

Overview

The Wyoming Retirement System (WRS) was established in 1943 to provide retirement, long-term disability, and other benefits to employees of the state, counties, municipalities, universities and community colleges, school districts and other political entities. Today, the system provides a defined benefit (DB) pension for its 39,052 active employees, including 17,657 teachers.

A defined benefit (DB) pension is a retirement plan that typically offers a modest but stable monthly retirement income that lasts the remainder of the retiree's life. Public sector pensions usually employ a shared financing model whereby both employees and employers contribute to the pension fund over time to manage costs. In contrast, private sector pensions almost always are funded solely by the employer.

Defined benefit (DB) pension benefits often are a function of an employee's years of service and salary at the end of one's career. The benefits are financed by a combination of employer contributions, employee contributions, and investment earnings. Contributions typically are pooled among all employees and invested, with investment decisions made by professional asset managers overseen by trustees.

The WRS consists of nine separate retirement programs:

- The Public Employees Pensions System (PEPS)
- The Warden, Patrol and DCI System
- The Judicial Pension System
- Two Paid Firefighter systems and the Volunteer Fire Pension System
- The Volunteer Emergency Medical Technician Pension System
- The Air Guard Firefighter Pension System
- The Law Enforcement Pension System

Key Facts

- Employees contribute 7% of salary to WRS.
- Employers contribute 7.12% to the fund.
- Each dollar invested by Wyoming taxpayers in the Wyoming Retirement Systems supported \$5.51 in total economic activity in the state.



Public School employees make up 45% of the active membership in the Public Employees Pension System, which in turn makes up 86% of the WRS.

▶ Key WRS Data¹

The chart below summarizes the key data for WRS, as of January 1, 2012:

	All PEPS	School Employees
Total active employees	39,052	17,657
Total receiving retirement benefits	20,701	9,761
Average annual retirement pension benefit	\$16,341	\$17,125
Employer contribution rate	7.12%	7.12%
Employee contribution rate	7%	7%
Total assets	\$5.5 billion	
Funded ratio	84.6%	
Unfunded actuarial accrued liability	\$831.9 billion	

▶ The Economic Impact of Wyoming Pensions²

Expenditures made by retirees of state and local government provide a steady economic stimulus to Wyoming communities and the state economy. Within the state of Wyoming, 2012 expenditures stemming from state and local pensions supported:

- 4,379 jobs that paid \$185.6 million in wages and salaries
- \$758.4 million in total economic output
- \$119.5 million in federal, state, and local tax revenues

Each dollar paid out in pension benefits supported \$0.99 in total economic activity in Wyoming. Each dollar “invested” by Wyoming taxpayers in these plans supported \$5.51 in total economic activity in the state.



¹ All data, unless otherwise noted, as of the December 31, 2010 valuation.

² Rhee, N. 2014. *Pensionomics 2014: Measuring the Economic Impacts of DB Pension Expenditures*. Washington, DC: National Institute on Retirement Security.

The following provides a snapshot of key data relative to the **Wyoming Retirement System (WRS)**. WRS was established in 1943 to provide retirement benefits for employees of the state of Wyoming. Today, the system provides a defined benefit (DB) pension, a retirement plan that typically offers a modest but stable monthly retirement income that lasts the remainder of a retiree's life.

\$5.51 The total economic activity in Wyoming for each dollar invested by Wyoming taxpayers in the Wyoming Retirement System.

\$16,341 Average annual retirement pension income.

\$758.4 million Total economic output in Wyoming created in 2012 when public sector retirees spent their pension income.

7 Percentage of salary that Wyoming state employees currently contribute from every paycheck to their pension benefit to share the funding responsibility. Nationally, the median employee contribution rate is 5%.

\$119.5 million Federal, state and local tax revenues generated by spending of Wyoming public pension income.

54 Percentage of pre-retirement income replaced by the defined benefit (DB) plan for an employee with 25 years of service. A replacement ratio of 80% from all income sources is considered adequate for a secure retirement.

4,379 Jobs created from pension income spending by Wyoming state and local government retirees.

50 The number of teachers retained each year solely due to the defined benefit (DB) plan.

39,052 Total active members of WRS.

\$509,693 Teacher turnover cost savings generated by the retention affect of the defined benefit (DB) pension.

All data comes from either the Wyoming Retirement System or the National Institute on Retirement Security.

Overview

As early as the turn of the 20th century, American legislators seemed to understand the importance of teacher quality to students' education. A 1917 report on public education noted that, "A school teacher's work is personal, direct, and positive. It works for the good or the ill of each pupil."¹

Key Facts

- Teachers contribute 7% of salary out of each paycheck to the pension fund.
- The average school employee benefit is \$17,125 per year, or \$1,427 per month.
- The Wyoming Retirement System covers 17,657 active teachers and 9,761 retired school employees and beneficiaries.
- Teachers are paid 14.3% less than comparable private sector workers.
- The WRS pension replaced 54% of pre-retirement income for a teacher with 25 years of service.
- Most experts find that a replacement ratio of 80% or more, from all income sources, is adequate for a secure retirement.

Defined benefit (DB) pension plans were first introduced for teachers in the United States to help with the recruitment of high quality educators, and as an incentive to keep those educators in the teaching profession. By 1916, some form of retirement plan was available to public schoolteachers in 33 states. It was thought that such a retirement system might serve two purposes: 1) bringing more diverse, and highly qualified teachers into the profession; and 2) creating a more productive workforce that actually saves public employers money, as one dollar in pension benefits was seen as worth more than a dollar in salary.²

All public school teachers in Wyoming have pension coverage through Wyoming Retirement System (WRS).

The WRS plan covers 17,657 school employees. Wyoming teachers contribute 7% out of each of

their paycheck to the pension fund. When they retire, the average teacher benefit is \$17,125 per year, or \$1,427 per month.

The WRS pension replaced 54% of pre-retirement income for a teacher with 25 years of service. Most experts find that a replacement ratio of 80% or more, from all income sources, is adequate for a secure retirement.

▶ Teachers Receive Lower Compensation

Public employees receive lower wages than their private sector counterparts. Even after accounting for pensions and other benefits, on average, state and local workers receive 7% less than those in the private sector.³ More specifically, teachers are paid 14.3% less than comparable private sector workers—and this pay gap has increased in the last decade.⁴ Teacher pensions play an important role in offsetting the financial impact of lower salaries.

Research shows that pensions are reliable and relieve retirement anxiety. Some 83% of Americans indicated that those with pensions are more likely to have a secure retirement, and 81% believe all workers should have access to a pension plan.⁵

▶ Pensions Help Retain Quality Teachers in Wyoming⁶

Better teachers are experienced teachers. DB pensions help to retain highly productive teachers longer, as compared with individual defined contribution (DC) accounts. Moreover, the cost of teacher turnover is quite high, both in terms of financial cost and loss of productivity to the school district.

In Wyoming:

- The cost of turnover in Wyoming is \$10,246 per teacher.
- 50 teachers are retained each year due to a defined benefit (DB) plan.
- The defined benefit (DB) pension system saved \$509,693 in teacher turnover costs in 2003 in school districts across the state.

About NRTA

NRTA: AARP's Educator Community is a national umbrella organization for the nation's largest network of retired educators. For nearly 65 years, NRTA has worked with state and local Retired Educators Associations (REAs) across the country on areas of mutual interest in advocacy and community outreach.

Collectively, NRTA and REAs engage and advocate on behalf of nearly one-million retired educators. Our shared priorities are to protect earned pension benefits and to assure access to affordable retiree healthcare. Additionally, NRTA helps inspire and honor the work of REA volunteers through NRTA's With our Youth! national recognition program.



^{1,2} Graebner, W. 1978. Retirement in education: The economic and social functions of the teachers' pension. *History of Education Quarterly*, 18(4), 397-417.

³ Heywood, J., and K. Bender. 2010. *Out of Balance: Comparing Public and Private Sector Pay over Twenty Years*. Washington, DC: National Institute on Retirement Security.

⁴ Allegretto, S., S. Corcoran, and L. Mishel. 2008. *Teachers' Pay Continues to Slide*. Washington, DC: Economic Policy Institute.

⁵ Perlman, B., K. Kenneally, and I. Boivie. 2011. *Pensions and Retirement Security 2011: A Roadmap for Policy Makers*. Washington, DC: National Institute on Retirement Security.

⁶ Boivie, I. 2011. *The Three Rs of Teacher Pension Plans: Recruitment, Retention, and Retirement*. Washington, DC: National Institute on Retirement Security.