



RETIREMENT SYSTEM

Partnering to Build Financial Security
for Members and Their Families

In Memoriam

The Honorable Joseph Meyer, who served on the WRS Board during his years as Wyoming State Treasurer, passed away on October 6 in Cheyenne. He was outspoken in his role as a fiduciary of the retirement trust funds and generously shared his investment knowledge and life experiences with his fellow board members. Treasurer Meyer will be missed by his many friends at WRS.

More on rehired retiree provisions

As a rehired retiree, you must declare whether you will continue to receive your retirement benefit and not accrue any additional service credit, or stop your benefit and be reinstated as a contributing member of the plan. If you choose to be reinstated as a contributing member, you will accrue additional service credit and your retirement benefit will be recalculated upon your new retirement date. Your new benefit will be based on the same option you selected the first time you retired and you will be required to keep the same designated beneficiary.

You might assume that by contributing more to the plan, your monthly benefit will increase. That is not always the case. The primary reason being your new benefit will be adjusted by an amount reflecting any payments distributed to you in your first retirement. As a rehired retiree, your benefit will be calculated under the same tier in which you were originally retired.



Rehired retiree eligibility

by Ben Brandes, WRS Chief Legal Counsel

The Wyoming Retirement Act (Act) recognizes that circumstances arise in which it is advantageous, and perhaps necessary, for a retiree to return to work. The “rehired retiree” provision of the Act applies to retirees of the Public Employee, Law Enforcement, and Guard Firefighter Plans only and enables a retired member of these plans to return to work for a participating employer under certain criteria. **Of course, one must actually be “retired” in order to be eligible to become a “rehired retiree.”**

The rehired retiree provision was developed at the request of employers who strongly expressed a need for flexibility in maintaining their workforce. The provision, in various forms, dates back as far as 1982 and was most recently amended in 2007 and 2008. The last changes were enacted to require an employer payment for rehired retirees, which was then changed to apply only to full-time vacant contributing positions.


The term “retirement” means you have terminated your working career for a salary with all participating employers of the plan. The term “retirement” also means you have met the requirements for eligibility to receive a retirement benefit from WRS and have had a true or bona fide break in service from your employer(s). This break in service following your retirement is required both by Wyoming law and the Internal Revenue Code (IRC), and demonstrates your intent to actually retire. **You are not considered to be “retired” if you have a pre-existing arrangement to return to work following your retirement or any promise of future employment with a participating employer.** Additionally, Wyoming law currently specifies the break in service must be at least 30 days.

From time to time, the rehired retiree provision has been subject to different interpretations. **Some members and employers view the 30 day separation from service as the only criteria and file “rehired retiree” applications despite the existence of pre-existing arrangements for the member to return to work, sometimes in the very same position from which the member “retired.”** Obviously, these members do not, in fact, intend to be, or remain, retired.

Being able to rehire a retiree can benefit employers and retirees. **WRS seeks to remain financially unaffected by the loss of a contributing**

member, which is why the employer payment is required, and to remain within IRS regulations and other applicable laws.

It is important for members to understand that each of the retirement plans administered by WRS is subject to qualification by the IRS. This qualification is predicated upon compliance of Wyoming statutes with the IRC and other federal law. Lack of compliance with these federal mandates threatens the qualified tax status our retirement plans currently enjoy. While each state may currently determine its own minimum separation periods for rehired retirees, WRS must apply other criteria developed through IRS guidance and Wyoming law in order to demonstrate bona fide separations of service for rehired retirees and thereby protect the System’s qualified status.


If you are retired or intending to retire and are considering re-employment with a participating employer, we recommend you contact WRS at (307) 777-7691 for assistance with understanding your choices and determining whether you are eligible to be a rehired retiree. 

Take our survey

The Wyoming Retirement System is currently conducting a survey of our membership. The survey takes about 10 minutes and you have until November 20 to respond.

Current Employees: <http://tinyurl.com/9gkwdsdv>

Retirees: <http://tinyurl.com/9mz5gzt>

Click the link for the survey that applies to you or copy the link into your internet browser and answer the questions as they apply. Your response will be anonymous. 

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Legislative update

In July, WRS' Executive Director, Thomas Williams, WRS' Board Chairman, Stephen Sommers and

WRS' actuarial consulting firm testified as part of the Joint Appropriations Committee's (JAC) continued study of alternative methods to fund cost of living adjustments (COLAs). The discussion was primarily about the recent legislative changes intended to constrain the liabilities of the plans.

As of January 1, 2012, the funding ratios for all plans decreased due to the ongoing effect of the sizable decline of investments in 2008. It is expected the funding ratios for all plans will decline slightly next year also due to the five year averaging used on investments. The Public Employee Pension Plan, which is the largest of all the plans, has a funding ratio of 81.9 percent and was labeled a "strong performer" by a recent Pew Report entitled, The Widening Gap Update, available at <http://www.pewstates.org/research/state-fact-sheets/wyoming-widening-gap-update-85899399362>.

Given the new statutory requirement for a plan to be over 100 percent funded after a COLA

award, the funding status of all plans was not sufficient to provide COLAs from internal assets. WRS provided the JAC a tool for estimating the cost of COLAs, should there be an initiative to fund COLAs from external appropriations. WRS also reported on additional research about establishing a separate plan to eventually provide COLAs for active employees. The JAC co-chairs will hold additional meetings with WRS about alternative COLA methods and report back to the full committee.

WRS informed the JAC it has commissioned two actuarial reports that will be completed in December. One report is to provide detailed information about the cost and other impacts of closing the Public Employee Pension Plan and replacing it with a defined contribution or 401(k) type plan. The other report is an "experience study" which the board will use to evaluate the assumptions that determine the funding status of the plans.

The JAC requested WRS provide an orientation for new JAC members at a future meeting. The report WRS provided to the JAC can be viewed on WRS' Web site under Publications.

Questions?
Feel free to contact us:

Deferred Compensation Plan:

phone (307) 777-7691

fax (307) 777-3621

457pln@wyo.gov

<http://www.wrsdcp.com>

Pension:

phone (307) 777-7691

fax (307) 777-5995

pension@wyo.gov

<http://retirement.state.wy.us>

We're on Facebook, too:

www.facebook.com/WYRetirement

More good news about RAIN



Last fall WRS shared with our members that we are in the process of developing a new custom technology system called RAIN, Retirement Administration and Investment Network. Progress on RAIN has been moving forward steadily and will represent a great enhancement for our members and participating employers.

RAIN will offer WRS members and employers online account access through a secure web-based portal, with advanced technology which members have come to expect in financial service industries. WRS' Business Integration Manager, Roxane Hudson, is enthusiastic about the advancement of RAIN. "The current technology is not meeting the needs of our members and employers." With RAIN, members will be able to establish a secure online account and, by logging into it, immediately access needed services and information. For example, you can review retirement account information, obtain an estimate of your future retirement benefit, change address or other personal account information, request a refund and apply for retirement benefits. Additionally employers will submit contribution records through a secure employer portal, which will increase the accuracy and speed of information transfers such as new

employee information, employee information changes and contribution processing.

In the last twelve months, WRS staff spent thousands of hours on the development of RAIN and the related preparation work associated with integrating such a system, while they continue providing customer service to members. At times, the RAIN project has meant longer wait times for members on benefit estimate and information requests; we ask your understanding during this transition. Although WRS staff is doing a remarkable job at managing both responsibilities, the current wait time to receive information is 4 to 6 weeks, with some requests possibly taking additional time depending upon the depth of research required.

In the meantime, if your anticipated retirement date is more than three years in the future and you are interested in estimating your benefit, you may avoid lengthy wait times by using one of the WRS online calculators at <http://wrscalculators.state.wy.us>. You will need to provide your age, your beneficiary's age (if applicable), your years of service and your highest average salary when computing your estimate.

Six great reasons to stay in the WRS 457 Plan

Whether you're retired or no longer with your employer, you can keep your funds in the 457 Deferred Compensation Plan. Keeping your money with WRS may provide better retirement opportunities than rolling your funds into IRAs. Here are six reasons to stay.

1. Distributions may be deferred until age 70 1/2 which could allow your funds to grow
2. You can roll other qualified plans to your 457 account
3. WRS' 457plan has lower fees than most retail plans
4. A variety of distribution options including lump sum, a partial sum or periodic payments are available
5. Investment options to cover those that want guidance and for those that want to do it on their own
6. Investment oversight from the Wyoming Retirement System

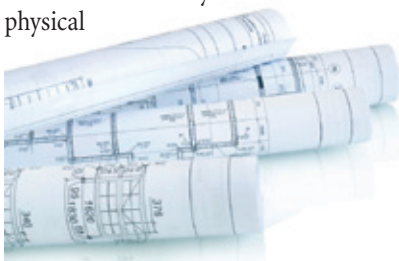
If you have questions about the options available to you please call a retirement educator at 307-777-3325 or visit your Web site at www.wrsdcp.com.



The “Wyoming Model” portfolio by John Johnson, Chief Investment Officer

Understanding the role of each asset class, the investments within each asset class, and further,

the impact on the specific allocation in an investment portfolio is of critical importance to the long term success of WRS in terms of achieving the investment return objective. As each specific investment has a role within an asset class, each asset class within a portfolio has a specific purpose. When developing the WRS portfolio with these basic building blocks, the investment team at WRS can build a portfolio that has strong foundational support while enabling the flexibility to adjust it over time as various market environments may demand. As with any physical



structure, a strong foundational support enables it to withstand the tests of time and environment.

Structures that have stood the test of time started with a good **blueprint**. The board establishes the blueprint in the WRS investment policy. It consists of Equities, Fixed income, Cash, Real Assets, and Global Asset Allocation Strategies. With the blueprint drawn, WRS’ investment team makes tactical choices within the blueprint to generate the best possible returns in the specific market environment that exists. This is the Wyoming model.

After a good blueprint is made, a **strong foundation** is needed. This is where diversification comes into play. Although what meant “diversified” in the past now does not. This provides an additional challenge to find alternative sources of investment return through new and “non-correlated” asset classes. Non-correlated refers to investments that behave differently in the same market. These non-correlated asset classes can provide the true diversification we seek. To this end,

WRS is looking forward to combining new diversification principles with time tested traditional asset allocation.

Within this model, the WRS investment team works to identify each investment by understanding and evaluating its contribution to the overall portfolio. It is important to note that, at times, the investment team may bypass certain investments if they think those investments will not add to the overall objective of increasing return while reducing risk.

Finally, while a house without a **roof** is not practical, developing a portfolio without the understanding of how the portfolio reacts in different economic scenarios is equally impractical. Our portfolio has been built based on asset allocation and diversification. Enhancements are made as specific growth opportunities become available and through careful analysis of how the portfolio will be impacted by different economic events. Creation of the blueprint, strong foundation and structure enables WRS to better withstand the unknowns of the future. 🌱



Lessons I’ve learned by Kathrine Patton, WRS Benefit Specialist

As an employee of the Wyoming Retirement System for the past two years, I have had the opportunity to

work with people in our community, and I have also gained a great deal of knowledge about how best to prepare for the future financially.

I have learned about the importance of personal savings and investments in planning for retirement. Like others, I have faced struggles because of the economy. I heard retirement educators emphasizing the importance of starting retirement savings early, **“Over time, that money has an opportunity to grow, and it is better to have begun early than to try and catch up later.”** Hearing this lit a spark leading me to be more serious about building my future, and it made me think, “Don’t delay.” It may take hearing that initial voice of a retirement educator or having access to other resources WRS provides to start planning and take action.

As public employees, we have a future lifetime income resource with our pension, but it is important to remember this benefit will not replace 100 percent of our pre-retirement income. Our pensions, personal investments through deferred compensation or other savings, and Social Security are all meant

to work together holding us up and giving us a firm place to stand during retirement. WRS provides a valuable savings tool in the 457 Deferred Compensation Plan. Even if you choose to begin with just the monthly minimum of \$20 to this plan, over time, your investment will give you a way to help you achieve your goals.

Regularly adding to your plan allows the flexibility for you to reach your goals sooner and plan for the unexpected.

Elizabeth Brown, 457 Plan participant

Since I have been with WRS, I have had the chance to visit with teachers, firefighters, law enforcement officers, laborers and business people, all who work to keep Wyoming the great state we call home. It has been interesting to hear what has inspired others to set retirement goals and start saving for their futures, like Elizabeth Brown, a tax examiner with the Department of Revenue. Brown visited with Retirement Educator, George Eason, when she enrolled in the plan. “It is important to have a wide range of assets when you decide to retire,” she said, noting that Deferred Compensation

is helping her accomplish that goal. Brown has regularly increased her contributions to the Deferred Compensation Plan. “Regularly adding to your plan allows the flexibility for you to reach your goals sooner and plan for the unexpected,” she said. Brown has also taken advantage of the new after-tax option with Deferred Compensation because it allows her to “diversify her savings even more in preparation for retirement.”


Like Brown, you may find the resources offered by WRS and meeting with a retirement educator helpful in planning for the future. If you would like to get started with your personal savings and investments, WRS has many tools to assist you. The goal setting worksheet is available on our Web site at <http://retirement.state.wy.us> under latest news; it will help you find out how much you may want to save in order to reach your retirement goals. Our retirement educators offer seminars that cover a variety of retirement issues of interest to you. A schedule of when our educators are in your area and a listing of seminar descriptions are available on the WRS Web site under “Education.”

Retirement educators are also available to visit with you by phone at 307-777-3325 or email at 457pln@wyo.gov, or you may visit us in Cheyenne at 6101 Yellowstone Rd, Suite 500. 🌱

WRS UPDATE

WYOMING RETIREMENT SYSTEM
6101 Yellowstone Road, Suite 500
Cheyenne, WY 82002

Town hall meetings

The Coalition for a Healthy Retirement System is sponsoring town hall meetings about possible changes to the Wyoming Retirement System. The Coalition invited WRS' Executive Director, Thomas Williams and WRS' Board Chairman, Stephen Sommers to give an overview of the retirement system and explain why the WRS Board supports the defined benefit plan. The Coalition's first meeting was held in Sheridan. Additional meetings will be held on October 18th at 7 p.m. via broadcast among most of the community colleges, in Cheyenne on November 8th at 7 p.m. in the WYDOT Auditorium and in Casper on November 28th at 7 p.m. in the Nichols Auditorium in the McMurtry Career Studies Building at Casper College. For additional information contact Dan Neal of the Equality State Policy Center at 307-472-5939 or <http://equalitystate.org/projects/public-pensions/>. 



JOIN THE WYOMING RETIREMENT SYSTEM

National Save for Retirement Week

ATTEND!

Oct. 24th, 10 am-2 pm
Kiwanis Community House
at Lions Park in Cheyenne

■ One Hour Seminar (10 am & 1 pm) "IT'S YOUR FINANCIAL JOURNEY"

- Specifically developed for women (and men who care about women)
- Co-Authored and presented by Cindy Hounsell, President, *Women's Institute for Secure Retirement*
- Also viewable online <http://retirement.state.wy.us>

■ From 10 to 2, Meet with...


- WRS Benefit Specialists and 457 Specialists
- Social Security — *First come, first served; appointments suggested by calling 777-3325. Group presentation at 11:30 am.*
- State Employees Group Insurance
- Related Information Tables



<http://retirement.state.wy.us> • 307-777-3325

Important message for newer members

The Legislature created a reduced tier (Tier 2) of benefits for members of the Public Employee Pension Plan hired on or after September 1, 2012. The determining factor in whether a new employee will fall under the existing Tier 1 or the newly developed Tier 2 will be receipt of contributions by WRS representing work for August on behalf of a member. If you are a new employee, in order to be placed in Tier 1, WRS must receive from your employer clear indication of hours worked and contributions paid for August. If you are a new hire, and WRS does not receive specific contributions for actual time worked in August, you will be subject to the provisions of Tier 2.

You can read about the provisions of Tier 1 and Tier 2 in the Public Employee Handbook on the WRS Web site under Publications. Remember, Tier 2 only affects new employees and non-vested members returning to work after September 1. If you have any questions, please contact WRS at pension@wyo.gov or 307-777-7691. 

Board officers elected

At its August meeting, the board elected Stephen Sommers, who has been on the board since 2009, to serve his second one-year term as chairman. Mr. Sommers was appointed to the board by Governor Freudenthal as the retiree representative. Garth Shanklin was elected to serve his second one-year term as vice chairman. Mr. Shanklin was first appointed to the board in 2009 to finish the term of a member who resigned, and was re-appointed to the board by Governor Mead in 2011.