
APPENDIX F

1999 Comprehensive Benefit Plan (excerpts for the Public Employee Plan)

1. **Benefit Formula** – 2% x number of years of service (YOS) x highest average salary (HAS), the average of the highest continuous three-year period.

Example: 2% x 25 YOS = 50% x \$30,000.00 HAS = \$15,000.00 annual benefit. \$15,000.00 divided by 12 = \$1,250.00 monthly benefit.

- Board Goal: No change until 3% compounded COLA achieved and Board will review formula at that time.
- Target Date for Achieving Goal: Immediate
- Cost of Achieving Goal: 0%
- Method of Funding: N/A

2. **Service Retirement** – A member may retire at age 60 or upon reaching the Rule of 85 (YOS + age = 85) without an actuarial reduction in benefit. Retirement prior to age 60 without qualifying for the Rule of 85 results in an early retirement benefit reduction of 5% for each year prior to age 60. The earliest at which a member may retire is age 50 with four years of service.

- Board Goal: No change
- Target Date for Achieving Goal: Immediate
- Cost of Achieving Goal: 0%
- Method of Funding: N/A

3. **Vesting** – A member vests in the Wyoming Retirement System after four years of service. This means a member may terminate employment for a member employer, stop making contributions to the system, leave existing contributions on deposit and be entitled to a reduced retirement benefit upon reaching age 50 or an unreduced benefit at age 60.

- Board Goal: No change
- Target Date for Achieving Goal: Immediate
- Cost of Achieving Goal: 0%
- Method of Funding: N/A

4. **Minimum Benefit** – There is no established minimum benefit, other than that produced as a result of the benefit formula.

- Board Goal: No change
- Target Date for Achieving Goal: Immediate
- Cost of Achieving Goal: 0%
- Method of Funding: N/A

5. Benefit Replacement Ratio – There is no established benefit replacement ratio although “experts” recommend from 60% to 75% of pre-retirement income. Current replacement ratios vary depending upon salary and years of service. Benefit replacement ratios, generally, although not necessarily, include the following sources: employer retirement plan; Social Security; and individual savings plans.

- Board Goal: No change
- Target Date for Achieving Goal: Immediate
- Cost of Achieving Goal: Cost of regular benefit – No change
- Method of Funding: N/A

6. Retiree Purchasing Power – No minimum purchasing power level has been established. Generally, WRS retirees have maintained a significant degree of purchasing power, although purchasing power levels vary depending upon the period of retirement and the extent to which regular and ad hoc Cost-of-Living-Adjustments (COLAs) have been applied. Average purchasing power of WRS retirees in 1997 ranges from a high 222.87% to a low of 79.61%. The WRS Actuary recommends that a minimum purchasing power level not be adopted but that purchasing power be maintained through compounded COLAs.

- Board Goal: No change – purchasing power to be maintained through COLAs
- Target Date for Achieving Goal: See COLA section
- Cost of Achieving Goal: See COLA section
- Method of Funding: N/A

7. Cost-of-Living Adjustment (COLA) Policy – A 2 1/2 % compounded COLA is currently in effect (as of July 1, 1999) and is automatically granted annually after two years of retirement. In addition, ad hoc COLAs are granted from time to time. Fourteen ad hoc adjustments have been enacted by the Legislature since 1961.

In pursuance of the Management Audit Committee recommendations of 1996, the Wyoming Retirement Board has reviewed retiree purchasing power levels, reviewed and analyzed purchasing power policies of other state retirement systems, conferred with the system actuary and determined that, at this time, various ad hoc COLAs approved by the Legislature over many years have established a reasonable level of retiree purchasing power and that a minimum purchasing power level should not be established. Accordingly, a matter of policy, the Board believes that:

- 1) To continue providing ad hoc COLAs to various groups will exacerbate the problem of equity and prolong the futile attempt to try and equalize benefits among retiree groups.
- 2) An automatic, 3% compounded COLA applicable to all retirees will help to preserve purchasing power for all retirees and thereby promote greater system equity.
- 3) The interests of both active members and retirees can best be served through the achievement of a 3% automatic, compounded COLA applicable to all existing and future retirees and the Board hereby establishes this as its primary goal. (This COLA policy statement was unanimously adopted by the Wyoming Retirement Board on February 19, 1999.)
 - Board Goal: 3% compounded COLA for all retirees.
 - Target Date for Achieving Goal: 2001 or sooner in increments as follows – 0.5% in 1998; 0.5% in 1999; and 0.5% in 2001.
 - Cost of Achieving Goal: 0.76% (contribution cost) for 0.5% COLA, 1.68% for a 1% COLA; and 2.55% for a 1.5% COLA.
 - Method of Funding: Existing funding margin of 0.88% and future investment earnings.

8. Disability Benefit – To be eligible for a disability benefit under the WRS, a member must have 10 year of service. For a total disability, the benefit is equal to 100% of the service retirement benefit as if the member were eligible for normal retirement benefits. For a partial disability, the benefit is equal to 50% of the service retirement benefit as if the member were eligible for normal retirement benefits.

- Board Goal: No change
- Target Date for Achieving Goal: Immediate
- Cost of Achieving Goal: 0%
- Method of Funding: N/A

9. Retirement Options – Upon retirement, a member has an opportunity to select from the following options: 1) Maximum benefit allowable with beneficiary rights; 2) 100% joint-survivor benefit – designated survivor receives the same benefit as the retiree upon the retiree’s death; a “pop-up” option is also available; 3) 50% joint-survivor benefit – designated survivor receives 50% of the retirees benefit upon the retiree’s death; a “pop-up” option is also available; 4) a benefit for 10 years certain and life thereafter – if a retiree dies within the 10 year period, the benefit will be paid to the retiree’s designated beneficiary for the remainder of the 10-year period. After the 10-year period, no beneficiary payments are available upon the retiree’s death; and 5) the largest possible benefit with no lump-sum payment or other benefit available to anyone upon the retiree’s death. All options are calculated on an actuarial equivalent basis.

- Board Goal: No change
- Target Date for Achieving Goal: Immediate
- Cost of Achieving Goal: 0%
- Method of Funding: N/A

10. Death Benefits – If a member dies before retirement, a lump-sum payment of the amount in the member’s account plus an amount equal to the member’s account shall be paid to the designated beneficiary(ies). If the member is vested, the designated beneficiary, instead of the lump-sum payment may elect to receive an actuarial equivalent of the lump-sum payment for life.

- Board Goal: No change
- Target Date for Achieving Goal: Immediate
- Cost of Achieving Goal: 0%
- Method of Funding: N/A

11. Contributions – Employee contribution of 5.57% of salary – law enforcement members of WRS pay an additional 3.73% of salary. Employer contribution of 5.68% of salary of each of its members covered under the system.

- Board Goal: No change
- Target Date for Achieving Goal: Immediate
- Cost of Achieving Goal: 0%
- Method of Funding: N/A

12. Redeposit of Refunded Contributions – A member may withdraw his contributions plus interest upon terminating service with a member employer. A refund of contributions extinguishes any right to a benefit. However, a person who returns to work for a covered employer may redeposit those contributions with interest (actuarially determined) after two years of reemployment and have service credit restored.

- Board Goal: No change
- Target Date for Achieving Goal: Immediate
- Cost of Achieving Goal: 0%
- Method of Funding: N/A

13. Service Credit Purchase – Within four (4) years from the date of membership, a member may purchase up to five (5) years of service credit for full-time employment for another governmental entity in any other state, the federal government or for a public entity in Wyoming for which a retirement plan was not available. The cost is an actuarially determined amount. The cost must be paid in a single, lump-sum from the member's personal funds and cannot be paid as part of salary, a bonus or other benefit negotiated with the employer.

- Board Goal: No change
- Target Date for Achieving Goal: Immediate
- Cost of Achieving Goal: 0%
- Method of Funding: N/A

14. Investment Interest Assumption – The current investment interest assumption is 8% per year. This assumption has been in effect for several years, and the actuarial experience analysis for the seven-year period of January 1, 1990 through December 31, 1996 recommended no change to this assumption. This assumption is set by the Board in consultation with the WRS Actuary.

- Board Goal: No change
- Target Date for Achieving Goal: Immediate
- Cost of Achieving Goal: 0%
- Effect of Achieving Goal: Maintain existing benefit program and COLA goal without an increase in employer or employee contributions.

Source: WRS board meeting documents.