

Benefits report

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



TRS' New Online Features

In May, TRS implemented large-scale system upgrades that will improve service to members and beneficiaries alike. The improvements introduce the following new features available through our website:

- online options for members to make payments to TRS
- an online process for beneficiaries to claim death benefits

Online Payments to TRS

Members who are paying for a service deficit, purchasing credit for optional service, making a loan payment, or paying off a loan balance can now do so online. There are three ways to make secure online payments: “e-check” from a bank account, a debit card, and a credit card.

E-checks typically take two business days to process, and debit or credit card payments typically take three business days—faster and safer than mailing a check to TRS. Payments by debit or credit card incur an additional charge from our third-party payment processor, but e-checks do not.

To try the online feature, visit www.trsnyc.org and log in with your username and password. You can then go to the **Online Payments** feature to see what payments may be available for you to make.

We will add more payment types in the future, and we are also in the process of updating the related correspondence to remind you of the convenient online option.

Online Death Benefit Claims

The time after a loved one dies can be overwhelming and difficult; and, for those who are due a benefit, the claim process can be complex and lengthy. We're hoping our new online process will make things a little easier for our members' beneficiaries—with more efficient processing and more timely payments.

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Are You Due a TDA Distribution?

In April, TRS mailed Required Minimum Distribution (RMD) documentation to over 33,000 members who:

- maintain Tax-Deferred Annuity (TDA) Program accounts
- are at least 70½ years of age, and
- are required to receive a portion of their funds each year

Included in the documentation is the amount that eligible members must receive for 2019 and how TRS determined that amount.

If you are due an RMD, you have several choices for meeting the requirements. You can:

- receive the distribution in the current year
- receive a TDA withdrawal
- elect to annuitize your TDA Funds
- receive payment from another 403(b) plan

We included a personalized RMD election form in the mailing, but secure online filing is also available on our website.

Determining and Calculating the RMD

Several factors go into determining the RMD. These include the TDA balance, an actuarial factor from an IRS life-expectancy table, and your age. The actuarial factors used to calculate RMDs will change every year, as will the amount of the

required distributions. And the calculations differ if you are under or over age 75.

The hypothetical example below shows the calculation for an 80-year-old member.

Calculating the RMD*

| TDA Account | IRS Actuarial Factor | RMD Amount |
|-------------|-------------------------|-------------------|
| \$89,633.70 | 18.70 | \$4,793.24 |
| Therefore, | $\$89,633.70 / 18.70 =$ | \$4,793.24 |

**Based on TRS member at age 80.*

If you received the mailing **and do not file by the deadline of October 31**, TRS will automatically issue you a payment on December 31 that meets IRS requirements. You only need to file an RMD election if you want to receive the distribution sooner or meet the distribution requirements through a different method.

All RMD amounts are taxable in the year in which they are distributed. Distributions for a given year that are made by April 1 of the following year are taxable in that following year, even though they represent the preceding year's RMD.

Additional Information:

 [Required Minimum Distributions for Members](#)

Monitor Your Beneficiary Designations Online

When you retired, you selected beneficiaries for your QPP and your TDA Program account (if applicable). But when was the last time you checked or updated those designations?

Be sure to review your list periodically, especially after life-changing events. Births, deaths, marriages, and divorces can change the way you want your benefits to be paid. Remember that keeping your beneficiary designations up to date provides TRS with clear instructions for paying benefits directly to whoever you name.

The TRS website is the best place to review or update this important information, and using the **Online Beneficiary** feature is secure and simple. If you created a username and password in the past, you may still need to upgrade your login to take advantage of recent security improvements.

Passport Funds Lineup Will Change in 2020

The new year will bring some changes to TRS' family of investment choices, known as the Passport Funds. As of January 1, we will introduce two new choices: the **U.S. Equity Index Fund** and the **International Equity Index Fund**. We will also remove the Inflation Protection Fund from our lineup as of April 1.

The Passport Funds are available to all participants in our Tax-Deferred Annuity (TDA) Program (and Tier I or II members for a portion of their Qualified Pension Plan (QPP) accounts).

Why we're introducing two new investment options

TRS is committed to providing a diverse array of investment choices in the Passport Funds. The new funds complement the existing options, offering members an opportunity to broaden their investment portfolios. With the U.S. Equity Index Fund, members will be able to invest in a portfolio that closely tracks the total return of the broad U.S. stock market, including large-, mid-, and small-capitalization stocks. Similarly, the International Equity Index Fund will offer members access to a portfolio that closely tracks the total return of foreign stock markets in aggregate, including both developed and emerging markets.

Why the Inflation Protection Fund is being removed

The Teachers' Retirement Board, along with its investment advisors, continually reviews and evaluates the investment options available to members. Recently the Board determined that, given the evolution of the Passport Funds investment menu, the Inflation Protection Fund was no longer necessary to provide members with a range of investment options across the risk/return spectrum.

If you have investments in the Inflation Protection Fund, you have the opportunity to redirect those investments to other Passport Funds at any time. However, **any investments remaining in the Inflation Protection Fund as of March 31, 2020**

will be automatically transferred to TRS' Balanced Fund unless invested elsewhere by the member. (The Balanced Fund, as a reminder, is a moderately conservative investment option that includes exposure to global equities as well as bonds).

What comes next

During the summer, TRS will directly contact all members who have investments in the Inflation Protection Fund, so that they have sufficient time and information to make their investment decisions. In the meantime, schedules and guidelines for investment election changes are always available on the Filing Dates page of our website.

Also this summer, we will be publishing more detailed information about the two new investment choices: the U.S. Equity Index Fund and the International Equity Index Fund. We will publish detailed profiles of both funds on our website this summer and in the Fall 2019 issue of *Benefits Report*.

New Online Features

(Continued from page 1)

Once TRS has learned of the death of a member, beneficiaries will receive a letter describing their portion of the benefits payable. In a second letter, beneficiaries will be provided with a unique claim code for logging in to the TRS website.

Upon logging in, beneficiaries will be guided through the steps for claiming their benefits online, including available distribution options and any documentation or outstanding funds that must be submitted to TRS first. The smart online process allows beneficiaries to make all needed elections at once, which should speed up processing.

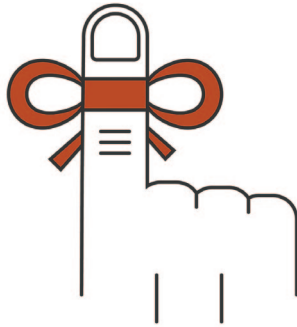
TRS' *Guide to Death Benefits* brochures (with separate versions for retired and non-retired members) contain more information about the process.

Some Reminders for New TRS Retirees

If you recently retired, you may have some questions about life as a TRS retiree. Below is some basic information about your TRS benefits in retirement.

Retirement Allowance Payments

Generally, your regular Qualified Pension Plan (QPP) retirement allowance payments begin about three to five months after your retirement date. These payments take into account factors such as your tier, Total Service Credit, age, and Final Average Salary, among others. If there are delays in TRS receiving this information, your advance payments will continue until we are able to calculate your regular retirement allowance payments.



Electronic Fund Transfer

If you're like most TRS retirees, you probably chose Electronic Fund Transfer (EFT) to receive your retirement allowance payments (and perhaps your TDA payments too) because of its convenience and security. However, if your bank account changes or you are enrolling in EFT for the first time, simply file an "EFT Authorization Form" (code BK58) with TRS today.

TDA Options

If you are maintaining a TDA account with TRS, you may no longer contribute to your account, but otherwise you have full access to your TDA funds. You can take loans and withdrawals, and you may choose to annuitize your balance at any time. If you are still maintaining your TDA account when you reach age 70½, you will need to start receiving Required Minimum Distributions annually. TRS will contact you in this case. (See related article on page 2.)

Taxes

Your QPP retirement allowance payments are exempt from New York City and New York State taxes, but local taxes may apply if you live outside New York State. Federal taxes were withheld from your first advance payment at the rate for a married person with three dependents; this rate will continue for all advance payments and for your regular retirement allowance payments until you elect a new withholding rate.

If you choose to maintain your TDA account after retirement, taxes on your TDA funds (and any investment return) will be deferred until those funds are distributed to you. If you choose to annuitize your TDA funds, they are taxed just like your retirement allowance payments. TDA withdrawals are federally taxable and may be subject to state and local taxes. However, you may roll over all or part of the withdrawal into an IRA or other eligible successor program, and that amount will not be taxed until it is received as income.

Post-Retirement Earnings

In recent years, more TRS retirees have chosen to re-enter the workforce in some capacity. Please note that you could face an income restriction if you pursue public sector employment in New York State.

Beneficiaries

The welfare of your loved ones, should you pass away, is obviously a major concern. At retirement, you named beneficiaries for any TRS benefits that may become payable. It's important to monitor those designations regularly during retirement—and update them if needed. (See related article on page 2.)

Additional Information:

 [TRS Retiree's Companion](#) (newly updated)

Semiannual Investment Results: 12/31/2018

TRS Passport Funds

TRS' six 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).

TRS publishes investment results twice each year in this newsletter. For more recent investment results, please visit our website. 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% | 7.12% |
| Fixed Return Fund (All Others)* | 8.25% | 8.25% | 8.25% | 8.25% |
| Diversified Equity Fund | -7.27% | 7.34% | 6.02% | 11.53% |
| Balanced Fund | -2.10% | N/A | N/A | N/A |
| International Equity Fund | -13.25% | 4.85% | 1.67% | 7.51% |
| Inflation Protection Fund | -3.80% | 3.01% | 0.68% | 5.30% |
| Socially Responsive Equity Fund | -5.21% | 7.37% | 6.44% | 12.08% |

* 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.

Five-Year Performance vs. Benchmarks

Diversified Equity Fund:

0.71% below Hybrid Benchmark

1.89% below Russell 3000

Balanced Fund*:

0.26% below Custom Benchmark

International Equity Fund:

0.06% above International Equity Composite Benchmark

Inflation Protection Fund:

0.39% above Fund Benchmark

Socially Responsive Equity Fund:

2.05% below Standard & Poor's 500 Index

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 available to members. The TDA Program is funded by member contributions.

QPP Total Investments
\$52.09 Billion*

TDA Total Investments
\$31.08 Billion*

* As of 12/31/2018 (unaudited)

* As of 1/1/2018, the Bond Fund became the Balanced Fund, so no 5-year comparison is available. A 1-year comparison is reported above.

Keeping Your Mind Active in Retirement

We've all heard the phrase "use it or lose it." Although it may sound like a cliché, the underlying message is clear: Keeping your mind active in retirement is critical to maintaining your overall health and wellness and living a longer, more fulfilling life.



While you were working, keeping a sharp mind was the byproduct of a highly structured daily routine, which you may no longer have in retirement. The challenge of cultivating a new structure for yourself may seem at odds with the traditional

concept of retirement, which leans more toward a scaling-back process. But preserving cognitive health requires a new buildup: of experiences, interaction, and overall stimulation of the senses.

Your ownership of this process may serve as extra motivation. Now that you are retired, you are in control of your time and schedule, and can fully align your pursuits with your personal interests. And deciding how to productively use your free time will make excellent use of your cognitive skills.

Even if your interests are limited or you are unsure where to start, there is no shortage of choices. But the process of narrowing your options and organizing years of ideas into something tangible might seem overwhelming. Start by thinking about places to visit, subjects to explore, or people you'd like to reconnect with. From there, you can prioritize your options or make additions, if necessary.

As mentioned earlier, there are many ways to keep your mind sharp. You may wish to pursue a new **hobby**, either on your own or by joining a club or performance group in your area. If you are interested in **learning opportunities**, many colleges and libraries offer courses, speaking engagements, or online sessions (webinars) on various subjects. In addition, organizations that offer bus trips, potluck dinners, concerts, or volunteer work can offer opportunities for **socializing**.

Travel is another way to supply fresh content for your eyes and ears, which can boost self-esteem, reduce stress, and provide many lasting memories. **At-home options** include activities such as crosswords, Sudoku, word searches, jigsaw puzzles, and trivia.

You can further explore ideas for keeping your mind active by accessing these links:

- <https://www.betterhealth.vic.gov.au/health>
- <https://www.everydayhealth.com/columns>
- <https://www.health.harvard.edu/healthbeat>
- <https://www.kiplinger.com/retirement>

TRS is not endorsing any of the above articles, but instead sharing information that may be useful. Please research your options fully before taking any actions.



COLA for 2019 Announced

New York State's most recent Cost-of-Living Adjustment, or COLA, for eligible retirees will take effect this fall.

The new rate is 1.0%, effective September 2019. The COLA is based on 50% of the Consumer Price Index increase for the year as of March 31. The amount can range from 1% to 3% and is calculated based on the lesser of an eligible retiree's fixed maximum retirement allowance or \$18,000. For this year, the maximum annual adjustment is \$180 (or \$15 a month).

To be eligible, you must:

- ✓ Be at least 62 years old and have been retired for a minimum of five years, or
- ✓ Be at least 55 years old and have been retired for 10 years or more.

Certain other disability retirees, surviving spouses, and other beneficiaries are also eligible for the COLA.



Attend an Educational Program for Retirees!

If you would like to learn more about the services TRS can provide you as a retiree, our onsite "Advance Planning for Retirees" program is designed just for you. Held at our headquarters in lower Manhattan, these sessions will help you maximize the benefits you have earned.

This program debuted last year and was very well received. Instructors will cover topics such as beneficiary designations, online TRS account access, and Required Minimum Distributions. Sessions will be held in TRS' Member Education Center at 55 Water Street on the dates below.

To register, complete and mail the form below to **TRS, Attn: Member Education, 55 Water Street, New York, NY 10041**. TRS will contact you in advance to confirm your enrollment or add you to the waiting list for the next offering of this program. Mailed registration forms **must be postmarked by June 24, 2019**. Alternatively, call the TRS Member Services Center at 1 (888) 8-NYC-TRS, Monday through Friday, from 8:30 a.m. to 5:00 p.m. to speak with a Member Services Representative.

Registration Form for Advance Planning for Retirees

Name: _____

TRS Memb./Ret. #: _____

Address: _____

Phone Number: _____

Email Address (Please Print): _____

Please indicate a second choice of date, if available.

Please note that spaces are limited for educational programs.

I would like to attend:

"Advance Planning for Retirees"

9:30 a.m. to 11:30 a.m

- Tuesday, July 23
- Wednesday, July 24
- Thursday, July 25

on _____ (date of your 1st choice)

OR _____ (date of your 2nd choice).

Member Education

Mailed registration forms must be postmarked by June 24, 2019.

Spring 2019



Publications

The following TRS publications have been updated since our last issue and are available on our website.

- *Investment Portfolios*
- *TRS Retiree's Companion*
- *TDA Program Summary*

Calendar

July 2019: Mailing of EFT Quarterly Statements for the second quarter of 2019.

July 1, 2019: Effective date of retiree investment election changes received by May 1, 2019 (QPP changes, TDA annuitant changes) or May 31, 2019 (changes for deferred TDA accounts).

August 2019: Posting of TDA Quarterly Statements for the second quarter of 2019.

September 2019: New York State's 2019 Cost-of-Living Adjustment takes effect; see article on page 7.


October 2019: Mailing of EFT Quarterly Statements for the third quarter of 2019.

October 1, 2019: Effective date of retiree investment election changes received by August 1, 2019 (QPP changes, TDA annuitant changes) or August 31, 2019 (changes for deferred TDA accounts).

Mailing of monthly retirement benefit checks generally occurs three business days before the end of each month.

Please remember that TRS offices will be closed on the official New York City holidays occurring **July 4, September 2, and October 14, 2019**. On Fridays from July 5 through September 6, we will close at 1:00 p.m.

Stay informed between issues of *Benefits Report*. Please follow TRS on social media.



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