New Legislation Impacts Members
T5-6 Vesting, T6 Contribution Rates and Retiree Earnings Cap Suspension

Legislation enacted as part of the state budget now allows Tier 5 and 6 members to vest with five years of service credit, makes changes to Tier 6 member contribution rate calculations, and extends the suspension of the $35,000 cap on earnings in retirement for retirees who return to work at a public school district or BOCES through the next school year. The legislation was enacted as Chapter 56 of the Laws of 2022. Read on for details of the laws.

Tier 5 & 6 Members Now Vest After Five Years Credit
NYSTRS’ Tier 5 and 6 members will now be vested in the pension fund after earning five years of service credit, under a new state law.

Previously, 10 years of service credit were required for Tier 5 and 6 members to be vested for a service retirement benefit or a deferred-vested retirement benefit. The law, which took effect April 9, applies to current Tier 5 and 6 members and is not retroactive.

Tier 1-4 members already vest with five years of service credit.
Vested is the status members attain which makes them eligible for guaranteed retirement benefits, even if they leave teaching, as long as they remain a NYSTRS member. See Tier 5 & 6 Members Vest... page 4

Tier 6 Contribution Rates Calculated on Base Pay
Recognizing that the pandemic has caused many teachers to take on additional duties over the past two years, state legislators made temporary changes to the way the Tier 6 member contribution rate is calculated.

For contributions to be made during the next two school years (the fiscal years ending June 30, 2023 and June 30, 2024), the contribution percentage rate will be determined using only a member’s annual base wages and will not include extra earnings, such as stipends for extracurricular programs.

Although the member contribution percentage rate for those two years will be calculated on annual base wages only, once calculated, the required contribution percentage rate will still be applied to all pensionable earnings. See Tier 6 Contributions... page 4

Retiree Earnings Cap Suspended
If you’re retiring soon but are considering a return to some form of public employment, we urge you to review the rules about working after retirement, as well as new state legislation regarding a suspension of the retiree earnings cap.

Generally, most service retirees who return to New York state public employment before age 65 have a $35,000 earnings limit for each calendar year. However, the earnings cap has been suspended several times by state executive order since March 2020 to assist retired public workers returning to any type of state or local public employment during the COVID-19 pandemic. See Retiree Earnings... page 2
Eligible Retirees To Receive Cost-of-Living Adjustments

As a NYSTRS member, you know you can count on a defined benefit pension for life, but you may be wondering what happens when inflation takes a bite out of your income.

New York state has a permanent, automatic cost-of-living adjustment (COLA). The guaranteed COLA was enacted by the state Legislature in 2000 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, a retiree 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 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 is applied only to the first $18,000 of the maximum retirement benefit.

The CPI increased 8.54% from March 2021 to March 2022. So, this year, eligible retirees will receive a 3% COLA for pension payments from September 2022 through August 2023.

That means retirees whose pension is at least $18,000 will receive an extra $45 monthly. This is the largest increase since the law establishing the COLA was enacted.

For NYSTRS retirees who have been eligible for the full COLA, the cumulative maximum cost-of-living increase since 2001 now totals $444 a month, or $5,328 annually.

Retiree Earnings... (from page 1)

The executive order suspending the cap on all public employment earnings is currently in effect through June 29, as of this writing. However, new legislation has suspended the earnings cap for retirees who return to work at either a public school district or BOCES through June 30, 2023.

The suspension is intended to ease labor shortages in public schools by encouraging retired teachers and other school workers to rejoin the workforce.

Employment at a participating charter school, community college, SUNY, or any other public sector job is not covered by the new law and will be subject to the earnings cap, once the executive order regarding all public employment has expired.

Even while an earnings suspension is in place, System retirees younger than 65 are still required to report to NYSTRS all earnings received from a New York state public employer.

For details on the rules, restrictions, and reporting requirements for earnings after retirement, see our brochure Working in Retirement, found at NYSTRS.org. Note that different, more restrictive, rules apply to disability retirees.

For the latest information on all COVID-related news, please see the COVID-19 Update & FAQs at NYSTRS.org.
Interest Rate Drops on NYSTRS Loans in July

Active members who meet certain requirements can borrow against their required contributions fund and take up to five years to repay the loan through payroll deductions. On July 1, the interest rate on such NYSTRS loans will drop from 6.1% to 5.95% for Tier 3-6 members.

Eligible members can generally borrow up to 75% of their contributions. However, under a new state law, members who join the System on or after July 1 will be limited to a maximum of 50% of their contribution balance or $50,000, whichever is less.

Tier 3-6 members who have at least one year of service credit and a minimum of $1,334 in their member contributions fund are eligible to apply for loans. Tier 1 and 2 members who have an Annuity Savings Fund (ASF) containing a minimum of $400 are also eligible for loans.

Members may borrow only from their own contributions, not from employer contributions. Tier 3-6 members may borrow once per calendar year. Tier 1-2 members may borrow once between Jan. 1 and June 30, and once between July 1 and Dec. 31.

The loan interest rate for Tier 3-6 members is based on the System’s assumed rate of return on investments. Under state statute, the Tier 3-6 interest rate is set at 1% below the assumed rate of return. The System’s assumed rate of return has been reduced from 7.1% to 6.95%, effective with the fiscal year beginning July 1. The interest rate for Tier 1-2 members is permanently set in statute at 5%.

Before taking out a loan, we suggest you use the loan estimator in MyNYSTRS and also check out our publication Borrowing From Your NYSTRS Contributions, our video “Loan Truths…And Consequences,” and our Loan Taxability tutorial for details, including information about possible tax consequences.

You can apply for a loan via your MyNYSTRS account or use the paper form 5-Year Loan Application (LON-26) available from the Forms page of NYSTRS.org or our Hotline at (800) 782-0289. If you have questions, call us at (800) 348-7298, Ext. 6080.

Beware of Imposters:
Get the Facts from NYSTRS

While we encourage you to consult with your own financial adviser as you plan for retirement, please note that NYSTRS does not endorse any financial advisers or planning services.

Periodically, NYSTRS receives reports from members and employers about financial advisers or finance books that imply an association with NYSTRS. These marketing tools can be carefully crafted so they appear as if the adviser or book author is an actual NYSTRS representative. For example, they may establish an email address that contains “nystrs” within the email, or title workshops or books with references to NYSTRS.

These people are not representatives of NYSTRS. They may be reputable financial planners, but that does not make them experts on NYSTRS benefits. Don’t assume the information they provide about NYSTRS is accurate.

The only people you should trust when it comes to your pension are verified NYSTRS employees or members of our Board. Please examine the fine print in these advertisements, and report any to NYSTRS that don’t make it clear they are not actually associated with NYSTRS.

Lastly, here’s a tip: If someone wants to charge you to review your NYSTRS benefits, you’re not talking to someone associated with the Retirement System. There is never a cost to talk to a NYSTRS representative about your public pension benefits. Call us at (800) 348-7298, Ext. 6250 if you have questions about your benefits, or send us a secure message via your MyNYSTRS account.

See our website and publications for accurate information, and check out “Beware of NYSTRS Imposters” at NYSTRS.org.

Help Us Find Former Teachers Owed Unclaimed Funds

Do you know anyone who was a public school teacher for a short while and then switched to a private school or changed careers? Teachers who left public school employment before becoming vested may have forgotten that they are eligible for a refund of their Retirement System contributions. We want to get those funds into the hands of their rightful owners, and you can help.

Go to NYSTRS.org and click the Unclaimed Funds link on the bottom menu. Then you can search two separate lists — abandoned accounts and unclaimed accounts. You can search for a particular person by last name, or you can search by last known teaching location and see if you spot anyone you know from your own school district.

If you find people you know, please contact them or their families and encourage them to call us at (800) 348-7298, Ext. 6090. There is no time limit for claiming an abandoned or unclaimed account.

There are currently more than 13,000 abandoned accounts and the average balance is $1,780.
**Tier 5 & 6 Members Vest...** *(from page 1)*

Amount of a member’s pension benefit depends on their years of service credit, final average salary, membership tier, and age.

Members can generally retire as early as age 55. However, deferred-vested Tier 6 members (members who are vested but leave teaching before retirement) cannot retire until age 63. Please see our Active Members’ Handbook for other age factors that also might apply.

Tier 5 and 6 members who left public employment with more than five years of service and who did NOT withdraw their membership, or whose membership did not cease automatically due to seven years of no service credit being added, are now considered to be vested. Teachers whose membership has ceased are not covered by the new law. However, a teacher who later returns to public employment may have their membership reinstated and may then be eligible for vesting.

Members who leave teaching before becoming vested and who do not intend to return to public service may withdraw their member contributions (plus interest) and cancel their membership. Those who move to a job covered by another New York state public retirement system may want to transfer their NYSTRS membership to the other system. Members in such a situation should call us at (800) 348-7298, Ext. 6050 with questions about transfers.

There are some limited situations in which a vested member may withdraw membership and receive a refund of required contributions they made. See the Active Members’ Handbook for details or call us at (800) 348-7298, Ext. 6090.

The eligibility requirements for a vested death benefit (which applies to those who left active teaching and die before retirement) or a disability retirement benefit have not changed under the new law. Members in any tier must have 10 years of service credit to qualify for a vested death benefit or a disability retirement benefit. The service requirement for disability retirement is waived for Teachers 3-6 if the disability resulted from an accident sustained in the performance of your teaching duties.

**Tier 6 Contributions...** *(from page 1)*

The Tier 6 contribution rate is 3-6%, based on the amount of a member’s salary. The percentage is higher when members move into higher earnings categories. The new legislation could help keep a teacher from being bumped into a higher rate category as a result of taking on extra duties.

Please see our fact sheet Contribution Rate Information for Tier 6 Members at NYSTRS.org for a chart showing the contribution percentage rate for each salary category.

The Tier 6 member contribution rate for a member’s first three years of membership is based on projected reportable earnings provided by the employer. Thereafter, the member contribution rate is determined by a two-year look-back using actual salary reported.

Under the new law, the rate for Tier 6 members in their first three years of employment will be calculated only on projected base salary for the school years ending June 30, 2023 and June 30, 2024. For a Tier 6 member in the fourth school year or beyond, the employee contribution rate for the school year ending June 30, 2023 will be calculated only on the member’s base salary in the school year ended June 30, 2021, and the rate for the school year ending June 30, 2024 will be calculated only on the member’s base salary in the school year ended June 30, 2022.

Tier 5 members, who contribute 3.5% of their salary regardless of their salary amount, are not affected by the new law.

**What is Retiring vs. Resigning?**

To receive your pension, you must submit a retirement application to NYSTRS. Resigning from your employer and filing for retirement are two separate and distinct actions. Review your employment contract for details on how to inform your employer that you are resigning your position and retiring.

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**NYSTRS Board Meeting Summaries of Action**

**February 24, 2022**

- **Authorized** the Executive Director and Chief Investment Officer to invest up to a maximum price for the purchase of certain timberlands. Further authorized the Executive Director and Chief Investment Officer to:
  - Publicly disclose the location of the timberlands and the maximum price at such time when public disclosure thereof would no longer substantially affect the value thereof and would not have a material adverse impact on the System’s ability to acquire such timberlands at a favorable price.
  - Execute such documents and to take such other actions as may be necessary or required to implement the resolution regarding the timberlands acquisition.

**April 28, 2022**

- **Renewed** the agreement with J.P. Morgan Chase Bank, N.A., to act as an agency securities lender for a portion of the System’s public securities assets, for one year, effective July 1, 2022.
- **Renewed** the agreement with LSV Asset Management to manage (1) a portion of the System’s assets as an international equity manager benchmarked to the MSCI ACWI Ex-U.S. Index and (2) a portion of the System’s assets as a global equity manager benchmarked to the MSCI ACWI Index, for one year, effective July 25, 2022.
- **Renewed** the agreement with Wellington Management Company LLP to manage a portion of the System’s fixed income portfolio in a global aggregate fixed income mandate benchmarked to the Bloomberg Global Aggregate Float Adjusted Ex-CNY Bond Index, for one year, effective June 20, 2022.
- **Renewed** the agreement with Adelante Capital Management LLC to manage a portion of the System’s assets by actively investing in securities of real estate investment trusts (REITs) and real estate operating companies (REOCs), for one year, effective July 1, 2022.
- **Approved** the Retirement System’s operating budget and the System’s internal audit plan for the 2022-23 fiscal year.
- **Adopted** a resolution acknowledging retired NYSTRS executive Noreen Jones for her 32 years of service to NYSTRS.