

Wyoming Has it Right

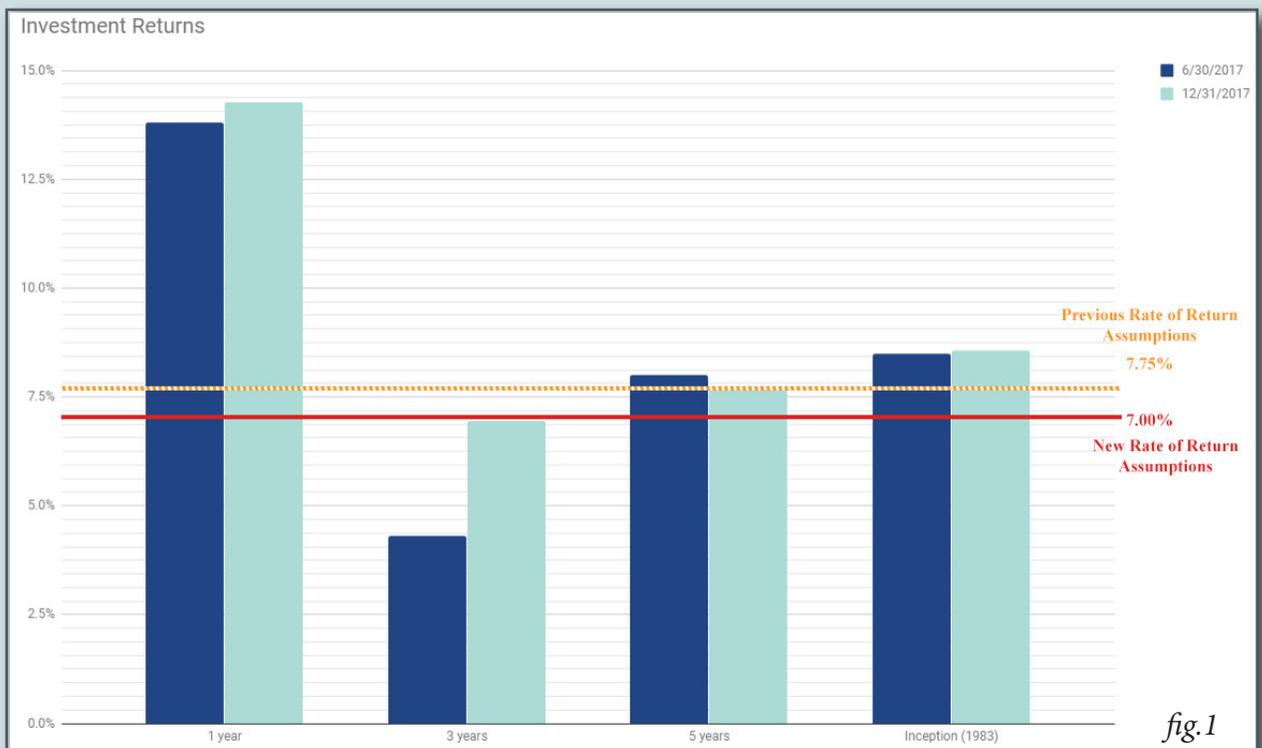
The Wyoming Retirement System (WRS) Board, comprised of ten gubernatorial appointees and the State Treasurer, carefully manages its pension plans with the goal of keeping pension promises. This encompasses both sustainability and affordability. WRS is diligent in upholding its duty to act in the best 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.

WRS informed stakeholders of upward pressure on contribution rates due to recent changes in assumptions the Board made in response to recommendations from its actuary. WRS will be conducting a comprehensive evaluation of different plan design and funding strategies with the goal of keeping Wyoming's pension plans sustainable and affordable. The study should be completed by mid-summer 2018. WRS is suggesting no significant legislative changes be made until after the study is completed.

Wyoming does well in providing the opportunity for retirement security to its public employees through Social Security, a pension and a supplemental savings 457 plan. Proper administration of the retirement trust funds requires periodic adjustments to contributions or benefits. The WRS Board of trustees and executive director, guided by highly qualified actuarial and investment consultants, are the best ones to address the evolving needs of Wyoming's pension plans.

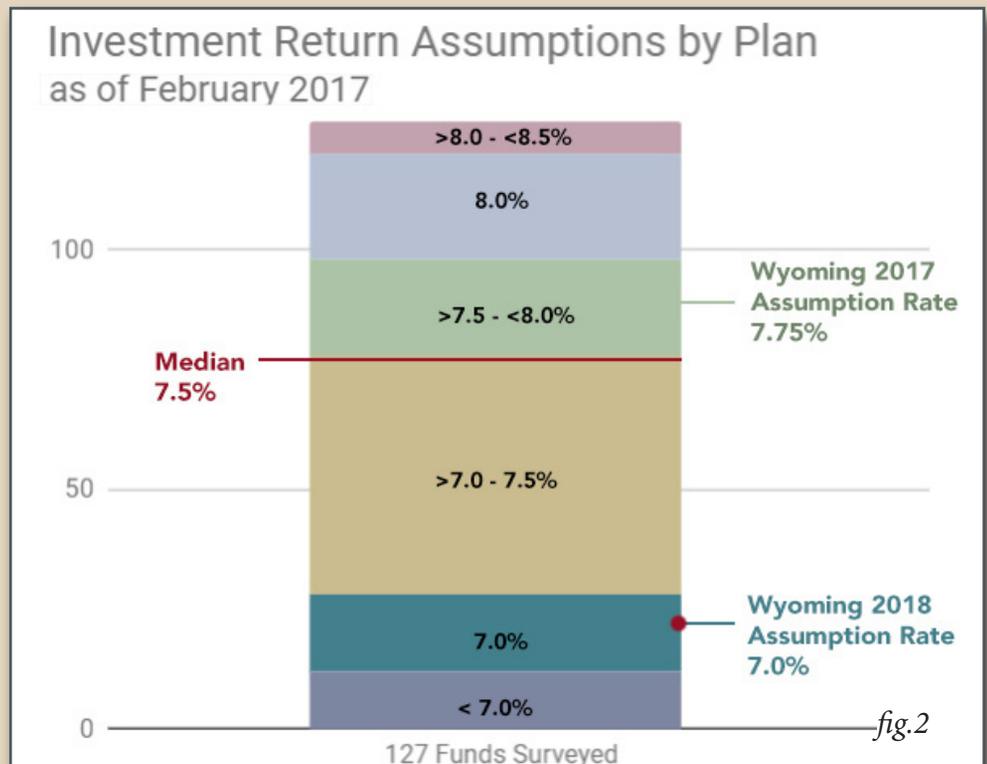
INVESTMENTS CONTRIBUTE TO BENEFIT PAYMENTS

By investing pension plan contributions, WRS is able to increase assets available to pay benefits over the long term. The WRS Board sets the asset allocation for the investment portfolio and delegates manager selection and tactical allocation decisions to the executive director and eight person investment team. Investment earnings pay more toward benefit payments than employer and employee contributions combined (*fig.1*).



WYOMING USES CONSERVATIVE ASSUMPTIONS

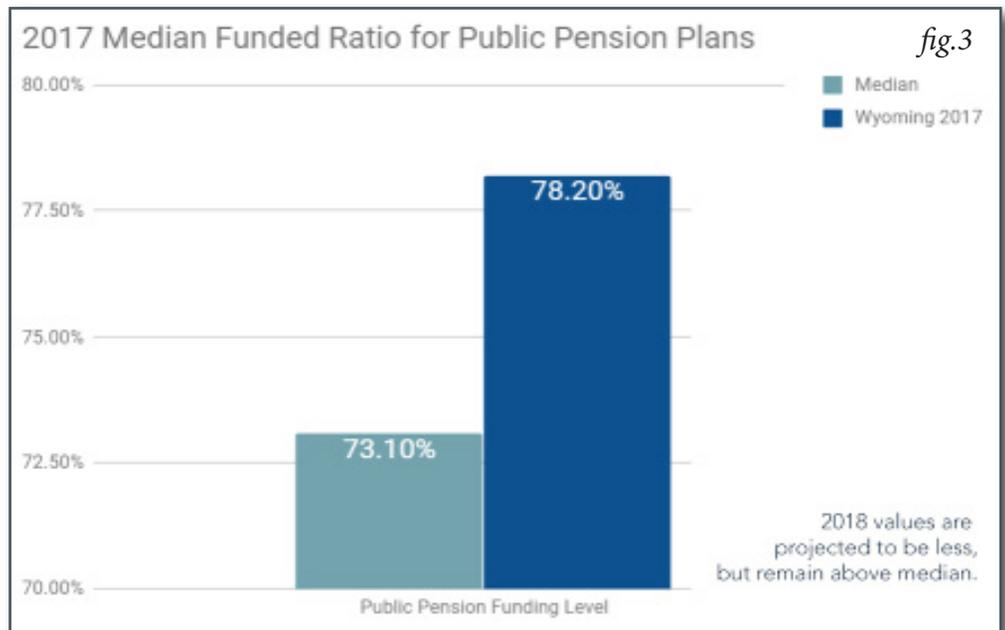
The WRS Board has adopted conservative assumptions, which are used to quantify pension obligations. The most impactful assumption is investment returns. The WRS Board recently reduced this assumption from 7.75% to 7.0%, which is below the median of 7.5% for all funds reporting to the Public Funds Survey for fiscal year 2018 (fig.2).



WYOMING HAS AN ABOVE MEDIAN FUNDED RATIO

Wyoming's Public Employee Pension Plan is sometimes called the "big plan" and is the pension plan to which most public employees belong. It is among the better funded pension plans in the country, with an above median funded ratio when compared to the average or median of all public pension plans reporting to the Public

Fund Survey, which was 72.1% or 73.1% respectively in 2016. As of January 1, 2017, the Public Employee Pension Plan had a funded ratio of 78.2%, and after implementing new, conservative assumptions recently adopted by the WRS Board, it remains at 75.7%. Wyoming's pension reforms in recent years, which increased contributions, set a high bar for COLA awards and established a reduced tier of benefits, have been very important to maintaining good funding* (fig.3).



* The Paid Firefighter A Plan has a significant funding problem and needs legislative attention. This plan is expected to run out of money within the next ten years.

WYOMING HAS A BELOW MEDIAN CONTRIBUTION RATE

Contributions to Wyoming's Public Employee Pension Plan total 16.62% of salary. Wyoming's contribution level is lower than other comparable Social Security eligible public pension plans, which had a median total contribution of 19.3% in 2016 (*fig.4, below*).

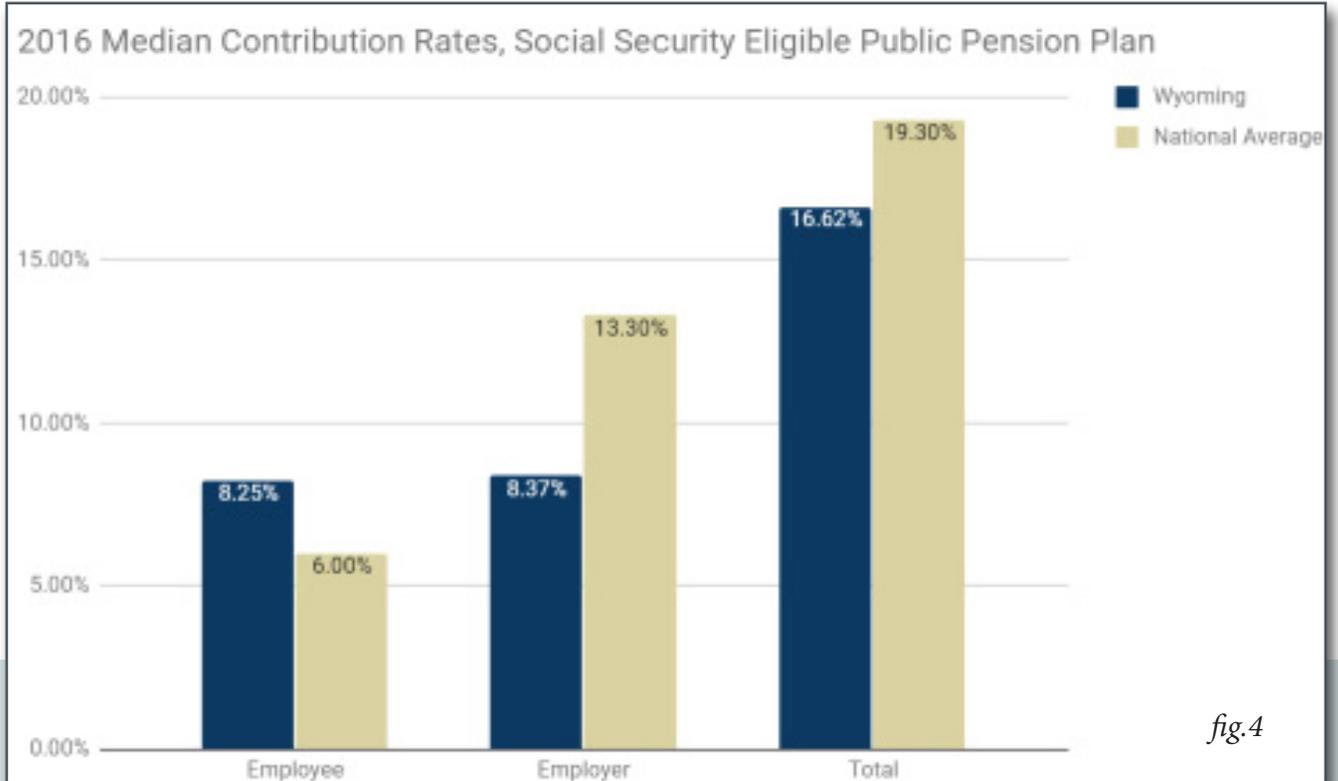


fig.4

EACH EMPLOYER MAKES DETERMINATION ON PICK-UP CONTRIBUTIONS

In addition to the required employer contribution (8.37 percent for the Public Employee Plan), employers have the flexibility to pay for some of the contribution required for employees (8.25 percent for the Public Employee Plan) according to the employer's specific compensation arrangements. The state of Wyoming picks up 5.57 percent of the employee contribution, leaving the employee to contribute 2.68 percent out-of-pocket (*fig.5, note: 'Other': employee contribution may vary based on employer policy*).

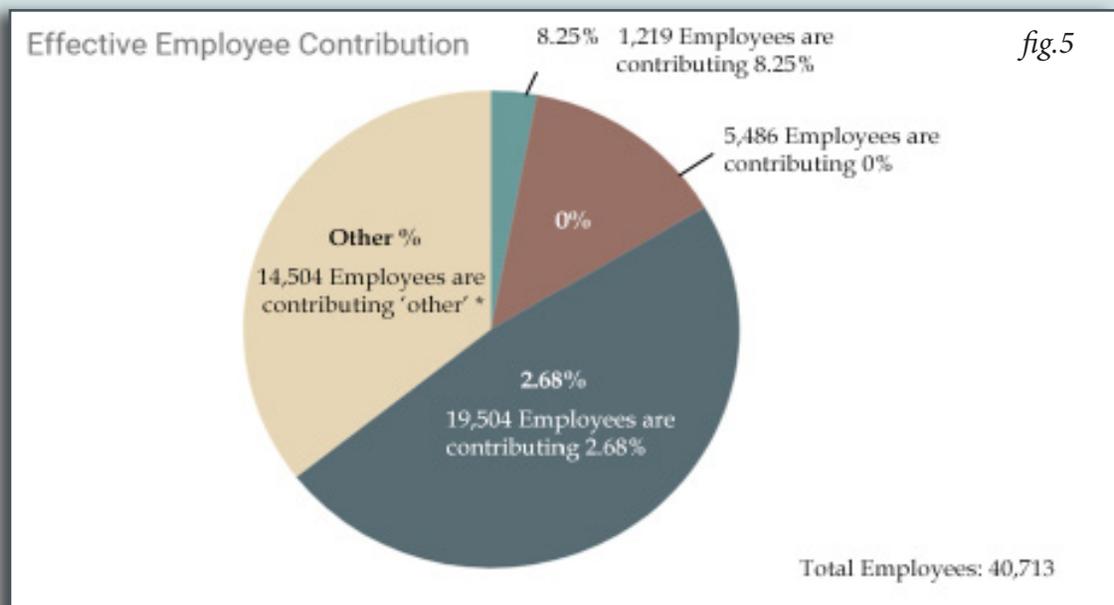


fig.5

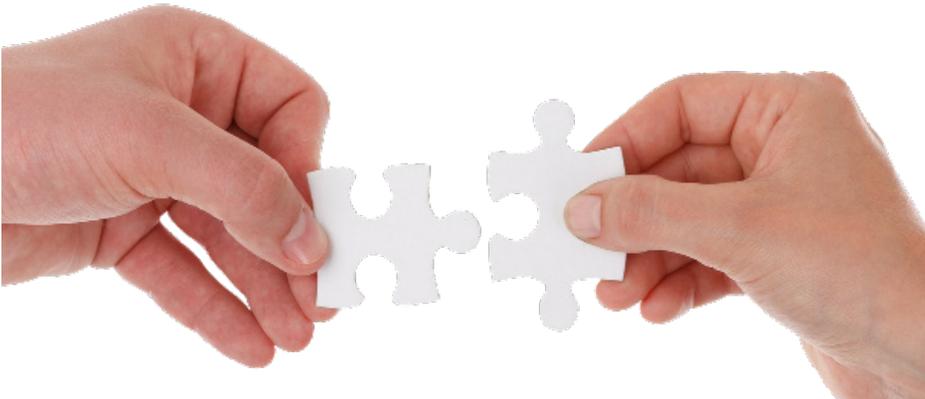
WYOMING'S CONTRIBUTIONS ARE CONSISTENT

Wyoming's process does not allow employers to skip payments to the pension, which is a contributing factor in other states whenever a pension plan has funding problems. Members of WRS pensions do not receive service credit unless the statutorily required contribution has been paid.

PLEASE CONTACT US FOR ACCURATE INFORMATION

The topic of public pension plans has become politically skewed at the national level, and WRS urges you to beware of data and comparisons that may not be accurate. WRS is finding there to be an increasing number of organizations funding or producing biased, misleading or erroneous research about public pension plans. As such, we invite you to contact WRS for needed information and comparisons. WRS seeks to remain fact-based and is the authoritative source for information about its pension plans and investments.

Graphs and other reference available at <https://goo.gl/8DmwAv>



WE WELCOME DIALOGUE

We've highlighted some key points in this piece, and welcome the opportunity for informational exchanges with state policymakers.

Ruth Ryerson
WRS Executive Director
ruth.ryerson@wyo.gov
777-7691

retirement.wyo.gov