

General Information

Wyoming Retirement System
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<http://retirement.state.wy.us>

Other locations
Does not apply

Plans Administered and Statutory References
Public Employees Pension Plan - W.S. 9-3-401
Air Guard Firefighter Pension Plan – W.S. 9-3-402(a)(xxv) and W.S. 9-3-431
Wyoming State Highway Patrol, Game and Fish, Warden and Criminal Investigator Pension Plan - W.S. 9-3-601
Volunteer Emergency Medical Technicians (EMT) Plan – W.S. 35-29-101
Volunteer Firemen's Pension Plan - W.S. 35-9-601
Paid Firemen's Pension Plan A - W.S. 15-5-201
Paid Firemen's Pension Plan B - W.S. 15-5-401
Wyoming Judicial Pension Plan - W.S. 9-3-701
Wyoming Law Enforcement Pension Plan - W.S. 9-3-401
Wyoming 457 Deferred Compensation Plan - W.S. 9-3-501

Clients Served
General public employees, school district employees, university and community college employees, volunteer firefighters, paid firefighters, Air Guard firefighters, highway patrol officers, game and fish wardens, DCI investigators, law enforcement officers, judges, and volunteer emergency medical technicians.

Budget Information – Biennial Budget 2010-2012
Wyoming Retirement System **\$9.3 million**
Technology Project **\$7.2 million**
Wyoming 457 Deferred Compensation Program **\$1.6 million**
Total **\$18.1 million**

Wyoming Retirement System (WRS)

Report Period: FY 2010 (July 1, 2009 through June 30, 2010)

Wyoming Quality of Life Result:

Wyoming families and individuals live in a stable, safe, supportive, nurturing, and healthy environment. Wyoming state government is a responsible steward of state assets and effectively responds to the needs of residents and guests.

Contribution to Wyoming Quality of Life:

The Wyoming Retirement System contributes to the quality of life by providing career public employees a means to achieve financial stability in retirement through pension, 457 deferred compensation, and disability benefits, and is a responsible steward of the assets of the Wyoming Retirement System trust used to finance these benefits.

Basic Facts:

WRS has a staff of 39 full-time employees, 1 external project manager and 1 temporary employee and a 2010-2011 biennium budget of \$18.1 million; this includes both the standard and exception budget.

The primary function of the agency is to administer the nine legislatively defined benefit pension plans in a manner that provides a basis for each individual member of the System to retain financial independence in retirement, and provide members of each plan with the knowledge and tools to achieve a livable income during their retirement years.

These nine benefit plans consist of the Public Employees Pension Plan; Air Guard Firefighter Pension Plan, Wyoming State Highway Patrol, Game & Fish Warden, and Criminal Investigators Pension Plan; Volunteer Fireman's Pension Plan; Volunteer Emergency Medical Technician Plan; Fireman's Pension (Plan A) and Account Reform Act of 1981 (Plan B); Judicial Retirement Plan and Wyoming Law Enforcement Pension Plan. Together, these nine programs cover 41,495 non-federal public employees and 21,090 retirees in the State of Wyoming. The agency also administers a defined contribution plan, specifically the 457 Deferred Compensation Plan (457 Plan), which is a voluntary plan available to members for use in building their own retirement nest egg while deferring taxes. The 457 Plan supplements the Pension Plans and Social Security to establish a livable retirement income.

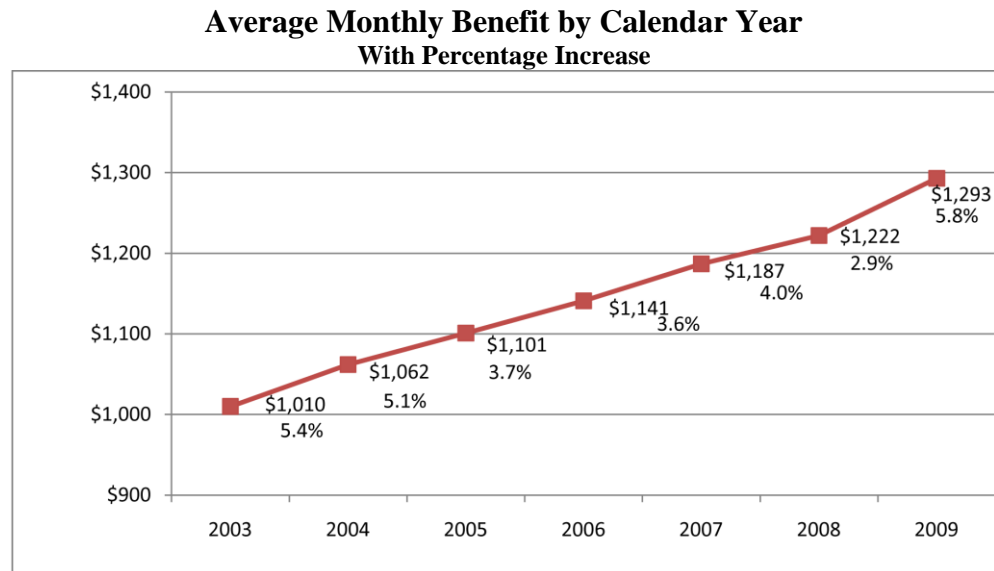
The Wyoming Retirement Board is charged with the administration of all plans except for the two volunteer plans, which are administered by separate Boards. The primary functions of the WRS staff are to receive pension plan contributions, prudently investing those contributions, recordkeep individual pension accounts, provide service to members and employers, provide education and information about plan benefits and retirement planning and calculate and pay plan benefits.

WRS' management team participated in a strategic planning retreat in early 2010 and began the development of a new strategic plan for the organization. WRS expresses its gratitude to the leadership of the Wyoming Department of Transportation for sharing its resources by facilitating this retreat and subsequent strategic planning meetings. WRS is still in the process of fleshing out the strategic plan at the program level and individual level. Our goal is to have a strategic plan that does, in fact, help to guide WRS and communicate the results of WRS' actions. The most important part of an effective strategic plan is the discussion and planning that goes into developing it, and we are currently well along in that stage.

WRS' vision statement is: "Partnering to build financial security for members and their families." The new mission statement for the organization is: "Provide expert administration and responsible investment of Wyoming's public retirement and supplemental savings programs." The organizational values are: integrity, accountability, commitment and excellence.

Performance Measure 1:

Of the pension plans, the Public Employees Plan is the pension plan for most employees and pays ninety percent of the current 21,090 retirees; the remaining 10 percent of retirees are paid by the other pension plans. One measure of the effectiveness of the plan is to measure the growth in average monthly benefits paid to retirees. These benefits may be increased through higher initial retirement payments and by cost of living adjustments (COLA) when awarded.



Story behind the last year of performance:

During calendar year 2009, WRS paid \$318 million in benefit payments to retirees of all the pension plans and \$12 million in distributions to 457 Plan participants. The economic impact of these payments is leveraged as they filter through our economy. The National Institute on Retirement Security calculated each state's pension expenditure multiplier, which shows the impact of every dollar paid in pension benefits on the state economy. According to the study, \$1 paid in pension benefits resulted in \$1.20 in Wyoming's economy and supported 1,773 jobs in Wyoming based on 2006 data.¹

Other than the volunteer plans, the average pension benefit reflects the progress of the general increase in the benefits of all retirees. Each plan has a base benefit derived from a formula using age, years of service, and salary. The volunteer pension plans provide benefits based on a table using entry age and retirement age.

The annual increase in the average benefit in the public employee plan of 5.8 percent can be attributed mostly to the initial retirement benefits during that period being higher than previous retirements. This reflects the successful design of the program providing a percentage of the member's salary at retirement and also indicates a general increase in public employee salaries over the period.

The base benefit formula is designed to provide an easy planning tool for retirement by using service time to provide a percentage figure which is multiplied by a member's salary at the end of one's career. That formula determines the percentage of the member's income covered by the pension at retirement. Social Security and personal savings are then taken into account to fill any gap in the retirement needs of the individual.

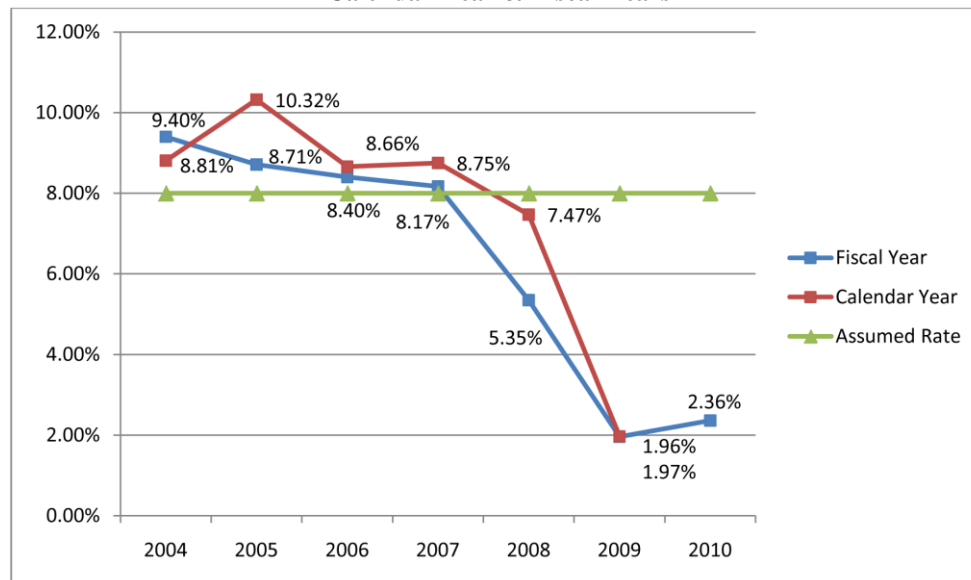
¹ National Institute on Retirement Security, Pensionomics, Measuring the Economic Impact of State and Local Pension Plans, February 2009.

Performance Measure 2:

The Board is charged with the prudent investment of the assets of the Wyoming Retirement Fund. As of 12/31/09, this is a \$5.7 billion fund to pay for the benefits promised in the defined benefit plans. The liabilities created by these plans are long-term. It is expected the liabilities and benefits of individual beneficiaries of these plans will be accumulated and paid for over a period of up to fifty years. The long-term return on assets necessary to cover the liabilities of the System is eight percent per year on average.

A ten-year rolling average of the portfolio returns is a proxy for the long-term investment needs of the pension plans and is compared to the eight percent actuarial assumptions for investment returns.

**Rolling Ten-Year Returns
Calendar Year & Fiscal Years**



Story behind the last year of performance:

Calendar year 2009 was a strong year of absolute return for WRS. The same investment strategy is shared by all pension plans and each participates proportionately in investment gains and losses. The combined investment portfolio return for calendar year 2009 was 23.80 percent compared to the benchmark return of 15.20 percent. The net investment loss of \$1.6 billion for the calendar year 2008 is compared with its net investment gain of \$1.06 billion for calendar year 2009. In addition, WRS received \$370 million in contributions (calendar year 2009) for all the pension plans and those contributions are invested with a long-term strategy to pre-fund future benefits.

What has been accomplished?

The Board adopted comprehensive governance policies and revised its Investment Policy Statement (IPS) in December 2009. All the policies are available at <http://retirement.state.wy.us/home/board.html>. The Board continues to enhance or change policies as needed.

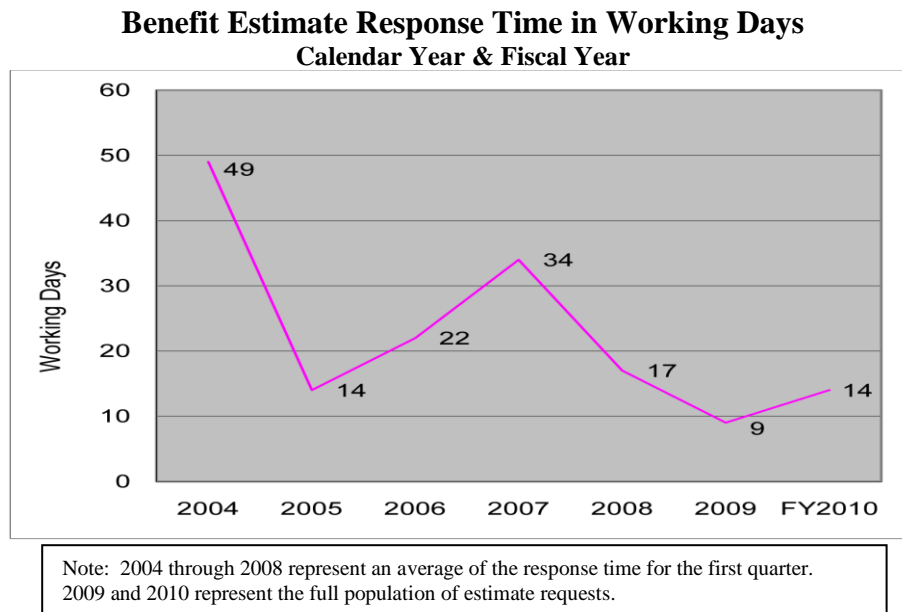
The Board continues to review and alter the portfolio asset allocation mix in an attempt to provide the highest return possible within a risk profile appropriate for a public pension plan. Accomplishments for FY 2010 include:

- Completed the transition of \$500 million from active core fixed income to passive core fixed income to obtain lower fees and better risk adjusted returns

- Completed the funding of a debtor-in-possession distressed debt fixed income investment with a commitment of \$60 million
- Completed the funding of a middle-market mezzanine fixed income investment with a commitment amount of \$60 million
- Completed the transition of \$500 million to a passive emerging market equity strategy
- Developed and executed new investment guidelines for all managers
- Developed and completed a new monthly investment manager compliance testing program
- Developed and completed the creation of monthly performance reporting and monitoring procedures and templates
- Achieved absolute and relative investment performance in the top half of our peer group of similar public funds
- Hired a new investment analyst to assist in the research and analysis of current and prospective investments
- Completed a \$60 million commitment to a middle-market senior loan fund

Performance Measure 3:

A measure of service effectiveness is the number of days taken to respond to a member inquiry on estimated retirement benefits. It is the goal of the system to respond to all requests in a timely manner. The response time for FY2010 was an average of 14 working days. While this is within the range established by management as acceptable, we constantly look to improve turnaround time where possible.



Story behind the last year of performance:

Although the days to deliver benefit estimate information increased to an average of 14 days, retirements and other service requests from members were at record high levels. Additionally, the restructuring of the operations (reflected in the updated organization chart on page 8) of WRS required more time for cross-training and expanded

duties for staff doing benefit estimates. We attribute the ability to maintain acceptable service levels over the last several years at the Retirement System to a stable, well-trained and dedicated staff.

What has been accomplished?

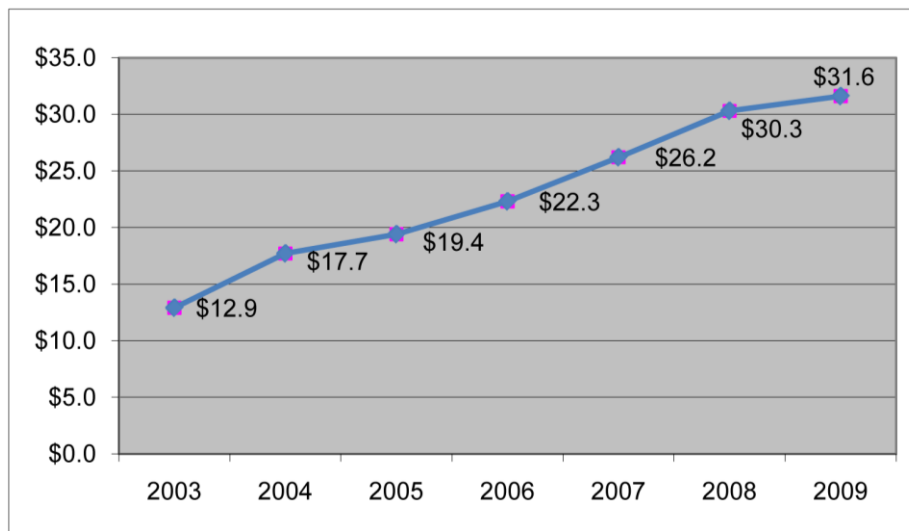
In FY2010 the staff completed 5,430 estimate and refund requests. The number of days needed to respond to member requests for benefit information increased to 14 working days from 9 working days. However, much of the work is done by manual methods. As our membership matures and demand for retirement-related services grows, WRS' ability to be responsive to member or employer needs depends on staff and technology.

WRS has embarked on a critically important technology modernization project, has hired a project manager and is nearing the end of the selection process for a firm to build a pension administration system for WRS. The implementation of new technology is expected to take two to three years, so it is in the best interest of the System, its employers and its retirees for the process to move deliberately. WRS has initiated trainings with our hundreds of employer liaisons around the state to make improvements to the current reporting processes and to prepare them for the web-based reporting process expected for the future.

Performance Measure 4:

A measure of service effectiveness in the 457 Plan is the total annual contributions made by our members. If WRS' educational programs, which encourage members to save for retirement, are effective, the total annual contributions should increase.

**457 Deferred Compensation Participant
Contributions in Millions
Calendar Year**



Story behind the last year of performance:

The member education program continues to be very effective as total contributions to the 457 Plan for the calendar year 2009 increased by 4.3 percent from \$30.3 million to \$31.6 million. Total assets in the plan increased from \$251.9 million to \$312.9 million for the same time period due largely to market conditions. Much of the growth in the plan is with employees of local governments, particularly school districts. This shift has been fueled by more education from WRS and stricter IRS regulations for 403(b) plans causing some school districts to evaluate, and in some cases eliminate, 403(b) providers.

What has been accomplished?

In 2009, WRS traveled to every region in the state to provide in-person education about basic retirement planning and investment concepts to 3,565 members. WRS provides five different education seminars for active employees, one workshop specifically designed for retirees and pre-retirees, and one training seminar for employer liaisons. WRS' member education program provides integrated information about the pension plans and the 457 Plan. The intent is to make all members aware of the need for supplemental retirement savings in combination with the defined benefit pension program. Total contributions to the 457 Plan are an indication that educational efforts are effective.

WRS has hosted activities for National Save for Retirement Week for the last five years to promote awareness for the need to save and plan for retirement. This includes public events in Cheyenne and an email and Web site campaign for members across the state.

WRS Organization Chart

v. 10-20-2010

