

**FISCAL NOTE**

	<b>FY 2019</b>	<b>FY 2020</b>	<b>FY 2021</b>
<b>NON-ADMINISTRATIVE IMPACT</b>			
Anticipated Revenue increase	Indeterm.	Indeterm.	Indeterm.
RETIREMENT FUND			

**Source of revenue increase:**

The bill allows the Wyoming Retirement System (WRS) to receive additional revenue from employers that institute retirement incentive (also called early retirement incentive) packages for its employees. The revenue amount would be determined by the WRS based on data from the employees that option to take the retirement incentive from the offering employer. The amounts determined necessary by the WRS would be to pay for any increased unfunded actuarial liability for a state-run pension plan resulting from early retirements.

**Assumptions:**

The WRS notes that the bill provides a mechanism for the system to mitigate the potential adverse impact to its pension plans for which there is no mechanism currently in place. However, the actual, potential revenue to be gained by the WRS is indeterminable. For the WRS to determine a precise impact of each retirement incentive program, the WRS would, on a case-by-case basis, utilize its contract actuary to analyze data on how many and what type of employees will take the incentive and how the incentive is constructed (e.g. over what time period) to identify a long-term cost to the plan. The WRS acknowledges that it cannot accurately estimate how many employers might engage a retirement incentive program, and that as some employers have already executed such plans in recent years, there may be a reduced incidence of incentive plans in the near term.

	<b>FY 2019</b>	<b>FY 2020</b>	<b>FY 2021</b>
<b>NON-ADMINISTRATIVE IMPACT</b>			
Anticipated Expenditure increase			
RETIREMENT FUND	\$30,000	\$15,000	\$15,000

**Source of expenditure increase:**

The WRS would be required to utilize its contract actuary to analyze retirement incentive participating employees' data to identify any potential unfunded actuarial liability to a pension plan.

**Assumptions:**

The WRS estimates an initial, one-time cost of approximately \$10,000 for the WRS to work with the contract actuary to develop a low-cost estimating tool and \$5,000 to develop and adopt rules as provided in the bill. The WRS estimates situational analyses (at approximately \$5,000 per study) may also be required. If the actuarial analyses are contested and/or litigated by responsible employers, any evidence and testimony required to be produced by the actuary will result in additional costs, which are indeterminable. The expenditure increase reflected above could be considered an administrative cost. However, for simplicity and to follow consistent practice on legislation of this type, it is included on the fiscal note. The WRS states it has budget authority to cover the expenditure increase.

Prepared by: Michael Swank, LSO Phone: 777-7881  
 (Information provided by David Swindell, Retirement System, 777-6109)