

HB0107: Retirement System-efficient disbursement method

Amend statutory language pertinent to WRS operations by amending section “(d) The state auditor may approve an alternative to the use of warrants drawn by the state auditor for the disbursement of retirement system benefits, provided that the attorney general reviews the legality of the alternative.” in W.S. § 9-3-408 (a) and three other related statutes.¹

House Floor Vote: Ayes: 60 Nays: 0

Sponsored by: Representative(s) Henderson, Harshman, Sommers and Zwonitzer and Senator(s) Case and Driskill

9-3-408. Designated custodian of retirement account; disbursements; investment of account monies.

*(a) The board may designate the state treasurer or a master custodial bank approved by the state treasurer as the custodian of the retirement account. Disbursements from the retirement account for purposes specified in W.S. 9-3-407(c) shall be made **only** upon warrants drawn by the state auditor upon certification by authorized system employees **or using an appropriate alternative method approved by the state auditor**. All retirement account disbursements shall be accounted for in accordance with the uniform state accounting system or in a manner approved by the state auditor or the state treasurer as provided under W.S. 9-4-214. As used in this subsection, “authorized system employees” means the director and his designees who have authorized signatures on file with the state auditor.*

Rationale: This bill will give WRS and the State Auditor’s Office (SAO) the ability to explore alternatives to the use of warrants drawn on the State Auditor for pension payments. While existing payment methods work, some other options (like paying directly from WRS’s investment custody bank) have the potential to:

1. Improve WRS interest earnings.

WRS estimates that annual interest earnings could potentially be increased by \$50,000 to \$100,000 per year, by reducing the frequency and size of large dollar transfers between WRS investment accounts and SAO accounts.

2. Simplify business operations.

Business operations could be simplified with fewer transfers between accounts.

3. Provide better service.

Service on things like paying a death benefit could be faster (next business day) if WRS could pay directly from the custody bank. Current methods require movements between SAO and the custodian bank that consume four business days or more.

4. Improve Transparency.

Custody bank reporting could provide more detail to SAO than current processes, if desired.

Endorsements: Recommended by the WRS Board and 2017 Wyoming Governmental Spending and Efficiency Commission Report by Alvarez & Marsal.²

¹ W.S. 9-3-408 (a) governs the Public Employee Plan, Law Enforcement Plan and Air Guard Firefighter Plan. Similar language exists and a similar amendment is proposed for 9-3-710 (Judicial Plan), 15-5-422 (a) (Fire B Plan) and 35-9-617 (b) (Volunteer Firefighter, EMT & SAR Plan). Existing language for the Warden/Patrol Plan and Fire A don’t seem to be limiting; hence no amendment is proposed.

² Alvarez & Marsal, Wyoming Governmental Spending and Efficiency Commission Final Report, November 6, 2017 pg. 29.

Retirement system-efficient disbursement method.

Sponsored by: Representative(s) Henderson, Harshman, Sommers and Zwonitzer and Senator(s) Case and Driskill

A BILL

for

AN ACT relating to the state retirement system; authorizing retirement system disbursement mechanisms approved by the state auditor; and providing for an effective date.

Be It Enacted by the Legislature of the State of Wyoming:

Section 1. W.S. 9-1-402 by creating a new subsection (d), 9-3-408(a), 9-3-710, 15-5-422(a) and 35-9-617(b) are amended to read:

9-1-402. State auditor; duties generally.

(d) The state auditor may approve an alternative to the use of warrants drawn by the state auditor for the disbursement of retirement system benefits, provided that the attorney general reviews the legality of the alternative.

9-3-408. Designated custodian of retirement account; disbursements; investment of account monies.

(a) The board may designate the state treasurer or a master custodial bank approved by the state treasurer as the custodian of the retirement account. Disbursements from the retirement account for purposes specified in W.S. 9-3-407(c) shall be made **only** upon warrants drawn by the state auditor upon certification by authorized system employees or using an appropriate alternative method approved by the state auditor. All retirement account disbursements shall be accounted for in accordance with the uniform state accounting system or in a manner approved by the state auditor or the state treasurer as provided under W.S. 9-4-214. As used in this subsection, "authorized system employees" means the director and his designees who have authorized signatures on file with the state auditor.

9-3-710. Disposition of funds; custodian of monies.

Funds accruing to the account used to fund benefits for the program under this act shall be commingled with all money on deposit with the state treasurer in the Wyoming retirement account. The board may designate the state treasurer as the custodian of the retirement account. Disbursements from the account for purposes as specified in W.S. 9-3-407(c) shall be made **only** upon warrants drawn by the state auditor upon certification by authorized system employees or using an appropriate alternative method approved by the state auditor. All disbursements from the account shall be accounted for in accordance with the uniform state accounting system or in a manner approved by the state auditor or the state treasurer as provided under W.S. 9-4-214. As used in this section, "authorized system employees" means the director and his designees who have authorized signatures on file with the state auditor, "director" means the director of the Wyoming retirement system, and "system" means the Wyoming retirement system.

15-5-422. Payments; when and how made; protections; nonassignability; qualified domestic relations order.

(a) Payments made under this article shall be made to the beneficiaries on or before the fifth day of each month and Payments shall be made by voucher drawn against the firemen's pension account and paid by the state auditor out of the account or using an appropriate alternative method approved by the state auditor. No payments made under this article are subject to judgment, attachment, execution, garnishment or other legal process and are not assignable nor shall the board recognize any assignment nor pay over any sum assigned.

35-9-617. Volunteer firefighter, EMT and search and rescue pension account; merger with other pension accounts; membership.

(b) The account established under subsection (a) of this section shall be controlled by the board and administered by the director of the Wyoming retirement system. All expenses of administration shall be paid from the account. Disbursements from the account shall be made **only** upon warrants drawn by the state auditor upon certification by authorized system employees or using an appropriate alternative method approved by the state auditor.

Section 2. This act is effective July 1, 2021.

(END)