



Wyoming Retirement System

Partnering to Build Financial Security for Members and their Families

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Governor

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SF0158: Public employee retirement plan-contributions

Summary: This bill would increase the employee and employer contribution rates for the Wyoming Retirement System's (WRS) Public Employee (PE) Pension Plan.

Position: The WRS Board supports the bill

Highlights:

- Increases the employer contribution rate in the PE plan by .05% (from 9.37% to 9.87%)
 - Increases the employee contribution rate in the PE plan by .05% (from 9.25% to 9.75%)
 - Appropriates \$6.075 million to fund related general fund employer expense for the State of Wyoming, colleges & university and K-12 education
 - Improves the finances of the Public Employee Pension Fund with additional annual contributions (\$9.4 million each from employers and employees, total \$18.8 million)
 - Accelerates the projected year of 100% funding to 2035 (+ 3 years) and improves the 30-year projection in 2052 from 130.3% to 140.9% (+10.6%)
 - Materially improves the robustness of the plan in the face of adverse investment experience.
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Rationale: Out of the eight WRS Pension Plans, the PE Plan has the lowest funding ratio (77.0%) and has the largest component of WRS' unfunded liability (\$2.5 billion of the \$2.8 billion total). The total contribution rate of 18.62% is still nearly 2% less than what system actuaries calculate as the recommended rate to both pay normal cost and gain ground on the unfunded liability in accordance with the Board's funding policy.

The increase would accelerate full funding in the pension plan and make the plan more robust in the face of adverse experience. Modeling a -5.50% loss in 2022 with current contribution rates, the PE Plan does not achieve full funding within 30 years (100% = 2059, 37 years). With the bill, the PE Plan does achieve full funding within 30 years (2051, +8 years vs. status quo).

The Governor's letter #16 proposed a 1% employer increase citing similar reasons. The bill provides similar financial strength to the pension, but as a policy choice, splits the burden 50/50 between employers and employees.