

NYSTRS Resource

Summer 2007



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

COLA Will Increase Benefit Payments 1.4%

Beginning this fall, retirees who satisfy the necessary eligibility requirements will receive an increase in their monthly benefit payments, thanks to New York's legislated cost-of-living adjustment (COLA).

The COLA for September 2007 through August 2008 benefit payments will be 1.4%. By law, the percentage increase is applied to the first \$18,000 of a member's annual benefit. Translated to dollars, eligible retirees with an annual benefit of at least \$18,000 will receive a maximum monthly increase of \$21.

Retirees who become eligible for the COLA after September will receive their adjustment beginning in the month immediately following their eligibility.

This COLA brings the cumulative maximum monthly increase since the state's COLA legislation took effect in 2001 to \$147 (see chart, page 3).

New York's permanent, automatic COLA is intended to help offset inflation's adverse effects on the fixed retirement benefits of the state's public retirees. New York is one of only a few states to offer an annual COLA.

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EmplID Reminder

Do you know your EmplID?

Your EmplID (short for Employee Identification number) is a NYSTRS-specific number. It is not your Social Security number.

You should have this seven-digit number on hand when calling NYSTRS so System staff will be able to retrieve your records and answer your questions more quickly.

You'll find your EmplID 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.

Secure Area Offers Members the Convenience of Self Service

There's no getting around it; we live in a self-service society.

It started with gas pumps and ATMs, and now it's prevalent virtually everywhere we turn. We can check ourselves out at grocery and home improvement stores, glide through toll lanes without stopping, and wave credit or key cards at electronic readers at McDonald's. We can even rent movies from vending machines!

But did you know you can also obtain your personal NYSTRS benefit payment information without having to pick up the telephone or write a letter? The data is available 24 hours a day, seven days a week to registered members of the NYSTRS Secure Area found at www.nystrs.org.

Currently, the Secure Area provides more than 25,000 registered users instant access to their personal Retirement System information. Recent changes

were implemented in an effort to encourage even more members to use this convenient and powerful tool. Since then, approximately 10 members per day have become registered users.

In this members-only area you can find detailed information about your benefit payment history, including gross and net amounts, taxes withheld, any deductions and cost-of-living adjustments. You can also access your *Retired Member Profile*, and look up your service credit and final average salary.

The security of your data is a paramount priority for us. Please know we have taken every reasonable precaution to ensure this information is protected so it can only be viewed by you. In many ways, it is more secure than information we would send you by way of the U.S. Postal Service.

Becoming a registered Secure Area member is easy. The online registration

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NYSTRS Resource

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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Iris Wolfson, *Vice President*

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Rosemary F. Jones
David P. Keefe
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Sheila J. Salenger

George M. Philip, *Executive Director*
Thomas K. Lee, *Deputy Executive Director*

Summer 2007

Notify us in writing if your address changes.

Retirement Countdown Video Debuts Online



NYSTRS' retirement-planning video, *Retirement Countdown*, recently debuted online at www.nystrs.org. It can be accessed from the home and Publications pages. This helpful tool for members approaching retirement is just one more System effort to provide superior member service.

The 13-minute video walks members through the steps they should take during their final year of work to prepare for retirement. It takes a seasonal approach, beginning with appropriate steps to take during the fall and ending with filing for retirement in the spring in anticipation of a July 1 retirement.

The video plays in Flash format at various download speeds, with the one for best viewing on your machine automatically selected. The program is also ADA compliant, making it accessible to people with visual or other physical impairments.

NYSTRS intends to create more videos in the future on topics of interest to both our active and retired members. In the meantime, if you have any friends or family who are members of this System and are nearing retirement, please encourage them to watch this video!



Did You Know . . .

You can find a host of publications, forms and resources at www.nystrs.org?

On the Retirees page of our Web site, you will find this and previous editions of *Resource* and publications such as *Working in Retirement*, *Discovering Retirement* and the *Retired Members' Handbook*. You're also able to print forms, including those necessary to change your address, federal tax withholding rate or direct deposit information. You'll also find the latest news on cost-of-living adjustments or earnings in retirement limits.

If you sign up for a Secure Area account, you'll be able to access personal information relative to your NYSTRS membership. This includes benefit payment amounts and dates, cost-of-living adjustments and your most-recent *Retired Member Profile*. Visit us at www.nystrs.org and select the Secure Area tab near the top left of the page to register for an account.

SCHEDULE OF 2007 BENEFIT PAYMENTS

(Check and direct deposit dates are the same.)

July 31, 2007	October 31, 2007
August 31, 2007	November 30, 2007
September 28, 2007	December 31, 2007

COLA Increase to Begin in September (from page 1)

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 2006 to March 2007 used in the determination of the new COLA was 2.78%.

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.)

NYSTRS COLA History

Effective Date	Federal Consumer Price Index	NYSTRS COLA	Monthly Increase*
September 2001	2.92%	1.5%	\$22.50
September 2002	1.48%	1.0%	\$15.00
September 2003	3.02%	1.6%	\$24.00
September 2004	1.74%	1.0%	\$15.00
September 2005	3.15%	1.6%	\$24.00
September 2006	3.36%	1.7%	\$25.50
September 2007	2.78%	1.4%	\$21.00

*Maximum monthly increase for members receiving a pension of \$18,000 or more.

Deadline for Retiree Board Seat Nears

Board Members To Return

Two current members of NYSTRS' Retirement Board will be continuing in their capacities and will begin new three-year terms in January 2008.

Daniel J. Hogarty Jr., a bank executive, was re-elected to his post by the New York State Board of Regents.

Dr. Michael A. Glover, a school administrator, was re-appointed to the Board by the state Commissioner of Education.

Also up for re-election this year is teacher member Sheila J. Salenger. Teacher board members are elected by delegates attending the NYSTRS annual meeting each November.

If you are a retired NYSTRS member and are interested in being a candidate for the retired teacher position on the System's Board, a properly completed nominating petition must be submitted to NYSTRS by Aug. 15.

The petition, which must include an alternate, requires the signatures of at least 100 retired NYSTRS members and must include:

- Candidate name and address;
- Alternate name and address; and,
- Notarized candidate and alternate signatures acknowledging acceptance of the nomination.

David P. Keefe of Hempstead currently holds the position and is seeking a new three-year term to begin Jan. 1, 2008. His alternate is Donna A. Martin of Albany.

If there is only one candidate/alternate ticket, an election will not be held. If an election is necessary, a mail vote will take place this fall with ballots distributed and tabulated by a third-party firm. Members who retire prior to Oct. 1 are eligible to vote in the election.

By law, ballots must be mailed between Oct. 1 and 15. Only those returned ballots postmarked Oct. 31 or earlier will be counted.

The System's 10-member Retirement Board sets policy and oversees NYSTRS operations. Board members serve without compensation and represent various constituents, including active and retired members, school administrators, school boards and taxpayers.

Board members are responsible as fiduciaries to protect the long-term value of the System's investment portfolio and provide benefit security for members, and to do this at the lowest possible cost to participating employers. Direction is provided by NYSTRS staff, advisory committees comprised of skilled industry professionals and investment consultants hired by the System.

For more information about the election, or to request a nominating petition and acceptance form, contact us at (800) 356-3128, Ext. 4785 or convdel@nystrs.state.ny.us.

Pension Protection Act of 2006 Allows Non-Spouse Beneficiaries to Rollover Death Benefits into an IRA

The Pension Protection Act of 2006 enables non-spouse beneficiaries to have a qualified lump-sum death benefit payment directly rolled over into an IRA. This provision took effect Jan. 1, 2007. The IRA must be treated as an inherited account, according to the IRS. Previously, only spouses had the ability to have payments rolled over.

NYSTRS will provide beneficiaries with the necessary forms and information on payment choices upon notification of a member's death. Claims processing cannot proceed, however, until the System receives the original or a certified copy of the death certificate.

The System does not offer advice on what payment choice is best for the individual. Instead, we recommend consulting with a qualified financial planner or tax advisor before making financial decisions.

NYSTRS Looking for Owners Of Unclaimed Funds

Could a friend or family member have long-forgotten money in the Retirement System?

NYSTRS has numerous unclaimed or abandoned accounts, which are generally derived from contributions from long-forgotten memberships. Although maintaining these accounts is relatively effortless, the System would rather the funds be claimed by their rightful owners.

Former members (or their beneficiaries or estates) may claim their funds at any time. Locating them, however, is challenging. The System routinely attempts to contact former members and encourage them to claim these funds, but finding these people is difficult, as their

relationship with NYSTRS ended some time ago.

NYSTRS cannot add these funds to the general fund, per statute. Rather, if the funds are not claimed, they are placed in unclaimed or abandoned accounts. Monies in these accounts do not earn interest.

Please help us find these rightful owners by visiting the Unclaimed Funds page at www.nystrs.org and searching for colleagues or friends who are former NYSTRS members. If you find someone you know on the list, ask him or her (or heirs) to contact us at (800) 348-7298, Ext. 6090.



Know Your Earnings Limits

Returning to work in retirement may be a good way to earn a few extra dollars while staying active — but be aware of

the earnings limits that may apply to your NYSTRS benefit payment.

If you are a service retiree, you can have unlimited earnings in: private employment; federal employment; public employment outside New York state; or, as an elected official, inspector of elections, poll or ballot clerk, commissioner of deeds, juror or notary public. All earnings beginning in the calendar year you turn age 65 are also without limit.

Sections 211 and 212 of the Retirement and Social Security Law govern state public employment for service retirees under age 65. The Section 212 earnings limit is currently \$30,000. If you expect to earn more than the limit in calendar year 2007, you may a) suspend your retirement benefit, or b) work under Section 211 if your employer receives approval for this waiver from the state entity with jurisdiction over your employment.

Learn more about post-retirement earnings by reading the pamphlet *Working in Retirement*, which is available on the Publications page of the NYSTRS Web site at www.nystrs.org or by calling our Hotline at (800) 782-0289.

In Memoriam

Members of the NYSTRS family mourn the recent passing of H. Kenneth Salenger, the spouse of Board Member Sheila J. Salenger. Mr. Salenger, a NYSTRS retiree with more than 30 years of service, was principal of New Paltz Central High School for 16 years (1974-1990).



Secure Area Convenience (from page 1)

process can be completed in minutes and if you choose to have your password emailed, you will have access to your account that same day.

If you are not already a registered Secure Area member, we urge you to take a tour. Visit us at www.nystrs.org, select the Secure Area tab near the top left of the page, and choose the retired member demonstration. You'll find accessing your personal information is easy and safe, and we're sure you'll appreciate the convenience of around-the-clock availability.

We're committed to providing outstanding customer service to our members and the Secure Area is one of many ways we do so. Please give it a try!

NYSTRS Board Meeting Highlights (from page 6)

Jan. 25, 2007 (Cont.)

manage a portion of the System's portfolio in Commercial Mortgage Backed Securities, for one year, effective April 3, 2007.

◆ **Renewed** the agreement with Clarion Capital to manage a portion of the System's portfolio in Commercial Mortgage Backed Securities, for one year, effective March 30, 2007.

◆ **Authorized**, subject to the completion of formalized policies and procedures and the approval of the Retirement Board at its next quarterly meeting, the delegation of authority to the Board's Finance Committee and System staff to invest in certain real estate and private equity funds and investments.

◆ **Authorized** the Executive Director to renew the System's membership in the National Coalition on Health Care for the year ending Dec. 31, 2007, at an annual cost not to exceed \$15,000, and to take whatever actions he determines appropriate or necessary in managing the System's relationship with the Coalition.

◆ **Authorized** the Executive Director to renew the System's membership in the Council of Institutional Investors for the year ending Dec. 31, 2007, at an annual cost not to exceed \$30,000, and to take whatever actions he determines appropriate or necessary in managing the System's relationship with the Coalition.

◆ **Approved** a resolution supporting the extension to all public employees of Section 402(l) of the Internal Revenue Code, which allows retired public safety workers to exclude from their taxable income up to \$3,000 in pension distributions from a government plan used to pay for the retiree's accident or health insurance, or long term care insurance.

◆ **Approved** a new three-year contract for System employees for the period April 1, 2007 through March 31, 2010.

◆ **Approved** an integrated staffing plan that will improve the efficiency of System operations.

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

◆ **Honored** Adrean Kreig as NYSTRS' 2006 Employee of the Year.

April 23, 2007

◆ **Considered** a private equity investment in Lexington Co-Investment Partners (NY) L.P. (CIP II), and authorized the System to invest up to \$250 million in that fund, subject to the satisfactory completion of due diligence.

◆ **Considered** a private equity investment in Carlyle Partners V L.P., and authorized the System to invest up to \$150 million in that fund, subject to the satisfactory completion of due diligence.

◆ **Considered** a private equity investment in Olympus Growth 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 real estate investment in ING Clarion Debt Opportunity Fund II LLC, and authorized the System to invest up to the lesser of \$100 million or an amount equal to 20% of the fund's capital commitments, subject to the satisfactory completion of due diligence.

◆ **Considered** a real estate investment in Exeter Industrial Value Fund L.P., and authorized the System to invest up to the lesser of \$50 million or an amount equal to 20% of the fund's capital commitments, subject to the satisfactory completion of due diligence.

◆ **Renewed** the agreement with Adelante Capital Management LLC 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 July 1, 2007.

◆ **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 July 1, 2007.

◆ **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 in an income oriented account, for one year, effective July 1, 2007.

◆ **Renewed** the agreement with RREEF America LLC 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 July 1, 2007.

◆ **Announced** the implementation of a procedure delegating authority to the Board's Finance Committee and System staff to invest in certain real estate and private equity funds and investments. The procedure was approved by the Board at its January 2007 meeting subject to the completion of formalized policies.

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

- A \$100 million investment in Sun Capital Partners V L.P., subject to the satisfactory completion of due diligence.
- An \$8.5 million investment in Apex Venture Partners V. L.P., subject to the satisfactory completion of due diligence.

◆ **Authorized** the termination of Retirement System agreements with Gryphon International Investment Corp. and Walter Scott & Partners Ltd., both of which managed a portion of the System's assets as benchmark agnostic international equity managers. The Executive Director was further authorized to reallocate assets managed by these firms to Barclays Global Investors, which is managing a portion of the System's assets as an enhanced passive international equity manager.

◆ **Placed** Arnhold & S. Bleichroeder Advisors on the System's investment manager "watch list."

◆ **Heard** an informational report from Abel/Noser Corp. on the Retirement System's transaction cost analysis for the 2006 calendar year.

◆ **Heard** an informational report from Callan Associates regarding global investing.

◆ **Approved** a resolution expressing the System's thanks to Harvey R. Bernard, M.D.; Melvin J. Steinhart, M.D.; and, Richard P. Propp, M.D. for their nearly 80 years of combined service on the System's Medical Board.

◆ **Accepted**, as presented, the Retirement System's operating budget for the 2007-2008 fiscal year.

Jan. 25, 2007

- ◆ **Considered** a private equity investment in Abbott Select Buyouts II L.P., and authorized the System to invest up to \$150 million in that fund, subject to the satisfactory completion of due diligence.
- ◆ **Considered** a private equity investment in Carlyle Europe Partners III 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 Credit Suisse Seasoned Primaries II L.P., and authorized the System to invest up to \$150 million in that fund, subject to the satisfactory completion of due diligence.
- ◆ **Considered** a private equity investment in Green Equity Investors 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 Lexington Co-Investment Partners Europe 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 Resolute Fund II 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 Silver Lake Partners III L.P., and authorized the System to invest up to \$100 million in that fund, subject to the satisfactory completion of due diligence.

NYSTRS Board Meeting Highlights
Jan. 25 & April 23, 2007



- ◆ **Considered** a real estate investment in CB Richard Ellis Strategic Partners UK Fund III-TE L.P., and authorized the System to invest up to £28 million in that fund, subject to the satisfactory completion of due diligence.
- ◆ **Considered** a real estate investment in CB Richard Ellis Strategic Partners Europe Fund III-US TE L.P., and authorized the System to invest up to €40 million in that fund, 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, 2007.
- ◆ **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, 2007.
- ◆ **Renewed** the agreement with Iridian Asset Management LLC to manage a portion of the System's portfolio as an active domestic large capitalization equi-

- ty manager, for one year, effective April 1, 2007.
- ◆ **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, 2007.
- ◆ **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, 2007.
- ◆ **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, 2007.
- ◆ **Renewed** the agreement with Gryphon International Investment Corp. to manage a portion of the System's portfolio as a benchmark agnostic international equity manager, for one year, effective March 1, 2007, and continued the firm on the System's investment manager "watch list."
- ◆ **Renewed** the agreement with Walter Scott & Partners Ltd. to manage a portion of the System's portfolio as a benchmark agnostic international equity manager, for one year, effective March 1, 2007, and placed the firm on the System's investment manager "watch list."
- ◆ **Renewed** the agreement with Black Rock Financial Management Inc. to

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