



## **New York State Teachers' Retirement System Response to the Empire Center for NYS Policy Report "New York's Exploding Pension Costs"**

Projecting future employer pension costs is difficult, due primarily to unknown investment returns. For the fiscal year ending June 30, 2010, the System returned 12.1% – more than 50% greater than our assumed 8.0% rate of return. For the 25-year period ended June 30, 2010, our returns have averaged 9.2%, ranging from a high of 28.4% for the fiscal year ended June 30, 1986, to a low of -20.5% resulting from the unprecedented global economic shock in 2008.

Historically, public pension plans have exceeded the assumed rate of return over the long haul. For the 25-year period ended December 31, 2009, public pension plans had a 9.25% rate of return, according to the National Association of State Retirement Administrators (NASRA). It is important to note that this 25-year period included three economic recessions and four years when median public pension investment returns were negative – including the 2008 decline.

Other variables that impact employer pension costs include changes in employment and salary levels, and other demographic factors.

It should also be noted that public pension systems like NYSTRS positively impact the local, state and national economies. According to the National Institute on Retirement Security (NIRS), expenditures from New York State public pensions supported:

- \$24 billion in economic output
- \$4 billion in tax revenue
- 137,000 jobs accounting for \$10.5 billion in income

According to NIRS, each dollar paid in New York State retirement benefits supported \$1.41 in total economic activity. For every dollar contributed by taxpayers toward these pensions, \$9.61 in economic activity was generated.

For more information on public pensions, visit the NASRA and NIRS Web sites at [www.nasra.org](http://www.nasra.org) and [www.nirsonline.org](http://www.nirsonline.org). Also see the NASRA brief "Public Pension Plan Investment Return Assumptions" ([www.nasra.org/resources/InvReturnAssumption\\_Final.pdf](http://www.nasra.org/resources/InvReturnAssumption_Final.pdf)).