



New York State Teachers' Retirement System

The following information was recently provided to NYSTRS participating employers. As a Retirement System delegate, it is important that you are aware of these issues.

Delegate News

Issue No. 8 November 2006

Estimated Range for the Next Employer Contribution Rate Unchanged

Administrative Bulletin 2006-4, issued August 2006, informed you that the Retirement Board adopted an employer contribution rate (ECR) of 8.60% of payroll. This rate is applicable to fiscal year 2006-07 NYS-TRS member salaries and will be collected in September, October and November 2007. Based on preliminary estimates, we anticipate the ECR for the next year to again be **between 8.5% and 9.5%** of member payroll. This rate will apply to fiscal year 2007-08 NYSTRS member salaries and collected in the fall of 2008. An Administrative Bulletin will be provided in February 2007 with a more precise estimate of this ECR.

We recognize the impact this rate has on school district budgets. This alert is sent as early as possible for planning and budgeting purposes. Although we are required to properly fund the plan, we are aware of school districts' budgeting concerns.

The assets of the Retirement System are prudently diversified and the asset valuation method employed in the actuarial valuation helps dampen market volatility. Although recent investment returns have been encouraging, capital market returns earlier in the decade were less than anticipated, which led to required increases in the ECR.

Forecasting future employer contribution rates beyond this point is impossible due to the many variables involved, such as future investment performance and member demographic experience.

It is important to note that the Retirement System's new entrant employer contribution rate, a hypothetical rate we would charge employers if we started a new Retirement System under the current benefit structure without any assets, is approximately 12% of pay. This rate is a measure of the true cost of the benefit structure, without recognizing the effect of asset gains or losses. The ECR has not been as high as 12% in over 18 years, primarily due to the favorable investment returns of the 1980s and 1990s.

If you have any additional questions, please call John Cardillo, Coordinator of Public Information Services, at (518) 447-4743.

History of the Employer Contribution Rate (ECR)

<u>Salary Year</u>	<u>ECR</u>
1978-79	21.40%
1979-80	22.49%
1980-81	23.49%
1981-82	23.49%
1982-83	23.49%
1983-84	22.90%
1984-85	22.80%
1985-86	21.40%
1986-87	18.80%
1987-88	16.83%
1988-89	14.79%
1989-90	6.87%
1990-91	6.84%
1991-92	6.64%
1992-93	8.00%
1993-94	8.41%
1994-95	7.24%
1995-96	6.37%
1996-97	3.57%
1997-98	1.25%
1998-99	1.42%
1999-00	1.43%
2000-01	0.43%
2001-02	0.36%
2002-03	0.36%
2003-04	2.52%
2004-05	5.63%
2005-06	7.97%
2006-07	8.60%