

Wyoming Retirement System

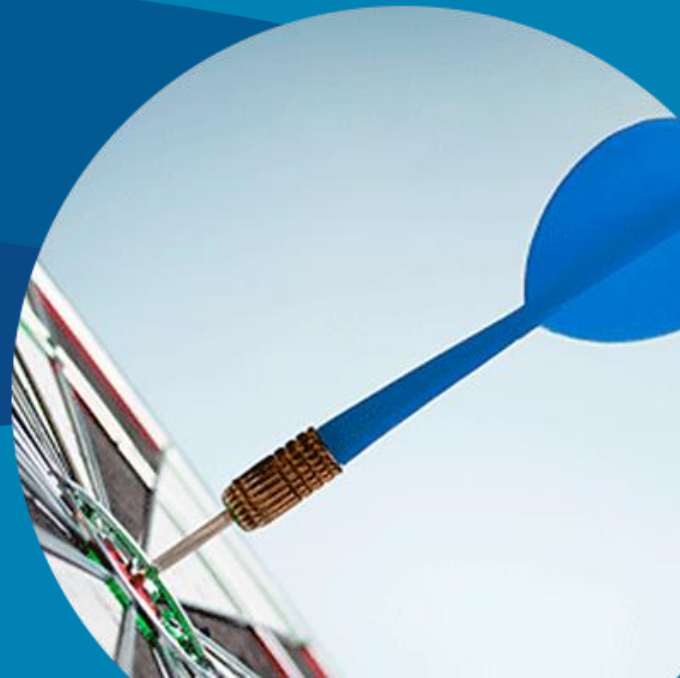
September Board Meeting Presentation

September 5, 2019 in Jackson, Wyoming

Paul Wood, ASA, FCA, MAAA

Leslie Thompson, FSA, FCA, EA, MAAA

Mark Randall, FCA, EA, MAAA



Agenda

- Review Rate Increase Recommendations from Valuation Presentation
 - State Patrol, Game & Fish Warden, and Criminal Investigator Pension Plan
 - Law Enforcement Pension Plan
- Strategies for Addressing Paid Firemen's Pension Plan A Funding
- Pros and Cons of Fixed Rate vs. Actuarially Determined Contribution (ADC) Funding
- Highlight Rate of Return Sensitivity for the Public Employees Pension Plan

REVIEW RATE INCREASE RECOMMENDATIONS

Recommendations From Valuations

- Consider Rate increases for Wardens and Law Enforcement
 - Wardens needs approximately 4.0% combined EE/ER rate increase over four years to reach a projected 100% funded status in 30 years
 - Law Enforcement needs approximately 3.0% combined EE/ER rate increase over three years to reach a projected 100% funded status in 30 years
- Public Employees Pension Plan and Fire B – “Stay the course”
 - Due to the already scheduled contribution increases, additional contributions can be revisited at the next annual valuation as of January 1, 2020
- Judges, Guard Fire, Vol Plans – No Action Needed
 - Though the funded ratio decreased due to the underperformance of plan assets in 2018 for these plans (except Guard Fire), they are still on a projected path to 100% funding within 30 years
- Fire A
 - Funded status continues to decline and a dedicated funding source should be identified

Law Enforcement

Review of Current Position at January 1, 2019

- Demographics
 - 2,662 active members with average age of 39.6, average service of 8.6 and average pay of \$60,010
 - 1,274 retirees, beneficiaries, and disabled members with average age of 63.3 and average benefit of \$25,962
- Normal Retirement Benefit
 - 2.50% of final average salary not to exceed 75.0% of final average salary
 - Payable at age 60 with at least four years of service as a law enforcement officer or any age with at least twenty years of service as a law enforcement officer
- Current Funded Ratio
 - Actuarial Value Basis: 86.5%
 - Market Value Basis: 79.9%
- Current Contribution Rate
 - Employee Statutory Rate: 8.60%
 - Employer Statutory Rate: 8.60%
 - Actuarially Determined Contribution Rate: 10.48%
 - Contribution Shortfall: 1.88% (10.48% - 8.60%)
- Projected Funded Ratio
 - 2029: 80%
 - 2039: 79%
 - 2049: 75%
- Even with a partial recovery (12% return in 2019), the plan is not projected to reach 100% funding within 30 years

Law Enforcement

Rate Increase Recommendation

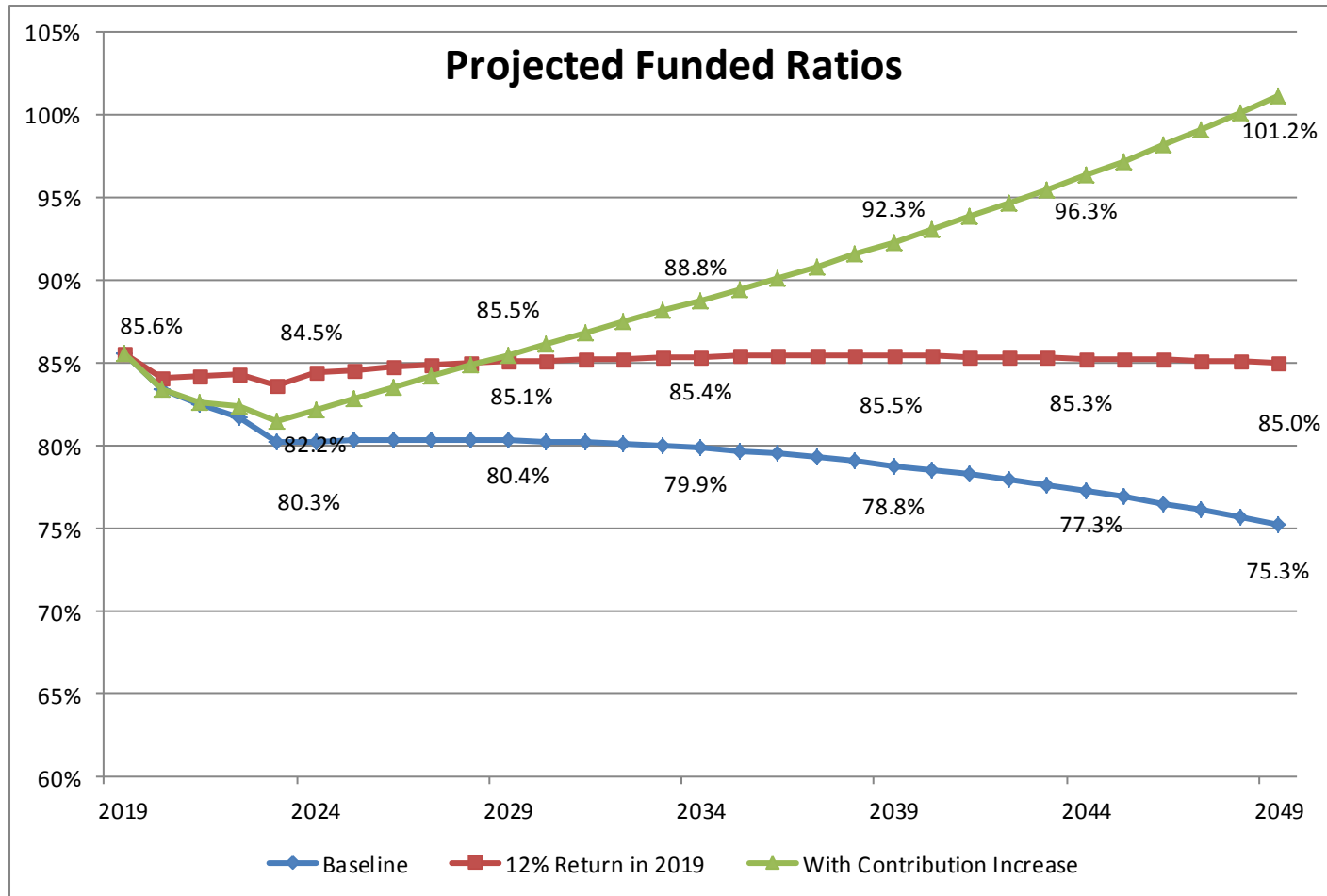
- In order to get back on a projected path to full funding, combined employee/employer rate increase of 3% over three years is needed

Law Enforcement					
Year	Current Employee	Current Employer	Current Total Contribution	Rate Increase	New Total Contribution
2019	8.60%	8.60%	17.20%	0.00%	17.20%
2020	8.60%	8.60%	17.20%	1.00%	18.20%
2021	8.60%	8.60%	17.20%	2.00%	19.20%
2022	8.60%	8.60%	17.20%	3.00%	20.20%

- After rate increase, the fund is projected to be 101% funded in 2049

Law Enforcement

Long Term Projections



Law Enforcement

Short Term Budget Impact

- Table below shows the impact on a dollar basis of the total rate increase phase-in
- Also shows the breakdown between the State Agencies and the Local Employers

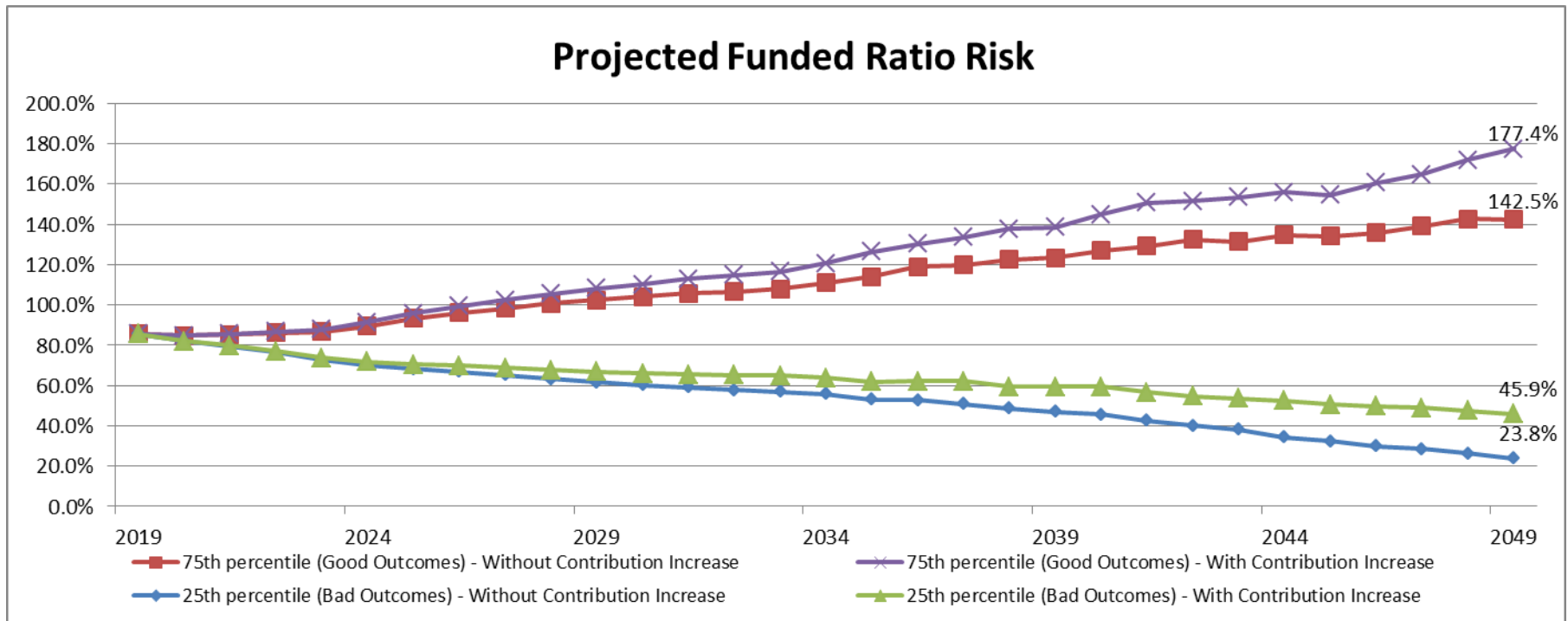
Year	Projected Payroll (in '000s)	Total Rate Increase	Total Dollar Impact (in '000s)	State Agencies	Local Employers
2019	\$159,748	0.00%	\$0	\$0	\$0
2020	\$165,027	1.00%	\$1,650	\$390	\$1,260
2021	\$170,327	2.00%	\$3,407	\$805	\$2,602
2022	\$175,435	3.00%	\$5,263	\$1,244	\$4,019

- The rate increase could be shared between employees and employers
- Delaying the rate increase implementation to July 2020 would still result in projected full funding by 2049

Law Enforcement

Funded Ratio Risk

- Increasing contributions to the plan greatly reduces the downside funded ratio risk



Other Considerations

- The rate increases presented above represent the minimum contribution increase needed at January 1, 2019 for the Funds to be on a projected path to full funding by 2049
- Any contribution increase above those presented would result in accelerated funding and reduced downside funded ratio risk
- Results going forward are very sensitive to future experience, especially in the capital markets