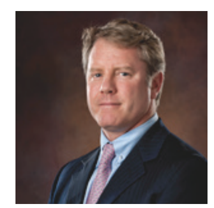
Wyoming Retirement System
6101 Yellowstone Rd, Suite 500
Cheyenne, WY 82002

A Note From 457 Plan Manager:

Who is saving money? It is You! One only needs to review an overabundance of news periodicals to learn the effects of the COVID epidemic as it relates to saving money. For those individuals impacted by job loss, most likely you are relying on your savings to help see you through this unprecedented time. However, for individuals who have been fortunate to retain employment, a class of conscientious savers are evolving as not seen in the United States in decades. According to the U.S. Bureau of Economic Analysis, the personal savings rate has climbed from 7.3% in the Fall of 2019, to 14.10% Fall of 2020. The increase in national savings is a consequence of a forced change in our social and economic culture. For years the WRS 457 Plan has encouraged public employees to forgo their favorite drive up coffee producer one time each week, to pack their own lunch rather than eating out, or occasionally watch a movie at home rather than paying for the theatre, and direct those small savings to your long term retirement savings plan. What WRS encouraged has become an unintended mandate. You're staying home and saving money! Our members are discovering the empowering experience of "left over money" at the end of the month. We have heard from members who are finding themselves with 10's, 20's and even 100's of dollars they are no longer spending on disposal goods. There is no better time, than this difficult time, to evaluate priorities and make significant choices for your best interests and long-term outcomes.

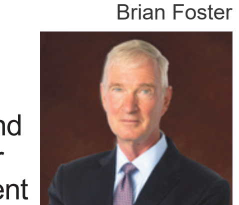
Congratulations WRS 457 participants, you are making significant choices. You are continuing to save and are staying on track as you accumulate future retirement income resources.

Goodbye continued


Tom Chapman


Eric Nelson


Brian Foster


Paul O'Brien

Incoming Chair Tom Chapman is well known, having served as both the Vice Chair and the Chair of the Investment Committee. Trustee Eric Nelson returns to the Vice-Chair assignment, having previously served in that position, as well as being Chair of the Legislative and Benefits Committee. Tom hails from Jackson, and Eric resides in Casper.

Trustee Brian Foster retired from state service and needed to resign from the Board. The Board wishes Brian well and welcomes Governor Gordon's appointment of Paul O'Brien as WRS' newest Trustee.

Partnering to Build Financial Security for Members and Their Families

Wyoming Retirement System

WRS UPDATE

Fall/Winter 2020

6101 Yellowstone Road, Suite 500 • Cheyenne, WY 82002 • 307-777-7691 • retirement.wyo.gov

Director's Report

Back to Basic - I wanted to address some common topics, some of which came from the chatbox during our virtual townhall session in mid-September.

Investments are OK – While our investments certainly have been volatile during this year of COVID-19, the fund has large liquid assets, which make it possible to continue paying pensions for years before having to sell stocks. These liquid assets have allowed your investment team to buy good assets at good prices. Other components of the fund are designed to prosper in down markets. During good economic times, they are a drag on performance, but come into their own during times like March, 2020. In calendar year 2019, the fund returned 18.72% and the year-end total was just over a record $9 Billion. How 2020 will fare is to be seen, but the fund has rebounded. At present we are showing a positive return for the year in the low single digits. Our long term goal is 7%, but if one earns 18.72% and then about 2%, that's equivalent to two years of 10% returns back to back – we'd celebrate that.

Your pension is safe – we've all read about Wyoming's revenue issues and consequent government cutbacks. Ergo the pension can't be raided to make up the shortfalls. It's protected in the state constitution. Article 19, section 11 reads:

"***Use of monies in public employee retirement funds restricted. All monies from any source paid into any public employee retirement system created by the laws of this state shall be used only for the benefit of the members, retirees and beneficiaries of that system, including the payment of system administrative costs.***"

Cost of Living Allowance (COLA)- The board recognizes that WRS hasn't paid a COLA in our open plans in a long time, which creates increasing financial hardship on many retirees. Legislation adopted after the 2009 recession prevents WRS from recommending a COLA to the legislature until a plan reaches 100% funding. Funds are on track to eventually get there, but it is tough considering the revised planning

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National Retirement Security Month

Governor Mark Gordon declared the week of October 19 -23 as Wyoming Retirement Security Week.

Our State Congressional Delegation (Mike Enzi, John Barasso and Cynthia Lummis) also helped declare October as National Retirement Saves Month.

Visit our Website to see a list of all those who supported the Wyoming Retirement System's annual National Retirement Securty Month.

Online Account Tips

So why is passphrase better than passwords? Passphrases are easier to remember than randomly combined symbols and letters. It would be easier to remember a phrase from your favorite song or your favorite quotation than to remember a short but complicated password.

Example:
Wy0ming_Thats_Why!

Notice the O in Wyoming is changed out for a number and a symbol can be used as true punctuation.

Board Says Goodbye to Longtime Member


Laura Ladd

Retirement Board Chair Laura Ladd announced her desire to transition from her Chair role prior to her term expiration in March 2021. During the virtual zoom meeting on July 24, 2020, the Board elected current Vice-Chair Tom Chapman as the new Chair and Trustee Eric Nelson as the new Vice-Chair. Trustee Ladd will continue her service on the Board through the remainder of her term.

Originally appointed by Governor Dave Freudenthal and hailing from Wilson, Wyoming, Ms. Ladd has served on the Board since 2009 and has served as Chair since 2014. She is the longest-running Chair by far and provided leadership to enact important pension reforms following the Great Financial Crisis of 2008-2009. "Laura's thoughtful and strategic thinking earned the respect of fellow trustees and the Legislature; her service reflects great credit upon herself, the Retirement System and the State of Wyoming," according to Executive Director Dave Swindell.

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Wyoming Retirement System by the Numbers

Value of the Fund

$8,940,720,619

All data is as of September 30, 2020

retirement.wyo.gov

Dir. Report Continued

assumptions of lower investment returns and increasing lifespans. Relief in the near term depends upon legislation that would pay for a COLA or otherwise modify the existing limitations. I know this is not a good answer, but we have to administer the plan according to the law and we have to respect what our actuarial analysis asserts.

Rule of 85 & Normal Retirement Age - This is confusing to a lot of folks, and understandably so – it gets complicated. Pension plans have their own concept of a "normal" retirement age. In the Public Employee Plan, Tier 1 has a normal retirement age of age 60, and in Tier II (hired after 1 September 2012) it is 65. You can retire earlier than normal, as early as the minimum retirement age (Tier I is age 50, Tier II is age 55), but the pension is reduced 5% per year for each year short of normal. So, for Tier I, one could draw a retirement benefit at age 58, but it would be two years shy of normal, and subject to a 10% reduction. The rule of 85 is a rule that provides an exception to the reduction. If your combination of age + years of service equals 85 or more, then the 5% reduction for "early" retirement is waived (i.e. age 58 with 27 years of service or more). The rule applies to those seeking "early" retirement – once you achieve normal retirement age for your plan, the rule doesn't matter. So if you are in Tier 1 and age 62, the rule doesn't matter anymore. If you are In Tier II, it still has applicability until you reach age 65, at which point then it doesn't matter even for Tier II. As a reminder, we are talking about when you draw your retirement benefit, not necessarily when you quit work and "retire." For example, in Tier II, you could quit working at age 64, defer drawing your benefit until age 65 and then you would be at normal age and not subject to the 5% reduction. So you can avoid the reduction by either achieving normal retirement age or by achieving rule of 85.

Finally, to make this even more complicated, there are different laws and rules for the other public safety and judicial plans.

Plan	Eligibility for Full (unreduced) Retirement	Minimum Age for Early Retirement (w/ Early Retirement Reduction)	Early Retirement Reduction
Public Employee Tier I	Age 60 with 4 years service "Rule of 85" Age + Years of Service equal or exceed 85	Age 50	5% per year prior to age 60
Public Employee Tier II	Age 65 with 4 Years of Service "Rule of 85" Age + Years of Service equal or exceed 85	Age 55	5% Per year prior to age 65
Law Enforcement Plan	Age 60 with 4 years of service or any age with 20 years of service	Age 50	5% per year prior to age 60
Wyoming Game Warden, Highway Patrol or Department of Criminal Investigations Plan	Age 50 with 6 Years of Service	No early retirement provision	Not Applicable
Judicial Plan	Age 60 with at least 20 years of service	Age 55 with 4 or more years of services	5% per year prior to age 65
Paid Firefighter Plan B	Age 50 with 4 years of service	No early retirement provision	Not Applicable
Volunteer Firefighter, EMT and Search & Rescue	Age 60 with 5 years of service	No early retirement provision	Not Applicable
Wyoming Guard Firefighter	Age 60 with 4 years of service	Age 50 with 4 years of service or any age with more than 25 years of service.	5% per year prior to age 60 or prior to age 50 with more than 25 years of service.

* Years of service are based on years in the pension plan. Call WRS if you are unsure about total of of service credit.

How to Plan for Retirement at Every Stage

When it comes to retirement planning, the rule of thumb is to do it as early as possible. But not everyone has the capacity to do so.

Ideally, planning should begin the moment you enter the workforce to give yourself room for any mistakes, but you also have to remember that it takes decades, spanning over 40 years to prepare for retirement.

When you're in your 50s or 60s, the last thing you want is to scramble for money and figure out how you're going to fund your day-to-day life once you retire, so it's of the utmost importance to check in on your plan at various points throughout your life. Here are some nifty tips on how you can secure your financial future:

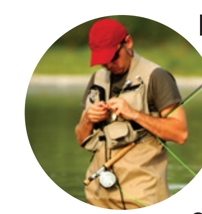
In Your 20s Beginning to save for retirement in your 20s is perhaps one of the best financial decisions you can ever make. But this can prove to be hard as you're only just kick-starting your career and have to make do with a modest salary.

You might also be paying off student debts, covering rent, and juggling other financial responsibilities. So it's best not to put too much pressure on yourself and accept that you might not make too much headway in saving for retirement at this stage in your life.

Then again, it doesn't mean that you can't do anything about it either. Doing something as simple as saving one month of expenses already sets you apart from 40% of Americans who struggle to pay for an unexpected $400 expense. You can easily do this by automating savings so you won't have to think about it. Investing can be automated, too. Research reveals that automation actually helps people save more money, so you might want to look into your employer's retirement plan and sign up to double your savings.

In Your 30s During your peak earning years is when you should start seriously planning long-term goals like buying property or investing for your retirement. But considering how it's a crucial time, many people in their 30s still make the common mistake of thinking that they have to decide on life-changing financial decisions alone or with a partner, when there are experts out there that you can turn to for sound advice.

Consulting a financial advisor is especially crucial at this stage in your life because they have the expertise to help you secure your financial future, when you start to earn a good salary. They can assist you in creating an investment strategy, avoiding emotional decision-making, and plan your cash flow. Accounting professionals are trained in a myriad of disciplines nowadays, and the surge in online accounting degrees has meant there are plenty of accountants to be on-hand for people looking to secure their financial futures. Because of such degrees, reports from the U.S. Bureau of Labor Statistics suggest that there will be 142,000 new accounting jobs created between 2014-2024, so there is no better time to ask for assistance. Additionally, the U.S. Bureau of Labor Statistics highlights that accountants can provide a full range of skills such as managing your income taxes, auditing your finances, organizing and maintaining your financial records, as well as suggesting ways to reduce costs, enhance revenues, and improve profits.



In Your 40s You get a little leeway when it comes to your finances in your early years as a professional, but you can't afford to put it off any longer when you reach your 40s. The good news is, if you haven't started yet, you still have some time to catch up.

While you might be compelled to take more risks to yield higher rewards, it's not advisable. Your risk should always be aligned with your age as you have less time to recover. What you can do now is increase your pretax contribution to your 457 plan, grow your savings with compound interest, and roll other retirement plans, such as 401k and IRA assets to your WRS 457 Plan.

In Your 50s is still considered an opportune time to prepare yourself financially for retirement. Experts recommend checking how your savings are spread among stocks, bonds, and cash as a way of ensuring that the allocation properly reflects your risk tolerance.

This is also the ideal time to try eliminating any lingering debt and to think about your health-care coverage in retirement. Plus, you may also want to take advantage of the extra contributions you can make to tax-sheltered retirement accounts. At age 50, you can start contributing up to $26,000 to your WRS 457 Plan and up to $7,000 in an IRA. This is a good way to catch-up on padding your savings. Of course, you would have to find extra money to funnel into those accounts, so you also have to be careful with your spending habits and finding additional sources of income to earn more cash.

In Your 60s There are plenty of things you can do in your 60s to boost your savings. For starters, you may still choose to work to earn extra income or stay engaged. There is no rulebook that says that you have to leave the workforce once you reach 65. You can use your income to pay down and renegotiate your debt, as you don't want those to follow you in the years to come. You may also want to look into creating more income streams, like starting a side business or working as a freelance consultant to pad your savings accounts even more.

If you choose to continue to work, the best thing to do is max out your WRS 457 contributions, or try to contribute until you reach the point that you are maximizing the matching amount from your employer. What's more, you should also look into maximizing your Social Security benefits, but don't rely solely on it if you wish to live comfortably.

Feature specially produced for retirement.wyo.gov by: JBostock