Wyoming Retirement System

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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 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.

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

Your pension is safe – we’ve all read about Wyoming’s revenue issues and consequent government cuts. 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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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: WyOmIng_That's_Why!

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

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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

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Fall/Winter 2020
**Board of Directors**

Representing the Community at Large
- Tom Chapman, Chair
- Keith Hay
- Laura Ladd
- Paul O’Brien
- Tim Sullivan

Representing the Public Employees
- Michael Ceballos, Chair
- Eric Nelson, Vice-Chair

Representing School District Employees
- Kay Watson

Representing Higher Education Employees
- Garth Shanklin

Representing Retirees
- Vicci Colgan

Wyoming State Treasurer
- The Honorable Curt Meier

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**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 the best option for your plan, but you also have to remember that it takes decades, spanning over 40 years to prepare for retirement.

When you’re in your 20s or 30s, 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 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 you have to make to 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 until 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 automatic savings can help save much 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 decades 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 future. On the other hand, 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.

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, this is not advisable. Your risk profile should always be aligned with your age as you have less time to recover. What you can do now is increase your tax contribution to your 457 plan, grow your savings with compound interest, and roll other retirement plans, such as 401(k) and IRA assets to your WRS 457 Plan.

In **Your 50s** is still considered an uncomfortable 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. But 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 saving your pay. 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 your personal sources of income to earn more cash.

In **Your 60s** there are plenty of things you can do to make the most of your years and boost your savings. For starters, you may also choose to work again for a limited time. This is also the ideal time to try 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 discount 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.

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**Plan**

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<thead>
<tr>
<th>Eligibility for Full (unreduced)</th>
<th>Minimum Age for Early Retirement</th>
<th>Early Retirement Reduction</th>
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<tbody>
<tr>
<td>Age 60 with 4 years service</td>
<td>Rule of 85</td>
<td>5% per year prior to age 60</td>
</tr>
<tr>
<td>Age 65 with 4 Years of Service</td>
<td>Rule of 85</td>
<td>5% per year prior to age 65</td>
</tr>
<tr>
<td>Law Enforcement Plan</td>
<td>Age 60 with 4 years of service</td>
<td>5% per year prior to age 60</td>
</tr>
<tr>
<td>Wyoming Game Warden, Highway Patrol or Department of Criminal Investigations Plan</td>
<td>Age 60 with 6 Years of Service</td>
<td>Not Applicable</td>
</tr>
<tr>
<td>Judicial Plan</td>
<td>Age 60 with at least 20 years of service</td>
<td>5% per year prior to age 65</td>
</tr>
<tr>
<td>Paid Firefighter Plan B</td>
<td>Age 60 with 4 years of service</td>
<td>Not Applicable</td>
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<tr>
<td>Volunteer Firefighter, EMT and Search &amp; Rescue</td>
<td>Age 60 with 5 years of service</td>
<td>Not Applicable</td>
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<tr>
<td>Wyoming Guard Firefighter</td>
<td>Age 60 with 4 years of service</td>
<td>Not Applicable</td>
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