois | 10.38 |
| Indiana | 3.86 |
| Iowa | 2.83 |
| Kansas | 3.43 |
| Kentucky | 6.14 |
| Louisiana | 6.85 |
| Maine | 3.33 |
| Maryland | 4.77 |
| Massachusetts | 4.23 |
| Michigan | 5.49 |
| Minnesota | 2.3 |
| Mississippi | 4.06 |
| Missouri | 5.25 |
| Montana | 3.66 |
| Nebraska | 2.91 |
| Nevada | 7.36 |
| New Hampshire | 3.91 |
| New Jersey | 4.76 |
| New Mexico | 3.38 |
| New York | 5.96 |
| North Carolina | 2.69 |
| North Dakota | 2.46 |
| Ohio | 4.01 |
| Oklahoma | 4.21 |
| Oregon | 3.56 |
| Pennsylvania | 6.15 |
| Rhode Island | 6.34 |
| South Carolina | 3.49 |
| South Dakota | 2.04 |
| Tennessee | 3.97 |
| Texas | 3.64 |
| Utah | 4.06 |
| Vermont | 2.82 |
| Virginia | 4.26 |
| Washington | 3.65 |
| West Virginia | 4.68 |
| Wisconsin | 2.13 |
| Wyoming | 2.13 |
| US Average | 5.16 |



**National average
for pension plan
spending**

5.16%

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 5.161%, Wyoming's contribution rate is 2.13% of state and local government budget expenses.



**Contributions to the
Wyoming Retirement System
totaled 2.13% of state and local
government budget expenses.²**

2.13%



Educators, law enforcement and transportation employee 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.

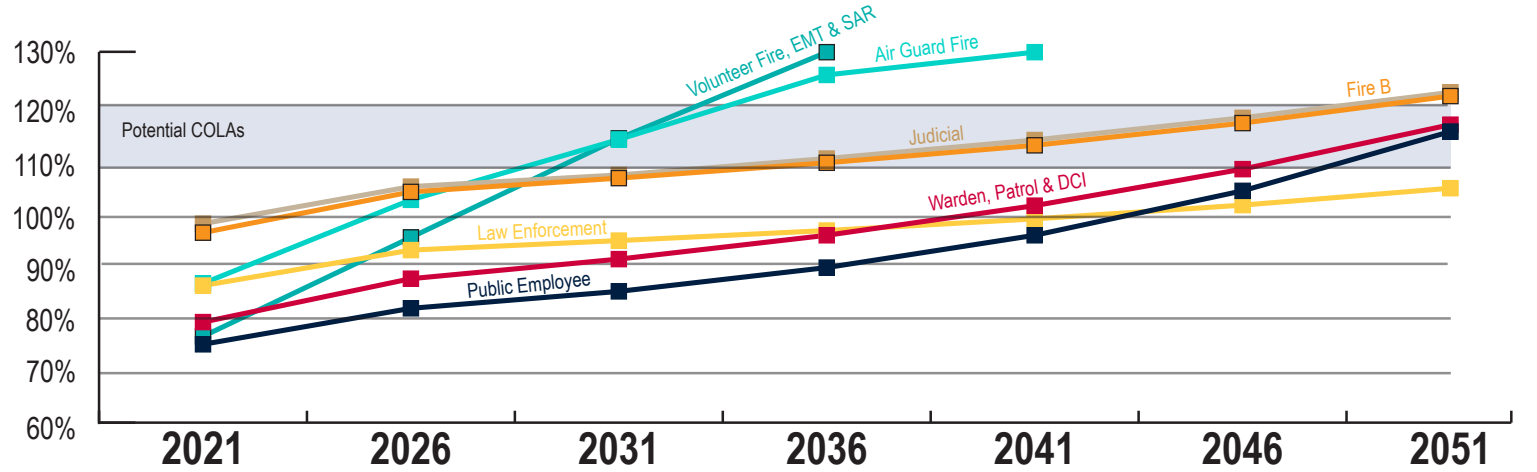
The funding ratio—assets of the plan divided by liabilities—is a key measure of a pension plan’s health. The funding ratio is most meaningful when viewed in the context of additional factors such as the adequacy of incoming contributions, the financial health of member employers, investment strategy, 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 2026.

30 Year Funding Ratio Projections



| | Public Employee | Wardens, Patrol and DCI | Law Enforcement | Judicial | Fire B | Guard Fire | Volunteer Fire, EMT & SAR | Fire A (Closed Plan) |
|------|-----------------|-------------------------|-----------------|----------|--------|------------|---------------------------|----------------------|
| 2021 | 74.8% | 79.0% | 85.9% | 97.6% | 95.9% | 86.3% | 76.3% | 17.7% |
| 2026 | 81.6% | 87.2% | 92.6% | 104.6% | 103.6% | 102.1% | 95.0% | 1.8% |
| 2031 | 84.8% | 90.9% | 94.4% | 106.8% | 106.2% | 113.5% | 113.7% | 0.0% |
| 2036 | 89.3% | 95.4% | 96.3% | 109.9% | 109.1% | 125.7% | 132.1% | 0.0% |
| 2041 | 95.4% | 101.0% | 98.5% | 113.4% | 112.4% | 139.1% | 155.8% | 0.0% |
| 2046 | 103.8% | 107.9% | 101.1% | 117.6% | 116.6% | 154.8% | 184.5% | 0.0% |
| 2051 | 115.0% | 116.3% | 104.3% | 122.4% | 121.7% | 175.1% | 219.4% | 0.0% |

Current Contribution Rates as of July 1, 2021

| Plan | Employer Rate | Employee Rate | Total Rate |
|-----------------------------|---------------------------------------|---------------|------------|
| Public Employee | 9.37% | 9.25% | 18.62% |
| 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 B | 15.00% | 10.745% | 27.245% |
| Volunteer Firefighter & EMT | | \$18.75 | |
| Search and Rescue | | \$37.50 | |
| Paid Fire A (Closed Plan) | Contributions suspended April of 1997 | | |

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.



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.



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.

Economic Impact

In 2020, WRS paid over \$687 million in regular benefits and another \$22 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

\$707 Million
paid annually
by WRS

\$557 Million
paid to pensioners
living in Wyoming

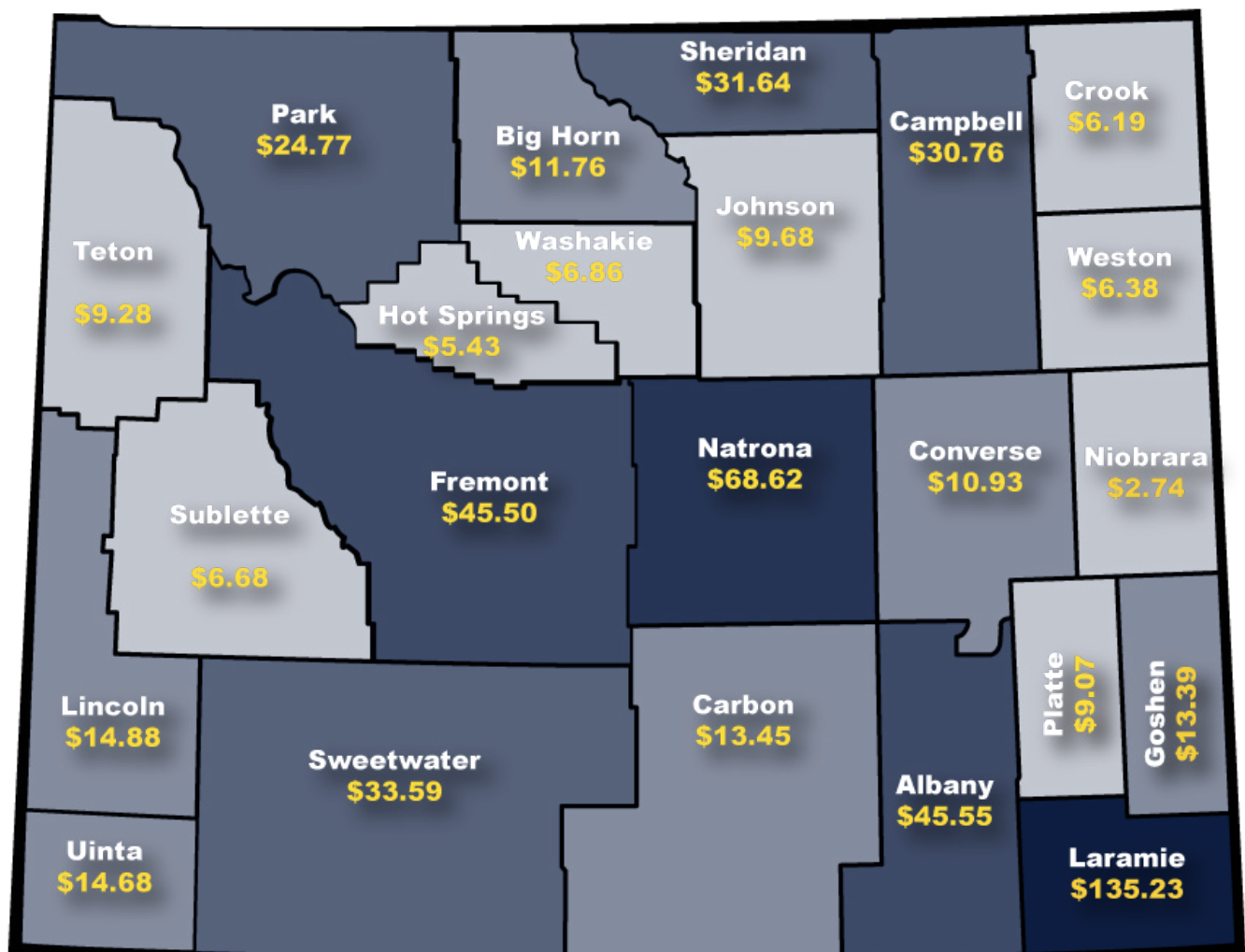


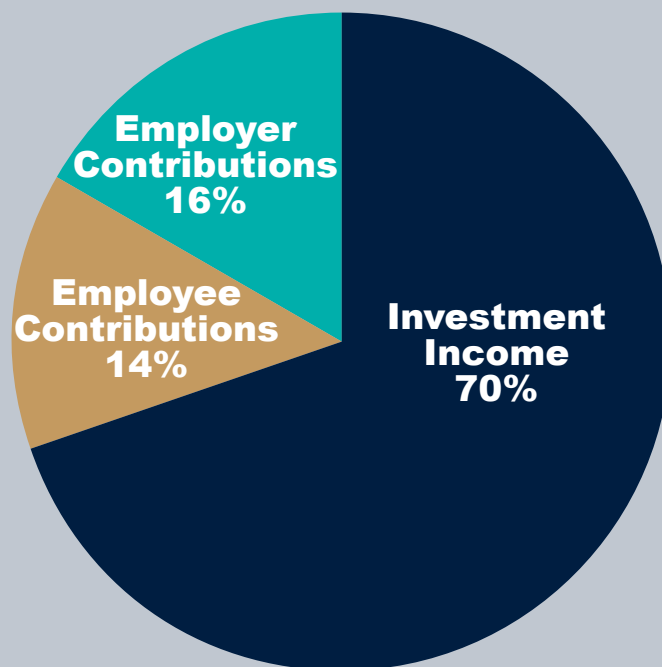
Chart includes refunds in addition to pension payments. County payments may not total to "Inside WY" payments due to rounding.

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

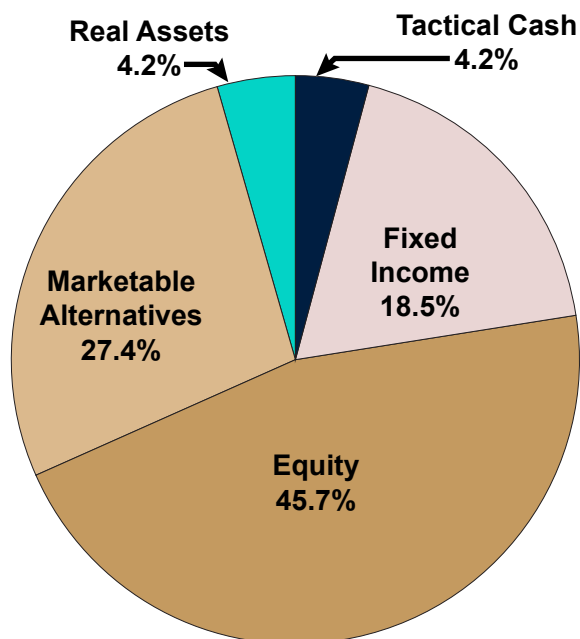
WRS investment returns cover 70% of the plan's expenses. Funding a pension plan takes place over many years. It involves a combination of contributions from employers, employees and compounded investment returns. Contributions are invested with a long-run strategy to generate higher investment earnings,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

Note: Pensionomics 2018, National Institute on Retirement Security between 1993 and 2018. Nirsonline.org State Snap Shot Wyoming.



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.

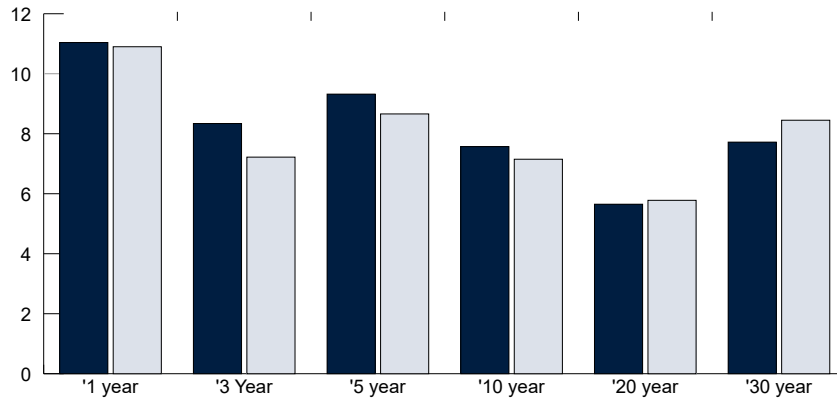
Generating higher long-term returns enables WRS to reduce the amount of money needed from participant contributions to fund the system properly. The accompanying pie chart illustrates the Strategic Asset Allocation of the WRS investment portfolio as of December 31, 2020.



Investments

WRS invests approximately \$10.0 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 12/31/2020**



| | 1 YR | 3 YR | 5 YR | 10 YR | 20 YR | 30 YR |
|------------|--------|-------|-------|-------|--------|--------|
| WRS | 11.04% | 8.34% | 9.32% | 7.57% | 5.65% | 7.72% |
| Benchmark | 10.90% | 7.22% | 8.66% | 7.15% | 5.78% | 8.45% |
| Difference | 0.14% | 1.12% | 0.66% | 0.42% | -0.13% | -0.73% |

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 2020 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.

2020 Financial Summary for All Plans Combined

| | |
|---------------------------------------|-----------------|
| Total 12/31/2020 Pension Fund Balance | \$9,643,388,656 |
| Employee Contributions | \$184,324,971 |
| Employer Contributions | \$187,278,776 |
| Other Contributions | \$13,264,089 |
| Investment Gain/(Loss) | \$1,321,294,220 |
| Benefits Paid | \$709,772,581 |

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

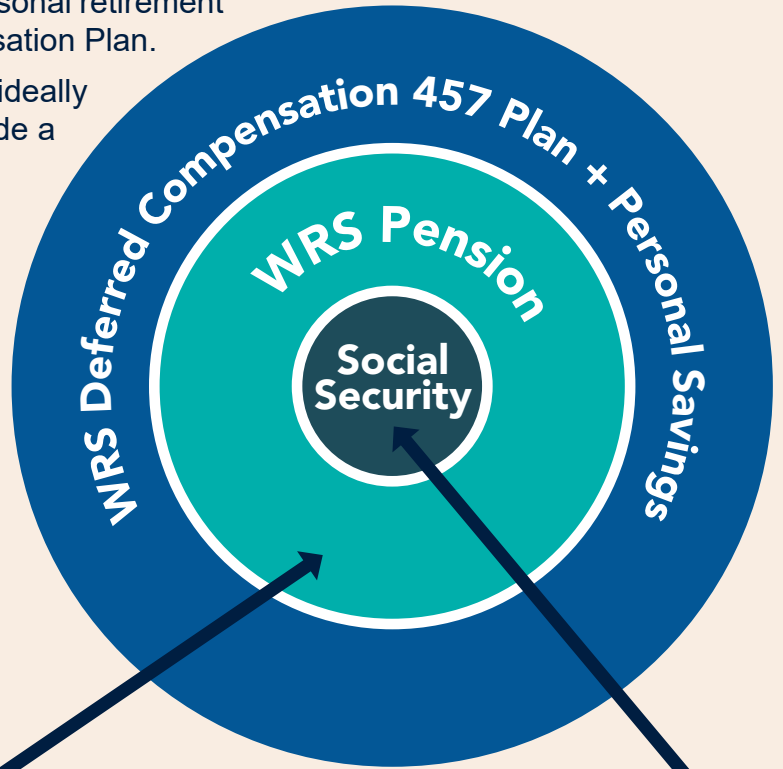
WRS administers the Wyoming Deferred Compensation Plan, which is an elective supplemental savings plan. The Plan is a type of “defined contribution” plan, commonly understood as a 401(k) plan for the public sector. The Plan is a tax-advantaged structure that allows each individual to decide how much 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 2020 was \$22,128 annually or \$1,844 a month. The average service at retirement is 20.1 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**
\$22,128

**Average Service at
Retirement**
20.1 Years

**Average Age of
Pensioners**
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.

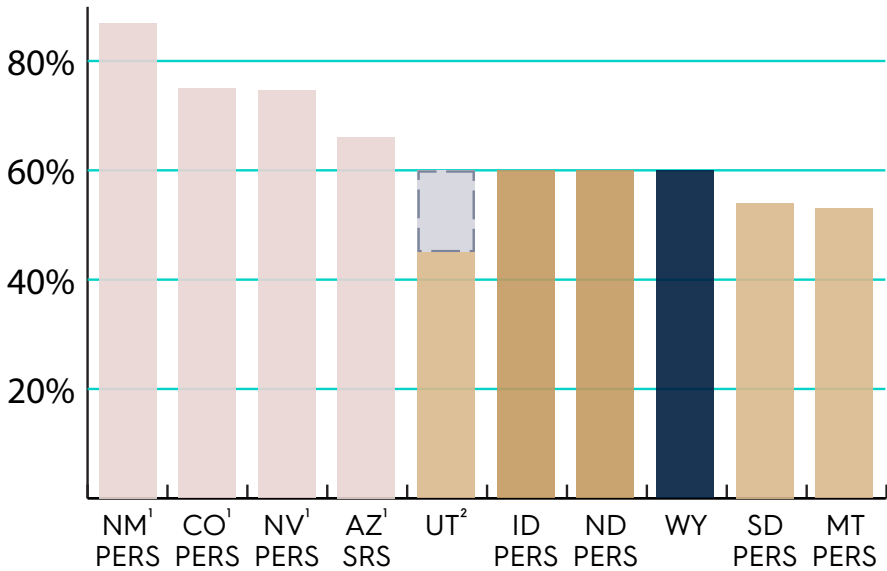
Because of the long-time horizons involved, careful management of a pension plan necessitates ongoing monitoring of actuarial assumptions, funding status, and contribution requirements, which could lead the Board to recommend incremental changes. Once changes are made, time is needed to determine the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



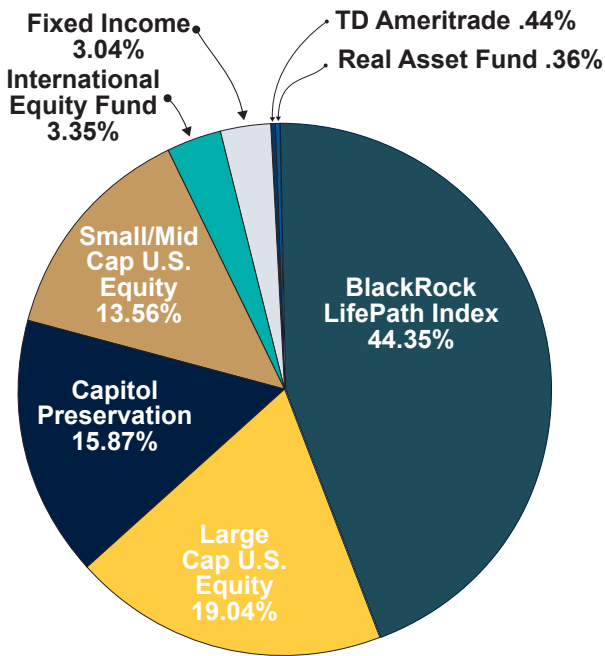
Based on a 2019 WRS Comparison of Public Employee Pension Plan tier 2 to Regional Peers assuming 30 years of service. 1 - These plans do not participate in Social Security. 2 - Since 2011 Utah offers a Hybrid Retirement shown here is the 45% provided by the DB component and a dashed boxed representing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



Deferred Compensation Plan

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, 2020, plan assets totaled \$920,000,00. Just under 300 non-state agencies have adopted the WRS 457(b) Plan, and seven are utilizing optional auto-enrollment, which enhances optimal saving outcomes. More than sixteen thousand (16,247) public employees are currently saving in the Plan.

During 2020 eligible plan participants, including retirees, withdrew \$22.5 million as supplemental income from their WRS 457(b) Plan.



Note: Distribution of investments based on member allocations.

298
Participating
Agencies

\$22.5 million
in Supplemental
Income Paid

\$920 million
in Assets in the
457(b) Plan

Wyoming Retirement System Board Members



Tom Chapman (Board Chair)
Jackson, WY
At Large
First Appointed: 2010
Current Term Expires: 2027



Eric Nelson (Vice Chair)
Casper, WY
At Large
First Appointed: 2015
Current Term Expires: 2023



Mike Ceballos
Cheyenne, WY
Public Employees (State)
First Appointed: 2017
Current Term Expires: 2023



John Lummis
Jackson, WY
At Large
First Appointed: 2021
Current Term Expires: 2027



Dr. Leslie Travers
Torrington, WY
Higher Education
First Appointed: 2021
Current Term Expires: 2023



Vicci Colgan
Cheyenne, WY
Retiree
First Appointed: 2015
Current Term Expires: 2027



Paul O'Brien
Jackson, WY
At Large
First Appointed: 2020
Current Term Expires: 2023



Kay Watson
Shoshoni, WY
School Employees
First Appointed: 2017
Current Term Expires: 2025



Robert Leibrich
Sheridan, WY
At Large
First Appointed: 2021
Current Term Expires: 2027



Tim Sullivan
Laramie, WY
Public Employees (City/County)
First Appointed: 2013
Current Term Expires: 2025



Curt Meier
(Board Member - State Treasurer)
Cheyenne/La Grange, WY
Elected Official

WHY DEFINED-BENEFIT PENSIONS ARE BEST FOR THE RECRUITMENT AND RETENTION OF PUBLIC EMPLOYEES

The handful of states and local governments that have decided to convert future public employees from a defined-benefit pension plan to a defined-contribution retirement plan have suffered enormous consequences, from costly budgetary issues to the recruitment and retention of public employees.


RECRUITMENT AND RETENTION

Defined-benefit pension plans are a valuable tool for states and municipalities in the recruitment and retention of public employees. Offering public employees a pension plan, when they can most likely make more in the private sector, is a great way to keep firefighters, teachers, public safety officers, and other public employees in the public workforce. A 2019 survey showed that more than 73% of state and local employees said they would leave their jobs if the pension benefit was cut.¹

LEARNING FROM STATE AND LOCAL GOVERNMENTS


Several examples show the pitfalls state and local governments may face if lawmakers convert newly hired public employees from a pension plan to a defined-contribution plan.

ALASKA



After closing its Public Employees' Retirement System (PERS) and Teachers' Retirement System (TRS) in 2005, Alaska has had difficulty recruiting and retaining public employees, including teachers and state troopers. The recruitment of teachers costs the state roughly \$20 million a year, and some school districts have to offer \$3,000 signing bonuses to recruit new teachers. The Alaska Department of Safety also cites the lack of defined-benefit pensions as a barrier to recruiting state troopers around the state.²

PALM BEACH, FLORIDA



In 2012, the Town of Palm Beach closed its pension system to all future public safety officers, including police officers and firefighters. The town offered a new plan: an inadequate hybrid-style retirement plan. As years passed, more and more police officers left the force, and quickly more than 60% of the public safety officers had less than three years of experience. Recruits would often train with Palm Beach and then transfer to a jurisdiction that offered a pension. Eventually, training costs ballooned to \$20 million. After four years, the town was forced to re-open its pension plan for public safety officers.³

¹ Kenneally, K., & Bond, T. (2019, November). *State and Local Employees Views on Their Jobs, Pay and Benefits*. National Institute on Retirement Security. <https://www.nirsonline.org/reports/state-and-local-employees-views-their-jobs-pay-and-benefits/>

² Doonan, D., & Bond, T. (2019, August). *Enduring Challenges: Examining the Experiences of States that Closed Pension Plans*. National Institute on Retirement Security. <https://www.nirsonline.org/reports/enduring-challenges-examining-the-experiences-of-states-that-closed-pension-plans/>

³ Oakley, D. (2018, February). *Retirement Reform Lessons: The Experience of Palm Beach Public Safety Lessons*. National Institute on Retirement Security. <https://www.nirsonline.org/wp-content/uploads/2018/02/Final-Palm-Beach-Feb-2018.pdf>

WHY DEFINED-BENEFIT PENSIONS ARE BEST FOR THE RECRUITMENT AND RETENTION OF PUBLIC EMPLOYEES

BRANFORD, CONNECTICUT



Much like Palm Beach, the Town of Branford closed its pension system in 2011 and offered all future public safety officers a defined-contribution retirement plan. After years of recruitment and retention issues due to officers leaving for other jurisdictions that offered a pension plan, the Representative Town Meeting re-opened the pension plan in 2019.⁴

SAN DIEGO, CALIFORNIA



In 2012, voters in the City of San Diego passed Proposition B, which eliminated pensions for all future city public employees except police officers and replaced them with a 401(k)-style retirement system. A five-year pay freeze was also implemented. That same year, a mass exodus of longtime public employees occurred. Because San Diego was the only city in California to not offer a pension plan, it struggled for years to recruit and retain highly qualified workers. In January 2021, a state trial court declared Proposition B to be invalid. In an attempt to attract and retain more workers, the city did not appeal and brought back the pension plan for workers who have been hired since 2012.⁵

Over 75% of Americans agree that providing a pension plan to public employees is an essential tool in the recruitment and retention of teachers and public safety officers.⁶



www.protectpensions.org

 ProtectPensions

 @ProtectPensions

⁴ Butera, C. (2019, May 7). Some Police in Connecticut May Revert to DB Plan. *Chief Investment Officer*.

<https://www.ai-cio.com/news/police-connecticut-may-revert-db-plan/>

⁵ Smolens, M. (2021, July 14). Column: Pensions, pay raises should be a boon to city of San Diego's recruitment efforts. *The San Diego Union-Tribune*.

<https://www.sandiegouniontribune.com/columnists/story/2021-07-14/column-pensions-pay-raises-should-be-a-boon-to-city-of-san-diegos-recruitment-efforts>

⁶ Doonan, D., & Kenneally, K. (2021, March). *Americans' Views of State & Local Employee Retirement Plans*. National Institute on Retirement Security. <https://www.nirsonline.org/reports/americans-views-of-state-and-local-employee-retirement-plans/>

HOUSE BILL NO. HB0095

State retirement plans-ad hoc payment.

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

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; providing
10 an appropriation; 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 retirees
4 within specified Wyoming public employee retirement plans
5 as provided in this act;

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) Wyoming law has provided, since the
15 initiation of the largest state retirement plan in 1949,
16 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 act was
19 recreated in 1953 and both reiterated that no contract was
20 created and provided that the state was not incurring any
21 future obligation or liability other than to make the
22 employer contributions specified. Those provisions have
23 remained through the current day. However, the legislature

1 is 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 a recognition of a
5 moral and equitable obligation;

6
7 (v) While the stability of Wyoming's retirement
8 plans is critical, fair treatment of public employees is
9 also 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 joint
17 appropriations committee:

18
19 (i) Subsequent legislative and board actions and
20 other facts that 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 and contribution rates for active
11 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 benefit, contribution or other adjustment proposed by the
19 board for 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 under 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 increases in funding that are not currently
21 provided by law;

22

1 (vii) Recommended modifications to current law
2 that provide parameters under which benefit adjustments may
3 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 to provide either regular cost-
17 of-living adjustments or ad hoc adjustments for retirees.
18 The board shall consider the possibility of funding the
19 endowments with any portion of investment returns that are
20 above the assumed rate of return used by the board in
21 calculating the actuarial funding level of each plan and by
22 using earnings from the investment of endowed funds.

23

1 (c) The report required by this section shall be
2 submitted not later than September 1, 2022.

3

4 (d) The joint appropriations committee shall consider
5 the report and recommendations required by this section and
6 may develop legislation as the committee determines
7 appropriate for introduction in the 2023 general session of
8 the legislature.

9

10 **Section 3.** As used in sections 1, 2 and 4 of this
11 act, "public employee retirement plan" or "retirement plan"
12 includes all retirement plans administered by the Wyoming
13 retirement board, the volunteer firefighter, EMT and search
14 and rescue pension plan under W.S. 35-9-616 through
15 35-9-628 and the paid firemen plan A administered by the
16 Wyoming retirement board under W.S. 15-5-201 through
17 15-5-209.

18

19 **Section 4.**

20

21 (a) A single, additional payment shall be made on or
22 before July 1, 2023 to each eligible person receiving a
23 service pension, survivor's pension, retirement benefit,

1 survivor benefit, death benefit or disability pension or
2 benefit under a retirement plan other than the paid fireman
3 A plan administered by the Wyoming retirement board under
4 W.S. 15-5-201 through 15-5-209. The additional payment
5 shall be limited to persons who first began receiving
6 benefits prior to July 1, 2021, either alone or in
7 combination with a member or retired or disabled employee
8 if the person is a survivor. If the person is a survivor,
9 the payment date shall be based on the initial retirement
10 or disability benefit of the applicable employee. Each
11 payment to an eligible person shall be in an amount
12 calculated by multiplying the eligible person's existing
13 annual benefit by one-tenth of one percent (0.1%) for each
14 year his retirement or disability benefit was effective
15 prior to July 1, 2021, or if the person is a survivor for
16 each year the applicable employee's benefit was effective
17 prior to July 1, 2021, up to a maximum amount of three
18 percent (3%) of the existing annual benefit. The
19 additional payment under this section shall not be ongoing,
20 cumulative or in any way affect any future benefits paid to
21 any person.

22

1 (b) There is appropriated five million dollars
2 (\$5,000,000.00) from the general fund to the board of the
3 Wyoming retirement system for the purpose of making the
4 payment as provided in subsection (a) of this section. This
5 amount shall be allocated to each retirement plan on a
6 proportional basis using the amount of payments calculated
7 under subsection (a) of this section. This appropriation
8 shall not be transferred or expended for any other purpose
9 and any unexpended, unobligated funds remaining from this
10 appropriation shall revert as provided by law on June 30,
11 2024. It is the intent of the legislature that this
12 appropriation not be included in the board's standard
13 budget for the immediately succeeding fiscal biennium.

14

15 (c) Notwithstanding W.S. 9-3-454, any amount required
16 to make the payment as provided in subsection (a) of this
17 section in addition to the appropriation provided under
18 subsection (b) of this section shall be provided from
19 amounts within the applicable retirement plans and then
20 only in the amount necessary to make payments applicable to
21 persons who receive benefits from the retirement plan from
22 which the money is drawn.

23

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 (END)