

# In-service news

A publication of the  
Teachers' Retirement System  
of the City of New York



## New Law Affects Vesting, Contributions



Chapter 56 of the Laws of 2022, enacted in April, brings major changes for TRS members:

### Five-Year Vesting

All members are now considered vested after they have attained five years of service credit. Previously, the requirement was ten years for all Tier VI members as well as UFT-affiliated Tier IV members who joined TRS after December 10, 2009.

As a result of this change, several thousand members are now vested—meaning they qualify for a pension upon reaching retirement age. TRS will contact these members by letter over the summer and is in the process of updating our online materials to reflect this change.

### Tier VI Contribution Rates

For Tier VI members, pension contribution rates are calculated based on each member's projected or recent wages. Chapter 56 excludes "overtime" pay from the calculation for a period of about 24 months. TRS is reviewing the impact of this change, but it is possible that some Tier VI members may have a lower contribution rate temporarily.

We will publish updates on our website and in future editions of *In-Service News* when more information is available.

### Retiree Earnings Limit

Service retirees under age 65 normally are allowed to earn up to \$35,000 per year in public employment within New York State without impacting their retirement allowance. As a result of Chapter 56, work in New York State public schools from April 9, 2022 through June 30, 2023 will not count toward that limit.

 [Earnings After Retirement](#)

## Spring 2022

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# Are You Retiring This Summer?

Here's a checklist to help you get ready:

- ✓ **Attend a virtual “Getting Ready for Retirement” session.** Register online on our Educational Programs page. ([www.trsnyc.org](http://www.trsnyc.org) ► **Resources ► Educational Programs**).
- ✓ **Purchase any outstanding service credit, to boost your retirement allowance.** You'll need to start the purchase process before you retire.
- ✓ **Make a decision about your TDA account.** You can:
  - 1) annuitize your account and receive an additional monthly payment,
  - 2) roll over (or withdraw) your TDA funds, or
  - 3) elect TDA Deferral status and leave your TDA account at TRS.
- ✓ **Be aware of any QPP loans.** Outstanding loan balances or new loans you take at retirement will reduce your monthly retirement allowance.
- ✓ **Consider your beneficiary designations.** Your retirement payment option may provide for one or more beneficiaries, but other benefits require designations too: “Death Benefit #2” applies to most retired members, and there's a smaller “fractional” benefit based on your retirement allowance payment for the month in which you die.
- ✓ **Get paid electronically.** Unless you file with TRS to change accounts, you'll receive your retirement allowance automatically in the same account where you currently receive paychecks.
- ✓ **Apply for health insurance benefits.** Once you file with TRS and receive written verification of your retirement date, you should file for health insurance with your employer.
- ✓ **Plan to file for retirement online.** You can complete the retirement “e-forms” and upload supporting documentation. (Log in at [www.trsnyc.org](http://www.trsnyc.org) ► **E-Forms**)

## How Is My Pension Calculated?

No matter how far away from retirement you are, it's important to understand how your pension—sometimes called your retirement allowance—will be calculated. The actual calculations differ based on your tier and retirement plan, but in simple terms your pension will be based on four key factors:

1. Age
2. Total Service Credit
3. Final Average Salary (FAS)
4. Benefit Rate – based on your years of service

**Here's the formula: Final Average Salary (FAS) x Service Credit x Benefit Rate = Annual Pension**

For Tier IV or Tier VI members with less than 20 years of service credit, the benefit rate is  $1\frac{2}{3}\%$ . With 20 or more years of service credit, the benefit rate increases—which means a higher pension.

Where does age fit in? Full retirement benefits are generally payable at age 62 for Tier IV members and 63 for Tier VI members. If you choose to retire before that age, you can do so as early as age 55, but you will receive a reduced pension in most cases. (*Note: For participants in the Age 55 Retirement Program, the rules differ.*)

TRS' *Service Retirement Plans and Benefits* brochures explain the details of the pension calculation, plus possible reductions related to age, payment option, and loan balances.

(Continued on page 3)

# Naming a Charity, Minor, or Trust as Beneficiary?

Designating beneficiaries for your TRS accounts is easy to do in the secure section of our website. For most individual beneficiaries, you'll need to enter a full name, address, date of birth, and Social Security number (except for foreign individuals). But in cases where your beneficiary is a charity, minor, or a trust, you'll need to provide some specialized information:

## Charity (Organization)

- ▶ The full name of the charity/organization
- ▶ The tax identification number (TIN)
  - *Tip:* Confirm the TIN with the charity (and check for typos)

## Minor

- ▶ The full name of the minor
- ▶ The minor's date of birth and Social Security number (SSN)
- ▶ The name, address, email address, and phone number of the custodian

## Trust

- ▶ The full name of the trust document
- ▶ "Verification of Trust Instrument Legality" (code EN4), a TRS form available upon request
  - *Tip:* Upload the completed form to TRS' website as part of your online designation



If you provide the needed information when designating your beneficiaries, TRS will be able to implement your wishes without delay. Review your designations periodically to make any changes.

When you need to update contact information for a beneficiary, you can use the Beneficiary Profiles feature. (Log in at [www.trsnyc.org](http://www.trsnyc.org) ▶ **Beneficiaries** ▶ **Beneficiary Profiles**. If you want to make a change to your actual list of beneficiaries, go to ▶ **Beneficiaries** ▶ **QPP Beneficiaries** or **TDA Beneficiaries** instead.)

## How Is My Pension Calculated?

(Continued from page 2)

If you are age 50 or older, your Annual Benefits Statement (published each fall) provides a personalized projection of your pension calculation based on your actual employment. General information is available in the publications listed below and in our online Educational Programs.

([www.trsnyc.org](http://www.trsnyc.org) ▶ **Resources** ▶ **Educational Programs**)

 [Service Retirement Plans and Benefits for Tiers III/IV Members](#)

 [Service Retirement Plans and Benefits for Tier VI Members](#)

### TRS' Qualified Pension Plan (QPP)

The QPP is the source of your future pension. It's where your pension contributions go after they are deducted from your pay, and it's also where employer contributions (over \$3 billion in 2021) are invested.

The QPP is known as a defined-benefit plan because the pension benefit is established by a pre-defined formula (as described in this article) and not by the performance of investments, like many other retirement plans.

# Get the Most from Your TRS Membership

## *Tune in to online educational programs*

All year long, TRS offers virtual educational programs that are informative—and free.

During the school year, most classes begin at 3:00 p.m. and are completed within two hours. June's offerings are focused on retirement-related classes. In July and August, classes are held throughout the day, and there are offerings for early-, mid-, and late-career members—every phase of your path toward retirement.

Advance registration is required for all programs. The information you'll obtain will help you make important decisions throughout your career and even after you retire.

These programs are specifically designed for newer members of TRS:

**Tier VI—Planning for Tomorrow:** Designed just for Tier VI members, this program describes TRS benefits, contributions, and services. The session also explains purchasing service credit, enrolling in the TDA Program, and using the TRS website to manage your account. **Next session: Monday, August 8**

**What is Service Buyback?:** Service credit is one of the key factors in determining a member's retirement allowance. And increasing service credit means increasing the amount of your retirement allowance. This program will review the different types of creditable service and the options to purchase service. **Next session: Tuesday, August 9**

**Introduction to the TDA Program:** This program is for in-service members who are new to the Tax-Deferred Annuity Program, TRS' supplemental retirement plan. The plan's features and benefits are presented, and the steps for enrolling are explained. Whether you haven't joined TDA yet or you want to learn how to maximize your participation, this session is for you. **Next session: Thursday, August 11**

View the complete schedule on our website's Educational Programs page and register today!  
([www.trsnyc.org](http://www.trsnyc.org) ► Resources ► Educational Programs)



# Avoid Deficits in Your Pension Contributions

## *Check your pay statements*

Your TRS membership requires you to contribute a portion of your salary toward your pension: 3% to 6% for new members, depending on your salary. This deduction is shown on your pay statements by the code **TRS PEN STD**. If you're a Tier VI member and you do not see this deduction on your pay statements, the required contributions are not being taken from your pay, and you should contact TRS immediately.

The exact amount of your pension deductions is based on data and wage information that your employer provides to TRS. And, while all members should monitor their pay statements to ensure expected TRS deductions are taken, it is especially important for CUNY employees to do this. Currently, CUNY does not have an automated process to provide TRS with employment data for all titles, so errors leading to missed contributions are possible.

When required contributions are not deducted from a member's pay, a "deficit" situation can result. In this case, TRS contacts members by letter to notify them of the missed contributions and provide payment options (usually, one direct payment online or a payment plan of deductions from pay). Interest charges also accrue on the cost of a deficit, so it's better to resolve deficits sooner than later.

TRS makes every effort to prevent deficits and notifies members as soon as possible once a deficit is discovered. But you can help out by keeping an eye on your pay statements for that **TRS PEN STD** deduction.

# Make Your Next Smoothie at Home

## *Your retired self will thank you*

Ever feel like your paycheck is spent before it hits your bank account? You're not alone. Life is expensive. And retirement costs more than you think.

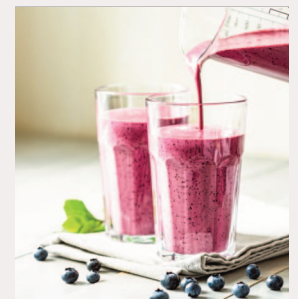
Of course, many expenses are unavoidable: housing, food, phone, electricity. It's the discretionary expenses where you can exercise some control—and direct the savings toward your future, by investing in TRS' Tax-Deferred Annuity (TDA) Program.

Small changes over time make a huge difference. Consider the person with a smoothie habit. Buying five smoothies a week at \$8 a pop incurs a monthly expense of \$160! Cutting out some of those smoothies and instead putting that money into a TDA account could lead to a big boost in retirement income. And since TDA contributions are deducted from pay before taxes, TDA participants also reduce their current taxable income.

You can find tons of money-saving tips online, but here are a few:

- Prepare your meals at home instead of buying takeout—and that includes smoothies!
- Limit impulse buys and create shopping lists.
- Create a monthly budget and stick to it.

Consider tracking your expenses for the next 30 days. See exactly where your money is going. Find ways to economize, and then steer those dollars to your TDA account. If you do, more of your paycheck will go to Future You, instead of toward your taxes.



### **Tips for taking full advantage of TDA:**

- Next time you receive a salary increase or a retroactive payment, direct that money to your TDA account.
- Set a reminder to increase your TDA contributions by 1% each year on a date that you choose.
- Consider contributing at your Full-Year, Full-Contribution Rate. This allows you to make the maximum allowable investment in your TDA account from year to year.
- If you're over age 50 or have more than 15 years of City service, you can make extra TDA contributions each year, above the general annual limit (\$20,500 in 2022). See the [TDA Program Summary](#) for details.

## **TRS Plans Rank High**

According to *Pensions & Investments* magazine's annual survey of retirement funds, TRS' Tax-Deferred Annuity (TDA) Program remains America's:

- ✓ 2nd largest 403(b) plan
- ✓ 4th largest public defined-contribution plan

TRS' Qualified Pension Plan (QPP) is part of the combined New York City retirement plan—which is ranked the 5<sup>th</sup> largest overall fund, and the 4<sup>th</sup> largest defined-benefit plan in the country.

The *Pensions & Investments* survey was published in the February 14, 2022 issue, based on reported assets as of September 30, 2021.

# Semiannual Investment Results: 12/31/2021

## TRS Passport Funds

TRS' Passport Funds are available to all Tax-Deferred Annuity (TDA) Program participants and members in Tiers I and II for a portion of their funds in the Qualified Pension Plan (QPP).

For more recent investment results, please visit our website. ([www.trsnyc.org](http://www.trsnyc.org) ► **Investments** ► **Investment Returns**)  
For more details about the Passport Funds, please review our annual *Fund Profiles* booklet.

### Annualized Investment Returns

	1 Year	3 Year	5 Year	10 Year
Fixed Return Fund (TDA/UFT)*	7.00%	7.00%	7.00%	7.00%
Fixed Return Fund (All Others)*	8.25%	8.25%	8.25%	8.25%
Diversified Equity Fund	20.24%	22.09%	15.37%	13.92%
Balanced Fund**	5.22%	8.19%	N/A	N/A
International Equity Fund	8.44%	15.08%	10.89%	8.95%
Sustainable Equity Fund	30.36%	30.98%	20.31%	16.67%
U.S. Equity Index Fund***	25.82%	N/A	N/A	N/A
International Equity Index Fund***	7.87%	N/A	N/A	N/A

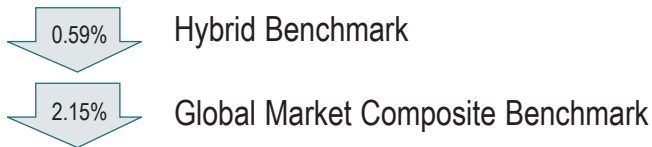
\*Returns for the Fixed Return Fund are set by New York State Law. Currently, members affiliated with the United Federation of Teachers are credited with 7% annually on TDA investments in the Fund. Other members' TDA investments in the Fund, and any member's QPP investments in the Fund, are currently credited with 8.25% annually. Historical rates are published on our website. For retirees and annuitants who have Fixed Return Fund investments, the guaranteed return is factored into their monthly payments. Funds that members allocate to the Fixed Return Fund are invested with the Pension Fund.

\*\*5- and 10-year investment returns are not available for the Balanced Fund, which began on 1/1/2018.

\*\*\*3-, 5-, and 10-year investment returns are not available for the U.S. Equity Index and International Equity Index funds, which began on 1/1/2020. The 1-year returns shown above represent the actual returns of the U.S. Equity Index Fund and the International Equity Index Fund. Any difference between the returns of the U.S. Equity Index Fund and the International Equity Index Fund and that of their underlying mutual funds is due to the timing of cash flows.

### Five-Year Performance vs. Benchmarks

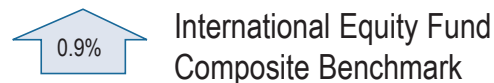
#### Diversified Equity Fund:



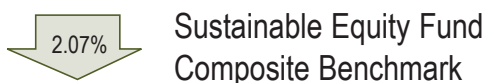
#### Balanced Fund<sup>1</sup>:



#### International Equity Fund:



#### Sustainable Equity Fund:



<sup>1</sup> As of 1/1/2018, the Bond Fund became the Balanced Fund, so no 5-year comparison is available. A 3-year comparison is shown above.

### TRS Plans

TRS offers two plans to members.

All members participate in the Qualified Pension Plan (QPP), a defined-benefit plan that is funded by employer contributions and member contributions. TRS also administers a Tax-Deferred Annuity (TDA) Program, a supplemental defined-contribution plan. The TDA Program is funded by member contributions.

**QPP Total Investments**  
**\$80.89 Billion\***

**TDA Total Investments**  
**\$40.00 Billion\***

\* As of 12/31/2021 (unaudited)

# Outsmart Web Imposters and Other Cybercriminals

Today, we live in a virtual environment. And with all the benefits of the Internet, there are some downsides—including cybercriminals. Fraudsters jump at the chance to hack your personal information. Two common gateways are web imposters and fake apps.



## Web Imposters

When a fraudulent web address is created to mimic a popular website, that's a web imposter. Instead of Walmart.com, for example, an imposter may create Wallmart.com. A simple change to the company web address can fool unsuspecting people and can lead to theft of data.

### **Avoid becoming the next victim:**

When you visit a website, check the address bar for the site's security status.

- ♦ A padlock icon should display before the web address. Avoid sites without the icon!
- ♦ The padlock indicates that any information you send to the site is sent securely and can't be intercepted.

Dashes and symbols in the domain name (like **www.Apple #\$\$%.com**) are a red flag indicating a likely web imposter.

The domain extension is often a clue.

- ♦ Common extensions for legitimate businesses: .org, .com, .edu, .gov
- ♦ Domain extensions like .biz or .info tend to be illegitimate.
- ♦ Note that .com and .net are the easiest extensions to obtain.

When you have trusted websites that you visit frequently, use the bookmark tool on your computer to "remember" those sites. Doing so allows you to visit sites you've previously confirmed with confidence.

## Fake Apps

While it may seem that every company has an application (app) for Apple or Android phones, that's not true. **TRS does not have an app.** Yet, there are TRS app imposters!

### **Don't let imposter apps fool you. Confirm that the app is legitimate:**

Obtain apps from Apple's App Store or the Google Play Store.

- ♦ Unfortunately, some fake apps may be there, too.
- ♦ Read the app score and customer reviews before downloading.

To be sure you're visiting the real TRS online, here are our web locations:

- Website: <https://www.trsnyc.org>
- Facebook: <https://www.facebook.com/mytrsnyc>
- Instagram: <https://www.instagram.com/trsnyc>
- Twitter: <https://twitter.com/mytrsnyc>
- YouTube: <https://www.youtube.com/user/trsnyc>

**TRS does not have an app, and we are not currently on any other social media platforms.**



Check the company's website to see if the app is referenced.

- ♦ If it's not mentioned on the company website, it probably doesn't exist.

Most apps are available at no cost.

- ♦ If there is a cost, confirm the app is legit by contacting the company first.

Change your system settings to not allow third-party apps to be downloaded from untrusted sites.

Think twice before clicking a link or downloading anything on the Internet. Assume all unsolicited requests for information are phishing attempts. Whether it's a web imposter or fake app, spelling errors, bad formatting, and poorly written content are obvious clues. If you keep these tips foremost in your mind, you're less likely to fall into traps set by cybercriminals.



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## IN-SERVICE NEWS

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## Publications

The following TRS publications were recently updated and are available on our website ([www.trsnyc.org](http://www.trsnyc.org) ► **Publications**):

- [Enrolling in TRS](#)
- [Investment Portfolios](#)
- [Summary Plan Description Updates](#)
- [TDA Program Summary](#)
- [TRS Guide to Domestic Relations Orders](#)
- [Earnings After Retirement](#)

## Calendar

**July 1, 2022:** Effective date of investment election changes that members filed by May 31, 2022.

**August 2022:** Posting of Quarterly Account Statements for the second quarter of 2022.

**October 2022:** Expected availability of 2022 Annual Benefits Statements. Effective date of investment election changes that members file by August 31, 2022.

TRS offices will be closed to observe official New York City holidays on these dates: **June 20, July 4, September 5, and October 10, 2022.** On Fridays from **July 8** through **September 9**, we will close at 1:00 p.m.

Stay informed between issues of *In-Service News*. Please follow TRS on social media.

