



Partnering to Build Financial Security For Members and their Families

SUMMARY REPORT 2021



Overview - Pension Changes

Our nation is coming out of the worst pandemic in a 100 years and yet we find ourselves in a stronger position than we were a year ago. Markets continue to be volatile and yet growth is happening as the stimulus continues to help the economy. Even with the volatility of the past year, we are long-term investors and the pandemic highlighted the value of what our professional investment team does. WRS pension payments arrived as scheduled during the pandemic. WRS issued pension benefits totaling more than \$707 million during 2020 – about \$58 million every month. WRS has retirees across the globe, but 79% of these payments go to Wyoming zip codes. Wherever they go, these benefits stabilize members' families and communities. Our reliable pension payments have always done this, but right now it provides critical payments into Wyoming communities.

All this happens with a remarkable value to the taxpayer. Only 30% of the benefits paid come from contributions, either from the employee or the employer. 70% comes from investment earnings. Moreover, benefits paid revolves in our economy to generate even more personal income and generating tax revenue for state and local governments. A recent study from the National Conference on Public Employee Retirement Systems (NCPERS) found that the \$616 million in WRS pension benefits paid in 2018 generated more than \$1.5 billion in additional personal income and \$382 million in additional state and local government tax revenue.

Board Changes for 2021

2021 brings change to the WRS Board as we thank departing Trustees Laura Ladd, Garth Shanklin and Keith Hay for their many years of service and volunteerism. We are grateful for their exceptional dedication to WRS and the successful financial futures of our members.

Joining the Board as new trustees, appointed by Governor Gordon and confirmed by the Wyoming State Senate, are Dr. Lesley Travers from Torrington, Mr. John Lummis from Jackson, and Mr. Robert Leibrich from Sheridan. Mr. Paul O'Brien from Jackson was appointed by Governor Gordon in September of 2020 to replace departing Trustee Brian Foster. WRS welcomes our new trustees and thanks them for their volunteerism, leadership and altruism.

Mission

The Wyoming Retirement System's mission is to provide expert administration and responsible investment of Wyoming's public retirement and supplemental savings programs.

Vision

Partnering to Build Financial Security for Members and their Families

Values

Integrity

The quality of being honest and having strong moral principles; moral uprightness.

Accountability

The fact or condition of being accountable; responsibility.

Commitment

The state or quality of being dedicated to a cause or activity.

Excellence

The quality of being very good, best of its kind or eminently good.

Who We Serve

WRS administers eight different pension plans and a 457(b) supplemental retirement savings plan. The majority of WRS members are in the Public Employee Pension Plan. Smaller plans exist for judges and public safety professionals because those occupations necessitate a unique benefit structure. WRS also administers a pension plan for volunteer firefighters, volunteer emergency medical technicians and volunteer search and rescue personnel.

Because so many employers in Wyoming participate in the pension plans, members have some pension portability. For example, a member could move from employment with a school district to a state agency without interrupting the accumulation of pension benefits. Overall WRS services 104,000+ accounts.



Wyoming Pension plans cover most public safety employees and most teachers from across Wyoming.

Employers

As of January 2021, WRS serves 660+ employers and their 41,000 current employees. The employers that participate in WRS range from small to large agencies. Wyoming school districts are the largest category of employers, followed by state government agencies.

A retirement benefit is an important tool used by employers to recruit and retain a qualified workforce. Research shows that a pension plan is a particular help to employers in this regard.¹

About 87 percent of actively employed WRS members surveyed in 2019 said the pension is "Mostly Important" or "Very Important" in keeping them in their current employment.

A retirement benefit is a part of the total compensation determined by each employer. In addition to the required employer contribution, employers have the flexibility to pay for some of the contributions required for employees according to the employer's specific compensation arrangements. Disability and death benefits, also important for human resource management, are included within each pension plan.

1. Do Public Pensions Help Recruit and Retain High-Quality Workers? Center for Retirement Research at Boston College

Members

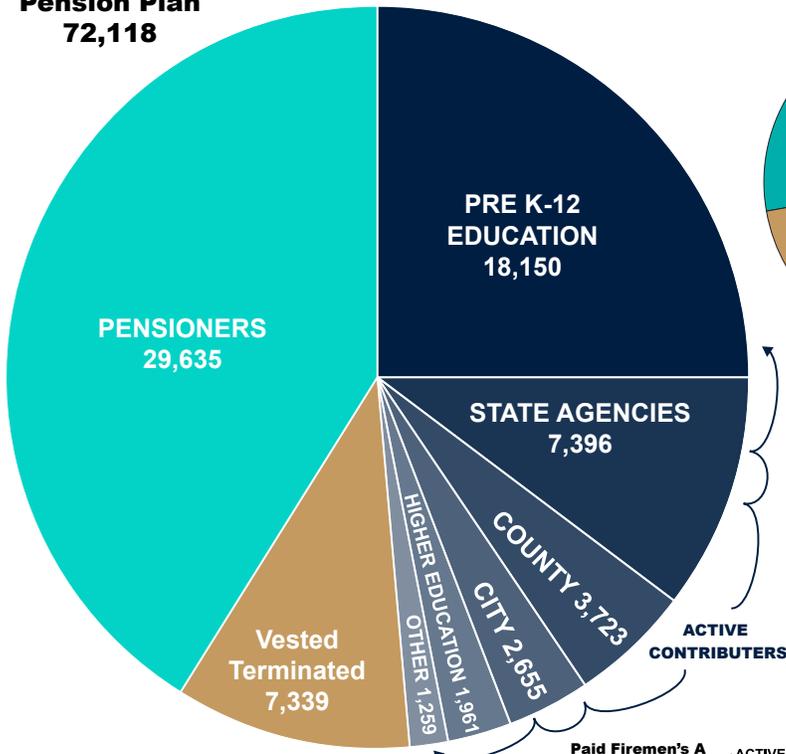
WRS membership includes active members, retirees, and their surviving pensioners as well as terminated members who have left their contributions on deposit. Eighty-six percent (86%) of the nearly 41,000 active members are in the large Public Employee Plan. The remaining 14% are in one of the seven smaller judicial and public safety plans. Retiree and Pensioner membership reflects similar proportions.

The State of Wyoming is the single largest employer with about 21% of the active membership across all plans. However, 79% of WRS active members work for local governments. Pre K-12 education is the single largest category of membership and their 17,911 active members are more than double the number of state employees.

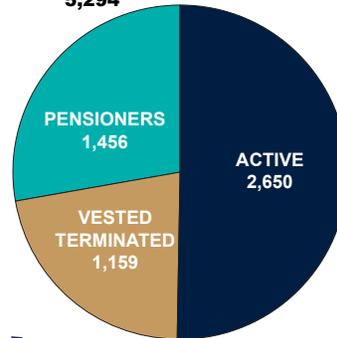
WRS members work in all varieties of public service occupations, including teachers, police officers, firefighters, public health professionals, game wardens, accountants, professors, and mechanics, to name just a few. WRS active members provide essential public services upon which we all depend. Retirees did the same when they were working, and often still make important contributions to their communities. Wherever you see public service in Wyoming, past or present, a WRS member is likely there.



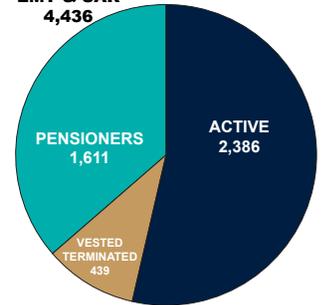
Public Employee Pension Plan
72,118



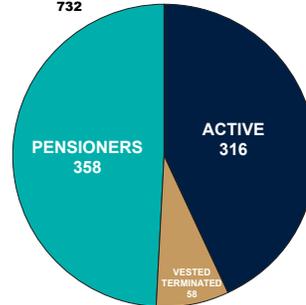
Law Enforcement
5,294



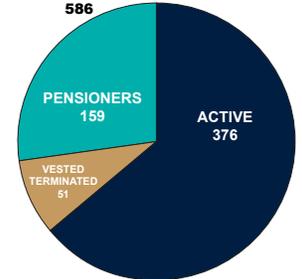
VOL. FIREFIGHTER, EMT & SAR
4,436



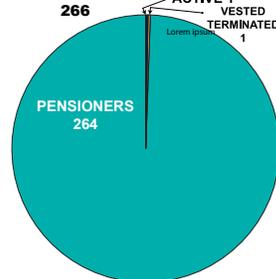
PATROL, WARDEN & DCI
732



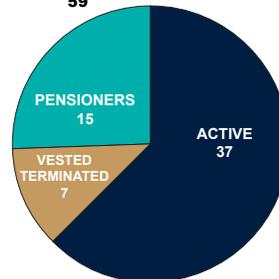
PAID FIREMEN'S B
586



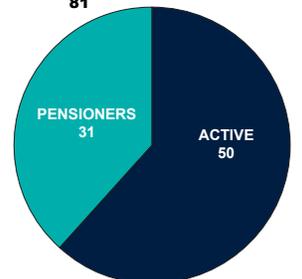
Paid Firemen's A
266



Air Guard Fire Fighter
59



Judicial
81



WRS Pension Benefit Facts

The Largest member group in the Wyoming Retirement System is from the education field.

1970
Retirement year of our longest paid retiree

715
Retirees over the age of 90

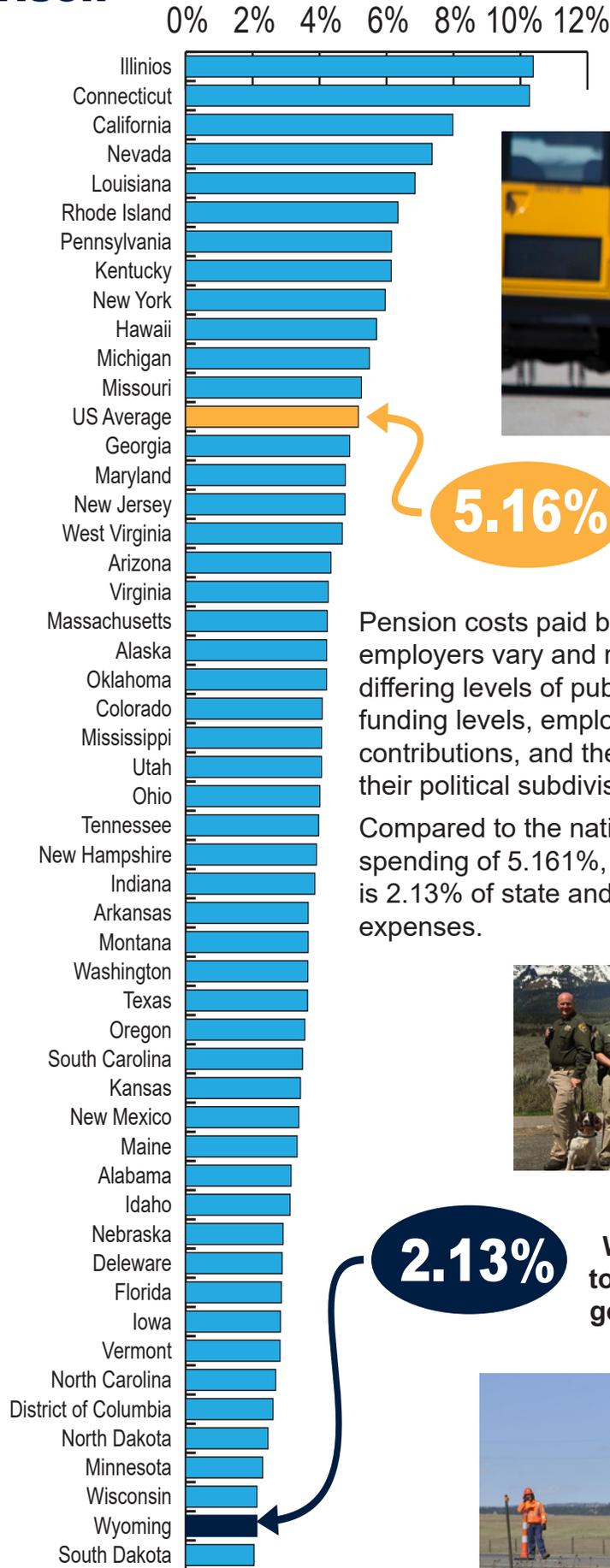
17
Retirees over the age of 100

108
The age of our oldest retiree

Public Employee Plan Total does not equal pie chart breakdown due to members who work for multiple employers.

Cost Comparison

	2018
Alabama	3.15
Alaska	4.21
Arizona	4.34
Arkansas	3.66
California	7.98
Colorado	4.08
Connecticut	10.27
Delaware	2.88
District of Columbia	2.61
Florida	2.86
Georgia	4.9
Hawaii	5.7
Idaho	3.12
Illinois	10.38
Indiana	3.86
Iowa	2.83
Kansas	3.43
Kentucky	6.14
Louisiana	6.85
Maine	3.33
Maryland	4.77
Massachusetts	4.23
Michigan	5.49
Minnesota	2.3
Mississippi	4.06
Missouri	5.25
Montana	3.66
Nebraska	2.91
Nevada	7.36
New Hampshire	3.91
New Jersey	4.76
New Mexico	3.38
New York	5.96
North Carolina	2.69
North Dakota	2.46
Ohio	4.01
Oklahoma	4.21
Oregon	3.56
Pennsylvania	6.15
Rhode Island	6.34
South Carolina	3.49
South Dakota	2.04
Tennessee	3.97
Texas	3.64
Utah	4.06
Vermont	2.82
Virginia	4.26
Washington	3.65
West Virginia	4.68
Wisconsin	2.13
Wyoming	2.13
US Average	5.16



National average for pension plan spending

5.16%

Pension costs paid by state and local government employers vary and reflect multiple factors, including differing levels of public services, benefits, pension funding levels, employer effort to pay required contributions, and the fiscal condition of states and their political subdivisions, among others.

Compared to the national average for pension plan spending of 5.161%, Wyoming's contribution rate is 2.13% of state and local government budget expenses.



Contributions to the Wyoming Retirement System totaled 2.13% of state and local government budget expenses.²

2.13%



Educators, law enforcement and transportation employees from around the state participate in our pension plans.

Funding Status

The WRS Board closely monitors funding status and has an actuarial study, or valuation report, done for each plan every year. The valuation report estimates the long-term liabilities of the plan based on assumptions about investment returns, inflation, future salary increases, member life spans, and other factors. An experience study, which examines these assumptions, is done every three to five years with the most recent in 2017.

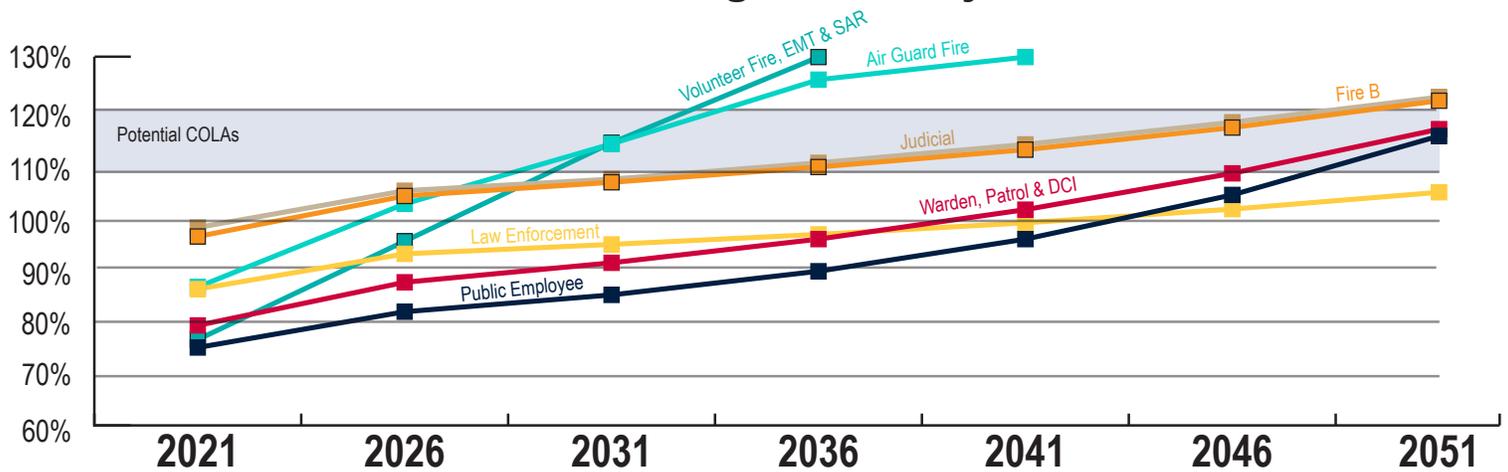
The funding ratio—assets of the plan divided by liabilities—is a key measure of a pension plan’s health. The funding ratio is most meaningful when viewed in the context of additional factors such as the adequacy of incoming contributions, the financial health of member employers, investment strategy, the projected trend in funding status, and the realized accuracy of actuarial assumptions.

A current ratio below 100 percent does not necessarily indicate a funding problem as long as incoming contributions are adequate to meet projected future benefit payments. Over the past few years, changes were made to assumptions, benefits, and contributions to ensure the long-term health of several plans.

Careful management by the Board, as well as partnerships with the Legislature and other stakeholders, has positioned all of WRS’s open plans for sustainability.

The Paid Firefighter A Plan has been closed to new members and will require a legislative solution to address the long-term funding problem in that plan. Currently, the plan is projected to run out of money by 2026.

30 Year Funding Ratio Projections



	Public Employee	Wardens, Patrol and DCI	Law Enforcement	Judicial	Fire B	Guard Fire	Volunteer Fire, EMT & SAR	Fire A (Closed Plan)
2021	74.8%	79.0%	85.9%	97.6%	95.9%	86.3%	76.3%	17.7%
2026	81.6%	87.2%	92.6%	104.6%	103.6%	102.1%	95.0%	1.8%
2031	84.8%	90.9%	94.4%	106.8%	106.2%	113.5%	113.7%	0.0%
2036	89.3%	95.4%	96.3%	109.9%	109.1%	125.7%	132.1%	0.0%
2041	95.4%	101.0%	98.5%	113.4%	112.4%	139.1%	155.8%	0.0%
2046	103.8%	107.9%	101.1%	117.6%	116.6%	154.8%	184.5%	0.0%
2051	115.0%	116.3%	104.3%	122.4%	121.7%	175.1%	219.4%	0.0%

Current Contribution Rates as of July 1, 2021

Plan	Employer Rate	Employee Rate	Total Rate
Public Employee	9.37%	9.25%	18.62%
Warden, Patrol, & DCI	14.88%	14.56%	29.44%
Law Enforcement	8.60%	8.60%	17.20%
Judicial	14.50%	9.22%	23.72%
Guard Fire	7.12%	16.65%	23.77%
Paid Fire B	15.00%	10.745%	27.245%
Volunteer Firefighter & EMT		\$18.75	
Search and Rescue		\$37.50	
Paid Fire A (Closed Plan)	Contributions suspended April of 1997		

In general, 30-year projections for 2020 indicate all open plans are on track to reaching near 100 percent funding or more within 30 years. The closed Paid Fire A plan will need a legislated solution. Long term projections can change significantly from year to year. Additional changes were made to the Volunteer Firefighter, EMT, and Search and Rescue plan during the most recent legislative session. Several other plans are still working on implementing previous changes. Time will determine the impact of these changes to contribution rates and benefit provisions. WRS believes a monitoring period is best suited for the present circumstances and continues to evaluate the need for additional changes in contributions, benefits, or both.



Our Legacy & Promise to You

WRS issued the First Retirement Check, in 1953

to Frank H. Allyn when he retired from the Wyoming Highway Department after working 30 years as a draftsman.



Since 1953, the Wyoming Retirement System has endeavored to provide excellent administration of Wyoming's public pension and retirement savings programs. Today's system is a proud legacy of the 1953 Wyoming Retirement Act that has evolved over the years to serve the needs of members and employers and adapt to an ever-changing world. The WRS staff and Wyoming Retirement Board are committed to continuing the legacy and keeping the system strong.

Economic Impact

In 2020, WRS paid over \$687 million in regular benefits and another \$22 million in refunds and death benefits. About 79% of these payments remain in Wyoming.

The ripple effect of these payments helps to stimulate and stabilize both the state and local economies. Pension payments also offer excellent retirement security and reduce economic hardship among the elderly.

WRS Benefits make an Economic Impact

\$707 Million
paid annually
by WRS

\$557 Million
paid to pensioners
living in Wyoming

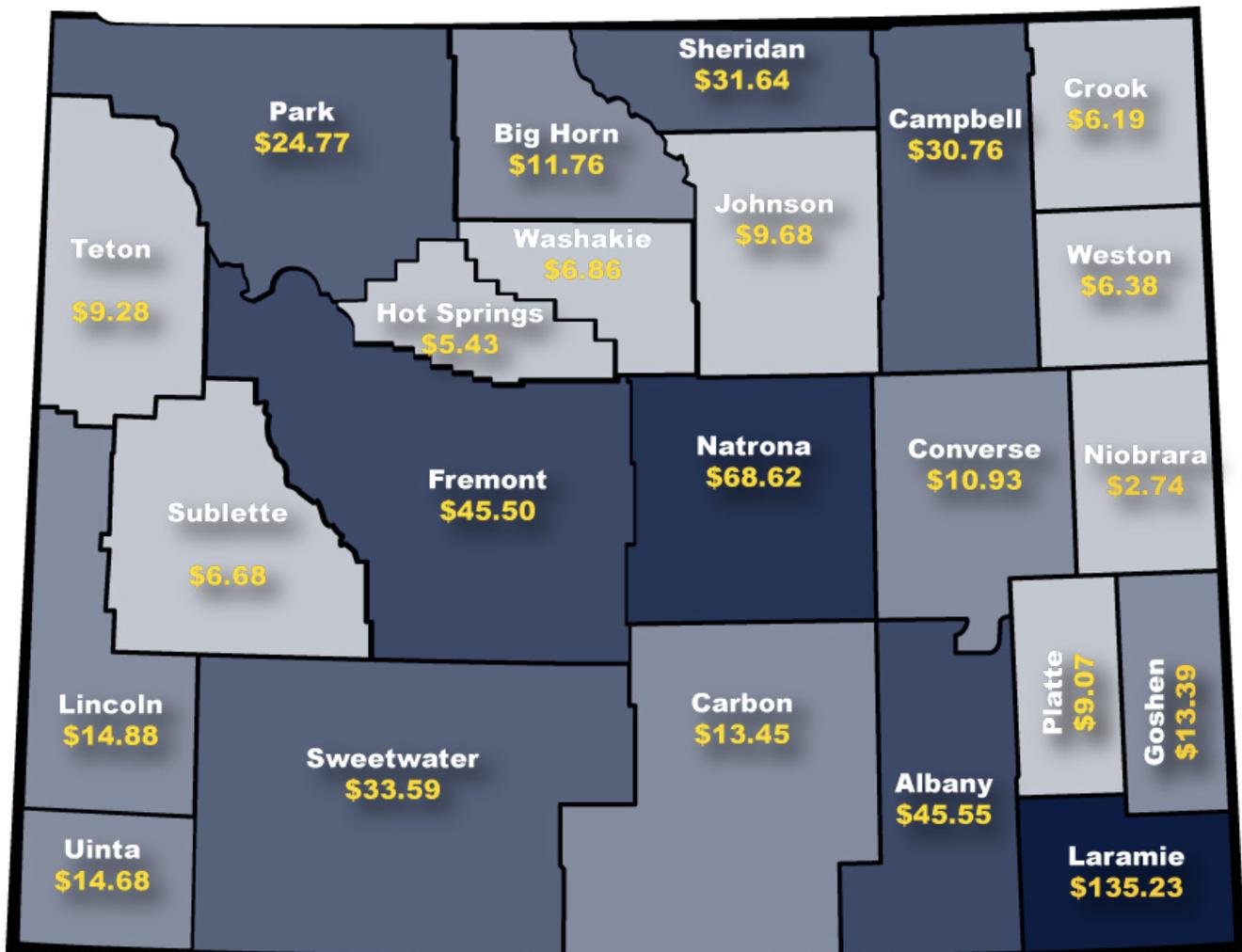


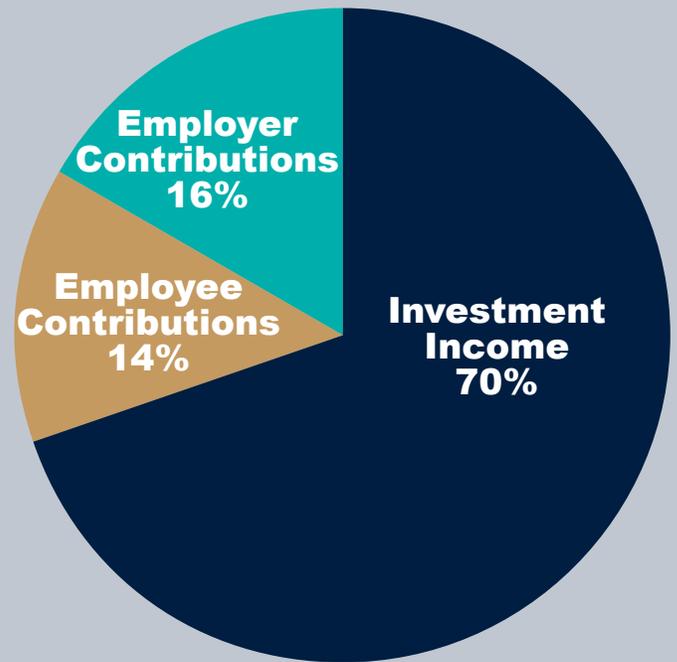
Chart includes refunds in addition to pension payments. County payments may not total to "Inside WY" payments due to rounding.

One important aspect of a pension is that retirement payments are paid for life, ensuring the retiree will have a degree of financial security, even in the event of a long life span.

WRS Investments Pay 70% of the Cost of Plan Benefits

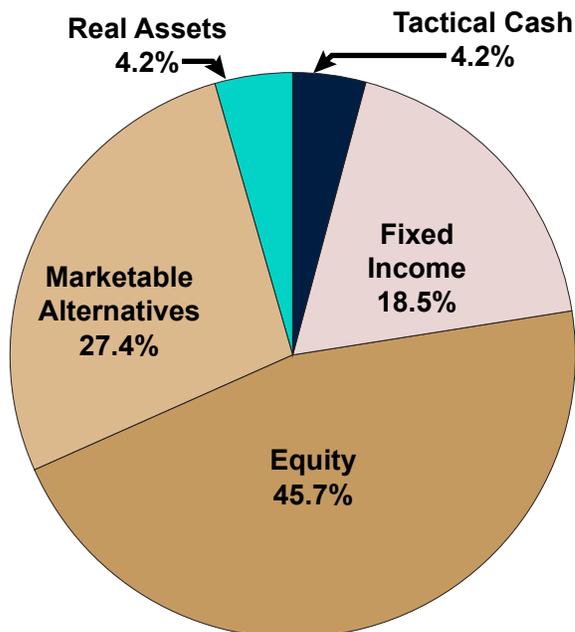
WRS investment returns cover 70% of the plan's expenses. Funding a pension plan takes place over many years. It involves a combination of contributions from employers, employees and compounded investment returns. Contributions are invested with a long-run strategy to generate higher investment earnings, within risk tolerances established by the Board.

Note: Pensionomics 2018, National Institute on Retirement Security between 1993 and 2018. Nirsonline.org State Snap Shot Wyoming.



Strategic Target Asset Allocation

Asset allocation is neither static nor straightforward. To a significant degree, the decisions made by the Board dictate the amount of risk assumed by the portfolio and the associated investment return expected over the long-term.



Systematic approaches to asset allocation can be useful, but in the final analysis, asset allocation decisions reflect the institutional beliefs of the Board.

Asset allocation decisions are long-term in nature and therefore give WRS the ability to hold a higher level of risk-bearing assets. By assuming more risk, it is expected that long-term returns will be considerably higher than if the focus is strictly on short-term capital preservation.

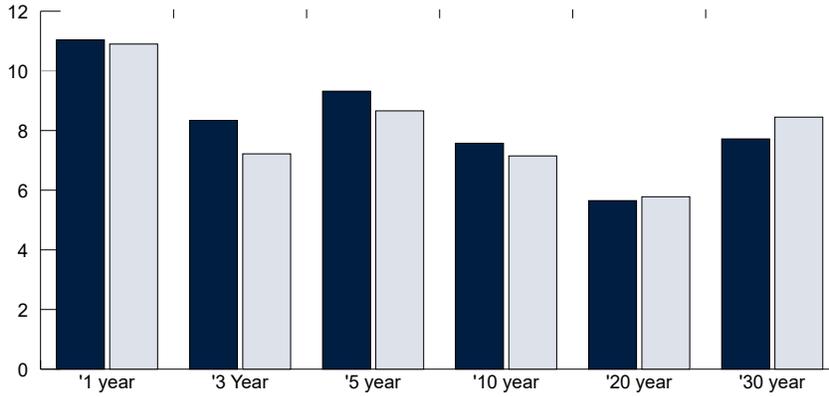
Generating higher long-term returns enables WRS to reduce the amount of money needed from participant contributions to fund the system properly. The accompanying pie chart illustrates the Strategic Asset Allocation of the WRS investment portfolio as of December 31, 2020.



Investments

WRS invests approximately \$10.0 Billion with a combined investment strategy for all plans. The Board establishes parameters for asset allocation and delegates investment manager selection and tactical allocation decisions to its Chief Investment Officer with Executive Director Approval. The asset allocation is designed to achieve the Board's assumed rate of return over long periods. Currently, the assumed rate of return is 7.0 percent. The Board also measures performance relative to shorter-term benchmarks to evaluate investment policy implementation decisions.

**Annualized Net Returns
as of 12/31/2020**



	1 YR	3 YR	5 YR	10 YR	20 YR	30 YR
WRS	11.04%	8.34%	9.32%	7.57%	5.65%	7.72%
Benchmark	10.90%	7.22%	8.66%	7.15%	5.78%	8.45%
Difference	0.14%	1.12%	0.66%	0.42%	-0.13%	-0.73%

Note: WRS added professional investment staff in 2008



Financial Summary

WRS receives statutorily required incoming contributions, from both employers and employees to pre-fund future pension benefit payments. This allows WRS to invest the contributions and increase assets available to pay benefits over the long term. Each plan has a different contribution rate, based on what is needed to fund promised benefits.

In aggregate, the pension plans paid out more in benefits in 2020 than was received in contributions. This is normal for a mature pre-funded pension plan, as investment earnings represent a large portion of benefits paid. A well-funded plan will have a higher percentage of benefits paid from investment earnings, highlighting the importance of stable and conservative investment practices.

2020 Financial Summary for All Plans Combined

Total 12/31/2020 Pension Fund Balance	\$9,643,388,656
Employee Contributions	\$184,324,971
Employer Contributions	\$187,278,776
Other Contributions	\$13,264,089
Investment Gain/(Loss)	\$1,321,294,220
Benefits Paid	\$709,772,581

Putting Your Retirement Together

Retirement preparation is a shared responsibility. WRS members and employers contribute to the WRS Pension throughout their careers. Most also contribute to Social Security and, in many cases, personal retirement savings such as the WRS 457(b) Deferred Compensation Plan.

The WRS Board believes that a secure retirement is ideally composed of these three components that will provide a steady retirement income over a long life span.

457(b) Plan + Personal Savings

WRS administers the Wyoming Deferred Compensation Plan, which is an elective supplemental savings plan. The Plan is a type of “defined contribution” plan, commonly understood as a 401(k) plan for the public sector. The Plan is a tax-advantaged structure that allows each individual to decide how much to invest in working years to supplement other retirement benefits.

Pension

WRS Pension Plans provide a member with a monthly payment for life once the member meets the age, vesting, and service qualifications. In general, the amount of this “defined benefit” is determined by a formula based on the member’s salary, length of service, and age at retirement.

Social Security

Most of WRS’ members also participate in Social Security with the exception of paid firefighters and some police. Social Security provides a basic safety net for retirees and important death benefits to active workers. Learn more by visiting ssa.gov.



Public Employee Pension Plan Retirement Benefits

The average WRS Public Employee Plan Pension benefit paid to retirees in 2020 was \$22,128 annually or \$1,844 a month. The average service at retirement is 20.1 years, and about 19 percent of all retirees are career employees with 30 or more years of service. When combined with Social Security, the benefits of the Public Employee Pension Plan allow career members (assumed to be those with 30 years of service), to maintain their pre-retirement standard of living at the time of retirement. When compared to a regional peer group WRS Public Employee pension benefits are within the norm (See the chart at the bottom of page 11).

Average Annual Payment
\$22,128

Average Service at Retirement
20.1 Years

Average Age of Pensioners
73

Policy Considerations

The WRS Board carefully manages its pension plans with the goal of keeping pension promises. This encompasses both sustainability and affordability. The Board 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.

In general, a defined benefit pension plan can pay more retirement benefits than a defined contribution plan for the same amount of contribution. Defined benefit plans can achieve cost-savings and superior returns as a result of professionally managing a large pool of assets. Defined benefit plans can base their investment strategy on a continuously long investment time horizon. Individuals would need to adjust their investments according to a decreasing time horizon in order to protect against losses in retirement.

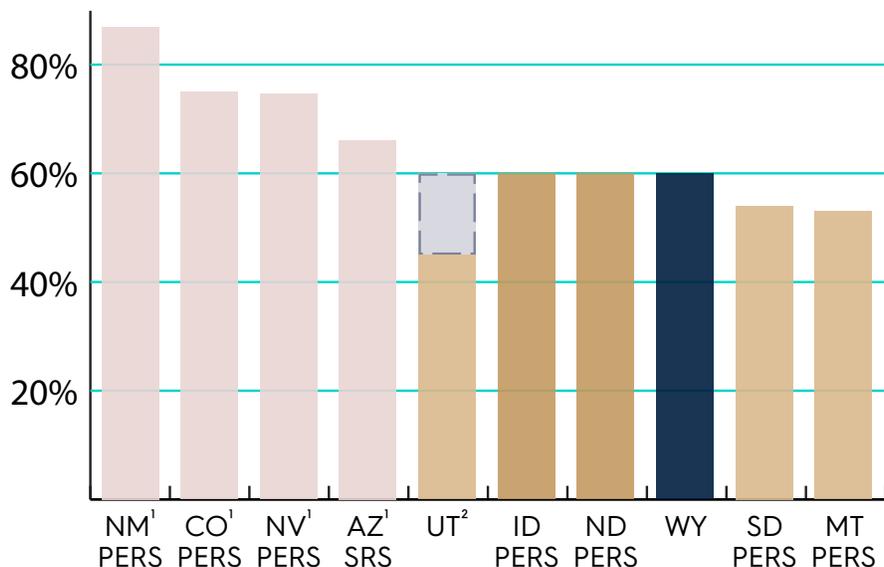
Because of the long-time horizons involved, careful management of a pension plan necessitates ongoing monitoring of actuarial assumptions, funding status, and contribution requirements, which could lead the Board to recommend incremental changes. Once changes are made, time is needed to determine the effect.

In contrast, members of a defined contribution plan make individual decisions about how much to contribute, how to invest, and how to withdraw. A defined contribution plan is usually more portable than a pension. However, short-term market conditions and uninformed investment decisions can have negative impacts on an individual's retirement income. When a defined contribution plan is the primary retirement plan, an individual could run out of money, particularly if he or she lives for a long time after retirement.

The WRS Board believes, and passed a resolution affirming, that a defined benefit plan supplemented by the 457(b) plan is the best way to provide retirement benefits for the public employees of Wyoming.

The Board continues to advocate for a Cost of Living Adjustment (COLA). While COLA suspension was necessary in the wake of the 2008 financial crisis, the Board is aware that the ongoing lack of a COLA imposes increasing hardship on many retirees.

WRS Public Employee Plan Versus Peer Group



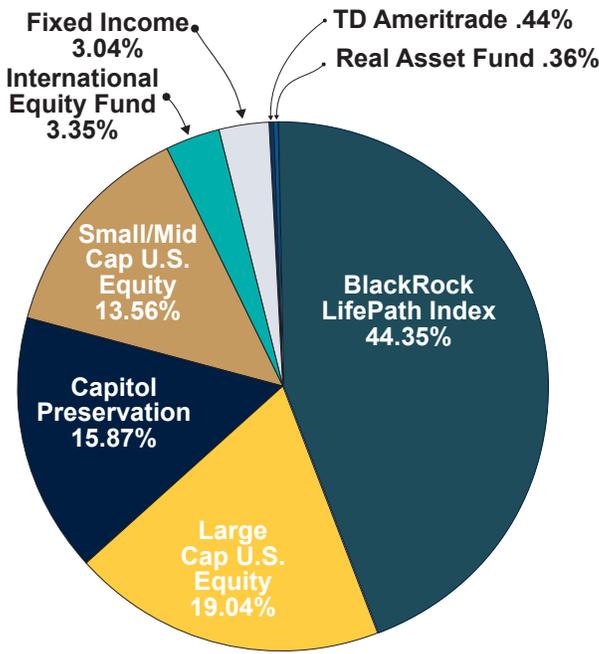
Based on a 2019 WRS Comparison of Public Employee Pension Plan tier 2 to Regional Peers assuming 30 years of service. 1 - These plans do not participate in Social Security. 2 - Since 2011 Utah offers a Hybrid Retirement shown here is the 45% provided by the DB component and a dashed boxed representing the uncertain amount provided by the DC component. Source: NASRA June 2019 Retirement System Benefits & Eligibility for General Employees & Teachers.



Deferred Compensation Plan

WRS has administered the Deferred Compensation Plan or 457(b) Plan since 2001. Prior to 2001, the program was administered by the Wyoming Treasurer's Office. The Plan is a non-qualified, tax-advantaged retirement savings plan available to governmental employers to offer as an additional benefit to their employees. As of December 31, 2020, plan assets totaled \$920,000,00. Just under 300 non-state agencies have adopted the WRS 457(b) Plan, and seven are utilizing optional auto-enrollment, which enhances optimal saving outcomes. More than sixteen thousand (16,247) public employees are currently saving in the Plan.

During 2020 eligible plan participants, including retirees, withdrew \$22.5 million as supplemental income from their WRS 457(b) Plan.



Note: Distribution of investments based on member allocations.

298
Participating
Agencies

\$22.5 million
in Supplemental
Income Paid

\$920 million
in Assets in the
457(b) Plan

Wyoming Retirement System Board Members



Tom Chapman (Board Chair)
Jackson, WY
At Large
First Appointed: 2010
Current Term Expires: 2027



Eric Nelson (Vice Chair)
Casper, WY
At Large
First Appointed: 2015
Current Term Expires: 2023



Mike Ceballos
Cheyenne, WY
Public Employees (State)
First Appointed: 2017
Current Term Expires: 2023



John Lummis
Jackson, WY
At Large
First Appointed: 2021
Current Term Expires: 2027



Dr. Leslie Travers
Torrington, WY
Higher Education
First Appointed: 2021
Current Term Expires: 2023



Vicci Colgan
Cheyenne, WY
Retiree
First Appointed: 2015
Current Term Expires: 2027



Paul O'Brien
Jackson, WY
At Large
First Appointed: 2020
Current Term Expires: 2023



Kay Watson
Shoshoni, WY
School Employees
First Appointed: 2017
Current Term Expires: 2025



Robert Leibrich
Sheridan, WY
At Large
First Appointed: 2021
Current Term Expires: 2027



Tim Sullivan
Laramie, WY
Public Employees (City/County)
First Appointed: 2013
Current Term Expires: 2025



Curt Meier
(Board Member - State Treasurer)
Cheyenne/La Grange, WY
Elected Official