



Wyoming Retirement System

Partnering to Build Financial Security for Members and their Families

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Governor

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Highlights for House Bill 314 – Retiree cost-of-living payments

Affected Parties: WRS retirees who first began receiving benefits prior to July 1, 2018; this applies to all the WRS pension plans:

- **Public Employee Plan**
- **Law Enforcement Plan**
- **Warden, Patrol & DCI Plan**
- **Judicial Plan**
- **Paid Firefighter B Plan**
- **Guard Fire Plan**
- **Volunteer Firefighter & EMT Plan**

Position: WRS Board supports this bill

This bill authorizes two additional annual payments to eligible retired members or survivor beneficiaries to be made on July 1, 2019, and July 1, 2020. The amount of the additional payment will vary for each recipient, to be determined by the member's benefit amount and the years since the member retired. Each additional payment is calculated by multiplying the eligible member or survivor's existing annual benefit by one-tenth of one percent (0.1%) for each year since the member's retirement was effective, up to a maximum of three percent (3%).

WRS calculates the average "13th check" payment would be \$183.00 or the equivalent of 0.94 percent of the current benefit; this is the average of approximately 30,000 pensioners across all plans. The payment would not become an ongoing or cumulative benefit and would not permanently raise the retirement benefit for eligible retirees or survivor beneficiaries.

The WRS Board supports this legislation. Retired members last received assistance with purchasing power erosion in 2008. Inflation over the last ten years totaled 20.9 percent according to the Wyoming Cost of Living Index. For background, a state law passed in 2012 shifted the authority to implement Cost of Living Adjustments, or COLAs, from the Board to the Legislature and set stringent criteria for granting a COLA to ensure the solvency of the funds. Under this criteria, actuarial projections for the Public Employee Plan show there won't be sufficient funding from internal pension assets to provide for a permanent COLA for several decades. Any ad-hoc COLA would need to be separately funded with a legislative appropriation, and that is the way House Bill 314 is structured. WRS will receive an appropriation to cover the cost, meaning the funding status of the plan is not negatively affected by the additional payments. WRS estimates the cost of each annual payment to be \$5.5 million or \$11 million in total.