

Wayne Schatz  
1310 Stonegate Dr.  
Sheridan, WY 82801

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## WREP Board happenings By Wayne Schatz

On August 18, your WREP executive board met with the Wyoming Retirement System board in Cody, Wyoming. We wanted to visit with them about COLAs in Wyoming and gather some information about the current COLA situation for WRS members. We were also interested in learning what they have been doing with WRS funds to reach the legislative mandate to have on hand 100% of the funds needed for them to consider a COLA for current retirees. Below is a summary of our meeting with the WRS board.

After sharing some information about our organization, we shared some information concerning COLAs that we had gathered from the National Retired Teachers Association (NRTA). We also shared some comments that our members have shared to board members. We hear regularly from long-time retirees that rising prices and inflation are eating away their funds and many are struggling to continue living on their fixed retirement funds.

There has not been a COLA in Wyoming since 2008. The WRS board, at one time, was in charge of granting those increases in retirement payments. In 2012, the State Legislature passed a law giving the authority to grant any pension COLA to the legislature and also requiring 100% funding of the plan before a COLA could be given from WRS funds.

We understand that the Public Employee Pension Plan is moving in the direction of the 100% funding, but it will be many years before the funds in the plan meet the new requirement to grant a COLA from your WRS funds. We then shared and discussed some of the information contained in this newsletter.

•Information about COLAs from the surrounding states. We realize that their financial resources are different from ours, but it is interesting to see what other states are doing to address the need for member COLAs.

• What can we do to begin discussions needed with legislators about providing a COLA for Public Employee retirees in next few years. We have discussed this with several legislators and they are sympathetic for the need for a COLA, but are concerned about the state's financial picture.

• We discussed the possibility that the WRS board would take back the responsibility of granting future COLAs. They were not interested in perusing this matter at this time.

We would like to see a plan for addressing future COLAs—either with legislators or the WRS board—that we can share with our members and offer some relief to their financial trials. We will continue to monitor the WRS board activities and report any new developments to you.

## Wyoming Public Pensions (By the Numbers)

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.

**\$9.90** The total economic activity in Wyoming for each dollar invested by Wyoming taxpayers in the Wyoming Retirement System.

**\$18,639** Average annual retirement pension income. \$1,553 is the average monthly payment.

**16.62%** Percentage of salary that Wyoming public employees currently contribute from every paycheck to their pension benefit. Nationally, the median employee contribution rate is 5%.

**\$284.3** million Total economic output in Wyoming created in 2006 when public sector retirees spent their 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.

**\$35.7** million Federal, state and local tax revenues generated by spending of Wyoming public pension income.

**1,773** 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.

**67,401** Total active public employee members of WRS.

**\$509,693** Teacher turnover cost savings generated by the retention affect of the defined benefit (DB) pension.  
106 The oldest WRS retiree. 29 WRS retirees are over 100 years old and 915 retirees are over age 90.



## FINANCIAL MATTERS, WREP ASSOCIATION

By Stan Christensen, Treasurer

The financial situation for WREP is quite adequate and permits the Association to accomplish those goals that the Executive Board deem important. With 1500 plus members, our dues are the primary source of funding for our activities. We also receive an additional stipend from Association Members Benefits Advisors, (AMBA) to aid in administering some expenses associated with our handling of their benefits program.

The Association first and foremost, maintains a "watch dog" status of the Wyoming Retirement System and legislative bills at the legislature. Careful watching of these governmental bodies enables the Board to obtain information which is passed on to the general membership. WREP works in a coalition with other state agencies involved with the Retirement System to monitor and lobby any legislative bills that involve items involving retirement issues.

A major WREP expense is the publishing and mailing of a newsletter to the general membership up to three times each year. Your WREP board also encourages members to attend an annual meeting where yearly goals and reports are shared. WREP also donates money to an annual UW scholarship which is given to two seniors majoring in education. They are encouraged to teach in Wyoming schools, thereby giving back to education in our state.

AMBA offers WREP members a benefits program including dental and vision insurance to supplement member's Medicare insurance. Your WREP Board feels that these AMBA benefits are important for members because these benefits are only available through WREP membership.

A new expenditure beginning this current year, 2016-2017, is to provide start-up monies for any community that is interested in organizing a local retired educator's association. Sometimes it is



difficult to obtain such initial funds, thus WREP can be a source of some assistance giving the local group more incentive to form an association.

No salaries are paid any board members although their expenses to attend executive board meetings and related functions are provided. As you can see, WREP is involved in several activities which gives our members information and services to enhance their retired lives.

The Board expresses its appreciation to all members who continue their membership in the Association thereby allowing WREP to remain a viable resource to Wyoming Educator Retirees.

## AARP WYOMING COMMUNITY CONTACT

AARP Wyoming would like you to become a Community Contact. AARP wants to make a positive difference for the people in your community, whether they are members or not. We can't do it without you!

### Position:

- Be the “eyes and ears” for AARP in your community. Let AARP know about issues and concerns you are hearing from 50+ people (whether they are working or retired) and their families

- Recommend topics for educational workshops, and help organize community events, and/or provide suggestions for possible local discounts.

- Identify groups and/or partners for AARP spokespersons to provide presentations about Medicare, Social Security, healthcare and other issues that are important to the 50+ population.

- If you are interested in becoming a volunteer spokesperson, AARP will provide you with training, talking points, and staff support.

- Work with AARP as a problem-solver and bridge-builder regarding misinformation, myths, or scare tactics individuals may receive about Medicare, Social Security, and other senior issues.

- Share the AARP Wyoming story by letting others know how AARP is benefitting their community and state. Distribute AARP publications in your community.

- Participate in educational conference calls and occasional leadership meetings, as your schedule permits.

- Develop and maintain strong relationships with local senior service groups and providers.

### Optional:

- Work with local state legislators in coordination with AARP Wyoming staff. During the legislative session, you can help by contacting your local legislators via email or call the voter hotline. AARP will provide background information, talking points, and staff support. Meet with local legislators at least twice a year (pre-and post- legislative session) over coffee or lunch (AARP will reimburse you) to share AARP issues and to build relationships.

- In coordination with AARP, place letters to the editor, appear on radio talk shows, or share information with your networks.

*AARP Contact Information: Renee Gamino, Associate Director for Community Presence, AARP Wyoming, toll-free 1-866-663-3290, direct number 307-432-5810, or email:rgamino@aarp.org*

## Our Wyoming Retired System Board of Trustees

### By Chuck Custis

The Wyoming Retirement System(WRS) is governed by a board of Trustees whose duty is to manage our assets and liabilities thereby keeping our retirement plans financially sound. Those assets are currently at \$7.187 billion. The Board is comprised of the state treasurer and ten board members . They are appointed by the governor and confirmed by the Wyoming Senate. State law ensures the Board is politically balanced. Five trustees must be members of WRS pension plans, representing different constituencies and five “at-large” trustees who are not.

The Board employs an executive director who oversees a staff of about 40 employees. WRS reports to the governor and legislatively reports to the Joint Appropriations Committee.

We currently have a defined benefit plan and would like to keep that approach. We do need to continue to block attempts to change to a defined contribution approach. The average benefit this year is \$1,553 a month or \$18,639 annually. See the enclosed report on Wyoming Public Pensions by the number.

Although we have not received a cost of living adjustment(COLA) for 8 years, both the WRS Board and Wyoming Retired Educational

Personal (WREP) are working hard to achieve one. Several approaches to future COLA's are being reviewed. The WRS board has discussed 1) giving a one-time COLA, 2) giving a COLA to those retired for over 20 or 25 years, or 3) giving a small COLA to all retirees. The largest factor preventing any of these options is the initial cost to the WRS funds and the continuing costs of any plan used.

WREP has at least one person in attendance at each WRS meeting to convey your best interests and report back to the WREP board.

### Attention Retirees-

Wyoming Retired Education Personnel (WREP) is searching for talented retirees to serve on the Executive Committee. We need a person to fill the two-year Vice President/President Elect position and another person to serve as Secretary. Both openings will allow you to meet and help other retirees, use your organizational skills, creatively share your ideas, and use your people skills. Some travel is involved with expenses paid.

Please contact any current Executive Board member below **before October 1st** for more information.

**Wayne Schatz**--(h)307-672-0224 (c) 307-751-5047 or wschatz1@bresnan.net

**Owen Jones**—(h) 307-234-6234 or kpj613fl@icloud.com

**Mary Lou Derby**--(h)307-332-3883 or mlderby@wyoming.com

**Stan Christensen**--(h)307-631-6401 or wyvica@aol.com

**Chuck Custis**--(h)307-674-8067 (c)307-763-1926 or chuckwo@hotmail.com

Visit our web site for more information about WREP.

[www.wrep.info/](http://www.wrep.info/)

## What is a COLA?

### By Wayne Schatz

A cost of living adjustment (COLA) is a change in one's monthly retirement benefit to account for increasing prices. COLAs help to ensure that your purchasing power remains the same no matter how long you may live, and how quickly prices might rise.

For example, if your retirement benefit is \$1,000 per month, you can purchase a certain amount of goods or services with that income—groceries, prescriptions, utilities, etc. However, if the prices of those goods and services increase by, say, 3% in a single year, you can purchase fewer goods with that \$1,000 benefit—your “purchasing power” has declined.

If you receive a COLA based on this increase in prices, however, then this year's benefit would increase to \$1,030 per month. Thanks to your COLA, you will have the same purchasing power—or the same ability to purchase those same goods—that you did last year with your \$1,000 benefit.

### For Your Information

COLA information from states around Wyoming gathered by Tom Nicholls, NRTA

CPI below refers to the Consumer Price Index. Wyoming does not mention the use the CPI in figuring COLA status.

**Colorado School** Varies by date of hire, automatic 2% unless negative investment return in previous year, then lesser of average monthly CPI-W or 2% for three years, compounded. For those hired on or after 1/1/07, the sum of the COLA paid to benefit recipients cannot exceed 10% of the divisions' annual increase reserve. 2010 legislation reduced the COLA from automatic 3.5%. The law was challenged, and upheld by the CO Supreme Court in 2014.

**Idaho PERS** Automatic 1% compounded (as long as CPI rises at least 1%), plus investment-based increase.

**Montana Teachers** Automatic 1.5% compounded beginning 3 years after onset of annuity. 2011 legislation reduced the automatic COLA from 3% compounded and tied its provision to PERS funding ratio. A challenge to the law was rejected by a state District Court in 2015.

**Nebraska Schools** Based on CPI, up to 1% compounded for employees hired on or after 7/1/13; Based on CPI, up to 2.5%, compounded for other members. 2013 legislation created a new tier for school employees hired on or after 7/1/13. This tier features a reduced maximum COLA.

**South Dakota PERS** Indexed to CPI and funded status, with a minimum of 2.1%, when plan funding level is below 80%, and a maximum of 3.1%, when plan is funded above 100% In 2010, legislature revised COLA provision from automatic 3.1%. The law was challenged, and upheld in a final ruling issued in 2012.

**Utah** For those hired before 7/1/11, automatic based on CPI up to 4%, simple; for those hired after 6/30/11, based on CPI up to 2.5%, simple. Legislature reduced maximum COLA for those hired after 6/30/11 from 4% to 2.5%.

**Wyoming Public Employees** Effective 7/1/12, the COLA is removed until the actuarial funded ratio reaches 100 percent “plus the additional percentage the retirement board determines is reasonably necessary to withstand market fluctuations.” Prior to 7/1/12, COLA was automatic tied to CPI up to 3%. 2012 legislation removed the COLA until plan funding reaches 100%.

### WREP Fall General meeting

Plan now to attend our Fall General meeting on October 14 in Casper. Our meeting will begin at 10:00 am at the Parkway Plaza. Speakers will be discussing and seeking members input to our 2016-17 WREP goals. Dave Swindell, WRS Deputy Director, will share information on WRS board work on their goals for this next year including work on reaching the legislative goal of 100% funding for a COLA for public employee retirees. He will also be available to answer questions from the audience.



We will have our three locals share their 2015-16 activities and goals. WREP board of directors will be reporting on their 2015-2016 goals and then set new goals for this next year. Members also need to adopt a 2016-17 budget and elect new officers for this next year.

Lunch will be provided for all attendees. We will have afternoon drawings for “retiree goodies” baskets.

Plan now to attend for food, fun, and timely information for Wyoming retirees. You must RSVP by October 7 to Owen Jones at 234-6234.

A cost of living adjustment (COLA) is a change in one's monthly retirement benefit to account for increasing prices or inflation.

When it comes to COLAs...

- Rising prices and inflation can very quickly erode the value of retirement income. Even a modest rate of inflation can significantly impact your purchasing power over time, if your benefit does not include a COLA.

- COLAs are very important, because they help to ensure that retirees' purchasing power is maintained, no matter how long they may live, and how quickly prices might rise.

- COLAs may be even more important to those retirees who do not receive Social Security benefits, because without their pension COLA they are likely to have no other retirement income that increases with inflation.

While COLAs provide important protections for retirees, they do cost money. Any COLA benefits that are promised should be pre-funded, or paid for in the year that they are given. This is why the legislature set in place the funding guarantee currently being used. That is why granting a COLA can cost the system many thousands of dollars in the present and in the years ahead.

COLAs may not seem so significant—you may wonder, how important is just \$30 per month? Yet rising prices and inflation can very quickly erode your retirement income, even to the point that a retirement benefit that was perfectly adequate to pay your monthly expenses when you retired can become inadequate over time. Like water cutting through a rock, even a modest rate of inflation can significantly erode your purchasing power over time.

### Contacts:

**Wayne Schatz, President:**  
307-672-0224

**Owen Jones, Vice-President:**  
307-234-6234

**Mary Lou Derby, Secretary:**  
307-332-3883

**Stan Christensen, Treasurer:**  
307-631-6401

**Chuck Custis, Past President:**  
307-674-8067