



Summary of the Delegate-Board/Staff Discussion From NYSTRS' 2018 Annual Meeting of Delegates *November 4, 2018*

- Q1:** Is it possible for NYSTRS to push for a better Cost-of-Living Adjustment (COLA) for System retirees? Perhaps by reducing the time period for eligibility and improving the inflation rate?
- A:** The COLA calculation is set in statute and any changes would need to be addressed legislatively. Your bargaining unit (NYSUT) lobbies for legislative changes; NYSTRS simply administers the laws and programs in place.
- Q2:** Approximately one-third of our workforce is approaching retirement age in the next five to seven years. Are there efforts being made to promote greater tier equity to encourage people to join the profession? Tier 6 is not as attractive for recruiting new teachers.
- A:** NYSUT directly addresses legislative changes such as this and expects to include tier equity provisions in its legislative program.
- Q3:** As a follow up to tier equity, have we begun to see downward pressure on employer contributions because of Tier 6 member contributions, which range from 3% to 6%? And what would be the actuarial impact of enacting tier equity with Tiers 5 and 6?
- A:** The higher contributions collected from many Tier 6 members have so far been offset by the fact Tier 4 members stop contributing once they reach 10 years of service or credit. However, as more Tier 4 members retire and more Tier 6 members join, there will be downward pressure on the employer contribution rate.
- NYSTRS has not projected tier equity costs associated with Tiers 5 and 6.
- Q4:** Could I roll my 403(b) plan into NYSTRS to supplement my pension? What is the outlook for a retirement incentive in the next year?
- A:** The law does not allow for 403(b) or other similar plans to be rolled into NYSTRS.
- Regarding a possible retirement incentive, that is a topic more appropriately addressed by the bargaining unit. NYSTRS is not aware of any plans to introduce such a bill.
- Q5:** Has the Board discussed divestment, specifically from gun and ammunition companies?
- A:** As the retirement fund representing New York state public school teachers, we are mindful of balancing fiduciary duties with concerns pertaining to divestment. As stakeholders, NYSTRS influences change in a company through responsible corporate governance. The NYSTRS Board maintains a formal proxy voting policy which, among other objectives, attempts to promote responsible corporate policies and activities. The System uses its proxy voting rights to its fullest potential.

Q6: Does NYSTRS determine the annual Employer Contribution Rate (ECR)? If so, is it possible for districts to set aside money each year so they are insulated when economic conditions warrant an increased ECR?

A: The ECR (the percentage of member payroll employers contribute to NYSTRS) is determined annually by the System through an actuarial valuation of NYSTRS' assets and liabilities. The NYSTRS Board adopts the rate each year at its summer Board meeting. As of this Delegates Meeting, there is no provision in the law enabling schools to save monies in a reserve fund to offset their ECR payments.

[Update: Chapter 59 of the Laws of 2019, signed into law April 12, 2019, allows certain eligible participating employers of NYSTRS the option to establish a retirement contribution reserve sub-fund and thereby set aside funds in one year to defray the required employer contribution payable to NYSTRS in another year. The funds set aside in a fiscal year cannot exceed 2% of the total compensation/salaries of all NYSTRS members in their employ for the immediately preceding fiscal year, with an overall reserve sub-fund balance cap of 10% of the same.]

Q7: The retirees in my district are seeking a pension deduction for health insurance. Is that possible, and if so, could you share it with retirees across the state should they have the desire to do so?

A: Section 167, Paragraph 3 of the Civil Service Law allows retirees to request, in writing, the deduction of health insurance payments from their pensions if insurance is provided through the New York State Health Insurance Plan (NYSHIP). If your district does not offer NYSHIP or if you have further questions, see your local bargaining unit representative.

Q8: The topic of identity theft and insurance for identity theft is in the news. All of us in this room have sensitive information stored with NYSTRS. How does NYSTRS handle cybersecurity?

A: NYSTRS is committed to protecting member data and the computer systems on which we store this information. We have many rigorous information security measures in place and we are vigilant about keeping pace with the latest information security trends and tools. We routinely assess all our electronic systems to be sure we are using the latest controls.

Security controls for our online member portal, MyNYSTRS, include two-factor authentication and stringent password requirements. Additionally, a third-party entity performs an annual vulnerability assessment and penetration test of all our online applications, including MyNYSTRS and the Employer Secure Area.

Staff is also regularly trained on the importance of protecting member data.

Q9: Thank you all for the work you do for us. NYSTRS sets the bar when it comes to public pensions. Have other states approached you to see what you are doing and what they can do differently?

A: We take great pride in providing our members with a secure pension and superior customer service. Each state follows its own statutory requirements for administering their public retirement plan, but we belong to several national organizations – such as the National Association of State Retirement Administrators and the National Council on Teacher Retirement – that foster communication between peer retirement systems.