



# NYSTRS RESOURCE

Winter  
2011

INFORMATION FOR RETIRED MEMBERS OF THE  
NEW YORK STATE TEACHERS' RETIREMENT SYSTEM



## Harrington, Robinson Join NYSTRS Board



*Dr. Phyllis S. Harrington*

Dr. Phyllis S. Harrington, superintendent of schools at the Oyster Bay-East Norwich Central School District, and Dr. L. Oliver Robinson, superintendent of the Shenendehowa Central School District, are the newest members of the NYSTRS Board.

Dr. Harrington's appointment was made in October and Dr. Robinson's in December. Both appointments were made by New York State Commissioner of Education David M. Steiner.

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



*Dr. L. Oliver Robinson*

Members of the Board are responsible as fiduciaries to protect the long-term value of the System's investment portfolio and provide benefit security for members.

Dr. Harrington began her career in education as a teacher. She also previously served as elementary school principal and director of special education. She served six years as the assistant superintendent at Oyster Bay-East Norwich prior to being named superintendent in 2004.

Dr. Harrington earned her Doctorate of Education from Hofstra University, and her M.S. and B.A. from Adelphi University. Her professional affiliations include the American Association of School Administrators, Association for Supervision and Curriculum Development, National Superintendents Roundtable and New York State Council of School Superintendents.

Her community involvement includes the American Cancer Society, Boys & Girls Club of Oyster Bay and the Youth & Family Counseling Agency of Oyster Bay.

Dr. Harrington filled the NYSTRS Board position previously held by Dr. Rosemary F. Jones, who retired from public education at the end of the 2009-10 school year.

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## Educate Yourself on Retirement Earnings Rules

If you're among the many retirees who have re-entered the work force, be sure you know the rules for working in retirement as they relate to your public pension.

If you are a NYSTRS service retiree working under any of the following scenarios, you can have unlimited earnings in retirement:

- Private or federal employment;

- Public employment outside New York State;
- As an elected official, inspector of elections, poll or ballot clerk, commissioner of deeds, juror or notary public; or,
- Any employment in the calendar year you turn age 65 — including NYS public employment.

NYSTRS retirees under the age of 65 who choose to work in New York State public service are subject to earnings limits, as established in Sections 211 and 212 of the Retirement and Social Security Law.

The Section 212 earnings limit, determined by the state Legislature, is currently \$30,000. If you

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Public Earnings  
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# NYSTRS RESOURCE

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

## OFFICE HOURS

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.

## WEB SITE

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

## TELEPHONE

(800) 356-3128  
(Albany-Area Calls: (518) 447-2900)

Lost Checks	Ext. 6160
Direct Deposit Information	Ext. 6230
Legislation	Ext. 6200
Tax & Withholding Information	Ext. 6120
Report a Retiree's Death	Ext. 6140
Earnings After Retirement	Ext. 6150
General Retiree Information	Ext. 6150

## HOTLINE

(800) 782-0289  
Form and Publication Requests  
Latest News 24/7

## RETIREMENT BOARD

R. Michael Kraus, President  
Sheila J. Salenger, Vice President  
Michael R. Corn  
Paul J. Farfaglia  
Dr. Phyllis S. Harrington  
Daniel J. Hogarty Jr.  
David P. Keefe  
Michael J. Masse  
Dr. L. Oliver Robinson  
Nicholas Smirensky  
  
Thomas K. Lee  
Executive Director

## 2011 BENEFIT PAYMENT DATES

March 31	Aug. 31
April 29	Sept. 30
May 31	Oct. 31
June 30	Nov. 30
July 29	Dec. 30

## Earnings in Retirement from page 1

anticipate exceeding the earnings limit in calendar year 2011, you have two options. You can:

- Suspend your NYSTRS retirement benefit; or,
- Apply for a Section 211 waiver, which if granted would allow you to earn more than \$30,000 and still collect your full NYSTRS pension.

Section 211 waivers are issued by the state entity with jurisdiction over your employment in retirement. The Retirement System does not grant waivers.

Before considering a Section 211 waiver, know that certain restrictions exist. These include:

- A retired public employee is prevented from working in the same or similar position s/he held prior to retirement for one year from the retiree's date of retirement;
- Earnings are limited if you work for an employer you received pay from in the two years prior to retirement and those salaries were used in your final average salary calculation. In that case, your earnings during a calendar year are limited to the difference between your FAS (or, if greater, the salary you would now be receiving had you continued in service) and your Maximum retirement benefit; and,
- Approvals are generally limited to one year.

Learn more about earnings after retirement, including the rules governing work as a consultant, in the NYSTRS publications *Working in Retirement* and *Retired Members' Handbook*. Both publications are found online at [www.nystrs.org](http://www.nystrs.org). Select the Library tab, then the Retiree Publications page. ■



## Tax Change Takes Effect

Due to a change in the federal tax tables, retirees' net NYSTRS benefit payment may have decreased beginning with the January 2011 payment. The change affects those who have federal taxes withheld based on marital status and the number of exemptions claimed. **Your actual tax liability for this year will not change due to the new tax tables.**

The tax-table changes are primarily due to the expiration of the federal tax credit available under Making Work Pay legislation. The credit was in place from April 2009 through December 2010. Although the credit was aimed at those still working, the adjustment made to tax tables impacted retirees as well because the IRS uses the same withholding tables for both active and retired workers. The tax tables now used mirror those in place in March 2009.

**What retirees should consider as a result of this change:**

- Discussing the impact of this change with a *qualified tax advisor*. (NYSTRS cannot advise on this matter.)
- Changing your tax withholding. If you choose to make a change, you will need to file a new *W-4P Withholding Election and Certificate* with NYSTRS. The form is available on the Forms page at [www.nystrs.org](http://www.nystrs.org) or by calling (800) 782-0289. The form generally must be received by the 12th of the month in which you want the change to occur. ■

# Highlights From Our 2010 Annual Financial Report

## President's Message

Recent volatility in the financial markets and the economic uncertainty created as a result continues to threaten the stability of many public pension plans. That is not the case with NYSTRS, however. This System remains fully funded and is among the strongest in the nation in this regard.

There are many reasons for our success with a single common denominator: stability. Consistent, uninterrupted contributions, for example, and a disciplined investment approach with a long-term investment strategy are the cornerstones of our foundation. Our staff and our dedication to providing excellent customer service generates additional strength by creating a dependable yet flexible environment that welcomes growth. The result: our retirees and beneficiaries continue to receive the benefits they were promised and those payments are reintroduced into the local, state and national economies.



R. Michael Kraus

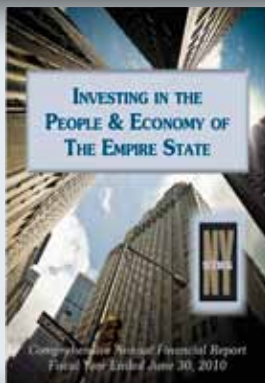
For NYSTRS, stability has bred success. Consider that System net assets increased more than 12.0% during the year, a figure more than 4.0% higher than the assumed rate of return of 8.0%. For the 20-year period that includes the fiscal year ended June 30, 2010, the overall portfolio returned 8.1%. Over that same period, 86.0% of System income was derived from investments.

That is why it surprises me when defined benefit pension plans like those administered by NYSTRS come under attack. Professionally managed, well-funded plans actually save taxpayers money, according to the National Institute on Retirement Security, while providing steady retirement income to millions of retirees. Unlike those who can literally outlive their retirement savings, a NYSTRS retiree is guaranteed an income for life.

I extend my sincere appreciation to my fellow Board members, Executive Director Tom Lee and his entire staff for their tireless commitment to our more than 427,000 members. I am certain our System will enjoy continued success because our foundation is strong, our values are unwavering and our people are among the best in the business.

A handwritten signature in black ink that reads "R. Michael Kraus". The signature is written in a cursive, flowing style.

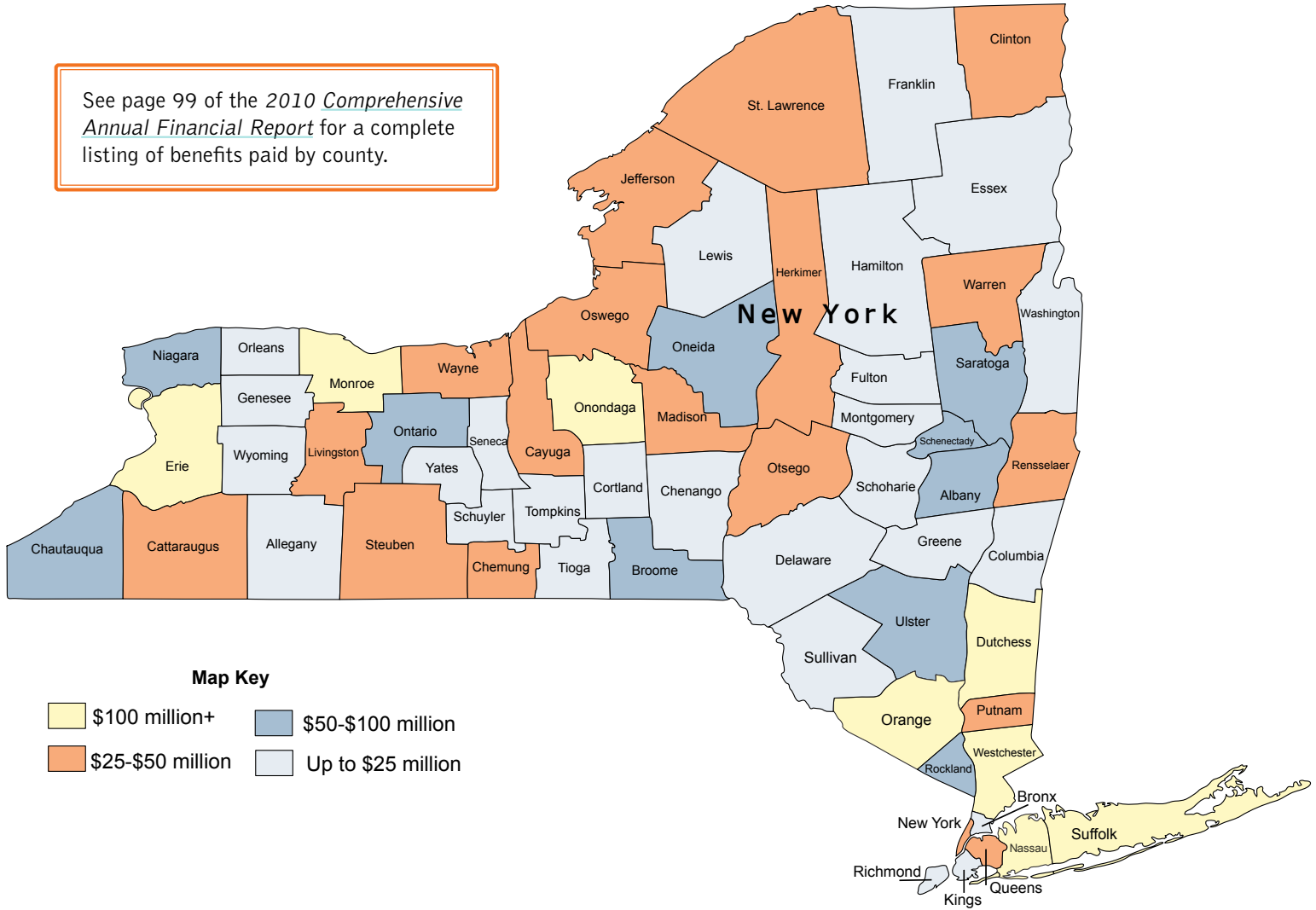
R. Michael Kraus  
President



The two pages that follow contain items from the System's *Comprehensive Annual Financial Report for the Fiscal Year Ended June 30, 2010*. The report can be found in its entirety on the Library page of our Web site at [www.nystrs.org](http://www.nystrs.org). You may request a hard copy by calling (800) 782-0289.

# Distribution of Benefits Paid by County\* as of June 30, 2010 — Top 20 Counties

See page 99 of the 2010 *Comprehensive Annual Financial Report* for a complete listing of benefits paid by county.



**Map Key**

- \$100 million+
- \$50-\$100 million
- \$25-\$50 million
- Up to \$25 million

<u>County</u>	<u>Annual Benefit Paid</u>	<u>County</u>	<u>Annual Benefit Paid</u>	<u>County</u>	<u>Annual Benefit Paid</u>
1. Suffolk	\$762,231,324	8. Orange	\$104,291,317	15. Broome	\$67,651,333
2. Nassau	384,755,569	9. Saratoga	98,699,102	16. Chautauqua	59,417,361
3. Erie	370,466,558	10. Rockland	93,273,393	17. Schenectady	53,563,684
4. Monroe	262,184,232	11. Oneida	90,106,919	18. Ontario	52,285,225
5. Westchester	249,933,923	12. Albany	89,625,990	19. Oswego	46,783,383
6. Onondaga	170,934,158	13. Niagara	79,820,835	20. Rensselaer	45,915,559
7. Dutchess	104,599,811	14. Ulster	78,886,774		

\*Computed on the optional annual benefit including supplementation and COLA.

## Asset Allocation — June 30, 2010

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	42%	35-49%	44.4%
International Equity	15%	11-19%	11.8%
Real Estate	10%	6-14%	9.4%
Private Equity	<u>7%</u>	4-12%	<u>8.0%</u>
<i>Total Equities</i>	74%		73.6%
Domestic Fixed Income	18%	13-23%	17.7%
Mortgages	8%	5-11%	7.3%
Cash Equivalents	<u>0%</u>	0-5%	<u>1.4%</u>
<i>Total Fixed Income</i>	26%		26.4%

## 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
2001	7,946	57-9	29-7	\$67,027	\$42,266
2002	7,344	57-6	28-6	68,014	41,731
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
2008	6,330	58-11	27-8	77,066	45,779
2009	5,644	59-6	27-7	78,050	46,061
2010	5,501	60-0	27-5	79,615	46,489

\*Averages are for service and vested retirees.

# Reporting Your 2010 Public Earnings

It's time for your annual reminder! If you're a NYSTRS retiree who spent any part of 2010 working in New York public employment, you may need to report your wages to the Retirement System.

You would need to report earnings if:

- You worked for a public employer that does not report to NYSTRS (for example, somewhere other than a public school, participating charter school, SUNY college or university, or community college);  
AND
- You earned more than \$30,000 in the 2010 calendar year;  
AND
- You were under 65 in 2010 and did not have a waiver that allowed you to exceed the earnings limit.

However, if you worked for any of the following employers, you do not need 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.

*Important! Be sure all 2010 earnings have been paid to you before reporting to NYSTRS.*

You can report your earnings by completing the form below and returning it to NYSTRS by March 31, 2011. If you retired in calendar year 2010, only consider earnings for work that occurred after your date of retirement.

Section 212 of the Retirement and Social Security Law states that service retirees may return to New York State public employment and earn a certain amount per calendar year, as established by the State Legislature. The earnings limit for 2010 is \$30,000.

However, you were eligible to earn more than \$30,000 in New York State public employment if you met any of the following criteria:

- Obtained a Section 211 waiver from the entity with jurisdiction over your employment;
- Suspended your NYSTRS retirement benefit; or,

- 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 and your date of membership is prior to May 31, 1973 AND your contract has been received and approved by NYSTRS; or,
- All employment (including New York State public service) beginning in the calendar year you turn 65.

The rules for members with a disability retirement are different, so those members will receive a separate mailing from NYSTRS.

For more information about earnings limits, refer to the System's pamphlet *Working in Retirement*, available at [www.nystrs.org](http://www.nystrs.org) or by calling (800) 782-0289. ■

## CLIP-AND-MAIL EARNINGS FORM

### REPORTING YOUR 2010 NEW YORK STATE PUBLIC EMPLOYMENT EARNINGS

Name \_\_\_\_\_ EmplID or SS# \_\_\_\_\_

Street \_\_\_\_\_

City, State, Zip \_\_\_\_\_

I earned a total of \$ \_\_\_\_\_ during calendar year 2010 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

## Harrington, Robinson Join NYSTRS Board from page 1

Prior to joining the Shenendehowa School District in 2005, Dr. Robinson was the superintendent of schools for the Rotterdam-Mohonasen Central School District. He also served in New York public schools as an assistant superintendent for business and a school business administrator.

Dr. Robinson is a graduate of Brown University. He earned his Ph.D. and M.S. from the State University of New York at Albany. In addition to his role at Shenendehowa, Dr. Robinson is an adjunct faculty member and lecturer at several Capital District colleges and universities.

Dr. Robinson's professional affiliations include the New York State Council of School Superintendents,

New York State Association of School Business Officials and Tech Valley Comprehensive High School. He also serves on several New York State Education Department Advisory Councils.

On the NYSTRS Board, Dr. Robinson takes the place of Dr. James N. Baldwin, who left his school administrator position at Questar III to accept the position of chief of staff for Commissioner Steiner.

### OTHER BOARD NEWS

Sheila J. Salenger was re-elected to the Board at the November 2010 Annual Delegates Meeting. A teacher member, she was elected to her eighth term.

Salenger, a Niskayuna resident, was first elected to the Board in 1989. She was elected vice president of the Board by her fellow trustees in 2009.

Salenger began her teaching career in New York City and has been a long-time faculty member in the Wappingers Central School District. She is also a longtime active member of New York State United Teachers (NYSUT). ■

## Board Meeting Highlights from back page

### **October 28, 2010** *Continued*

- ◆ **Approved** changes to Board committee charters.
- ◆ **Approved** changes to the System's annual disclosure statement and code of ethics.
- ◆ **Approved** resolutions delegating authority to the Executive Director to make certain decisions regarding the annual meeting of NYSTRS delegates, membership renewals in several national organizations and the investment of certain discretionary funds.
- ◆ **Approved** the System's 2011 legislative program.
- ◆ **Accepted** a recommendation of the Executive Director and System staff to reduce the number of items requiring Board ratification at its quarterly meetings.

### **January 27, 2011**

- ◆ **Re-elected** R. Michael Kraus as president of the Board and Sheila J. Salenger as vice president.
- ◆ **Considered** a private equity investment in Cortec Group Fund V L.P., and authorized the System to invest

up to \$50 million in that fund, subject to the satisfactory completion of due diligence.

- ◆ **Considered** a real estate investment in Artemis Real Estate Partners Fund I L.P., and authorized the System to invest up to \$50 million in that fund, subject to the satisfactory completion of due diligence.
- ◆ **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, 2011.
- ◆ **Renewed** the agreement with Torchlight Investors L.L.C. to manage a portion of the System's assets in Commercial Mortgage Backed Securities (CMBS), for one year, effective March 30, 2011.
- ◆ **Renewed** the agreement with Iridian Asset Management L.L.C. to manage a portion of the System's portfolio as an active domestic mid capitalization equity manager, for one year, effective April 1, 2011.
- ◆ **Authorized** the Executive Director to reallocate, at his discretion as

circumstances warrant, up to \$2 billion in assets between the System's passively managed domestic equity portfolios and the System's passively managed international equity portfolios.

- ◆ **Authorized** the Executive Director to invest in exchange traded futures as necessary to minimize certain asset allocation risk and to minimize implementation costs and improve efficiencies when rebalancing the domestic equity portfolio, with exposure in such instruments not to exceed \$2 billion at any one time.
- ◆ **Approved** an amended Internal Audit Department charter.
- ◆ **Honored** Ruth Cramer (*Continual Contribution to Excellence*) and Jacqueline Rymanowski (*Significant Contribution for the Year*) as NYSTRS' 2010 Excellence Award winners. ■



# NYSTRS Board Meeting Highlights

## OCTOBER 2010 & JANUARY 2011

### October 28, 2010

- ◆ **Adopted** resolutions honoring Board Trustee Dr. James N. Baldwin, who resigned his position as a chief school administrator to accept a position with the NYS Department of Education, and Real Estate Advisory Committee Chairman Glen Coverdale, who will remain through the 2010 calendar year, for their years of service.
- ◆ **Authorized** the allocation of up to \$250 million with Leading Edge Investment Advisors to manage a portion of the System's equity portfolio as manager of managers with a domestic equity all capitalization mandate, subject to the satisfactory completion of due diligence.
- ◆ **Authorized** the allocation of up to \$125 million in HarbourVest/NYSTRS Co-Invest Fund LP, subject to the satisfactory completion of due diligence.
- ◆ **Authorized** the allocation of up to \$100 million in HIPEP Select Asia Fund LP, subject to the satisfactory completion of due diligence.
- ◆ **Renewed** an agreement with Step-Stone Group LLC to serve as the

System's private equity consultant, for one year, effective Feb. 1, 2011.

- ◆ **Authorized** an agreement with KPMG LLP for audit services for the fiscal years ending June 30, 2011; June 30, 2012; and, June 30, 2013.
- ◆ **Renewed** an agreement with Hewitt EnnisKnupp to act as a general investment consultant, for one year, effective Feb. 1, 2011.
- ◆ **Renewed** the agreement with EII Realty Securities Inc. to manage a portion of the System's portfolio as an international (ex-U.S.) real estate securities investment manager, for one year, effective Dec. 7, 2010.
- ◆ **Renewed** the agreement with LaSalle Investment Management (Securities) LP to manage a portion of the System's portfolio as an international (ex-U.S.) real estate securities investment manager, for one year, effective Dec. 1, 2010.
- ◆ **Renewed** the agreement with RREEF America LLC to manage a portion of the System's portfolio as an international (ex-U.S.) real estate securities investment manager, for one year, effective Dec. 1, 2010.
- ◆ **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, 2011.

- ◆ **Renewed** the agreement with Callan Associates Inc. to act as a real estate consultant, for one year, effective Feb. 1, 2011.
- ◆ **Removed** Iridian Asset Management LLC from the System's "watch list."
- ◆ **Appointed** Eileen M. Byrne to a three-year term on the Real Estate Advisory Committee, effective Jan. 1, 2011.
- ◆ **Reappointed** Herman E. Bulls to a three-year term on the Real Estate Advisory Committee, effective Jan. 1, 2011.
- ◆ **Reappointed** David L. Brigham and Carol A. Zipkin to three-year terms on the Investment Advisory Committee, effective Jan. 1, 2011.
- ◆ **Accepted** the report of KPMG LLP on the financial statements of the Retirement System as of June 30, 2010, and for the plan year ended on that date.
- ◆ **Accepted** changes to the Investment Policy Manual, reflecting updates approved by the Retirement Board through the July 2010 Board Meeting.
- ◆ **Approved** amendments to the System's Rules and Regulations.
- ◆ **Approved** amendments to System bylaws relative to Retirement Board officers and their duties, as well as the Board's committee structure.

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New York State Teachers' Retirement System  
10 Corporate Woods Drive  
Albany, NY 12211-2395

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