

WRS UPDATE

Partnering to Build Financial Security for Members and Their Families

Your Retirement Resource

The Wyoming Retirement System (WRS) is committed to being your retirement resource! WRS provides a wealth of educational materials to enhance your understanding of your benefits. Handbooks, presentations, and informative content are readily available on our website.

WRS is also pleased to offer three new short instructional videos as part of our new 'Retire Minute' digital series.

1. The Longest Vacation of Your Life
2. 6 Things to Do Before Retirement
3. 457 Plan Benefit Options

Additional educational videos can be found on our website and YouTube page.

The WRS Educators are also available to help you learn about your benefits, investing options, and retirement planning.

If you are a Plan member, talk to your human resources professional about scheduling a seminar when the Educators are in your area, or contact WRS about an individual meeting. Because the WRS Educators have a lot of ground to cover in our great state, individual sessions are very limited, and it's best if group seminars can be scheduled to maximize the value of the Educators' travel time.

The WRS Educator travel schedule and a list of available seminars can be found on our website: retirement.wyo.gov.

Take the time to invest in your future by learning about WRS and your unique retirement benefits!

Why Pensions Work for Wyoming Teachers

A report from the National Institute on Retirement Security, AARP, and NRTA

Pensions Help Deliver Quality Education

Pension plans administered by the Wyoming Retirement System (WRS) give schools an effective tool to retain high-quality, experienced teachers. These teachers are the most important school-based element that provides positive educational outcomes for our children.

Pension benefits provide teachers with an incentive to continue delivering quality education to K-12 students. This incentive becomes all the more important over a teaching career as the erosion of teachers' wages, when compared to the wages of similar college-educated workers, widens for more experienced teachers.

Because pensions help to attract and retain workers, Wyoming can keep skilled teachers in the classroom and empower students to achieve their highest potential. The nationwide teacher shortage is impacting Wyoming, as enrollment in traditional teacher preparation programs has declined by 28% between 2009-2010 and 2017-2018.

Pensions Help to Bridge the Teacher Wage Gap

A national study of K-12 public school teachers' wages identified a 19% pay gap relative to comparable private sector workers in 2019. At the same time, teachers' benefits, including pensions, help bridge that gap

and allow states to attract and retain highly qualified educators by reducing that overall gap in compensation to 10%. In Wyoming, teachers experience a 2.0% wage gap when compared to other college graduates in the workforce.

Pensions Reduce Teacher Turnover

Experienced teachers are better teachers. Moreover, the cost of teacher turnover is quite high, both in terms of financial cost and loss of productivity to the school district.

Pensions Benefit Rural Areas

Rural counties have the largest percentage of their population receiving a public pension benefit, as 4.3% of residents in rural areas received benefits in 2018. Excluding counties that are home to a state capitol, public pension benefits in rural and small town counties accounted for a larger share of total personal income than in denser metropolitan counties.

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With more than 18,000 employees, the education field is the largest member group in the Wyoming Retirement System.

MEMBER NEWS

Close to Retirement? Consider Your Options!

Pension Payout Options

Because everyone's needs are different, many of WRS' pension plans offer different payout options for you to select from when you take your retirement benefit.

These options are variations of annuities which ensure a lifelong retirement income for you and, in some cases, your beneficiary. Each option pays one person at a time, first the retiree, and upon the retiree's passing, the benefit transfers to a survivor beneficiary depending on the option selected.

Monthly benefits may vary based on your chosen option, therefore it's essential to select the one that best fits your needs. Please note that some options allow post-retirement beneficiary changes while others do not. Remember your choice is final once you start receiving your monthly checks. For more information on these options, please visit retirement.wyo.gov.

Self-Funded COLAs

Inflation can seriously erode purchasing power over a long period in retirement. In order to offset the effects of inflation, the Public Employee, Guard Fire, Paid Fire B, and Law Enforcement Pension Plan include the option to elect any of the payout options and combine it with a self-funded, cost-of-living adjustment (COLA). This feature provides a guaranteed annual increase each July 1, following the two-year anniversary of your retirement, in exchange for a reduction in the initial benefit amount (with 0% COLA).

It will take a number of years before your benefit payment exceeds the amount of your original benefit. However, you will receive a predictable ongoing increase to your pension income of either 1%, 2%, or 3% and the increases are compounded. It is expected at some point the increases will surpass the amount of your initial benefit.

RETIREMENT

THE LONGEST VACATION
OF YOUR LIFE

Retirement is often referred to as "the longest vacation of your life," and rightly so. After years of hard work, it's your opportunity to relax, explore, and enjoy life to the fullest. However, just like any vacation, successful retirement requires planning and preparation.

When should you start your retirement?

Are you retiring on time or earlier than expected? Factors like your financial situation, personal goals, and health should influence this decision.

How long do you expect your retirement to last?

Understanding your family history and assessing your health will help you estimate how long you can expect to live during retirement. This information is vital for determining how much money you'll need to sustain your lifestyle.

How much money will you need for your vacation?

Do you know where your retirement income will come from? Consider sources like your pension, Social Security, and personal savings.

You can help ensure a smooth retirement transition by determining when you qualify for an unreduced pension benefit, obtaining an estimate of your guaranteed income, and assessing the savings in your retirement accounts, including your 457 plan and personal savings.

Keep Your Information Updated!

You can update your contact information with WRS online anytime in your Member Portal Account. If you do not have a Portal account, you will need the following to get started:

- RAIN ID
- Social Security Number
- Date of birth
- A Valid Email Address

You must maintain an up-to-date **mailing address** to ensure you receive important information from WRS. To change your address without a Member Portal Account, submit your address change to WRS in writing. If you have paperless delivery, you must keep your **email address** current with WRS to ensure that you will continue to receive time-sensitive documents and correspondence from WRS.

Maintaining an updated **phone number** with WRS is also crucial. Your phone number is not only essential for the authentication process when logging into your Member Portal Account, but also serves as a means for WRS staff to reach out to you when necessary.

Social Security to Increase in 2024

Good news! In 2024, over 71 million Americans will see a 3.2% increase in their Social Security and Supplemental Security Income (SSI) benefits. The cost-of-living (COLA) adjustment will start in January 2024 for about 66 million Social Security beneficiaries and on December 29, 2023, for around 7.5 million SSI recipients.

The maximum amount of earnings subject to the Social Security tax (taxable maximum) will increase to \$168,600. The earnings limit for workers who are younger than "full" retirement age will increase to \$22,320.

For those reaching their 'full' retirement age in 2024, the earnings limit will increase to \$59,520. (The Social Security Administration deducts \$1 from benefits for each \$3 earned over \$59,520 until the month the worker turns "full" retirement age.)

There is no limit on earnings for workers who are "full" retirement age or older for the entire year.

Keep Your Information Updated!

With the end of the year approaching, please make sure all personal information is up to date, including addresses, phone numbers and emails. As a retiree, you must maintain an up-to-date mailing address to ensure you receive important information from WRS, including your yearly 1099-R Form. A current address also ensures that you continue to receive your monthly benefit payment.

Whether your monthly benefit is directly deposited or sent via a paper check, your payment may be stopped if your mailing address is not valid. To change your address without a Member Portal Account, submit your address change to WRS in writing. You can do this either by sending a letter to WRS or by completing the Information Change Form at retirement.wyo.gov. You may also call WRS at 307-777-7691 and request that the form be sent to you.

Direct Deposit

WRS strongly suggests the use of direct deposit. All benefit payments are deposited directly to your financial institution by the last working day of each month. Each payment represents your retirement benefit for the preceding month.

You may make changes to your direct deposit in your Online Pension Account, or with a Direct Deposit Change Form.

2024 Payroll Dates

The dates below reflect the dates that electronic fund transfers will occur or physical checks will be mailed depending on your payment election. Payroll dates are subject to change.

- Wednesday, January 31, 2024
- Thursday, February 29, 2024
- Friday, March 29, 2024
- Tuesday, April 30, 2024
- Friday, May 31, 2024
- Friday, June 28, 2024
- Wednesday, July 31, 2024
- Friday, August 30, 2024
- Monday, September 30, 2024
- Thursday, October 31, 2024
- Friday, November 29, 2024
- Tuesday, December 31, 2024

WRS Pension payments are issued in cooperation with Northern Trust's Benefit Payment Services Division. Payroll dates are last working day of a given month.

Payroll statements are posted to your Online Pension Account shortly after the payroll date each month. Additionally, a statement is mailed or an email notification sent for any month when a change is made to your account which impacts your payment.



A new year can bring a new tax table that automatically adjusts taxes withheld, even if you did not make a change. Don't be alarmed if your net amount in January or February changes.



Defined Benefit Pensions help to retain highly productive teachers longer.

Eighty-three percent of Americans say pensions are a good way to recruit and retain qualified teachers. Seventy-four percent of Americans agree that teachers deserve pensions to compensate for lower pay.

6.7



Percentage of Wyoming teachers who leave education

58



Number of Wyoming teachers retained each year due to the DB pension

\$306K to \$666K



Savings created by the DB system through reduced teacher turnover costs in school districts across Wyoming

Volunteer Firefighter, EMT and Search and Rescue Board

The Volunteer Firefighter, EMT, and Search & Rescue Pension Board has the power to make rules and regulations governing the operation of the Volunteer Firefighter and EMT, and Search and Rescue Pension Plan, investigate any claim applications, and conduct administrative hearings including member appeals.

Under a memorandum of understanding, the WRS Board responsible for the other plans administered by WRS makes investment and actuarial decisions for the assets in the Volunteer Firefighter and EMT Pension Plan.

The Volunteer Firefighter, EMT, and Search & Rescue Board is comprised of six volunteer firefighters, one Volunteer EMT and one Search & Rescue Volunteer. Board Members are appointed by the Governor. The WRS Director administers the plan, and is an ex-officio member of the Board.



Members of the Volunteer Firefighter, EMT, and Search & Rescue Pension Board and WRS staff pose for a photo following a September board meeting in Afton, WY.

IRS Announces Retirement Contribution Limit Increase

The IRS is raising the contribution limit for participants in 401(k), 403(b), and most 457 plans, along with the federal government's Thrift Savings Plan in 2024. The new limit will increase by \$500, from \$22,500 to \$23,000. WRS members in the 457(b) Deferred Compensation Plan will also experience an increase in the annual benefit limit to \$275,000, up from \$265,000 in 2023.

According to the IRS, this adjustment aligns with the cost-of-living changes for pension plans and other retirement-related items for the 2024 tax year. Comprehensive details on these adjustments can be found in Notice 2023-75PDF, accessible on IRS.gov.

Highlights of Changes for 2024

- The contribution limit for employees who participate is increasing to \$23,000, up from \$22,500.
- The annual contribution limit for an IRA has risen to \$7,000, up from the previous \$6,500.
- The catch-up contribution limit for employees aged 50 and over remains \$7,500 for 2024. Therefore, participants who are 50 and older can contribute up to \$30,500, starting in 2024. The catch-up contribution limit for employees 50 and over who participate in SIMPLE plans remains \$3,500 for 2024.

Retire Minute



QUICK TIPS!

What is your 'Highest Average Salary' and why is it important?

Your pension benefit is based on three things; the age at which you retire, your years of service under the WRS system, and your highest average salary. Your highest average salary is based on what tier group you fall under.

If you are in the Public Employee Plan **Tier 1**, your highest average salary is based on your highest 36 consecutive months of salary divided by three years, not necessarily your last three years of service. If you get a pay raise, it would take 36 months for that new salary to be your highest average.

If you are in the Public Employee Plan **Tier 2**, your highest average salary is based on your highest 60 consecutive months of service divided by five years, not necessarily your last five years. If you get a pay raise, it would take 60 months for that new salary to be your highest average.

WRS BOARD OF DIRECTORS

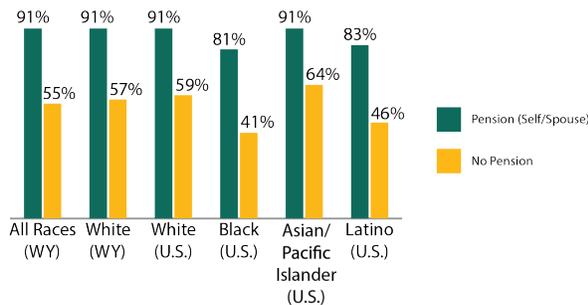
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Closing the Gap:

Pensions Improve Economic Security in Retirement Across Race, Gender, and Educational Divides

According to a report from the National Institute of Retirement Security, retirees with pension income are significantly less likely to fall into poverty or significant economic hardship. Pension income reduces poverty in old age across racial, gender, and educational divides. Public pensions play an outsized role in the retirement security of every racial group, especially communities of color, and help narrow the racial wealth gap.

Figure 1: Wyoming Retirees above 200% of Federal Poverty Level with U.S. Race Detail, 2013-2021



Retired women in Wyoming were 77% more likely to be above 200% FPL if they had pension income.

The average wealth value of pension benefits for pensioners of color in Wyoming was \$347,000 in 2013-2021, somewhat higher than the average of \$303,000 for white pensioners.



In 2018-2021, workers of color in the U.S. were 55% more likely to be in a retirement plan if they worked in the public sector, compared to the private sector.

Public sector plans covered 32% of all retirement plan participants of color in Wyoming, while 23% of workers of color were employed in government jobs.

In 2013-2021, retirees of color in the U.S. were 55% more likely to be above 200% of the Federal Poverty Level (FPL) (or \$26,000 per year for a single adult) if they had pension income.

Figure 2: Wyoming Retirees above 200% of Federal Poverty Level by Gender, 2013-2021

