

NYSTRS Resource

Fall 2008



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



NYSRTA Advocates for Retired Educators

For more than 50 years, the New York State Retired Teachers' Association (NYSRTA) has been a strong advocate for retired educators. With 10 zones statewide and a Florida unit, a large network exists for addressing issues both large and small.

Founded in 1951 by bringing together groups with similar goals, NYSRTA is the oldest statewide organization focusing exclusively on the needs of retired educators. This is particularly significant within the legislative arena as the organization focuses on:

- ▶ Tracking and analyzing legislation;
- ▶ Working with legislative sponsors on pertinent proposals;
- ▶ Educating legislators on the needs of retired teachers;
- ▶ Visiting legislators in both home and Albany offices; and,
- ▶ Collaborating with other interest groups, such as New York State United Teachers (NYSUT), to provide a united front.

Among the issues NYSRTA is currently involved with are preserving and enhancing Medicare, Social Security and health care benefits; granting Medicare officials the authority to negotiate drug prices and to take other steps to lower drug prices; tightening security measures to prevent identity theft; securing benefit equity for women who left teaching to raise a family; expanding service credit eligibility for military veterans; and, instituting property tax relief measures. Past efforts have led to successes such as a state-mandated annual cost-of-living adjustment.

The association maintains an Insurance Trust that provides a wide range of insurance options for its members. Health insurance is available through the NYSRTA Health Plan and FamilyAssistNet is available for those with long-term or chronic health issues. Other insurance options are also available.

The association also provides financial assistance to eligible retired members in need. The Decormier Memorial Trust Fund, for example, offers grants to qualified applicants to help pay utility, food and prescription drug bills, as well as for various unanticipated expenses such as home repairs. Other grants are available through the President's Fund.

Another unique NYSRTA feature is its Friendly Service Program. Comprised of a large statewide network of volunteers, Friendly Service Workers provide personal contact to those who are home or hospital bound, as well as assisted living residents.

For more information about NYSRTA membership and benefits, visit www.nysrta.org or call (518) 482-3509. ♦

Your Pension is Safe

If the recent reports regarding the financial markets have you concerned, rest assured your NYSTRS retirement benefit is guaranteed and safe.

Funds used to pay your benefits come into the Retirement System through employer contributions, member contributions and investment income. NYSTRS invests the employer and member contributions throughout a member's working career and accumulates the assets necessary to provide a fully funded benefit in retirement. This method is called *advance funding*.

Because the Retirement System invests in a well-diversified portfolio, when one company or asset class underperforms, the stability of the other asset classes offset that negative performance. The System's Retirement Board, staff and outside consultants continually monitor our asset allocations and make adjustments as necessary.

So rest assured sufficient funds are on hand to pay promised benefits. ♦



New Law Affects Members Who Divorce

A new law intended to eliminate disputes over beneficiary payments when a marriage ends was enacted this summer.

Chapter 173 of the Laws of 2008 – which revokes a member's prior designation of a former spouse as a beneficiary in the event of a subsequent divorce, annulment or judicial separation – was signed into law on July 7.

In general, Chapter 173 provides that a divorce, annulment or judicial separation of a marriage revokes a NYSTRS member's prior designation of a former spouse as

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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)

Lost Checks	Ext. 6160
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

Available 24 Hours A Day

Hotline: (800) 782-0289

Form and Publication Requests
Latest News 24/7

Web Site: www.nystrs.org

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Fall 2008

Notify us in writing if your address changes.

Reporting Your 2008 Public Earnings

The chapter of life known as 2008 will soon end and in order to properly close the books on the year you may need to report your earnings in retirement to the Retirement System.

If you worked this year in New York State public employment for an employer that does not report to NYSTRS – such as the New York City public schools or a non-education-related public employer – you must declare your earnings to the Retirement System.

Early in 2009, following receipt of all 2008 public employment earnings, report these earnings by completing the form below and returning it to NYSTRS by March 31, 2009. If you retired in calendar year 2008, only report the earnings for work that occurred after your date of retirement.

If you worked for any of the following NYSTRS employers, it is not necessary to report your earnings, as they will automatically be reported to us:

- ◆ NYS public school districts (other than those in New York City), BOCES and charter schools associated with NYSTRS;
- ◆ NYS Department of Education;
- ◆ NYS community colleges; or,
- ◆ State University of New York.

Earnings Limits

Section 212 of the Retirement and Social Security Law provides that service retirees may return to New York State public employment and earn a certain amount, as established by the State Legislature, per calendar year. The earnings limit for 2008 is \$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 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 pamphlet *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 2008 NEW YORK STATE PUBLIC EMPLOYMENT EARNINGS

Name _____ EmplID or SS# _____

Street _____

City, State, Zip _____

I earned a total of \$ _____ during calendar year 2008 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

COLA Increase Reflected in September Payment

Eligible retirees saw an increase of up to \$30 in their monthly benefit beginning with their Sept. 30 payment, the result of a 2% cost-of-living adjustment (COLA).

This marks the largest monthly increase since permanent state COLA legislation was enacted in 2001. Cumulatively, those who have received the maximum increase since inception are now collecting an additional \$177 a month.

The monthly increase received in September will be reflected in all payments through August 2009. The next COLA will take effect beginning in September 2009.

The COLA is calculated by taking 50% of the March-to-March Consumer Price Index increase (rounded up to the next higher one-tenth of 1%) and multiplying it by the first \$18,000 of the retirement benefit. (The CPI increase from March 2007 to March 2008 was 3.98%.) The COLA legislation established a minimum annual increase of 1% and a maximum of 3%.

To be eligible for a COLA, you must either be:

- ▶ At least 62 and retired at least five years; or,

- ▶ At least 55 and retired at least 10 years; or,
- ▶ A retiree receiving a NYSTRS disability benefit for at least five years (regardless of age); or,
- ▶ A surviving spouse of an eligible retiree receiving a lifetime benefit. *(By law, the spouse receives an increase equal to one-half the COLA the retiree would have received.)*

Retirees who become eligible for the COLA after September will receive their adjustment when first eligible. ♦

Tax Forms to be Mailed in January

In late January 2009 you will receive from NYSTRS your federal 1099-R tax form, which will list the gross amount of your benefit paid in 2008, the taxable amount, and any federal tax withheld.

If income tax was withheld from your payments, you will need to attach Copy B of the form to the federal tax return you file. Keep Copy C for your records.

If you received a cost-of-living adjustment (COLA) with your September 2008 benefit payment, 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. 29 (8 months).
- ↘ Benefit with increase = Payments dated Sept. 30-Dec. 31 (4 months).

New Retirees Take Note: Initial benefit payments are based on an estimate of your final monthly benefit amount. When the processing of your retirement is complete, you will receive a lump-sum adjustment, which may or may not be *paid* in the same tax year as your first benefit payments. Because you are taxed only on income paid in a tax year, the gross amount on your 1099-R may be different than what you expected.

If you have any questions after reviewing your records, call us at (800) 356-3128, Ext. 6120. ♦

New Law Affects Members continued from page 1

beneficiary of certain death benefits and retirement options – except as provided by the express terms of a governing instrument (for example, a domestic relations order on file with NYSTRS). Under Chapter 173, the former spouse is treated as having predeceased the member.

The designations impacted by Chapter 173 include the Paragraph 2 death benefit available to certain Tier 2-4 members and any lump-sum retirement option under which the member is permitted to change the beneficiary. Chapter 173 does not apply to designations that are irrevocable by law, such as the beneficiary designation of a joint and survivor retirement option, or designations that are required under a certified domestic relations order on file with NYSTRS.

For Chapter 173 to apply, NYSTRS must receive written notice of the divorce, annulment or judicial separation before it issues payment of the death benefit.

To ensure benefits are distributed as intended, it is important for divorced members to review their beneficiary designations with NYSTRS and, if necessary, file a new beneficiary designation form, available on our Web site at www.nystrs.org. Retirees may find their current beneficiary designation in their *Retired Member Profile* mailed annually and, for registered members, in their personalized Secure Area account on the NYSTRS Web site.

Chapter 173 also revokes a former spouse's rights to serve as a personal representative, executor, guardian, attorney-in-fact or any other fiduciary role for marriages ended on or after July 7, 2008 – the day Chapter 173 was enacted.

Please contact NYSTRS if you have any questions about Chapter 173. ♦

Board Meeting Highlights... continued from page 6

- ♦ **Adopted** an employer contribution rate applicable to 2008-09 payrolls and collected during the 2009-10 school year of 7.63%.
- ♦ **Authorized** the Executive Director to enroll NYSTRS as a member of the National Institute of Retirement Security and thereafter to continue such membership at his discretion.
- ♦ **Authorized** the Executive Director to retain a Parliamentarian for the System's Annual Delegates Meeting, scheduled for Nov. 9-10, 2008 at the Saratoga Springs City Center.
- ♦ **Approved** a resolution acknowledging the retirement of Legal Department Administrative Aide Paul McGowan (27 years of service). ♦

Watch the Mailbox for Your Profile

Keep your eyes peeled for your *Retired Member Profile*, which will be mailed in November. All members whose retirements were finalized as of June 30 are eligible to receive the statement of benefits.

Your personalized *Profile*, mailed annually, lists your NYSTRS EmplID, date of retirement, benefit payment election, designated beneficiary (if applicable), gross income, any applicable cost-of-living adjustments, deductions, and your net payment amount.

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

You can also access this information, as well as print a copy of your *Profile*, in your personal Secure Area account on our Web site at www.nystrs.org. If you haven't already registered to access your benefit information online, doing so is quick and easy.

If you believe you were eligible to receive a *Profile* but do not receive it by Jan. 1, 2009, please contact us at (800) 356-3128, Ext. 6150. ♦

Please be aware that other than your federal tax withholding amount, the deductions taken from your monthly benefit payment are established in advance between you and an outside organization, such as your school district or union.

Although NYSTRS alerts retirees to any changes in deductions, **the System does not have the ability or authority to initiate a change to non-tax deduction amounts.** Inquiries regarding deduction amounts, including health insurance deductions, must be made to the organization with whom you set up the deduction.

Keep Tabs on Your Membership with a Secure Area Account

Pop Quiz: What's the quickest and easiest way to get personal information about your NYSTRS membership and benefit payments?

Answer: Through your personal Secure Area account at www.nystrs.org.

If thumbing through your important papers for basic information about your NYSTRS membership is inconvenient for you, visit us online and register for a Secure Area account so you can review your information any time of the day or night. Depending how you choose to receive your password, you will be able to access your detailed membership information within minutes. This includes your:

- ♦ Benefit payment information;
- ♦ Service credit and final average salary; and,
- ♦ *Retired Member Profile*.

What's more, new retirees can track the progress of their retirement application as it is being processed. They can review facts such as when their application was received by NYSTRS, their requested date of retirement and the payment choice they

selected. A description of the selection — either the Maximum or an option — is included. If the retirement application process is complete, the member will receive a message to that effect.

However, if there are outstanding issues that require resolution before a retirement can be finalized, these issues will be outlined here. For example, additional salary information is often required from an employer. If applicable, a message will appear that notifies the member which districts have been contacted and explains the status of those inquiries.

Registering online for a Secure Area account is easy. After just a few simple steps — including the verification of your mailing address — you can have your membership information at your fingertips (provided you opted to have your password e-mailed to you). The conven-

ience of 24/7 access to your personal information is invaluable.

NYSTRS is committed to providing superior service to our members. We are equally committed to keeping your data secure. To that end, we have taken every reasonable precaution to ensure this information is protected so that you are the only one who is able to access it. In many ways, it's more secure than information we would send you by way of the U.S. Postal Service.

To see just how easy it is to access your benefit information, please take a tour of the Secure Area. Log on to www.nystrs.org, select the Secure Area tab and choose a retired member demonstration. Then join the 35,000 NYSTRS members who've already registered for a Secure Area account and enjoy instant access to your information. ♦

NYSTRS Board Meeting Highlights – July 30, 2008

♦ **Authorized** the allocation of up to \$250 million to Quantitative Management Associates LLC to manage a portion of the System's portfolio as a domestic equity enhanced passive manager.

♦ **Authorized** the allocation of up to \$500 million to T. Rowe Price Associates Inc. to manage a portion of the System's portfolio as a domestic equity enhanced passive manager.

♦ **Authorized** that the System's asset allocation targets and ranges be amended effective immediately as follows:

	<u>Target</u>	<u>Range</u>
Domestic Equity	42%	35-49%
International Equity	15%	11-19%
Real Estate	10%	6-14%
Private Equity	<u>7%</u>	<u>4-12%</u>
<i>Total Equity</i>	74%	
Domestic Fixed Income	18%	13-23%
Mortgages	8%	5-11%
Cash Equivalents	<u>0%</u>	<u>0-5%</u>
<i>Total Fixed Income</i>	26%	

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

- The revision of the sales matrix for the CarrAmerica Office Portfolio.
- A \$75 million construction mortgage loan with an interest rate of 6.35% and a term of approximately eight years and five months for the Promenade at Temecula Mall in Temecula, CA.
- A five-year, \$165 million first mortgage for Williams Tower in Houston, TX. The gross interest rate for the interest-only, five-year loan will be 5.50%; the net interest to the System shall be 5.49%.
- A 50% participation (\$120 million) in a \$240 million first mortgage for U.S. Bank



Centre, Seattle, WA. The 10-year loan will carry an interest rate of 6.31%.

- An investment of up to \$60 million in Aisling Capital III L.P.

♦ **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 the Lone Star Fund VI (U.S.) L.P, subject to the satisfactory completion of due diligence.
- An investment of up to \$8.8 million to acquire the remaining 50% interest in the land subject to the ground lease encumbering part of the land beneath 919 Third Ave., New York, NY.
- An investment of up to \$75 million, but not less than \$50 million, in an existing \$1.3 billion first mortgage on the office building located at 767 Fifth Avenue, New York, NY.

♦ **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, 2008.

♦ **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, 2008.

♦ **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, 2008, and placed the firm on the System's investment manager "watch list."

♦ **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, 2008, and placed the firm on the System's investment manager "watch list."

♦ **Renewed** the agreement with Cohen & Steers Capital Management Inc. to manage a portion of the System's portfolio in real estate investment trusts (REITs) and real estate operating companies (REOCs) securities, for one year, effective Sept. 13, 2008.

♦ **Renewed** the agreement with Prima Capital Advisors LLC to manage a portion of the System's portfolio in commercial mortgage backed securities (CMBS), for one year, effective Oct. 1, 2008.

♦ **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, 2008.

♦ **Renewed** the agreement with State Street Global Advisors to manage a portion of the System's portfolio as an international enhanced passive manager, for one year, effective Oct. 25, 2008.

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

♦ **Heard** an informational report from StepStone on private equity distressed debt opportunities.

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