

In-service news


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





Have You Visited Our New Website?

Earlier this year, TRS launched a totally redesigned version of our website, www.trsnyc.org. The new “mobile-friendly” version adjusts automatically to smartphones, tablets and personal computers. It features a more open page design, less crowded content, and improved navigation, and you can use your existing user ID and password to log in to view your account information.

Now, it's easier than ever for you to manage your TRS accounts through the website, but you must register first. Online registration is quick, simple, and provides important benefits. These include:

 **24/7 account access:** Balances in your Qualified Pension Plan (QPP) and Tax-Deferred Annuity (TDA) Program accounts, existing loan and beneficiary information, and other account data are available at any time.

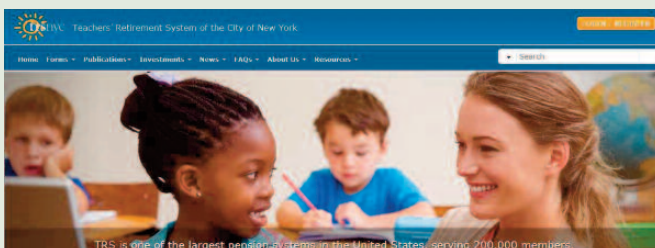
 **Online account management:** You can manage your TDA account and update much of your basic account information.

 **Timely communications:** You will receive key account-related notifications and updates electronically.

We hope you'll be as excited about the changes as we are, and we look forward to bringing you more online options. Please check the Resources section of our website for tutorial videos designed to familiarize you with the new website.

Apply Online for Hardship Withdrawals

Our redesigned website includes a new service: Members may apply online for a TDA hardship withdrawal—and upload documents related to the request. Of course, the paper “TDA Hardship Withdrawal Application” (code TD44) is still available to you, and you can choose to mail in the supporting documentation that's required. But the new online feature makes it easier for you to request access to your TDA funds if you have an emergency or critical need.



Spring 2016

Also inside...

QPP Contributions for Tier VI Members:
Get your questions answered / 2

P-Credit: *Earnings are pensionable / 2*

Why You Should Join TDA: *Start small and dream big / 3*

Electronic Fund Transfer: *Refunds made fast and easy / 3*

Investment Results: *Performance updates on our Passport Funds / 4*

Your Retirement: *Make it worry-free / 6*

Programs for Members: *Sign up today! / 7*

In every issue...

Publications: *A list of new or updated materials / 8*

Calendar: *Key dates to remember / 8*

Understanding Tier VI Contribution Rates

Tier VI members often have questions concerning their pension contributions. Here are the basics as well as answers to more specific questions.

All in-service members of TRS contribute to the Qualified Pension Plan (QPP) during their careers. The conditions and contribution rates for each tier are established by law. The legislation that created Tier VI provides a variable contribution rate, which may range from 3% to 6% based on the member's reported contractual salary or wages during each "plan year." If you are a Tier VI member, you may be among the approximately 7,000 members in your tier whose contribution rate was adjusted as of April 1, when the new 2016 Plan Year began.

Q What is the "plan year"?

A The plan year refers to the New York State fiscal year, which currently covers the salary period from April 1 to March 31 of the following year. However, in keeping with recent state legislation, the next plan year will correspond to the calendar year, January 1 to December 31, 2017.

Q Will my contribution rate increase? If so, when?

A Each plan year, your contribution rate is reviewed based on salary/wage information provided by your employer(s). Any rate increase will be reflected on the first available payroll of the plan year.

Q My title changed and I'm making less money, but my contribution rate did not change. Shouldn't I be contributing less now that my salary is lower?

A The dollar amount of your contributions will change if your salary decreases, but the contribution rate will not change immediately. In the case of any title change or salary adjustment, your rate will remain the same until the next plan year, when TRS reviews your updated salary/wage information.

Q May I change my contribution rate to add more money to my pension?

A No. Tier VI members may not change their QPP contribution rates. Your contribution rate is based on your annual salary and/or wages, and your pension benefit is not impacted by increased contributions.

Q What steps do I take if my contribution rate is incorrect?

A If you disagree with your QPP contribution rate, your first step should be to contact your employer(s) to ensure that all of your salary/wage information is correct. TRS may correct your contribution rate, if necessary, only based on updated information received from your employer(s).

Please visit our website for additional information. For more details, including the table of contribution rates, see the FAQ *How much must I contribute to the QPP as a Tier VI member?*

P-Credit Earnings Are Pensionable

For many years, after-school professional development instruction provided by teachers to peers (also known as Professional Credit, or P-Credit) was not treated as pensionable. But in 2015, the Teachers' Retirement Board passed a resolution stating that P-Credit earnings are pensionable. As a result, P-Credit earnings can be included in the calculation of a member's Final Average Salary at retirement.

TRS is prepared to begin deducting pension contributions on P-Credit earnings going forward, and some members may owe contributions on previous P-credit earnings. TRS will review P-Credit history going back to 2001, when the program began, and we will contact affected members.

Enroll in TRS' TDA Program Today!

As a TRS member, you're automatically enrolled in our Qualified Pension Plan (QPP), which will provide you with a future retirement allowance. However, the TDA Program is an optional, supplemental retirement plan exclusively for TRS members that allows you to build retirement income with pre-tax contributions. Investing even a small amount from your paycheck each pay period allows your account to grow tax-deferred—which can add up to an impressive nest egg over time.

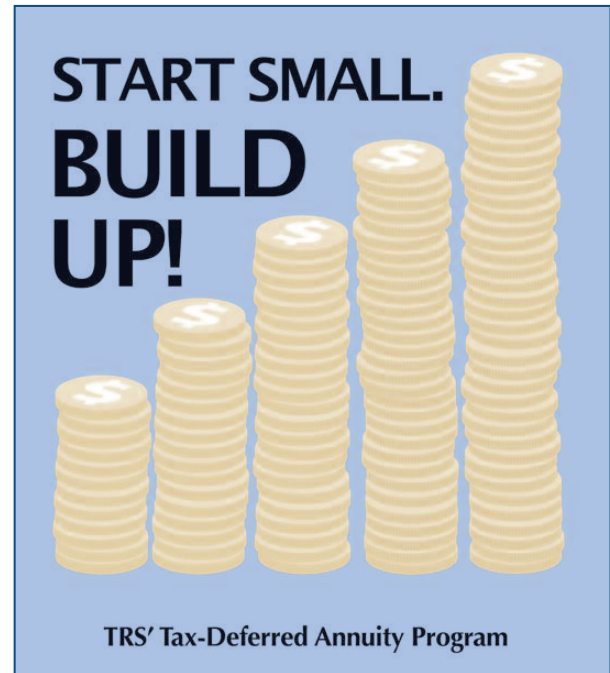
This kind of growth is possible when you start to invest early and consistently each pay period. Remember, dollar-cost averaging—investing consistently regardless of performance—maximizes your purchase power and reduces the risk of poorly timed investment choices.

In addition, you benefit from compounding, which means that investment return is applied to both your contributions and to the returns those contributions have earned previously.

The time to start saving is now!

Visit trsnyc.org to enroll, and check out our *TDA Program Summary*, *Fund Profiles* booklet, and online TDA calculator.

Invest in your future by joining our TDA Program online!



TRS Pays Refunds by EFT

Sometimes, TRS needs to pay refunds to members—for erroneous contributions, overpayments, or other adjustments. In November of 2015, eligible TRS members began receiving refunds electronically. Paperless refunds offer a faster and more effective means of refund disbursement.

Members are eligible to receive refunds via Electronic Fund Transfer (EFT) if they are paid through direct deposit on the City of New York payroll, and their accounts have been active within at least the past six months. Members receive refunds in the same account where their

paychecks are deposited. At this time, CUNY employees paid on the New York State payroll and Charter School employees are not eligible to receive refunds via EFT.

If you are eligible to receive an electronic refund, TRS would send you a notification letter, which details the refund amount and type, and confirms your financial institution information. If the EFT process is not successfully completed, we would inform you and issue a check instead. Please note that members without active EFT payroll accounts will continue to receive any refunds via check.

Investment Results as

TRS' six Passport Funds are available to all Tax-Deferred Annuity (TDA) Program participants and to Tiers I/II members of the Qualified Pension Plan (QPP) funds. Tiers III/IV/VI members are credited with 5% interest in their QPP accounts. Visit TRS' website for more detailed information about the Passport Funds, including the most recent performance data.

Annualized Investment Returns

	1 Year 1/1/15 to 12/31/15	3 Years 1/1/13 to 12/31/15	5 Years 1/1/11 to 12/31/15	10 Years 1/1/06 to 12/31/15
Fixed Return Fund (TDA/UFT)*	7.00%	7.00%	7.00%	7.49%
Fixed Return Fund (All others)*	8.25%	8.25%	8.25%	8.25%
Diversified Equity Fund	-0.59%	12.06%	10.21%	6.21%
Bond Fund**	0.85%	0.70%	N/A	N/A
International Equity Fund***	-1.25%	4.42%	3.41%	N/A
Inflation Protection Fund***	-7.33%	-1.60%	2.33%	N/A
Socially Responsive Equity Fund***	-0.01%	14.96%	10.55%	N/A

* Fixed Return Fund

QPP: Tiers I/II members are credited with 8.25% annually on QPP investments in the Fixed Return Fund; this rate has been in effect since July 1, 1988.

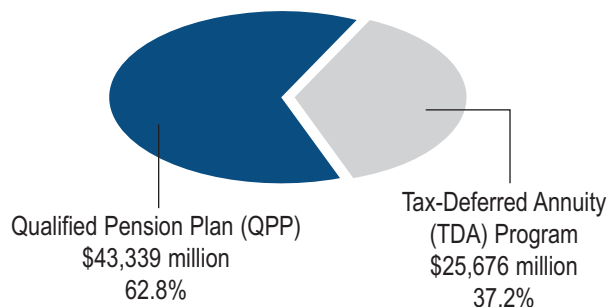
TDA: Members who are serving in (or resigned/retired from) UFT-represented positions are credited with 7% annually on TDA investments in the Fixed Return Fund. This rate has been in effect since December 11, 2009; the previous rate was 8.25%. All other members are credited with 8.25% annually on TDA investments in the Fund; this rate has been in effect since July 1, 1988.

** Annualized investment performance is only available for the one- and three-year periods because the Fund began on January 1, 2012.

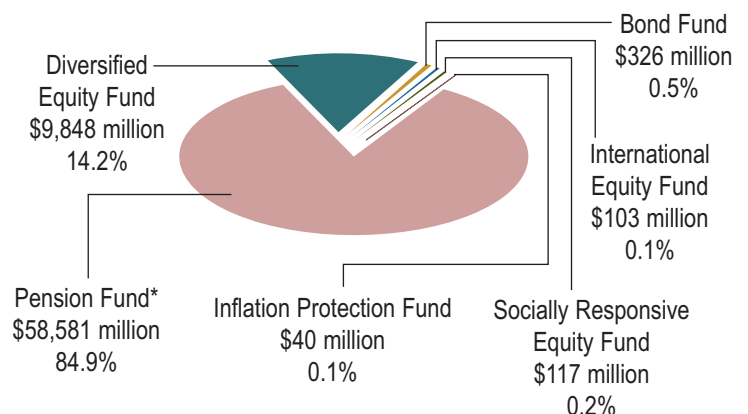
*** Annualized investment performance is only available for the one-, three- and five-year periods because the Fund began in July 2008. For approximations of annualized performance for other periods, see the *Fund Profiles* booklet on our website.

Total Investment

BY PLAN \$69.015 Billion



BY FUND \$69.015 Billion

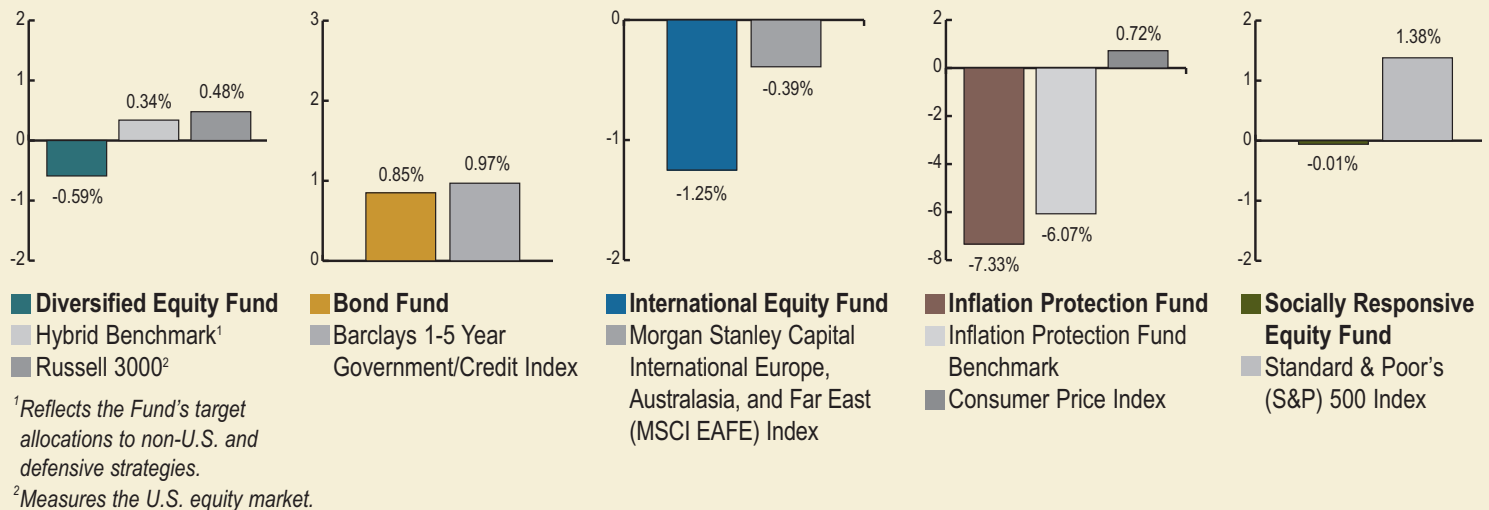


* Includes all QPP and TDA funds in the Fixed Return Fund and all Tiers III/IV/VI QPP funds.

of December 31, 2015

ers for the Annuity Savings Fund (ASF) and Increased-Take-Home Pay (ITHP) portions of their
ta for each fund. You may also access our latest *Fund Profiles* booklet.

Passport Funds: One-Year Return vs. Benchmarks

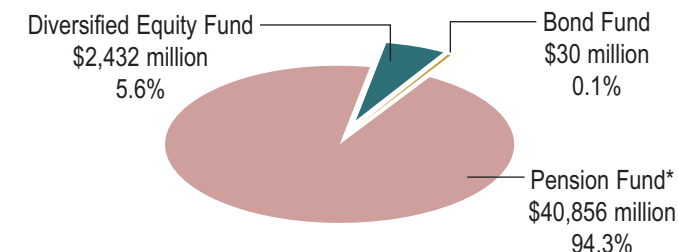


The **Fixed Return Fund** provides a fixed rate of return, determined by the New York State Legislature in accordance with applicable laws. As such, the Fund has no benchmark. See note on page 4 for information on the rates that are credited to investments in the Fixed Return Fund.

Note: TRS performance figures are shown net of fees.

nts (Unaudited)

TOTAL QPP INVESTMENTS \$43.339 Billion

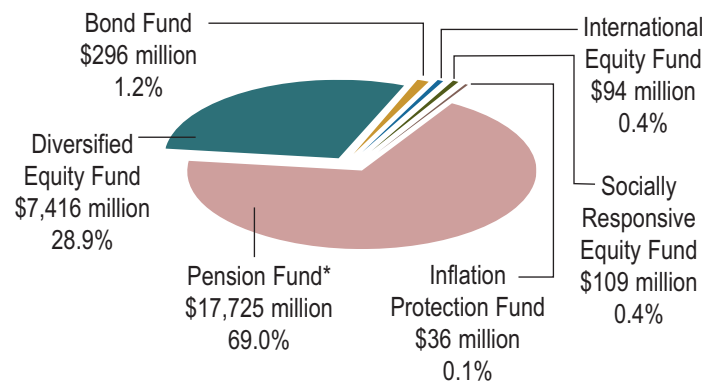


International Equity Fund**—\$9 million
Socially Responsive Equity Fund**—\$8 million
Inflation Protection Fund**—\$4 million

* Includes all Tiers I/II QPP funds in the Fixed Return Fund and all Tiers III/IV/VI QPP funds.

** Not shown in chart because the collective value is less than 0.01%

TOTAL TDA INVESTMENTS \$25.676 Billion



* Includes all TDA funds in the Fixed Return Fund.

Deciding to Retire is Just the Beginning

Preparing for retirement means more than just deciding to file your TRS retirement application. It involves preparing for a different way of life. Below are some factors you should consider in order to make your retirement as comfortable and worry-free as possible.

Revisit your financial plan

Some retirees follow the same financial tips they received while saving for retirement. However, the circumstances are different when you are no longer earning a salary. For instance, it is common for retirees to adopt more conservative investment strategies. A trusted advisor can take a look at investments, wealth management, and tax-reduction strategies to arrive at an overall approach.

Maintain an effective budget

The sense of freedom that retirement brings can be tempting and could lead to overspending. Once you have an estimate of your monthly retirement allowance, try living on that amount for a few months before retirement. It is also a good idea to leave large-scale purchases off your wish list until you know they will not significantly diminish your retirement savings.

Understand post-retirement earnings

If you are considering heading back to work after retirement, be sure to research the ways in which post-retirement employment could impact your pension.

Depending upon your age and type of post-retirement employment, there may be earnings limits involved. Retirees under age 65 working in public employment in New York State generally cannot earn more than \$30,000 annually without impacting their pension. New York State public employees over age 65, those working in the private sector, or those employed by nonprofit organizations do not have earning restrictions.



Consider tax-reduction strategies

Being aware of potential tax issues before they occur could save you in dollars and anxiety. One tax-reduction strategy is to revisit your living situation. Where you live and the size of your home can impact your taxes.

Other tax-reduction strategies include delaying IRA withdrawals, making a timely conversion of your traditional IRA to a Roth IRA, and avoiding tax penalties by taking your Required Minimum Distribution (RMD). TRS makes the RMD election process simple by notifying you once you become eligible at age 70½. For more information, please review our *Required Minimum Distributions* brochure.

Prepare for your long-term health needs

Although we hope for good health as we age, it is important to consider all possibilities. In the event of serious illness faced by either you or a loved one, health costs could be draining. Planning ahead can help offset those costs. In addition, long-term care insurance covers certain types of medical issues that general health insurance or traditional Medicare will not cover. Other coverage options include Medicare Supplemental Insurance (Medigap) or various types of supplemental or private health insurance plans. Before applying, carefully review the eligibility criteria and compare rates.

Get the most out of your life insurance policy

Purchasing a life insurance policy can offer your loved ones additional financial resources in your absence. However, some policies will also cover certain medical expenses. In some cases, you can even sell your life insurance policy, although many restrictions apply. You can research available life insurance options and choose the one that best meets your needs and those of your family.

Regardless of when you plan to retire, you should be aware of the many factors involved in the process. Considering these options before you retire can help you take advantage of all that your future has in store for you.

Register Now for Summer Education Programs

Whether you are thinking of retiring or just want to learn more about the benefits of TRS membership, summer is a great time to attend a presentation given by TRS' Member Education team at our 55 Water Street facility in Manhattan.

"Getting Ready for Retirement" is a tier-specific, half-day session designed to guide you through the retirement application process while providing valuable information about post-retirement resources; members who plan to retire in July should register as soon as possible. **"Your TRS Benefits and Services"** presents an overview of all TRS has to offer Tier IV members, while the **"Introduction to the TDA Program"** focuses solely on the Tax-Deferred Annuity Program—a great way to lower your taxes now while supplementing your retirement income.

Please see the schedule below or visit our website for more information. All sessions are held during non-school hours.

Upcoming Programs for July - August 2016			
"Getting Ready for Retirement" Tier IV 9:30 a.m. to 1:30 p.m.	• Tuesday, July 5	• Tuesday, July 19	• Thursday, August 11
	• Wednesday, July 6	• Wednesday, July 20	• Wednesday, August 17
	• Thursday, July 7	• Thursday, July 21	• Thursday, August 18
	• Tuesday, July 12	• Wednesday, August 3	• Wednesday, August 24
	• Wednesday, July 13	• Thursday, August 4	• Thursday, August 25
	• Thursday, July 14	• Wednesday, August 10	
"Getting Ready for Retirement" Tier II	• Tuesday, August 16 (9:30 a.m. to 1:30 p.m.)		
"Getting Ready for Retirement" Tier I	• Tuesday, August 9 (9:30 a.m. to 1:30 p.m.)		
"Introduction to the TDA Program"	• Tuesday, August 23 (9:30 a.m. to 12:00 p.m.)		
"Your TRS Benefits and Services"	• Tuesday, August 2 (9:30 a.m. to 12:00 p.m.)		

There are three easy ways to register: Log on to the secure area of our website; give us a call; or fill out the form below and mail it to **TRS, Attn: Member Education** by July 1st. We will confirm your registration before your session.

Registration Form for TRS' Education Programs

Name: _____

TRS Membership Number: **00T** _____

Address: _____

Phone Number: _____

Email address (**Please Print**): _____

Please indicate a second choice of date, if available.

Please note that spaces are limited for education programs.

I would like to attend:

"Getting Ready for Retirement"

Tier I ☐ Tier II ☐ Tier IV ☐

"Introduction to the TDA Program" ☐

"Your TRS Benefits and Services" ☐

on _____ (date of your 1st choice)

OR _____ (date of your 2nd choice).

Mailed registration forms must be postmarked by Friday, July 1, 2016.

Member Education

Summer 2016



Publications

The following TRS publications are new or have been updated since our last issue. For your convenience, forms and publications are available on our website.

- *Investment Portfolios*
- *TDA Program Summary*

Calendar

July 1, 2016: Effective date of investment election changes that members filed by May 31, 2016.

August 2016: Distribution of Quarterly Account Statements for the second quarter of 2016.

October 1, 2016: Effective date of investment election changes that members file by August 31, 2016.

Please remember that TRS' offices will be closed on the official New York City holidays occurring **July 4, September 5, and October 10, 2016**. On Fridays from July 8 through September 9, we will close at 1:00 p.m.



Board Trustee Sandra March Retires

Sandra March, a trustee of the Teachers' Retirement Board for 32 years, has retired. One of the three "Teacher Members" who are elected to the Board, Ms. March began her teaching career in 1962 and joined the United Federation of Teachers in 1965. She has received numerous awards for her leadership and service, and leaves an impressive legacy as both an educator and a labor leader. TRS will miss Ms. March's guidance and wishes her well in her retirement.



Patricia Reilly

EXECUTIVE DIRECTOR

Scott M. Stringer

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TEACHERS' RETIREMENT BOARD

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