New York State
Teachers'
Retirement
System

Learning About NYSTRS

An overview of the System's administration and funding

July 2026

Table of Contents

Mission

To provide our members with a secure pension

Vision

To be the model for pension fund excellence and exceptional customer service.

Values

Respect · Excellence · Diversity · Balance · Integrity · Resourcefulness · Diligence

About the Retirement System

Established in 1921 by an act of the state legislature, the New York State Teachers' Retirement System (NYSTRS) provides retirement security to public school teachers and administrators across the state (excluding those in New York City). The System is one of the most secure and well-funded public pension plans in the country.

As a defined benefit plan, NYSTRS administers the fund from which members receive retirement, disability and death benefits. Eligibility for benefits is generally based on factors such as tier of membership, age, years of service and final average salary.

Payments to eligible members and beneficiaries are guaranteed by law and cannot be diminished or impaired under New York's current constitution. Benefit improvements, such as early retirement incentives, must be enacted into law by the state legislature and governor. NYSTRS provides the legislature with statistical and cost information on bills affecting members.

NYSTRS membership as of June 30, 2025 totaled more than 275,000 active members and nearly 185,000 retirees and beneficiaries. Nearly 80% of NYSTRS' $8.7 billion annual benefit payroll is distributed to New York residents.

NYSTRS Membership

as of June 30, 2025

more than

275,000

active members

nearly

185,000

retirees & beneficiaries

Retirement Board and Staff

A 10-member Retirement Board sets policy and oversees System operations.

Trustees are responsible as fiduciaries to protect the long-term value of the System's investment portfolio and provide benefit security for members. The funds must be invested with the care, skill and diligence that a prudent person familiar with such matters would use to ensure that sufficient assets are on hand to pay promised benefits when they come due.

The Board receives counsel from staff, advisory committees and investment consultants to help formulate its investment policy. The Board's Investment Beliefs, which are entailed in the *Board Governance Manual*, provide a consistent and transparent framework to guide the System's investment decision-making processes. The Beliefs reflect NYSTRS' fiduciary responsibility to its members and its commitment to the System's mission, vision and values.

The Board meets quarterly (i.e., January, April, July and October). Additional meetings are called as necessary. Trustees serve on the following subcommittees that report to the full Board: Audit, Compensation, Disability Review, Ethics, Executive, Investment, and Risk.

Board Composition

Trustees do not receive a salary or stipend and represent various constituents, including active and retired teachers, school administrators and school boards. The Board's composition, including selection criteria and term length, is mandated by law as follows.

- Three active teacher members are elected from the membership, one each year, by delegates to the System's Annual Delegates Meeting.
- One NYSTRS retiree is elected (if there is more than one candidate) by retired members.
- Two school administrators are appointed by the state Commissioner of Education.
- Two present or former school board members, experienced in the fields of finance and investment, are elected by the Board of Regents based on recommendations of the New York State School Boards Association. At least one of these individuals must have experience as an executive of an insurance company.
- One present or former bank executive is elected by the Board of Regents.
- The State Comptroller or an appointee.

Trustees serve three-year terms, except the State Comptroller (or appointee) who serves while in office.

Learn more about the Board in our publication *The Role and Responsibilities of a NYSTRS Trustee*.

Executive Staff

NYSTRS Executive Director & Chief Investment Officer Thomas K. Lee heads a staff of approximately 500 people responsible for the day-to-day operation of the System.

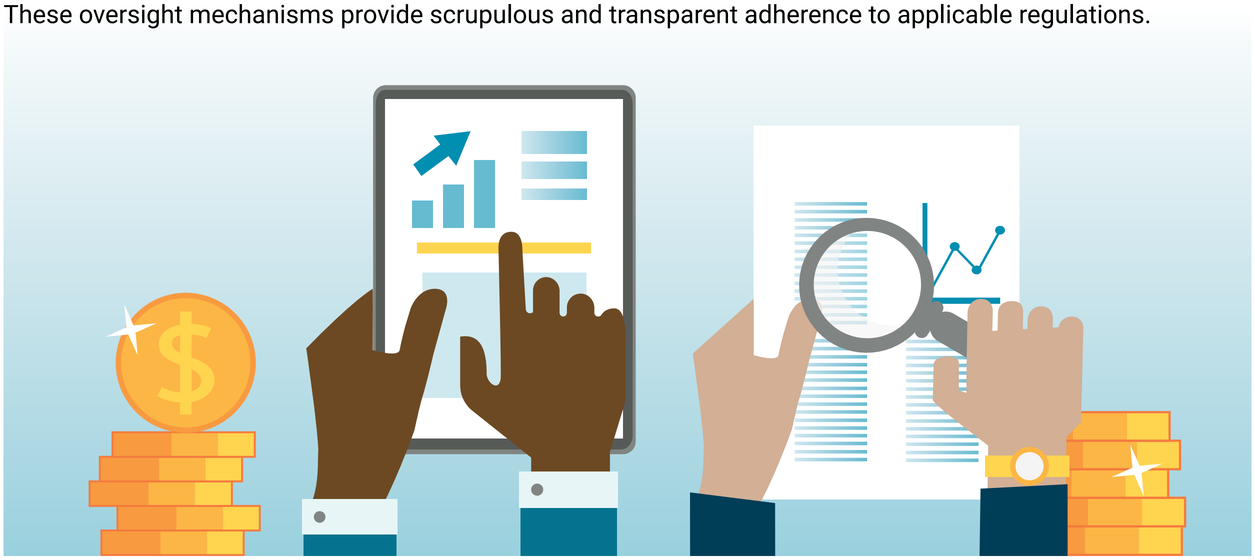
The System's executive team provides counsel to the Board while also ensuring the System remains a model for pension fund excellence and exceptional customer service. See the list of NYSTRS Executive Staff on our website.

State Supervision and Audits

Financial information and internal controls are subject to audit by the New York State Department of Financial Services and the System's Internal Audit department. An independent, certified public accounting firm also reviews all financial statements and actuarial assumptions annually.

An audit of our actuarial methods, assumptions and valuations is completed on a scheduled basis. The most recent such audit concluded the actuarial valuation of the System is of a high quality and fairly represented the actuarial position and funding requirements of the System and is in compliance with all major aspects of the applicable actuarial standards.

These oversight mechanisms provide scrupulous and transparent adherence to applicable regulations.



Membership

Mandatory Membership

Membership in NYSTRS is mandatory for all full-time teachers, teaching assistants, guidance counselors and some administrators employed in New York state public schools (excluding those in New York City), Boards of Cooperative Educational Services (BOCES), and charter schools that opted to participate as an employer in NYSTRS.

Optional Membership

Membership for teachers employed less than full time is optional. Employers are required to notify eligible part-time employees in writing at the time of hiring of their right to membership in NYSTRS.

Teachers employed by a New York state community college or SUNY may elect membership in NYSTRS, the New York State and Local Employees' Retirement System or the Optional Retirement Program.

Those hired on or after July 1, 2013 with estimated annual wages of $75,000 or more who do not belong to a collective bargaining unit may voluntarily join the Optional Retirement Program instead of NYSTRS.

Refer to Section 1 of the Employer Manual for additional information regarding membership eligibility.

Membership Tiers

For many years, all System members were covered by the same retirement plan. Following the enactment of major benefit improvements in the late 1960s and early 1970s, there was concern over the rising cost of public employee pensions and the marked increase in the number of legislative proposals seeking further benefit improvements. As a result, in 1971 Governor Nelson Rockefeller created the Permanent Commission on Public Employee Pension and Retirement Systems to address these concerns.

In 1973, based upon the recommendations of the Pension Commission, the state legislature enacted a new retirement plan (i.e., Tier 2) that generally reduced benefits to all public employees joining the workforce on or after July 1, 1973. Similarly, laws were passed in 1976 (creating Tier 3) and 1983 (creating Tier 4), which, among other changes, made it mandatory for new members to contribute toward their retirement. Tier 5 (effective Jan. 1, 2010) and Tier 6 (effective April 1, 2012) further altered benefit eligibility rights and member contribution requirements.

Since members are covered by the constitutional guarantee that prohibits the elimination or diminishment of a benefit once it is granted, the tier legislation was prospective in nature, affecting only those members who joined the Retirement System on or after the effective date of the law. As a result, there are six tiers of membership, based upon date of membership, with different benefit calculations and eligibility requirements for each tier.

Curious about our membership statistics? See our *Popular Annual Financial Report* and infographics to learn about our active and retired members stats, benefit payments by county and more.

See the Member Benefits section on page 11 for details on types of benefits NYSTRS administers.

Date of Membership	Tier
Before July 1, 1973	1
July 1, 1973–July 26, 1976	2
July 27, 1976–Aug. 31, 1983	3
Sept. 1, 1983–Dec. 31, 2009	4
Jan. 1, 2010–March 31, 2012	5
On or after April 1, 2012	6

Employer Responsibilities

By statute, school districts and other participating employers have certain responsibilities that play a significant role in providing timely and accurate information used to determine NYSTRS benefits paid to members. These include:

- Enrolling all full-time contractual teachers in NYSTRS.
- Notifying (in writing) part-time teachers of their right to join, and enrolling those who opt to do so.
- Making member contribution deductions from their salaries and reporting member employment, salary and contributions to the System monthly.
- Approving or denying repayment of member loans by payroll deduction.
- Validating that employee service credit and salary is reported to the System.
- Informing NYSTRS of the death of active members.
- Understanding the rules governing the employment of retired public employees and, as applicable, obtaining the required approval for such employment.
- Sharing NYSTRS information and resources with their staff.

Refer to the Employer Manual for more information about employer responsibilities.

Actuarial Information

Funding

Providing our members with a secure pension is a shared responsibility. NYSTRS benefits are funded from three sources: investment income, employer contributions, and member contributions.

The System's method of funding is called advance funding, which uses the following cycle.

- Each year, school districts and participating employers make contributions on behalf of their active System members. These contributions are made in accordance with the actuarially determined employer contribution rate (ECR).
- Members are required by law to make member contributions according to the level set for their tier of membership. Visit the Active Members/Member Contributions page of nystrs.org to learn about the various contribution rates for each tier.
- The System invests the employer and member contributions throughout a member's career and accumulates the assets necessary to provide a fully funded benefit in retirement.

Since advance funding allows the investment of contributions over a member's lifetime, the System generates income from these investments. This income can fund a large portion of the pension and may help substantially reduce school district costs for retirement benefits.

To put advance funding into context, for every pension dollar paid to a member, 85 cents comes from investment income, 13 cents is from employer contributions, and 2 cents is from member contributions.

If advance funding were not used, the entire pension would have to be paid directly from employer and member contributions, without the benefit of investment income. Employer contributions would not begin until a member retires and would continue throughout retirement. With this type of funding, known as pay-as-you-go funding, employer costs would be substantially higher.

Advance funding, as opposed to pay-as-you-go funding, should continue to provide substantial savings for school districts and the state's taxpayers for years to come because of the following advantages.

- Investment Income – The System is able to collect and invest money throughout a member's career, with the income generated from investment returns used to reduce employer costs.
- Level Contributions – Advance funding allows for a more level contribution pattern and makes budget planning easier.
- Generational Equity – With advance funding, each generation of taxpayers pays only for the benefits earned by its public employees as they work. If benefits were funded as they became due (pay-as-you-go funding), those paying taxes at the time of a member's retirement would be required to pay for the entire benefit.
- Strong Portfolio – NYSTRS is one of the 10-largest defined benefit public retirement funds in the country and is consistently among the best performers. A sound asset allocation policy within a diversified portfolio protects the total fund and allows the System to weather turbulent markets. Asset allocations and total portfolio construction are reviewed annually and adjusted accordingly.

Employer Contribution Rate

The employer contribution rate (ECR), which is the same for all tiers, is expressed as a uniform percentage of member payroll and is set more than a year in advance of its collection. These contributions have been collected without fail throughout the System's history, keeping NYSTRS among the most secure plans in the country.

The ECR is adopted annually by the Retirement Board at its July meeting; however, that rate is applicable to the following school year salaries. The payments associated with the ECR are therefore collected 14-16 months after the rate is adopted based on those salaries. This allows employers time to budget accordingly

Except in the case of a few employers required to pay directly, required contributions are deducted from state aid apportioned during September, October and November of each school year.

The ECR is determined annually by the System's actuarial valuation of its assets and liabilities. This valuation encompasses estimates of future salaries and projected benefit payments for all members. The projections are based upon current member data as well as the following actuarial assumptions regarding future events:

- Rate of return on assets
- Rate of salary growth
- Mortality rates for active, retired and disabled members
- Rates of retirement, disability and withdrawal

The actuarial assumptions, methods and procedures used by the System's actuary to calculate employer contributions are reviewed annually by outside independent auditors. All have been found to be reasonable and appropriate, and in compliance with generally accepted actuarial principles and practices.

The ECR over the last 10 years has ranged between 8.86% to 11.72%, a relatively steady rate with slight fluctuations and an average rate of just over 10.00%. The System's actuarial valuation uses an asset smoothing method, which smooths market gains and losses over a five-year period, resulting in a relatively steady rate. School districts are permitted to have their own TRS Retirement Contribution Reserve Fund to build up reserves, which may be used to set aside surplus funds to be used when needed.

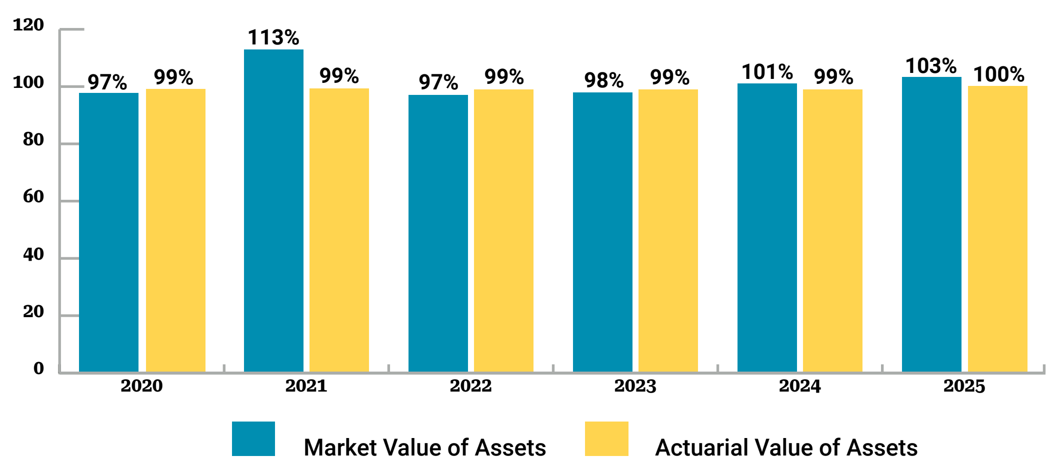
Funded Ratio

NYSTRS is one of the best-funded public pension plans in the nation. The System's funded ratio is 100.2% based on the actuarial value of assets as of June 30, 2025, the most-recent calculation available. The actuarial value of assets smooths the volatility inherent in the market value of assets by phasing in unexpected gains and losses over a period of five years.

The funded ratio is a financial metric that is equal to the ratio of a pension plan's assets to its accrued liabilities, as of a point in time. Assets are the value of the investments that the System has accumulated. Liabilities are the present value of the future benefits that have been accrued to date. The funded ratio is used to assess the financial health of a pension plan. A funded ratio at or around 100% is desirable and indicates that the plan is on track to meet its future benefit obligations.

NYSTRS Funded Ratio

As of June 30, 2025



Investments

Responsible Stewardship

As fiduciaries, NYSTRS' Board must be responsible and thoughtful stewards of the fund and act for the exclusive benefit of NYSTRS members and beneficiaries. This deliberate approach is essential to ensure the System meets the retirement benefit payroll and therefore fulfills its fiduciary obligation to provide our members with a secure retirement.

NYSTRS approaches this from the starting point that we are universal owners with a long-term view of the markets. To ensure we can meet our fiduciary responsibility, we identify long-term risks to our portfolio through independent measurement and assessment.

To manage these risks, the System engages with the companies in which we invest, votes our proxies, and seeks opportunities to invest in companies and areas that can help to mitigate the risks we have identified.

NYSTRS' Board relies on its Investment Beliefs to provide a consistent and transparent framework to guide the System's investment decision-making processes, including risk mitigation.

Investment Strategy

The Retirement System's assets are invested in the most prudent manner possible in order to achieve optimum long-term total returns with an appropriate level of risk. The System is committed to a disciplined, risk-controlled investment approach that focuses on thoughtful and prudent diversification of assets across a broad spectrum of capital market segments. The allocation of assets within the portfolio, as well as the fund's overall structure and focus on the long term, are continuously reviewed and adjusted as appropriate to achieve these goals.

The System's long-term investment approach helps it tolerate the short-term volatility of the capital markets. This strategy also enables the payment of promised benefits to members and their beneficiaries at the lowest appropriate cost to participating employers and their taxpayers, while providing members with the greatest benefit security. In many cases, especially for new teachers, benefit payments will not commence until 30 years or more after a member joined the System.

As of June 30, 2025, the Retirement System's net assets available for pension benefits were $154.2 billion. NYSTRS staff and external investment managers, following the policies adopted by the Retirement Board, are responsible for daily investment decisions. The Investment Advisory Committee and the Real Estate Advisory Committee — both of which include knowledgeable outside experts from the private sector — advise the Board and staff on investment objectives, economic trends and investment opportunities. The performance of each external investment manager is carefully monitored by both staff and the System's investment consultants to ensure compliance with NYSTRS' investment policies and objectives.

The long-term objective of the investment policy is to achieve returns that exceed those of comparable asset class benchmarks, but are, in aggregate, not less than the actuarial assumption.

The System's total fund return, net of fees for the fiscal year ended June 30, 2025 was 10.6%, compared to the actuarial assumption of 6.95%. The System's 10- and 30-year annualized net rates of return were both 8.4%.

Asset Allocation

The most significant contributor to long-term investment performance is the allocation of assets within the various asset classes, such as equities, fixed income and real estate. The allocation process helps control risk and sets policy guidelines to diversify the System's portfolio. The asset allocation policy, adopted by the Board, establishes ranges to be set for an optimal target allocation.

The Board, with the assistance of an external consultant, annually reviews the asset allocation policy to analyze recent and historical investment experience. Since this is a long-term plan, adjustments to the allocation may be made on an annual basis when necessary.

Refer to the Investments section of the System's *Annual Comprehensive Financial Report* for the current asset allocation targets and ranges.

The Investment Portfolio

NYSTRS' investment portfolio is comprised of several components. More than half of the System's assets are managed internally by NYSTRS' investment professionals. Internal management allows the System to control fees and helps reduce the System's cost of operations. NYSTRS administers the plan at a very low cost in comparison to the value of assets managed.

Public Equities

The public equities portfolio, comprised of domestic, international and global assets, is both passively and actively managed in an effort to maximize investment returns at appropriate levels of risk while minimizing expenses.

Fixed Income

NYSTRS manages its fixed income investments with a focus on preserving capital and generating cash flow to meet the System's retirement benefit obligation. These investments are a steady source of interest income for the System. The short-term fixed income portfolio is comprised of high-quality securities that are easily converted into cash. The main purposes of the portfolio are to have money readily available to satisfy the monthly payment of pension benefits, invest in other asset classes, and support the operating obligations of the Retirement System.

Private Equity & Private Debt

NYSTRS' private equity portfolio includes direct and indirect investments in companies that are not publicly traded on a stock exchange. The System invests through partnership structures that generally cover periods of 10 years or more with the goal to achieve higher long-term returns than available through public markets. Through its private debt portfolio, the Retirement System lends money to private businesses. The System's strategic focus is on small- to middle-market lenders with the objective of achieving higher yields than available through fixed income securities.

Real Estate Equity & Real Estate Debt

NYSTRS' real estate portfolio includes equity and debt assets. The equity portfolio consists of direct and indirect investments in commercial real estate around the globe, including office, retail, multi-family and industrial properties. With the real estate debt portfolio, NYSTRS earns income as a lender. These investments include conventional mortgages, commercial mortgage-backed securities (CMBS) and mezzanine debt.

Learn More About our Investments and Financial Position

Refer to our *Popular Annual Financial Report* and *Annual Comprehensive Financial Report* on the Library/Publications/Annual Reports page for additional information and see the Investments/Portfolio page for current holdings.

Member Benefits

Active members are advised to refer to the *Active Members' Handbook* for complete information on benefits, including pension and final average salary calculation. The *Handbook* also covers information regarding their member contributions, types of service credit, service milestones, and planning and filing for retirement. The Active Members section of the website provides helpful information as well.

Retired members should refer to the *Retired Members' Handbook* for information pertaining to their pension payments, working in retirement, COLA, death benefits and legal considerations. They should also visit the Retirees section of the website for important information.

NYSTRS administers retirement, disability and death benefits for members. Eligibility depends on factors such as tier of membership, age, earnings and service credit.

Most members will receive a service retirement benefit. A member who becomes disabled and cannot continue to work may qualify for a disability retirement benefit. When a member dies prior to collecting a retirement benefit, a death benefit will be paid to a beneficiary if eligibility requirements are met.

Eligibility requirements and calculations for each type of benefit differ by tier. The following is a general summary of benefits.

Service Retirement Benefit

A Tier 1 member is eligible to retire at age 55 under the Career Plan without a reduction in benefits if credited with at least 20 years of state service. The pension for 20 years of New York state service rendered after July 1, 1959, is 40% of final average salary. With few exceptions, the maximum pension under the Career Plan is 79% of final average salary. This includes up to two years of service added under the Article 19 Benefit Enhancement legislation.

A Tier 2 member may retire at age 55 if credited with at least 30 years of service. The pension for 30 years of service is 60% of final average salary. The maximum pension payable under Tier 2 is also 79% of final average salary, including two years of service added under the Article 19 Benefit Enhancement legislation.

A Tier 4 member, and a Tier 3 member retiring under Tier 4, may retire at age 55 without a reduction in benefits if credited with at least 30 years of service, or when they reach age 62. The pension factor for 30 years of service is 60% of final average salary. Each year beyond 30 years increases the pension factor 1.5% of final average salary.

A Tier 5 member may retire at age 57 without a reduction in benefits if credited with at least 30 years of service, or when they reach age 62. The pension factor for 30 years of service is 60% of final average salary. Each year beyond 30 years increases the pension factor 1.5% of final average salary.

A Tier 6 member may retire at age 58 without a reduction in benefits if credited with at least 30 years of service, or when they reach age 63. The pension factor for 20 years of service is 35% of final average salary. Each year beyond 20 years increases the pension factor 2% of final average salary.

Vested Retirement Benefit

NYSTRS members in Tiers 1-6 who cease employment with five or more years of credited service are eligible for a vested retirement. (Prior to April 9, 2022, Tier 5 and 6 members needed to attain 10 years of state service credit to be vested.) The vested benefit is payable in most cases at age 55 and is calculated using the same factors as a service retirement benefit. Vested Tier 6 members with an inactive membership must be at least 63 to retire – unless they reactivate their membership by earning at least one month of service credit in a position reportable to NYSTRS.

Disability Retirement Benefit

Generally, members credited with at least 10 years of New York state service who become disabled, as defined by applicable statute and approved by the System's Medical Board, are entitled to a disability retirement benefit from the System. In most cases, the minimum disability benefit is one-third of final average salary. For Tier 3-6 members who become disabled as the result of an accident sustained in the performance of their teaching duties, the 10-year eligibility requirement is waived.

Death Benefits

NYSTRS offers several types of death benefits: In-Service (which includes post-retirement coverage for Tiers 2-6), Accidental, Vested, and Accelerated. Eligibility depends on an individual's membership status and, in certain cases, the cause or timing of death.

Cost-of-Living Adjustment (COLA)

All eligible current and future retired members will receive a COLA each September. New York's permanent, automatic COLA is designed to help offset inflation's adverse effects on the fixed retirement benefits of the state's public retirees.

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 retirement benefit. Those receiving less than $18,000 will receive a smaller (prorated) monthly COLA increase.

The COLA percentage 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. Visit the Retirees/COLA page at nystrs.org to learn about eligibility rules.

For More Information

Our website at nystrs.org features a host of publications, resources and videos to educate and assist our stakeholders and the general public. There you can also access the latest NYSTRS news right on the homepage.