What You Need to Know If You're New to Teaching

If you're a new teacher, we know the coming year is going to be challenging. You've got lessons to plan, students to help, interim grade reports to write and curriculum meetings to attend. Then there's learning to navigate school hierarchy and, oh yeah, finding a little downtime for yourself.

The good news is whether you realize it or not, you've already started saving for retirement. When you started teaching in a state public school, you joined us — the New York State Teachers' Retirement System, or NYSTRS. You can rest assured that you're a member of one of the best-funded and most-secure pension systems in the nation.

We understand that at this point retirement is likely the last thing on your mind, but ask your more senior peers and they are likely to tell you they wished they had started planning for retirement early in their careers. There are many simple steps you can take now that will set you up for a secure retirement.

Begin by visiting the New Members page at NYSTRS.org found under the Active Members tab. You'll find several short, entertaining videos that will jump-start your preparations, as well as some easy-to-digest information important to new members.

After you've accumulated two years of service, one of the most important actions you can take is to claim and purchase any prior New York state service you may have earned before becoming a teacher. You may have earned prior service by working for your locality as a teenager, or maybe you substitute taught before.

Big Changes Result in Smaller Benefit Profile

Your 2018 Benefit Profile will be available soon and you'll notice some big changes that result in a much smaller document.

Issued annually with updated service and salary information critical in calculating your future retirement benefit, the Profile also offers you the opportunity to review beneficiary information so you can make any necessary changes. Depending on your membership status and eligibility, the document may also include:

- Projections of service retirement benefits under different scenarios;
- Disability and death benefit projections; and
- A summary of contributions and loan information (if applicable).

Previously 12 or more pages in length, the Profile has been condensed so only the figures and descriptions members have indicated are the most critical are displayed. The new version of this document will be only four pages.

Those with a date of membership of June 30, 2018 or earlier should receive their Profiles in the mail by the end of November. If you have a MyNYSTRS account and elected to forgo the printed version for an electronic version only, you will be able to access your Profile online in early November.

It's important to review your Profile each year to ensure your employer(s) correctly reported your service and salary data. Both are major components of the formula used to calculate your retirement benefit, so you'll want to make sure our records are accurate. If you find errors, contact your employer(s) and request corrections be submitted to NYSTRS immediately.
Delegates to Elect Teacher Board Member

Teacher Board Member Ron Gross will seek re-election as a NYSTRS Trustee at this year’s Annual Meeting of NYSTRS Delegates to be held at the Saratoga Springs City Center Nov. 4-5. Gross is one of three active teacher members on the 10-member Board, which also includes a retired teacher.

More than 700 public school teachers from across the state serve as NYSTRS delegates. Delegates, who are elected by their peers, are responsible for electing the teacher members of the Retirement Board. The three teacher members serve staggered three-year terms, so one teacher member is up for election at each year’s Delegates Meeting.

Gross, a Mastic Beach resident, teaches at the William Floyd Union Free Schools and is president of William Floyd United Teachers (WFUT). He was elected to the Board in 2017 to fill the unexpired term of Timothy M. Southerton, who retired from teaching in June 2017. Gross has taught Social Studies for more than 30 years and has been a member of the WFUT Negotiations Committee since 1995. He currently chairs the committee.

The other active teacher Board members are Paul J. Farfaglia of the Jordan-Elbridge Central School District and Sheila Sullivan Buck of the Rush-Henrietta Central School District. Board President David P. Keefe is the retired teacher representative.

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 overall portfolio, which funds retirement and ancillary benefits for the System’s nearly 431,000 active and retired members, and beneficiaries.

This year’s Delegates Meeting will also feature educational workshops on various benefit-related topics, including Social Security, and a session where delegates will have the opportunity to ask questions of the NYSTRS Board and staff.

Learn more about the meeting by visiting the Delegates page at NYSTRS.org.

Small Increase to ECR Approved

Following a three-year decline, the percentage of payroll that school districts will contribute to the Retirement System in fall 2019 will rise slightly. The change is largely due to long-term financial forecasts which predict lower investment returns.

The Employer Contribution Rate (ECR) applicable to 2018-19 school year salaries will be 10.62%, up from 9.80% associated with contributions to be collected this fall. The Retirement Board adopted the new rate at its August Board meeting.

Employer contributions are one of three sources of income for NYSTRS. The others are member contributions and investment returns, with the vast majority of income coming from investments. Over the past 30 years, 84% of System funding has come from investment earnings.

Generally, the more the Retirement System earns on investments, the less is required from school districts and other participating employers. Employee contribution rates are fixed by law and vary by membership tier.

While the 10.62% rate marks a return to double digits, it is still lower than it has been in six out of the seven previous school years. Diligently collecting employer and member contributions and following prudent investment policy throughout the System’s nearly 100-year history have kept NYSTRS among the best-funded and most secure pension plans in the country.

The ECR is determined annually through a valuation of the System’s assets and liabilities. It takes into account factors such as shifting life expectancies, salary changes, and later retirement ages.
How to Prepare the Future You for Retirement

Planning for retirement is something we encourage you to do no matter where you are in your career. Our three-part publication *Looking to the Future* is designed to help prepare you at each stage of your career for a rewarding retirement.

In each section we share typical perspectives teachers have about retirement planning. Then we suggest what you should be thinking about at that particular stage of your life and describe the many tools we offer to assist you with planning.

If you’re relatively new to teaching, *Looking to the Future Stage 1: Early in Your Career* is the section for you. You’ll learn about:

- How to create an online MyNYSTRS account where you will find all of your NYSTRS membership information. Watch our video “MyNYSTRS: Your Information on Your Schedule” to learn about the benefits of an account.
- Your Benefit Profile, a personalized summary of your membership status. Once you meet certain milestones, it will also include estimates of your future benefits.
- Why this is the perfect time to evaluate your financial status and make key financial decisions that will impact your future.

*Stage 2: Midway to Retirement* is, as its name implies, geared toward those who have been teaching for a while but also have a while to go before they can retire. It points out key financial decisions you should make in your 30s and 40s to set yourself up for retirement, and introduces you to our Pension & Retirement Education Program (PREP).

The final section is *Stage 3: Retirement is Within Reach*. It suggests a list of actions you should take to ensure you maximize your retirement benefits and select the benefit payment option that works best for you. It includes our popular “6 Steps to Collecting Your Retirement Benefit,” one of which is to schedule a benefits consultation with a NYSTRS information representative. Surveys show that those who had at least one consultation before retiring were more satisfied with the retirement process than those who did not take the time to sit down with a representative.

You’ll find the *Looking to the Future* series in the Library at NYSTRS.org. Select Publications from the Library menu, then Active Members. While there, explore the many other publications we offer to our active members.

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becoming a full-time teacher. If you’re eligible to purchase prior service, the earlier you do it in your career the more cost effective it will be for you (see example at right). If you served in the military, you may also be eligible to purchase that service.

The more credit you have, the sooner you can potentially retire and the larger your benefit may be. See the NYSTRS publications *You Deserve the Credit* and *Claiming Military Service* for more information. Both can be found at NYSTRS.org.

As a new Retirement System member you were placed into what is called Tier 6. (There are six tiers of membership in NYSTRS.) This means you are required to contribute 3% to 6% of your salary, depending on your pay scale, while you work. Your employer also contributes a certain amount annually for all eligible employees. These contributions, combined with investment earnings generated by the Retirement System, provide what is known as a defined benefit pension.

A defined benefit plan provides a guaranteed pension payment for the rest of your life after retirement. It is money you can’t outlive, as opposed to defined contribution plans, such as IRA and 401(k) accounts, where the amount of income available to you at retirement can be uncertain.

Your pension is vested, or guaranteed, when you achieve 10 years of service credit. If you stop teaching before 10 years, you may withdraw the amount you contributed to the retirement system plus interest.

In addition to a secure pension, your NYSTRS membership will provide additional benefits as you reach certain service milestones. Some of these benefits include disability and death benefit coverage, and the ability to take a loan from your contributions.

If you have any questions about your NYSTRS membership, look for information on the website or call us at (800) 348-7298 to speak with a System representative.

Purchase Prior Service Early

Sue is a Tier 6 member who recently earned two years of service credit with NYSTRS. She worked part-time for her town earlier in her career and never joined a New York state retirement system. Records show she is eligible to purchase two years of this prior service and credit it to her NYSTRS membership.

If she purchases that service now, it will cost her $3,700. If she waits five years until 2023, she’ll also need to pay for the interest that would have accumulated over those years, so she’d owe $4,700. If she waits 10 years, until 2028, purchasing those two years of prior service will cost her more than $6,000.

**The Bottom Line:** You can profit by purchasing prior service early in your career.
Study Finds Pensions Power the Economy

Public pension funds contributed a net $137.3 billion to state and local government coffers during 2016, underscoring their power to strengthen the U.S. economy, according to a new analysis by the National Conference on Public Employee Retirement Systems.

NCPERS outlined its findings in its study, "Unintended Consequences: How Scaling Back Public Pensions Puts Government Revenues at Risk." The analysis of how investment and spending connected to pension funds impact state and local economies drew on historical data from public sources including the U.S. Census Bureau, Bureau of Economic Analysis, and Bureau of Labor Statistics.

“Our findings are a powerful rebuke to the popular argument that taxpayers cannot afford public pensions,” said Michael Kahn, NCPERS’s research director and author of the study. “The evidence shows that if public pensions did not exist, taxpayers not only wouldn’t save money; they would have to cover a severe annual revenue shortfall.”

The NCPERS study is a comprehensive exploration of how state economies and tax revenues are affected when pension funds invest their assets, and how taxpayer contributions compare to revenues, said Hank H. Kim, executive director and counsel of NCPERS.

A common misconception is that pensions may fall short if benefits aren’t funded in full up front, Kim said. But, he noted, pension funds actually work by accumulating assets over a worker’s lifetime. Employer and employee contributions plus investment returns contribute steadily to the funds’ growth.

“Pensions are a long-term investment, and it’s a mistake to evaluate them through the lens of short-term political expediency,” Kim said.

NCPERS’s deep-dive into the data also showed:

- The economic impact of pension assets in states like California, Florida, New York and Texas are particularly significant.
- The impact of investment of assets plus spending of pension checks by retirees in 2016 yielded a $1.3 trillion contribution to the economy and $277.6 billion to state and local revenues.
- Taxpayer contributions to state and local pension plans in 2016 totaled $140.3 billion. Thus, pension funds generated $137.3 billion more in revenues than taxpayers contributed.

NYSTERS Board Meeting Highlights

August 1, 2018

- Authorized the Executive Director and Chief Investment Officer, subject to the satisfactory completion of due diligence, to allocate up to $300 million to Hellman & Friedman Capital Partners IX, LP to manage a portion of the System’s private equity portfolio using a large buyout-focused strategy.
- Authorized the Executive Director and Chief Investment Officer, subject to the satisfactory completion of due diligence, to allocate $200 million to Raith Capital Partners, LLC to act as a debt separate account advisor for the acquisition, management and disposition of public and private opportunistic commercial real estate investments.
- Renewed the agreement with Baillie Gifford Overseas Limited to manage a portion of the System’s assets as an active ACWI ex-U.S. international equity manager, for one year, effective Sept. 15, 2018.
- Renewed the agreement with Prima Capital Advisors LLC to actively manage a portion of the System’s portfolio within a separate account structure in Commercial Mortgage Backed Securities (CMBS), investment grade REIT bonds, first mortgage loans, and mezzanine loans and/or B-Notes, for one year, effective Nov. 1, 2018.
- Renewed the agreement with William Blair & Company, LLC to manage a portion of the System’s assets as an active ACWI ex-U.S. international equity manager, for one year, effective Sept. 22, 2018.
- Renewed the agreement with T. Rowe Price Associates Inc. to manage a portion of the System’s assets as a domestic equity enhanced index manager, for one year, effective Oct. 30, 2018.
- Renewed the agreement with Progress Investment Management Company to manage a portion of the System’s assets as a manager of managers for a domestic equity all-cap strategy, for one year, effective Nov. 15, 2018.
- 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, for one year, effective Nov. 22, 2018.
- Adopted a required employer contribution rate applicable to 2018-19 payroll of 10.62%.
- Adopted a resolution honoring David L. Brigham, who is retiring from the System’s Investment Advisory Committee after 25 years of service.
- Approved amendments to the System’s Investment Policy Manual related to the delegation of investment authority.