



Wyoming Retirement System

Partnering to Build Financial Security for Members and their Families

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SF0067 Public employee retirement plan - contributions

Summary: This proposal increases employee contributions in the Public Employee Plan by 1%.

Position: WRS supports the proposal

Highlights:

- Employee and Employer contributions increase by 0.50% each (total of 1%).
- Increase is programed over two years (0.50% 1 July 2024 and another 0.50% 1 July 2025)
- Increase is split evenly between employers and employees
- Employers may subsidize all or part of the employee contribution.
- For State of Wyoming employees, the current subsidy remains unchanged (therefore this increase would be split evenly between the State and state employees)
- The rate increase would produce about \$20,609,200 per year in additional plan revenue.

Rationale: The increase is calculated by WRS actuaries as what is necessary to place the Public Employee (PE) plan on an increased path towards full funding.

Facts Bearing on the Situation:

- The PE plan covers 34,712 general employees of the State of Wyoming, cities, counties, colleges, school districts and other special districts. The State of Wyoming is the largest single employer with 7,087 active members but K-12 education is the largest group with 18,102 active members. Overall, the plan is 80% local.
- There are 34,712 active members, 27,855 retirees and 3,000 beneficiaries.
- The present statutory total rate is 18.62%. The plan will grow, but very slowly.
- At present, the plan's funding ratio is 77.2%, typical for U.S. public pension systems.
- Accelerating the funding brings the plan closer to reducing costs with lower rates and a potential COLA for retirees. Actuaries recommend a 1.99% increase to achieve 100% within 25 years. This 1% increase gets the plan halfway towards that goal.

