



# Wyoming Retirement System

*Partnering to Build Financial Security for Members and their Families*

**Mark Gordon**  
Governor

**Ruth Ryerson**  
Executive Director

## **Highlights for HB 156 – Sound Money Act**

**Affected Parties: All the members of the Wyoming Retirement System**

**Position: WRS Board opposes this legislation**

The bill directs WRS to invest ten percent of the retirement fund in “specie” which is gold or silver coin or bullion. WRS believes it is particularly inappropriate to legislate a fixed percentage for gold and silver assets, or any certain asset category. The Board’s current asset allocation does not include a ten percent allocation -- which is approximately \$800 million -- to physical gold and silver. With the support of investment experts and consultants, the Board studies and may adjust its asset allocation each year. If investing in physical gold and silver is desirable, the Board may do so. However, the Board does not believe creating a requirement in this regard is prudent and it would establish a conflict with their fiduciary role.

The requirement in this bill could result in as much as an \$18 million loss annually for the retirement trust funds. The fiscal note WRS developed provides detailed analysis. There are two components to the estimated loss: 1) the opportunity cost of not being able to invest this \$800 million in more desirable strategies and 2) loss of dividend and interest yield due to investment in physical commodities that do not ever pay dividends or interest. In addition, physical assets like gold and silver incur significant storage, security and insurance costs. In the past year, the WRS portfolio has held as much as two percent in gold or silver certificates, which provides similar opportunity to physical holdings and avoids the related storage costs.

Market conditions change and the Wyoming Retirement Board has the responsibility to make the decisions for how to invest retirement trust funds. Legislating any particular portfolio holding requirement for the retirement trust funds is in conflict with the fiduciary duty to which the WRS Board is obligated.