



RETIREMENT SYSTEM

Partnering to Build Financial Security  
for Members and Their Families



## WRS offers short videos on basic investing


The Wyoming Retirement System (WRS) unveiled six short videos on basic investing during this year's National Save for Retirement Week (NS4RW), which was held from Oct. 21 through Oct. 25.

The videos are available at [retirement.state.wy.us/home/retirementfairvideos.html](http://retirement.state.wy.us/home/retirementfairvideos.html) and last between 10 to 15 minutes.

WRS presented the seminars live during NS4RW at the Oct. 23 retirement fair.

Hundreds of members participated in the weeklong NS4RW event by attending the retirement fair online or in person and responding to the daily emails.

A member's pension and Social Security benefits likely won't be enough in retirement, which is why the 457 Deferred Compensation Plan, the state's supplemental savings plan, can play a role in saving for retirement.

Members who are already enrolled in the 457 Plan are always encouraged to put additional money toward their retirement savings. Members who are eligible but aren't participating should consider enrolling. Visit [retirement.state.wy.us](http://retirement.state.wy.us) or [www.wrsdcp.com](http://www.wrsdcp.com) for more information. 

# WRS UPDATE

Fall/Winter 2013

## Ruth Ryerson joins WRS as new executive director

The Wyoming Retirement System Board of Directors recently hired Ruth Ryerson as the system's new executive director. Ryerson started in August and brings 25 years of experience in the retirement industry to the system.

"The Wyoming Retirement System has an excellent reputation for integrity, professionalism and sincere concern for its members and families," Ryerson said. "I'm proud to be part of a multi-employer system that benefits so many people throughout the state. It's truly an honor for me to be able to work on behalf of Wyoming's public employees."



Ruth Ryerson

The board hired Ryerson after its May board meeting following a national search. Ryerson manages the staff and day-to-day operations of WRS.

Some of Ryerson's priorities for WRS include working with the newly hired chief investment officer (CIO) on the investment plan, getting the Retirement Administration & Investment Network (RAIN) launched and working with the state Legislature during the upcoming session.

"WRS has a lot of exciting projects currently under way," Ryerson said. "RAIN, which is WRS' new pension administration system, will be a great tool for our members and employers and we're excited about the launch. We've hired a new CIO, which completes the excellent investment team we've

assembled at WRS."


To learn more about the new CIO, read the story on page 4.

Prior to joining WRS, Ryerson served as executive director and

chief investment officer of the Fort Worth Employees' Retirement Fund, a position she held from 2006 through July 2013.

Ryerson also spent 19 years at the Fire and Police Pension Association of Colorado in Denver serving as accounting manager in 1987, deputy executive director in 1991 and chief executive officer from 1993 to 2006. Before working for the Fire and Police Pension Association of Colorado, she worked as an audit supervisor for the city auditor's office in Colorado Springs.

She earned a bachelor's degree in Business Administration/Finance from the University of Wisconsin and an MBA in International Business from Regis University, Denver. Her professional certifications in accounting and finance include Certified Public Accountant, Certified Internal Auditor, Certified Management Accountant and Certified Government Financial Manager.

Ryerson's pension and benefits certifications include Certified Benefit Specialist, Chartered Pension Professional, Chartered Pension Executive, Certified Trustee (Texas Public Employee Retirement System), and Accredited Investment Fiduciary Auditor. 

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## Members encouraged to take WRS' survey

The Wyoming Retirement System wants to hear from its members. WRS is currently conducting a survey of its membership. The survey takes about 10 minutes and members have until Jan. 10 to respond.

Current Employees: <http://tinyurl.com/l4wbq6w>

Retirees: <http://tinyurl.com/ltjuhlr>

Members who have a print copy of the newsletter can type the link into the address bar of their web browser. Members who have an electronic copy can copy and paste the link into the address bar. Members' responses will be anonymous. 



## Legislative Update:

### WRS testifies at Joint Appropriations Committee



Ruth Ryerson, executive director, Steve Sommers, board vice chairman, and WRS' actuary testified before the Legislature's

Joint Appropriations Committee (JAC) in late October. The main topic of discussion was potential legislation to further increase contributions to the three plans for which projections show increases are needed: Public Employee Plan; Warden, Patrol & DCI Plan and Paid Firefighter B Plan.

The JAC received updated projections of needed increases and voted to sponsor a bill in the 2014 legislative session to continue to phase in contribution increases for these three plans. If these additional increases are passed, over half of the needed increases would be accomplished. Increases under consideration are an additional 1.5 percent for the Public Employee Plan; 2.04 percent for the Warden, Patrol & DCI Plan and 0.52 percent for the Paid Firefighter B Plan.

In 2013, the legislature passed contribution increases for these three plans and the increases began Sept. 1, 2013. Visit [retirement.state.wy.us/home/ActiveMembers.html](http://retirement.state.wy.us/home/ActiveMembers.html) to read the phase-in structure for the approved increases.

Also at the October meeting, the JAC voted to sponsor a bill to provide a long term funding source for the Volunteer Emergency Medical Technicians Plan from a portion of the fire insurance premium tax revenue that currently goes to Wyoming's general fund.

The JAC heard testimony from WRS and members of the Paid Firefighter A Plan and the Warden, Patrol & DCI Plan about the long term funding concerns that need to be legislatively addressed. The JAC will continue to discuss these plans at its Nov. 19 meeting in Cheyenne. Stakeholders of these plans are invited to send comments to WRS at [pension@wyo.gov](mailto:pension@wyo.gov) or attend WRS' next board meeting in Cheyenne on Nov. 20-22.

## FAQs on the funding status of the Public Employee Pension Plan

### 1. What was the funded ratio of the Public Employee Pension Plan as of Jan. 1, 2013?

The funded ratio for the Public Employee Pension Plan decreased in 2013. The Public Employee Pension Plan was 78.56 percent funded as of Jan. 1, 2013 compared to 81.87 percent funded on Jan. 1, 2012. This is based on assumptions approved by the WRS Board through January 2013. However, when new assumptions adopted by the board in February 2013 are used, the funded ratio decreases to 72.80 percent.

### 2. Why did the funded ratio drop?

Based on the old assumptions the 2013 funded ratio was expected to decrease because there was still a large amount (\$420 million) of investment losses from the market downturn in 2008 that would be averaged into the actuarial value of assets. The board has adopted a five-year "smoothing" or averaging policy for the actuarial value of assets used in the funded ratio. Smoothing is intended to even out market gains and losses and result in less volatility in the contribution rate.

The board adopted new assumptions in February of 2013. The new assumptions resulted in increases to the liabilities of all the pension plans WRS administers, making the funded ratios lower than if the old assumptions were maintained.

### 3. What changes were made to the assumptions and why?

Because funding a pension plan soundly depends upon actual experience meeting the assumptions used, it's critical the board maintain best-estimate assumptions. In February 2013, the board adopted a revised set of long-term assumptions, which in general, forecast increasing life expectancy and lower long-term investment returns.

The investment return assumption was reduced to 7.75 percent from 8 percent. This change had the greatest impact on lowering long-term assets available to meet plan liabilities. The demographic assumptions relating to retirement, disability and withdrawal rates were updated to coincide with the actual experience of the plan population for the period 2007 – 2012. Mortality assumptions have been changed to a "generational" mortality table which will

reflect the way in which later generations outlive their predecessors.

### 4. Why was the assumption for the investment rate of return reduced?

Given the current market environment, the board wanted to be responsive to expert opinions that the fundamental macro-economic outlook for the investment markets appear to be changing. Research showed the board that peer groups, financial markets and the public sector universe has been decreasing expectations for total investment return.

### 5. Does the Public Employee Pension Plan need higher contribution?

Yes, projections show an additional 2.78 percent is needed for a total of 17.90 percent versus the currently legislated 15.12 percent to achieve a 100 percent funded ratio in 2043. These numbers are based on projections that incorporate recent changes in benefits and contributions into the analysis, as well as the new assumptions. These numbers include a 7.75 percent investment return annually and excess investment returns are not expected to replace the need for a contribution increase.

### 6. Is the Plan healthy?

Yes, although the term "healthy" may have many interpretations. All statutorily required contributions have been paid and there are adequate assets to pay current benefits for decades. WRS has also managed its liabilities by creating a second tier of benefits and this helps keep the plan sound. WRS raised the need for a contribution increase to the Joint Appropriations Committee and it is considering a strategy to increase contributions gradually.

*Note: The annual valuations for each of the nine pension plans WRS administers are available at <http://retirement.state.wy.us/pension/index.html>*

# WRS 457

Deferred Compensation Plan



## Enroll today

[www.wrsdcp.com](http://www.wrsdcp.com)

## What keeps me up at night? by Polly Scott



I have had the privilege of managing the WRS 457 Plan for 12 years. I have implemented two sweeping changes due to the federal laws pertaining to retirement plans and have seen WRS' 457 Plan assets almost triple. We've made many improvements to the Plan and the public employees who participate are contributing more than ever. So, what keeps me up at night?

Even though participants are contributing more than ever, I think about eligible individuals who are not in the plan. For example, there are about 2,000 state employees and more than 20,000 local government or school district employees\* not in the plan. Every one of our members will need more than their pension and Social Security to maintain the same lifestyle in retirement. This is especially true since it is unlikely WRS' pension plans will be able to pay cost of living increases from internal funds for 30 years or more. If you are eligible for WRS' 457 Plan and are not enrolled, enroll today at [www.wrsdcp.com](http://www.wrsdcp.com).

I worry participants in the plan are not saving enough. If you are among the 65 percent of our participants contributing less than \$150 a month, I urge you to find

a way within your budget to gradually increase your contribution to \$150 per month or more. If you were to contribute \$150 a month for 30 years and average a 7 percent annual return, your account balance would be about \$175,000 and could potentially support withdrawals of \$15,000 per year for 25 years. Imagine your life at age 75 with an additional \$15,000 of income and I bet it will make you smile.

Finally, research on how our participants are investing causes me concern. Most of those invested in target date portfolios (diversified one-fund investment solutions based on the year you anticipate retiring or, if known, the year you intend to start withdrawals) are not in the age-

appropriate portfolio. We've sent direct mail to the target date investors urging them to consider moving to the age-appropriate portfolio, but few have taken action. For those using our mix-your-own funds, we looked at the amount of stock held according to age. You'd expect to see stock holdings decrease as age increases, but we saw no pattern at all. Between now and the end of 2014, commit time to managing your investments. Spend an hour visiting our virtual retirement fair at <http://retirement.state.wy.us/home/retirementfair.html> or contact WRS at 307-777-3325 for a review of your

*Every one of our members will need more than their pension and Social Security to maintain the same lifestyle in retirement.*

investment strategy.

The WRS Board recently held in-depth discussions about how the framework of the 457 Plan itself could be used to achieve better retirement outcomes for people. Research shows the best way to achieve retirement security for members is to automate most decisions through the use of established defaults. For example, unless they opt out, new employees would be automatically enrolled into a target date portfolio at a default amount that would be automatically increased from time to time. There would be an easy opt out method and employees would get several communications from WRS to inform them of the process. Because most people who aren't in the plan always meant to enroll, I would like to see WRS move in this direction.

I want to know what our members think about automatically enrolling people into the 457 Plan. **If you would like to share your perspective, email me at [polly.scott@wyo.gov](mailto:polly.scott@wyo.gov).** If this article motivated you to improve your retirement planning let me know that as well, it will help me sleep better at night. 🐼

*Polly Scott is WRS' Communications and Deferred Compensation 457 Plan manager and was recently elected secretary treasurer of the National Association of Governmental Defined Contribution Administrators.*

\* Local government and school district employees could be participating in other employer provided defined contribution plans.

## FORECAST: RAIN on the way

Wyoming Retirement System (WRS) members will soon have electronic access to their individual pension accounts through the new pension administration system.

WRS is anticipating launching the Retirement Administration & Investment Network (RAIN) in early 2014.

With RAIN, WRS will continue its tradition of providing excellent customer service to its members by giving them immediate access to needed services and information.

Members will be able to create secure online accounts where they will be able to:

- Obtain an estimate of their future retirement benefit



Wyoming Retirement System's  
**RAIN**  
Retirement Administration & Investment Network

- Make a change to their address or other personal information
- Request a refund
- Apply for benefits
- View account statements

RAIN will also enable employers to submit contribution records and new employee information electronically, increasing accuracy and speed of information transfers.

Once WRS sets an official launch date, it will notify members and employers about key dates and creating online accounts. 🐼

## Election of officers

The Wyoming Retirement System Board of Directors elected Laura Ladd as the new board chairwoman and Steve Sommers as the new board vice chairman during August's meeting.

Both will serve in their new positions for one year. Ladd has served on the board since 2009 and represents the community at large. Sommers has served on the board since 2009 and represents retirees.

The board also welcomed member Tim Sullivan, who was appointed earlier this year. Sullivan represents public employees and employers. 🐼

## WRS UPDATE


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

### Anticipating a final payout of sick and vacation pay?

457


If you are anticipating a payout for sick and vacation leave, you may elect to defer it into your WRS 457

Deferred Compensation Plan account, provided you do not exceed the annual contribution limits and make the election on a timely basis. Electing this option on a pretax basis allows you to delay income tax on your leave payout until you make withdrawals from your 457 Plan account.

Your total contribution, meaning any combination of payroll deductions and a payout of leave, cannot exceed current year limits. The contribution limits for 2013, which will remain the same in 2014, are \$17,500 if you are under age 50 and \$23,000 if you are 50 or over. Elections to defer sick and vacation leave pay can be made by completing a WRS Salary Deferral form, which must be received by WRS prior to your last day of employment. Contact WRS at (307) 777-3325 or email [457pln@wyo.gov](mailto:457pln@wyo.gov) with questions. 

### Fraud assistance

Members and retirees should be careful about giving out personal information regarding themselves and their retirement accounts.

Members should contact the Wyoming Attorney General's Office at (307) 777-7841 or visit <http://attorneygeneral.state.wy.us/consumer.htm> if they feel they've been a victim of fraud. 

### WRS hires new chief investment officer



Sam Masoudi recently joined the Wyoming Retirement System as its new chief investment officer.

During his 20 years of investment experience,

Masoudi has worked with a wide variety of investment types including public equities, private equity, fixed income, real estate and hedge funds.

"I'm thrilled to join the Wyoming Retirement System, which is a well-run organization with an excellent governance structure and team," he said.

Ruth Ryerson, executive director of WRS, said she's pleased Masoudi is part of the WRS team.

"With Sam's diverse investment background, he will provide excellent leadership to the investment management team," Ryerson said.

WRS hired Masoudi after a nationwide




Sam Masoudi

search that started during the summer. Masoudi said organizations like WRS are vital to people who work all their lives and rely on a pension in retirement.

"My father worked for United Airlines and my mother was a public school teacher," he said. "Both had pensions when they retired, which gives me a personal connection to the WRS mission."

Prior to WRS, Masoudi was a managing director of the endowment investment office of Tulane University, a position he held for five and a half years.

Masoudi also spent seven years as portfolio manager and founder of Silver Peak Capital Management, an investment fund located in New York City; three years as director at Veronis, Suhler & Associates, a private equity fund in New York City; and four years as assistant vice president in the real estate investment banking group at Kidder Peabody and PaineWebber in New York City.

Masoudi holds the Chartered Financial Analyst (CFA) and Chartered Alternative Investment Analyst (CAIA) designations. Masoudi graduated with a bachelor's degree in finance and investments from Babson College in 1992. 

### Questions? Please contact us:

#### Deferred Compensation Plan:

phone (307) 777-7691

fax (307) 777-3621

[457pln@wyo.gov](mailto:457pln@wyo.gov)

<http://www.wrsdcp.com>

#### Pension:

phone (307) 777-7691

fax (307) 777-5995

[pension@wyo.gov](mailto:pension@wyo.gov)

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

We're on Facebook, too: [www.facebook.com/WYRetirement](http://www.facebook.com/WYRetirement)