



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

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Estimated Range for the Next Employer Contribution Rate

History of the Employer Contribution Rate (ECR)

Administrative Bulletin 2007-8, issued August 2007, informed you that the Retirement Board adopted an Employer Contribution Rate (ECR) of 8.73% of payroll. This rate is applicable to fiscal year 2007-08 NYSTRS member salaries and will be collected in September, October and November 2008. Based on preliminary estimates, we anticipate the ECR for the next year to be between 6.5% and 8.0% of member payroll. This rate will apply to fiscal year 2008-09 NYSTRS member salaries and collected in the fall of 2009. An Administrative Bulletin will be provided in February 2008 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 ECR is decreasing from the current 8.73% rate primarily due to the favorable investment returns that the Retirement System has had over the last few years. Please note, however, that this does not necessarily signal the beginning of a long-term downward trend in the rate.

It is important to note that the Retirement System's new entrant employer contribution rate, a 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, and could be considered a long-term expected ECR. If year after year the plan's actuarial assumptions are exactly met, including the 8.0% target investment return, the ECR would tend toward this long-term expected rate. The ECR has not been as high as 12% in over 19 years, primarily due to very strong investment returns during the 1980s and 1990s.

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

Table with 2 columns: Salary Year and ECR. Rows list years from 1978-79 to 2007-08 with corresponding ECR percentages.