



Resource

May 2018 • NYSTRS.org

COLA Coming in September

Eligible retired members will receive a 1.2% increase in their monthly benefit beginning with the September payment thanks to New York's legislated cost-of-living adjustment (COLA). COLAs help dampen the effects of inflation for retirees.

The 1.2% COLA translates into a maximum monthly increase of \$18. Eligible members receiving an annual benefit under \$18,000 will receive a lesser monthly increase. By law, the COLA is applied only to the first \$18,000 of a benefit.

The 1.2% increase will be effective for the 12-month period beginning in September.

To be eligible for a COLA, you must meet one of the following requirements:

- At least 62 and retired at least five years; OR,
- At least 55 and retired at least 10 years; OR,
- A retiree receiving a NYSTRS disability benefit for at least five years (regardless of age); OR,
- A surviving spouse of an eligible retiree receiving a lifetime benefit. (By law, the spouse receives an increase equal to one-half the COLA the retiree would have received.)

Retirees who become eligible for the COLA after September will receive their adjustment when first eligible.

When the new COLA kicks in, the cumulative maximum monthly increase since New York's COLA legislation was enacted in 2001 will be \$348, or nearly \$4,200 annually.

For more information, see the Retirees > Cost-of-Living Adjustment page at NYSTRS.org.



NYSTRS' Funded Status Just Shy of Nation's Best

NYSTRS was recently ranked second among the nation's top 30 public pension systems in funded status by the publication *Pensions & Investments (P&I)*. Only the Tennessee Consolidated Retirement System, which had a funded ratio 0.9% greater, ranked higher.

As of June 30, 2017, NYSTRS was nearly 98% funded using an actuarial value of assets and virtually 100% funded based on a market value of assets. That's after nearly 100

years of providing pension benefits to the state's public school teachers and administrators.

Overall, NYSTRS was ranked the ninth largest pension system in the nation and the seventh largest public fund by *P&I*.

For a quick overview of the Retirement System's financial and investment information, see the *Popular Annual Financial Report*, found in the Library at NYSTRS.org.

Resource

NYS Teachers' Retirement System

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NYSTRS.org

Office Hours

Monday - Friday: 8:30 a.m. - 4:15 p.m.

Summer Hours:

Monday - Thursday: 8 a.m. - 4:15 p.m.

Friday: 8 a.m. - 12:30 p.m.

Telephone

(800) 348-7298

Albany-Area Calls: (518) 447-2900

Direct Deposit Information	Ext. 6230
Disability	Ext. 6010
Earnings After Retirement	Ext. 6150
General Retiree Information	Ext. 6150
Legislation	Ext. 6200
Lost Checks	Ext. 6160
MyNYSTRS	Ext. 6085
Tax & Withholding Information	Ext. 6120
Report a Death:	
Of a Retiree	Ext. 6140
Of a Retiree's Beneficiary	Ext. 6150

AUTOMATED HOTLINE

(800) 782-0289

Form and Publication Requests
Latest News 24/7

Note to Members: We are legally obligated to ensure members and beneficiaries are informed about their NYSTRS benefits. *Resource* is used for this purpose. Therefore, we are unable to honor requests to be removed from our distribution list. You may subscribe to receive *Resource* electronically through MyNYSTRS.

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How to Change Your Tax Withholdings

Tax season has come and gone, but it's never too early to think about next year's filings.

Recent changes in federal tax withholdings as a result of revised tax tables introduced in January may have you considering altering your 2018 withholdings. If so, you'll need to complete and submit a new *W-4P Withholding Election and Certificate*. You'll find the form under Forms > Retiree Forms at NYSTRS.org.

If you have a MyNYSTRS account, you can make the change online and avoid having to file a paper form.

For more information on taxes and your pension, including a link to the revised tax tables, see Retirees > Taxes & Estate Planning at NYSTRS.org. The tables help you determine how much NYSTRS would withhold from your benefit payment under various scenarios.

Please Note: NYSTRS staff cannot offer tax advice. Please consult a tax advisor or the IRS directly if you have questions about your personal tax liability.

Attention Windows XP, IE 8 Users

If you use the Windows XP operating system or version 8 or lower of Internet Explorer to browse the web, you will no longer be able to visit NYSTRS.org. For security reasons, we are discontinuing access to our website via these products.



Our site will continue to support the following Microsoft products:

- Windows operating systems of Vista or newer;
- Web browsers Internet Explorer 9 or higher; and,
- The Microsoft Edge web browser.

NYSTRS also supports Apple products and other popular web browsers, such as FireFox.

If you are a Windows user, here's how to confirm what version you are running:

Windows 8 and 10:

1. Go to the Windows Desktop screen.
2. Press the Windows key + R on the keyboard.
3. Type "winver" in the text field and press Enter.

Windows 7 and earlier:

1. Click the Start button, usually found in the lower left corner of the main Desktop screen.
2. Click the Run or Search field, type "winver" and press Enter.

If you use an Internet Explorer web browser, here's how to confirm what version you are running:

1. Open Internet Explorer.
2. Click "Help" in the Menu bar, or click the Tools button in the top right corner of your browser.
3. Click "About Internet Explorer." The version you are using will be displayed.

PAFR Summarizes NYSTRS' Story

If you want a quick overview of the Retirement System's financial and investment information, we have just the report for you: the *Popular Annual Financial Report* (PAFR).

The PAFR summarizes in eight pages complex financial information from our *Comprehensive Annual Financial Report* (CAFR) – a 142 page publication – in a manner that is more useful to those without a background in public finance.

The 2017 PAFR is found on our website (NYSTRS.org). Hover over the "I'm Looking For..." heading found near the top of any page then click on Annual Reports. This is the third year the System has produced the PAFR, which uses graphics and brief narratives to educate.

Last year's version of our PAFR received the Government Finance Officers Association (GFOA) Award for Outstanding Achievement in Popular Annual Financial Reporting for its illustration of the investment performance of the System by using charts, graphs and narrative to simplify complex data.

You may request a printed version of the PAFR by contacting the System's Public Information Office at news@nystrs.org or by calling (800) 782-0289.

If you're curious for more numbers and statistics, visit the Infographics page and the Pension Education Toolkit on our website.



Working in Retirement? Know the Rules

Having a part-time job in retirement to supplement your NYSTRS benefit is common. With few exceptions, you can earn up to a legislated limit – currently \$30,000 per calendar year – in public employment without it impacting your NYSTRS pension. (There is no limit if you are working in the private sector or beginning in the calendar year you turn 65.)

Exceeding the public employment earnings limit, however, can have its consequences.

Unless your public employer has obtained a waiver allowing you to exceed the earnings limit, earning in excess of \$30,000 within a calendar year will:

- Cause NYSTRS to suspend your pension for the remainder of the calendar year.
- Require you to pay back any pension monies received for the period of time you exceeded the earnings limit.

If you anticipate in advance that you will exceed the \$30,000 earnings limit, you have two options:

1. Voluntarily suspend your pension for the rest of the calendar year by sending us a written request.
2. Stop working prior to reaching the earnings limit.

NYSTRS will send you reminders about the earnings limit when our records show you hit the 50% (\$15,000) and 100% (\$30,000) thresholds. (As noted in the January edition of this newsletter, if you work in public employment in retirement you should report your calendar-year earnings to NYSTRS annually using the form *Reporting Your New York Public Employment Earnings* (RMS-64.1). The information you report will be reconciled with what your employer(s) report.)

Please note that the \$30,000 limit applies even if your public employer is contracting for your services through a private, third-party entity. Under this scenario, you are still working in public service.

Still have questions? Call us at (800) 348-7298, Ext. 6150.

MyNYSTRS Account Reminder



Do we have your current contact information?

Each time you login to your MyNYSTRS account, take a moment to confirm your info is current. Make any necessary updates under Manage Account > Manage Contact Information.



Do we have your personal email address?

Be sure we have your personal email address (as opposed to a work email).



Did you know?

The Welcome page of your MyNYSTRS account shows the last time you logged in? Check the date and time of your last login, which is displayed at the top of your account Welcome page. It's always a good idea to confirm that information is accurate.

The Employer Contribution Rate (ECR): How Schools Contribute to Pension Funding

NYSTRS is one of the best-funded public pension plans in the nation. As of June 30, 2017, the plan was nearly 98% funded using an actuarial value of assets and virtually 100% funded based on a market value of assets. Receipt of required contributions and a disciplined investment approach are keys to the fund's health.

What is the employer contribution rate (ECR)?

The ECR is a percentage of payroll that an employer must contribute to the Retirement System for each of its teachers and administrators who are NYSTRS members. For example, let's say a school employs 100 NYSTRS members; it contributes a percentage of those 100 members' salaries to NYSTRS. How much a school contributes from year-to-year varies based on the calculated ECR. For the 2017-18 school year, the ECR is 9.80%. In 23 of the past 29 years, the ECR was in single digits.

Why are these contributions needed?

Providing NYSTRS members with a secure pension is a shared responsibility. The funds needed to pay benefits come from three sources:

1. Return on NYSTRS investments
2. Member contributions
3. Employer contributions

Over the past 30 years, 84% of these funds have come from earnings on investments. Another 2% came from member contributions. The rest came from employer contributions. Across all public pension plans over the same period, 61% of total income came from investments.*

Generally, the more the System earns on its assets, the less required from school districts (i.e., employers). Conversely the less earned on assets, the more required from schools.

Why is the next ECR increasing when investment returns have been strong?

There are many factors that go into calculating the ECR, such as shifting life expectancies, salary changes and people working longer. NYSTRS periodically revises the assumptions used to calculate the ECR to ensure they are aligned with expectations for the future.

One of these assumptions, the System's assumed rate of return on investments, was recently lowered because the long-term forecasts provided by NYSTRS' investment advisors call for lower future returns. This, along with other gains and losses, caused a slight rate increase – less than 1.0% of member payroll – to the next ECR, projected to be 10.63% for 2018-19 salaries.

NYSTRS Keeps Costs to Schools Manageable.

Collecting and investing contributions throughout a member's career (which often spans 30 years or more) is the most efficient and cost-effective way to fund public pensions. By prudently investing funds to achieve optimal long-term returns, the System honors its commitment to keep costs to schools as low as possible while adequately funding member benefits into the future.

*NASRA (National Association of State Retirement Administrators) Issue Brief: Public Pension Plan Investment Return Assumptions (February 2018)

Don't be fooled!

Want facts about your public pension?

Get them from NYSTRS, not an imposter offering a free meal!



Questions about your benefits?
Call (800) 348-7298 to speak
with a certified NYSTRS representative.

Members Work Long and Hard to Earn Pensions

Statistics provide perspective, context and detail. The numbers in the chart below provide these about retired NYSTRS members and the benefits they receive.

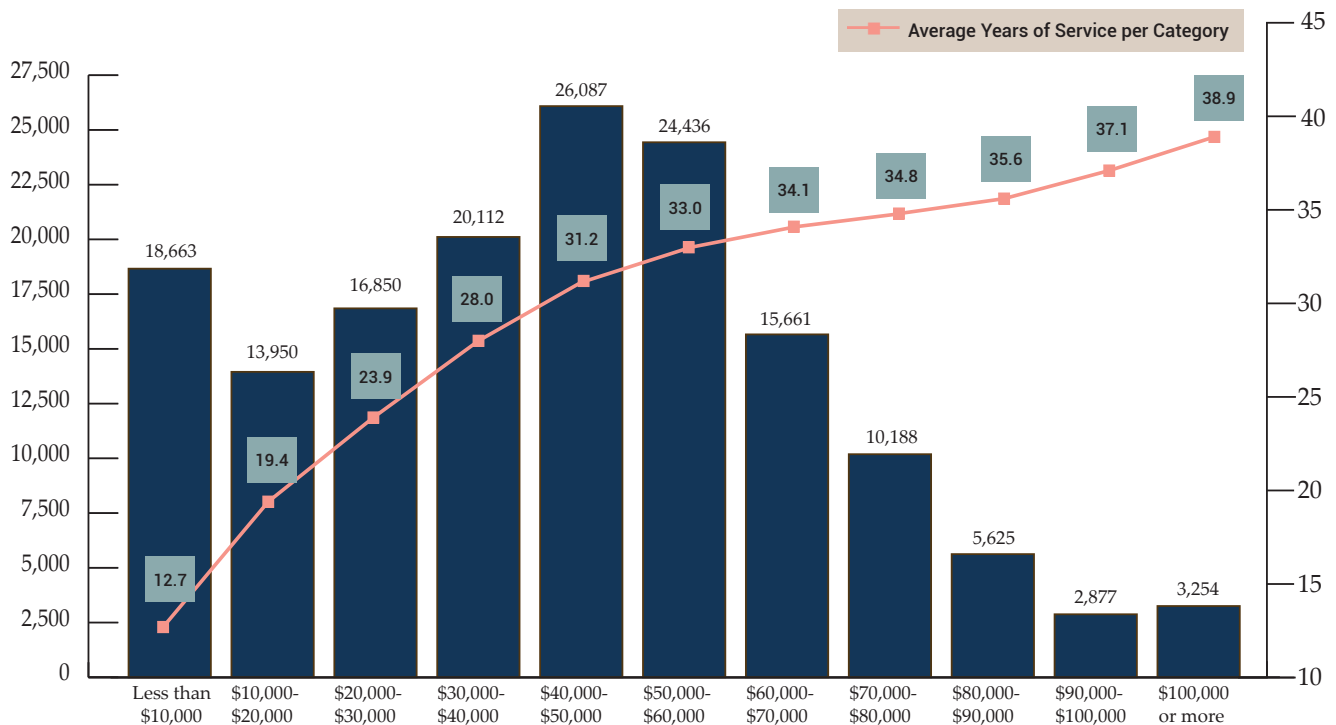
The chart shows more than half (56%) of those receiving a NYSTRS retirement benefit worked 30 years or more to earn it. The largest percentage of those who retired with 30+ years of service receive between \$40,000 and \$60,000 annually – hardly the financial windfall claimed by opponents of defined benefit plans like the one administered by NYSTRS.

About one-third of our retired members receive \$30,000 or less per year.

Six-figure pensions make headlines, but less than 2.0% of those receiving a NYSTRS pension earn \$100,000 or more – and those that do worked an average of almost 40 years to qualify.

Overall, the average annual benefit for all service retirees is \$41,703. This represents about 54% of a member's final average salary at retirement.

**New York State Teachers' Retirement System
Distribution of the Annual Benefit* of All Retired Members**
- as of June 30, 2017



*Maximum annual retirement benefit including supplementation and COLA.



Beware of callers identifying themselves as NYSTRS representatives and asking you to provide bank account or other personal information, such as date of birth, Social Security number or NYSTRS EmplID. Protect your identity and assets; don't share personal information.



News You Can Use

Keep Your Address Current

If you change your place of residence, please remember to notify NYSTRS. Among the items you'll no longer receive if the address we have on file for you is not current are your *Retired Member Profile*, your year-end tax statement and this newsletter.

Address changes must be reported to us in writing and they must contain your signature. We cannot accept address change requests over the telephone or by email. However, if you have a MyNYSTRS account – and more than 65,500 of our retired members do – you can submit your address change electronically.

If you don't have an account, complete and mail the *Member Name/Address Change* (GRE-50) form found on the Retiree Forms page of NYSTRS.org. You can also request that a copy be mailed to you by calling our Hotline at (800) 782-0289 and leaving a message. (Be sure to leave the form name, as well as your name and the address to which you'd like the form mailed.)

If you are a so-called snowbird and maintain more than one residence, complete and submit a *Seasonal Address Change* (RET-2) form. As long as the addresses remain unchanged, you will only need to file this form once. This form is also available from the Retiree Forms page of our website or by calling our Hotline.

Can You Update Your Beneficiary?

Retired NYSTRS members often ask if they can change their beneficiary in retirement. The answer is... it depends.

If you selected the Maximum at retirement, there is no payment to a beneficiary. If you selected a survivor or pop-up option, which provides a lifetime payment to one beneficiary only, you cannot change your beneficiary once 30 days have elapsed from your date of retirement.

You can change your beneficiary only if (1) you are a Tier 2-6 member with a Paragraph 2 in-service death benefit that was in effect at retirement, or (2) you selected a lump sum or guarantee period option, providing the coverage is still in effect.

To change your Paragraph 2 beneficiary, you must file a properly completed and notarized *Designation of*

Beneficiary (NET-11.4) form with the System. To change a lump sum or guarantee period beneficiary, file a properly completed and notarized *Designation of Beneficiary for Retirees Who Elected a Guarantee Period Option* (RMS-5.3) form or a *Designation of Beneficiary for Retirees Who Selected a Lump Sum Option* (RMS-5) form.

All forms are available on the Retiree Forms page at NYSTRS.org or by calling the NYSTRS Hotline at (800) 782-0289.

If you have a MyNYSTRS account, you can view your current beneficiary information online. Beneficiaries are also listed on your *Retired Member Profile*, which you receive each fall. A copy of the *Profile* is also available within MyNYSTRS.

NYSTRS Offers Checklist for Grieving Family Members

We know this is not a pleasant topic but does your family know what to do about your NYSTRS pension when the time comes?

No one likes talking about death, but it is important families know what to do when a member passes. *When a Loved One Passes* is a checklist created by NYSTRS to assist in ensuring proper notifications are made at the time of death. Working through this checklist will ensure benefit payments to eligible beneficiaries are not delayed.

When a Loved One Passes is found in the Library at NYSTRS.org under the Publications > Retirees section. Consider printing out a copy and keeping it with your personal records. This small gesture could be a big help to grieving family members.

Wanted: Mentors for At Risk Youths

Looking for an opportunity to continue serving New York's youth in retirement? Consider giving an hour of your time each week to the New York State Mentoring Program.

Operating out of the state Office of Children and Family Services, the program provides mentors for students identified as at risk of dropping out of school. Originally established in 1984 by former New York First Lady Matilda Raffa Cuomo, the program was relaunched in 2015 by her son, Governor Andrew Cuomo. Mrs. Cuomo serves as chair of the reincarnated initiative.

The program utilizes a one-to-one, school-based approach that leverages the resources of communities, schools and businesses to match youth with screened and trained volunteer mentors. The mentors are charged with helping youths build positive relationships, develop self-esteem and make good life choices.

Mentors are needed statewide. There are no costs associated with becoming a mentor.

For more information, call (212) 383-4708 or email questions to NYSMentoringProgram@ny.gov. Visit ny.gov/mentoring for an application to become a mentor.

Board Meeting Highlights *continued from back page*

April 26, 2018

- **Authorized** separate account agreements with Cabot Properties Inc. and Penwood Real Estate Investment Management LLC to act as U.S. industrial account advisors, subject to the satisfactory completion of due diligence.
- **Approved** the addition of global equity as an asset class (target: 4%; range: 0%-8%) and a corresponding 2% reduction to the target allocations for both domestic equity (new target: 33%; new range: 29%-37%) and international equity (new target: 16%; new range: 12%-20%). All other asset class targets and ranges are unchanged.
- **Renewed** the agreement with Wellington Management Company LLP to manage a portion of the System's fixed income assets in a global aggregate fixed income mandate benchmarked to the Bloomberg Barclay's Global Aggregate Float Adjusted Bond Index in U.S. dollars hedged to the U.S. dollar, for one year, effective June 20, 2018.
- **Renewed** the agreement with Adelante Capital Management LLC to manage a portion of the System's assets by actively investing in securities of real estate investment trusts (REITs) and real estate operating companies (REOCs), for one year, effective July 1, 2018.
- **Renewed** the agreement with Arrowstreet Capital LP to manage a portion of the System's assets as an international equity manager benchmarked to the MSCI ACWI ex-U.S. Index, for one year, effective July 18, 2018.
- **Renewed** the agreement with LSV Asset Management to manage a portion of the System's assets as an international equity manager benchmarked to the MSCI ACWI ex-U.S. Index, for one year, effective July 25, 2018.
- **Approved** a recommendation by the System's Actuary to update the service retirement option factors used in calculating retirement benefits for members retiring on or after May 1, 2018.
- **Approved** the Retirement System's operating budget for the 2018-19 fiscal year.
- **Approved** the Retirement System's audit plan for the fiscal year ending June 30, 2019.
- **Appointed** June M. Yearwood to the Investment Advisory Committee to fill the position vacated by Leonade D. Jones.

SECURITY REMINDER



For your protection, NYSTRS recommends you do NOT release your MyNYSTRS username or password to third parties, such as banks, financial advisors or investment groups. Doing so increases the risk of fraudulent access to your NYSTRS records.

Create Your Member Account Today

Are you a MyNYSTRS member? If not, you should join the more than 65,500 of your fellow retired members who are.

MyNYSTRS is a secure portal that provides online access to items like your benefit payment information, annual *Retired Member Profile*, 1099 tax forms and much more. You can also change your address or correspond with NYSTRS securely through MyNYSTRS.

To create your account, visit NYSTRS.org and click the "MyNYSTRS Login" icon near the top of the page. On the next page select "Register Now!" at the bottom left and follow the step-by-step registration instructions.

Be sure to have your NYSTRS EmplID (found on the *Retired Member Profile* you receive each October and all official correspondence you receive from NYSTRS) and the last four digits of your Social Security Number handy.

Register Now!



Look for this on
the MyNYSTRS login page



NYS Teachers' Retirement System

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Albany, NY 12211-2395



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Facts to Share

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NYSTRS Board Meeting Highlights

January 25, 2018

- **Re-elected** David P. Keefe as president and Michael J. Masse as vice president of the Board.
- **Authorized** a commitment of an additional \$200 million to a separate account managed by Prima Capital Advisors LLC with a mandate to invest a portion of the System's assets in Commercial Mortgage Backed Securities (CMBS), investment grade Real Estate Investment Trust (REIT) bonds, first mortgage loans, mezzanine and/or B-Notes. Additionally, the Executive Director and Chief Investment Officer is authorized to make necessary amendments to the existing agreement with Prima.
- **Authorized** separate account agreements with LSV Asset Management and Harding Loevner LP to manage a portion of the System's assets as active global equity managers benchmarked to the MSCI ACWI Index, for a period of one year, subject to the satisfactory completion of due diligence.
- **Authorized** an agreement with Federal Capital Partners to act as a U.S. multi-family separate account advisor to assist with the acquisition, management and exit of multi-family properties.
- **Renewed** the agreement with Iridian Asset Management LLC to manage a portion of the System's portfolio as an active domestic mid-capitalization equity manager, for one year, effective April 1, 2018.
- **Renewed** the agreement with BlackRock Financial Management Inc. to manage a portion of the System's assets in Commercial Mortgage Backed Securities (CMBS), for one year, effective April 3, 2018.
- **Renewed** the agreement with Ariel Investments LLC to manage a portion of the System's assets as an MSCI ACWI ex-U.S. international equity manager, for one year, effective April 10, 2018.
- **Renewed** the agreement with FIS Group Inc. to manage a portion of the System's assets as a manager of international equity managers benchmarked to the ACWI ex-U.S. Index, for one year, effective April 25, 2018.
- **Authorized** the Executive Director and Chief Investment Officer to renew the agreement with TorreyCove Capital Partners to serve as the System's private equity consultant, for one year, effective May 1, 2018.
- **Approved** amendments to the System's Internal Audit Department charter.
- **Adopted** a resolution honoring Jolene T. DiBrango for her service as a teacher member of the NYSTRS Retirement Board.
- **Adopted** a resolution honoring Leonade D. Jones for her service to NYSTRS as a member of the System's Investment Advisory Committee.

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