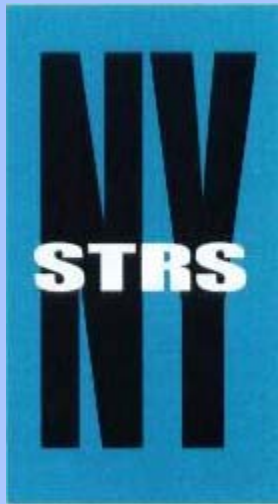


# New York State Teachers' Retirement System

## Presentation Regarding the Employer Contribution Rate



**Richard A. Young**  
**Actuary**

**December 11, 2008**

# Retirement System Income

The Retirement System has three sources of income –

1. Member contributions
2. Employer contributions
3. Investment income



# Breakdown of Income

Over the last 20 years, total NYSTRS income breaks down as –

1. Member contributions - 2%
2. Employer contributions - 9%
3. Investment income - 89%

# *Employer Contribution Rate (ECR)*

- **DETERMINED BY ANNUAL ACTUARIAL VALUATION**
- **PRESENT VALUE OF FUTURE BENEFITS**
- **ACTUARIAL FUNDING METHOD – DETERMINE APPROPRIATE ANNUAL COST**



# *Employer Contribution Rate (ECR) (Continued)*

- **IDEA – SUFFICIENT ASSETS  
ACCUMULATED DURING WORKING  
CAREER SO BENEFIT CAN BE PAID IN  
RETIREMENT**

*(ADVANCE FUNDING)*



# ***ECR - WHERE WE ARE NOW***

- **JUNE 30, 2007 ACTUARIAL VALUATION**
- **EMPLOYER CONTRIBUTION RATE (ECR) = 7.63%**
- **APPLICABLE TO 7/1/08 – 6/30/09 MEMBER SALARIES**
- **PAYABLE IN THE FALL OF 2009**

# ***ECR - WHERE WE ARE GOING***

**The next employer contribution rate –  
Estimated Range**

**June 30, 2008 Valuation**

**Range of: 6.0% to 7.0%**

**Administrative Bulletin 2008-11**

# *Why the Decrease?*



# *2008 Returns – Not So Hot*

## *2007-08 Rates of Return:*

**NYSTRS**

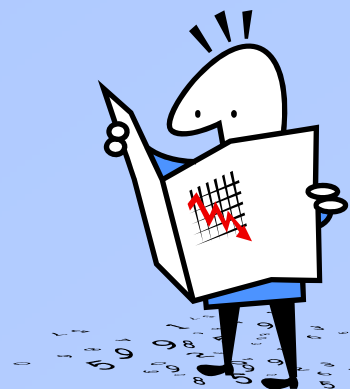
**-6.4%**

**S&P 1500**

**-12.7%**

**EAFE**

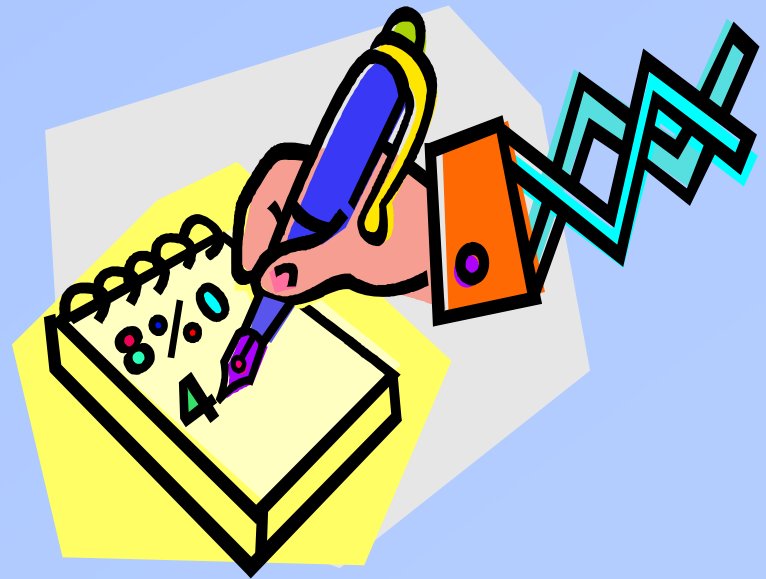
**-10.6%**



# *5-Yr. Average Rate of Return at 6/30/07*

## Market Value

'02 - '03	4.0%
'03 - '04	16.1%
'04 - '05	10.6%
'05 - '06	11.8%
'06 - '07	19.3%
<b>5-yr:</b>	<b>12.3%</b>



# *5-Yr. Average Rate of Return at 6/30/08*

## Market Value

'03 -'04	16.1%
'04 -'05	10.6%
'05 -'06	11.8%
'06 -'07	19.3%
'07 -'08	-6.4%
<b>5-yr:</b>	<b>9.9%</b>



# *Beyond this year, however...*

- **First quarter '08-'09 return approx. -8%**
- **October '08:**
  - S&P 1500: -17.3%**
  - EAFE: -20.2%**
- **November '08:**
  - S&P 1500: -7.5%**
  - EAFE: -5.4%**



*Beyond this year, however...*  
*(continued)*

- **Barring a significant market reversal, next ECR will be higher, likely significantly higher**
- **Key is where we end up at 6/30/09**



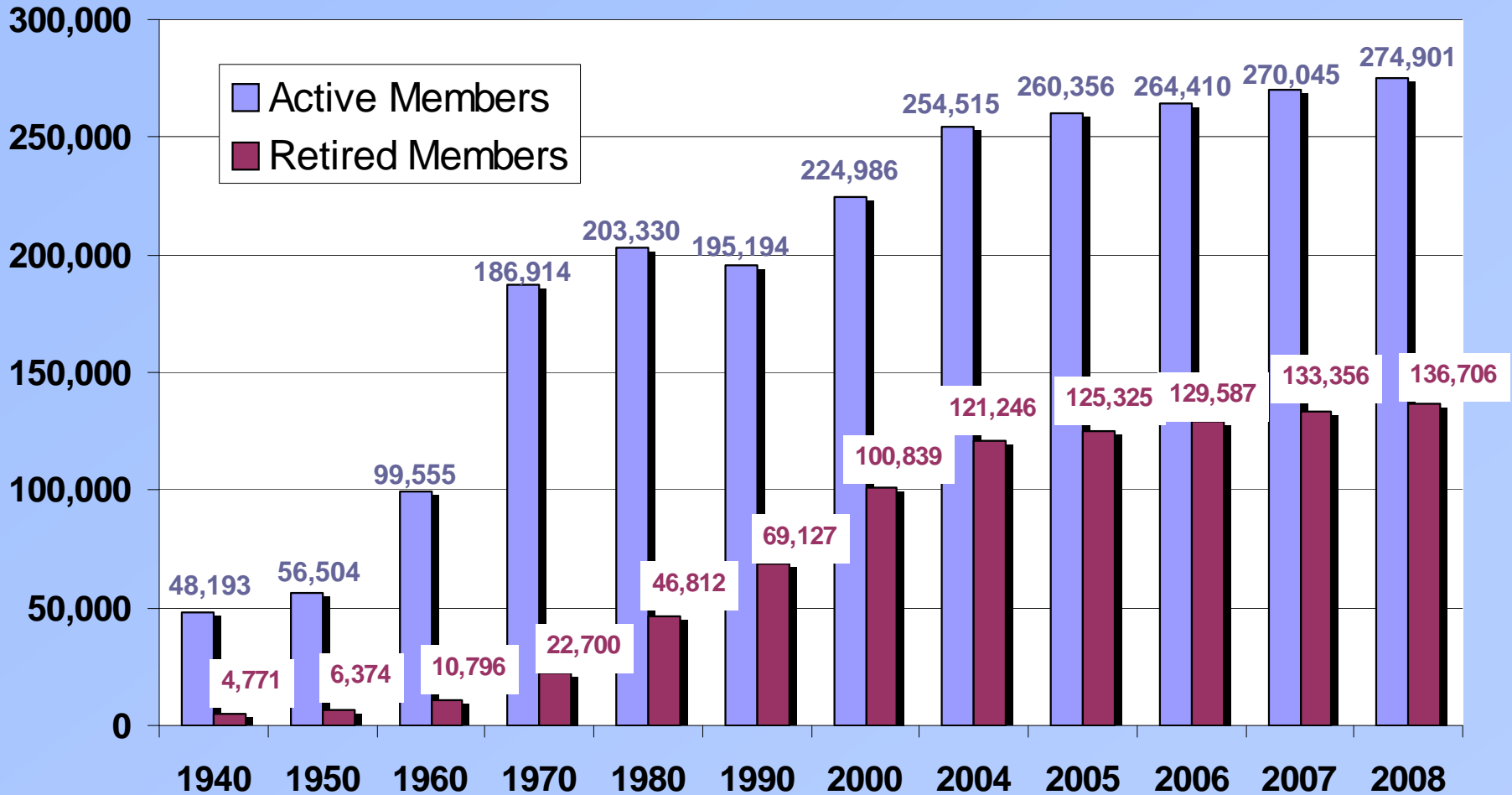
# *Recap – ECR Chronology*

<b><u>Applicable to salaries paid in</u></b>	<b><u>Payable to NYSTRS in</u></b>	<b><u>ECR</u></b>
<b>7/1/08 – 6/30/09</b>	<b>Fall 2009</b>	<b>7.63%</b>
<b>7/1/09 – 6/30/10</b>	<b>Fall 2010</b>	<b>6.0% - 7.0%</b>
<b>7/1/10 – 6/30/11</b>	<b>Fall 2011</b>	<b>??</b>

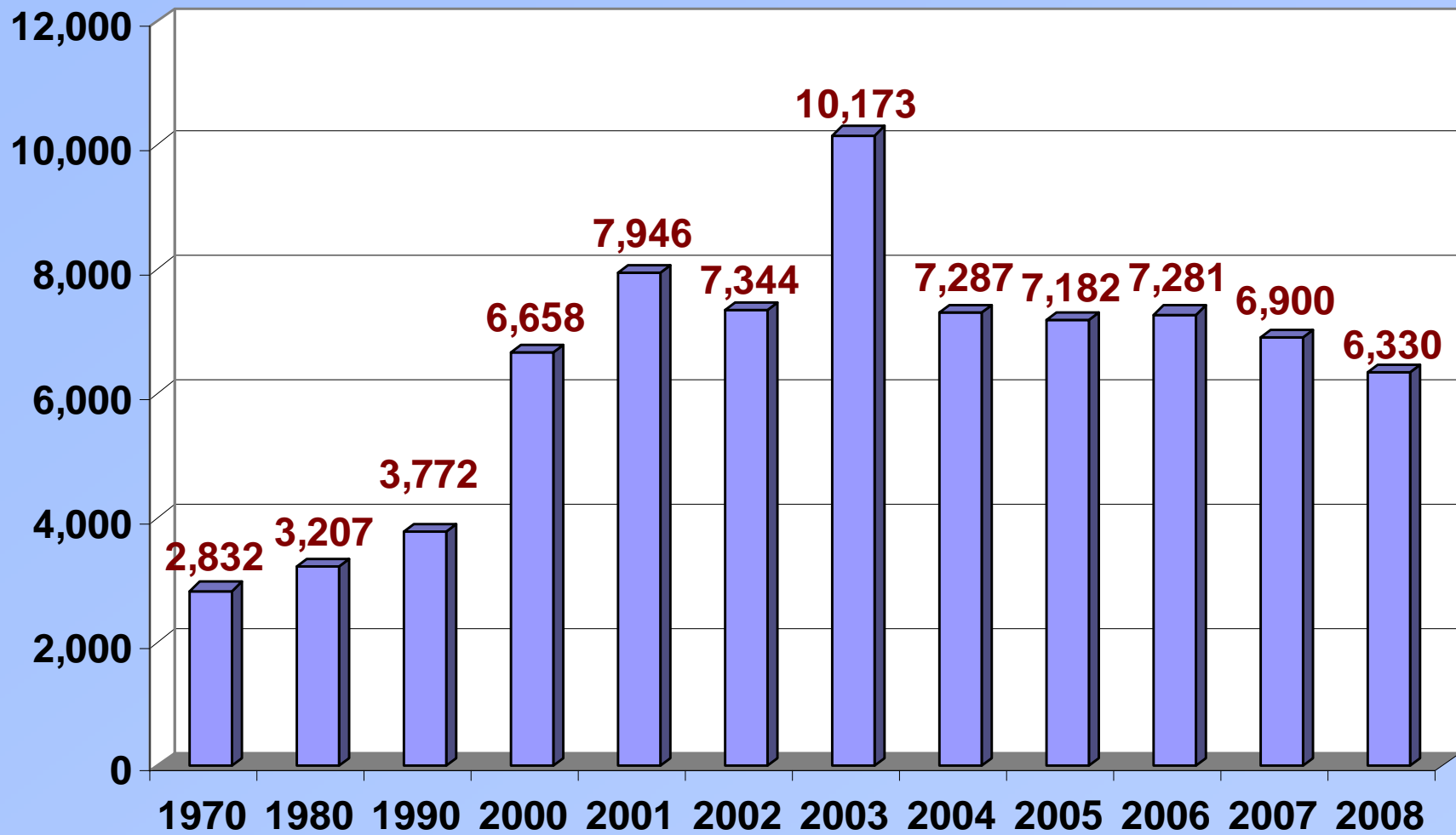
## *ECR - The Last 30 Years*

'79 -'80:	22.49%	'89 -'90:	6.87%	'99 -'00:	1.43%
'80 -'81:	23.49%	'90 -'91:	6.84%	'00 -'01:	0.43%
'81 -'82:	23.49%	'91 -'92:	6.64%	'01 -'02:	0.36%
'82 -'83:	23.49%	'92 -'93:	8.00%	'02 -'03:	0.36%
'83 -'84:	22.90%	'93 -'94:	8.41%	'03 -'04:	2.52%
'84 -'85:	22.80%	'94 -'95:	7.24%	'04 -'05:	5.63%
'85 -'86:	21.40%	'95 -'96:	6.37%	'05 -'06:	7.97%
'86 -'87:	18.80%	'96 -'97:	3.57%	'06 -'07:	8.60%
'87 -'88:	16.83%	'97 -'98:	1.25%	'07 -'08:	8.73%
'88 -'89:	14.79%	'98 -'99:	1.42%	'08 -'09:	7.63%

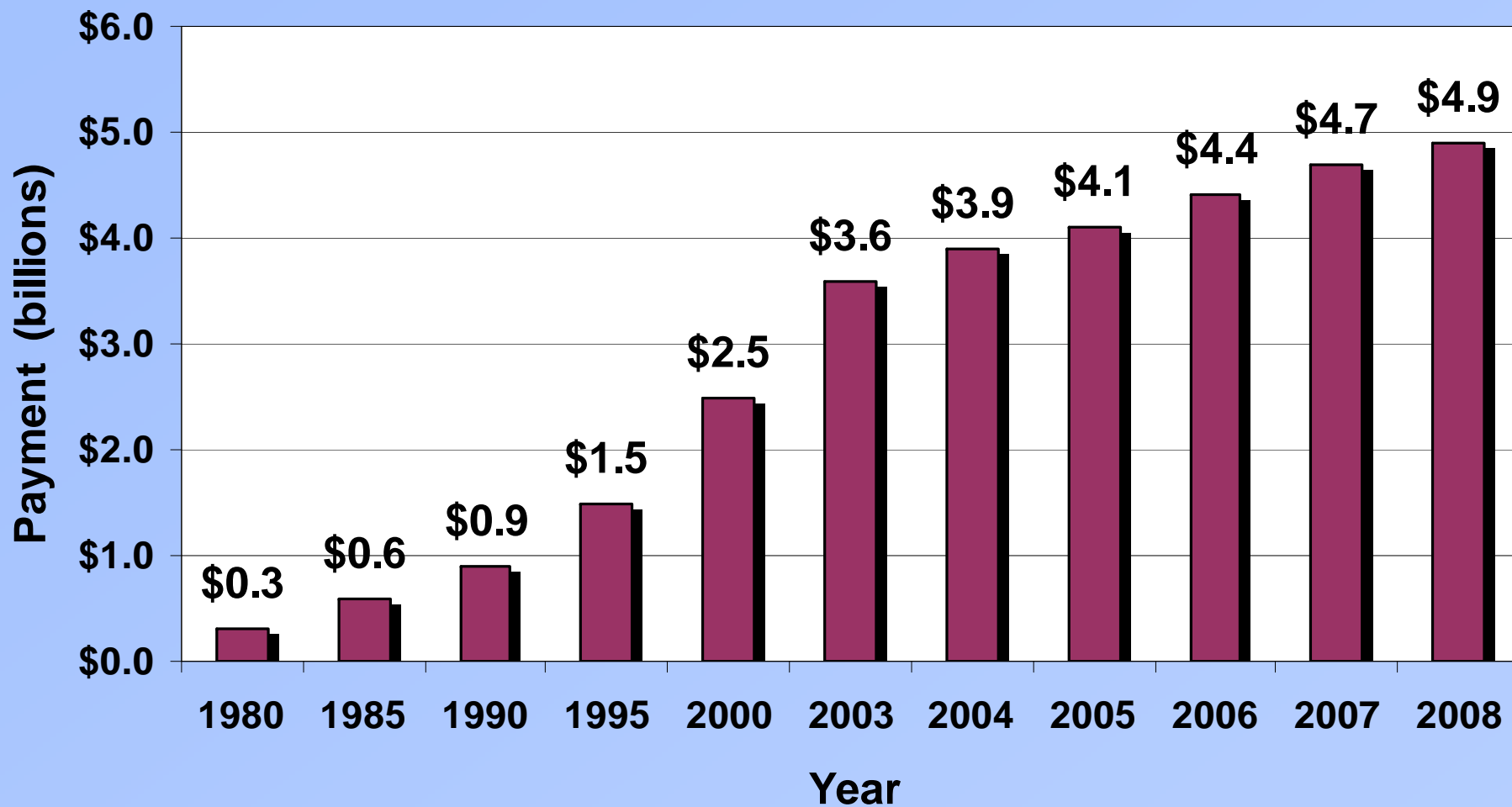
# *Active and Retired Member Counts*



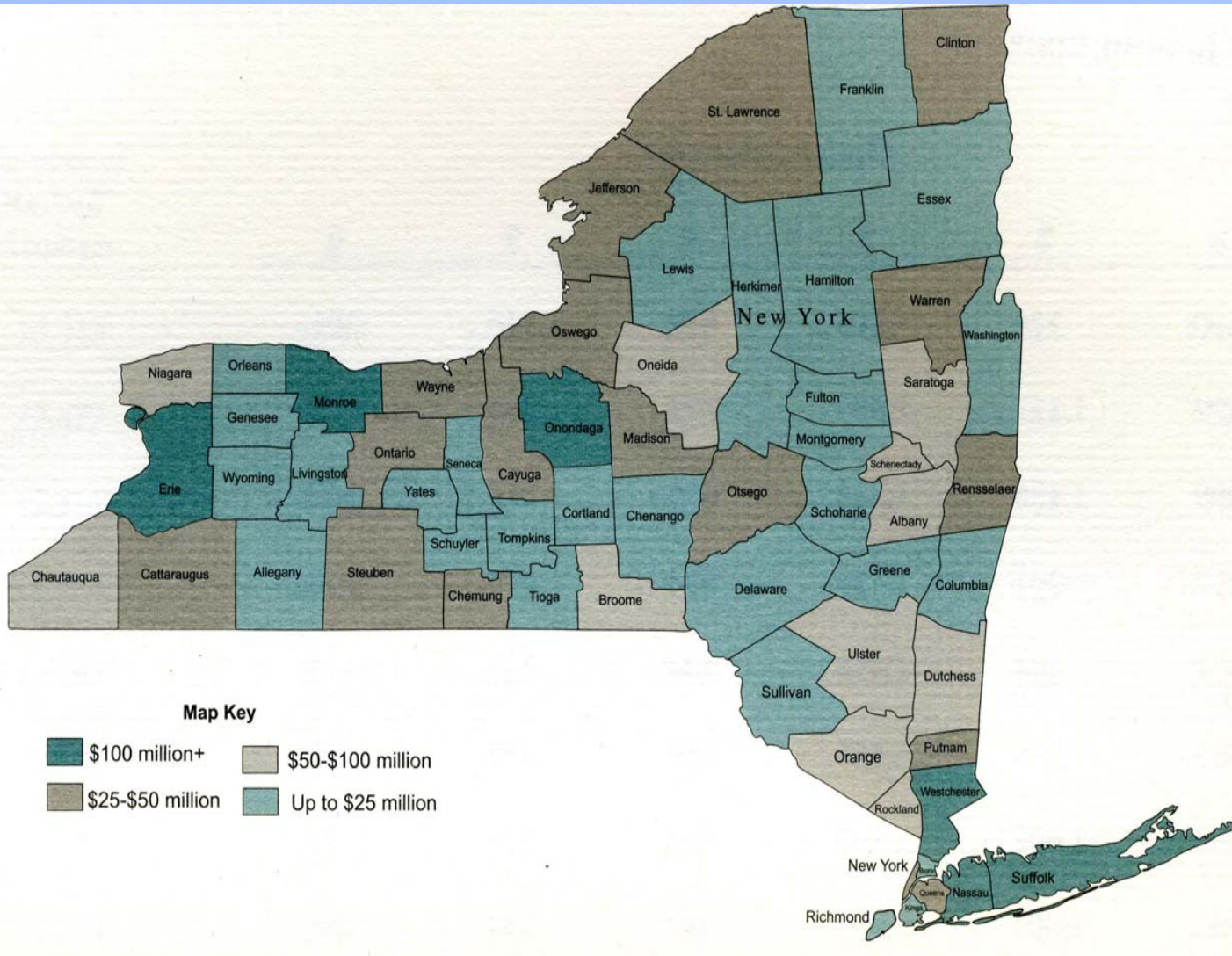
# *Number of Retirements Per Year*



# *Annual Benefit Payments*



## Distribution of Benefits Paid by County as of June 30, 2008



County	Annual Benefit
<u>(Top 20)</u>	<u>Annual Benefit</u>
Suffolk	\$701,128,510
Nassau	362,199,541
Erie	352,093,249
Monroe	242,638,981
Westchester	227,286,377
Onondaga	153,486,314
Dutchess	94,578,940
Orange	93,290,995
Saratoga	88,764,346
Rockland	87,006,022
Albany	83,904,523
Oneida	82,079,602
Niagara	76,272,813
Ulster	69,349,628
Broome	62,886,096
Chautauqua	54,728,641
Schenectady	50,451,885
Ontario	47,467,893
Oswego	42,845,521
New York	42,417,002

For the full list of counties, refer to page 102 in the NYSTRS 2008 Annual Report.

# ***New Retiree - Profile***

***July 1, 2007 - June 30, 2008***

- **6,330 retirees**
- **Average FAS: \$77,066**
- **Average Max: \$45,779**
- **Average age at ret:**  
**58 yrs, 11 mos**
- **Average service at ret:**  
**27 yrs, 8 mos**
- **Addition to payroll: \$290 M**



# *Funded Ratio*

- Ratio of plan assets to liabilities
- Funded ratio at 6/30/07 = 104.2%



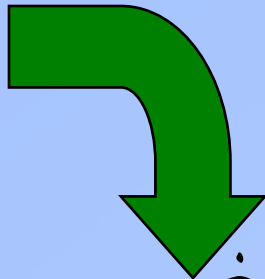
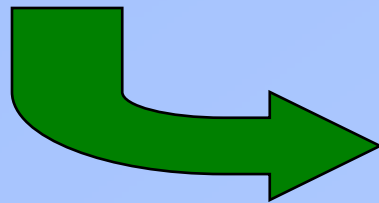
# *Eighteen Year Period:* *1990-2008*

Employer Contributions

**\$9.6 billion**

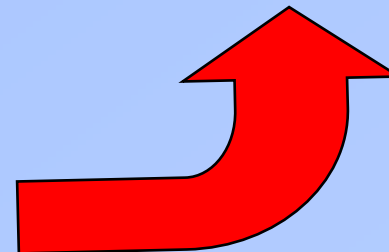
Member Contributions

**\$2.5 billion**



Benefit Payments paid out

**\$48.4 billion**



**Approx. MV of assets – 1990: \$30B**

**Approx. MV of assets – 2008: \$96B**

# *QUESTIONS ?*

