

NYSTRS Resource

Fall 2007



for retired members of the New York State Teachers' Retirement System

Keefe To Serve Second Term on Board



David P. Keefe

David P. Keefe of Hempstead, the retired teacher representative on NYSTRS' Board, recently ran unopposed for re-election to a seat on the Board. His new three-year term will begin Jan. 1. Donna A. Martin of Albany is Keefe's alternate.

The 10-member board sets policy and oversees NYSTRS operations. Board members, who serve without compensation, are responsible as fiduciaries to protect the long-term value of the System's more than \$100 billion in net assets and to provide benefit security for members.

Board members represent various constituents, including active and retired teachers, school administrators and school boards. Board trustees are elected or appointed to three-year

terms, with the exception of the State Comptroller or his/her designee, who has no term limit.

First joining the Board in 2005, Keefe currently chairs its Retired Members Committee. He also serves on the Communications, Disability Review, Legislation, and Proxy committees.

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George Philip Retires as Executive Director; Thomas Lee Named to Fill Post

After 37 years of dedicated service to NYSTRS — the last 12 as its executive director and chief investment officer (CIO) — George M. Philip recently retired as executive director. Deputy Executive Director Thomas K. Lee was promoted to the top position by the Board of Trustees.

"We respect George's decision to retire from NYSTRS and we wish him all the best in his future endeavors," Board President Joseph P. McLaughlin said. "During his tenure, George has fostered a culture of excellence, accountability, and teamwork, which is an incredible legacy. We know Tom supports this culture and are confident his leadership qualities will serve us well for years to come."

"Tom has been our deputy executive director for more than a year and in that time has gained extensive knowledge of our organization," McLaughlin added. "Coupled with his previous experience as executive director of the Maryland State Retirement and Pension System, as well as his knowledge of education, finance, investments, and benefits administration, Tom possesses the managerial and leadership qualities to keep NYSTRS moving forward."

Lee becomes only NYSTRS' fifth chief executive officer since the System was established in 1921.



George Philip & Thomas Lee

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2008 Public Employment Earnings Limit Unchanged

If you are a NYSTRS service retiree under the age of 65 working for a New York State public employer in retirement, you may earn up to \$30,000 in calendar year 2008 without it affecting your public pension. If you intend to earn more in public employment, you will need to ask your employer to apply for a waiver on your behalf.

There is no limit to how much you can earn in the private sector, federal government, or public employment outside New York State. If you are age 65 or older, there is no earnings limit in any type of employment.

The \$30,000 public employment limit, determined by the State Legislature, was also applicable to 2007 earnings. As of press time, there was no indication that the limit would be raised for 2008.

Under Section 212 of the Retirement and Social Security Law, you may return to public employment in New York State and earn the legislated amount each calendar year without prior approval from NYSTRS. You also need not report to the System any public employment earnings under that amount.

However, if you unexpectedly earn more than \$30,000 in 2008, you must notify the Retirement System *in writing* no later than the end of the month in which you earn (or expect to earn) more than the limit. Your letter should include your EmplID, gross earnings during the calendar year, and the name of your public employer.

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Published by the
NYS Teachers' Retirement System
10 Corporate Woods Drive
Albany, NY 12211-2395

How to Contact Us

Monday-Friday: 8:30 a.m.-4:15 p.m.
Summer Hours: Mon-Thurs. 8 a.m.-4:15 p.m.
Friday 8 a.m.-12:30 p.m.
(800) 356-3128
447-2900 (Albany-area calls)

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Direct Deposit Info.	Ext. 6230
Retiree Benefit Info. Line	Ext. 2980
Legislation	Ext. 6200
Tax & Withholding Info.	Ext. 6120
Report a Retiree's Death	Ext. 6140
Earnings After Retirement	Ext. 6150
General Retiree Info.	Ext. 6150

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Daniel J. Hogarty Jr.
Rosemary F. Jones
David P. Keefe
R. Michael Kraus
Sheila J. Salenger
Nicholas Smirensky

Thomas K. Lee, *Executive Director*

Fall 2007

Notify us in writing if your address changes.

Reporting 2007 NYS Public Earnings

If you're among those NYSTRS' retirees who worked this year in New York State public employment for an employer that does not report to NYSTRS, you must declare your earnings to the Retirement System. This includes work for New York City public schools or service for non-education-related public employers.

Please report these 2007 public earnings by completing the form below and returning it to NYSTRS by March 31, 2008. If you retired in calendar year 2007, only report the earnings for work that occurred after your date of retirement.

It is not necessary to complete and return the form if you worked for any of the following NYSTRS employers, as your earnings will automatically be reported to us:

- ☐ NYS public school districts (other than those in New York City);
- ☐ NYS Department of Education;
- ☐ NYS community colleges;
- ☐ State University of New York; or,
- ☐ Charter schools participating in NYSTRS.

Earnings Limits

Under Section 212 of the Retirement and Social Security Law, service retirees may return to New York State public employment and earn a designated amount per calendar year, as established by the State Legislature. The earnings limit for 2007 was \$30,000.

You were eligible to earn more than \$30,000 in New York State public employment if you met one of the following criteria: (1) obtained a Section 211 waiver from the entity with jurisdiction over your employment; (2) suspended your NYSTRS retirement benefit; or, (3) joined NYSTRS before May 31, 1973, and you worked as a consultant under a NYSTRS-approved contract.

You may have an unlimited income (and do not need to report earnings to NYSTRS) in the following cases:

- Private or federal employment.
- Public employment outside of NYS.
- Service as an elected official, inspector of elections, poll or ballot clerk, commissioner of deeds, juror, or notary public.
- Work as a consultant for a New York State public employer IF your date of membership is prior to May 31, 1973 AND your contract has been received and approved by NYSTRS.
- All employment (including New York State public service) beginning in the calendar year you turn 65.

Different rules apply to people with a disability retirement. If you receive a disability retirement from NYSTRS, you will receive a separate mailing from the System.

Refer to the System's brochure *Working in Retirement*, available at www.nystrs.org or by calling (800) 782-0289, to learn more about earnings limits and their effect on your NYSTRS retirement benefit. ♦

CLIP AND MAIL EARNINGS FORM

REPORTING YOUR 2007 NEW YORK STATE PUBLIC EMPLOYMENT EARNINGS

Name _____ EmplID or SS# _____

Street _____

City, State, Zip _____

I earned a total of \$ _____ during calendar year 2007 from the following **non-participating public employer(s) in New York State (including New York City)**. Employer(s): _____

Signature _____ Date _____

RETURN TO: NYSTRS, 10 Corporate Woods Drive, Albany, NY 12211-2395

Take Care When Sharing Your Social Security Number

Know Your EmplID When Contacting NYSTRS

Efforts to bilk retirees of their money are nothing new. Consumer fraud disguises itself in many different — and often clever — ways, but the results can be devastating for senior citizens.

Identity theft is the most-common and fastest-growing consumer fraud complaint, affecting approximately 10 million Americans and costing over \$50 billion annually. New York has the eighth-highest per-capita incidence of identity theft in the country, according to the New York State Consumer Protection Board.

The state organization offers many tips for avoiding scams and preventing identity theft. A common theme appearing in its publications and fact sheets is to protect your banking and Social Security information at all costs.

Provide your Social Security number only when absolutely necessary, the Consumer Protection Board advises, and don't write it on checks or include it in e-mails — even those to NYSTRS. Even

giving only your last four digits is considered unsafe. Instead, use another type of identifying number.

As a member of this Retirement System, you have a unique, NYSTRS-specific identification number known as your Employee Identification Number, abbreviated as “EmplID.” This seven-digit number can be found on the *Retired Member Profile* (mailed in November), 1099-R tax form (mailed in January), and in most correspondence you receive from the Retirement System.

NYSTRS urges you to know your EmplID when requesting information about, or changes to, your System account. You should commit this number to memory or keep it in a safe but easily accessible location so you can retrieve it when calling NYSTRS. Doing so will limit the release of your Social Security number while adding another layer of security to your retirement benefit information.

If you find yourself the victim of identity theft, report it immediately to the authorities, the Social Security Administration, banks, creditors and credit bureaus. The following are some additional resources to use if you believe you have been scammed or your identity has been stolen:

- ❖ FTC ID Theft Clearinghouse – 877-IDTHEFT (877-438-4338)
- ❖ Health and Human Services Dept. Administration on Aging – (202) 619-0724
- ❖ National Adult Protective Services Association – (720) 565-0906
- ❖ Social Security Administration Fraud Hotline – (800) 269-0271

Fraud and financial exploitation are major threats to the well-being and independence of seniors. Do your part to ensure you do not become a victim. ♦

Board Meeting Highlights continued from page 6

November 2, 2007

◆ **Approved** a resolution acknowledging retiring NYSTRS Executive Director George M. Philip for his 37 years of exemplary service to the Retirement System.

◆ **Ratified** the action taken by the Retirement Board via mail vote to appoint Cohen & Steers to manage a portion of the System's portfolio by investing in preferred securities issued by real estate investment trusts (REITs) and real estate operating companies (REOCs), and to allocate up to \$100 million to this manager for this purpose.

◆ **Ratified** the following actions taken by the Retirement Board's Finance Committee since the previous Board meeting:

- An investment of \$175 million (a 50% share) in a first mortgage of Financial Square, 32 Old Slip, New York, N.Y.
- A commitment of up to \$100 million to Technology Crossover Ventures VII L.P., subject to the satisfactory completion of due diligence.
- A withdrawal of up to \$150 million from the UBS Real Estate Separate Account (RSEA), subject to the completion of due diligence.
- A withdrawal of up to \$75 million from the Prudential Property Investment Separate Account (PRISA I), subject to the completion of due diligence.
- A \$35 million increase in the System's

mortgage loan for 225-233 Park Avenue South, New York, N.Y.

◆ **Ratified** the following actions taken by the Executive Director since the previous Board meeting:

- An investment of \$75 million, or an amount not to exceed 20% of the fund's capital commitments, in Walton Street Capital Real Estate Fund VI L.P., subject to the satisfactory completion of due diligence.
- An investment of \$75 million, or an amount not to exceed 20% of the fund's capital commitments, in DLJ Real Estate Capital Partners IV L.P., subject to the satisfactory completion of due diligence.
- An investment of \$75 million, or an amount not to exceed 20% of the fund's capital commitments, in Guggenheim Structured Real Estate III L.P., subject to the satisfactory completion of due diligence.
- An investment of \$50 million, or an amount not to exceed 20% of the fund's capital commitments, in CB Richard Ellis Strategic Partners U.S. Opportunity 5 L.P., subject to the satisfactory completion of due diligence.
- An investment of \$50 million, or an amount not to exceed 20% of the fund's capital commitments, in CB Richard Ellis Strategic Partners U.S. Value 5 L.P., subject to the satisfactory completion of due diligence.

• An investment of \$50 million, or an amount not to exceed 20% of the fund's capital commitments, in LaSalle Asia Opportunity Fund III, subject to the satisfactory completion of due diligence.

◆ **Renewed** the agreement with Citigroup Alternative Investments LLC to manage a portion of the System's portfolio as an international (non-U.S.) real estate investment manager, for one year, effective Dec. 1, 2007.

◆ **Renewed** the agreement with EII Realty Securities Inc. to manage a portion of the System's portfolio as an international (non-U.S.) real estate investment manager, for one year, effective Dec. 7, 2007.

◆ **Renewed** the agreement with LaSalle Investment Management (Securities) L.P. to manage a portion of the System's portfolio as an international (non-U.S.) real estate investment manager, for one year, effective Dec. 1, 2007.

◆ **Renewed** the agreement with RREEF America L.L.C. to manage a portion of the System's portfolio as an international (non-U.S.) real estate investment manager, for one year, effective Dec. 1, 2007.

◆ **Renewed** the agreement with State Street Global Advisors to manage a portion of the System's portfolio as a passive international equity manager, for one year, effective Feb. 18, 2008.

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Public Employment Earnings... continued from page 1

Should you exceed the earnings limit, you may be required to repay NYSTRS one day of your retirement benefit for each day you work beyond the limit.

If, on the other hand, you accept a public position in which you know in advance your earnings will exceed the Section 212 limit, you must either suspend your NYSTRS benefit or work under Section 211 of the law. If you work under Section 211, the entity with jurisdiction over your employment must request a waiver. Typically, waivers of up to two years are granted by the Commissioner of Education, New York City School District, New York City Board of Higher Education, college presidents, or the New York State Civil Service Commission.

If a waiver is granted, you generally may have unlimited earnings while continuing to receive your full NYSTRS retirement benefit. However, an exception applies if you return to work for an employer you earned pay from in the two years prior to your retirement and those salaries were used in the calculation of your final average salary (FAS). In this instance, the amount you may earn is the difference between your maximum retirement benefit and your FAS (or, if greater, the salary you would have received had you not retired). ***You cannot renounce previously reported earnings to achieve unlimited earnings in retirement.***

If you're considering returning to work, do your homework to be sure your benefit is protected. Different guidelines apply to people retired under a NYSTRS disability retirement. For more information about earnings in retirement, read our brochure *Working in Retirement*, which is available on the Publications page at www.nystrs.org or by calling (800) 782-0289. ♦

George Philip Retires... continued from page 1

"I thank the Board for this opportunity and their confidence in me, and I am honored to work with such outstanding people," Lee said. "Working closely with the Board, George Philip, and the staff of NYSTRS for the past year has been a tremendous experience, and I have learned first hand why NYSTRS has earned its reputation as a first-class organization."

During Philip's tenure, the System grew to be one of the 10 largest public pension funds in the United States and one of the 25 largest in the world. NYSTRS, which is fully funded, has assets exceeding \$100 billion.

Philip, who recently was named interim president of the State University of New York at Albany, joined the Retirement System as a benefit information representative in 1971. He received numerous promotions at the management/executive staff level, gaining extensive knowledge and experience in investments, pension fund administration, actuarial concepts, member services and benefits.

From 1986 to 1995, he held several executive staff positions, including director of budget and investor relations; chief real estate investment officer; and, assistant executive director/chief investment officer. Raised in Kingston, N.Y. with teaching experience at the former Linton High School in Schenectady, N.Y., Philip was named executive director in February 1995, while retaining the title of chief investment officer.

Lee's public service includes over 13 years with the state of Maryland in various capacities. Lee previously served as executive director of the State Retirement and Pension System, deputy budget secretary for the Department of Budget and Management, assistant state superintendent of education for the State Department of Education, and legislative committee staff and budget analyst for the General Assembly's Department of Fiscal Services.

Lee received his Master of Business Administration from The George Washington University, his master's degree in political science from Temple University, and his bachelor's degree in political science and sociology from Dickinson College. He also received a Harvard University Certificate for the completion of the Senior Executives in State and Local Government Program at the John F. Kennedy School of Government. ♦

Board Highlights...

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- ♦ **Renewed** the agreement with Callan Associates Inc. to act as a general investment, real estate and private equity consultant, for one year, effective Feb. 1, 2008.
- ♦ **Reappointed** David L. Brigham to a three-year term on the Investment Advisory Committee, effective Jan. 1, 2008.
- ♦ **Reappointed** Carol A. Zipkin to a three-year term on the Investment Advisory Committee, effective Jan. 1, 2008.
- ♦ **Reappointed** Herman E. Bulls to a three-year term on the Real Estate Advisory Committee, effective Jan. 1, 2008.
- ♦ **Reappointed** Glen E. Coverdale to a three-year term on the Real Estate Advisory Committee, effective Jan. 1, 2008.
- ♦ **Appointed** James W. O'Keefe to the Real Estate Advisory Committee for the remainder of Brian Reed's unexpired term ending Dec. 31, 2009.
- ♦ **Accepted** the report of KPMG LLC expressing an unqualified opinion of the System's financial statements as of June 30, 2007, and for the 2006-2007 plan year ended on that date.
- ♦ **Authorized** the establishment of a NYSTRS Retired Employee Health Benefits Trust, in accordance with Governmental Accounting Standards Board (GASB) Statements 43 and 45 requirements.
- ♦ **Approved** the System's 2008 legislative program. ♦

In Memoriam

The NYSTRS Board and staff mourn the recent passing of former Board President Kenneth Buhrmaster. The banking and oil company executive died in late September at the age of 92.

He was appointed president of the Board in 1968 and held the position until his 1992 retirement. During that period, Retirement System assets grew from \$1.6 billion to \$38 billion.

Buhrmaster, a life-long resident of Scotia, N.Y., was elected to the Scotia School Board in 1948 and later served as board president. He also is a former president of both the state and national School Board Associations, and was a former trustee of the State University of New York at Albany. ♦

Expect Your Tax Form in Late January

NYSTRS will mail your federal 1099-R form — which will list the gross amount of your benefit paid in 2007, the taxable amount and any federal tax withheld — in late January.

If you had income tax withheld, attach Copy B of the form to your federal tax return; keep Copy C for your records.

If you received a cost-of-living adjustment (COLA) with your September 2007 benefit payment (COLAs take effect each September for eligible retirees), the gross amount listed in Box 1 on the form will reflect your gross benefit as follows:

- Benefit before increase = Payments dated Jan. 31-Aug. 31 (8 months).
- Benefit with increase = Payments dated Sept. 28-Dec. 31 (4 months).

Note to New Retirees

If the figures on your 1099-R are different than what you expected, this is most likely why: Initial benefit payments are based on an *estimate* of the final monthly benefit amount. When your retirement is finalized, you will receive a lump-sum adjustment, which may or may not be paid in the same tax year as your first benefit payments.

As you are taxed only on the income *paid* in any given tax year, the gross amount on your 1099-R may be different than what you expected.

Review your records and call us at (800) 356-3128, Ext. 6120 with any questions. ♦

Update Your Address



In the coming months, many retirees will relocate to warmer locales for the winter.

If you are among these so-called snowbirds, remember to notify NYSTRS of your new address. Doing so will ensure you continue to receive pertinent information regarding your retirement benefits, as well as other important documents, such as your 1099-R tax form.

To update your address, complete and sign the *Retiree Change of Address* form (GRE-52), which you can print from the Forms page of our Web site at www.nystrs.org. You can also call our Hotline at (800) 782-0289 to request the form be mailed to you. ♦



Retired Member Profile Update

If the processing of your application for retirement was complete as of June 30, 2007, you should have received the 2007 edition of your *Retired Member Profile*. The mailing of this one-page summary of your NYSTRS retirement benefits took place in November.

The annual *Retired Member Profile* is a courtesy reminder of your benefits; it should not be used for income tax reporting. You will receive a 1099-R form each January for tax purposes.

If you believe you were eligible for a *Profile* but have not received it by Jan. 1, 2008, please contact us at (800) 356-3128, Ext. 6150. ♦

2008 Benefit Payment Dates



January 31	July 31
February 29	August 29
March 31	September 30
April 30	October 31
May 30	November 28
June 30	December 31

Keefe to Serve Second Term continued from page 1

Keefe spent 37 years teaching 7th and 8th grade Social Studies with Hempstead Public Schools, while also serving as a NYSTRS delegate for 25 years. During his tenure at Hempstead, he served as president of the Hempstead Classroom Teachers Association for 28 years, while also serving on numerous other committees in his district.

He has served on NYSUT's Retirement Committee since 1984 and was a delegate to both NYSUT and the American Federation of Teachers from 1974-2004. Previously, he served for 10 years on the Long Island Presidents Council's Steering Committee, and was the Hempstead representative to the Long Island Federation of Labor. ♦

Others Return To Board

Three other members of the NYSTRS Board were recently re-elected by the constituencies they represent.

Board Vice President Iris Wolfson, a public accountant, and R. Michael Kraus, an insurance executive, were elected by the Board of Regents to new three-year terms. Sheila J. Salenger was re-elected to a seat on the Board at the 2007 Delegates Meeting.

Earlier this year, Daniel J. Hogarty Jr., a bank executive elected by the Board of Regents, and Dr. Michael A. Glover, a school administrator appointed by the state Commissioner of Education, had their terms renewed. ♦

NYSTRS Board Meeting Highlights - July 25, 2007 & November 2, 2007

July 25, 2007

◆ **Considered** a private equity investment in Avenue Special Situations Fund V L.P., and authorized the System to invest up to \$75 million in that fund, subject to the satisfactory completion of due diligence.

◆ **Considered** a private equity investment in Industri Kapital 2007 Limited Partnership I, and authorized the System to invest up to €50 million in that fund, subject to the satisfactory completion of due diligence.

◆ **Authorized** the allocation of an additional \$100 million to BlackRock Financial Management Inc., bringing the total managed by the firm as part of the System's commercial mortgage backed securities (CMBS) investment program to \$350 million.

◆ **Authorized** the allocation of an additional \$100 million to ING Clarion Capital, bringing the total managed by the firm as part of the System's CMBS investment program to \$300 million.

◆ **Authorized** the allocation of an additional \$50 million to Prima Capital Advisors LLC, bringing the total managed by the firm as part of the System's CMBS investment program to \$100 million. Also renewed the agreement with the firm to manage this portion of the System's portfolio in CMBS, for one year, effective Oct. 1, 2007.

◆ **Ratified** the following actions taken by the Retirement Board's Finance Committee since the previous Board meeting:

- An investment of up to \$100 million in Kelso Investment Associates VIII L.P., subject to the satisfactory completion of due diligence.
- An investment of up to \$75 million in KRG Capital Fund IV L.P., subject to the satisfactory completion of due diligence.



- A \$47.5 million investment to acquire Lasselle Place Apartments in Moreno Valley, CA.
 - A \$91 million investment to acquire Barrington Place Apartments in Rancho Cucamonga, CA.
 - An investment of up to \$110 million, or an amount not to exceed 20% of the fund's capital commitments, in Rockpoint Real Estate Fund III, subject to the satisfactory completion of due diligence.
- ◆ **Ratified** the following actions taken by the Executive Director since the previous Board meeting:
- An investment of \$50 million, or an amount not to exceed 20% of the fund's capital commitments, in ING Development Ventures III, subject to the satisfactory completion of due diligence.
 - An investment of \$50 million, or an amount not to exceed 20% of the fund's capital commitments, in O'Connor North American Property Partners II, subject to the satisfactory completion of due diligence.
 - An investment of \$25 million, or an amount not to exceed 20% of the fund's capital commitments, in Penwood Select Industrial Partners II, subject to the satisfactory completion of due diligence.
 - An investment of \$50 million, or an amount not to exceed 20% of the fund's capital commitments, in AG Realty Fund VII, subject to the satisfactory completion of due diligence.

- A 15-year, \$37 million first mortgage for The Residences at Newseum, Washington, D.C.

◆ **Renewed** the agreement with Artisan Partners to manage a portion of the System's portfolio as an active international equity manager, for one year, effective Oct. 1, 2007.

◆ **Renewed** the agreement with Causeway Capital Management to manage a portion of the System's portfolio as an active international equity manager, for one year, effective Oct. 1, 2007.

◆ **Renewed** the agreement with Harris Associates to manage a portion of the System's portfolio as an active international equity manager, for one year, effective Oct. 1, 2007.

◆ **Renewed** the agreement with Mercator Asset Management to manage a portion of the System's portfolio as an active international equity manager, for one year, effective Oct. 1, 2007.

◆ **Renewed** the agreement with Progress Investment Management Company to manage a portion of the System's portfolio as a fund of funds manager for domestic small and medium capitalization equity managers, for one year, effective Oct. 1, 2007.

◆ **Approved** asset allocation changes to the System's investment portfolio, based on recommendations from consultant Callan Associates.

◆ **Heard** informational reports from Callan Associates on private equity and external manager performance.

◆ **Adopted** an employer contribution rate applicable to 2007-08 payrolls and collected during the 2008-09 school year of 8.73%.

◆ **Adopted** an increase in fees paid to members of the System's Medical, Investment Advisory and Real Estate Advisory committees, effective July 1, 2007.

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