



Wyoming

RETIREMENT SYSTEM

**PUBLIC EMPLOYEE
PENSION PLAN HANDBOOK
TIER I & II**

Wyoming Retirement System Board

Representing the Community at Large

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

Representing Public Employees and Employers

Brian Foster
Tim Sullivan

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 Public Employee 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.

INTRODUCTION 1

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

RETIREMENT PLANNING RESOURCES 2

Estimating Your Retirement Income Needs.....	2
WRS Retirement Planning Resources.....	3

PENSION CONTRIBUTIONS & YOUR ACCOUNT 4

Pension Contributions	4
Your Pension Account.....	4
Increasing Your Pension Benefit Through a Service Purchase	5
Interest on Your Account Balance	5
Loans from Pension Accounts	5
Record Confidentiality.....	5
Accessing Account Information & Statements.....	6

AMOUNT OF YOUR BENEFIT 7

Benefit Tiers	7
Highest Average Salary	8
Months of Service.....	9
Estimating Your Benefit	9

RETIREMENT ELIGIBILITY 10

Vesting Requirements.....	10
Retirement Eligibility Ages.....	10
The "Rule of 85"	10
Taking a Reduced Retirement Benefit	10

PREVIOUS EMPLOYMENT 11

Previous Employment with a WRS Employer	11
Redeposits.....	11
Retirement Accounts with Non-WRS Employers	11

LEAVING EMPLOYMENT BEFORE RETIREMENT AGE 12

Options When Leaving Employment.....	12
--------------------------------------	----

DEATH CLAIMS & BENEFICIARIES 13

If You Die Before Retirement13
Death After Retirement13

APPLYING FOR RETIREMENT 14

Choosing a Retirement Date14
Applying for Retirement14
Benefit Payout Options.....14
Benefit Option Definitions.....15

RETIREMENT PAYMENTS 18

Timing of Your First Retirement Payment18
Direct Deposit18
Income Taxes18
Health Insurance Premium Withholding19
Benefit Increases After Retirement19

RETURNING TO WORK AFTER RETIREMENT 20

Rehired Retiree Rule20

SOCIAL SECURITY 21

Your Pension and Social Security21

DISABILITY 22

Disability Retirement Eligibility22
Disability Benefit Application22
Worker’s Compensation22

OTHER TOPICS OF INTEREST 23

Military Deployment.....23
Divorce.....23
Life Insurance.....23
WRS Oversight24
Dispute Resolution24
WRS Financial Information24
Public Employee Benefit Table..... 25

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 a 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 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 401k-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 a WRS participating employer 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 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 towns and other government organizations. 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 public employer participates in WRS, please contact us at (307) 777-7691.

Enrolling in the Public Employee Pension Plan

If your employer participates in the Public Employee Pension Plan, all eligible employees are required to join the plan at the time of employment. Your employer will use information you provide them to enroll you in the plan. If your employer participates in WRS and you are a full-time or regular part-time employee of the state, a school district, or institution of higher learning, it is likely you are 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. You would be excluded from membership if you are an independent contractor (although state at-will contract employees may participate). You are also excluded from membership if you 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 whether 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 personnel, corrections officers, judges, paid firefighters, and volunteer firefighters and EMTs. To verify which pension plan you belong to, check with your employer or contact WRS.

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 their online pension accounts. 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 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 Public Employee Pension Plan are set in state law.

Legislation was passed in 2018 to gradually increase contributions to a total of 18.62 percent over four years, according to the following schedule.

	9/1/18	7/1/19	7/1/20	7/1/21
Employee Contribution as % of Salary	8.50	8.75	9.00	9.25
Employer Contribution as % of Salary	8.62	8.87	9.12	9.37
Total	17.12	17.62	18.12	18.62

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.

For employees at agencies within the executive, judicial, and legislative branches, the State of Wyoming pays 5.57% toward the employee contribution, leaving the balance to be paid by employees through salary reduction. Some participating non-state employers follow suit with these contribution levels, while others do not.

Your Pension Account

A separate account is maintained for each member of WRS showing the amount of contributions and accrued interest. For vested employees, your account balance includes only the employee contributions, plus accrued interest on that balance. The employer contribution is not included in account balances. This helps to reduce the amount of required contributions, by assigning the employee contribution to the overall Plan.

In general, 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.

For non-vested members hired on or after July 1, 2018, the refundable account balance is defined as contributions you made out-of-pocket together with

interest on those contributions. Specifically, if an employer picked up some of the employee contribution that amount would not be part of the refundable account balance for a non-vested member hired on or after July 1, 2018. After vesting, 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 in most cases 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 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 you make a service purchase, it 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 the Rule of 85. 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 where you can login to your secure credentials to 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). For most members, your benefit is not based on how much you and your employer have contributed to your retirement account.

If you started employment before July 1, 1981, when the money purchase plan was in effect, your benefit may be affected by your contributions and interest. Your benefit will be calculated using your account balance and the formula calculation shown under Tier 1 or Tier 2, and it will be the higher of the formula and the money purchase calculations. In most instances, the formula calculation will override.

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.

Benefit Tiers

The Public Employee Pension Plan has two tiers of benefits:

- » **Tier 1:** If you made a contribution to the Plan for service prior to Sept. 1, 2012, you are in Tier 1. Under this tier, your benefit is calculated using a multiplier of 2.125 percent for the first 15 years of service and 2.25 percent for years of service above 15 and your highest 36 months of continuous acceptable salary. You are eligible for unreduced retirement at age 60 or the Rule of 85.
- » If you are vested and terminate, but leave your account on deposit with WRS, you will be under Tier 1 if you resume employment with a WRS participating employer. If you are not vested and terminate your employment but leave your account on deposit with WRS, you will be under Tier 2 if you resume employment with a participating WRS employer, unless you resume employment within 30 days of your termination date. Regardless of vesting status, if you terminate and take a refund of your account balance, you will be under Tier 2 if you resume employment with a WRS participating employer.

» **Tier 2:** If you made your first contribution to the Plan for service on or after Sept. 1, 2012, you are in Tier 2. Also, if you terminated employment before being vested and had a break in service of more than 30 days, or you took a refund and then were reemployed on or after Sept. 1, 2012, you are in Tier 2. Under this tier, your benefit is calculated using a multiplier of 2 percent for all years of service and your highest 60 months of continuous acceptable salary. You are eligible for full retirement benefits at age 65 or the Rule of 85.

Highest Average Salary

The highest average salary under Tier 1 is calculated by averaging your highest 36 months of continuous acceptable salary. Under Tier 2, it is calculated by averaging your highest 60 months of continuous acceptable salary; if you don't have 60 months of salary history, your highest average salary would be calculated using zeros for the difference. 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; 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. WRS' policy is to treat National Board Certification compensation for educators as acceptable salary.

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 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 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

Tier 1 entitles you to 2.125 percent of your highest average salary for your first 15 years of service, plus 2.25 percent of your highest average salary for each year over 15 years.

» Tier 2 entitles you to 2 percent of your highest average salary for each year of service.

Use the benefit calculator available on the WRS website at retirement.wyo.gov for an unofficial 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 the pension participant portal. 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. Although vesting is 48 months of service for members of Tier 2, the highest average salary is defined as 60 months of highest continuous salary. If a Tier 2 member has less than 60 months of salary history, the highest average salary would be calculated using zeros for the difference.

Retirement Eligibility Ages

You are eligible for unreduced (“full”) retirement when:

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

You are eligible for retirement with a reduced benefit when:

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

The “Rule of 85”

Under the Rule of 85, you are eligible for retirement benefits without a reduction if your age plus your years of service in WRS equal 85 or more. The Rule of 85 is valuable because it enables you to receive an unreduced retirement benefit sooner than the eligibility age that otherwise applies. The Rule of 85 no longer applies once you reach retirement age (age 60 for Tier 1 or age 65 for Tier 2).

Taking a Reduced Retirement Benefit

If you take reduced retirement, your full retirement benefit is permanently reduced by 5 percent for each year you are below age 60 for Tier 1, age 65 for Tier 2 with partial years prorated monthly unless you meet the rule of 85. 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) or you elect a self-funded COLA benefit option.

PREVIOUS EMPLOYMENT

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, 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. 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.

If you were hired on or after Sept. 1, 2012 and placed in Tier 2 and later redeposit funds from employment you had while in Tier 1, you will remain in Tier 2. For example, if you left employment on July 18, 2011 and took a refund and then were re-employed on Oct. 1, 2012, you would be in Tier 2 instead of Tier 1 even if you subsequently redeposit your earlier contributions.

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 Public Employee 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 are at retirement age.

If you leave your account with WRS and later return to work for an employer who participates in the Public Employee Pension Plan, you and your employer would resume making contributions, and you would start to earn service credit again. If you are a vested member in Tier 1, you will remain in Tier 1 if you leave your funds on deposit. If you are a non-vested member in Tier 1 and are subsequently rehired, you will be in Tier 2.

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.

If you are not vested and hired on or after July 1, 2018, and elect to take a refund upon termination, the refundable amount will be employee contributions made by you together with interest on those contributions. Any of the employee contributions picked up by your employer will not be included in your refund. If your employer pays the full contribution, there would not be a refundable amount. In most cases the contributions would remain on deposit for your credit should you return to service with a WRS participating employer.

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 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 were to die before retirement, whether or not you are vested in the plan makes a difference in the choices your beneficiary(ies) would have.

Not Vested: If you are not vested (have less than 48 months of service) in the plan and die before retirement, your beneficiary is entitled to receive a lump sum payment equal to twice your account balance at the time of your death.

Vested: If you are vested (have at least 48 months of service) and die before retirement, your beneficiary is entitled to receive either a lump sum death benefit or a lifetime monthly benefit (if you have designated a person to be your single primary beneficiary). The lifetime benefit would be based on your beneficiary's age along with your service and salary history.

In order to receive a lifetime benefit, a spousal beneficiary must be of retirement age. Spousal beneficiaries must begin taking a benefit by the time the member would have reached 70.5 years of age.

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.

If you have designated multiple individuals as primary beneficiaries, monthly retirement benefits are not an option. In these cases, lump sum payments will be made to the beneficiaries in equal shares, unless otherwise specified in writing to WRS prior to your death. Monthly retirement benefits are not an option if you have designated an entity, such as a trust or charity, as your beneficiary.

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 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 under Tier 1, 65 under Tier 2, or meet the Rule of 85 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. 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 4A: 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 4B: 20-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 20 years, your beneficiary would receive the same monthly benefit for the balance of the 20-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.

Self-Funded COLA Feature

You may elect any of the payout options offered by WRS and combine it with a self-funded, cost-of-living adjustment (COLA). This feature provides a guaranteed annual increase each July 1, following the two-year anniversary of your retirement, in exchange for a reduction in the initial benefit amount (with zero percent COLA). It is designed to be the actuarial equivalent of the initial benefit and provide you a payout method that may suit your need to offset inflation in retirement. It will take a number of years before you exceed your initial benefit amount. However, you receive an ongoing increase to your pension income of either 1 percent, 2 percent or 3 percent and increases are compounded. It is expected at some point the increases will surpass the amount of your initial benefit. Upon death, any applicable continuing benefits will be determined based on the payout option and COLA feature elected.

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.

WRS can withhold federal taxes only. If you need to pay state taxes, you must make your own arrangements. 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. However, members who select the self-funded COLA feature as a benefit option will see a guaranteed increase. Additionally, pursuant to Wyo. Stat. 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 employee 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

At this time, all members of WRS' Public Employee Pension Plan are required to pay into Social Security. The Social Security coverage available to you will include your service under your WRS participating employer and 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.

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 perform your duties, you may be eligible for a disability retirement. 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. Contact WRS for more information about applying for a disability retirement benefit.

Disability Retirement Eligibility

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

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

Disability Benefit Application

You can obtain the application for a disability benefit from WRS. The examining physician(s) 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 workers' 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 WRS 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.

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 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.

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). 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 any dispute, 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:

Ruth Ryerson, Executive Director
6101 Yellowstone Road, Suite 500
Cheyenne, WY 82002

PUBLIC EMPLOYEE PENSION BENEFIT TABLE

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

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 retirement.wyo.gov to view the educator travel schedule. WRS staff cannot provide advice.

May 2018

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

**retirement.wyo.gov
pension@wyo.gov**

(307) 777-7691