



## **Summary of the Delegate – Board/Staff Discussion From the 2016 NYSTRS Annual Meeting of Delegates**

***November 6, 2016***

- Q:** In our district, some contracts allow eligible members to receive service credit for unused and unpaid sick leave under Section 41J of the Retirement and Social Security Law. Are teachers covered by this provision as well?
- A:** No. RSSL Section 41J is applicable only to certain members of the New York State and Local Employees Retirement System.
- Q:** With each new membership tier, most recently Tiers 5 and 6, tier equity is becoming more difficult to achieve. What, if anything, can be done to narrow the gap between tiers?
- A:** This is a topic more appropriately addressed by the bargaining unit (NYSUT). An act of the state legislature and approval by the governor is required for the types of changes you seek. NYSTRS simply administers the programs enacted by statute.
- Q:** Will a retirement incentive bill be introduced during the upcoming legislative session? Is anyone lobbying for one?
- A:** As noted in the previous response, NYSTRS is charged with administering the programs put in place by the governor and legislature. Any lobbying on this issue would be initiated by NYSUT. Incentive legislation would need to be introduced and adopted by the legislature, and signed into law by the governor.
- That said, we are not aware of any rumors about a state-wide retirement incentive at this time. Visit the Legislation page at [NYSTRS.org](http://NYSTRS.org) for the latest on legislation that may affect NYSTRS benefits.
- Q:** Why aren't salaries earned through Head Start programs reportable to NYSTRS?
- A:** Head Start is a federally funded program. Typically the program is operated by a private organization independent of a local school district. As a result, salary paid through Head Start is not pensionable. Generally, only regular compensation paid by a NYSTRS participating employer (i.e., a New York State public school outside of New York City, BOCES, charter school that elected to participate in NYSTRS, or SUNY) is pensionable.
- Q:** NYSTRS' long-term investment success is commendable. As individual investors, what prevents us from having access to System investments under the same terms and conditions as is available to NYSTRS?
- A:** NYSTRS is essentially a trust fund and legally individual investors are not permitted to participate in such a fund. It would require a statutory change initiated by the state legislature. In a related matter, some states are pursuing the possibility of allowing those who don't have a private retirement account to come under a state-governed system.

**Q:** What can NYSTRS do to ensure part-time employees know they have the right to join a New York State public retirement system?

**A:** As representatives of this System, we encourage you to educate part-time and per diem employees – and your own students – about the importance of joining a public retirement system if eligible. Encourage them to read the publication *Your First Look @ NYSTRS* found under Publications for Active Members at NYSTRS.org. The brochure can be printed from the website, or you can email [news@nystrs.org](mailto:news@nystrs.org) and request copies be sent to you. NYSTRS is also exploring the possibility of creating a new brochure that specifically addresses the importance of joining a public retirement system when first eligible.

NYSTRS representatives are available to make presentations on this topic in your districts. Call (800) 348-7298, Ext. 4773 to schedule a session.

Finally, you may wish to contact your NYSUT representatives about lobbying for legislation that would address this issue.

**Q:** A member of my district was previously a Tier 4 member in a title reportable to the State and Local Employees Retirement System (ERS) and left public service. The member later returned to public service in a title reportable to NYSTRS and joined as a Tier 6 member. How can this member be recognized by NYSTRS as a Tier 4 member?

**A:** The answer depends on the member's status with ERS. If the member's original ERS membership remains active, the member may be eligible to transfer that membership to NYSTRS and retain Tier 4 status. If the ERS membership terminated or the member voluntarily withdrew that membership, the member may be eligible for reinstatement to Tier 4. In either case, the member is encouraged to contact both retirement systems to discuss his/her options. The NYSTRS number to call is (800) 438-7298, Ext. 6250.

**Q:** How do I answer those who challenge me when I say NYSTRS is fully funded? You publish both an actuarial value of assets (AVA)-based funded ratio and a market value of assets (MVA)-based funded ratio. In your most recent annual report, the MVA-based funded ratio is 104.1% and the AVA-based funded ratio is 94.2%.

**A:** It would be more accurate for you to say that NYSTRS is well funded, instead of fully funded. We are among the best-funded public retirement systems in the nation and may be the best-funded teachers' plan. It is generally accepted that plans at least 80% funded are considered well-funded.

The main reason we are well funded is that we have received uninterrupted member and employer contributions throughout our nearly 100-year history. Generally the reason some plans are poorly funded is because for many years they did not receive the necessary contributions. We do not have that issue in New York.

An equally important point to make is that we are a sustainable plan because, as a long-term investor with many liabilities generally not due for 25 years or more, we are able to withstand short-term market volatility by remaining committed to a disciplined, risk-appropriate investment approach that focuses on a prudent diversification of assets.

Visit the Pension Education Toolkit at NYSTRS.org for a wealth of additional tools you can use to educate people about NYSTRS. The Toolkit is the first item under the "I'm Looking for..." drop-down menu found near the top of any page on the website.

**Q:** How does NYSTRS plan to address the issue of a constitutional convention, which will be on next year's ballot?

**A:** NYSTRS' role is to administer the law as written. This question is more appropriately directed to NYSUT, which has been active in educating its members on the issue.

Currently, the New York State Constitution guarantees promised benefits cannot be diminished or impaired (Article V, Section 7) and refers to a public pension as a "contractual relationship." Also, the Education Law of the State of New York states the monies that are accumulated in the pension system are for the exclusive benefit of the members and beneficiaries of this System and may not be used for any other purposes.

**Q:** The number of NYSTRS active members has declined over the past few years. If that decline continues into the future, what impact would that have on the long-term health of the System?

**A:** As long as there is not an abrupt decline in the number of members, the impact would be minimal. This is because we utilize an advanced funding method. In accordance with this funding method, contributions are collected on behalf of every member throughout their working career. Advance funding allows us to invest contributions over a member's lifetime so we can generate income from these investments. This income typically funds a large portion of the pension and helps substantially reduce school district costs for retirement benefits. Over the past 20 years, for example, 84% of System income has come from investment returns and another 2% has come from member contributions. The remaining 14% has come from employer contributions.

An annual actuarial valuation determines the contributions needed from employers in order to ensure the plan remains well funded. That valuation takes into account the projected benefits payable to all members, no matter the total.