



Learning About NYSTRS



Our Mission:

To provide our members with a secure pension.

Our Vision:

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





ABOUT THE SYSTEM

The New York State Teachers' Retirement System (NYSTRS) was established in 1921 by an act of the state legislature. NYSTRS administers the fund from which public school teachers and administrators employed outside New York City receive retirement and ancillary benefits.

NYSTRS directs a defined benefit plan. In addition to a service retirement pension, this includes disability and death benefits; the ability to borrow from member contributions; and, in some cases, coverage for beneficiaries. Eligibility for benefits generally is based on factors such as age, years of service, final average salary and tier of membership.

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.



Retirement Board and Staff

A 10-member Retirement Board sets policy and oversees System operations. Trustees do not receive a salary or stipend and represent various constituents, including active and retired teachers, school administrators and school boards. The make-up of the Board is dictated by law as follows:

- Three teacher members are elected from the membership, one each year, by delegates to the System's Annual Meeting;
- One NYSTRS retiree is elected (if there is more than one candidate) by a mail vote of all 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; and,
- The State Comptroller or an appointee.

All members serve three-year terms except the Comptroller, who serves while in office. The Board meets four times a year in January, April, July and October. Additional meetings are called when necessary.

Members serve on the following subcommittees that report to the full Board: Audit; Compensation; Disability Review; Ethics; Executive; Investment; and, Retired Members.

Members of the Board are responsible as fiduciaries to protect the long-term value of the System's investment portfolio and provide benefit security for members. They are entrusted to invest funds at the highest possible long-term rate of return consistent with appropriate levels of diversity and risk. 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. This must be accomplished at the lowest possible cost to participating employers.

The Board receives counsel from staff, advisory committees and investment consultants to help formulate its investment policy. Further information on this topic appears in the Investments section.

The Executive Director & Chief Investment Officer heads a staff of about 400 full-time employees responsible for the day-to-day operation of the System.

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 fairly represented the actuarial position and funding requirements of the System.

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

Membership

Membership in NYSTRS is mandatory and automatic for all full-time teachers, teaching assistants, guidance counselors and administrators employed in (1) New York State public schools (excluding those in New York City), (2) BOCES or (3) charter schools that opted to participate as an employer in NYSTRS. Membership for teachers employed less than full time is optional. Employers are required to notify part-time teachers in writing of their right to membership.

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.

Individuals hired on or after July 1, 2013 with estimated annual wages of \$75,000 or more who are not members of a NYSUT bargaining unit may join the Optional Retirement Program instead of NYSTRS.

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, Governor Nelson Rockefeller in 1971 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 legislature enacted a new retirement plan (creating 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 restricted vesting and retirement eligibility rights, and altered 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.

Tier 1: Membership prior to 7/1/73	Tier 4: Membership 9/1/83 — 12/31/09
Tier 2: Membership 7/1/73 — 7/26/76	Tier 5: Membership 1/1/10 — 3/31/12
Tier 3: Membership 7/27/76 — 8/31/83*	Tier 6: Membership on or after 4/1/12

**Tier 3 members are eligible for benefits under Tier 3 or 4, whichever provides the better benefit.*

For the latest membership statistics – including a breakdown of active and retired members, and beneficiaries; membership by tier; and, benefit payments by county – refer to the System’s most-recent Comprehensive Annual Financial Report found in the Library at nystsr.org.

See the Member Benefits section of this publication for details on types of benefits and eligibility rules.

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 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 deductions from member salaries and reporting employment, salary and contributions on a monthly basis;
- ◆ Approving or denying repayment of member loans by payroll deduction;
- ◆ Validating service credit and salary for members;
- ◆ 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; and,
- ◆ Distributing NYSTRS materials to staff.



ACTUARIAL INFORMATION

Funding

System income comes from three sources: employer contributions, member contributions and investment income. The funding cycle is as follows:

1. Each year, school districts make contributions on behalf of all active System members. These contributions are made in accordance with the actuarially determined employer contribution rate (ECR).
2. In addition, certain members are required by law to make member contributions.
3. 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.

This method of funding is called **advance funding**. Since advance funding allows the investment of contributions over a member's lifetime, the System has the opportunity to generate 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.

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 often continue for many years in 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:

Investing 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 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. The rate is adopted annually by the Retirement Board at its July meeting, but the contributions associated with that rate are not collected for another 14-16 months. 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; and,
- 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 eight years has ranged between 8.86% to 11.72%, a relatively steady rate with slight fluctuations. The System's actuarial valuation uses an asset smoothing method which averages in market gains and losses over a five-year period, resulting in the relatively steady rate. School districts are permitted to have their own TRS Retirement Contribution Reserve Funds to build up reserves and use when needed.

INVESTMENTS

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 allocation of assets within the portfolio, as well as the fund's overall structure, are continuously reviewed and adjusted 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. Additionally, each external investment manager is expected to outperform, over a market cycle, the appropriate benchmark.



Asset Allocation

The most significant contributor to long-term investment performance is the allocation of assets to each of 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 Retirement System's assets. The asset allocation policy, adopted by the Retirement Board, establishes ranges for each asset class target allocation.

The Retirement Board, with the assistance of staff and an external consultant, annually reviews the asset allocation policy, taking into consideration recent and historical investment experience, as well as the System's long-term expectations for the capital markets. Refer to the Investments section of the System's Annual Report for the asset allocation targets and ranges. You can access the Annual Report online or request a copy by calling 800-782-0289.

The Investment Portfolio

NYSTRS' investment portfolio is comprised of several components.

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. Approximately 74% of the equity portfolio is managed passively. In-house staff manage the majority of the passively managed assets.

There are two objectives of the Retirement System's domestic fixed income portfolio. The first is to generate cash flow to contribute toward the payment of the System's \$8.7 billion annual retirement payroll. The second is to provide stability to the System's total investment portfolio through diversification. The global bonds portfolio provides additional diversification.

Private equity investments are generally limited partnerships in which the Retirement System, as a limited partner, commits a fixed amount that the general partner will invest over several years. The partnership structure may cover periods of 10 years or more, and is intended to achieve higher long-term returns than those available through marketable securities.

The System's real estate and mortgage portfolios contribute to overall fund diversification. During non-recessionary periods, these asset classes are consistently among the System's strongest performers.

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.

MEMBER BENEFITS

Tier of membership, service credit, age, and earnings are factors that determine the benefits members are eligible for while working and in retirement. 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.

Service Retirement Benefit

Eligibility

Tier 1 members may retire at any age with 35 years of New York State service credit, or at age 55 with five or more years of service. Retirement may also occur at age 55 with less than five years of service, if two years are credited since age 53.

Tier 2-6 members may generally retire as early as age 55 with five years of credited state service. However, deferred-vested Tier 6 members (members who are vested but leave teaching before retirement) cannot retire until age 63. Other age factors may also apply.

Generally, the maximum pension payable to Tier 1 and 2 members (with two years of credit under the Benefit Enhancement law) is 79% of final average salary. For members retiring under Tiers 4 and 5, the pension for 30 years of service is 60% of final average salary. Each year beyond 30 years adds 1½% to their pension factor, and there is no maximum pension.

Tier 6 members retiring prior to age 63 will, without exception, receive a reduced benefit. Before any reductions, a Tier 6 member with more than 20 years of service will receive a pension of 35% of final average salary plus 2% for every year beyond 20 years. There is no maximum Tier 6 pension.

BENEFIT ENHANCEMENT

As a result of Article 19 Benefit Enhancement legislation enacted in 2000, eligible Tier 1 and 2 members receive one-twelfth of a year of additional credit at retirement for each year of service up to a maximum of two years. In addition, although it has no effect on pension eligibility, the law allowed Tier 3 and 4 members to stop making 3% required contributions when they had 10 years of membership or credit, whichever occurred first.

Pension Calculation

A pension is the retirement benefit determined by the following formula:

$$\text{Pension Factor} \times \text{Age Factor (if applicable)} \times \text{Final Average Salary} = \text{Maximum Annual Pension}$$

Pension Factor: A percent based on a member's service credit. The percentage increases with additional service in most cases.

Age Factor: Depending on a member's age and service credit at retirement, an age factor may be applied to the benefit calculation. No age reduction applies to Tier 2-4 members who retire either at: age 62 or later; or, with at least 30 years of service credit. No age reduction applies to Tier 5 members who retire either at: age 62 or later; or, at age 57 or later with at least 30 years of service credit. No age reduction applies to Tier 6 members who retire at age 63 or later.

Final Average Salary (FAS): For Tier 2-6 members, this is the average of their highest three consecutive school years of salary earned, whenever they occurred in the salary history. Typically, it is the average of the member's last three years. Tier 6 members have restrictions on includable salaries. Tier 1 members are eligible for a five-year FAS if it provides a greater benefit than the three-year calculation. In addition, Tier 1 members with a date of membership prior to June 17, 1971 are generally eligible for a five-year calculation without the three-year exclusions.

Pension Factor Calculation by Tier

Tier 1:

- 2% x years of NYS service since July 1, 1959, including any applicable benefit enhancement credit.
- 1.8% x years of NYS service before July 1, 1959.
- 1% x years of out-of-state service prior to NYSTRS membership (10-year maximum).*
- 5% reduction in pension for each full year of NYS service under 20 years (prorated for partial years with a maximum reduction of 50%).

Tier 2:

- Computed under the Tier 1 formula, including applicable benefit enhancement credit and/or the 5% reduction for each year of NYS service under 20 years. (Note: Tier 2 members cannot claim out-of-state service unless it was credited under a previous Tier 1 membership.)
- A prorated reduction of up to 27% when retirement occurs before age 62 with less than 30 years of NYS service.
- No reductions if the member is age 62 with at least 20 years of service, or at age 55 with 30 years or more.

Tier 3**:

- 1.67% x years of NYS service if credited with less than 20 years, or 2% x years of NYS service if credited with 20 to 30 years.
- 60% maximum for 30 years or more.
- A prorated reduction of up to 30% when retirement occurs before age 62 with less than 30 years of NYS service.
- No reductions if the member is age 62, or if credit totals 30 years or more.
- At age 62 (or at retirement, if older), benefit reduced by 50% of primary Social Security benefit accrued while in NYS public employment.

* Any portion of this credit that brings the total service credit beyond 35 years is excluded from the pension calculation. Benefit Enhancement credit is not used to establish the 35-year threshold.

** Tier 3 members are entitled to receive either the benefits under Tier 3 or 4, whichever are greater.

Tier 4:

- 1.67% x years of NYS service if credited with less than 20 years, or 2% x years of NYS service if credited with 20 to 30 years.
- 60% plus 1.5% for each year of NYS service beyond 30 years.
- A prorated reduction of up to 27% when retirement occurs before age 62 with less than 30 years of NYS service.
- No reductions if the member is age 62, or if credit totals 30 years or more.

Tier 5:

- 1.67% x years of NYS service if credited with less than 25 years, or 2% x years of NYS service if credited with 25 to 30 years.
- 60% plus 1.5% for each year of NYS service beyond 30 years.
- A prorated reduction of up to 38% when retirement occurs before age 62 with less than 30 years of service.
- No reduction if the member is age 62, or if credit totals 30 years or more of service and the member is at least age 57.

Tier 6:

- 1.67% x years of NYS service if credited with less than 20 years, or 1.75% x years of NYS service if credited with 20 years.
- 35% plus 2% per year beyond 20 years of service.
- A prorated reduction of up to 52% when retirement occurs before age 63 regardless of your total service.

Disability Retirement Benefit

Generally, all members who are credited with at least 10 years of New York State service (five years for Tier 3 members) who become disabled as defined by applicable statute are eligible for a disability retirement benefit from the Retirement System. The disability benefit is generally one-third of a member's final average salary. However, the benefit may be more or less depending on the member's age and service credit. For Tier 3-6 members who become disabled as a result of an accident sustained in the performance of their teaching duties, the five-year or 10-year eligibility requirement is waived.

Disability benefits are subject to the review and approval of the System's Medical and Retirement boards.

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.

In-Service Death Benefit

Tier 1: The in-service death benefit is generally equal to one-twelfth of the member's last 12 months of regular compensation for each year of service, to a maximum of three times the member's earnings. (The amount may be larger if the member was eligible to retire without a pension reduction.)

Tier 2-6 (Paragraph 2): Generally, all Tier 2-6 members are covered by the Paragraph 2 Death Benefit. Limited exceptions apply. Members joining after Jan. 1, 2001 are automatically covered by the Paragraph 2 benefit.

The in-service death benefit is generally equal to one year's salary after a year of service, and it increases to a maximum of three years' salary after three or more years of service. The benefit declines after age 60. If the in-service death benefit is in effect when the member retires, there is also a survivor benefit, regardless of the benefit payment choice made at retirement.

Accidental Death Benefit

An accidental death benefit is payable in the form of a pension to eligible surviving family of Tier 3-6 members who die as the result of an accident sustained in the performance of their teaching duties. It would be paid in lieu of an in-service death benefit.

Vested Death Benefit

Members who have at least 10 years of service credit but are not eligible for the in-service death benefit are covered until retirement by a vested death benefit. It would be equal to one-half of the active member death benefit that would have been paid if the member had died on the last day of creditable service.

Accelerated Death Benefit

A member who qualifies for disability retirement and has either a terminal illness or one requiring extraordinary care can elect to receive a one-time only payment in lieu of both a monthly retirement benefit and a death benefit paid to a beneficiary.

OTHER BENEFIT INFORMATION

Member Contributions

Tier 1 and 2 members who made voluntary contributions, transferred contributions from another public retirement system or purchased prior service credit may withdraw those funds (and interest earned) at retirement, or receive an annuity throughout retirement in addition to the employer-funded pension described earlier.

Tier 3 and 4 members were required by law to contribute 3% of salary until they had 10 years of membership or were credited with 10 years of service, whichever occurred first. Tier 5 members are required by law to contribute 3.5% of their salary throughout their active membership. Tier 6 members are required to contribute a percentage of their salary throughout their active membership.

Loans

Eligible members who have made member contributions may borrow from those funds.

Reinstatement

NYSTRS members with a previous membership in any New York State public retirement system are eligible for reinstatement to an earlier date of membership. Reinstatement is irrevocable.

Transfer and Prior Service

Some members are eligible to transfer membership from another New York State public retirement system or claim credit for public service prior to their date of membership in NYSTRS.

Military Service Credit

Eligible members may purchase credit for designated periods of active military service prior to NYSTRS membership. Members may also be eligible for credit if military service interrupts teaching service.

Retirement Options

At the time of retirement, a member may elect either the Maximum retirement benefit with no protection for a beneficiary, or one of several actuarially equivalent options (including lump sum, lifetime survivor, guarantee period or alternative) providing financial protection for a beneficiary or beneficiaries.

Cost-of-Living Adjustment (COLA)

All retirees will receive an automatic, annual cost-of-living adjustment (COLA) when they meet the eligibility requirements. The annual adjustment, applied to the first \$18,000 of the maximum retirement benefit, will be a minimum of 1% and a maximum of 3% based on 50% of the March-to-March increase in the Consumer Price Index (CPI).

ADDITIONAL RESOURCES

A wide variety of informational publications and videos are available on the System's website at nystsr.org.
Publications and video transcripts are printer-friendly.

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

December 2025