



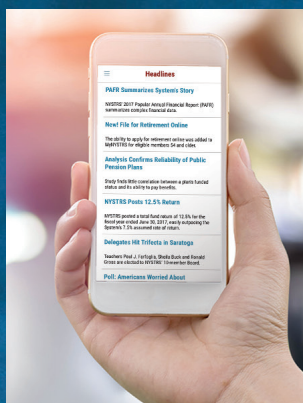
A newsletter for
active members of
the NYS Teachers'
Retirement System

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YourSource

January 2019

Plan Returns 9.0% and Remains Among Best Funded

NYSTRS posted a total fund return, net of fees, of 9.0% for the fiscal year ended June 30, 2018, outpacing the System's 7.25% assumed rate of return. It marked the sixth time in the past nine years that returns exceeded the System's assumed rate.

The System's 30-year and 25-year rates of return were 9.2% and 8.5%, respectively. Long-term returns are one of the best indicators of pension plan health. NYSTRS is a long-term investor with liabilities generally not accrued for two or three decades.

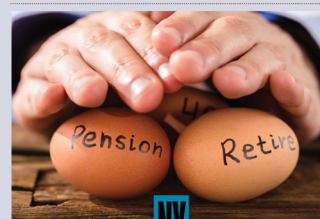
Another indicator of plan health is its funded ratio. NYSTRS' funded ratio is 98% using an actuarial valuation of assets and 100% using a market valuation of assets, making the plan among the best-funded in the nation.

These figures are among the many found in NYSTRS' recently issued [Comprehensive Annual Financial Report](#) (CAFR) for the fiscal years ended June 30, 2018 and 2017. The report is available at [NYSTRS.org](#) in [Annual Reports](#).

[See Annual Report Highlights... page 2](#)

2018 ANNUAL REPORT

Comprehensive Annual Financial Report
Fiscal Years Ended June 30, 2018 and 2017



Committed to Providing Educators
With a Secure Retirement Since 1921

NEW YORK STATE TEACHERS' RETIREMENT SYSTEM

Teacher Ron Gross Re-elected to NYSTRS Board



Ron Gross

Delegates attending NYSTRS' 2018 Annual Meeting of Delegates unanimously re-elected William Floyd School District teacher Ron Gross to a new three-year term on the NYSTRS Board of Trustees. More than 500 delegates from across the state also attended numerous pension-related workshops during the Nov. 4-5, 2018, meeting in Saratoga Springs.

Gross, who is president of William Floyd United Teachers and has taught social studies in his district for 30 years, was first elected to the Board last year to fill the unexpired term of Timothy Southerton, who retired from teaching in June 2017. Gross's new term runs through January 2022.

"It is really quite an honor and humbling at the same time to serve as your trustee," Gross told

those in attendance following his election. Gross also urged delegates to bring back to their districts the information they learned at the Annual Meeting.

The other active teacher Board members are Paul J. Faraglia 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.

New at this year's meeting was the use of visual recording to help attendees retain information shared during conference workshops. A graphic artist combined words and images to visually summarize the presentations on oversized cardboard canvasses. Each workshop also included PowerPoint presentations.

Both the visual recordings and the PowerPoints are found under the [2018 Delegates Meeting](#) tab on the [Annual Delegates Meeting](#) page of [NYSTRS.org](#).

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

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RETIREMENT BOARD

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Michael J. Masse, *Vice President*

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Stephen P. Feehan

Ron Gross

Dr. Phyllis S. Harrington

Daniel J. Hogarty Jr.

Dr. L. Oliver Robinson

Nicholas Smirensky

Thomas K. Lee

Executive Director & Chief Investment Officer

FRAUD COMPLAINT?

Email investigations@nystrs.org or call
the Report Fraud number listed above.

Don't Be Fooled by Imposters

NYSTRS urges you to remain vigilant in protecting your personal information and ensuring you receive sound advice about your public pension. Following are a few ploys making the rounds you should know about.

Caller ID Spoofing. This occurs when someone falsifies the information transmitted to your caller ID display. It is often done in an effort to get you to provide personal information so your identity can be stolen. It is also a trick used to extort money. Visit FCC.gov and review the agency's Caller ID and Spoofing Guide for details.

Be advised that NYSTRS will never call you and request a payment over the phone. There are rare instances where we may call to discuss money you owe to NYSTRS, but these conversations will always be followed by a written communication confirming the details. Any requests for payment will be provided to you in writing.



"Expert" Advice. Financial planners will run ads or send mailings claiming to be experts on NYSTRS benefits. These marketing tools can be carefully crafted so it sounds as if the person is an actual NYSTRS representative.

Being a reputable financial planner does not make one an expert on NYSTRS benefits. The only people you should trust when it comes to your pension are verified NYSTRS employees or members of our Board. Unless you're sure you're talking to someone from NYSTRS, don't assume you're getting accurate information.

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.

Annual Report Highlights.. *(from page 1)*

"Building a strong pension plan is a collaborative effort," said NYSTRS Board President David P. Keefe. "Steady income from three sources of funding — member contributions, employer contributions, and investment returns — has resulted in NYSTRS being one of the most secure and best-funded pension plans in the country. Pooling employee and employer contributions and then prudently investing those funds for long-term growth has proven to be the most efficient and cost-effective way to provide for workers in retirement."

Other items of note found in the CAFR include:

- System investments appreciated \$7.7 billion in 2018 (pg. 25).
- NYSTRS paid out \$7.1 billion in benefits in 2018 (pg. 25).
- The System's net position at June 30, 2018 was \$119.9 billion (pg. 25).
- 80% of benefits are paid to residents of New York state (pg. 131).
- More than half of those receiving a NYSTRS benefit worked 30 years or more to earn it (pg. 133).
- Over the past 30 years, investment returns have accounted for 85% of NYSTRS' income (pg. 137).

Peruse Our PAFR

If you're curious about the strength of the Retirement System's finances and investments, but don't have the time to dive into the 146-page [Comprehensive Annual Financial Report](#) (CAFR), check out our eight-page summary.

The [Popular Annual Financial Report](#) (PAFR), which uses graphics and brief narratives, is designed to be more user-friendly to those without a background in public finance.

The 2018 PAFR is found on the [Annual Reports](#) page of our [Library](#), as well as in the [Pension Education Toolkit](#) (under NYSTRS-related facts). You may also request a printed version by contacting the System's Public Information Office at news@nystrs.org or by calling (800) 782-0289.

Tips for Smooth Sailing if Retirement is on the Horizon

You've thought long and hard about it and you really think this is it. It's time to cap off a wonderful career and experience retirement. If that sounds like you, following are the steps you should take to make the retirement process go smoothly.



Start by visiting the [NYSTRS.org Retirement Planning](https://www.nystrs.org/RetirementPlanning) page and downloading the *NYSTRS Retirement Checklist*. It lists the six items everyone should consider before filing for retirement. Maybe the most important checklist takeaway: Retiring from your employer does **not** automatically trigger your NYSTRS retirement benefit. You will need to submit a retirement application to NYSTRS in addition to giving notice to your district.

Details such as when to file your retirement application, the deadline for withdrawing your application or changing your retirement date, and when to expect your first benefit payment can be found in the [Countdown to Retirement](#) brochure, also found on the [Retirement Planning page](#). Take a few minutes to watch the accompanying ["Retirement Countdown"](#) video as well.

If you review the *Benefit Profile* NYSTRS prepares for you annually, you already have a rough idea of what your pension benefit will be. However, if you want an updated projection that includes service and salary in the current school year, use NYSTRS' online pension estimator. Estimates can be run for the Maximum benefit payment or options that may provide

beneficiary protection. If you do not have a [MyNYSTRS account](#) you will need to create one in order to use the estimator.

Your most important to-do item is to schedule a benefits consultation with a Retirement System representative. A personal consultation offers the opportunity to discuss your individual circumstances and ensure you understand your benefit payment options. Both in-person and video consultations are offered in various locations year-round across the state. Schedule an appointment through MyNYSTRS or by calling (800) 348-7298, Ext. 6100.

When mulling over benefit payment options, refer to NYSTRS' [Maximum or an Option: Choosing a Benefit Payment Right for You](#) brochure or watch our two-part video series ["Your NYSTRS Benefit Payment."](#) Both are available on our website.

When you're ready to file a retirement application with NYSTRS, we urge you to do so online through MyNYSTRS. The online version streamlines the application process and eliminates the need to fill out and mail an eight-page paper application. Logic built into the online application ensures you don't inadvertently miss a step or make a mistake that would cause the paper application to be rejected.

For those who prefer to file a paper application, you'll find the [Application for Retirement \(RET-54\)](#) under [Retirement-Related forms](#) on our website. The page includes a handful of other forms that, depending on your unique situation, you may need to file as well.

If you still have questions, we're here to help. Call us at (800) 348-7298, Ext. 6250 or send us a secure message through MyNYSTRS.

Survey Says...Members Pleased with Retirement Process

A survey of recent NYSTRS retirees revealed a high level of satisfaction with the retirement process, as well as the System and its employees. Comments included:

"NYSTRS may be one of the biggest assets to a career in teaching within New York State!"

"Everything about NYSTRS is a role model for all organizations and businesses."

"Your website was easy peasy!"

NYSTRS has surveyed recent retirees for many years. The System this year earned a 94% rating on the American Customer Satisfaction Index in the survey. That's up from 91% last year.

More than 1,600 members who retired in the 2017-18 school year participated in the survey, conducted for NYSTRS by Cobalt Community Research. Dozens of other retirement systems, organizations and local governments nationwide also participate, and NYSTRS consistently is among the highest-rated.

The retirement process overall was rated 9.4 to 9.8 in categories including clarity and staff response speed. Retirees gave both staff knowledge and staff responsiveness a 9.7 out of 10, while staff courtesy was rated at 9.8.

Providing exceptional customer service is a key part of our vision and we are proud that the survey results confirm this.

**AND THE
SURVEY
SAYS...**



This Toolkit a Treasure Trove for Members



You appreciate your NYSTRS pension, but do you know enough about public pensions to explain the importance of them to others? Our [Pension Education Toolkit](#) provides the facts and research you need to do just that.

The Toolkit, found under the “I’m looking for...” tab located near the top of all [NYSTRS.org](#) pages, contains an abundance of information on the history and importance of defined benefit pensions, especially public sector pensions. Whether you are looking to dive deeply into why pensions are valuable and how they work, or you just need a few nuggets of information for dinner table conversation, this section of our website is a treasure trove.

The Toolkit homepage links to several recent studies from various pension or retirement-related organizations confirming the positive impact that pensions have on individuals and the economy, and the need to maintain sustainable, cost-effective retirement income solutions.

Under [Facts & Research](#) you'll find data split between NYSTRS-specific information and general industry research. Select the [NYSTRS-Related Facts](#) tab for a cornucopia of bite-sized facts and figures about the System, its strength and its sustainability. More detailed information about pensions in general can be found under the Retirement Industry Research tab.

Here are just a few of the tidbits of information you will discover as you explore the Toolkit:

- NYSTRS is among the best-funded public sector plans in the nation, in large part because we have received uninterrupted employer and member contributions throughout our history.
- Research shows that defined benefit plans are much more cost-efficient than defined contribution plans because they pool multiple employee and employer contributions, and maintain a more balanced portfolio over a longer time period.
- In 1983, about 62% of workers with retirement plans had defined benefit plans, similar to the one administered by NYSTRS. By 2013, only 17% of workers had a defined benefit pension.

NYSTRS Board Meeting Highlights

November 1, 2018

- **Renewed** the agreement with BlackRock Institutional Trust Co. N.A. to manage a portion of the System's assets as a passive MSCI ACWI Ex-U.S. international equity manager, for one year, effective Dec. 12, 2018.
- **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, for one year, effective Jan. 6, 2019.
- **Renewed** the agreement with Marathon Asset Management LLP to manage a portion of the System's assets as an active EAFE international equity manager, for one year, effective Jan. 24, 2019.
- **Renewed** the agreement with State Street Global Advisors to manage a portion of the System's assets as a passive ACWI Ex-U.S. international equity manager, for one year, effective Feb. 18, 2019.
- **Renewed** the agreement with Dimensional Fund Advisors to manage a portion of the System's assets as an active emerging markets manager benchmarked to the MSCI Emerging Markets Index, for one year, effective Feb. 19, 2019.
- **Renewed** agreements with the following firms to manage, for one year, a portion of the System's assets as active global equity managers benchmarked to the

MSCI ACWI Index:

- ◆ LSV Asset Management (effective 2/15/19)
- ◆ Harding Loevner LP (effective 2/27/19)
- **Renewed** agreements with the following firms to manage, for one year, a portion of the System's assets as active global bond managers benchmarked to the Bloomberg Barclay's Global Aggregate Float Adjusted Bond Index in U.S. dollars hedged to the U.S. dollar:
 - ◆ Loomis Sayles & Co. (effective 11/8/18)
 - ◆ Goldman Sachs Asset Management LP (effective 11/12/18)
- **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 benchmarked to the ICE Bank of America Merrill Lynch BB-B U.S. High Yield Constrained Index, for one year, effective Nov. 27, 2018.
- **Renewed** agreements with the following firms to manage, for one year, a portion of the System's assets as global real estate public securities managers benchmarked to the FTSE EPRA/NAREIT Developed Unhedged Index:
 - ◆ AEW Capital Management LP (effective 9/12/18)
 - ◆ Brookfield Investment Management Inc. (effective 8/15/18)
 - ◆ Heitman LLC (effective 8/7/18)

◆ Dimensional Fund Advisors LP (effective 9/22/18)

- **Renewed** the agreement with Aon Hewitt Investment Consulting Inc., an Aon Company, to act as a general investment consultant, for one year, effective Feb. 1, 2019.
- **Renewed** the agreement with Callan Associates Inc. to act as a real estate consultant, for one year, effective Feb. 1, 2019.
- **Accepted** the report of KPMG LLP on the financial statements of the Retirement System as of June 30, 2018 and for the 2017-18 plan year ended on that date.
- **Accepted** changes to the Investment Policy Manual.
- **Approved** the System's 2019 Legislative Program.
- **Reappointed** Maureen A. Ehrenberg and James W. O'Keefe to three-year terms on the Real Estate Advisory Committee, effective Jan. 1, 2019.
- **Reappointed** Robert Levine and June Yearwood to three-year terms on the Investment Advisory Committee, effective Jan. 1, 2019.
- **Reappointed** Susan M. Landauer to a three-year term as the Audit Committee financial expert, effective Jan. 1, 2019.