

## Wyoming State Treasurer's Office Spending Policy Framework Analysis

### Existing Framework vs. 80/20 Hybrid/"Yale Model"

	Existing Spending Policy Framework			80/20 Hybrid/"Yale Model"		
	Current Policy (Baseline)	4% Spending Rate	4% Spending Rate and 3 Yr Avg.	Current Spending Rate	4% Spending Rate	4% Spending Rate and 3 Yr Avg.
Spending Policy	5.00% of 5Y Avg.	Y1: 5.00% of 5Y Avg. Y2: 4.75% of 5Y Avg. Y3: 4.50% of 5Y Avg. Y4: 4.25% of 5Y Avg.  Y5 and thereafter: 4.00% of 5Y Avg.	Y1: 5.00% of 5Y Avg. Y2: 4.75% of 3Y Avg. Y3: 4.50% of 3Y Avg. Y4: 4.25% of 3Y Avg.  Y5 and thereafter: 4.00% of 3Y Avg.	80% prior year + 20% 5.00% of 5Y Avg.	80% prior year + 20% 4.00% of 5Y Avg.	80% prior year + 20% 4.00% of 3Y Avg.
Probability of Achieving Full Objective	41.3%	68.7% <i>(+27.4%)</i>	68.0% <i>(+26.7%)</i>	45.5% <i>(+4.2%)</i>	71.7% <i>(+30.4%)</i>	70.8% <i>(+29.5%)</i>
Vol. of Annual Spending Changes (%YoY St. Dev.)	4.2%	4.3% <i>(+0.1%)</i>	5.4% <i>(+1.2%)</i>	2.7% <i>(-1.5%)</i>	2.7% <i>(-1.5%)</i>	2.8% <i>(-1.4%)</i>
Cumulative 50Y Distributions (\$B)	\$23.1	\$22.0 <i>(-1.1)</i>	\$22.0 <i>(-1.1)</i>	\$23.1 <i>(-0.0)</i>	\$21.7 <i>(-1.4)</i>	\$21.8 <i>(-1.3)</i>

### Existing Framework vs. 60/40 Hybrid Model

	Existing Spending Policy Framework			60/40 Hybrid Model		
	Current Policy (Baseline)	4% Spending Rate	4% Spending Rate and 3 Yr Avg.	Current Spending Rate	4% Spending Rate	4% Spending Rate and 3 Yr Avg.
Spending Policy	5.00% of 5Y Avg.	Y1: 5.00% of 5Y Avg. Y2: 4.75% of 5Y Avg. Y3: 4.50% of 5Y Avg. Y4: 4.25% of 5Y Avg.  Y5 and thereafter: 4.00% of 5Y Avg.	Y1: 5.00% of 5Y Avg. Y2: 4.75% of 3Y Avg. Y3: 4.50% of 3Y Avg. Y4: 4.25% of 3Y Avg.  Y5 and thereafter: 4.00% of 3Y Avg.	60% prior year + 40% 5.00% of 5Y Avg.	60% prior year + 40% 4.00% of 5Y Avg.	60% prior year + 40% 4.00% of 3Y Avg.
Probability of Achieving Full Objective	41.3%	68.7% <i>(+27.4%)</i>	68.0% <i>(+26.7%)</i>	42.7% <i>(+1.4%)</i>	70.1% <i>(+28.8%)</i>	69.4% <i>(+28.1%)</i>
Vol. of Annual Spending Changes (%YoY St. Dev.)	4.2%	4.3% <i>(+0.1%)</i>	5.4% <i>(+1.2%)</i>	3.4% <i>(-0.8%)</i>	3.5% <i>(-0.7%)</i>	3.8% <i>(-0.4%)</i>
Cumulative 50Y Distributions (\$B)	\$23.1	\$22.0 <i>(-1.1)</i>	\$22.0 <i>(-1.1)</i>	\$23.1 <i>(-0.0)</i>	\$21.9 <i>(-1.2)</i>	\$22.0 <i>(-1.1)</i>

All simulations assume the Permanent Mineral Trust Fund is invested at the Target Allocation.  
Year 1 in each Step-down scenario represents Fiscal Year 2017.  
The initial prior year spending amount used in all Yale Model/Hybrid frameworks is \$313.3 million.  
Cumulative distributions are in real terms and reflect the 50th percentile.