

# NYSTRS Resource

Spring 2008



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

## Enhancement Allows New Retirees To Track Application Status Online

In an ongoing effort to make NYSTRS' Web site an essential information destination for all members, an innovative feature for new retirees has been added to the members-only Secure Area at [www.nystrs.org](http://www.nystrs.org).

A "Track Progress of Retirement" button added to the Secure Area's side navigation bar provides newly retired members a tool for tracking the status of their retirement application. Information found here includes the date the application was received by NYSTRS, requested date of retirement and payment choice selected by the member. 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, they will be outlined here as well.

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.

On average, 12 months are required to fully process a retirement application. In the interim, retirees receive estimated monthly benefit payments that in most cases are within a few percentage points of a three-year final average salary benefit. (A retroactive payment accounting for this difference will be paid once the pension is finalized.)

A message on the tracking page reminds members to check the Payment Information page of the Secure Area to view payment amounts and any authorized deductions. This includes the interim monthly payments received prior to an application's finalization.

If you are not already a registered Secure Area member, take a tour. Visit [www.nystrs.org](http://www.nystrs.org), select the Secure Area tab and choose retired member demonstration. You'll find accessing your personal information is easy and safe, and we're sure you'll appreciate the 24/7 convenience.

Becoming a registered Secure Area member is easy. The online registration process can be completed in minutes and if you choose to have your password e-mailed, you will have same-day access to your account. Be sure to have your NYSTRS EmplID (found on the *Benefit Profile* you received annually as an active member, as well as in most System correspondence) handy when registering for an account.

There are more than 33,000 registered Secure Area users and hundreds more join each month. Enhancements are continually made to this convenient and powerful tool.

In addition to benefit payment history and retirement application tracking, other types of information available there include service credit and final average salary data. Once you are eligible to receive it, a copy of your *Retired Member Profile* will be posted here, too.

Our goal is to make information readily available to members. We think you'll agree the Secure Area, particularly the newly added Retirement Application Tracking feature, does just that. ♦



## COLA Will Be 2% Beginning in Sept.

Eligible NYSTRS retirees will soon receive their largest cost-of-living adjustment (COLA) since permanent COLA legislation was enacted in New York State eight years ago.

The COLA for September 2008 through August 2009 benefit payments will be 2%, an increase from the 1.4% applied to current payments. As a result, beginning with this September's payment, an eligible retired member with an annual benefit of \$18,000 or more will receive a monthly increase of \$30.

By law, 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 annual increase is a minimum of 1% to a maximum of 3%. The increase in the CPI from March 2007 to March 2008 used in the determination of the 2008 COLA is 3.98%.

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

- 62 and retired at least five years; or,
- 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.*)

The 2% COLA brings the cumulative maximum monthly increase since the state's COLA legislation took effect in 2001 to \$177. ♦

# NYSTRS Resource

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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](http://www.nystrs.org)**

## Retirement Board

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Iris Wolfson, *Vice President*  
Michael R. Corn  
Michael A. Glover  
Daniel J. Hogarty Jr.  
Rosemary F. Jones  
David P. Keefe  
R. Michael Kraus  
Sheila J. Salenger  
Nicholas Smirensky

Thomas K. Lee, *Executive Director*

**Spring 2008**

Notify us in writing if your address changes.

## 2008 Benefit Payment Dates



May 30	September 30
June 30	October 31
July 31	November 28
August 29	December 31

## Which NYS Group Do You Need?

### When to contact NYSTRS vs. NYSUT

If this newsletter is addressed to you, it means you are a member of NYSTRS — the New York State Teachers' Retirement System. Chances are you are also a member of NYSUT — New York State United Teachers. Although the names of both organizations are similar, our roles are quite different.

NYSTRS administers the pension fund from which retirement, disability and death benefits are paid. The Retirement System pays these benefits — and please note health insurance benefits are not administered by NYSTRS — in accordance with governing law. Created by Section 502 of the Education Law, the System neither enacts law (only the Governor and state Legislature can do that) nor lobbies for benefit improvements.

NYSUT is the statewide union. Local employment contracts are negotiated by members of the local NYSUT bargaining units. NYSUT is your advocate with elected officials when seeking changes to existing benefit legislation. Life insurance and other financial instruments are also available through your local.

The question often becomes when is it appropriate to go to NYSTRS for answers and when should they be addressed to NYSUT? Here's a good rule of thumb: If your issue is with existing benefits and laws, NYSTRS should be your information source. So, for example, if you have questions about how your cost-of-living adjustment (COLA) was calculated, contact NYSTRS.

However, if your goal is to modify existing law (so, for example, you can get a larger COLA), NYSUT is your go-to organization. The same is true if you have issues with your district contract, including, but not limited to, health insurance coverage.

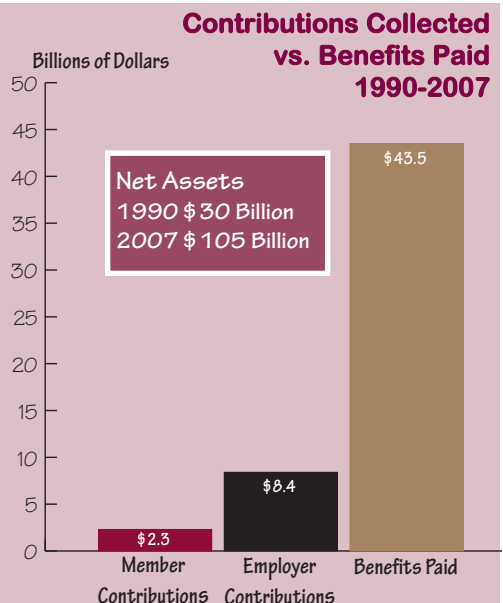
NYSTRS — the pension people — can help you with general retirement planning. Information Representatives are also available for telephone, video or personal consultations about your NYSTRS benefits. However, NYSTRS representatives are not financial planners; they cannot provide specific investment advice or recommend financial products.

NYSUT — the union — does provide some retirement advice through the teacher members of NYSTRS' Retirement Board. It also offers some financial products through third-party providers, so if you are attempting to expand your retirement income beyond Social Security and your state pension, NYSUT may be able to help.

Hopefully this clarifies the differences between these two organizations. The bottom line is we want you to get the information you need as quickly and accurately as possible. Ensuring you receive it from the correct source is the key. ♦

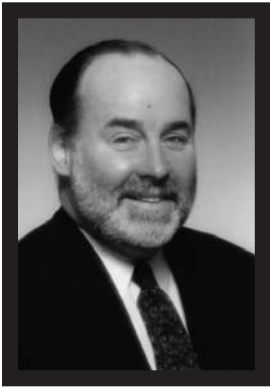
## Did You Know...

For the 17-year period 1990-2007, NYSTRS paid 307% more in benefits than it received in member and employer contributions? The System paid \$43.5 billion during that time period, while taking in \$2.3 billion in member contributions and \$8.4 billion in employer contributions. Meanwhile, NYSTRS' assets climbed to \$105 billion in 2007 from \$30 billion in 1990. ♦



# Highlights from the Comprehensive Annual Financial Report

— Fiscal Year Ended June 30, 2007



## PRESIDENT'S MESSAGE

This is my second message as president of the NYSTRS Board and I am already running out of adjectives to describe the extraordinary job my fellow Board members, the System's management team and their capable staffs do on behalf of New York's educators. How do you describe a group that has — for the first time — grown System net assets to more than \$100 billion? Or one which, in a somewhat volatile marketplace, posted double-digit investment returns for the fourth consecutive year?

These are just two of the feats this incredible group of people accomplished in this fiscal year. Benefiting from these achievements are the over 400,000 active and retired NYSTRS members who can rest assured the resources exist to pay their pensions (and, when applicable, those of their beneficiaries) for as long as they live.

During the fiscal year ended June 30, 2007, the System's assets grew by more than \$13 billion and our investment portfolio returned an extraordinary 19.3%. By way of comparison, the world's 300 largest pension funds grew an average of 11.5%, according to a recent Watson Wyatt Worldwide survey.

Just as importantly, we are fully funded at a time when many funds would be pleased to have a funding level of 90%. This also is a testament to the exemplary work of all those associated with the System. Thanks to long-term planning and investing, a highly diversified portfolio and a commitment to the philosophy of advanced funding, NYSTRS remains one of the most secure retirement funds in the nation.

However, it is not all about the numbers here. Staff also takes great pride in providing exceptional customer service. I interact with our members often and I have lost count of the number of compliments I have heard about NYSTRS staff. Knowledgeable, helpful, pleasant, and efficient are among the most common adjectives I have heard — and I could not agree more. On behalf of the Retirement Board, I applaud System staff for their consistent first-class efforts.

I cannot predict the future and I cannot guarantee continued double-digit performance figures, but I can assure our members the financial and ethical foundations built here are solid. With such a strong base, I fully expect NYSTRS will continue to grow and prosper. I am proud to be associated with these individuals and I thank them for all they do for this state's public educators.

Joseph P. McLaughlin

President

## ASSET ALLOCATION — JUNE 30, 2007

The most significant contributor to a fund's long-term investment performance is the allocation decision among the various asset classes, including equities, fixed income and real estate. The allocation process helps control risk and sets the guidelines to diversify the System's portfolio. The asset allocation policy adopted by the Board allows ranges around an optimal target allocation. The Retirement Board, with the assistance of an external consultant, reviews the asset allocation policy on an annual basis to analyze recent and historical investment experience. Since this is a long-term plan, adjustments to the allocation are usually made on an annual basis when necessary. The current targets, ranges and actual allocations are detailed below:

	<u>Target</u>	<u>Range</u>	<u>Actual</u>
Domestic Equity	51%	41-61%	54.5%
International Equity	10%	6-14%	13.2%
Real Estate	8%	5-11%	9.0%
Private Equity	5%	2- 8%	4.2%
<i>Total Equities</i>	74%		80.9%
Domestic Fixed Income	18%	11-25%	12.0%
Mortgages	8%	5-11%	4.8%
Cash Equivalents	0%	0- 5%	2.3%
<i>Total Fixed Income</i>	26%		19.1%

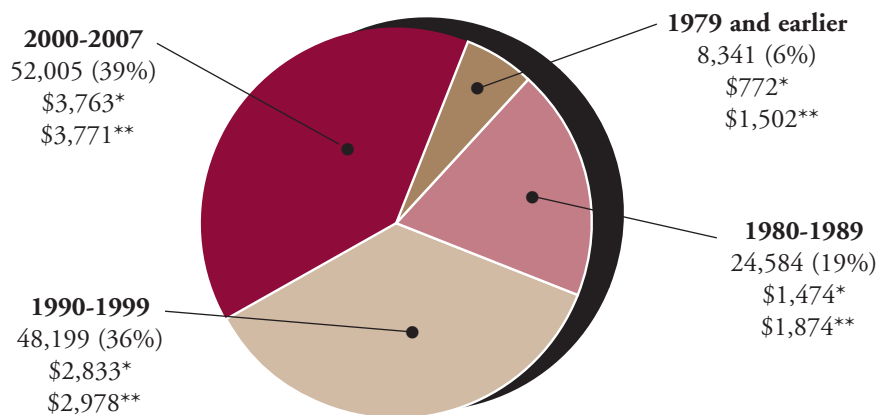
## COST-OF-LIVING ADJUSTMENT INCREASES 2002-2007

Commencing September	Fiscal Year Ending March 31 CPI	Applicable COLA Percentage	Maximum Annual Base Benefit Amount	Maximum Monthly COLA Increase	Cumulative Maximum Monthly COLA	Average Monthly COLA Increase	Cumulative Average Monthly COLA
2002	1.48%	1.0%	\$18,000	\$15.00	\$ 37.50	\$12.64	\$ 31.44
2003	3.02%	1.6%	\$18,000	\$24.00	\$ 61.50	\$20.32	\$ 51.76
2004	1.74%	1.0%	\$18,000	\$15.00	\$ 76.50	\$12.85	\$ 64.61
2005	3.15%	1.6%	\$18,000	\$24.00	\$100.50	\$20.68	\$ 85.29
2006	3.36%	1.7%	\$18,000	\$25.50	\$126.00	\$22.09	\$107.38
2007	2.78%	1.4%	\$18,000	\$21.00	\$147.00	\$18.29	\$125.67

### RETIREMENT SYSTEM HIGHLIGHTS

- ◆ Investments continued to show significant appreciation: \$14.7 billion in 2007, up from \$7.9 billion in fiscal 2006.
- ◆ The System's net assets, which represent funds available to pay current and future benefits, were \$104.9 billion as of the end of the current fiscal year.
- ◆ Net assets increased from the prior year by \$13.4 billion, or 14.7%.
- ◆ Contributions from employers increased from \$997.0 million in fiscal year 2006 to \$1,104.0 million in fiscal year 2007, consistent with the increase in the employer contribution rate.
- ◆ Benefits paid to retirees and members grew, rising from \$4.4 billion in fiscal year 2006 to \$4.7 billion in fiscal year 2007.
- ◆ The System's funded ratio, a comparison of the actuarial value of assets to the accrued pension benefit liability, changed from 98.8% as of the June 30, 2005 actuarial valuation to 102.6% as of the June 30, 2006 valuation.

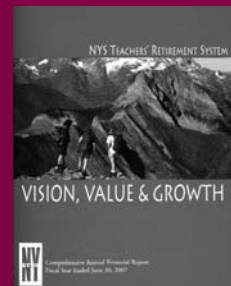
### NUMBER OF RETIRED MEMBERS & MONTHLY BENEFITS BY DECADE OF RETIREMENT As of June 30, 2007



\*AVERAGE MONTHLY BENEFIT (BASED ON THE MAXIMUM BENEFIT).

\*\*AVERAGE TOTAL MONTHLY BENEFIT INCLUDING SUPPLEMENTATION AND COLA (BASED ON THE MAXIMUM BENEFIT).

The System's Comprehensive Annual Financial Report for the Fiscal Year Ended June 30, 2007, can be found in its entirety on the Publications page of our Web site at [www.nystrs.org](http://www.nystrs.org). You may request a hard copy by calling (800) 782-0289. ◆



### RETIRED MEMBERS' CHARACTERISTICS\* BY YEAR OF RETIREMENT

Retired in Fiscal Year Ending	Number of Retired Members	Average Age at Retirement (yrs. - mos.)	Average Service at Retirement (yrs. - mos.)	Average Final Average Salary	Average Maximum Annual Benefit
2003	10,173	57-4	30-1	70,427	44,898
2004	7,287	57-7	28-8	72,799	45,063
2005	7,182	57-10	28-6	72,126	45,394
2006	7,281	58-4	28-2	71,840	43,914
2007	6,900	58-7	28-1	74,185	44,204

\*AVERAGES ARE FOR SERVICE AND VESTED RETIREES.

## Board Meeting Highlights...continued from page 6

continuity in the event of an emergency preventing the System from performing duties from its offices.

◆ **Accepted** changes to the Investment Policy Manual, reflecting updates approved by the Retirement Board through the July 2007 Board Meeting.

◆ **Ratified** the action of the Retirement Board by mail vote approving modifications to System Program Bill 08-05, which seeks to amend Retirement and Social Security Law §177(5) by increasing from 5% to 10% the percentage of assets a public retirement system may invest in real estate under that provision.

◆ **Approved** the recommendation of the System's Actuary to modify the System's asset valuation method when determining the annual employer contribution rate, beginning with the actuarial valuation as of June 30, 2007.

◆ **Honored** Beth Herbst as NYSTRS' 2007 Employee of the Year.

### April 30, 2008

◆ **Considered** a private equity investment in Caltius Partners IV L.P., and authorized the System to invest up to \$50 million in that fund, subject to the completion of due diligence.

◆ **Considered** a private equity investment in CS Strategic Partners IV L.P., and authorized the System to invest up to \$175 million in that fund, subject to the completion of due diligence.

◆ **Considered** a private equity investment in Hutton Collins Capital Partners III, and authorized the System to invest up to €50 million in that fund, subject to the completion of due diligence.

◆ **Renewed** the agreement with Adelante Capital Management LLC to manage a portion of the System's portfolio by actively investing in real estate investment trusts (REITs) and real estate operating companies (REOCs) securities, for one year, effective July 1, 2008.

◆ **Renewed** the agreement with Cohen & Steers Capital Management Inc. to manage a portion of the System's portfolio by actively investing in REIT and REOC securities, for one year, effective July 1, 2008.

◆ **Renewed** the agreement with Cohen & Steers Capital Management Inc. to manage a portion of the System's portfolio by actively investing in REIT and REOC securities in an income-oriented account, for one year, effective July 1, 2008.

◆ **Renewed** the agreement with RREEF America LLC to manage a portion of the System's portfolio by actively investing in REIT and REOC securities, for one year, effective July 1, 2008.

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

- A five-year, \$86 million first mortgage for 2555 Grand Boulevard in Kansas City, MO. The interest-only loan will carry a gross interest rate of 5.375%.
- An investment of up to \$75 million in ABRY Partners VI L.P.

- An investment of up to \$100 million in Ares Corporate Opportunities Fund III L.P.
- An investment of up to \$100 million in JLL Partners Fund VI L.P.
- An investment of up to \$100 million in Madison Dearborn Capital Partners VI L.P.
- An investment of up to \$100 million in Riverstone/Carlyle Global Energy and Power Fund IV L.P.
- An investment of up to \$150 million in TPG Partners VI L.P.

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

- An investment of up to \$50 million, or an amount no more than 20% of capital raised by the Fund, in Cabot Industrial Value Fund III L.P., subject to the satisfactory completion of due diligence.
- An investment of up to \$50 million, or an amount no more than 20% of capital raised by the Fund, in Rockwood Capital Real Estate Fund VIII L.P., subject to the satisfactory completion of due diligence.
- An investment of up to \$55 million, or an amount no more than 20% of capital raised by the Fund, in Westbrook Real Estate Fund VIII L.P., subject to the satisfactory completion of due diligence.
- An investment of up to \$8.447 million to acquire a partial interest in a leased fee estate applicable to part of the land beneath 919 Third Ave., New York, NY, subject to the completion of due diligence.

◆ **Ratified** the following actions taken by the Retirement Board via mail vote since the previous Board meeting:

- An additional \$100 million allocation to Black Rock Financial Management;
- An additional \$100 million allocation to ING Clarion Capital; and,
- An additional \$50 million allocation to Prima Capital Advisors, LLC.

◆ **Authorized** the Executive Director to expand the existing agreement with Callan Associates Inc. — which serves NYSTRS as a general investment, real estate and private equity consultant — to include the monitoring of total performance of the System's externally and internally managed assets, effective April 1, 2008.

◆ **Approved** a resolution to appoint a Managing Director of Fixed Income and a Managing Director of Quantitative Strategies/Risk Management to Executive Staff.

◆ **Accepted**, as presented, NYSTRS' operating budget for the 2008-2009 fiscal year.

◆ **Considered** an informational presentation from NYSTRS staff regarding climate risk and the System's work with the Coalition for Environmentally Responsible Economies (CERES). ♦

## Help Find Owners of Unclaimed Funds



Isn't it great to find money you'd forgotten about?

Maybe it's a \$20 bill in your jacket pocket, or maybe it's \$5 on your dresser. Regardless, it is exciting to find money you forgot you had.

Imagine finding a larger sum of money that could be long forgotten about. Former NYSTRS members — perhaps some you know — may have contributions they are entitled to withdraw.

You can help the System find the rightful owners of its more than 7,000 unclaimed and abandoned accounts, which generally are contributions from memberships that have ceased.

When a person's membership in NYSTRS ceases, the System makes every effort to contact him or her so they may withdraw their contributions. If the member does not withdraw his or her contributions, we add the member's name to a list of unclaimed accounts. If the contributions remain unclaimed for 18 months, they are then considered abandoned.

NYSTRS is unable to add the contributions of ceased members to its general fund, per statute. Monies in these accounts do not earn interest.

Former members (or their beneficiaries or estates) may claim their funds at any time. The System attempts to contact former members periodically, but locating them can be difficult, as the System's relationship with them may have ended some time ago.

Please help us find the owners of the unclaimed accounts by visiting the Unclaimed Funds page at [www.nystrs.org](http://www.nystrs.org) and searching for friends or colleagues who are former NYSTRS members. If you find the name of someone you know, please have that person (or the trustee of the person's estate) call us at (800) 348-7298, Ext. 6190. ♦

# NYSTRS Board Meeting Highlights — Jan. 31, 2008 & April 30, 2008

## Jan. 31, 2008

◆ **Re-elected** Joseph P. McLaughlin president and Iris Wolfson vice president of the Board.

◆ **Considered** a real estate investment in Carbon Capital Fund III Inc., and authorized the System to invest up to \$75 million, or an amount not to exceed 20% of the fund's capital commitments in that fund, subject to the satisfactory completion of due diligence.

◆ **Considered** a real estate investment in Lehman Brothers Real Estate Mezzanine Partners II L.P., and authorized the System to invest up to \$100 million, or an amount not to exceed 20% of the fund's capital commitments in that fund, subject to the satisfactory completion of due diligence.

◆ **Considered** a private equity investment in CVC European Equity Partners V L.P., and authorized the System to invest up to €100 million in that fund, subject to the satisfactory completion of due diligence.

◆ **Considered** a private equity investment in CS/NYSTRS Cleantech Fund L.P., and authorized the System to invest up to \$100 million in that fund, subject to the satisfactory completion of due diligence.

◆ **Authorized** an expansion of services performed for NYSTRS by Callan Associates Inc. to include monitoring the performance of the System's external real estate securities managers.

◆ **Authorized** an agreement with StepStone Group LLC to serve as the System's private equity consultant, for one year, effective Feb. 1, 2008.

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

- An investment of \$31.7 million in a revised development at Towson Town Center in Baltimore as part of a joint venture with General Growth Properties and JP Morgan's Strategic Property Fund, subject to the satisfactory completion of due diligence.



- A \$160 million first mortgage for The Galleria at Sunset Mall in Henderson, NV, subject to the satisfactory completion of due diligence.
- A plan to market the CarrAmerica Suburban Office portfolio for prospective sale, 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 up to €50 million, or an amount not to exceed 20% of the fund's capital commitments, in Perella Weinberg Real Estate Fund I 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 Cerberus Institutional Real Estate Partners L.P.–Series Two, subject to the satisfactory completion of due diligence.
- An increase in equity capital and mezzanine financing of up to a combined total of \$55.4 million for the development of a condominium resort at Honua Kai, Maui, HI, in partnership with Intrawest, subject to the satisfactory completion of due diligence.
- An investment of up to \$50 million, or an amount not to exceed 20% of the fund's capital commitments, in PLA Residential Fund III L.P., subject to the satisfactory completion of due diligence.

◆ **Renewed** the agreement with Barclays Global Investors to manage a portion of the System's portfolio as an enhanced passive international equity manager, for one year, effective March 15, 2008.

◆ **Renewed** the agreement with Black Rock Financial Management Inc. to manage a portion of the System's assets in Commercial Mortgage Backed Securities (CMBS), for one year, effective April 3, 2008.

◆ **Renewed** the agreement with ING Clarion Capital to manage a portion of the System's assets in CMBS, for one year, effective March 30, 2008.

◆ **Renewed** the agreement with Iridian Asset Management LLC to manage a portion of the System's portfolio as an active domestic large capitalization manager, for one year, effective April 1, 2008.

◆ **Renewed** the agreement with JP Morgan Fleming Asset Management to manage a portion of the System's portfolio as a core international equity manager, for one year, effective March 14, 2008.

◆ **Renewed** the agreement with Pyramis (Fidelity) Management Trust Company to manage a portion of the System's portfolio as a core international equity manager, for one year, effective Feb. 28, 2008.

◆ **Renewed** the agreement with Wellington Management Company LLP to manage a portion of the System's portfolio as a benchmark agnostic international equity manager, for one year, effective March 1, 2008.

◆ **Renewed** the agreement with Capital Guardian Trust Co. to manage a portion of the System's portfolio as an active international equity manager, for one year, effective May 1, 2008.

◆ **Authorized** the Executive Director to renew the System's membership in the National Coalition on Health Care for the year ending Dec. 31, 2008.

◆ **Authorized** the Executive Director to renew the System's membership in the Council of Institutional Investors for the year ending Dec. 31, 2008.

◆ **Authorized** the Executive Director to establish an off-site location to maintain business

*continued on page 5*

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