



# LAW ENFORCEMENT PENSION PLAN HANDBOOK

## **Wyoming Retirement System Board**

### *Representing the Community at Large*

Tom Chapman  
Laura Ladd  
Keith N. Hay  
Eric Nelson  
Mike Ceballos

### *Representing Public Employees and Employers*

Tim Sullivan  
Brian Foster

### *Representing Public School Systems*

Kay Watson

### *Representing Higher Education*

Garth Shanklin

### *Representing Retirees*

Vicci Colgan

### *Wyoming State Treasurer*

The Honorable Mark Gordon

## **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 programs

### **Values**

Integrity, accountability, commitment, excellence



*This publication was created by and is provided to you by the Wyoming Retirement System. It serves as a summary plan document for the Law Enforcement Pension Plan and is meant to provide information about the main features of the plan.*

*State statutes, administrative rules, and the 457 Deferred Compensation Plan Document will govern in the event of any discrepancies with information in this book.*

*No information in this publication should be construed as advice. Consult an appropriate professional for specific tax, financial, legal, or investment advice.*

<b>INTRODUCTION</b>	<b>1</b>
Pension Plan Basics.....	1
Employers That Participate in the Law Enforcement Pension Plan .....	1
Enrolling in the Law Enforcement Pension Plan .....	2
Keeping Contact Information & Beneficiaries Up-to-Date .....	2
<b>RETIREMENT PLANNING RESOURCES</b>	<b>2</b>
Estimating Your Retirement Income Needs .....	2
WRS Retirement Planning Resources.....	3
<b>PENSION CONTRIBUTIONS &amp; YOUR ACCOUNT</b>	<b>3</b>
Pension Contributions .....	3
Your Pension Account.....	3
Increasing Your Pension Benefit Through a Service Purchase.....	4
Interest on Your Account Balance.....	4
Loans from Pension Accounts .....	4
Record Confidentiality.....	4
Accessing Account Information & Statements.....	4
<b>AMOUNT OF YOUR BENEFIT</b>	<b>5</b>
Highest Average Salary.....	5
Months of Service.....	6
Estimating Your Benefit.....	6
<b>RETIREMENT ELIGIBILITY</b>	<b>6</b>
Vesting Requirements .....	6
Retirement Eligibility Ages .....	6
Taking a Reduced Retirement Benefit .....	7
<b>PREVIOUS EMPLOYMENT</b>	<b>7</b>
Service Prior to July 1, 2002.....	7
Previous Employment with a WRS Employer.....	7
Redeposits.....	7
Retirement Accounts with Non-WRS Employers.....	8
<b>LEAVING EMPLOYMENT BEFORE RETIREMENT AGE</b>	<b>8</b>
Options When Leaving Employment .....	8

<b>DEATH CLAIMS &amp; BENEFICIARIES</b>	<b>9</b>
If You Die Before Retirement .....	9
Death After Retirement.....	9
<b>APPLYING FOR RETIREMENT</b>	<b>10</b>
Choosing a Retirement Date .....	10
Applying for Retirement.....	10
Benefit Payout Options.....	10
Benefit Option Definitions .....	11
<b>RETIREMENT PAYMENTS</b>	<b>12</b>
Timing of Your First Retirement Payment.....	12
Direct Deposit .....	12
Income Taxes .....	13
Health Insurance Premium Withholding.....	13
Benefit Increases After Retirement.....	13
<b>RETURNING TO WORK AFTER RETIREMENT</b>	<b>13</b>
Rehired Retiree Rule.....	13
<b>SOCIAL SECURITY</b>	<b>15</b>
Your Pension and Social Security.....	15
<b>DISABILITY</b>	<b>15</b>
Disability Benefit Application .....	15
Workers' Compensation .....	15
<b>OTHER TOPICS OF INTEREST</b>	<b>16</b>
Military Deployment .....	16
Divorce.....	16
Life Insurance .....	16
WRS Oversight .....	17
Dispute Resolution .....	17
WRS Financial Information.....	17
<b>LAW ENFORCEMENT PENSION BENEFIT TABLE</b>	<b>18</b>

## **INTRODUCTION**

---

This handbook is for members of the Law Enforcement Pension Plan. Wyoming Retirement System (WRS) also administers seven other pension plans for different groups of employees, as well as a deferred compensation 457 plan. The state laws authorizing the Law Enforcement 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 you meet 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 you receive when you retire.

In contrast to a pension plan is a defined contribution, or 401(k)-style, retirement plan in which you specify, or define, your contribution. With a defined contribution plan, such as the supplemental 457 Plan administered by WRS, you control your account and make your own investment decisions. The benefit you are building is the balance in your account.

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

- I. In most cases, your future benefit grows as long as you are working for an employer in the Law Enforcement Pension Plan and is based on your age, salary, and years of service. As your years of service and salary increase, so does your future benefit.
- II. Your 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 your lifelong pension benefit. This is in contrast to defined contribution plans such as 457, 403(b), 401(k) or IRA plans where you are responsible for investment decisions.
- III. You cannot outlive your benefit, even after you deplete your account balance. Typically, a retiree draws all the funds from his or her account within three to five years of retiring, after which your 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 That Participate in the Law Enforcement Pension Plan**

More than 70 employers in Wyoming participate in the Law Enforcement Pension Plan. Because so many public employers in Wyoming participate in this plan, you have considerable portability with your pension. Portability means it may be possible for you to switch employers without interrupting the future pension benefit you are accumulating. If you are not sure whether your employer participates, please contact WRS at (307) 777-7691.

The Law Enforcement Pension Plan includes county sheriffs, deputy county sheriffs, municipal police officers, investigators of the WY Livestock Board meeting the specifications of W.S. 7-2-101(a)(iv)(E), investigators employed by the Wyoming State Board of Outfitters and Professional Guides meeting the specifications of W.S. 7-2-101(a)(iv)(J), correctional officers, probation and parole agents employed by the Wyoming Department of Corrections, Wyoming Law Enforcement Academy instructors, University of Wyoming campus police officers, and dispatchers or detention officers for law enforcement agencies.

If you perform law enforcement duties as a secondary job function or on a temporary or emergency basis, you are not eligible to be in the Law Enforcement Plan, even if your employer requires you to stay current on specific certifications. Participating in the wrong retirement plan will affect your benefit at retirement. To verify the pension plan you belong to, check with your employer or contact WRS.

### **Enrolling in the Law Enforcement Pension Plan**

If your employer participates in the Law Enforcement Pension Plan, all eligible employees are required to join the plan at the time of employment. Your employer will use information you provide to enroll you in the plan.

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

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

Existing members can make changes to contact information and beneficiaries by logging into the online pension account. It is important that your contact information is up to date to ensure you receive statements and other correspondence. Forms to complete changes are also available on WRS' website or by request.

## **RETIREMENT PLANNING RESOURCES**

---

### **Estimating Your Retirement Income Needs**

Financial experts estimate most people will need 70 to 90 percent of their pre-retirement income to maintain the lifestyle they had before they stopped working. However, because each individual has unique needs, you should consider your personal retirement goals. The American Savings Education Council indicates you may want to plan to replace 100 percent or more of your pre-retirement income if you have not reached your prime earning years, want an enhanced retirement lifestyle, or expect high medical expenses in retirement.

Benefits provided under the pension plans administered by WRS represent one aspect of your retirement assets and should not be expected to replace 100 percent of your

pre-retirement income. Cost-of-living and other benefit increases are not incorporated into your benefit, emphasizing the importance for you to build additional resources for retirement income, such as with the WRS 457 Deferred Compensation Plan or other retirement vehicles.

### **WRS Retirement Planning Resources**

- » The WRS website at [retirement.wyo.gov](http://retirement.wyo.gov) provides access to your online pension account, and also has a wide variety of information, including videos, useful links and benefit calculators to help you project your future benefit.
- » WRS retirement educators provide informational retirement seminars and one-on-one meetings regarding your WRS accounts. View the schedule of retirement seminars on our website, or contact WRS to schedule an appointment with a retirement educator.

## **PENSION CONTRIBUTIONS & YOUR ACCOUNT**

---

### **Pension Contributions**

While you are working, both you and your employer make contributions each month to fund your future pension benefit. WRS is responsible for investing all of the contributions. You do not direct the investments of your pension like you do with retirement assets in any defined contribution plans you may have.

Contribution rates for the Law Enforcement Pension Plan are set in state law. As of July 1, 2017, the total contribution is 17.2 percent with employees contributing 8.6 percent and employers contributing 8.6 percent. Your employer may fund some or all of 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 your employer covers, please contact the HR staff at your organization.

### **Your Pension Account**

A separate account is maintained for each member of WRS showing the amount of contributions and accrued interest. Your account balance includes only the employee contributions (currently 8.6% of your salary), plus accrued interest on that balance. Your account balance is not directly related to your retirement benefit should you meet eligibility requirements to retire from the plan. Account balances are used to determine refund amounts and pre-retirement death benefits. At retirement, your benefit is initially paid from your account balance until it is exhausted, after which it is paid from WRS investment earnings.

Additional funds may not be sent in excess of the contribution rate. Remember, your benefit is not based on your contributions or your account balance; it is based on your years of service, salary, and age at retirement.

## Increasing Your Pension Benefit Through a Service Purchase

Currently employed and vested members of the Law Enforcement 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 service purchase, with the total of both service purchases not to exceed eight years.

A service purchase will count as service credit as if you had been participating in the plan for the time purchased, and it could move you closer to being eligible for retirement benefits. A service purchase is a voluntary decision. It is up to you to determine if transferring assets, and deferring the future return potential of those assets, in order to purchase years of service in the pension is right for you.

A service purchase must be made in a lump sum. You may 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. You cannot purchase service with a rollover from after-tax or Roth retirement assets. The assumptions, underlying methodology and other features of the service purchase calculation can change without notice as WRS manages the system in the overall best interest of all members. A service purchase cost estimator is available on the WRS website. 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 your account monthly at a compounded rate. The current rate is posted on the WRS website.

## Loans from Pension Accounts

You cannot borrow against your account. Your account cannot be attached or garnished until you take a refund or start drawing a retirement benefit.

## Record Confidentiality

Your account records cannot be released to any party, including your employer, unless you authorize it, in writing, or a court order directs the records be available for inspection or release.

## Accessing Account Information & Statements

Access to your account information is available online through your online pension account. To access your online pension account, visit [retirement.wyo.gov](http://retirement.wyo.gov) where you can view your account statement, change your address or other personal information, obtain an estimate of your future benefit, request a refund, or submit a retirement request.

Annual account statements are posted to your online pension account in the first quarter of the calendar year. You will be notified when your statement is available. If you would prefer a copy be mailed to you, please contact WRS or opt out of electronic statements in your online pension account.

Your statement shows the amount you contributed and the amount of accrued interest through Dec. 31 of the preceding year. It also gives an estimate of your retirement benefit at your earliest unreduced retirement age using the previous year's account information. The benefit estimate on your statement is based on specific assumptions. Therefore, the estimates may vary if the assumptions are not applicable to you. As an example, estimates assume full-time service. If any of your service is part-time, the estimate will likely overstate the actual benefit.

It is important to review your statement and verify the address and beneficiary information listed. You can manage changes to these items through your online pension account or by contacting WRS.

## AMOUNT OF YOUR BENEFIT

Your benefit is based on a formula involving your months of service, highest average salary, and age at retirement. Your monthly benefit at retirement will also be affected by the benefit payout option you choose (details outlined later in this handbook). Your benefit is not based on how much you and your employer have contributed to your retirement account.

Generally your benefit is not subject to anything that would cause you to be disqualified, ineligible, denied, or lose your retirement benefit. However, there are some circumstances including divorce and employer reporting error, in which a benefit may be reduced. Once you begin drawing a retirement benefit, or elect to take a refund, disbursements from your pension account are considered income, and may be subject to attachment or garnishment, as with any other form of income.

## Highest Average Salary

The highest average salary is calculated by averaging your highest 60 months of continuous acceptable salary. If you are concurrently employed in two or more contributing positions in the same plan, your salary would be combined for the purposes of calculating your highest average salary.

The WRS Board has defined what is acceptable as salary in Chapter Eight of its administrative rules. Acceptable "cash remuneration" includes pay for services rendered; pay for used administrative, sabbatical, annual, sick, vacation, or personal leave; any pay for compensatory time, provided any such pay for compensatory time was earned during the last 12 months, and any retroactive compensation payments pursuant to court orders, arbitration awards, or litigation and grievance settlements.

Cash remuneration does not include fringe benefits such as payments for unused sick, personal, or vacation leave; housing allowances; transportation expenses; early retirement incentive pay; severance pay; bonuses; medical insurance; workers' compensation benefits (except for state agencies and the University of Wyoming); disability insurance premiums or benefits; payments received in lieu of previously employer-provided fringe benefits un-

der 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 highest average salary for the primary purpose of increasing a retirement benefit.

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

### **Months of Service**

One month of service is calculated based on the number of hours you work in a month. If you work 86 or more hours, you are credited one full month of service; 40 to 85 hours equals one half (1/2) month of service; and between 1 and 39 hours worked in a month is credited as one quarter (1/4) month of service. If you work part time in two or more contributing positions, your combined reported hours would determine your 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**

The current benefit formula entitles you to 2.5 percent of your highest average salary for each year of service. There is a cap on your benefit at 75 percent of your highest average salary.

Use the benefit calculator available on the WRS website at [retirement.wyo.gov](http://retirement.wyo.gov) for an estimate of your retirement benefit based on information you input. You can experiment with different retirement dates or future salary projections and the calculator will show you the difference in your potential benefit.

If you are vested, an estimate of your retirement benefit is available in your online pension account. The estimate is based on information specific to your current salary, service and account information.

## **RETIREMENT ELIGIBILITY**

---

### **Vesting Requirements**

After obtaining 48 months of service, you are eligible to elect a monthly benefit at retirement age. Months of service are calculated based on actual hours worked. The 48 months of service do not have to be consecutive months.

### **Retirement Eligibility Ages**

**You are eligible for unreduced retirement when:**

- » You reach age 60 and are vested;
- » You have 20 years of service at any age.

### **Taking a Reduced Retirement Benefit**

If you take reduced retirement, your retirement benefit is permanently reduced by 5 percent for each year you are below age 60 with partial years prorated. This is to account for the probability that you will be receiving your pension benefit for a longer period of time. Your benefit will increase only if the Legislature grants cost-of-living adjustments (COLAs).

## **PREVIOUS EMPLOYMENT**

---

### **Service Prior to July 1, 2002**

If you were an active law enforcement employee of one of the six Class A cities in Wyoming (Casper, Cheyenne, Laramie, Rawlins, Rock Springs, or Sheridan), all of your service credit and contributions automatically transferred to WRS when your employer joined the Plan. If you worked for a Class A city and took a refund of your retirement contributions, there is no provision to regain that service.

If you were an active member of the WRS Public Employee Pension Plan and in a law enforcement position as of July 1, 2002, all law enforcement service credit and contributions have been transferred to the Law Enforcement Pension Plan. If you had contributions in a WRS pension plan other than the Law Enforcement Pension Plan, those funds remain in that plan and you now have two accounts with separate benefits at retirement.

### **Previous Employment with a WRS Employer**

If you return to work for a participating employer and did not take a refund when you left employment, your pension benefit will begin accruing where you left off. If you took a refund of your contributions after July 1, 2002, you 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. If your previous law enforcement service was after July 1, 2002 and you are again working for a participating employer in a law enforcement position, you have an opportunity to redeposit the money WRS refunded to you and reinstate that previous service. You are not allowed to redeposit funds from one of the other seven pension plans administered by WRS into the Law Enforcement Pension Plan. You have ten years from the date of re-employment with a participating employer to make a redeposit. You may make a redeposit immediately upon returning to work for a participating employer. However, a two year waiting period from the date of re-employment is required before receiving service credit for the redeposit. If you were to leave employment before the two year waiting period expired, you would be refunded the amount of your redeposit, plus interest, and would not receive the associated service credit.

The redeposit must be made in a lump sum, which includes the original amount refunded plus the full actuarial cost of the reinstated benefit, minus the employer contributions made during your previous service. You are allowed to make the redeposit with a non-taxable rollover from assets you have in another qualified retirement vehicle, such as a 401(a), 401(k), 403(b), 457 or a traditional IRA.

Contact WRS to obtain more specific information so you may decide if you want to pursue a redeposit.

### **Retirement Accounts with Non-WRS Employers**

The WRS Law Enforcement Pension Plan is not able to let you transfer a pension benefit earned from another employer. However you may use money from another retirement account for a service purchase.

You may also be able to roll the money into the WRS 457 Plan. The 457 Plan can accept rollovers from pre-tax contributions that were made to a 401(k), 403(b), qualified 401(a), or a traditional IRA. The 457 Plan can also accept rollover money from after-tax contributions that were made to 401(k) Roth, or 403(b) Roth account, but cannot accept rollovers from Roth IRAs. If you have pre-tax or after-tax balances in another 457 plan, you may transfer those assets to the 457 Plan.

## **LEAVING EMPLOYMENT BEFORE RETIREMENT AGE**

### **Options When Leaving Employment**

If you stop working for a participating employer and have an account balance of at least \$1000, you may leave your account with WRS. Your account balance will continue to accrue interest at the rate set by the WRS Board. If you are vested, you can later apply for a lifetime benefit when you reach retirement age.

If you leave your account with WRS and later return to work for an employer who participates in the Law Enforcement Pension Plan, you and your employer would resume making contributions, and you would start to earn service credit again.

Another choice available if you stop working for a WRS participating employer is to withdraw or “refund” your 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 to reduce future employer costs. A refund decision should be made carefully, as it is usually hard to recover the lost retirement security caused by premature withdrawals of retirement assets.

A refund is irreversible unless you become eligible for a redeposit. If you are vested, WRS is required to provide you with an estimate of the monthly benefit you will be giving up should you take a refund or rollover.

If your account balance is less than \$1,000, you will be required to take a refund of your account or roll it over to another qualified plan. If your account balance is less than \$1,000, and you do not take a refund after a three-year period, your account may be absorbed into the system. Only if you are re-employed with a participating employer in the Law Enforcement Pension Plan will the contributions and interest be reinstated to your account and your service credit restored.

## **DEATH CLAIMS & BENEFICIARIES**

At employment, you must log in to your online pension account to designate a beneficiary who will receive the benefits associated with your account in the event of your death. You must make separate beneficiary designations for the pension, 457 Plan and Prudential Life Insurance. Not having a beneficiary on file could be a disadvantage to your family and loved ones.

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

If you die in the line of duty, your spouse will receive a lifetime benefit of 62.5% of your salary at the time of death, as well as 6% for each child under age 18. If you die in a non-duty related event, your spouse will receive a lifetime benefit of 50% of your salary and 6% for each child under age 18. Death benefits for both duty-related and non-duty related deaths may not exceed 100% of your salary at the time of death.

If you are not married, you may designate another beneficiary. If you are vested at the time of your death, a non-spousal beneficiary could elect to receive a benefit based on your years of service, highest average salary, and his or her age. If you are not vested, your non-spousal beneficiary would receive a lump sum payment of twice your contributions and interest.

For a non-spousal beneficiary to elect a lifetime benefit rather than a lump sum, the beneficiary must be at retirement age to begin the benefit within one year of the date of your death. Otherwise, the non-spousal beneficiary would only be eligible for the lump sum death benefit. Lump sum payouts to non-spousal beneficiaries or estates taking a lump sum payout must be distributed within five years of the date of death.

You are responsible for keeping your beneficiary designation current. You may change your designation through your online account at any time, but spousal consent is required. Questions regarding the designation of a beneficiary or beneficiaries should be directed to WRS.

### **Death After Retirement**

The benefit option you select when you begin receiving retirement benefits will determine how the account is paid out upon your death. Refer to the benefit options in the following section for more on this topic.

## **APPLYING FOR RETIREMENT**

---

### **Choosing a Retirement Date**

Your retirement date is something only you can decide. Remember, your benefit will generally increase with every month of service you complete. If you want to retire as soon as you are eligible, consider your birthday since you will need to turn 60 or have a full 20 years of service for a retirement with no reduction in benefit.

If you are vested, view an estimate of your retirement benefit by logging into your online pension account.

### **Applying for Retirement**

Log in to your online pension account to apply for benefits on or shortly before your last working day. If you apply online and your last working day changes you will have to cancel and redo the online application. You may also download a paper application for retirement and submit it to WRS.

Be sure to get all the benefit counseling you want from WRS well in advance, so you will be able to make the decisions required by the retirement application.

### **Benefit Payout Options**

You have important and irreversible decisions to make when starting your retirement benefit. Because everyone's needs are different, WRS offers several options for you to select from when you take your retirement benefit.

We encourage you to contact us for individual counseling regarding your benefit options before submitting a retirement application. Once you have a thorough understanding of your estimated benefit and your payout options, you must choose the option you want and indicate your selection on the retirement application.

Each benefit payout option is a different variation of an annuity. An annuity is a payment method that ensures lifetime retirement income. A common form of payment for a married member is one of the joint and survivor benefit options, which pays throughout the lifetimes of both the member and the spouse. A common form of payment for an unmarried member is one of the single lifetime benefit options.

A different monthly benefit is associated with each option. In general, Option 1 is the normal benefit amount calculated by the formula. All the other options, except Option 5, are reductions from the Option 1 amount. You will select the option you want on the application you submit to start your retirement benefit.

### **Benefit Option Definitions**

#### **Option 1: Single Lifetime Benefit with Beneficiary**

This is a lifetime benefit for you alone. If applicable, it is reduced for early retirement. This option does not provide for a monthly benefit to a beneficiary after your death. Upon your death, your beneficiary would receive a lump sum of any remaining balance in the account which was not paid out during your retirement. Typically, a retiree draws all the funds from his or her account within three to five years of retiring, after which the retiree is paid with WRS investment earnings. Therefore, it is rare a lump sum payment is paid at a retiree's death.

#### **Option 2: 100% Joint and Survivor Benefit**

This is a lifetime benefit for you and includes a provision for a 100 percent lifetime benefit to a beneficiary upon your death. It is a reduction from Option 1 and is based on the life expectancy of both you and your beneficiary. Upon your death, 100 percent of the payment would continue for your beneficiary's lifetime regardless of marital status or other income. In the event there is a remaining balance in your account after the death of both you and your beneficiary, a contingent beneficiary would receive a lump sum payment. If you choose this option, your beneficiary designation cannot be changed even in the event of the death of the beneficiary or divorce. Option 2 may not be available if you have a non-spouse beneficiary.

#### **Option 2P: 100% Joint and Survivor Benefit with Pop-Up Provision**

This is a lifetime benefit for you and includes a provision for a 100 percent lifetime benefit to a beneficiary upon your death. It is a reduction from Option 1 and is based on the life expectancy of both you and your beneficiary. Upon your death, payment would continue for your beneficiary's lifetime regardless of marital status or other income. If your beneficiary precedes you in death, your benefit amount will "pop-up" to the Option 1 amount for the remainder of your life. If you choose this option, your beneficiary designation cannot be changed even in the event of the death of your beneficiary or divorce. With this option, there is no lump sum payment of any remaining account balance upon the death of both you and your beneficiary. Option 2P may not be available if you have a non-spouse beneficiary.

#### **Option 3: 50% Joint and Survivor Benefit**

This is a lifetime benefit for you and includes a provision for a 50 percent lifetime benefit to a beneficiary upon your death. It is a reduction from Option 1 and is based on the life expectancy of both you and your beneficiary. Upon your death, one-half of the monthly benefit you had been receiving would be paid to your beneficiary. Payment would continue for your beneficiary's lifetime regardless of marital status or other income. In the event there is a remaining balance in your account after the death of both you and your beneficiary, a contingent beneficiary would receive a lump sum payment. If you choose this option, your beneficiary designation cannot be changed even in the event of the death of the beneficiary or divorce.



### **Option 3P: 50% Joint and Survivor Benefit with Pop-Up Provision**

This is a lifetime benefit for you and includes a provision for a 50 percent lifetime benefit to a beneficiary upon your death. It is a reduction from Option 1 and is based on the life expectancy of both you and your beneficiary. Upon your death, one-half of the monthly benefit you had been receiving would be paid to your beneficiary. Payment would continue for your beneficiary's lifetime regardless of marital status or other income. If your beneficiary precedes you in death, your benefit amount will "pop-up" to the Option 1 amount for the remainder of your life. If you choose this option, your beneficiary designation cannot be changed even in the event of the death of your beneficiary or divorce. With this option, there is no lump sum payment of any remaining account balance upon the death of both you and your beneficiary.

### **Option 4: 10-year Certain Benefit**

This is a lifetime benefit for you only. It is a reduction from Option 1 and is based only on your life expectancy. If your death occurs before you have received the benefit for 10 years, your beneficiary would receive the same monthly benefit for the balance of the 10-year period, after which the benefit ceases.

### **Option 5: Single Lifetime Benefit without Beneficiary**

This is a lifetime benefit for you only. It is an increase to the Option 1 benefit and is payable only during your lifetime with no provision for any beneficiary payment after your death. Upon your death, any money remaining in your account would revert back to WRS.

## **RETIREMENT PAYMENTS**

---

### **Timing of Your First Retirement Payment**

You may expect your first payment from WRS the month following the month WRS receives final contributions and a termination notice from your employer. Your first payment will be retroactive back to your retirement date.

If you talk with your employer, find out when they will be submitting the final contributions and termination notice pertaining to you. If you work for a school district, find out if they are paying all summer contributions in advance or paying throughout the summer. Once you know when WRS will get notice of termination and your final contribution, you can estimate that your first check will likely be on the retiree payroll date for the month after WRS received your information.

### **Direct Deposit**

You will be asked to provide direct deposit information when completing your retirement application. All benefit payments are deposited directly to your financial institution by the last business day of each month. Each payment represents your retirement benefit for the preceding month. WRS strongly suggests the use of direct deposit.

### **Income Taxes**

Your monthly benefit is reported to the IRS as income, and you are responsible for paying any taxes. You will receive a Form 1099-R annually for tax reporting purposes. If you made contributions to your pension after-tax, such as with a service purchase, the non-taxable portion of your pension paid throughout the year will be reported on your 1099-R form. You will complete a Federal Income Tax Withholding Form W-4 when you apply for retirement to indicate how much federal income tax you want withheld.

Please consult a tax accountant or the IRS for further information. WRS staff cannot furnish tax advice.

### **Health Insurance Premium Withholding**

WRS can withhold retiree health insurance premiums from your monthly retirement check and forward the money to the appropriate entity. You arrange this through your employer when you terminate your employment. Your employer should then submit 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.

*Benefits provided under the pension plans administered by the Wyoming Retirement System represent one aspect of your retirement assets and should not be expected to replace one hundred percent (100%) of your pre-retirement income. Cost-of-living and other benefit increases are not incorporated into your benefit, emphasizing the importance for you to build additional resources for retirement income, such as personal savings. Additionally, pursuant to W. S. 9-3-428, although you have a nonforfeitable interest in your 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**

Generally, a retired member of the System who returns to work for a participating employer must have his or her retirement benefit cancelled and be re-enrolled into the plan to resume earning service credit. However, retirees who meet certain criteria may elect to continue drawing their retirement benefit when returning to work for a participating employer.

You are considered to be a "retired" member if you have terminated your working career for a salary with all participating employers of this plan, have met the requirements for eligibility to receive a retirement benefit, and have had a bona fide break in service from

your employer(s). In order for you to be considered retired, WRS must have received a termination notification from your employer(s), all contributions pertaining to your account and your retirement application. You are not considered to be “retired” if, at the time of submitting your retirement application, you have a pre-existing arrangement to return to work or any promise of future employment with a participating employer in this plan. Additionally, the break in service must be at least 30 days. Both of the above conditions must be met in order for you to have had a bona fide break in service.

Following a bona fide break in service, if you return to work for a participating employer in this plan and have been hired to fill a vacant full-time position of a regular contributing employee, you are considered a “rehired retiree.” As a rehired retiree, you must declare whether you will continue to receive your retirement benefit and not accrue any additional service credit, or stop your benefit and be reinstated as a contributing member of this plan. If you elect to continue your benefit, your employer must pay a rehired retiree payment equal to both the member and the employer contributions required by statute. This is to ensure that the plan is not disadvantaged by the position being filled by a non-contributing member. Your pension benefit will not increase as a result of this payment.

If you choose to be reinstated as a contributing member, you will accrue additional service credit, and your retirement benefit will be recalculated upon your new retirement date. Your new benefit will be based on the same option you selected the first time you retired, and you will be required to keep the same designated beneficiary.

As a rehired retiree, your benefit will be calculated under the same tier in which you were originally retired. In some cases your monthly benefit may decrease because your new benefit will be adjusted by an amount reflecting any payments distributed to you in your first retirement. **Additionally, all cost-of-living adjustment (COLA) increases that may have been awarded during your first retirement will be eliminated.**

If you do not have a bona fide break in service following your retirement and are rehired by a participating employer in this plan, your retirement benefit will be cancelled and you will be reinstated as a contributing member of the plan.

If you return to work under any of the other pension plans administered by WRS, or with an employer not participating in WRS, you would not be considered a rehired retiree and your employer would not be required to pay the rehired retiree payment.

If you are retired or intending to retire and are considering re-employment with a participating employer, you must contact WRS at (307) 777-7691 for assistance with understanding your choices and determining whether you are eligible to be a rehired retiree.

## **SOCIAL SECURITY**

---

### **Your Pension and Social Security**

Most, but not all, members of WRS’ Law Enforcement Pension Plan are required to pay into Social Security. Check with your employer to find out if you are covered by Social Security. For those paying into Social Security, the Social Security coverage available to you will include your service under your WRS participating employer and will not be reduced according to the Windfall Elimination Provision or the Government Pension Offset. The WEP and GPO would apply to pensions received from governmental employment during which you did not pay Social Security taxes. For complete information on your Social Security benefit, contact Social Security at [www.ssa.gov](http://www.ssa.gov).

After you retire, your pension benefit payment is not subject to Social Security or Medicare withholding.

## **DISABILITY**

---

If you become incapacitated to the point you cannot do your duties you may be eligible for a disability retirement. If your disability happened in the line of duty, you receive 62.5% of your salary at the time the disability occurred. If your disability is not duty related, you receive 50% of your salary at the time the disability occurred. You must have 10 years of service in order to be eligible for a non-duty related disability. A “total disability” means a condition rendering you unable to engage in any occupation for which you are reasonably suited by training or experience and which is expected to last at least 12 months. A “partial disability” means a condition rendering you unable to fulfill the occupation for which you are reasonably suited by training or experience, which is expected to last at least 12 months but still allows you to function in other employment. Please contact WRS for more information about applying for a disability retirement benefit.

### **Disability Benefit Application**

You can obtain the application for a disability benefit from WRS. The physicians, who recently examined you, must verify the disabling condition. An external company makes a recommendation after reviewing your medical records. Please note that if you terminate employment prior to submitting a disability benefit application, you will no longer be eligible for a disability retirement. In the event of a contested decision, there are appeal procedures available to you.

### **Workers’ Compensation**

In most cases, WRS cannot consider payment from workers’ compensation as part of your salary. Being on worker’s compensation may have an effect on your highest average salary and your months of service, which are used to determine your pension benefit. If this applies to you, please contact WRS at (307) 777-7691 for more information.

## **OTHER TOPICS OF INTEREST**

---

### **Military Deployment**

Should you be called for active military service, WRS rules allow you to receive service credit for missed contributions upon your return as long as certain requirements are met:

- » You must return to work with an employer participating in this plan within 90 days of being honorably discharged. Your employer must provide WRS with written notice of your re-employment within 30 days of your re-employment.
- » You must pay contributions on the service missed, and your employer will be required to pay the employer contributions. There may be funds available from the Adjutant General's office to help pay the employee and employer portion of the contribution for first responders. Any employee and employer contributions must be paid within five years of your re-employment.

If military service credit applies to you, call WRS at (307) 777-7691 to arrange for the makeup of missed retirement contributions. You will need to provide a DD-214 form verifying an honorable discharge and dates of deployment.

### **Divorce**

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

If you divorce after you have already started your retirement benefit, your named beneficiary under options 2, 2P, 3 and 3P cannot be changed. Your original beneficiary will receive the benefit.

A separate DRO is required to split your 457 Plan account for a divorce settlement. Sample DRO language for the pension and 457 Plan, as well as additional explanatory materials, are available at [retirement.wyo.gov](http://retirement.wyo.gov).

### **Life Insurance**

WRS offers a life insurance plan you may currently purchase for \$16 a month prior to retirement. Prudential is the underwriter for the plan, and WRS is able to offer it to you through its membership with the National Conference on Public Employee Retirement Systems (NCPERS). The plan is commonly known as Prudential Life Insurance. Health Smart administers the Prudential Life Insurance program and refers to it as NCPERS Life Insurance. You may receive correspondence from Health Smart. If you need to make any changes to your beneficiary or address information, contact Health Smart at (800) 525-8056.

### **WRS Oversight**

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 members 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.

The Board employs a director, who serves as its secretary and is responsible for managing the staff and daily operation of WRS. The Board holds quarterly public meetings (details are listed at [retirement.wyo.gov](http://retirement.wyo.gov)). The Board establishes rules and regulations for administering the pension and 457 plans. The director administers these plans within the framework of those rules and regulations and the Wyoming Retirement Act.

### **Dispute Resolution**

You are entitled to a hearing with the WRS Board regarding most disputes, 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 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  
Ruth Ryerson, Executive Director  
6101 Yellowstone Road, Suite 500  
Cheyenne, WY 82002

## **LAW ENFORCEMENT PENSION BENEFIT TABLE**

---

Income Replacement Multiplier	2.5%
Ceiling	30 years
Years of Service	Salary Replacement Ratio
5	12.5%
10	25%
15	37.5%
20	50.0%
25	62.5%
30	75.0%
Ceiling	75%

Your pension benefit is calculated using a “multiplier” for each year of service. A quick way to estimate your future benefit is to approximate your years of service at retirement and apply the multiplier. WRS also has online calculators you can use to approximate your benefit.

## **ADDITIONAL RESOURCES**

---

For a more complete picture of your 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 the WRS website at [retirement.wyo.gov](http://retirement.wyo.gov) to view the educator travel schedule.

**August 2017**

**Wyoming Retirement System  
6101 Yellowstone Rd, Suite 500  
Cheyenne, WY 82002**

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

**(307) 777-7691**