Wyoming

RETIREMENT SYSTEM



457 (b) Plan Handbook

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Introduction

This handbook is designed for members of the 457(b) Deferred Compensation Plan. The Wyoming Retirement System (WRS) administers this supplemental savings program alongside eight defined-benefit pension plans. The Wyoming 457(b) Deferred Compensation Plan is authorized under Wyoming Statutes W.S. 9-3-501 through 9-3-509, incorporating relevant provisions of the Wyoming Retirement Act and the Uniform Management of Public Employees Retirement Act W.S. 9-3-401 through 9-3-454 by reference, as well as the rules established by the WRS Retirement Board.

Wyoming RETIREMENT SYSTEM BOARD

Board Members and Governance

WRS is governed by an 11-member Board tasked with acting in the best interest of all system members. The Board consists of the State Treasurer, two public employees, two representatives from the public school system or higher education, one retired WRS member, and five qualified Wyoming electors who are not employed by a participating WRS organization. With the exception of the State Treasurer, members are appointed by the Governor to six-year terms.

Board Responsibilities

The Board holds quarterly public meetings to establish policies and regulations for administering the pension and 457(b) Deferred Compensation plans. Key responsibilities include:

- **Management and Operations:** The Board employs an Executive Director to manage WRS staff and daily operations.
- **Investment Oversight:** In coordination with the Executive Director and Chief Investment Officer, the Board oversees the investment of all retirement funds and monitors the performance of external investment managers.
- **Actuarial Review:** The Board contracts with an actuarial firm to assess the funding levels of each plan and analyze long-term trends.
- **Administrative Decisions:** The Board renders final decisions on benefit appeals filed by members.

Please visit our website at retirement.wyo.gov for a list of current board members.

Joining the 457(b) Deferred Compensation Plan

All employees working for a participating WRS employer are eligible to enroll immediately upon hire, there are no “open enrollment periods” Approximately 30,000 Wyoming public employees currently participate.

- **Automatic Enrollment:** The State of Wyoming and select non-state employers automatically enroll new hires into the 457 Plan following an initial opt-out period.
- **Elective Enrollment:** Employees not covered by automatic enrollment can join at any time by completing an enrollment form and returning it to their Payroll or Human Resources Department.

Why Participate in the WRS 457(b) Plan?

Because many public sector employees rely on fixed pension benefits that may not fully keep pace with inflation, the 457(b) Plan serves as a critical pillar of supplemental retirement income:

- **Automatic Savings:** Contributions are automatically deducted from your payroll and deposited into your account.
- **Flexible Usage:** Supplemental funds can bridge early retirement periods, supplement pension income, or assist with unexpected post-retirement expenses.
- **Portability:** Account balances can remain invested in low-cost options even after you change jobs or leave public service.

Employer Match

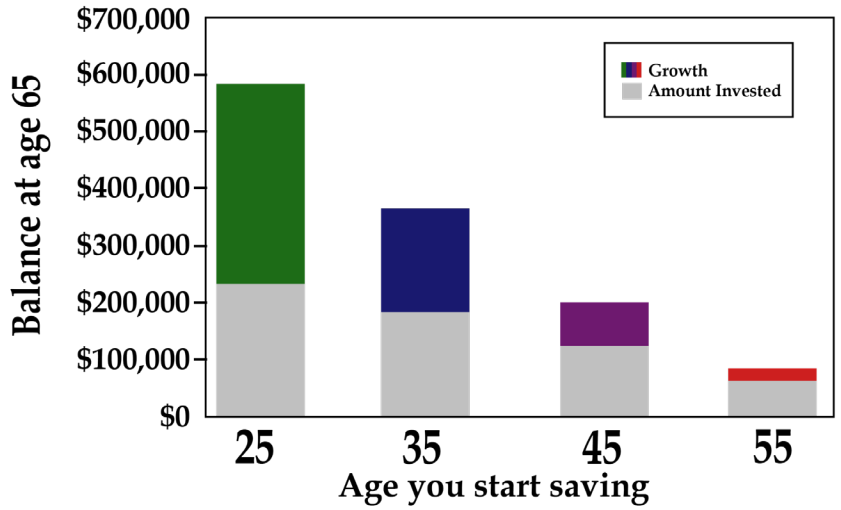
State of Wyoming employees in the Executive, Legislative, and Judicial branches receive an employer-paid match of **$20 per month** into their 457(b) account if they contribute at least $20 per month of their own funds. Non-state public employers may offer similar matching contributions; consult your agency Human Resources office for agency specific details.

Contribution Limits and Payroll Adjustments

- **Minimum Contribution:** $20 per pay period.
- **Maximum Contribution:** Up to the annual IRS Plan Contribution Limit, set annually by the IRS.
- **Flexibility:** Increase, decrease, stop or restart contributions at any time.
- **Change Requests:** Must be received prior to your agency's payroll run date for the request to take effect that payroll cycle.

Important Note: If you switch employers, you may need to reenroll in the 457(b) plan. Further details are outlined later in this handbook.

*** Starting to save as soon as you are able to makes a big difference. Time makes a big impact on investment growth.**



Example assumes a retirement age of 65, investing $6,000 per year, assuming 4% annualized nominal return. Chart is for illustrative purposes only - not intended to represent the performance of any specific investment. Actual returns will vary and principal value will fluctuate. Applicable taxes are due when money is withdrawn.

Retirement Planning Resources

Estimating Retirement Income Needs

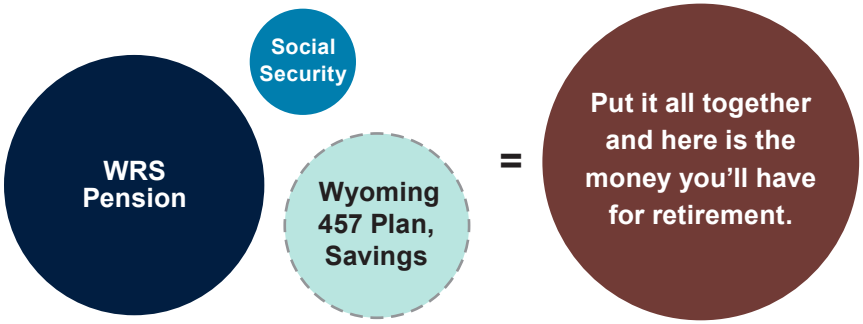
WRS pension benefits are a foundational retirement asset rather than a total income replacement. Because cost-of-living adjustments (COLAs) are not automatic, you can use the WRS 457(b) Deferred Compensation Plan or personal savings to supplement your WRS pension benefit and build a more secure retirement. You have the option to accept an actuarially reduced pension benefit to self-fund a Cost-of-Living Adjustment (COLA) starting in your third year of retirement. Please see your pension specific handbook for further details.

A helpful place to start is asking yourself: *"How much income will I actually need in retirement?"*

Your expenses will likely shift once you stop working. Some daily costs, like commuting or work-related expenses, may drop, and your mortgage might be paid off. On the other hand, healthcare and long-term care costs often increase as you age.

Remember to consider all your potential income sources together, including:

- Your WRS Pension
- Savings from 457 Plan, past employer plans or IRAs
- Social Security benefits



WRS Retirement Planning Resources

WRS Website: Visit retirement.wyo.gov to manage your pension and 457(b) Deferred Compensation accounts online. You will find educational videos, resource links, benefit calculators, and a goal setting calculator to help project your future retirement income.

Retirement Educators: WRS has dedicated retirement educators available to help you learn about your benefits and retirement planning.

We offer informational seminars and individual counseling meetings. You can view the educator travel schedule on our website or contact an educator to book an appointment directly by calling us at (307) 777-3314.

- **Local Seminars:** WRS educators regularly travel across the state to host informational workshops. To find out when an educator will be conducting a seminar in your area, visit retirement.wyo.gov to view our current travel schedule and consult your agency's HR department about scheduling a workplace visit.

- **Personal Consultations:** You can contact WRS to schedule individual counseling regarding your account timeline and options.

Documents and Publications Available

The following documents and publications are available to you at retirement.wyo.gov:

- Pension Plan Handbooks
- 457(b) Deferred Compensation Handbook
- 457(b) Plan Document – official regulations governing the WRS 457(b) Deferred Compensation Plan
- Forms
- Investment Basics for Mix-Your-Own Investors
- Risk Tolerance Quiz
- Fund Fact Sheets
- Fund Performance
- Glossary of Investment Terms

Professional Advice Disclaimer: While WRS staff are experts on system rules and benefit calculations, they cannot provide personal financial, tax, or legal advice. For specific tax implications or investment strategies, please consult a certified financial planner, CPA, or legal professional.

Investing Made Easy

Investment Strategies

- **Target Date Funds:** Selecting this option places your contributions into an age-appropriate Target Date Fund. Target Date Funds maintain a diversified asset mix (stocks, bonds, cash equivalents) that automatically becomes more conservative as you approach target retirement age (assumed age 65).
- **Mix-Your-Own Funds:** Participants who prefer to build a custom portfolio can select individual core funds across various asset classes. Reference the *Help for Mix-Your-Own Investors* guide online for fund details.

The Impact of Early Saving & Compounding

Starting early significantly enhances long-term investment returns due to compound growth:

- **Example Projecting $6,000/Year Growth to Age 65 (at 4% Nominal Return):**
  - Starting at **Age 25:** Accumulates approximately **$580,000**.
  - Starting at **Age 35:** Accumulates approximately **$360,000**.
  - Starting at **Age 45:** Accumulates approximately **$200,000**.
  - Starting at **Age 55:** Accumulates approximately **$80,000**.
- **Long-Term Compound Potential:** A single **$5,500** balance left invested in the WRS 457 Plan compounding at 6.5% for 35 years grows to approximately **$48,000** at retirement.



Before or After Taxes Contributions



Tax Options: Pre-Tax vs. After-Tax (Roth)

Members may choose to make **pre-tax contributions, after-tax (Roth) contributions**, or a combination of both.

Pre-Tax Contributions:

- Payroll deductions are taken before federal income taxes are calculated, reducing current taxable pay.
- All employer-matching contributions are made on a pre-tax basis.
- Withdrawals (contributions + earnings) are taxed as ordinary income upon distribution.

After-Tax (Roth) Contributions:

- Payroll deductions are made after federal income taxes are withheld.
- Qualified Distributions are 100% tax-free. To be considered qualified, a distribution must occur after you have separated from service AND met both of the following criteria:
  - Held the Roth account for at least five (5) calendar years.
  - Attained age 59½ or older.
- If separated from service without meeting the 5-year/59½ criteria, distributed investment earnings are subject to income taxes.

Monthly Take-Home Pay Comparison

Example: Maria earns $2,500 a month and is in a 28% tax bracket. She is considering contributing $150 of her pay to the 457 Plan before tax or $108 after-tax. Either contribution will result in the same spendable income for Maria. Because distributions of before-tax and after-tax contributions are taxed differently, Maria's decision about whether to invest before tax or after-tax may depend on what her tax bracket is now and what she expects it to be at retirement. It may also depend on whether she thinks taxes will go up or down over time. WRS cannot provide tax advice, so this is something you may want to discuss with your tax or financial advisor.

Financial Metric	Pre-Tax Option	After-Tax (Roth) Option
Monthly Adjusted Gross Income	$2,500	$2,500
457(b) Contribution	-$150	-$108
Taxable Income	$2,350	$2,500
Federal Income Tax (28% Assumed)	$658	$700
Net Take-Home Income	$1,692	$1,692

In-Plan After-Tax (Roth) Conversion

You may elect to convert any portion of your pre-tax 457(b) balance into a designated after-tax (Roth) balance within the plan.

- **Tax Liability:** The converted pre-tax amount is treated as reportable taxable income in the year the conversion occurs.

- **Payment Requirement:** Taxes owed on the conversion **cannot** be withheld from your 457(b) account balance; they must be paid out-of-pocket using your personal funds.

457(b) Plan Contributions & Account Basics

Managing Your Account



Access quarterly statements, monitor plan performance, and reallocate investments anytime online at wrsdcp.com or retirement.wyo.gov.

- **State Employees:** You can manage and update your contribution amounts directly online through your portal.

- **Non-State Employees:** Most non-state employees are unable to make contribution changes online. Please check with your Human Resources department to confirm if this option is available for your agency. Non-auto enrollees will need to complete and submit the Paycheck Contribution form found on the WRS website.

Keeping Contact Information & Beneficiaries Up to Date

Keeping your contact details current is critical. We recommend using a personal email address to ensure you never miss official statements or communications. You can manage your contact information and beneficiary designations through your online account at wrsdcp.com or retirement.wyo.gov. Alternatively, you may submit the required forms which can be found on our website or by contacting us directly.

Name Changes

- **Requirement:** Must be completed using the official form available at **retirement.wyo.gov**.

- **Supporting Documentation:** You must submit legal documentation verifying your name change (e.g., marriage certificate, divorce decree, or court order and government issued ID) alongside your form.

Designating Your Beneficiary

At the start of your employment, you must log in to your online pension and 457(b) Deferred Compensation account to designate your beneficiary. You must make **separate** beneficiary designations for your Pension Plan and your WRS 457(b) Deferred Compensation Plan. Designating a beneficiary for one plan does not automatically apply to the other.

Vesting

There is no vesting period; you maintain complete ownership of all contributions and earnings once enrolled.

Administrative Costs & Fee Comparison

The WRS 457 Plan is structured to keep administrative expenses low so more of your returns stay in your account:

- **WRS Administrative Fee:** 14 cents per $100 ($0.14%) of asset balance per year, assessed quarterly on balances up to $100,000. Fees are **capped at $140 annually** for account balances exceeding $100,000.
- **Fund Operating Expenses:** Investment management fees are deducted directly from fund assets before net asset values and investment returns are published.

Comparing Plan Fees: High fees can significantly diminish your future nest egg. Always examine the fee structure of any retirement plan to ensure you know exactly what you are paying - and how much of your growth you keep.

Your 457(b) Plan Contributions

When you enroll in the WRS 457 Plan, you decide how much to set aside from each paycheck.

- **Contributions:** You must contribute a minimum of $20 per pay period. You may contribute any dollar amount up to the IRS annual contribution limit, which varies based on your age. To check current limits, visit our website's **Contribution Limits** tab or go to IRS.gov.
- **Tax Options:** You can make pre-tax contributions, post-tax (Roth) contributions, or a combination of both. See "Before or After Tax Contributions" for more information.
- **Managing Your Deferrals:** You can increase, decrease, stop, or restart your contributions at any time. Changes take effect on the upcoming payroll if received before your agency's payroll run date; otherwise, they will take effect on the following payroll.
- **Making Changes:** If your employer automatically enrolls new hires, you can update your choices online by logging into your account. If not, submit a change form to your payroll representative.
- **Withdrawals:** Unlike a regular savings account, you can only withdraw money from your account upon separation from service, reaching age 70½, or receiving approval for an IRS-qualified unforeseeable emergency (outlined later in this handbook). In the event of your death, your named beneficiary(ies) become eligible to withdraw the funds.



457(b) Plan Catch-Up Provisions

Age 50+ Catch-Up

Participants aged 50 or older during the calendar year can make additional contributions above the standard annual IRS limit.

Special 3-Year Catch-Up

Participants within three years of reaching their declared Normal Retirement Age (NRA) may qualify for Special Catch-Up contributions, allowing higher contribution limits based on under-utilized limits from prior years:

- **Normal Retirement Age Definition:** The earlier of: Age 65 OR the age in which the participant has the option to retire and receive full pension benefits under the defined benefit plan. Normal retirement age can't be later than age 70 1⁄2. The plan may permit a participant to select a retirement age within the above parameters.

- Contact the WRS 457(b) Deferred Compensation department at (307) 777-3325 to calculate your unused limits and establish your NRA schedule.

Important Note: You cannot use the age catch-up and special 3-year catch-up concurrently.

Switching Employers? What You Need to Know

- Non-State Agency Employees: If you move to a different non-state employer, your 457(b) contributions do not transfer automatically. You must complete a new enrollment with your new employer.
- State of Wyoming Employees: New State of Wyoming hires are automatically enrolled in the 457(b) plan.

Lump-Sum Vacation & Sick Leave Deferrals

You can contribute lump-sum payouts for unused sick and vacation leave directly into your WRS 457(b) Plan, subject to annual IRS contribution limits.

- **Check Employer Guidelines:** Procedures for leave deferrals (payout) vary by employer. Contact your payroll or human resources department at least two months before your separation date to confirm what your agency's leave payout policy is.

- **Timing & Required Form:** You must complete and submit a WRS 457(b) Final Deferral Form before your employment ends and at least one calendar month prior to the month the payout is issued.

Can I Contribute When I Quit Working?

No; however, you can bring existing retirement funds into the WRS 457(b) Plan by rolling over balances from other qualified retirement accounts or a traditional IRA.

457(b) Plan Distributions

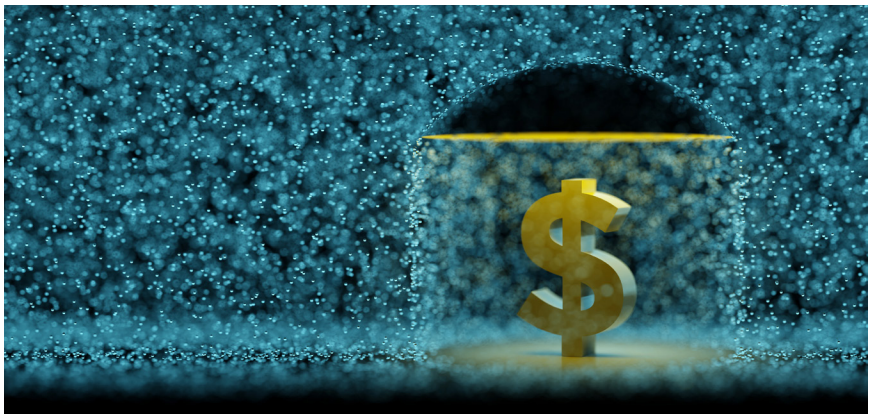
Eligibility for Distributions

You are eligible to withdraw funds upon:

- Permanent separation from service or retirement from a participating employer.
- Reaching age 70½ - even while remaining actively employed.

Distribution Options

- **Flexible Withdrawal Options:** Once eligible, you have full flexibility to set up recurring payments or request ad-hoc lump-sum withdrawals whenever needed.
- **How to Request a Withdrawal:** Submit a distribution request through your online account portal, complete the distribution form available on the Empower Retirement website, or call Empower directly.
- **Processing Time:** Please allow up to 30 days to process your distribution request. Processing begins once WRS receives your final payroll contribution and official notification of termination from your employer.
- **Rollover Options:** If you separate from service, you can transfer or roll over your balance into another eligible retirement plan. (Refer to the IRS Rollover Chart to confirm plan compatibility.) Direct transfers and rollovers are non-taxable events.



Tax Rules & Required Minimum Distributions (RMDs)

- **No 10% Early Withdrawal Penalty:** Unlike 401(k) or IRA plans, pre-tax 457(b) distributions taken upon separation from service are not subject to the 10% IRS early withdrawal penalty, regardless of age.
- **Federal Tax Withholding:** Standard mandatory 20% federal tax withholding applies to lump-sum pre-tax distributions.
- **Required Minimum Distributions (RMDs):** Pre-tax funds are subject to mandatory RMDs starting at age 73 (unless still actively employed with a WRS participating employer). Roth 457(b) funds are exempt from RMD requirements.

Unforeseeable Financial Emergency Distributions

In-service withdrawals are permitted under strict IRS guidelines for extraordinary, unforeseeable emergencies (e.g., preventing imminent eviction/foreclosure or paying uninsured medical expenses).

- **Exclusions:** Emergencies do not include foreseeable events such as credit card debt repayment, home purchases, auto purchases, college tuition, or standard tax bills.

- **Application Process:** Contact Empower Retirement at 1-800-701-8255 to apply.

457(b) Plan Rollover Contributions & Transfers



You can consolidate your retirement savings by rolling over funds from previous employers' eligible retirement plans or a traditional IRA directly into your WRS 457(b) Plan account.

- **Traditional IRAs & Pre-Tax Funds:** Pre-tax balances from a traditional IRA or past employer plan can be directly rolled into your account.

- **Roth IRAs:** Money held in a Roth IRA **cannot** be rolled into the WRS 457 Plan under IRS regulations.

- **In-Service Withdrawals for Rollovers:** Unlike standard plan contributions, funds rolled over from previous employer plans or traditional IRAs may generally be withdrawn while you are still actively employed by a WRS-participating employer.

- **Multiple WRS 457(b) Accounts:** If you consolidate multiple active WRS 457(b) Plan accounts together, those combined funds cannot be withdrawn until you separate from service with the participating employer.

Before transferring funds, review our guide, *"WRS Reasons to Stay in the Plan,"* at retirement.wyo.gov/retirees/stay-in-the-plan/ to help determine if a rollover is right for you.

Navigating Your Retirement Timeline

Preparation (2–5 Years Before Retirement)

- **Test Your Budget:** Practice living on your projected retirement income to adjust your spending habits early.
- **Follow the Checklist:** Complete the steps on the WRS Pre-Retirement Checklist.
- **Get Expert Guidance:** Attend a WRS pre-retiree seminar and book an individual counseling session with a WRS Retirement Educator.

Retirement (At and After Separation)

- **Initiate Distributions:** Begin taking distributions from your WRS 457 Plan according to your financial goals.
- **Maintain Your Plan:** Periodically review your account investments.

Other Topics Of Interest

Public Safety Officers Tax Exclusion

Retired or permanently disabled public safety officers can exclude up to **$3,000 annually** from taxable gross income if distributions are used for direct payment of qualified health or long-term care insurance premiums.

Leaving Employment

You may leave your balance in the plan to continue benefiting from low fees. Alternatively, you can take a taxable distribution or complete a tax-free rollover to an eligible employer plan or IRA.



Military Service

Deployments exceeding 30 days may qualify you for penalty-free withdrawal options or makeup contributions upon return.

Divorce & Domestic Relations Orders (DROS)

Domestic relations orders (DROS) dividing 457(b) plan assets require a court-approved DROS. Standard DROS templates are available online.

Death Benefits

In the event of your death, accumulated account balances are distributed to designated beneficiaries according to federal tax rules.

Dispute Resolution & Appeals

If you disagree with an adverse decision made regarding your account, you are legally entitled to a formal administrative hearing before the WRS Board. These appeal proceedings strictly follow the guidelines established under the Wyoming Administrative Procedures Act, which is public record and available through the Secretary of State's office.

WRS Financial Information & Transparency

- **Annual Audits:** WRS undergoes a comprehensive independent financial audit at the end of each fiscal year (December 31). The resulting Annual Comprehensive Financial Reports are public records and can be reviewed on the WRS website.

- **No Taxpayer Cost for Administration:** All daily administrative expenses required to run the Wyoming Retirement System are paid for entirely out of WRS investment earnings, not state tax dollars.

Funding the System

WRS is financed through three primary sources: member contributions, employer contributions, and investment earnings. Pension administrative expenses are paid from WRS funds, while administrative costs for the 457(b) Deferred Compensation plan are funded by member fees.

Contact, Plan Administration, & Service of Process

Current state statutes, administrative rules, future modifications to this handbook, and official actuarial reports are maintained by the Plan Administrator. Legal service of process must be directed to:

Wyoming Retirement System

Attn: Executive Director

2515 Warren Avenue, Suite 450

Cheyenne, WY 82002

WRS 457(b) Deferred Compensation Contact Information

Email	wrs.457pln@wyo.gov
Phone	307-777-3325
Website	wrsdcp.com or retirement.wyo.gov



Wyoming RETIREMENT SYSTEM

457 DEFERRED COMPENSATION

Vision

Partnering to build financial security for members and their families.

Mission

Provide expert administration and responsible investment of Wyoming's public retirement and supplemental savings program.

Values

Integrity, accountability, commitment, excellence.

2515 Warren Avenue, Suite 450
Cheyenne, WY 82002

retirement.wyo.gov
pension@wyo.gov

307-777-7691

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This publication is intended to serve as a summary of information related to participation in the Wyoming Retirement System 457 Plan. None of the information contained in this publication is intended to supersede or replace any provision of the WRS 457 Plan Document or the laws of the State of Wyoming. This publication and all included materials are not a binding contract. Employees join the 457 Plan, choose investment options, and participate over time on a voluntary basis. Neither the Wyoming Retirement Board nor WRS is responsible for any gains or losses resulting from or alleged to have resulted from, directly or indirectly, the information contained in or related to this publication. No information in this publication should be construed as advice. Employees should consult appropriate professionals for financial, tax and legal advice.