



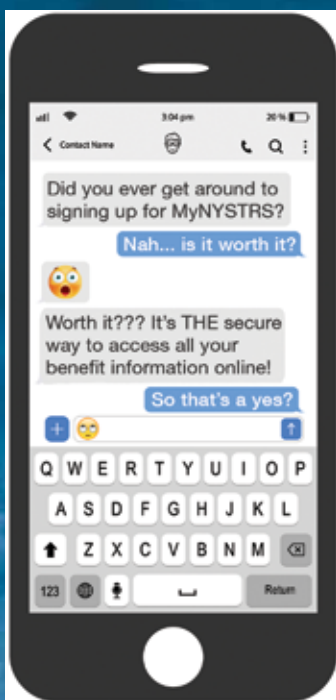
A newsletter for active members of the NYS Teachers' Retirement System

## IN THIS ISSUE

**P2** Board Lowers Return Assumption; Historical Returns Remain Strong

**P3** Videos Offer a Seasonable Approach to Retirement

**P4** October 2019 Board Meeting Highlights



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# YourSource

February 2020

## Report Confirms NYSTRS Remains A Secure and Well-Funded Plan

NYSTRS continues to be one of the top-performing, most secure and well-funded public pension plans in the country with total year-end net assets of more than \$122 billion and a 30-year rate of investment returns, net of fees, at 8.8%, according to the System's 2019 Comprehensive Annual Financial Report (CAFR).

Benefits paid to retirees and beneficiaries were approximately \$7.3 billion for the fiscal year ended June 30, 2019, with nearly 80% of those benefits paid to residents of New York state. This is significant because retiree spending positively impacts state and local economies.

The System's total investment portfolio returned 7.1%, net of fees, for the fiscal year, slightly below the 7.25% assumed rate of return. However, long-term returns are one of the best indicators of pension plan health and NYSTRS' 10-year and 30-year returns were 10.4% and 8.8%, respectively.

NYSTRS is a long-term investor with liabilities generally not accrued for two or three decades. In addition, returns in six out of the past 10 years exceeded the System's assumed rate.

See [NYSTRS Remains Secure... page 4](#)



## Two Teachers Elected to NYSTRS Board



Sheila Sullivan  
Buck



Elizabeth A.  
Chetney

Delegates attending NYSTRS' 2019 Annual Delegates Meeting unanimously elected teachers Sheila Sullivan Buck and Elizabeth Chetney to the NYSTRS Board of Trustees. More than 500 delegates from across the state also attended numerous pension-related workshops during the Nov. 3-4 meeting in Saratoga Springs.

Buck, who has taught music at Rush-Henrietta Central Schools for more than 20 years, was re-elected to a new three-year term as one of the three active teacher members on the Board.

"I look forward to three years of service for the teachers of New York state," Buck said after her election. She also expressed thanks to her fellow teachers, union, board members and NYSTRS staff for their support and guidance, "especially to David Keefe (Board president) and Paul Farfaglia (newly retired trustee) whose in-depth knowledge and support provide a detailed road map on how to serve with diligence and integrity."

Chetney, an English teacher in the Baldwinsville Central School District since 1992, was elected to complete the term of Paul J. Farfaglia, who retired from teaching in June after a 35-year career. Chetney was appointed to the Board on an interim basis in July by then-State Education Commissioner MaryEllen Elia but needed to be elected by the delegates in order to complete the one year remaining in the term.

"Being entrusted with the responsibility to care for a pension plan so many educators rely upon is a job I will devote my time, energy and passion to each day I serve," Chetney told the delegates after the election vote. "I will work each day to provide each of you the same level of service Paul (Farfaglia) did."

See [Elected to NYSTRS Board... page 2](#)

## YOUR *Source*

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

**NYSTRS.org**

### Office Hours

Monday - Friday: 8:30 a.m. - 4:15 p.m.

#### Summer Hours:

Monday - Thursday: 8 a.m. - 4:15 p.m.

Friday: 8 a.m. - 12:30 p.m.

### Telephone

(800) 348-7298

Albany-Area Calls: (518) 447-2900

Beneficiary Information	Ext. 6130
Benefits Consultations	Ext. 6100
Direct Deposit	Ext. 6230
Disability	Ext. 6010
Earnings After Retirement	Ext. 6150
General Information	Ext. 6250
In-Service Death Benefit Info.	Ext. 6110
Legislation	Ext. 6200
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### RETIREMENT BOARD

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Elizabeth A. Chetney

Ron Gross

Dr. Phyllis S. Harrington

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Jennifer J. Longtin

Christopher Morin

Nicholas Smirensky

Thomas K. Lee

*Executive Director & Chief Investment Officer*

### FRAUD COMPLAINT?

Email [investigations@nystrs.org](mailto:investigations@nystrs.org) or call the Report Fraud number listed above.

# Board Lowers Return Assumption; Historical Returns Remain Strong

The NYSTRS Retirement Board at its October 31 meeting lowered the plan's assumed rate of return on investments from 7.25% to 7.1%, as recommended by the System's Actuary. The rate was lowered in response to industry forecasts that it will be more difficult to achieve strong returns going forward.

Actuarial assumptions like this one are routinely revised in order to align them with experience and expectations.

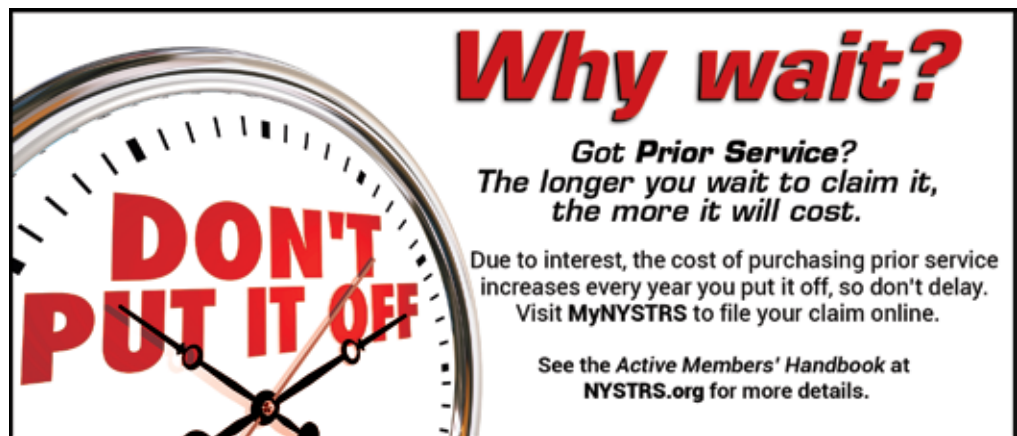
According to a February 2019 issue brief prepared by the National Association of State Retirement Administrators (NASRA), more than 30% of public pension plans surveyed reduced their assumed rate of return since February 2018. Since the 2010 fiscal year, more than 90% lowered their return assumptions.

At June 30, 2019, NYSTRS' 10-year return was 10.4% and its 30-year return was 8.8%. The System's one-year return for the fiscal year ended June 30, 2019 was 7.1%, net of fees.

NYSTRS remains among the best-funded public pension systems in the nation. Using a market value of assets, our most recent funded status was 100.9%. Using an actuarial value of assets, we were 99.2% funded.

Over the past 30 years, NYSTRS has paid out \$120.2 billion in benefit payments and expenses while collecting \$33.4 billion in member and employer contributions. During the same period, the System's net assets have grown from \$23.2 billion to \$122.5 billion, with 85% of NYSTRS' income generated by investment returns.

See the [Infographics](#) page of [NYSTRS.org](http://NYSTRS.org) for additional System facts and figures. Also see our [Pension Education Toolkit](#).



**Why wait?**

**Got Prior Service?**  
*The longer you wait to claim it, the more it will cost.*

Due to interest, the cost of purchasing prior service increases every year you put it off, so don't delay. Visit MyNYSTRS to file your claim online.

See the Active Members' Handbook at [NYSTRS.org](http://NYSTRS.org) for more details.

## Elected to NYSTRS Board... (from page 1)

The third active teacher member of the NYSTRS Board is Ron Gross of William Floyd Union Free Schools. The Board also has a retired teacher member — Board President David P. Keefe of Hempstead, who began a new three-year term on the Board in January.

Delegates and their alternates during the two-day meeting attended a wide range of workshops focusing on such topics as the retirement process, the pros and cons of borrowing against your pension contributions, and transitioning into retirement.

PowerPoint presentations from the workshops offered at the meeting, as well as colorful visual recordings combining words and images summarizing the presentations, are available on [NYSTRS.org](http://NYSTRS.org) under the 2019 [Delegates Meeting](#) tab on the [Delegates](#) page.

# Videos Offer A Seasonable Approach to Retirement

To everything there is a season and a new NYSTRS video series offers advice on what you should be doing in each of them if you are planning to retire soon.

Each video, available in the [Library](#) at [NYSTRS.org](#), is approximately a minute long but covers a wealth of information.

On your retirement planning to-do list will be:

- Attend a Pension and Retirement Education Program (PREP) seminar.
- Use the Pension Estimator in your MyNYSTRS account to run your own pension estimates based on possible retirement dates.
- Schedule a benefits consultation with a NYSTRS representative.
- Discuss health insurance coverage with your employer. (NYSTRS does not administer health insurance.)
- Contact the Social Security Administration to learn more about that benefit.
- File an online retirement application with NYSTRS in addition to notifying your employer of your intent to retire.

A wealth of additional information to help you prepare for retirement is available on the [Ready to Retire](#) page of our website.

## Survey Says... You're Happy with NYSTRS' Communications!

We asked and you answered! Nearly 21,000 active and retired members responded to a recent NYSTRS survey to find out whether you feel you are well-informed about your retirement benefits.

Survey results revealed most members have a high level of satisfaction with the information provided by NYSTRS. The older age groups, especially those already retired, expressed the most satisfaction.

One member in the age 55-64 group commented: "Overall, I believe NYSTRS does a GREAT job with communications via website, secure messaging, phone contacts, newsletters, post office mail, and emails. I have always found [the information] to be well-organized, informative, user-friendly, timely and accurate."

Across all age groups, members' preferred methods of receiving information are, in order, email, newsletters/print publications and the website. Email was overwhelmingly the preferred method of hearing from NYSTRS. No matter the age group, more than 80% of respondents selected this as their top choice.

Respondents indicated, however, that they did not want emails to replace print publications. Between 57% and 63% of respondents ages 35 to 65+ said they rely on our newsletters and print publications to keep them informed. It's noteworthy that between 34% and 48% of respondents age 34 and younger also expressed a preference for print communications.

While a majority of those under age 45 expressed an interest in receiving NYSTRS information via social media, the exact opposite was true for those age 45 and older. In a somewhat surprising development, however, a significant number of respondents across all age groups felt that NYSTRS should NOT be on social media at all.

Survey results, including suggestions for changes, will be used to improve and fine-tune how we keep you informed of important Retirement System information. We recognize preferences change with time and our aim is to always provide you with the highest quality service.

If you didn't receive a survey, please confirm that we have a valid email address listed for you. The best way to do this is to check via your secure, online [MyNYSTRS](#) account. If you don't have one, create an account today and take advantage of the many self-service tools offered.

## New Paltz Consultation Site Added

NYSTRS' newest in-person consultation site recently opened in New Paltz at the Ulster County BOCES and appointments are already filling up fast. To schedule yours, register through your [MyNYSTRS](#) account or call us at (800) 348-7298, Ext. 6100.

The New Paltz location is one of 33 NYSTRS consultation sites across the state where members can go for an in-person or video consultation with a Retirement System representative. This new site replaces the Kingston location, which was housed in a building since closed by the local school district.

A personal consultation offers you an opportunity to ask questions about your NYSTRS benefits and the retirement process, get a full explanation of your options and receive an estimate of your benefits, based on your anticipated retirement date. You will meet with a NYSTRS information representative either in-person or by video (in which a NYSTRS representative talks to you in real time using a computer monitor, camera and microphone).

During the 2018-19 school year, NYSTRS representatives conducted 8,017 member consultations, including 5,053 video and phone consultations, 2,458 in-person consults at the System's Albany headquarters, and 506 in-person consults at locations outside of Albany.

For more information about consultations and directions to consultation sites, go to the [Benefits Consultations](#) page of [NYSTRS.org](#).

## NYSTRS Remains Secure... (from page 1)

Another indicator of pension plan strength is its funded ratio. NYSTRS' funded ratio is 99.2% using an actuarial value of assets and 100.9% funded using a market value of assets, according to the 2019 CAFR. Nationally, the average funding level for public retirement systems is 73%, according to the Center for Retirement Research at Boston College.

"Being fully funded means we have the assets necessary to pay all accrued benefits to our more than 430,000 active and retired members and beneficiaries," said David P. Keefe, a retired teacher and president of the NYSTRS Board of Trustees.

"As this annual report demonstrates, NYSTRS Board and staff are dedicated to fulfilling our mission: to provide our members with a secure pension," said NYSTRS Executive Director and Chief Investment Officer Thomas K. Lee.

In addition to continued strong financial health, other highlights of the 2018-2019 fiscal year mentioned in the CAFR include:

- A new state law allows school districts and BOCES to prepare for future increases in the Employer Contribution Rate (ECR) through the establishment of a retirement contribution reserve sub-fund.
- New internal procedures will allow NYSTRS to manage a larger percentage of its equity investments in-house, helping to keep investment management fees down.
- The MyNYSTRS secure member portal on NYSTRS.org was redesigned and made easier to use on mobile devices. In addition, new features were added, including one allowing retired members to report online any earnings after retirement.

More details about the System's finances and investments can be found in the [CAFR](#) for the fiscal years ended June 30, 2019 and 2018. The report is available in the [Library](#) at [NYSTRS.org](#).

## PAFR Gives Snapshot of NYSTRS Finances



If you find the more than 130-page NYSTRS Comprehensive Annual Financial Report (CAFR) a little too complex

for your tastes, you might find another of our publications easier to digest.

The eight-page Popular Annual Financial Report (PAFR) summarizes the key takeaways from the CAFR. You'll find it on the [Annual Reports](#) page of the [Library](#) and in the [Pension Education Toolkit](#) at [NYSTRS.org](#).

The PAFR uses graphics and brief narratives to paint a financial picture of the System. It has been recognized for the past several years by the Government Finance Officers Association (GFOA) with the Award for Outstanding Achievement in Popular Annual Financial Reporting.

## NYSTRS Board Meeting Highlights

### October 31, 2019

- **Renewed** the agreement with AQR Capital Management LLC to manage a portion of the System's assets as an active MSCI ACWI Ex-U.S. 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** agreements with the following firms to manage a portion of the System's assets as active global equity managers:
  - LSV Asset Management
  - Harding Loevner LP
- **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 Leading Edge Investment Advisors to manage a portion of the System's equity portfolio as a manager of managers for a domestic equity all-cap strategy.
- **Renewed** the agreement with Progress Investment Management Co. to manage a portion of the System's equity portfolio as a manager of managers for a domestic equity all-cap strategy.
- **Renewed** the agreement with Aon Hewitt Investment Consulting Inc., an Aon Company, to act as a general investment consultant.
- **Renewed** the agreement with Callan Associates Inc. to act as a real estate consultant.
- **Authorized** the Executive Director and Chief Investment Officer to contract with StepStone Group LP to act as a private equity and private debt consultant.
- **Approved** the adoption of a new valuation rate of interest assumption of 7.10%, as well as changes to the mortality improvement scale and COLA assumption, and authorized the System's Actuary to use the new assumptions beginning with the June 30, 2019 actuarial valuation, which shall become effective for the fiscal year beginning July 1, 2020.
- **Accepted** the report of KPMG LLP on the financial statements of the Retirement System as of June 30, 2019 and for the 2018-19 plan year ended on that date.
- **Approved** the System's 2020 Legislative Program.
- **Reappointed** Eileen Byrne and Herman E. Bulls to three-year terms on the Real Estate Advisory Committee, effective Jan. 1, 2020.
- **Reappointed** Johanna Fink, Steven C. Huber and James O'Keefe to three-year terms on the Investment Advisory Committee, effective Jan. 1, 2020.
- **Adopted** a resolution acknowledging retired Board member Paul J. Farfaglia for his decade of service to NYSTRS.
- **Adopted** resolutions acknowledging retired Executive Staff members Sheila O. Gardella and Kevin J. Schaefer for their combined 75 years of service to NYSTRS.