Despite the continuing pandemic, NYSTRS continues to be one of the most secure and well-funded public pension plans in the country with total fiscal year-end net assets of $120.5 billion and a 30-year rate of investment return, net of fees, at 8.6%, according to the System’s 2020 Comprehensive Annual Financial Report (CAFR).

Benefits paid to the System’s retirees and beneficiaries totaled approximately $7.5 billion for the fiscal year ended June 30, 2020, with about 80% of those benefits paid to residents of New York state. Retiree spending, in turn, has a significant positive impact on state and local economies.

While some other public pension plans are reporting negative investment returns due to the economic turmoil created by the pandemic, NYSTRS’ total investment portfolio returned 3.5%, net of fees, for the fiscal year. Although this fell short of the System’s 7.1% assumed rate of return, NYSTRS’ long-term returns remain strong and are one of the best indicators of pension plan health. The System’s 10-year and 30-year returns were 9.6% and 8.6%, respectively.

"Investing for retirement is a long-range endeavor focused not on the next fiscal quarter, but on accumulating assets for the teacher planning to retire in 10, 20 or 30 or more years," said NYSTRS Board President David P. Keefe, who is also a retired teacher.

Keefe added that NYSTRS’ investment approach, which pools employee and employer contributions, "reflects that long-range focus with a disciplined, risk-controlled and diversified strategy ensuring our Retirement System is built to last."

NYSTRS Executive Director and Chief Investment Officer Thomas K. Lee said: “NYSTRS is also consistently among the top-performing and best-funded public pension plans.” The retirement fund is one of the 10 largest public funds in the U.S. based on portfolio size.

Delegates attending NYSTRS’ 2020 Annual Delegates Meeting re-elected Baldwinsville teacher Elizabeth A. Chetney to a new three-year term on the NYSTRS Board of Trustees. More than 500 delegates from across the state participated in the Nov. 9th meeting, which was a one-day virtual event for the first time in the System’s history due to the ongoing pandemic.

Chetney, a teacher in the Baldwinsville Central School District since 1992, was first elected last year to complete the term of Paul J. Farfaglia, who retired. Chetney is one of three active teacher members on the 10-member Board.

The other active teacher Board members are Sheila Sullivan Buck of the Rush-Henrietta Central School District and Ron Gross of William Floyd Union Free Schools. Board President David P. Keefe of Hempstead is the retired teacher representative.

After the vote, Chetney thanked the delegates for placing their confidence in her. “I will continue to proudly serve the members of our great System by committing to be a stalwart fiduciary, promising to perform my duties both ethically and legally when acting on your behalf,” she said.
If you expect to receive income in retirement from other sources in addition to your NYSTRS pension, you should be aware of a federal law that went into effect this year. The law, called the Setting Every Community Up for Retirement Enhancement (SECURE) Act, went into effect in January and changed a variety of retirement account rules. One critical change is that the law increased from age 70½ to age 72 the required beginning age at which people must start taking annual Required Minimum Distributions (RMDs) from certain individual retirement accounts.

People who were younger than 70½ when the law went into effect on Jan. 1, 2020 now have until April 1 of the year after they turn 72 to take their first RMD. Failure to take a minimum distribution from various covered retirement accounts when required may result in tax consequences.

While people who turned 70½ on or before Dec. 31, 2019 would have had to begin taking an RMD no later than April 1, 2020, another federal law later waived this requirement for calendar year 2020. The CARES Act, passed in March, waived all RMDs, regardless of a person's age, for 2020 due to the pandemic.

Members who have turned 72 but are still working for a NYSTRS employer can continue to defer the collection of their pension until they stop working. However, you MUST file for retirement with NYSTRS if you turn 72 and are no longer working for a NYSTRS employer. Please note that pension benefits are NOT retroactive so it is rarely advantageous to delay applying for your benefits once you have left work, are eligible to retire and meet certain age requirements.

Other key provisions of the SECURE Act include:

- People who are still working and receiving earned income may continue to contribute to a traditional IRA no matter what age they are. The old rules limited contributions to those under age 70½.
- Most non-spouses who inherit an IRA must now take enough withdrawals that will end up emptying the account within 10 years of the death of the original account holder.

For more information on the law, please visit the Internal Revenue Service website at [www.irs.gov](http://www.irs.gov) and consult your bank, financial planner or tax accountant.

Delegates Re-elect Chetney...

Chetney, a graduate of SUNY Oswego with both a bachelor’s and a master’s degree in education, has permanent certifications in both elementary education and English 7-12. A long-time NYSTRS delegate, Chetney has served as president of the Baldwinsville Teachers’ Association since 2009. She is co-president of the Onondaga County Teachers’ Association and has served NYSUT in several capacities, including on the NYSUT Pension and Retirement Committee.

NYSTRS Board members serve without compensation and represent various constituents, including teachers, school administrators and school boards. They are responsible as fiduciaries to protect the long-term value of the System’s investment portfolio for its more than 430,000 active and retired members and beneficiaries.

The delegates, who are elected by their peers and serve as liaisons between NYSTRS and teachers, also attended several virtual informational sessions and participated in a question-and-answer session with Board members and NYSTRS staff.

Information from the Annual Meeting, including recordings of the informational presentations, can be found on the [Delegates > Annual Delegates Meeting](https://www.nystrs.org) page of NYSTRS.org.
Military Service Credit Now Available to More Veterans

A new state law, which went into effect Nov. 12, may allow more veterans who are NYSTRS members to receive service credit for their time in the military.

While honorable discharge documentation is typically required as verification of military service, the new law expands eligibility to LGBT veterans and veterans with a qualifying condition, such as post-traumatic stress disorder, who were released from military duty without an honorable discharge due to military rules in effect at the time of their discharge, as long as they were not given a dishonorable discharge or discharge for bad conduct.

Two types of service credit are available for active military duty: credit for service preceding NYSTRS membership and credit for service interrupting NYSTRS membership. Reserve and National Guard duty that is considered active duty may qualify.

Different sections of state and federal law allow credit for military service. The cost of the credit and how much credit you can receive will depend on which section of the law applies in your case and on your NYSTRS membership tier.

Generally, the military service credit laws are not retroactive. A law must be in effect before a member has retired for the member to qualify under that law.

For more information, see our publication Claiming Military Service: A Guide to Obtaining Military Service Credit in the Library at NYSTRS.org, or call us at (800) 348-7298, Ext. 6060.

Paid Leave for COVID-19 under Federal Laws May Affect Service Credit and Final Average Salary

Teachers who need time off due to a COVID-19 diagnosis or other COVID-related reason may be eligible for a certain amount of paid leave under two federal laws, the Families First Coronavirus Response Act (FFCRA) and the Emergency Family Medical Leave Expansion Act (EFMLEA).

NYSTRS members should note that such leave may have an impact on how much service credit they earn and on how their final average salary (FAS) may be calculated. The amount of service credit earned and the amount of salary that may be factored into a FAS will depend on the rate of pay given to members during the leave and the type of leave taken.

Members who receive full pay during a leave under the FFCRA will receive full service credit for the period of the leave, and the amount of salary they actually receive may be factored into a FAS calculation.

Members who receive up to 2/3 of their regular salary under the FFCRA or EFMLEA will receive two-thirds service credit for the period of the leave, and the amount of salary they actually receive may be factored into a FAS calculation.

Please note that members who qualify for a leave at two-thirds salary will receive two-thirds of the service credit they would have received if they were still at work even if the daily salary cap set by the law ends up being less than two-thirds of their regular salary.

Please see the U.S. Department of Labor website at www.dol.gov for details on the FFCRA and EFMLEA.

Eligibility for leave under the FFCRA and EFMLEA is determined by the employer and must be in accordance with the law. The employer also determines the amount of wages an employee is eligible for under FFCRA and EFMLEA. Members must be paid by a participating employer and reported on the payroll during this leave in order to earn service credit.

If a member takes an unpaid leave (e.g., typically the first two weeks under EFMLEA), the member will not accrue any service credit or salary for that time. Members must be paid by a participating employer and reported on the payroll during a leave in order to earn service credit. Payment from a third-party vendor is not reportable to NYSTRS and does not earn an employee service credit.

Regardless of whether you were on a leave, remember that your FAS for pension calculation purposes is generally the average of the three or five (depending on membership tier) highest consecutive full school years of regular salary, whenever they occurred in your salary history.

December 2020
Study Finds Public Pension Plans Provide High Boost to Economy

Investments by public pension plans as well as spending by public retirees provide a huge boost to the economy and government tax revenues, according to a study by the National Conference on Public Employee Retirement Systems (NCPERS).

Without those plans, state and local governments in 2018 would have had to increase taxes by $179.4 billion just to maintain current public services, the study said.

In 2018, public pension funds nationwide generated $341.4 billion in state and local tax revenue through investments and retiree spending — surpassing taxpayer contributions to those pension plans by $179.4 billion, the study found.

“If public pensions didn’t exist, policymakers would need to increase taxes on their constituents to sustain the current level of public services,” said Michael Kahn, NCPERS research director and the author of the study.

The May 2020 study, “Unintended Consequences: How Scaling Back Public Pensions Puts Government Revenues at Risk,” found that public pension funds overall contributed $1.3 trillion to the U.S. economy. The study also found that the amount of revenue generated for state and local governments by public pension plans increased by 30.6% from 2016 to 2018.

“This study underscores that breaking faith with public pensions is actually a costly strategy for state and local government,” NCPERS Executive Director Hank H. Kim said.

In New York, state and local pension fund investments and public retiree spending contributed $136.9 billion to the economy and $55.4 billion to state and local government tax revenues, while taxpayer contributions to public pensions totaled $17.7 billion, the study found. That means public pensions generated a net revenue of $37.7 billion for the state, the study said.

“Taxpayers cannot afford continued assaults on public pensions,” the study concluded. “Instead, policymakers must preserve and enhance public pensions, building on this time-honored method of ensuring a dignified retirement for those who have dedicated their lives to public service, including firefighters, police officers, and teachers.”

NYSTPRS Remains a Secure Pension Plan...

(from page 1)

Lee noted that NYSTRS’ strong stability is due to consistent receipt of required employee and employer contributions; a disciplined, risk-controlled investment policy; and partnerships with top-performing fund managers.

Another indicator of pension plan strength is its funded ratio. NYSTRS’ funded ratio, as of the last official actuarial valuation, is 101.2% funded based on a market value of assets and 99.6% funded based on an actuarial value of assets. Being fully funded means NYSTRS has the assets necessary to pay all accrued benefits to our nearly 434,000 active and retired members and beneficiaries.

More details about the System’s finances and investments can be found in the CAFR for the fiscal years ended June 30, 2020 and 2019. The report is available in the Library at NYSTRS.org.

NYSTPRS Board Meeting Highlights

October 29, 2020

• Renewed the agreement with AQR Capital Management LLC to manage a portion of the System’s assets as an active MSCI EAFE international equity manager.
• Renewed the agreement with Marathon Asset Management LLP to manage a portion of the System’s assets as an active EAFE international equity manager.
• Renewed the agreement with Dimensional Fund Advisors to manage a portion of the System’s assets as an active emerging markets manager.
• Renewed agreements with the following firms to manage a portion of the System’s assets as passive international equity managers:
  • State Street Global Advisors
  • BlackRock Institutional Trust Co. N.A.
• Renewed the agreement with Harding Loevenr LP to manage a portion of the System’s assets as an active global equity manager.
• Renewed agreements with the following firms to manage a portion of the System’s assets as active global bond managers:
  • Loomis Sayles & Co.
  • Goldman Sachs Asset Management LP
• Renewed the agreement with Nomura Corporate Research and Asset Management Inc. to manage a portion of the System’s assets as an active U.S. high-yield manager.
• Renewed the agreement with StepStone Group LP to act as a private equity and private debt consultant.
• Accepted a recommendation by the System’s Actuary of a new mortality improvement scale and authorized the System’s Actuary to use the new assumption beginning with the June 30, 2020 actuarial valuation, which shall become effective for the fiscal year beginning July 1, 2021.
• Accepted the report of KPMG LLP on the financial statements of the Retirement System as of June 30, 2020 and for the 2019-20 plan year ended on that date.
• Approved the System’s 2021 Legislative Program.
• Accepted changes to the Investment Policy Manual.
• Reappointed Paul Dolinoy and Jill Hatton to three-year terms on the Real Estate Advisory Committee, effective Jan. 1, 2021. Also appointed Laura Huntington to her first three-year term on the committee, effective the same date.
• Reappointed Howard Bicker and Daniel Bukowski to three-year terms on the Investment Advisory Committee, effective Jan. 1, 2021.