See You Online!

We hope you enjoy reading this newsletter. Look for future issues online at NYSTRS.org, as this will be the last edition mailed to you. As noted in previous issues of Your Source, we are discontinuing the print edition as a cost savings, to preserve our natural resources and at the request of many of you.

If you want to receive notifications when new issues are available, login to your MyNYSTRS account, select Manage Accounts > E-Subscriptions and check the “Yes!” box. If you don’t have a MyNYSTRS account, sign up today by clicking the MyNYSTRS Login tab found near to the top of any NYSTRS.org page and look for the Register Now button.

You’ll find future and past issues of this newsletter by visiting our website and selecting Active Members > Your Source.

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 percent funded using an actuarial value of assets and virtually 100 percent 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 (both public and private) 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.

Attend a Summer PREP Seminar

If you're too busy during the school year to plan for retirement, consider attending a Pension & Retirement Education Program (PREP) seminar this summer. It's never too early – or too late – to think about life after teaching.

PREP sessions are designed to help members of all ages with financial planning and preparing for retirement. They are structured so you can tailor the program to fit your needs. You can stay for the entire six-hour seminar or just attend the modules of greatest significance to you at this stage of life.

The day is structured as follows:

- **NYSTRS Benefits**: Your pension, disability coverage, loans, vesting, death benefits. (8:45-10:15 a.m.)
- **Financial Planning**: Saving early, catching up, withdrawals, financial advisors. (10:30-11 a.m.)
- **Social Security**: Benefits, eligibility rules, when to collect, earning limits. (11-11:25 a.m.)
- **Estate Planning**: Wills, trusts, powers of attorney, health care proxies, living wills, long-term care. (11:30 a.m.-12:30 p.m.)
- **Retirement — A New Beginning**: Planning ahead, staying active and healthy, relationships, relocating. (1:30-2:30 p.m.)
- **The Retirement Process**: Retirement options, "resigning" vs. "retiring," choosing a retirement date, retirement checklist, monthly payments, taxes, earnings limitations on NYS public employment. (2:35-3:30 p.m.)
Action! New Video Explains Benefit Calculations

The third installment in a multipart video series on NYSTRS benefits was recently added to the System’s online library.

Titled “Calculation of a NYSTRS Benefit,” the six-minute video breaks down the individual components of the formula used to calculate a service retirement benefit and explains the importance of each. A service benefit is the one most members will receive at the end of their public service careers.

Parts 1 and 2 in the series, each of which run approximately five minutes, were posted on NYSTRS.org in the fall. Part 1 is a helpful overview of all NYSTRS benefits, while Part 2 drills deeper into the topic of service credit. Look for the fourth installment later this year.

Navigate to all three videos by selecting Videos from the Library dropdown menu that appears near the top of any NYSTRS.org page. From the Videos homepage click on Member Information. In addition to the benefits videos you’ll find more than a dozen other items of interest on a variety of topics.

Loan Interest Rate Reduced

The fixed interest rate on loans issued by NYSTRS to eligible Tier 3-6 members will decline by 0.25% effective July 1. The reduction corresponds with the Retirement Board’s decision to lower the assumed rate of return on investments from 7.5% to 7.25%.

The new rate will be 6.25%, down from 6.5%. (The rate for Tier 1-2 members is set in statute and will remain 5.0%.) Additionally, a life insurance premium of 0.10% is charged annually, guaranteeing the loan is fully insured after 30 days. (This guarantee is forfeited should the loan go into default.)

A loan application received on or before June 24 was subject to the higher rate of interest for the length of the loan. Applications received on or after June 25 will be processed July 1 or later, so the lower interest rate will be applied.

For more information on loans from NYSTRS, see the publication Borrowing From Your NYSTRS Contributions, available in the Library at NYSTRS.org. We urge you to read this information carefully before taking a loan because you could face severe tax consequences if you borrow from NYSTRS.
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 2018-19 ECR, projected to be 10.63%.

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)

Pension Ripples Create Economic Waves
NYSTRS distributes about $7 billion in benefits annually to more than 160,000 retired System members and beneficiaries. With 80% of those funds paid to New York State residents, pensions play an important role in state and local economies.

When retirees spend their pensions locally, that spending becomes someone else’s income. That income will also be spent, creating a ripple effect through the larger economy. The multiplier effect that results is impressive.

According to the National Institute on Retirement Security (NIRS), expenditures stemming from New York’s state and local pensions supported:
- About 216,000 jobs that paid some $12.5 billion in wages and salaries;
- $35.3 billion in total economic output; and,
- $8.1 billion in federal, state and local tax revenues.

NIRS estimates that each dollar New York taxpayers “invests” in one of the state’s public pension plans supports $5.29 in total economic activity within the state. This highlights the fact that taxpayer contributions are a relatively small source of financing for retirement benefits. At NYSTRS, for example, 86% of income comes from investment earnings and member contributions.

If you’re curious about total payments made by NYSTRS in your county, see the interactive Benefits Paid by County chart in the Press Room or Pension Education Toolkit at NYSTRS.org. Hover over your county to see total expenditures and the number of retired members and beneficiaries living there.
The Benefits of Purchasing Prior Service

If you worked in New York State public service earlier in your career and did not receive credit for it in one of the state’s public retirement systems, consider purchasing it now and adding it to your total. The earlier you purchase it, the less costly it will be.

Many members make the mistake of claiming the service and not following through with purchasing it. Those who wait may be dismayed to find that the cost to purchase the service is significantly greater than when they first applied for the credit. The reason? Years of accrued interest charges. The shorter the length of time between the time of the service and the time you actually pay for it, the lower the cost.

Purchasing prior service has many advantages. First and foremost, additional credit will typically increase your retirement benefit. Also, the more credit you have, the sooner you reach key benchmarks. For example:

- If you have **five years** of New York State service credit and are a **Tier 1-4** member, you may retire as early as age 55. (**Tier 5 or 6** members need **10 years**.)
- If you have **10 years** of service credit you (1) become eligible to apply for a disability retirement benefit if you cannot continue to work because of an illness or injury and (2) will be covered by a vested death benefit if you leave teaching and die before retirement.
- If you are a **Tier 4** member with **10 years** of service credit or **10 years** of membership, you stop contributing 3% of your salary toward your pension. Prior service credit may enable you to cease these mandatory contributions prior to you achieving 10 years of NYSTRS membership.
- **20 years** of service credit triggers an increase in the pension factor used in **Tier 1-4** and **Tier 6** benefit calculations. (**Tier 5** members need **25 years**.) Increases differ by tier of membership. Refer to the Benefits chapter of the **Active Members’ Handbook** for details.
- If you have **30 years** of service credit and are a **Tier 2, 3 or 4** member, you can retire before age 62 without an age-related reduction to your pension factor. **Tier 5** members may retire without an age-related reduction as early as 57 with 30 years of credit, or at age 62. (**Tier 1** members can retire at any age with **35 years** of credit. **Tier 6** members cannot retire before age 63, regardless of years of service, to qualify for an unreduced benefit.)

**Please Note:** Receiving credit for prior service does not change your date of membership or your tier, unless it is the result of a membership reinstatement or transfer. Also, New York State law does not permit prior service crediting for federal employment or non-public employment, including private or parochial school teaching. Finally, you cannot receive credit for prior service if you are entitled to receive a benefit from another public retirement system for that service.

You are eligible to purchase prior service when you have at least two years of NYSTRS service credit. You can begin the process of applying for prior service before then, but by law it cannot be credited to your membership until you reach the two-year mark.

If you have verified prior service on file with NYSTRS — even if you have not yet purchased it — you can use our online Pension Estimator at NYSTRS.org to run comparative estimates of your future retirement benefit with and without the additional service. Only service verified by former employers and on file with NYSTRS can be used in the calculation. Hypothetical prior service cannot be used to run estimates.

You’ll need an online MyNYSTRS account to use the Estimator, found under the My Tools tab. If you don’t have an account, creating one is quick and easy. MyNYSTRS account holders also have the convenience of submitting their prior service claim online.

Alternatively, you can print a **Prior Service Claim** (PRS-2) form from our website at NYSTRS.org or call our forms Hotline at (800) 782-0289 to request one. In either case, you will need to also send a verification form to your former employer.

Once a claim has been verified and fully processed, those with a MyNYSTRS account can see how much it will cost to purchase the service by selecting the Service Credit tab and then clicking on Cost Summary. In addition to seeing how much it will cost to purchase the service immediately, you’ll also be able to see how delaying the purchase will impact your cost.

The cost to purchase prior service varies by tier. See our publication **You Deserve the Credit** for details or call us at (800) 348-7298, Ext. 6250.

What About Transferring or Reinstating?

If you have service already credited to a membership in another New York State public retirement system and that membership **remains active** although you are not working for an employer reportable to that system, you may elect to transfer the membership to NYSTRS. You should contact both systems before initiating a transfer to ensure this would be best for you.

You may also be eligible to reinstate your former membership (if that membership is no longer active) by filing an **Election to Reinstatement** (RIS-1) form.

Generally, it is to your advantage to be reinstated to an earlier date of membership within the same tier or to a prior tier. However, there are situations where it may not be in your best interest. We urge you to contact NYSTRS at (800) 348-7298, Ext. 6250 to discuss your unique situation.

Reinstatement is irrevocable so you should carefully determine whether reinstatement is advantageous to you before filing an election form.
Know the Rules for Working in Retirement

If you’re retiring in the near future but plan to continue working in retirement, there are some important facts you need to know. The most important: with few exceptions, you can earn up to a legislated limit — currently $30,000 per calendar year — in New York State public employment without it impacting your NYSTRS pension.

If you anticipate exceeding the $30,000 public employment earnings limit during the calendar year, you have three options:

1. Voluntarily suspend your pension for the rest of the calendar year by sending us a written request; or,
2. Stop working in public service prior to reaching the earnings limit; or,
3. Speak with your employer about requesting a waiver (discussed below).

NYSTRS will send you reminders about the earnings limit when you hit the 50% ($15,000) and 100% ($30,000) thresholds, provided the System receives timely earnings reports. Please note that the $30,000 calendar year limit applies even if your public employer is contracting for your services through a private, third-party entity.

You will need to report your public employment earnings to NYSTRS annually using the form Reporting Your New York State Public Employment Earnings (RMS-64.1). The information you report will be reconciled with what your employer reports. In the future, those with a MyNYSTRS account will be able to report earnings online.

Obtaining a Waiver

If you wish to exceed the public employment earnings limit, your employer must obtain a waiver on your behalf from the state entity with jurisdiction over your employment in retirement. Neither NYSTRS nor any other state public retirement system has the authority to grant waivers.

Known as Section 211 waivers, a reference to the section of Retirement and Social Security Law that establishes this provision, they cannot be granted for a period exceeding two years. In most cases, waivers are limited to one year.

Before considering a Section 211 waiver, know that certain restrictions exist, including:

- You must wait one year from your date of retirement before working in the same or similar position from which you retired.
- If you work for a recent former employer in retirement, your earnings in a calendar year are limited to the difference between your final average salary (or, if greater, your final salary) and your maximum retirement benefit.

Unlimited Earnings

If you are under the age of 65, you can have unlimited earnings in any of the following capacities:

- Private employment. (If you are working for and receiving compensation from a business providing services to a NYSTRS participating employer, these earnings must be reported to NYSTRS for a determination.)
- Federal employment.
- Public employment in another state.
- As a consultant for a New York State public employer if your date of membership is prior to May 31, 1973, and your consultant agreement has been received, reviewed and approved by NYSTRS.

Beginning in the calendar year you turn 65, you can have unlimited earnings in all employment — including New York State public employment.

Disability Retirees

If you will receive a disability retirement benefit, you are subject to a separate set of rules not discussed here. Consult with our Disability Unit at (800) 348-7298, Ext. 6010 before starting employment.

Learn more about retirement earnings by reviewing the publication Working in Retirement, available at NYSTRS.org on our Library > Retiree Publications page or by calling our automated Hotline at (800) 782-0289 and requesting a copy be mailed to you.

One final note: The Social Security Administration (SSA) has its own rules for earnings while collecting a Social Security payment. Contact the SSA at (800) 772-1213 for information about these limitations.
Members Embrace Filing For Retirement Online

It’s been nearly 30 years since the mysterious voice in the movie “Field of Dreams” whispered the iconic line “if you build it, they will come.” That prophecy continues to come true today—even at NYSTRS.

Instead of a baseball field NYSTRS built an online retirement application. Just six months after introducing it, almost half of all applications received by the System were filed electronically. By the time you read this, over 2,500 retirement applications will have been filed online in 2018.

In addition to the convenience it offers those retiring, the online application features logic that ensures a step is not inadvertently missed or a mistake is not made that would cause the paper application to be rejected—something not all that uncommon.

The online application is available only to those with a MyNYSTRS account who are age 55 and older. Making the form accessible only via MyNYSTRS, a secure area of the System’s website, ensures personal information is protected.

Filing for retirement electronically eliminates the need to fill out and mail an eight-page paper application. Applicants can also save and store data as they go, allowing them to pick up where they left off at another time. They’ll also have the ability to modify previously completed sections.

To use the online application, members must log into MyNYSTRS, select Online Retirement Application (only visible to those 55 and older) and enter:

- **Date of retirement.** The earliest one can apply for retirement is 90 days prior to the date of retirement.
- **Benefit payment selection.** If an option that provides coverage for a beneficiary is chosen, information about that person must be included.
- **Withholding election** for federal taxes.
- **Direct deposit** information.

The accuracy of the information entered must be confirmed by the user before submitting the application. Other pre-submission messages may also display and need to be addressed.

An acknowledgement email will be sent confirming receipt of the application.

At this time we cannot accept an online retirement application if the member:

- Has an existing retirement application on file;
- Has a domestic relations order;
- Is filing for disability retirement; or,
- Chose an alternative benefit payment option.

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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.

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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.
Tips for Protecting Your PII

In today’s digital world, protecting personal identifying information (PII) is a full-time job both for you and the institutions to which you are associated. Be assured NYSTRS is vigilant in keeping your information secure.

Following are some tips you can use to protect your PII:

- As a general rule, do not include personal and/or sensitive information in emails. An exception would be when using a secure messaging system like the one NYSTRS offers through MyNYSTRS.
- Don’t open attachments in emails sent from people or groups you don’t know. They may contain malicious files that install malware on your device.
- If you get an unexpected email with an attachment from someone you do know, verify that the person actually sent it. The email may actually be from a bad actor posing as the person.
- Never share your usernames or passwords. Doing so increases the risk of fraudulent access to your records.
- Use passwords that are difficult to guess and only you would be likely to know. Increase complexity by using both lower and uppercase letters, numbers and symbols.
- When shopping online, only trust websites with the prefix “https.” If the “s” at the end is missing, the site is not using a secure protocol to encrypt data.

Attend a Summer PREP Seminar continued from page 1

Summer PREP seminar dates and locations can be found at NYSTRS.org. You can access the schedule from our Retirement Planning page.

Seminar registration begins at 8 a.m. There is no fee to attend and your spouse/companion is welcome to attend, but advance reservations are required.

There are two ways to make a reservation:

1. **Online using your MyNYSTRS account.** After logging into your account, select the My Tools > Schedule Appointments page; or,
2. **By calling NYSTRS at (800) 348-7298, Ext. 6180** weekdays between 8:30 a.m. and 4:15 p.m.

When calling for a reservation you must provide your EmplID or Social Security number, email address and home phone number (and the same information for your spouse/companion if (s)he is a member and will attend too).

Bring your latest Benefit Profile with you to the seminar. For the most up-to-date estimate of your retirement benefits, use our online MyNYSTRS Pension Estimator. This tool allows you to create estimates using various retirement dates.

If you make a reservation but cannot attend, please call to cancel so that we can offer this reservation to another member. You can also cancel through your MyNYSTRS account.

PREP seminars often fill quickly, so book early. Can’t attend a seminar now? We begin taking reservations for PREP sessions as follows:

- Mid-September for fall sessions
- Mid-December for winter/spring sessions
- Mid-May for summer sessions

Make the time this summer to attend a PREP seminar. Your future you will thank you later.
INSIDE THIS ISSUE:

NYSTRS Board Meeting Highlights

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 Barclays Global Aggregate Float Adjusted Bond Index in U.S. dollars, for one year, effective June 20, 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.

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Facts to Share

You can modify the size of text on NYSTRS.org using the letter A icons located near the top right of most pages on our website. Please note that the text in PDF files and images will not change using this approach.