



New York State Teachers' Retirement System

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George M. Philip, Executive Director

**ADMINISTRATIVE
BULLETIN NO.**

SUBJECT:

*Employer
Contribution Rate to
be PAID During the
2006-07 School Year*

2004-11

TO: Chief School Administrators
College and University Presidents
School Contacts

DATE: November 2004

Employer Contribution Rate Continues to Increase

*History of the Employer
Contribution Rate (ECR)*

Administrative Bulletin 2004-8, August 2004, informed you that the Retirement Board adopted an employer contribution rate (ECR) of 5.63% of payroll. This rate is applicable to fiscal year 2004-05 NYSTRS member salaries and will be collected in September, October, and November of 2005. Based on preliminary estimates, we anticipate the ECR for next year to be **between 7.5% and 8.5%** of member payroll. This rate will apply to fiscal year 2005-06 NYS-TRS member salaries and collected in the fall of 2006. An administrative bulletin will be provided in February 2005 with a narrower range for the estimate of this ECR.

<u>Salary Year</u>	<u>ECR</u>
1978-79	21.40%
1979-80	22.49%
1980-81	23.49%
1981-82	23.49%
1982-83	23.49%
1983-84	22.90%
1984-85	22.80%
1985-86	21.40%
1986-87	18.80%
1987-88	16.83%
1988-89	14.79%
1989-90	6.87%
1990-91	6.84%
1991-92	6.64%
1992-93	8.00%
1993-94	8.41%
1994-95	7.24%
1995-96	6.37%
1996-97	3.57%
1997-98	1.25%
1998-99	1.42%
1999-00	1.43%
2000-01	0.43%
2001-02	0.36%
2002-03	0.36%
2003-04	2.52%
2004-05	5.63%

We recognize the dramatic impact this rate has on school district budgets. This alert is sent as early as possible for planning and budgeting purposes.

The assets of the Retirement System are prudently diversified and the asset valuation method employed in the actuarial valuation helps dampen market volatility. Although last year's investment return was encouraging, capital market returns over the several prior fiscal years were less than anticipated, leading to required increases in the ECR.

Forecasting exact future employer contribution rates is impossible, due to the many variables involved, such as future investment performance and member demographic experience. In subsequent years, however, the ECR will likely continue to increase, and you should plan on a continued upward trend.

It is important to note that the Retirement System's new entrant employer contribution rate, a hypothetical rate we would charge employers if we started a new Retirement System under the current benefit structure without any assets, is approximately 12% of pay. This rate is a measure of the true cost of the benefit structure, without recognizing the effect of asset gains or losses.

If you have any questions, please do not hesitate to call David Daly, Public Information Officer, at (518) 447-2910.