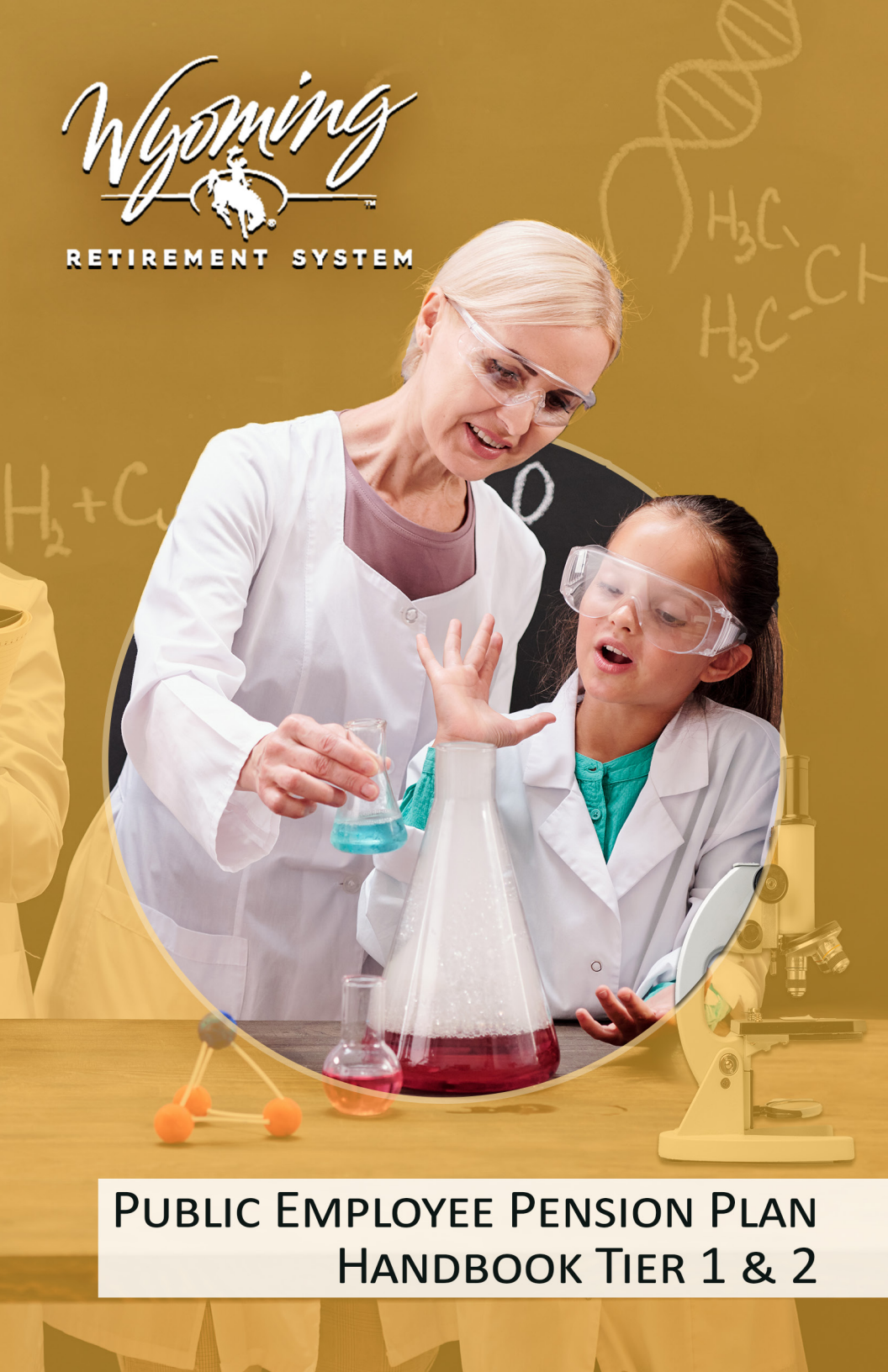




RETIREMENT SYSTEM



**PUBLIC EMPLOYEE PENSION PLAN  
HANDBOOK TIER 1 & 2**

|  |           |
|--|-----------|
| <b>INTRODUCTION</b>  | <b>1</b>  |
| Pension Plan Basics.....   | 1         |
| Employers Who Participate in the Public Employee Pension Plan..... | 1         |
| Enrolling in the Public Employee Pension Plan.....                 | 2         |
| Keeping Contact Information & Beneficiaries Up to Date.....        | 2         |
| Wyoming Retirement System Board.....                               | 3         |
| <b>RETIREMENT PLANNING RESOURCES</b>                               | <b>4</b>  |
| Estimating Retirement Income Needs.....                            | 4         |
| WRS Retirement Planning Resources.....                             | 4         |
| <b>PENSION CONTRIBUTIONS &amp; ACCOUNT</b>                         | <b>4</b>  |
| Pension Contributions.....   | 4         |
| Your Pension Account.....  | 4         |
| Increasing Pension Benefit Through a Service Purchase.....         | 5         |
| Interest on Your Account Balance.....                              | 6         |
| Loans from Pension Accounts.....                                   | 6         |
| Record Confidentiality.....  | 6         |
| Accessing Account Information & Statements.....                    | 6         |
| <b>AMOUNT OF YOUR BENEFIT</b>                                      | <b>7</b>  |
| Benefit Tiers.....   | 7         |
| Highest Average Salary.....  | 8         |
| Months of Service.....   | 9         |
| Estimating Your Benefit.....                                       | 9         |
| <b>RETIREMENT ELIGIBILITY</b>                                      | <b>10</b> |
| Vesting Requirements.....  | 10        |
| Retirement Eligibility Ages.....                                   | 10        |
| The “Rule of 85”.....  | 10        |
| Taking a Reduced Retirement Benefit.....                           | 10        |
| <b>PREVIOUS EMPLOYMENT</b>   | <b>11</b> |
| Previous Employment with a WRS Employer.....                       | 11        |
| Redeposits.....  | 11        |
| Retirement Accounts with Non-WRS Employers.....                    | 11        |
| <b>LEAVING EMPLOYMENT BEFORE RETIREMENT AGE</b>                    | <b>12</b> |
| Options When Leaving Employment.....                               | 12        |
| <b>DEATH CLAIMS &amp; BENEFICIARIES</b>                            | <b>12</b> |
| Reporting a Death.....   | 12        |

|  |              |
|--|--------------|
| If You Die Before Retirement.....            | 12           |
| If You Die After Retirement.....             | 13           |
| <b>APPLYING FOR RETIREMENT</b>               | <b>13</b>    |
| Choosing a Retirement Date.....              | 13           |
| Applying for Retirement.....                 | 13           |
| Benefit Payout Options.....                  | 13           |
| Benefit Options Chart.....                   | 14           |
| Self-Funded COLA Feature.....                | 15           |
| <b>RETIREMENT PAYMENTS</b>                   | <b>15</b>    |
| Timing of Your First Retirement Payment..... | 15           |
| Direct Deposit.....                          | 15           |
| Income Taxes.....                            | 15           |
| State and Federal Withholding.....           | 15           |
| Health Insurance Premium Withholding.....    | 15           |
| Benefit Increases After Retirement.....      | 16           |
| <b>RETURNING TO WORK AFTER RETIREMENT</b>    | <b>16</b>    |
| Rehired Retiree Rule.....                    | 16           |
| <b>SOCIAL SECURITY</b>                       | <b>17</b>    |
| Your Pension and Social Security.....        | 17           |
| <b>DISABILITY</b>                            | <b>17-18</b> |
| Disability Retirement Eligibility.....       | 17           |
| Disability Benefit Application.....          | 17           |
| Worker’s Compensation.....                   | 18           |
| <b>OTHER TOPICS OF INTEREST</b>              | <b>18-19</b> |
| Military Deployment.....                     | 18           |
| Divorce.....                                 | 18           |
| Life Insurance.....                          | 19           |
| Dispute Resolution.....                      | 19           |
| WRS Financial Information.....               | 19           |
| <b>PUBLIC EMPLOYEE BENEFIT TABLE</b>         | <b>19</b>    |
| <b>SELF-FUNDED COLA OPTION</b>               | <b>20</b>    |
| <b>ADDITIONAL RESOURCES</b>                  | <b>20</b>    |

## INTRODUCTION

This handbook is for members of the Public Employee Pension Plan. The Public Employee Pension Plan is the largest pension plan administered by the Wyoming Retirement System (WRS), which also administers seven other pension plans for different groups of employees, as well as the Deferred Compensation 457 Plan. The state laws authorizing the Public Employee Pension Plan are W.S. 9-3-401 through W.S. 9-3-454 along with the WRS Retirement Board's rules.

### **Pension Plan Basics**

Once an employee meets certain qualifications, a pension will provide a monthly payment for life. This type of retirement plan is a "defined benefit" plan because a formula defines the benefit a member receives when they retire.

In contrast to a pension plan is a defined contribution, or 401k-style, retirement plan in which the member specifies, or defines their contribution. With a defined contribution plan, such as the supplemental 457 Plan administered by WRS, the member controls their account and makes their own investment decisions. The benefit they are building is the balance in their account.

A pension has three key features that can work in conjunction with any defined contribution plans:

- I. In most cases, the future benefit grows as long as the member is working for a WRS participating employer and is based on age, salary, and years of service. As years of service and salary increase, so does the future benefit.
- II. The benefit is not generally affected by investment gains or losses. WRS assumes the responsibility for investing all contributions and earnings with the goal of funding the lifelong pension benefit. This is in contrast to defined contribution plans such as 457, 403(b), 401(k) or IRA plans, where the employee is responsible for investment decisions.
- III. A member cannot outlive their benefit, even after they deplete their account balance. Typically, a retiree draws all the funds from his or her account within three to five years of retiring, after which the benefit is paid with WRS investment earnings. In the unlikely event WRS did not have enough assets to pay pension benefits, the state of Wyoming would not necessarily be obligated to make these payments.

### **Employers Who Participate in the Public Employee Pension Plan**

More than 450 employers in Wyoming participate in the Public Employee Pension Plan, including state agencies, school districts, counties, cities and other government organizations. Because so many public employers

in Wyoming participate in this plan, a member has considerable portability with their pension, meaning it may be possible for the member to switch employers without interrupting the accumulating benefit. To find out whether a public employer participates in WRS, please contact us at (307) 777-7691.

### **Enrolling in the Public Employee Pension Plan**

If an employer participates in the Public Employee Pension Plan, all eligible employees are required to join the plan at the time of employment. The employer will use the information an employee provides to enroll them in the plan. If the employer participates in WRS and hires an employee to a full-time or part-time position with the state, a school district, or institution of higher learning, it is likely that employee is a Public Employee Pension Plan member. This includes seasonal employees, who are guaranteed positions each year without having to go through the re-application process. An employee would be excluded from membership if they are an independent contractor (although state at-will contract employees may participate). An employee is also excluded from membership if they are paid on a fee basis, reimbursed on a per diem basis, employed on a temporary basis for less than six months, or receive no more than \$5,500 a year for part-time teaching at any community college or the University of Wyoming and make an election, in writing, not to participate. New employees at the University of Wyoming and community colleges in Wyoming must make a one-time decision to participate in a WRS pension plan or another plan.

WRS also administers other pension plans for specific groups of employees such as game wardens, highway patrol officers, DCI investigators, law enforcement, corrections, judges, paid and volunteer firefighters, EMT, and Search and Rescue. To verify which pension plan a member belongs to, check with their employer or contact WRS.

### **Keeping Contact Information & Beneficiaries Up to Date**

After an employer submits employee information to WRS, an email will automatically be sent to the employee at the email address the employer provided when registering the employee as a pension plan member. It is important that new members log in to their online pension account (outlined later in this handbook) to add beneficiaries and verify information.

Existing members can make changes to contact information and beneficiaries by logging into their online pension accounts. It is important that member contact information is up to date, including using a personal email, to ensure that members receive statements and other correspondence. Forms to complete changes are also available on WRS' website or by request.



## **RETIREMENT SYSTEM BOARD**

### **Board Members**

WRS is administered by an 11-member Board, which includes the state treasurer, two public employees, two employees representing the public school system or higher education, one retired member of WRS, and five qualified Wyoming electors not employed by any participating employer of WRS. All board members, with the exception of the state treasurer, are appointed by the governor for terms of six years. Board members are legally required to act in the best interest of the members of WRS.

### **Board Responsibilities**

The Board holds quarterly public meetings and establishes rules and regulations for administering the pension and 457 plans. The Board employs a director who serves as its secretary and is responsible for managing the staff and daily operation of WRS.

With guidance from the executive director and the chief investment officer, the Board provides oversight on the investment of all retirement funds and monitors the performance of the investment managers hired. The board contracts with an actuarial firm to value the funding levels of each plan and study trends.

The executive director administers the program within the framework of the Board's rules and regulations and the Wyoming Retirement Act. The Board renders final administrative decisions on benefit issues that have been appealed by members.

### **Wyoming Retirement System is financed from three sources:**

- » Contributions from members
- » Contributions from employers
- » Income earned on invested funds

Administrative expenses for the Pensions are paid from WRS funds, while administrative expenses for Deferred Compensation comes from members. Please visit our website [retirement.wyo.gov](http://retirement.wyo.gov) for a list of current board members.

## **RETIREMENT PLANNING RESOURCES**

### **Estimating Retirement Income Needs**

Benefits provided under the pension plans administered by WRS represent one aspect of a member's retirement assets and are not intended to replace 100 percent of their pre-retirement income. Cost-of-living and other benefit increases are not automatically incorporated into a WRS benefit. WRS 457 Deferred Compensation Plan or other retirement plans can help supplement retirement needs.

### **WRS Retirement Planning Resources**

The WRS website at [retirement.wyo.gov](http://retirement.wyo.gov) provides access to a member's WRS retirement online pension and 457 Deferred Compensation accounts. The website also has a wide variety of information, including videos, resource links, and benefit calculators to help project future benefit options.

Additionally, WRS retirement educators provide informational retirement seminars and one-on-one meetings regarding WRS accounts. View the schedule of retirement seminars on our website or contact WRS to schedule an appointment with a retirement educator. Retirement educators are not financial advisors and cannot provide financial, tax or legal advice.

## **PENSION CONTRIBUTIONS & ACCOUNT**

### **Pension Contributions**

The WRS investment team is responsible for investing and managing contributions. Contribution rates for the Public Employee Pension Plan are set in state law, while these rates are subject to change, please visit our website for the current rates.

Employers may choose to pay for some or all the required employee's portion of the contribution, in addition to the employer's minimum share. For specific details about how much of the total contribution an employer covers, please contact the human resources or payroll professionals at the organization.

### **Your Pension Account**

A separate account is maintained for each member of WRS showing the amount of contributions and accrued interest. For vested employees, the account balance includes only the employee contributions, plus accrued interest on that balance. The employer contribution is not included in account balances.

In general, a member's account balance is not directly related to their retirement benefit when they are eligible for retirement. Account balances are used to determine refund amounts and pre-retirement death benefits. At retirement, a member's benefit is initially paid from their account balance until it is exhausted. After the account is exhausted, their pension benefit is paid from WRS investment earnings.

For non-vested members hired on or after July 1, 2018, the refundable account balance is defined as contributions the member made out of pocket together with interest on those contributions. Specifically, if an employer chose to pay some of the employee contributions, that amount would not be part of the refundable account balance for a non-vested member. After a person is considered vested, or for purposes of death benefits, the account balance is the entire employee contribution and interest.

Additional funds may not be sent in excess of the contribution rate. Remember, a member's benefit is based on their years of service, salary, and age at retirement.



### **Increasing Your Pension Benefit Using Service Purchase**

Currently employed and vested members of the Public Employee Pension Plan may make a one-time purchase of up to five years of service in the plan. Honorably discharged U.S. Military veterans may make an additional one-time service purchase, with the total of both service purchases not to exceed eight years.

If a member makes a service purchase, the purchase will count as timed work, also known as service credit, and it could make the member eligible for the Rule of 85 sooner. A service purchase is a voluntary decision and must be made in a lump sum.

A member can use a non-taxable rollover of assets from other qualified pre-tax retirement savings vehicles, such as 401(k), 403(b), 401(a), 457, or traditional IRA plans, to make this purchase. However, a rollover from after-tax or Roth retirement assets cannot be used for this purpose. For further information and an official service purchase price, contact WRS.

### **Interest on Your Account Balance**

Interest is calculated on non-retiree account balances at a rate determined by the WRS Board and is added to a member's account monthly at a compounded rate. The current rate is posted on the WRS website.

### **Loans from Pension Accounts**

WRS does not allow members to borrow against their accounts. Similarly, a member's account cannot be garnished until they take a refund or start drawing a retirement benefit.

### **Record Confidentiality**

A member's account records cannot be released to any party, including a member's employer, unless the member or court order authorizes such a release in writing.

### **Accessing Account Information & Statements**

A member can access their account information through their online pension account. Members should visit [retirement.wyo.gov](http://retirement.wyo.gov) to log in, and securely view and download account statements, change their personal information, obtain an estimate of their future benefit, request a refund, or submit a retirement request.

Annual account statements are also posted to each member's pension account in their birth month. Members can opt out of the electronic delivery process within their pension account or by contacting WRS.

Each statement provides a wealth of information including the interest accrued on a member's account in the last calendar year, as well as a member's earliest anticipated retirement date. Please note that estimates may vary if the assumptions do not apply to you.



state agencies and the University of Wyoming); disability insurance premiums or benefits; payments received in lieu of previously employer provided fringe benefits under an agreement between the member and participating employer entered into within 60 months before retirement; any other payment which may reasonably be construed to be a fringe benefit; or any payment made during any period of employment which is deemed to increase the highest average salary for the primary purpose of increasing a retirement benefit.

- » The rule includes a mechanism to review and limit the increases in a member’s highest average salary if the Board finds, after consideration of all circumstances, that the primary purpose of the compensation increase was to increase their retirement benefit.

### Months of Service

One month of service is calculated based on the number of hours a member works in a month. Anything less than 86 hours reported will earn the member partial credit. If a member works part time in two or more contributing positions, their combined reported hours will determine their service credit, up to a full service credit. A member may not accrue more than one full month of service credit in a given month.

### Estimating Your Benefit

- » Tier 1 entitles a member to 2.125 percent of their highest average salary for their first 15 years of service, plus 2.25 percent of their highest average salary for each year over 15 years.
- » Tier 2 entitles a member to 2 percent of their highest average salary for each year of service.

Members can get an unofficial estimate of their monthly benefit by logging on to their pension account if they are vested, or by using the benefit calculator available on the WRS website at [retirement.wyo.gov](http://retirement.wyo.gov) if they are not vested.



## RETIREMENT ELIGIBILITY

### Vesting Requirements

After obtaining 48 months of service, a member is eligible to elect a monthly benefit at retirement age. Months of service are calculated based on actual hours worked.

### Retirement Eligibility Ages

**A member is eligible for unreduced (“full”) retirement when:**

- » Under Tier 1, they reach age 60 and are vested;
- » Under Tier 2, they reach age 65 and are vested; **or**
- » Under either tier, they meet the requirements of the Rule of 85, which means their age plus years of service in WRS equal 85 or more.

**Eligibility for retirement with a reduced benefit:**

- » Under Tier 1, age 50 and are vested;
- » Under Tier 2, age 55 and are vested; or
- » Under either tier, 25 years of service at any age.


### The “Rule of 85”

Under the Rule of 85, a member is eligible for retirement benefits without a reduction if their age plus years of service in the WRS equal 85 or more. The Rule of 85 no longer applies once a member reaches retirement age (60 for Tier 1 or age 65 for Tier 2).

### Taking a Reduced Retirement Benefit

If a member elects to take a reduced retirement benefit, the full retirement benefit is permanently reduced by 5 percent for each year they are below age 60 for Tier 1, age 65 for Tier 2 with partial years prorated monthly (unless they have met the rule of 85). A member’s benefit will increase only if the Legislature grants cost- of-living adjustments (COLAs) or the member elects a self-funded COLA benefit option.

## PE Plan’s Formula of Benefits



| <u>Tier 1</u>   | <u>Tier 2</u>   |
|---|---|
| Age at Retirement   | Age at Retirement   |
| +   | +   |
| Years of Service  | Years of Service  |
| +   | +   |
| Highest Average Salary (HAS)                                      | Highest Average Salary (HAS)                                      |
| <b>HAS – highest 36 consecutive months of salary divided by 3</b> | <b>HAS – highest 60 consecutive months of salary divided by 5</b> |

## PREVIOUS EMPLOYMENT WITH WRS EMPLOYER

If a member returns to work for a participating employer and did not take a refund when they left employment, their pension benefit will begin accruing where they left off. If they took a refund, they have the opportunity to regain that service through a redeposit.

### Redeposits

A redeposit re-establishes service credit forfeited by a member who previously terminated employment and took the refund. Members have ten years from the date of re-employment with a participating employer to make a redeposit in a single, lump sum amount determined by WRS. However, a two-year waiting period from the date of re-employment is required before being able to complete a redeposit.

Redeposits can be made with a non-taxable rollover from assets a member has in another qualified retirement vehicle, such as a 401(a), 401(k), 403(b), 457 or a traditional IRA.

Members hired on or after September 1, 2012, and placed in Tier 2 and later redeposit funds from employment they had while in Tier 1, will remain in Tier 2. Members should contact WRS to obtain more specific information if they're interested in pursuing a redeposit.

### Retirement Accounts with Non-WRS Employers

The WRS Public Employee Pension Plan is not able to transfer a pension benefit earned from another employer. However, members may be able to roll their other benefits into the WRS 457 Deferred Compensation Plan, subject to IRS guidelines.



## LEAVING EMPLOYMENT BEFORE RETIREMENT AGE

### Options When Leaving Employment

**Leaving funds with WRS:** If a member stops working for a participating employer and has an account balance of at least \$1,000, they may leave their account with WRS. Only vested member accounts will continue to accrue interest at the rate set by the WRS Board.

**Refund or Rollover:** Members may also withdraw or “refund” their account balance or roll it over to an eligible retirement account. A refund does not include the employer share of contributions which remain in the plan. A refund is irreversible, and a member forfeits their service credit and lifetime benefit (if vested).

## DEATH CLAIMS & BENEFICIARIES

At the start of employment, each member must log in to claim their online pension account and designate a beneficiary. Members must make separate beneficiary designations for the pension, 457 Plan, and Prudential Life Insurance (if applicable).

### Reporting a Death

For member's loved ones dealing with the loss of a member, this time can be busy and stressful. As soon as they are able, please contact WRS to notify us of the member's death by calling (307) 777-7691.

Here is the information we will need for the deceased member:

- Full name, address and birthdate
- Date of death
- RAIN ID or Social Security number
- Caller or informant's relationship to the deceased
- Primary contact, if different than the informant:
- Name, address and telephone number
- Relationship to the deceased

### **If You Die Before Retirement:**

**Not Vested:** If the member is still working in the plan and dies before retirement, the beneficiary would be entitled to receive a lump sum payment equal to twice the account balance at the time of the member's death. If the member is not actively employed, the account balance will not be doubled.

**Vested:** If the member is vested and dies before retirement, the beneficiary is

entitled to receive either a lump sum death benefit or a lifetime monthly benefit at the full retirement age of 60 in Tier 1 and 65 in Tier 2 (if the member has a designated a spouse as their single primary beneficiary).

**If You Die After Retirement:**

The benefit option the member selects upon retirement will determine how or if a beneficiary is paid upon the member’s death (see benefit options table).

WRS will stop the benefit and recover any electronic payments issued to the deceased the month after the date of death. Please do not close the deceased member’s bank account until the funds have been recovered.

**APPLYING FOR RETIREMENT**

**Choosing a Retirement Date**

Members can find their earliest possible retirement date for an unreduced benefit in their statement available through their online account or by calling WRS. However, a member’s benefit will increase with every month of service completed. Your retirement date will be the day after your last working day.

**Applying for Retirement**

Members should log in to their online pension account to apply for benefits on or shortly before their last working day. If a member’s last working day changes after a member submits their application, they will need to cancel and resubmit their online application. While online applications are the quickest way to receive a benefit, members may also download a paper application for retirement and submit it to WRS.

WRS provides benefit counseling at any time. Members should not hesitate to contact WRS if they have questions.

**Benefit Payout Options**

Members have important and irreversible decisions to make when applying for their retirement benefit. Because everyone’s needs are different, WRS offers several benefit options.

WRS encourages members to contact us for individual counseling before submitting a retirement application to ensure they are making an informed decision that is best for them.

Each benefit payout option provides a lifetime benefit, or annuity, for the member. However, each option differs in monthly amounts and the ability to add a single or multiple beneficiaries. To the right is a summary of each available benefit payout option.

| <b>BENEFIT OPTIONS</b>           |   |
|----------------------------------|---|
| <b>OPTION 1:</b>                 | Single Lifetime Benefit with Beneficiary. You can have more than one primary and/or contingent Beneficiary. Beneficiary can be a trust. <b>This is the only option for Volunteer Firefighter, EMT and Search and Rescue plan.</b> (Warden and Patrol is 100% with 50% spousal benefit; see handbook for specifics.)   |
| <b>OPTION 2:</b>                 | 100% Joint and Survivor Benefit. This is a lifetime benefit for the member and includes a provision for a 100 percent lifetime benefit to your primary beneficiary upon your death. Only one primary beneficiary is allowed. You may have multiple contingent beneficiaries.  |
| <b>OPTION 2P:</b>                | 100% Joint and Survivor Benefit with Pop-Up Provision. This is a lifetime benefit for the member and includes a provision for a 100 percent lifetime benefit to a beneficiary upon the member’s death. Only one primary beneficiary is allowed. No contingent beneficiaries allowed. <b>This option is not available to Paid Fire Plans.</b>  |
| <b>OPTION 3:</b>                 | 50% Joint and Survivor Benefit. This is a lifetime benefit for the member and includes a provision for a 50 percent lifetime benefit to a beneficiary upon the member’s death. Only one primary beneficiary is allowed. You may have multiple contingent beneficiaries. <b>This option is not available to State Patrol, Warden and Criminal Investigator plan</b>  |
| <b>OPTION 3P:</b>                | 50% Joint and Survivor Benefit with Pop-Up Provision. This is a lifetime benefit for the member and includes a provision for a 50 percent lifetime benefit to a beneficiary upon the member’s death. Only one primary beneficiary is allowed. No contingent beneficiaries allowed. <b>This option is not available to Paid Fire Plans.</b>  |
| <b>OPTION 4A:</b>                | 10-year Certain Benefit. This is a lifetime benefit for the member only. It is a reduction from Option 1 and is based only on the member’s life expectancy. You can have more than one primary and/or contingent Beneficiary. Beneficiary can be a trust.   |
| <b>OPTION 4B:</b>                | 20-year Certain Benefit. This is a lifetime benefit for the member only. It is a reduction from Option 1 and is based only on the member’s life expectancy. You can have more than one primary and/or contingent Beneficiary. Beneficiary can be a trust. <b>This option is not available to Law Enforcement Plan, State Warden, Patrol and Criminal Investigation Plan, Paid Fire B Plan nor Guard Firefighter Plan.</b> |
| <b>OPTION 5:</b>                 | Single Lifetime Benefit without Beneficiary. This is a lifetime benefit for the member only and any remaining funds would revert to WRS. No Primary or Contingent Beneficiaries allowed.  |
| <b>SELF -FUNDED COLA FEATURE</b> | This Self-Funded Cost of Living Adjustment provides a guaranteed annual increase each July 1 following the second anniversary of your retirement. In exchange for a reduction of 1 percent, 2 percent or 3 percent of your initial benefit.   |

## Self-Funded COLA Feature

Members may elect any of the payout options offered by WRS and combine it with a self-funded, cost-of-living adjustment (COLA). It is expected at some point the increases will surpass the amount of a member's initial benefit. Upon death, any applicable continuing benefits will be determined based on the payout option and COLA feature elected.

## RETIREMENT PAYMENTS

### Timing of The First Retirement Payment

Once a complete application is submitted, members may expect their first payment the month following the month WRS receives final contributions, and a termination notice from their employer. The first payment will be retroactive back to the retirement date.

Members should speak with their employer to find out when final contributions and termination notices will be submitted to WRS. If members work for a school district, they should find out if the district is paying all summer contributions in advance or paying throughout the summer. This information will help members plan for their anticipated first payment date.

### Direct Deposit

Members will be asked to provide direct deposit information when completing their retirement application. All benefit payments are deposited directly to the member's financial institution on the last business day of each month. Each payment represents the member's retirement benefit for the preceding month.

### Income Taxes

Monthly benefits are reported to the IRS as income, and members are responsible for paying any taxes. When ready, a Form 1099-R will be added to each member's online account annually for tax reporting purposes. Members will have the option to include an Income Tax Withholding form when they apply for retirement to indicate how much income tax they want withheld.

### State and Federal Withholdings

WRS can now withhold state and federal taxes based upon request. WRS staff cannot furnish tax advice. Members are encouraged to consult with a tax professional or the IRS about withholding elections.

### Health Insurance Premium Withholding

WRS can withhold retiree health insurance premiums from monthly retirement checks and forward the money to the appropriate entity. Members arrange this through their employer when they terminate employment. Employers should then submit the necessary information to WRS.

## Benefit Increases After Retirement

The decision to grant any cost-of-living adjustment (COLA) or benefit enhancement is made by the Wyoming Legislature. Before a COLA could be granted, statute requires actuarial projections to demonstrate the plan would remain above 100 percent funded after any COLA is awarded.

*Pursuant to Wyo. Stat. 9-3-428, although a member has a nonforfeitable interest in their accrued and funded benefits, the state of Wyoming is statutorily obligated only for the contributions required by the Wyoming Retirement Act.*

## RETURNING TO WORK AFTER RETIREMENT



### Rehired Retiree Rule

Retirees who meet certain criteria, including a bona fide break in service, must make an irrevocable election whether or not to continue drawing their retirement benefit when returning to work for a participating employer. That election must be submitted to WRS in writing.

A member must actually be “retired” in order to be eligible to become a “rehired retiree.” There are several factors that determine whether a member is, in fact, “retired.” Wyoming law and Internal Revenue Service code provisions require a “bona-fide” break in service between a retiree's retirement date and the date of reemployment in the System. Current Wyoming law requires a break in service for at least 30 days. Additionally, a member is not considered to be retired until the System has received termination notice and final contributions from the employer. Therefore, it may, in fact, take longer than 30 days for a retired member to become eligible to be a “rehired retiree.” **Importantly, a member is not considered “retired” if a pre-existing arrangement to return to work, or any promise of future employment, exists with a participating WRS employer at the time of the member's retirement.**

In order to continue a retirement benefit, the retiree must meet all criteria outlined in Wyoming Retirement Board Rules and Regulations pertaining to the reemployment of retired members.

If the member elects to discontinue their benefit, they will be reinstated as a contributing member of the plan. They will accrue additional service credit, and their retirement benefit will be recalculated upon their new retirement date. Their new benefit will be based on the same benefit option selected the first time they retired beneficiaries cannot be changed.

As a rehired retiree, a member's benefit will be calculated under the same tier in which they originally retired. In some cases, their monthly benefit will decrease due to an adjustment based on any payments distributed during

the first retirement. Additionally, all cost-of-living adjustment (COLA) increases will be eliminated.

If WRS determines that the member does not meet the criteria for continued benefit outlined in Wyoming Retirement Board Rules and Regulations, the member's retirement benefit will be canceled, and they will be reinstated as a contributing member of the plan.

## **SOCIAL SECURITY**

### **Pension and Social Security**

At this time, all members of WRS' Public Employee Pension Plan are required to pay into Social Security. The Social Security coverage available to each member will include their service under their WRS participating employer. For complete information about Social Security benefits, contact Social Security at [www.ssa.gov](http://www.ssa.gov).

After a member retires, their pension benefit payment is not subject to Social Security or Medicare withholding.

## **DISABILITY**

If a member becomes incapacitated to the point they cannot perform their duties, they may be eligible for a disability retirement. A "total disability" means a condition rendering the member unable to engage in any occupation for which they are reasonably suited by training or experience, and which is expected to last at least 12 months. A "partial disability" means a condition rendering a member unable to fulfill the occupation for which they are reasonably suited by training or experience, which is expected to last at least 12 months but still allows the member to function in other employment. Contact WRS for more information about applying for a disability retirement benefit.

### **Disability Retirement Eligibility**

To qualify for a disability retirement, a member must have become disabled and apply for disability:

- » While a contributing member of the Wyoming Retirement System;
- » After they have 10 or more years of service; and
- » Before age 60 under Tier 1 or before age 65 under Tier 2.

### **Disability Benefit Application**

Members can begin the application for a disability benefit by contacting WRS. An examining physician(s) must verify the disabling condition. An external company makes a recommendation after reviewing a member's medical records. Please note that if a member terminates employment prior to submitting a disability benefit application, they will no longer be

eligible for a disability retirement. In the event of a contested decision, there are appeal procedures available.

### **Workers' Compensation**

In most cases, WRS cannot consider payment from workers' compensation as part of a member's salary. Being on workers' compensation may have an effect on a member's highest average salary and months of service, which are used to determine their pension benefit. Please contact WRS at (307) 777- 7691 for more information.

## **OTHER TOPICS OF INTEREST**

### **Military Deployment**

If a member is called for active military service while employed and contributing to the Wyoming Retirement System (WRS), WRS rules allow them to receive service credit for missed contributions upon their return as long as certain requirements are met:

- » Member must return to work with the pre-deployment employer after being honorably discharged.
- » Member must pay any required employee contributions on the service missed to their employer, and the employer will be required to pay their portions of the employee and employer contributions to WRS.\*

If military service credit applies, members should contact their employer to make arrangements regarding the missed retirement contributions. Members must provide their DD-214 form verifying honorable discharge and deployment dates.

\*There may be funds available from the Adjutant General's office to help pay the employee and employer portion of the first responders' contribution. The employer will be notified if these funds are available.

### **Divorce**

WRS has formal rules regarding divorce settlements. WRS requires a Domestic Relations Order (DRO) signed by a judge to split a member's retirement benefit. If a member's former spouse is awarded a percentage of the member's benefit, the member's monthly retirement benefit will be reduced for their lifetime, even if the former spouse elects to be paid in a lump sum.

If the member divorces after receiving a retirement benefit, the member's named beneficiary under options 2, 2P, 3, and 3P cannot be changed.

A separate DRO is required to split a member's 457 Plan account for a divorce settlement. Requirements for a DRO can be found in Wyoming Retirement Board Rules and Regulations.

## **Life Insurance**

Before retirement, members have the option to purchase life insurance. Prudential is the underwriter for the plan. The member may elect to continue this insurance after retirement. If members need more information or need to make any changes to their beneficiary or address information, they should contact Prudential Life Insurance at (800) 525-8056.

## **Dispute Resolution**

Members are entitled to a hearing with the WRS Board regarding any adverse action, and the Wyoming Administrative Procedures Act (available from the Secretary of State's office) will be followed.

## **WRS Financial Information**

WRS undergoes an audit for each fiscal year ending Dec. 31, and the resulting reports are available on our website. All administrative expenses are paid for from WRS investment earnings. Statutes, rules, modifications to this handbook, and financial and actuarial reports are available at the address below for Plan Administrator and Service of Process:

Wyoming Retirement System  
Executive Director  
2515 Warren Avenue, Suite 450  
Cheyenne, WY 82002

## **PUBLIC EMPLOYEE PENSION BENEFIT TABLE**

| <b>Multiplier</b>       | <b>Tier 1</b>                   | <b>Tier 2</b> |
|-------------------------|---------------------------------|---------------|
| <b>Yr 1-15</b>          | <b>2.125%</b>                   | <b>2.00%</b>  |
| <b>Yr 16+</b>           | <b>2.25%</b>                    | <b>2.00%</b>  |
| <b>Years of Service</b> | <b>Salary Replacement Ratio</b> |               |
| <b>5</b>                | <b>10.63%</b>                   | <b>10.00%</b> |
| <b>10</b>               | <b>21.25%</b>                   | <b>20.00%</b> |
| <b>15</b>               | <b>31.88%</b>                   | <b>30.00%</b> |
| <b>20</b>               | <b>43.13%</b>                   | <b>40.00%</b> |
| <b>25</b>               | <b>54.38%</b>                   | <b>50.00%</b> |
| <b>30</b>               | <b>65.63%</b>                   | <b>60.00%</b> |
| <b>Ceiling</b>          | <b>None</b>                     | <b>None</b>   |

A pension benefit is calculated using a “multiplier” for each year of service. A quick way to estimate a member’s future benefit is to approximate years of service at retirement and apply the multiplier. WRS also has online calculators that can help members approximate their benefit.

## **SELF-FUNDED COLA OPTION**

Statutory COLAs within the Wyoming Retirement System (WRS) are not automatic and require legislative approval when a plan is over 100% funded. The Public Employee Plan offers a self-funded option, allowing members to secure a guaranteed annual increase by accepting a lower initial benefit.

### **Actuarial Trade-off**

To remain actuarially neutral, the initial benefit is reduced to offset the higher future payouts.

- \* Reduction Factor: For every 1% of annual COLA selected, the initial monthly benefit is reduced by approximately 9% to 10%.

### **Available Rates**

Members may select one of three protection levels:

- \* 1% COLA: Minimal initial reduction with modest growth.
- \* 2% COLA: Moderate reduction and growth.
- \* 3% COLA: Maximum initial reduction with the strongest inflation protection.

### **Timing and Commencement**

Per statute, increases typically commence on the July 1 following the two-year anniversary of the retirement date. Members must manage a fixed, reduced income during this initial two-year period.

### **Break-Even Analysis**

It typically takes 12 to 15 years for the COLA-adjusted monthly payment to equal the standard “No COLA” benefit. If a member lives beyond this break-even age, the monthly benefit will continue to compound, eventually exceeding the standard benefit.

## **ADDITIONAL RESOURCES**

For a complete picture of WRS retirement benefits and how they work together, visit WRS’ website, where a variety of additional resources are available.

WRS’ retirement educators are available to help you learn about benefits, investing for retirement, and retirement planning. To find out when WRS educators will be conducting seminars in your area, visit [retirement.wyo.gov](http://retirement.wyo.gov) to view the educator travel schedule. WRS staff cannot provide financial, tax or legal advice.

# Wyoming RETIREMENT SYSTEM

## 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](http://retirement.wyo.gov)  
[pension@wyo.gov](mailto:pension@wyo.gov)

307-777-7691

Updated October 2025



*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.*