



New York State Teachers' Retirement System

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Stable Contribution Option for Certain NYSTRS Participating Employers

Chapter 57 of the Laws of 2013, Part BB, provides NYSTRS with the opportunity to offer a seven-year stable contribution option (SCO) to BOCES and public school districts in New York State. Governor Cuomo signed the bill into law March 29, 2013. At a special meeting held April 9, the NYSTRS Retirement Board unanimously approved implementation of the plan.

Following is a summary of the law's provisions for eligible employers electing to participate.

Year	Stable Rate ¹ (per statute)	Applicable Payroll (school year)
One	14.0%	2013-14
Two	14.0%	2014-15
Three	16.0% ²	2015-16
Four	16.0%	2016-17
Five	18.0% ²	2017-18
Six	18.0%	2018-19
Seven	18.0%	2019-20

¹ Rates shown are base rates as per statute. The actual rate will include a small additional charge to account for the group life insurance rate (currently 0.13%).

² The law grants the NYSTRS Board discretion to increase the rate by up to 2.0% in year three (to a maximum of 16.0%) and year five (to a maximum of 18.0%) if necessary to meet fiduciary obligations.

A group life insurance rate (currently equal to 0.13% of pay) will be added to the stable rate. In Year One of the SCO, for example, the actual rate used to calculate employer costs will be 14.13%.

Beginning in Year Eight (2020-21) of the SCO, employers will return to paying the actuarially required contribution (ARC) rate as calculated by NYSTRS.

In all years, in addition to payment of required contributions, employers will be responsible to make any remaining payments required as a result of participation in an early retirement incentive program.

Employer Opt-In Period: Employers must file an election to participate with NYSTRS during the period 7/1/2013—6/30/2014. For plan participants, the stable contribution rate will first apply to pension bills collected in fall 2014, applicable to 2013-14 member salaries. NYSTRS will provide election forms only to eligible employers. (**Please Note:** Charter schools, special act districts, community colleges, SUNYs, schools for the deaf and blind, and the New York State Education Department are not eligible to participate.)

Deferred Employer Contribution Amounts:

Actuarially Required Contribution minus Stable Rate Contribution = Deferred Contribution

- The deferred contributions for years one through five will be amortized over a five-year period, with payments beginning in year six.
- The deferred contributions for years six and seven will also be amortized over a five-year period with payments beginning in year eight.
- These deferrals will be collected **in addition to** the required contributions owed for that plan year.

Interest on deferred amounts will be based on the monthly average yield on 10-year U.S. Treasury securities for the 12-month period that precedes August 1 of the applicable deferred year, plus 1%.

Opt Out and Reconciliation: Employers electing to participate will have the opportunity to opt out of the stable contribution plan at any time. Those opting out will resume payment of the ARC and will be required to begin repaying any deferred amount over a period not to exceed five years, with interest calculated in the same manner as previously described.

80% Funded Status Threshold: Should NYSTRS' funded status fall below 80% the SCO will terminate and all participating employers will resume paying the actuarially required contribution. Participating employers will be required to resume payment of the actuarially required contribution and, in addition, payment of any outstanding deferred contributions, plus interest, over a period not to exceed five years.

(See accompanying chart)

Stable Contribution Option (Chapter 57 of the Laws of 2013)

Plan Year	Base Stable Rate ¹	Actual SCO Rate	Estimated Actuarially Required Rate	Percentage of TRS Member Payroll Deferred	Repayment	
2013-14 (Yr. 1)	14.0%	14.13%	16.25%	2.12%	N/A	
2014-15 (Yr. 2)	14.0%	TBD	Estimated rate available Feb. 2014	TBD	N/A	
2015-16 (Yr. 3)	16.0% ²	TBD	Estimated rate available Feb. 2015	TBD	N/A	
2016-17 (Yr. 4)	16.0%	TBD	Estimated rate available Feb. 2016	TBD	N/A	
2017-18 (Yr. 5)	18.0% ²	TBD	Estimated rate available Feb. 2017	TBD	N/A	
2018-19 (Yr. 6)	18.0%	TBD	Estimated rate available Feb. 2018	TBD	Year 1 of 5-year repayment period for deferred amount (Years 1-5)	
2019-20 (Yr. 7)	18.0%	TBD	Estimated rate available Feb. 2019	TBD	Year 2 of 5-year repayment period for deferred amount (Years 1-5)	
2020-21 (Yr. 8)	N/A	N/A	Estimated rate available Feb. 2020	N/A	Year 3 of 5-year repayment period for deferred amount (Years 1-5)	Year 1 of 5-year repayment period for deferred amount (Years 6-7)
2021-22 (Yr. 9)	N/A	N/A	Estimated rate available Feb. 2021	N/A	Year 4 of 5-year repayment period for deferred amount (Years 1-5)	Year 2 of 5-year repayment period for deferred amount (Years 6-7)
2022-23 (Yr. 10)	N/A	N/A	Estimated rate available Feb. 2022	N/A	Year 5 of 5-year repayment period for deferred amount (Years 1-5)	Year 3 of 5-year repayment period for deferred amount (Years 6-7)
2023-24 (Yr. 11)	N/A	N/A	Estimated rate available Feb. 2023	N/A	Year 4 of 5-year repayment period for deferred amount (Years 6-7)	
2024-25 (Yr. 12)	N/A	N/A	Estimated rate available Feb. 2024	N/A	Year 5 of 5-year repayment period for deferred amount (Years 6-7)	

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