

**New York  
State  
Teachers'  
Retirement  
System**

**Focusing on Your FAS**

**2019 Annual Delegates Meeting**



# About NYSTRS

New York State Teachers' Retirement System (NYSTRS) was established in 1921 by an act of the state legislature

NYSTRS is the second largest public retirement system in the state of New York and one of the 10 largest in the nation



# NYSTRS is a 401(a) Defined Benefit Plan

Benefits are based on:

- Service credit
- Tier and age at retirement
- Final average salary (FAS)



# FAS ... What Is It?

The component of the pension calculation that is based on member earnings

Tiers 3 – 5: The average of a member's three highest consecutive years of regular salary, whenever they occurred in their salary history for duties involving the supervision and instruction of students

Tier 6: The average of a member's five highest consecutive years



# Did You Know ?

There is usable and unusable compensation

Tier-specific limitations apply to how the FAS is calculated



## The FAS Can Include ...

Regular compensation which covers the instruction and supervision of students such as coaching, chaperoning, clubs, etc.....



# The FAS Cannot Include .....

Any form of non-regular compensation such as bonus payments, or payments members receive in lieu of health insurance

**OR**

Termination pay such as local retirement incentives, payments for unused sick leave or any payments made to members in anticipation of retirement



# FAS Salary Increase Limitations by Tier





# What is Your Tier?

- Tier 3: Date of membership between July 27, 1976 through August 31, 1983
- Tier 4: Date of membership between September 1, 1983 and December 31, 2009
- Tier 5: Date of membership between January 1, 2010 and March 31, 2012



Salary increases exceeding **10% above the average of the previous two years' salaries cannot be included in the 3-Year FAS**

# Tier 6: Date of Membership On or After April 1, 2012



The same general rules that apply to a 3-Year FAS are in effect with the following changes:

- Tier 6 members are eligible for a 5-Year FAS
- Earnings greater than the New York State Governor's salary, currently \$200,000, cannot be included in the FAS calculation

## Tier 6, Continued...

- For members with multiple employers and 200 or more days of service with a single employer, pensionable earnings are limited to the two highest-grossing positions per school year
- Salary increases exceeding **10% above the average of the previous four years' salaries cannot be included**



# FAS Test Years

Although NYSTRS uses the three highest consecutive full years of salary for Tiers 3 through 5, the System actually looks at five consecutive full years

SCHOOL YEAR ENDING
JUNE 30, 2019
JUNE 30, 2018
JUNE 30, 2017
JUNE 30, 2016
JUNE 30, 2015



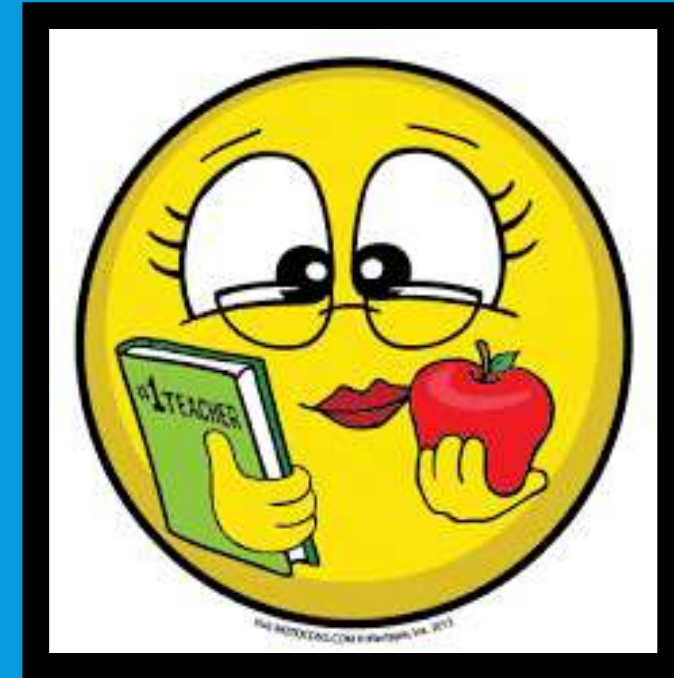
The amount usable for 2017 cannot exceed 10% above the average for 2016 and 2015

# A Recent Retiree

Ms. Emily Emoji is a Tier 4 member of our System who retired July 1, 2019 with 30 years and 4 months of service credit

SCHOOL YEAR ENDING	SALARY EARNED
JUNE 30, 2019	\$83,000
JUNE 30, 2018	\$82,000
JUNE 30, 2017	\$81,000

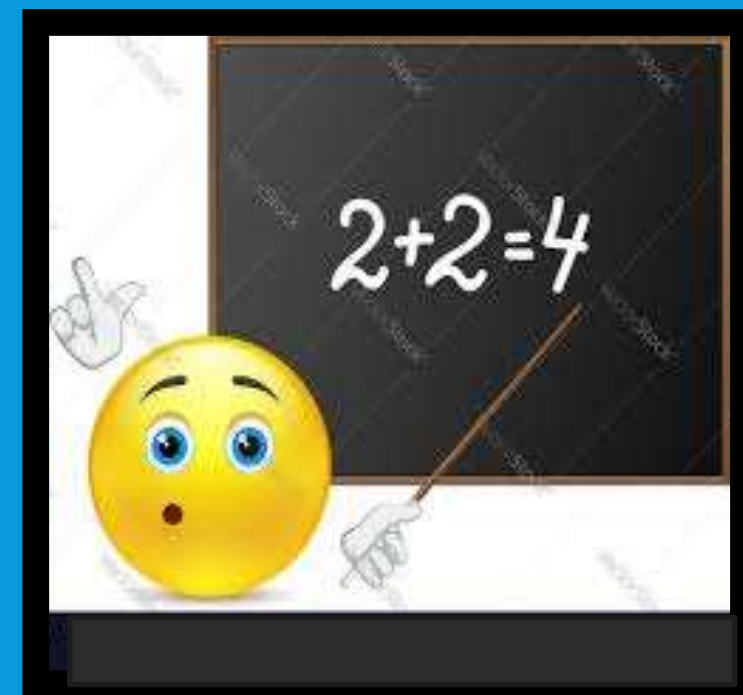
The following three examples will show us how earning or not earning higher pensionable salaries in the years immediately prior to retirement could impact her FAS



# Salary Limitation Example 1

## Tiers 3-5

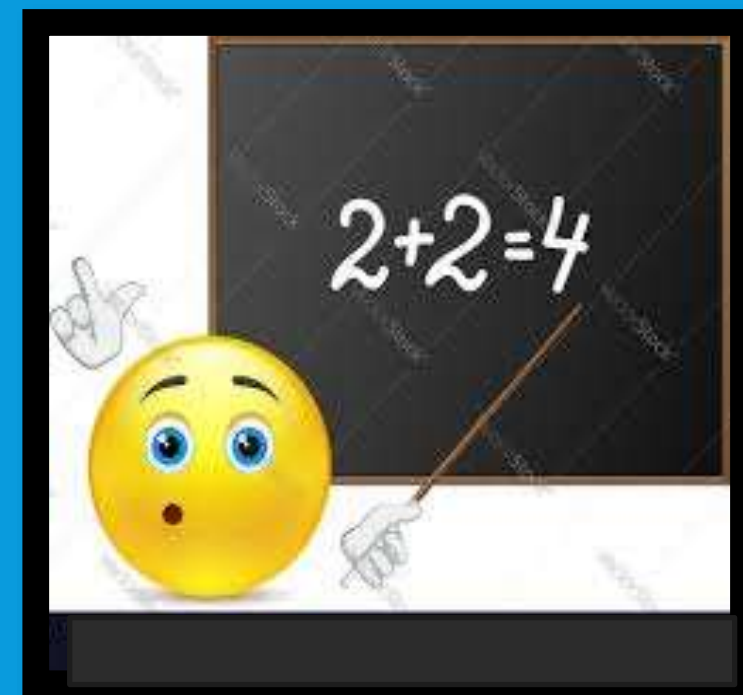
SCHOOL YEAR ENDING	SALARY EARNED	SALARY LIMITATION	EARNINGS USED
JUNE 30, 2019	<b>\$83,000</b>	\$89,650	<b>\$83,000</b>
JUNE 30, 2018	<b>\$82,000</b>	\$88,550	<b>\$82,000</b>
JUNE 30, 2017	<b>\$81,000</b>	\$88,000	<b>\$81,000</b>
JUNE 30, 2016	\$80,000		
JUNE 30, 2015	\$80,000		



# Salary Limitation Example 1

## Tiers 3-5

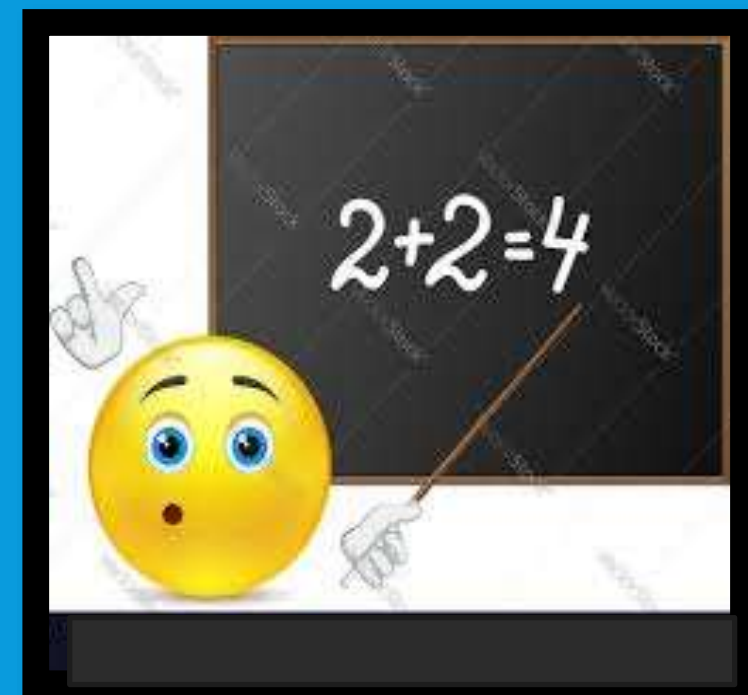
SCHOOL YEAR ENDING	SALARY EARNED	SALARY LIMITATION	EARNINGS USED
JUNE 30, 2019	<b>\$83,000</b>	\$89,650	\$83,000
JUNE 30, 2018	<b>\$82,000</b>	\$88,550	\$82,000
JUNE 30, 2017	<b>\$81,000</b>	\$81,000	\$81,000
JUNE 30, 2016	\$80,000		
JUNE 30, 2015	\$80,000		



# Salary Limitation Example 1

## Tiers 3-5

SCHOOL YEAR ENDING	SALARY EARNED	SALARY LIMITATION	EARNINGS USED
JUNE 30, 2019	<b>\$83,000</b>	\$89,650	\$83,000
JUNE 30, 2018	<b>\$82,000</b>	\$88,650	\$82,000
JUNE 30, 2017	<b>\$81,000</b>	\$88,000	\$81,000
JUNE 30, 2016	\$80,000		
JUNE 30, 2015	\$80,000		



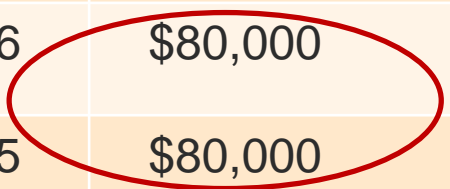
3-Year FAS  $\$81,000 + \$82,000 + \$83,000 / 3 = \$82,000$



# Salary Limitation Example 2

## Tiers 3-5

SCHOOL YEAR ENDING	SALARY EARNED	SALARY LIMITATION	EARNINGS USED
JUNE 30, 2019	<b>\$93,000</b>	\$100,650	<b>\$93,000</b>
JUNE 30, 2018	<b>\$92,000</b>	\$94,050	<b>\$92,000</b>
JUNE 30, 2017	<b>\$91,000</b>	\$88,000	<b>\$88,000</b>
JUNE 30, 2016	\$80,000		
JUNE 30, 2015	\$80,000		



# Salary Limitation Example 2

## Tiers 3-5

SCHOOL YEAR ENDING	SALARY EARNED	SALARY LIMITATION	EARNINGS USED
JUNE 30, 2019	<b>\$93,000</b>	\$100,650	\$93,000
JUNE 30, 2018	<b>\$92,000</b>	\$94,050	\$92,000
JUNE 30, 2017	<b>\$91,000</b>	\$88,000	\$88,000
JUNE 30, 2016	\$80,000		
JUNE 30, 2015	\$80,000		



# Salary Limitation Example 2

## Tiers 3-5



SCHOOL YEAR ENDING	SALARY EARNED	SALARY LIMITATION	EARNINGS USED
JUNE 30, 2019	<b>\$93,000</b>	\$100,650	\$93,000
JUNE 30, 2018	<b>\$92,000</b>	\$94,500	\$92,000
JUNE 30, 2017	<b>\$91,000</b>	\$88,000	\$88,000
JUNE 30, 2016	\$80,000		
JUNE 30, 2015	\$80,000		

3-Year FAS  $\$88,000 + \$92,000 + \$93,000 / 3 = \$91,000$

# Salary Limitation Example 3

## Tiers 3-5



SCHOOL YEAR ENDING	SALARY EARNED	SALARY LIMITATION	EARNINGS USED
JUNE 30, 2019	<b>\$93,000</b>	\$100,650	<b>\$93,000</b>
JUNE 30, 2018	<b>\$92,000</b>	\$99,550	<b>\$92,000</b>
JUNE 30, 2017	<b>\$91,000</b>	\$99,000	<b>\$91,000</b>
JUNE 30, 2016	\$90,000		
JUNE 30, 2015	\$90,000		

# Salary Limitation Example 3

## Tiers 3-5

SCHOOL YEAR ENDING	SALARY EARNED	SALARY LIMITATION	EARNINGS USED
JUNE 30, 2019	<b>\$93,000</b>	\$100,650	\$93,000
JUNE 30, 2018	<b>\$92,000</b>	\$99,550	\$92,000
JUNE 30, 2017	<b>\$91,000</b>	\$99,000	\$91,000
JUNE 30, 2016	\$90,000		
JUNE 30, 2015	\$90,000		



# Salary Limitation Example 3

## Tiers 3-5



SCHOOL YEAR ENDING	SALARY EARNED	SALARY LIMITATION	EARNINGS USED
JUNE 30, 2019	<b>\$93,000</b>	\$100,650	\$93,000
JUNE 30, 2018	<b>\$92,000</b>	\$99,650	\$92,000
JUNE 30, 2017	<b>\$91,000</b>	\$99,000	\$91,000
JUNE 30, 2016	\$90,000		
JUNE 30, 2015	\$90,000		

3-Year FAS  $\$91,000 + \$92,000 + \$93,000 / 3 = \$92,000$

# Recap

In Example 1, Ms. Emoji did not earn any extra salary the last five full years of teaching  
FAS - \$82,000

In Example 2, Ms. Emoji earned a higher salary for the last three full years of teaching; some limitations applied  
FAS - \$91,000

In Example 3, Ms. Emoji earned a higher salary for the last **five** full years of teaching; **NO** limitations applied  
FAS - \$92,000



# Part-Time Employment or Mid-Year Retirement

For members retiring mid-year or with less than full-time service prior to retirement, those partial years are combined to form full-time equivalents

NYSTRS will build a year

Building full years of earnings using lower earnings from previous years can result in a lower FAS





# 3-Year FAS Retiring Mid-Year

SCHOOL YEAR ENDING	SALARY EARNED
JUNE 30, 2019	\$46,500
JUNE 30, 2018	\$92,000
JUNE 30, 2017	\$91,000
JUNE 30, 2016	\$90,000
JUNE 30, 2015	\$90,000

SCHOOL YEAR ENDING	SALARY EARNED
JUNE 30, 2019	<b>\$46,500</b>
JUNE 30, 2018	\$92,000
JUNE 30, 2017	\$91,000
JUNE 30, 2016	\$90,000
JUNE 30, 2015	\$90,000



# Building Year One

SCHOOL YEAR ENDING	SALARY EARNED
JUNE 30, 2019	<b>\$46,500</b>
JUNE 30, 2018	<b>\$92,000 / 2</b>
JUNE 30, 2017	\$91,000
JUNE 30, 2016	\$90,000
JUNE 30, 2015	\$90,000

SCHOOL YEAR ENDING	SALARY EARNED
JUNE 30, 2019	\$46,500
JUNE 30, 2018	<b>\$46,000</b>
JUNE 30, 2017	\$91,000
JUNE 30, 2016	\$90,000
JUNE 30, 2015	\$90,000



Half year of salary earned in 2019 is added to half of 2018 = 1 year

$$\$46,500 + \$46,000 = \$92,500$$

# Building Year Two



SCHOOL YEAR ENDING	SALARY EARNED
JUNE 30, 2019	\$46,500
JUNE 30, 2018	<b>\$46,000</b>
JUNE 30, 2017	\$91,000
JUNE 30, 2016	\$90,000
JUNE 30, 2015	\$90,000

SCHOOL YEAR ENDING	SALARY EARNED
JUNE 30, 2019	\$46,500
JUNE 30, 2018	\$46,000
JUNE 30, 2017	<b>\$45,500</b>
JUNE 30, 2016	\$90,000
JUNE 30, 2015	\$90,000

Half of 2018 earnings is added to half of 2017 = 1 year

$$\$46,000 + \$45,500 = \$91,500$$

# Building Year Three

SCHOOL YEAR ENDING	SALARY EARNED
JUNE 30, 2019	\$46,500
JUNE 30, 2018	\$46,000
JUNE 30, 2017	<b>\$45,500</b>
JUNE 30, 2016	\$90,000
JUNE 30, 2015	\$90,000

SCHOOL YEAR ENDING	SALARY EARNED
JUNE 30, 2019	\$46,500
JUNE 30, 2018	\$46,000
JUNE 30, 2017	\$91,000
JUNE 30, 2016	<b>\$45,000</b>
JUNE 30, 2015	\$90,000



Half of 2017 earnings is added to half of 2016 = 1 year

$$\$45,500 + \$45,000 = \$90,500$$

# FAS Full-Year vs. Mid-Year

SCHOOL YEAR ENDING	SALARY EARNED
JUNE 30, 2019	\$93,000
JUNE 30, 2018	\$92,000
JUNE 30, 2017	\$91,000
JUNE 30, 2016	\$90,000
JUNE 30, 2015	\$90,000

SCHOOL YEAR ENDING	SALARY EARNED
JUNE 30, 2019	<b>\$92,500</b>
JUNE 30, 2018	<b>\$91,000</b>
JUNE 30, 2017	<b>\$90,500</b>
JUNE 30, 2016	\$90,000
JUNE 30, 2015	\$90,000



3-Year FAS Full-Year:  $\$91,000 + \$92,000 + \$93,000 / 3 = \$92,000$

3-Year FAS Mid-Year:  $\$90,500 + \$91,500 + \$92,500 / 3 = \mathbf{\$91,500}$

# Mid-Year Retirement's Impact on Maximum Annual Benefit

	FAS		PENSION FACTOR	MAXIMUM ANNUAL BENEFIT
FULL YEAR	\$92,000	X	0.6067	\$55,816
HALF YEAR	\$91,500	X	0.6000	\$54,900
				<b>\$ 916</b>

$$\$55,816 - \$54,900 = \$916$$

Ten Years ..... \$9,160

Twenty Years ..... \$18,320

Thirty Years ..... \$27,480



# Here is the Scoop!

Defined benefit calculation will be based on service credit, tier status, age at retirement and FAS



FAS, or final average salary, is the component of the benefit calculation based on highest consecutive **full** years of usable salary – three years for Tiers 3-5 and five years for Tier 6

Not all compensation is usable, and tier-specific limitations may apply

# More Scoop!

When calculating a three-year FAS, NYSTRS will look at five years

Part-time employment prior to retirement or retiring mid-year can result in a lower FAS

NYSTRS reviews contracts and will make needed adjustments in cases where employers misreport non-pensionable earnings as regular salary


W2's will not equal earnings reported to NYSTRS – salaries used in FAS reflect school year earnings July 1<sup>st</sup> through June 30<sup>th</sup>





# NYSTRS Resources





**NYSTRS**  
New York State Teachers' Retirement System  
10 Corporate Woods Dr., Albany, NY 12211  
NYSTRS.org NYSTRS Mobile App  
Inquiries: (800) 348-7298, M-F, 8:30-4:15

## Benefit Profile Ending June 30, 2019

**Retirement Board**

David P. Keefe President  
Michael J. Nasse Vice President  
Sheila Sullivan Buck  
Paul J. Faraglia  
Stephen P. Feehan  
Ron Gross  
Dr. Phyllis S. Harrington  
Daniel J. Hogarty Jr.  
Dr. L. Oliver Robinson  
Nicholas Smirensky

Thomas K. Lee  
Executive Director & CEO

Mary Member  
1 Any Street  
Anywhere, NY 00000-0000

**Personal Snapshot and Pension Benefit Calculation for Tier 4**

Date of Membership: 09/01/1983      Tier: 4      Your EmpID: XXXXXXXX  
 Total Service Credit (as of 6/30/19): XX Year(s), X Month(s)  
 Pension Projection for 07/01/2020 (using the Maximum option; see pg. 2): \$XX,XXX.XX Per Year  
 Lump Sum In-Service or Vested Death Benefit (see pg 3):  
 Designated Beneficiary(ies) for Death Benefit: Primary-Contingent.

Your Maximum Annual Pension = Your Pension Factor x Age Factor (if applicable) x FAS

**Pension Factor:** This is determined by your service credit, which you earn per school year (7/1 – 6/30).

- If you retire with less than 20 years of service, your pension factor is 1.67% per year.
- If you retire with 20-29 years, your pension factor is 2% per year.
- For 30+ years, you receive 60% + 1.5% per year of service above 30.

Service Credit for 2018-19	Total Service Credit
1 Year	XX Year(s), X Month(s)

**Age Factor:** If you retire before 62 with less than 30 years credit, your pension factor is multiplied by an age factor.

Age Factor (prorated by month)	55	56	57	58	59	60	61	62+
(If < 30 Years of Service)	73%	76%	79%	82%	85%	88%	94%	No Factor

**Final Average Salary (FAS):** Your FAS is the average of your three highest consecutive school years of regular salary earned for instruction and supervision of students, excluding increases above 10% of the previous two years' average.

- Partial years are combined to form full-time equivalents.
- If you work part time or retire mid-school-year, earnings at a lower salary could result in a lower FAS.
- We review contracts and make needed adjustments (e.g., if your employer misreports payments as regular earnings).
- W2s report by calendar year and won't equal your school year earnings.

Regular Salary Reported	2018-2019	2017-2018	2016-2017	2015-2016	2014-2015
(For Last Five School Years)	\$XXX,XXX	\$XXX,XXX	\$XXX,XXX	\$XXX,XXX	\$XXX,XXX

Check your Benefit Profile every year for accuracy

- Service Credit ✓
- Beneficiary Designation ✓
- Reported Salary ✓

# Check Us Out Online

The screenshot shows the NYSTRS website interface. At the top, there are navigation tabs for BENEFITS, RETIREMENT PLANNING, ABOUT US, LEGISLATION, HEADLINES, and a SEARCH bar. Below these are sections for Active Members, Retirees, Delegates, and Employers. The 'MyNYSTRS Login' button is circled in orange. Below the navigation, there is a search bar labeled 'I'm looking for...' and a 'FORMS' dropdown menu, also circled in orange. The main content area is titled 'Videos' and features a large image of a tablet displaying the word 'Video'. To the right of the main content is a 'Library' sidebar with a list of categories: Pension Education Toolkit, General Reference, Publications, Videos (circled in orange), Member Information, General Education, and Infographics. At the bottom of the main content area, there is a 'Contact Us' button with an arrow, circled in orange, and contact information: (800) 348-7298 and communit@nystrs.org. At the bottom left, there is a 'Member Information' section with the text 'Learn about benefits and retirement readiness.' and a 'General Education' section with the text 'Learn more about NYSTRS.'



- Create a MyNYSTRS account
- Publications
- Videos
- Forms
- Contact us

Have Questions?    Need Help?

Give NYSTRS a Call



General information (Albany area)                          (518) 447-2900

General information    (800) 348-7298

24-Hour automated hotline                                  (800) 782-0289  
(hear latest news and order forms/publications)

# Stay In Touch With NYSTRS By Using Our App

Mobile app features include:

- Access to MyNYSTRS
- Dates, locations and directions for benefit consultations and PREP seminars
- Key service milestones for each tier of membership
- Tier-specific pension eligibility information
- Countdown to retirement



# You Are Amazing

