

6101 Yellowstone Rd
Suite 500
Cheyenne, WY 82002
307-777-7691
<http://retirement.wyo.gov>
<facebook.com/WyRetirement>



Member Survey

WRS will be conducting its annual member survey in the near future. We will be randomly selecting members to get your anonymous feedback. If you get a survey from us, we very much appreciate you taking the time to complete it.

Fraud Alert

WRS has recently heard from a few members that they have been contacted by individuals using the term "Wyoming Retirement" in the context of trying to sell something. This activity is NOT associated with, nor endorsed by, Wyoming Retirement System. If you suspect fraudulent activity, please contact your local authorities or the Attorney General's office (307) 777-7841.

JAC Update

WRS Executive Director, Ruth Ryerson and Board Chair, Laura Ladd testified before the Legislature's Joint Appropriations Committee in mid-November. Discussion included pending legislation to update some provisions in the Wyoming Retirement Act, consolidate the two volunteer pension plans and permit automatic enrollment into the 457 Deferred Compensation Plan. WRS regularly reports to the Governor and the JAC.

Public Employee Pension Plan Strong & Sustainable

By Ruth Ryerson, Executive Director



Over the last several years the WRS Board has partnered with the Governor and Legislature to initiate changes to safeguard the financial strength of our pension plans, including our largest plan – the Public Employee

Pension Plan. When the Board and I received the annual results for the funding status of each of the pension plans this year, we were pleased to see that the changes seem to be working as intended. We continue to monitor each plan's funding status, but we will not pursue further contribution increases or benefit changes at this time. We know we will have the assets needed to pay retiree benefits for decades to come.

When looking at the funding status of the plans, we get a snapshot of assets compared to liabilities -- called the funded ratio. We also look at 30-year projections to get an idea of future trends. Projections for the largest plan – the Public Employee Plan – show improved funding trends over the long term achieving 100 percent funding in 2036, which is 8 years ahead of schedule. Most of our smaller plans demonstrated the same basic trend. You can find the report and 30-year projections for each plan on our website at retirement.wyo.gov.

It is sometimes thought a pension plan is not healthy if it is not 100 percent funded. A 100 percent funded ratio is the target, but a

current ratio below 100 percent funded does not necessarily indicate a funding problem. The funded ratio is most meaningful when viewed in the context of additional factors. One of the most important additional factors is whether incoming contributions are adequate to support achievement of full funding over a reasonable period. This is the case for the Public Employee Pension Plan and most of WRS' other plans.

There are known funding problems with two of our plans – The Paid Firefighter A Plan and the Volunteer Emergency Medical Technician (EMT) Plan. The Volunteer EMT Plan was legislatively established in 2008 with a short-term funding source knowing a long-term funding source would need to be put in place. The Paid Firefighter A Plan is in very unique circumstances primarily because contributions were stopped and benefits increased over a short timeframe (1997 to 2004) without giving a long enough period between changes to determine the effects. Both of these plans will need a legislative fix and all stakeholders are aware of it.

It is the Board's job to manage WRS' assets and liabilities to keep each pension plan financially sound. If a plan is demonstrating poor funding trends, the Board would report that information to our members, as well as the Governor and Legislature. The Board believes, and passed a resolution affirming, that a defined benefit plan supplemented by the 457 Plan is the best way to provide retirement benefits for the public employees of Wyoming.



WRS Summary 2014

The WRS Summary 2014 gives an overview of WRS' structure, provides information on the makeup of WRS' membership and participating employers, outlines the benefits WRS provides and their economic impacts on Wyoming, and more.

Download the WRS Summary 2014 at
<http://retirement.wyo.gov/publications/index.html>



Wyoming's First Lady, Carol Mead, reads a story developed by WRS to a classroom at Arp Elementary in Cheyenne in support of National Save for Retirement Week.

National Save for Retirement Week

For this year's Save for Retirement Week (October 20-24), WRS focused on encouraging members, and all Wyoming's citizens, to take some time to consider their "future self." Research indicates that people who spend time envisioning potential outcomes can as much as double their intended retirement savings rate. In addition to our Email campaign, Social Security Seminar, and online resources reaching over 5,500 people, WRS also worked with schools to promote early financial literacy for Wyoming kids.

During the week, Wyoming's First Lady, Carol Mead, and WRS educators read a children's story developed by WRS, *Sonja Meets Her Future Self*, to classrooms of elementary school students. In the story, a young girl named Sonja travels forward in time and meets future versions of herself. Along the way she learns about the importance of saving and what it means to be retired. WRS educators will continue to use the story in schools throughout the coming year. We encourage you to download the story and read it to the kids in your life and as a reminder to think about your future self. View or download the story at retirement.wyo.gov/home/retirementfair.html.

Retiree Groups Help Keep Members Informed

Several retirement groups offer retirees a way to stay informed about issues while meeting in a social environment. If your retiree group is not listed and you want WRS to publicize your information, please send your request to pension@wyo.gov.

- Wyoming Retired Education Personnel (WREP) is open to retired school district employees. Their annual meeting in September. Executive committee meets four times a year. Contact: Wayne Schatz at (307)-672-0224 or wschatz1@bresnan.net
- State Employees Retirement Group (SERG) is open to any retired state employee. They meet the second Monday of each month at the Holiday Inn at noon for lunch and a guest speaker. Contact: Donella Marrs at (307) 635-5858.
- UW/State Retirees of Albany County is open to retired state or education employees. Meetings are 10 a.m. on the third Monday of the month at the Eppson Center, Laramie from September-May. Contact: Kathe Carlton via email at kathe@uwyo.edu.
- Retired Firefighter's Association will contact members about upcoming events. All firefighters or their beneficiaries on Paid Fire A Pension are asked to update their address and phone number. Please send your information to P.O. Box 2791, Cheyenne, WY 82003.

WRS Hires New Deputy Director, Dave Swindell



David Swindell is the WRS Deputy Director & Chief Financial Officer. He oversees Member Operations, Finance & Accounting and Information Systems, and other agency-wide management duties.

Dave was previously the Chief Financial Officer for the City of Pocatello, ID. Prior to his duties in local government, Dave was a career military officer, serving 22 years in the U.S. Army, retiring with a rank of Lieutenant Colonel. His military career included field duty in Korea, Germany and the United States, as well as staff assignments that included Assistant Professor of Economics at West Point and budget analyst on the Army Staff, Pentagon. His education includes a MPA with concentration in economics from Princeton University and a Bachelor of Science degree from the U.S. Military Academy at West Point.

Dave's arrival at the Wyoming Retirement System marks a return to the state, as he was raised in Riverton, WY and was appointed to the Military Academy from Riverton High School. Dave and his spouse Jill enjoy travel, skiing and fly fishing, where they amuse the local trout with their efforts.

Harry Wales, Roxane Hudson Retire

WRS wishes a fond farewell to Harry Wales and Roxane Hudson. Over the summer, WRS Deputy Director, Harry Wales retired after 35 years with WRS. Harry was Deputy Director for twelve years. WRS Business Integration Manager Roxane Hudson also retired this summer. Roxane was with WRS for ten years.

Deferred Compensation

The start of a new year is a great time to consider participating or increasing your 457 Plan contribution.

Our Retirement Income Control Panel Intro video gives an overview of a tool in your online 457 Plan account that you can use to estimate what your current savings will provide in future income: retirement.wyo.gov/home/retirementfair.html

The Importance of Maintaining a Long-Term Focus

by Sam Masoudi, WRS Chief Investment Officer



As long-term investors at WRS we like to take a step back and look at the “big picture.” The primary investment goal of the WRS retirement plans is to produce an average annual rate

of return of 7.75 percent. While we expect to achieve this actuarial return assumption over long periods of time, achieving it in any given year is dependent on the returns of the overall financial markets. There will be years in which it is nearly impossible to meet this return objective because the markets are down and there will be some years, such as the last several years, in which markets increase dramatically and we will significantly outperform our target.

If you have been reading the papers or watching the evening news over the past several months, you might be aware that the stock market has recently experienced increased volatility. Due primarily to ongoing concerns of a slowdown in growth outside of the U.S. as well as some

other non-financial risks such as fear of an Ebola outbreak, the U.S. stock market experienced a decline of approximately 8 percent from its September peak to early October. While this sounds like a significant drop, it's actually quite small on a historical basis. Over the last 34 years, the average decline within a year in the stock market (from peak to trough as measured by the S&P 500) has been 14.2 percent. Despite these large declines, in 26 of those 34 calendar years the S&P 500 finished with positive returns. This year we are potentially seeing a similar positive outcome. During the remainder of October, the S&P 500 recovered all of the losses from earlier in the month and is back to being near its September peak with an approximate 9 percent year-to-date return.

The most obvious lesson learned from the recent market movement is the importance of remaining calm in the face of market turmoil because markets usually recover and reward those with cool heads and steady hands. As a public pension plan with a long-term investment horizon, we are in the enviable

position of being able to tolerate these market downturns better than most other investors who often have shorter-term investment objectives. During periods when the market is falling sharply and other investors are panicked and selling, the opportunities are often the most attractive. We remain steadfast in our resolve; in times of crisis, we are likely to be the ones seizing the opportunity to buy assets “on sale” rather than those selling assets at deep discounts. That said, we only invest when we expect to achieve attractive risk-adjusted returns and meet our return objective.

The WRS investment team appreciates the great responsibility our members have entrusted to us, and we are honored to be stewards of their retirement assets. We continue to focus on achieving WRS's long-term return objectives and maximizing returns for our members.

This article is for information and illustrative purposes only and should not be regarded as investment advice or as a recommendation regarding any particular security or course of action.

Rehired Retiree Rule Requires Bona Fide Break In Service and No Pre-Existing Employment Arrangement

The WRS Board recently approved a draft revision to Chapter 12 of its administrative rules which covers reemployment of retired members. The draft rule is out for public comment 10/31/2014 – 12/15/2014, and can be accessed via the WRS website at: <http://retirement.wyo.gov>.

The Board is proposing to amend the rule for the purpose of updating and clarifying the procedures related to reemployment of retired members of the system. The Wyoming Retirement Act (Act) recognizes that circumstances arise in which it is advantageous or 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. One must actually be “retired” in order to be eligible to become a “rehired retiree.”

The draft rule clarifies that the term “retirement” means a member has terminated their working career for a salary with all participating employers of the

plan. The term “retirement” also means that a member has met the requirements for eligibility to receive a retirement benefit from WRS and has had bona fide break in service from employment. This break in service following retirement is required both by Wyoming law and the IRS Code. The rule further clarifies that a member is not considered to be “retired” if there is a pre-existing arrangement for the member to return to work following the retirement date or any promise of future employment with a participating employer.

In an effort to preserve the qualified IRS tax status the retirement system relies on to provide adequate benefits to its members, the proposed changes to the rule are designed to emphasize when a bona fide break in service has occurred and ensure that the laudable purposes of the rehired retiree provisions are not abused. Some members and employers have viewed the 30 day separation from service requirement as the only qualifying criteria and file rehired retiree applications despite the existence of pre-existing arrangements for the member to return to work. Obviously, these members do not, in fact, intend to

be, or remain, retired. Lack of compliance with IRS mandates could jeopardize the plan's qualified tax status.

In addition to clarifying the definitions of “retirement” and “break in service,” the draft rule also ensures that WRS will remain financially unaffected in the event a rehired retiree chooses not to reenter the plan and contribute to the system. Both statute and rule continue to require employers of rehired retirees to pay an amount designed to keep the system actuarially sound. It is important that WRS administer the rehired retiree program consistently with state and federal law, as well as with its overarching fiduciary responsibility to all of the members of the system. The revised rule intends to serve as a better tool to participating employers and members alike.

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.

RAIN Updates

WRS' new Retirement Administration and Investment Network (RAIN) gives members online account access. If you are a WRS member, you can access RAIN through WRS' homepage at retirement.wyo.gov. Please note, you will need your RAIN ID or retirement number to set up your account, and RAIN user accounts require a unique email address for each member. Once you set up an account, you can access account details as well as update contact information and beneficiaries.

New employees receive a RAIN account activation email after the employer registers them with WRS. If you receive an activation email, it is important that you follow the link to establish a RAIN account to **verify your account information and add beneficiaries**.

Many members, such as those employed by school districts or hired prior to 2000, will require a manual account audit prior to utilizing RAIN for benefit estimates. WRS is experiencing a backlog of account audits and it can take several months to get yours completed. **WRS is asking members for their cooperation by delaying account audit requests if time allows.** If your projected retirement date is 2016 or later, do not ask for an account audit at this time. Please use our benefit calculators at <http://wrscalculators.state.wy.us> to approximate your future benefit. If you are retiring in 2014 or 2015, you may request an audit of your account via RAIN or by contacting WRS. Follow WRS on Facebook to get updates on our wait times.

Employees who are retiring can use RAIN to apply for benefits unless an account audit is needed. Make sure you obtain benefit counseling and get all your questions answered well in advance of submitting your retirement application. If you apply for retirement through RAIN, WRS encourages you to do so on or after your last working day. This will help members avoid the need to cancel an application and reapply due to changing circumstances.

Beneficiaries

It is important that you keep your beneficiary information up-to-date with WRS. You must make separate beneficiary designations for your:

- WRS pension account by logging into the RAIN Participant Portal or submitting a form located at <http://retirement.wyo.gov/pension/pensionforms.html>
- 457 Deferred Compensation account by logging into your 457 account online or submitting a form located at <http://retirement.wyo.gov/dc/dcforms.html>
- Prudential life insurance by calling Health Smart at (800) 525-8056 or online at mybensite.com/wy/

For a more detailed explanation of death and survivor benefits, read the handbook for the pension plan to which you belong.



1955 WRS Letter

The daughter of one of WRS' earliest members recently shared with us a letter that her father received from WRS in 1955. The member was considering withdrawing his funds after 8.5 years of service. To see the letter and what happened next visit retirement.wyo.gov/home/1955.html

Same-Sex Marriage

WRS began recognizing same-sex spouses last fall with the implementation of the U.S. Supreme Court's decision on the Defense of Marriage Act. In terms of retirement assets, the IRS regulations make a key distinction between non-spousal and spousal beneficiaries. If a member selects a spousal beneficiary, there are more choices available for payout options or distributions.