NYSTRS Board Adopts Climate Change Action Plan

NYSTRS’ Retirement Board recently adopted a climate change action plan as an important first step to mitigate climate change risks and opportunities related to the System’s investment portfolio.

The action plan, among other things, calls for the System to cease further direct public equity investment in 20 fossil fuel companies held in its internally managed strategies or externally managed index funds with a total market value of $1 billion. Further, NYSTRS will divest $66 million worth of direct public equity holdings in companies deriving revenues from thermal coal activities.

The action plan, which the Board unanimously adopted, comes following the Board’s methodical and deliberative process to analyze climate risks to its investment portfolio and is consistent with its fiduciary duties to provide retirement security to the System’s nearly 435,000 members. The Board determined there is a rational nexus between long-term investment risks facing the companies in the fossil fuel industry and the long-term risks they pose to the System’s investment in such companies.

The actions being taken by the System are detailed in the Update to the Legislature Regarding NYSTRS’ Deliberative Process to Address Climate Risk and Opportunities, published following a Board meeting held virtually Dec. 28, 2021.

"NYSTRS fully understands its important responsibility as an institutional investor to actively pursue the path to a climate-conscious future," said NYSTRS Executive Director & Chief Investment Officer Thomas K. Lee. "This initial climate action plan squarely puts the System on that path while remaining consistent with NYSTRS’ fiduciary duties."

The Board has long diligently and thoughtfully considered complex environmental, social and governance (ESG) matters and how they relate to the System’s long-term investments, and it is committed to creating a pathway to effectively integrate ESG factors in a responsible manner.

Further details of the action plan, including the Board’s commitment to continue its deliberative process in 2022 and beyond, are found in the Update, which is available on the About Us > Investments page at NYSTRS.org.

New Delegates Needed To Fill Midterm Vacancies

If you are interested in becoming a NYSTRS delegate and your district has vacancies, now is your chance to serve your colleagues.

School districts with any vacant delegate positions have until Oct. 1 to hold special elections to finish out the current term. Only employers with openings in both the delegate and alternate positions of a ticket are eligible to participate.

To see if your district has any vacancies to fill, go to the Electing Delegates page under the Delegates tab at NYSTRS.org and select “Delegates: 2021-2023 Term.” This site will also tell you how many delegates your district is allowed and who already represents your district.

Election results must be reported to NYSTRS by Oct. 6. Any newly elected delegates and alternates begin serving as soon as election results are reported. Those elected will serve until the current term ends July 31, 2023.
New Mail Tracking Options Approved by NYSTRS

Do you need to mail a time-sensitive document or payment to NYSTRS and want to be assured that it was filed on time? In addition to sending your documents by registered or certified mail, you now have more options.

While we recommend that you file forms online using your MyNYSTRS account whenever possible, there may be times when you need or prefer to handle something by mail. New state legislation allowed NYSTRS to expand the types of mailing options we will accept to consider documents received the date of mailing.

Documents mailed to NYSTRS will be considered filed on the day they are mailed if they are mailed by registered or certified mail via the U.S. Postal Service (USPS), or by an equivalent delivery service that provides mail tracking and is approved for use by the System. Approved delivery companies include the USPS, United Parcel Service (UPS), Federal Express and DHL Express.

Please see the Contact Us > Get in Touch page at NYSTRS.org for the detailed list of delivery services currently approved by the System.

Stay a Step Ahead of Scammers

To avoid falling victim to scammers online, it is important to always think before you click.

Cybercriminals want to stir up your emotions, catch you off guard and trigger you to click impulsively on phony webpages or suspicious links. Stay safe by taking the time to act cautiously and thoughtfully.

Here are some things you should be watching out for now:

- While Microsoft is offering free upgrades to Windows 11 for customers with compatible systems that currently run Windows 10, avoid clicking impulsively on what could be a fake Windows 11 webpage or fake pop-up ad designed to look like a Windows update. Instead, go directly to Microsoft’s official website if you want to learn more about the Windows 11 update.
- Always be careful when downloading apps or software and only download from trusted publishers. Even cybercriminals can publish apps on official app stores. Read reviews and ratings for apps and look for critical reviews, which are more likely to be real.
- Some scammers in recent cyberattacks have spoofed organizations’ human resources departments and sent out what looks like a link to a mandatory vaccination status form but leads to a fake login page for Microsoft Outlook that collects your personal information. Before clicking on any links, make sure the email is really coming from the department and/or person listed as sender. Contact the person by phone or on a messaging app to confirm they actually sent the email.

NYSTRS has multiple layers of security in place to protect your personal information, but we urge you to be vigilant as well. If you think your personal identity has been compromised, contact us immediately at (800) 348-7298, Ext. 6190 to discuss options for adding a theft of ID flag to your System account. This will notify staff to take extra care in authenticating your identity before sharing specific information over the phone or processing any transactions.
PAFR Offers Fast Facts on Finances and Members

NYSTRS currently serves nearly 435,000 members and beneficiaries. In the 2020-21 fiscal year, the System paid about $7.7 billion in benefits.

Retirees receiving a service retirement worked an average of nearly 26 years to earn their retirement benefit. The average Maximum annual benefit for new service retirees was about $49,000, as of the June 30, 2021 fiscal year-end.

These are just a few of the interesting facts you will find in the System’s Popular Annual Financial Report (PAFR) issued in December. The eight-page report summarizes NYSTRS’ financial position for the 2021 fiscal year and is intended for those without a background in public finance.

Among the funding and investment highlights as of June 30, 2021 found in the PAFR:

- System assets were $148.1 billion, net of fees.
- NYSTRS’ 10-year and 30-year rates of investment returns, net of fees, were 10.1% and 9.2%, respectively.
- Over the past 30 years, 86% of the System’s funding has come from investment income.

The report also provides details about NYSTRS members, noting that 46% of active members have 10 years or less of service credit and 32% are Tier 6 members. The report also contains a graphic showing benefits paid to retirees by county, demonstrating that about 80% of benefits are paid to New York state residents, which then has a significant positive impact on state and local economies.

The 2021 PAFR is available on the Annual Reports page at NYSTRS.org. To request a print version, call our Hotline at (800) 782-0289. For more detailed financial information, see our Comprehensive Annual Financial Report, also available at NYSTRS.org.

National Study Says DB Pensions Deliver at Half the Cost of DC Plans

Defined benefit (DB) pensions plans, such as your NYSTRS plan, deliver retirement benefits at half the cost of 401(k)-style defined contribution (DC) plans, according to a new national study.

The January 2022 study by the National Institute on Retirement Security (NIRS) found that defined benefit pension plans are more cost effective than defined contribution plans due to “longevity risk pooling, higher investment returns, and optimally balanced investment portfolios.”

“Pensions have economies of scale and risk pooling that just can’t be replicated by individual savings accounts,” said Dan Doonan, NIRS executive director and co-author of the study, “A Better Bang for the Buck 3.0: Post-Retirement Experience Drives the Pension Cost Advantage.”

Much of the cost savings occurs after retirement when retirees shift from saving to spending down their retirement income, the study found. DC plans impose substantially higher fees when retirement assets are withdrawn. In addition, retirees often shift their savings in DC accounts into lower risk, lower return asset classes. This doesn’t happen with DB plans where assets continue to be managed by the pension plan and a certain pension payment for life is guaranteed.

“The cost differences are a key consideration for employers and policymakers given that most Americans are deeply worried about retirement, and retirement savings levels are dangerously low for the typical U.S. household,” Doonan said. “Policymakers are wise to protect existing pensions while also fostering innovation in DC plans to improve the financial security of those relying on 401(k) accounts.”

Read the full study in our Pension Education Toolkit at NYSTRS.org.
Your Retirement Planning Guide:

If you’re thinking about retiring this year, we’re sure you have lots of questions about the application process, how benefits are calculated, what planning resources are available to you, and more.

It’s a major life event with a lot to consider, but we are here to help you every step of the way!

Visit Our Ready to Retire Page

Start by exploring the Ready to Retire page at NYSTRS.org. The information, publications and videos provided there will walk you through everything you need to know from what to do early in the process to what to expect after you file.

Some of the helpful resources and tools found on the Ready to Retire page include:

- **NYSTRS Retirement Checklist**, which lists the key items you should consider before filing for retirement.
- **Countdown to Retirement** brochure and “Retirement Countdown” videos, which contain details such as when to file your retirement application, the deadline for withdrawing your application or changing your retirement date, and when to expect your first benefit payment.

Estimate Your Pension Benefit

One thing on your mind may be: How do I calculate my pension benefit? The Benefit Profile NYSTRS prepares for you annually will give you a general idea of your benefit. After reviewing your **Profile**, use the online pension estimator in your MyNYSTRS account to generate a projection that includes service and salary from the current school year. Estimates can be run for the Maximum benefit payment or for options that provide beneficiary protection.

Selecting the benefit payment best for you is the most important decision you will make during the retirement process. Review our brochure **Maximum or an Option: Choosing a Benefit Payment Right for You** and watch our two-part video “Your NYSTRS Benefit Payment – Making the Choice That’s Right for You” for details on the choices available. Both the brochure and the video are available on our website. We also encourage you to discuss your options with a NYSTRS representative either at a consultation or by calling (800) 348-7298, Ext. 6250.

Schedule a Benefits Consultation

A personal benefits consultation with a Retirement System representative offers the opportunity to discuss your individual circumstances and ensure you understand your benefit payment options. At a consultation, we will provide you with complete information about the retirement benefit options available, go over the steps of the retirement process and provide you with a personalized estimate of your benefits based on your anticipated retirement date.

You may make an appointment for a consultation either online through your MyNYSTRS account or by calling us at (800) 348-7298, Ext. 6100. Consultations may be booked up to 120 days in advance. Appointments fill up fast! (Note: If you are not planning to retire at the end of this school year, we encourage you to book an appointment in the fall.)

We are currently offering phone consultations; personal device video consultations using your own computer, tablet or smart phone; and a limited number of remote video consultations at various locations across the state. Check the **Benefits Consultations** page on our website for the list of remote locations.

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**Types of Benefit Consultations Available**

**Personal Device Video:** The consultation will be conducted using the Microsoft Teams meeting platform on your own computer, tablet or smartphone. After you make an appointment, you will receive a separate invitation to the meeting that will include the link and information required to join the meeting.

**Phone:** We will call you at the scheduled date and time using the number you provide when booking your appointment.

**Video:** Remote video consultations are generally held at a school or BOCES that serves as a host for NYSTRS. Equipment will be already set up at the remote video consultation location and will allow you to meet via live video with a NYSTRS representative.

Schedule an appointment through MyNYSTRS or by calling (800) 348-7298, Ext. 6100.

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**DID YOU KNOW?**

- To receive a pension, you must submit a retirement application to NYSTRS. Resigning from your employer and filing for retirement are two separate and distinct actions.
- The effective date of retirement you enter on your retirement application must be at least one day beyond the last date you will earn salary under contract from your employer.
- You have 30 days after your retirement date to change your benefit payment selection. After that, your selection is irrevocable.
- NYSTRS does not provide health insurance. You should contact your employer’s human resources or business office for health benefits information.
- You should contact the Social Security Administration to learn more about that benefit.
Here’s What You Need To Know

Check Out Our Pension and Retirement Education Program (PREP)

While in-person PREP seminars are not currently being held due to the pandemic, you can still get all the retirement planning information you need on your own schedule from the comfort and safety of your home.

Video versions of our PREP seminar modules are posted on the PREP page of our website. There you will also find our PREP workbook, broken into chapters that correspond with the videos. Keep the workbook handy to follow along as you watch.

The videos include an overview of your NYSTRS benefits, the retirement application process, financial planning tips, Social Security information, estate planning information, and “Living the Retirement Dream” with tips on planning your retired lifestyle.

Filing for Retirement

When you’re ready to file a retirement application, we encourage you to do so online through your MyNYSTRS account. The online version streamlines the application process and eliminates the need to fill out and mail an eight-page paper application. Logic built into the online application ensures you don’t inadvertently miss a step or make a mistake that would cause the paper application to be rejected.

For those who prefer to file a paper application, you’ll find the Application for Retirement (RET-54) under Retirement-Related Forms on our website. The page includes a handful of other forms that, depending on your unique situation, you may need to file as well.

Questions?

You can find the answers to many of your questions on our Retirement Planning FAQs page. The categories include benefit calculations, benefit payments, disability retirement, filing for retirement, and planning resources.

If you still have general questions about the retirement process, email them to us at communit@nystrs.org or call us at (800) 348-7298, Ext. 6250. Specific questions about your situation may be sent as a secure message through MyNYSTRS.

Timing Can Be Everything: Age and Service Credit Milestones

Check how close your retirement date is to critical age and service credit milestones. Don’t cut it too close.

If you miscount the number of days you worked in your final year, you may fall short of the credit needed to reach a 20-year or 30-year milestone. If that happens, your pension will be lower than expected – perhaps significantly so – and the repercussions will be permanent.

Give yourself a cushion by working longer than you think is necessary if you are close to a threshold. Be sure to discuss your unique situation with a System representative before filing for retirement.

Special Circumstances That May Affect Your Pension Benefit

Domestic Relations Order (DRO)

If you are divorced and have a DRO, you may have limits on the pension benefit options you can select. Under New York state law, pension benefits are marital assets subject to equitable distribution upon a member’s divorce. A DRO issued by a court may direct NYSTRS to pay a portion of a member’s benefit to a former spouse. Proposed DROs should be submitted to our legal department for review, and certified DROs should be sent to NYSTRS as soon as they are executed.

For more information, see our publication Domestic Relations Orders and a Participant’s Retirement Benefit – A Guide to DROs and NYSTRS Benefits.

Your Employment Contract

If you have a separation agreement that’s part of your retirement or a settlement agreement from any part of your career, or if you are a school administrator with an individual contract, please make sure your employer has sent a copy of the agreement or contract to NYSTRS. Such agreements may have an impact on what salary and service credit may be factored into your pension calculation.

Outstanding NYSTRS Loan

If you are a Tier 3-6 member and have an outstanding NYSTRS loan, consider repaying the loan in full before retirement. If you do not repay a loan within 30 days after your retirement date, your loan will default. The outstanding amount will generally be considered taxable income and will be actuarially deducted from your pension on a permanent basis.

For information on repaying a loan, call us at (800) 348-7298, Ext. 6080.
NYSTRS Among the Largest Public Pension Systems

A recent national survey ranks NYSTRS among the 10 largest public retirement systems in the country based on total assets.

_Pensions & Investments_ financial journal, which surveyed the 1,000 largest public and private U.S. retirement plans, found that NYSTRS is the ninth largest public retirement fund and the seventh largest among defined benefit public plans.

The survey also found that the 1,000 largest U.S. retirement funds ended the most recent fiscal year with strong assets due to growth in public and private equity and other alternative investments. These funds collectively saw their assets grow 16.9% to a total of $14.13 trillion, the survey said.

NYSTRS ended the fiscal year on June 30, 2021 with net assets totaling $148.1 billion. During the same period, NYSTRS paid about $7.7 billion in benefits to retirees and beneficiaries.

For more details on the System’s finances and investments, see the 2021 _Comprehensive Annual Financial Report_ or the 2021 _Popular Annual Financial Report_ found on the Annual Reports page of NYSTRS.org.

New Delegates Needed To Fill Midterm Vacancies... (from page 1)

The chief school administrator (CSA) or the CSA’s designee is responsible for establishing reasonable election procedures, holding elections and reporting the results to NYSTRS. Many employers designate election responsibilities to the teachers’ bargaining unit. If there is only one candidate for a position, no formal vote is necessary.

Please keep in mind that both delegates and alternates must be in-service, full-time (e.g., per-annum) employees who are NYSTRS members. Delegates and alternates are elected as a ticket and cannot be split. Therefore, an alternate for Delegate A may not serve in place of Delegate B.

In cases where a delegate vacates the position for any reason, the alternate would automatically assume the delegate position and the alternate role would remain vacant until the next regular election. Regular elections are held in odd-numbered years, while special midterm elections are held in even-numbered years.

Delegates and/or their alternates serve as liaisons between members at their school districts and NYSTRS and are responsible for electing the teacher members of the NYSTRS Board of Trustees at the Annual Delegates Meeting. This year’s meeting is scheduled for Nov. 6-7 in Saratoga Springs. Details will be announced in the coming months.

For more information about the delegate election process, including step-by-step instructions for electing and reporting delegates/alternates, see Election Responsibilities under the Electing Delegates page at NYSTRS.org.

If you have additional questions, call us at (800) 348-7298, Ext. 4785 or email us at convdel@nystrs.org.

NYSTRS Offers Help... (from page 3)

The publication also lists what family members need to do to report the death of an active or retired member to NYSTRS. Reporting will allow NYSTRS to pay any benefits due to the member’s beneficiary(ies) in a timely manner.

In addition, the publication offers information on creating a Power of Attorney document that authorizes an agent to act on a member’s behalf regarding NYSTRS benefit transactions, and directs members to other resources for specific details.
The Retirement Board at its Oct. 28, 2021 meeting lowered NYSTRS’ assumed rate of return on investments from 7.1% to 6.95%, as recommended by the System’s actuary. The rate was lowered in response to industry forecasts of a decrease in expected future investment returns. Actuarial assumptions like this one are routinely revised to align them with more recent experience and expectations.

According to the February 2021 Issue Brief and August 2021 survey released by the National Association of State Retirement Administrators (NASRA), many other public pension plans have also reduced their assumed rate of return. Among public plans surveyed by NASRA, the median assumed rate of return was 7% as of August 2021, down from 7.9% in 2011.

The assumed rate of return is one of the assumptions used to determine the employer contribution rate (ECR). Other assumptions include the salary rates, retirement rates and mortality rates. NYSTRS’ estimated ECR applicable to 2022-23 school year salaries is 10.29%, an increase of 5% from the current ECR of 9.8%. The funds associated with this estimated ECR will be collected in the fall of 2023. School districts were recently informed of the estimated ECR to assist with their financial planning. A final rate will be adopted by the Board at its August 3 meeting.

Employer and member contributions have been collected without fail throughout the System’s history, keeping NYSTRS among the best-funded and most-secure plans in the country. Our 10-year and 30-year rates of investment returns, net of fees, were 10.1% and 9.2%, respectively, as of the fiscal year ended June 30, 2021. These results are top decile compared to peer public pension plans.

Using the market value of assets, our most recent funded ratio was 113%. Using the actuarial value of assets, our funded ratio was 99.3%.

Over the past 30 years, investment income has accounted for 86% of NYSTRS’ income, far exceeding the industry average of 61%. Member and employer contributions made up the other 14% of NYSTRS’ income.

### Investment Terms Defined

**Actuarial Value of Assets (AVA)** – The AVA smooths the volatility inherent in the market value of assets by phasing in investment gains and losses over a period of five years.

**Market Value of Assets (MVA)** – The MVA represents the current price of an asset in the marketplace.

**Rate of Return** – The assumed rate of return is the long-term expected investment return on plan assets.

### NYSTRS Board Meeting Highlights...

- **Renewed** the agreement with Raith Capital Partners LLC to act as a real estate debt separate account adviser.
- **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, RhumbLine Advisers LP, Xponance Inc.
- **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.
- **Renewed** the agreement with The Bank of New York Mellon to act as an agency securities lender for a portion of the System’s public securities assets.
- **Authorized** the Executive Director and Chief Investment Officer to contract with AEW Capital Management LP to manage a portion of the System’s assets as a domestic real estate public securities manager benchmarked to the applicable property sector sleeve of the FTSE NAREIT Equity Index.
- **Authorized** the Executive Director and Chief Investment Officer to contract with Aon Hewitt Investment Consulting to provide Board self-assessment services and governance training.
- **Approved** updates to the System’s Business Continuity Plan and Disaster Response Plan.
- **Approved** amendments to the System’s Stock Proxy Voting section of the System’s Investment Policy Manual.
- **Approved** amendments to the System’s Rules and Regulations with respect to: the expanded mailing and tracked delivery services approved by NYSTRS for the purpose of same-day filing of forms and documents; and the interest rate change on Tier 3-6 member loans effective July 1, 2022.
- **Approved** updates to the System’s financial and legal signatories.
- **Adopted** resolutions acknowledging the careers of retired NYSTRS executives Frederick W. Herrmann and Michael A. Wolfe Jr. who served the System for 10 years and 24 years, respectively.
NYSTRS Board Meeting Highlights

December 28, 2021

• Resolved that the Board authorized the Executive Director and Chief Investment Officer, or designees, to adopt and implement an initial climate action plan as follows:
  1. Divest from all of the System’s directly held public equity securities in companies that derive more than 10% of their revenue from thermal coal (the “Divestment List”).
  2. For directly held public equity securities in the System’s internally managed portfolios and externally managed passive portfolios, cease further purchase of shares in companies that meet the following criteria (the “Restricted List”):
     a. The ten largest positions held by the System in companies that have more than 0.3 gigaton of potential CO2 emissions from thermal coal reserves;
     b. The ten largest positions held by the System in companies that (i) derive more than 20% of their revenue from oil and gas, or (ii) have more than 0.1 gigaton of potential CO2 emissions from oil and gas reserves; and
     c. Companies that derive more than 10% of their revenue from oil sands.
  3. Prioritize the companies on the Restricted List for engagement efforts, to the extent that the System directly holds equity securities in such companies, seeking to engage with such companies on their climate transition plans.
  4. Periodically review, and update as needed, the Divestment List and the Restricted List based on the criteria set forth above, no less frequently than annually.
  5. Monitor the actions taken under this initial climate action plan and their impact on the System’s investment portfolio, and recommend to the Board (i) any additional actions with regard to the companies on the Restricted List, and (ii) any changes to this initial action plan, in each case, as appropriate under the circumstances.
  6. Take the foregoing actions expeditiously and in a prudent manner so as to minimize market impact and potential adverse impact on the value of the System’s holdings affected by this initial climate action plan.
• And further Resolved, the Board finds and concludes that the foregoing actions are consistent with the Board’s fiduciary duties to the System and its members.

January 27, 2022

• Re-elected David P. Keefe as president and Dr. L. Oliver Robinson as vice president of the Board.
• Renewed the agreements with Callan LLC to serve as the System’s general investment consultant and its real estate consultant.
• 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 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).

See NYSTRS Board Meeting Highlights... page 7