



Wyoming Retirement System

Partnering to Build Financial Security for Members and their Families

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Highlights for Senate File 90 – Change to interest for non-vested, inactive accounts

Affected Parties: WRS members who terminate employment prior to vesting and elect an account refund after July 1, 2019. This legislation applies to members of all WRS pension plans, except Paid Firefighter Plan A & Plan B and Volunteer Plan.

Position: WRS Board supports this bill

WRS maintains separate accounts for each member, comprised of the amount of employee contributions and accrued interest. Interest currently accrues on all member account balances, including inactive non-vested accounts, at a rate determined by the WRS Board. The current rate is 3 percent.

This bill provides that interest will cease to accrue to member accounts in these pension funds for members who are not vested and not actively employed with a participating employer of the plan. This has the effect of freezing the amount in the member's account and thus reducing the size of the refund to which the member is entitled. Members who are not vested (and thereby not entitled to a future retirement benefit) and not active may eventually refund ("cash out") their contributions plus accrued interest. This will limit the accrued interest on those accounts, resulting in smaller refunds and expenditure decreases. The effect is modest at first, but over 30 years, the actual refunds paid will be smaller and the liability of the pension plan for those that haven't refunded yet will also be smaller.

The WRS Board is proactively seeking to slow the growth in liabilities by fine tuning benefit changes. When a non-vested member terminates employment, the Board believes it should not be obligatory for the System to continue to pay interest. While the long term impact is not huge, changing this provision does give some protection against future market volatility.

The pension plans included in this change are: Public Employee Plan; Law Enforcement Plan; Warden, Patrol & DCI Plan; Judicial Plan; and Guard Firefighter Plan. Members of Paid Firefighter Plan A, Paid Firefighter Plan B and the Volunteer Plan would not be impacted.