Mission Accomplished as Pensions Disbursed Without Interruption

Despite these difficult times, NYSTRS continues to fulfill its mission of providing members with a secure pension, and we continue to make pension payments on time and in full.

“NYSTRS remains one of the strongest and best-funded public retirement systems in the nation,” said David P. Keefe, a retired teacher and president of the NYSTRS Board of Trustees. “The System has distributed earned retirement benefits on time and without fail throughout its nearly 100-year history and members should be confident this will continue.”

The NYSTRS 10-member Board of Trustees and the System’s investment professionals work together to protect the long-term security of the retirement fund using advance funding and managing a diversified portfolio designed to weather economic storms.

“It is exactly this long-term investment strategy that helps us tolerate the volatility in the financial markets we are currently experiencing,” said NYSTRS Executive Director and Chief Investment Officer Thomas K. Lee.

Advance funding means the System invests employer and member contributions throughout a member’s working career, steadily accumulating the assets necessary to provide a fully funded benefit in retirement. By pooling these contributions, NYSTRS can achieve economies of scale no individual investor could duplicate.

In addition, the System’s investment portfolios are broadly diversified both among and within asset classes. This makes the System well-positioned to absorb losses caused by downturns in the financial markets as well as realize gains as the economy rebounds.

Your NYSTRS pension is a defined benefit pension that members receive for life. Public pension benefits are also guaranteed by the New York State Constitution and may not be reduced.

See Related Story, Public Pensions Built to Last, page 5

Paying Pensions, Serving Members Prioritized During Pandemic

Most NYSTRS staff are working from home due to the COVID-19 crisis, but retired and active members alike can still expect to receive the highest level of customer service throughout this challenging time.

Consistent with our mission, our top priority is to ensure that pension benefits continue to be distributed on time to our more than 160,000 retirees and beneficiaries. Most retired members receive their benefits through direct deposit to their bank and therefore should experience no delays.

If you are not currently using direct deposit, now would be an excellent time to start. The easiest way to set up direct deposit is to create a secure, online MyNYSTRS account, which will also allow you to access multiple other self-service tools.

See Paying Pensions, page 6
NYSTRS Ranked High Nationally

Each year the trade publication Pensions & Investments ranks the top 1,000 pension systems, both public and private, in the country. Here’s how NYSTRS stacked up in the 2020 rankings:

- 8th largest public fund.
- 11th largest fund overall.
- 7th largest defined benefit plan.
- 5th among defined benefit plans with the most funds managed internally.

Defined benefit plans like the one administered by NYSTRS pay lifetime benefits calculated using a formula typically based on age, salary and years of service. Funding comes from System members and their employers. Those monies are invested with the returns earned used to pay benefits and grow the overall fund.

About 60% of NYSTRS assets are managed internally. Internal management of assets saves money by reducing investment fees paid to external managers. The money saved can be invested, thus earning more money for paying benefits. The greater the return on investments, the lighter the burden on employers and the taxpayers who fund them.

Over the past 30 years, 85% of NYSTRS income has come from earnings on investments. Nationally, about 63% of public pension revenues are attributable to investment earnings, according to statistics compiled by the National Association of State Retirement Administrators (NASRA).

Learn more about NYSTRS and its finances by reviewing the System’s 2019 Popular Annual Financial Report (PAFR) and visiting the Infographics page of our website.

How to Change Your Tax Withholding

Generally, tax season would already be over, but this year the deadline for filing your federal 2019 income tax return has been extended until July 15 due to the COVID-19 pandemic. If you’ve done some work on your taxes, you may have determined you need to adjust the amount of federal taxes withheld from your pension going forward.

If you want to alter your withholdings for 2020, you will need to complete and submit a new W-4P Withholding Election and Certificate (FIN-149). If you have a MyNYSTRS account, you can make the change online and avoid having to file a paper form. Otherwise you can download and print the form from NYSTRS.org (see Forms > Retiree Forms).

You also have the option of having no federal income tax withheld. If this is your preference, you would be responsible for paying taxes due directly to the IRS and, depending on your situation, any underpayment penalties you may accrue. As a reminder, your pension is NOT subject to New York State income tax.

For more information on taxes and your pension, including a link to the federal tax tables, see Retirees > Taxes & Estate Planning on our website. The tables help you determine how much NYSTRS would withhold from your benefit payment under various scenarios.

Please Note: NYSTRS staff cannot offer tax advice. Please consult a tax adviser or the IRS directly if you have questions about your personal tax liability.
Scammers Preying on Pandemic Fears

While the COVID-19 crisis has brought out the best in many people who want to support their communities, it has also produced a new bout of scammers seeking to prey on the fears and anxiety of people.

The FBI and the Federal Trade Commission are both urging people to guard against coronavirus-related scams. NYSTRS also encourages you to remain vigilant in protecting your personal information, including your Social Security number, NYSTRS EmplID, credit card numbers, and bank account numbers.

The FBI warned that some cybercriminals are sending fake emails that appear to come from organizations such as the Centers for Disease Control and the World Health Organization – a technique known as spoofing. The emails try to entice people to click on a link that will supposedly provide information on COVID-19, but instead downloads malicious software to your computer.

Other scams try to convince people that to qualify for a government stimulus payment they should click on a link in what is a phony email or provide personal information, such as a Social Security number, over the phone.

"Look out for phishing emails asking you to verify your personal information in order to receive an economic stimulus check from the government," an FBI news alert says. "While talk of economic stimulus checks has been in the news cycle, government agencies are not sending unsolicited emails seeking your private information in order to send you money."

Likewise, be aware that NYSTRS will never call you and request payment over the phone. There are rare instances where we may call to discuss money you owe to NYSTRS, but this will always be followed by written communication confirming the details.

NYSTRS will also never ask you for gift cards or for payments to be sent to any address other than our Corporate Woods headquarters.

The best protection against scammers is staying well-informed about common scams. Here are some important tips from the Federal Trade Commission:

- Hang up on robocalls. Scammers are using illegal robocalls to try to sell fake coronavirus treatments and tests and to ask for donations to fake charities. Don't press any numbers on your phone; just hang up.

- Ignore online offers for vaccinations and home test kits. There are no such treatments currently available or approved by the Food and Drug Administration.

- If you are purchasing supplies online, make sure they are from a legitimate source. Illegal sellers may claim they have products such as cleaning or medical supplies that they don't have.

- Don't respond to texts, emails or phone calls about checks from the government. You do not have to apply to receive a government stimulus check that you are eligible for.

- Don't click on links from sources you don't know. If you want accurate information on COVID-19, use your computer browser to go directly to official websites such as the Centers for Disease Control. And make sure the anti-malware and anti-virus software on your computer is up to date.

- Research organizations you are considering donating to, and don't let anyone rush you into donating in cash, by gift card or by wiring money.

For more information on assorted scams and how to protect yourself:
- Visit the Federal Trade Commission website at www.ftc.gov/coronavirus

To report a scam or suspicious robocalls:
- Visit www.ftc.gov/complaint
Answering Your Questions About Changing Beneficiaries

Retired members often ask if they can change their beneficiary in retirement. The answer hinges on which beneficiary election we are talking about, as noted below:

You CANNOT change your benefit payment beneficiary if...

☑ You selected the Maximum at retirement, because this payment option does not provide for beneficiary protection.
☑ You selected a survivor or pop-up option and have been retired more than 30 days.

You CAN change your benefit payment beneficiary if...

☑ You selected a lump sum or guarantee period option and the coverage is still in effect. (If the coverage period you selected has passed, you cannot change your beneficiary.)

You CAN change your Paragraph 2 death benefit beneficiary if...

☑ You are a Tier 2-6 retiree and meet the eligibility requirements for post-retirement death benefit coverage.

To change your Paragraph 2 beneficiary, you must file a properly completed and notarized Designation of Beneficiary (NET-11.4) form with the System. To change a lump sum or guarantee period beneficiary, file a properly completed and notarized Designation of Beneficiary for Retirees Who Elected a Guarantee Period Option (RMS-5.3) form or a Designation of Beneficiary for Retirees Who Selected a Lump Sum Option (RMS-5) form.

All forms are available on the Retiree Forms page at NYSTRS.org.

If you have a MyNYSTRS account, you can view your current beneficiary information online. Beneficiaries are also listed on your Retired Member Profile, which you receive each fall and is also available in MyNYSTRS.

Is Your Current Address On File with NYSTRS?

If you change your place of residence, please remember to notify NYSTRS. Among the items you'll no longer receive if the address we have on file for you is not current are your Retired Member Profile, your year-end 1099 tax statement and this newsletter.

If you have a MyNYSTRS account, you can submit your address change electronically. If you don't have an account, complete and mail the Member Name/Address Change (GRE-50) form found on the Retiree Forms page of NYSTRS.org.

Address changes may also be reported to us in writing, but they must contain your signature. We cannot accept address change requests over the telephone or by email.

If you are a so-called snowbird and maintain more than one residence, complete and submit a Seasonal Address Change (RET-2) form. If the addresses remain unchanged from year to year, you will only need to file this form once. This form is also available from the Retiree Forms page of our website.

Listen to THIS!

The audio version of this newsletter is available at no cost.

* Listen online anytime! Visit the Library at NYSTRS.org.
* Subscribe to the narrated version on Compact Disc (CD) by calling (518) 447-2910.

Please note: If you already receive the Resource CD, you do not need to contact us.
Retired public employees who live and spend their pension dollars in small towns and rural communities help jumpstart their local economies – especially during troubled times, a new study by the National Institute on Retirement Security (NIRS) found.

“Pension benefits will continue to be paid even when the economy starts to slow,” Bond added.

Defined benefit pension plans, like the one administered by NYSTRS, provide reliable retirement income to retirees for life.

The NIRS study examined public pension payments as a percentage of Gross Domestic Product (GDP) and total personal income for 19 geographically diverse states, including New York.

Researchers found that pension benefit dollars make up a larger portion of the overall local economy in areas that are smaller, less densely populated and have smaller economies, such as rural communities and small towns.

In addition to rural communities, counties containing a state capital received the biggest boost from public pensions due to larger numbers of public employees.

In New York state, rural Hamilton county saw the largest impact with public pension benefits amounting to 6.63% of total personal income and 6.34% of GDP.

Pensions also made up a relatively high portion of personal income and GDP in communities dominated by small towns, including the following counties: Delaware, Essex, Greene, Montgomery, Schoharie, and Wyoming.

For more information on other counties and states, check out the full report at www.nirsonline.org.
COLA Calculation Complete; Increase Begins With 9/30 Payment

Beginning with the September 30 payment, eligible retirees will receive an extra $15 monthly under New York’s legislated cost-of-living adjustment (COLA).

By law, the 1.0% COLA for 2020-21 is applied to the first $18,000 of the maximum retirement benefit. A retired member with an eligible annual benefit of $18,000 or more will receive an increase of $15 per month.

Eligible retirees receiving an annual benefit less than $18,000 will receive a smaller monthly increase. Retirees who become eligible for the COLA after September will receive their adjustment when first eligible.

The cumulative maximum cost-of-living increase since New York’s COLA legislation was enacted in 2001 now totals $378 a month, or more than $4,500 annually. The permanent, automatic COLA is designed to help offset the adverse effects of inflation on the fixed retirement benefits of the state’s public retirees.

To be eligible for a COLA, you must be one of the following:

- At least 62 and retired at least five years.
- At least 55 and retired at least 10 years.
- A retiree receiving a NYSTRS disability benefit for at least five years regardless of age.
- The 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 COLA is calculated by taking 50% of the Consumer Price Index (CPI) increase from one March to the next and rounding up to the nearest tenth. By law, the COLA can be no less than 1% and no more than 3% annually and can be applied only to the first $18,000 of the maximum retirement benefit. The March 2020 CPI was 1.54%.

Paying Pensions continued from page 1

It’s easy to create a MyNYSTRS account, which also will give you quick access to 1099 tax forms and your Retired Member Profile as well as the ability to submit an address change online or send us a secure message:

1. Have your seven-digit NYSTRS EmplID (found on your Benefit Profile or Retired Member Profile and all official correspondence you receive from NYSTRS) and the last four digits of your Social Security number on-hand.
2. Go to NYSTRS.org and click on the MyNYSTRS Login tab near the top of any page.
3. Select the Register button and follow the step-by-step instructions given. You’ll be walked through the process of creating a username, a password and an identity verification phrase – all designed to provide multiple layers of security for your account.

In addition to paying pensions, we are prioritizing time-sensitive transactions such as direct deposit changes and death benefit payments. We continue to receive mail, but we may not be able to process paper transactions as quickly during this period.

Our phone lines remain open to help you with these and other needs. So call us at (800) 348-7298 should you need assistance. You can also message us securely via MyNYSTRS.

For common questions, see the FAQs posted on our website. Under the NYSTRS News heading, select “COVID-19 Update & FAQs.” We also urge you to make use of the many informational resources available on NYSTRS.org and the many self-service tools available in your MyNYSTRS account.
Defined Benefit Pensions Provide Poverty Buffer for Retirees

A recent national study cast a spotlight on the importance of defined benefit (DB) pensions like the one administered by NYSTRS. According to the study, without income from these pensions, the number of older households in poverty would increase by almost 20% nationwide.

The January 2020 study, “Examining the Nest Egg: The Sources of Retirement Income for Older Americans,” conducted by the National Institute on Retirement Security (NIRS), analyzed national data from two 2014 surveys regarding retirees’ sources of income and how that income helps retirees avoid poverty and material hardship.

While retirement experts say the most security comes from the so-called “three-legged stool” of retirement savings – Social Security, a defined benefit pension and individual savings such as a defined contribution plan or IRA – only 6.8% of retirees have income from all three sources, according to the findings.

Besides Social Security, defined benefit pensions are a key factor serving as a cushion against poverty among retirees, the study found. Without income from pensions, the number of older households in 2013 receiving public assistance would have increased to more than four million households. In addition, the number of older persons receiving Medicaid would have increased by more than 15%, the study said.

As a result, the combined costs for public assistance and Medicaid benefits to older households would have increased by almost $13.5 billion, the study said. In contrast, income from defined contribution plans like 401(k)s have a much smaller impact, the study said.

While protecting and expanding Social Security should be a top priority, “Social Security alone is not enough to provide a secure retirement,” said NIRS Executive Director Dan Doonan. “It is clear from the data that pensions serve an important function in keeping working families in the middle class in retirement, more so than DC (defined contribution) accounts that disproportionately benefit higher income Americans.”
Facts to Share

You can easily report any earnings in retirement on a monthly basis online using your MyNYSTRS account. The earnings limit that applies to most retirees under age 65 has been raised to $35,000 for the 2020 calendar year.

INSIDE THIS ISSUE:

Mission Accomplished as Pensions Disbursed Without Interruption
Paying Pensions, Serving Members Prioritized During Pandemic
Scammers Preying on Pandemic Fears
Answering Your Questions About Changing Beneficiaries
COLA Calculation Complete; Increase Begins With 9/30 Payment

NYSTRS Board Meeting Highlights

January 30, 2020

- Re-elected David P. Keefe as president and L. Oliver Robinson as vice president of the Board.
- Authorized the Executive Director and Chief Investment Officer to modify the investment mandate for Leading Edge Investment Advisors from a U.S. multi-cap strategy to a global equity strategy.
- Authorized an initial investment of up to $400 million and a total allocation of up to $1.0 billion to RhumbLine Advisers Limited Partnership to manage a portion of the System's assets as a passive international equity manager benchmarked to the MSCI ACWI Ex-U.S. Index.
- Renewed the agreement with Raith Capital Partners LLC to act as a real estate debt separate account advisor.
- Renewed the agreement with Iridian Asset Management LLC to manage a portion of the System's portfolio as an active domestic mid-capitalization equity manager.
- Renewed the agreement with Cohen & Steers Capital Management Inc. to manage a portion of the System's assets in Real Estate Investment Trusts (REITs) and Real Estate Operating Companies (REOCs).
- Renewed the agreement with BlackRock Financial Management Inc. to manage a portion of the System's assets in Commercial Mortgage Backed Securities (CMBS).
- Renewed the agreement with Arrowstreet Capital LP to manage a portion of the System's assets as a global equity manager benchmarked to the MSCI ACWI Index.
- Renewed agreements with the following firms to manage a portion of the System's assets as MSCI ACWI Ex-U.S. international equity managers: Ariel Investments LLC, Arrowstreet Capital LP, FIS Group.
- Renewed agreements with the following firms to manage a portion of the System's assets as active U.S. high-yield managers benchmarked to the ICE BofAML BB-B U.S. High Yield Constrained Index (HUC4): Columbia Management Investment Advisers LLC, J.P. Morgan Investment Management Inc.
- Authorized the Executive Director and Chief Investment Officer to contract with Callan Associates to serve as the System's general investment consultant and with Aon Hewitt Investment Consulting to provide Board self-assessment services.
- Approved amendments to the System's bylaws to reflect changes to the Board committee structure and adopted or amended the affected Board committee charters in accordance with the restructuring.
- Approved amendments to the System's Investment Policy Manual and Internal Audit Department Charter.