

# Benefits report

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



## View TDA Quarterly Statements Online

Earlier this fall, TRS announced an operational change that will make us greener. Starting in 2019, we will discontinue the mailing of TDA Quarterly Statements to members whom we can reach electronically.

This change takes effect with the TDA Quarterly Statements for the fourth quarter of 2018, which will become available by early February 2019. The quarterly statements are produced for members who maintain a Tax-Deferred Annuity (TDA) Program account into retirement. (Not affected by this change are the quarterly statements that the City issues to members who receive their monthly benefit payments through Electronic Fund Transfer.)

We will continue to post TDA Quarterly Statements in the secure section of our website each quarter—as we have done for years—and notify members by email when new statements are posted. Members can then log in and view, print, and save their statements to their own computer or device.

Members with an email address on file will also receive other important information from TRS. Those without an email address will miss out on our notifications and may experience a delay in receiving account statements by mail.

As we continue to introduce more self-service options online, we encourage all members to register as users on our website. (Members who registered previously but haven't visited in a while may need to upgrade their login due to recent security improvements.)

We understand that some members may like receiving account statements in the mail, but we hope most members will eventually prefer the security and the timeliness of online statements.

We expect to conserve an estimated 2.25 million sheets of paper and at least 600,000 pieces of mail per year simply by phasing out mailed statements. We hope you'll support TRS in this change!

## Fall 2018

**Social Security:** *Create your online account / 2*

**EFT Payment Schedule:** *Month by month / 2*

**TDA Loans:** *You may be eligible / 3*

**Units and Unit Values:** *Read all about it / 4*

**Investment Results:** *Performance updates for our Passport Funds / 5*

**CSA Contract:** *Update on pension revisions / 6*

**Online Beneficiary Designations:** *Keep them current / 6*

**New Educational Program:** *A popular choice / 6*

**1099 Forms:** *Distributions from TRS reported / 7*

**RMDs:** *2018 payments / 7*

**Who We Are:** *TRS' Mission & Vision / 7*

**Publications:** *Updated materials / 8*

**Calendar:** *Key dates to remember / 8*

# Do You Have an Online Social Security Account?

Did you know that you can manage your Social Security benefits online? Whether you are a current or future recipient, the Social Security Administration (SSA) provides certain online services, including the Social Security Retirement Estimator and a **my Social Security** account containing your detailed personalized account information.

Setting up a **my Social Security** account is easy, and you can use this online tool for numerous transactions, such as:

- Managing aspects of your SSA benefits, such as setting up or changing your direct deposit, changing your address, or obtaining a replacement Medicare card or SSA tax forms
- Verifying and keeping track of your SSA earnings
- Obtaining an estimate of your benefits (if you are not yet receiving them) using specific data that apply only to you
- Requesting a letter with proof of your benefits (if you are currently receiving them)
- Accessing your individual Social Security statements at any time

To set up your online **my Social Security** account, go to the SSA website ([www.ssa.gov](http://www.ssa.gov)), click on **my Social Security**, and follow the prompts. It will help you manage your SSA benefits for the duration of your retirement.



## EFT Payment Schedule

Please see the schedule at right for when TRS expects to transmit retirement allowance payments in 2019. These electronic transmittal dates may be subject to change, and fund availability may vary based on your financial institution's banking schedule, weekends, and holidays. Your financial institution (not TRS) determines the date that your funds are available in your account.

Electronic Fund Transfer (EFT) is a convenient way to receive your monthly benefit payments electronically. For more detailed information, please see our *Electronic Fund Transfer* brochure.

Month	EFT Transmittal
January	Thursday, 1/31
February	Thursday, 2/28
March	Friday, 3/29*
April	Tuesday, 4/30
May	Friday, 5/31*
June	Friday, 6/28*
July	Wednesday, 7/31
August	Friday, 8/30*
September	Monday, 9/30
October	Thursday, 10/31
November	Friday, 11/29*
December	Tuesday, 12/31

\*Your bank may not make these funds available until the next business day.

# Thinking of Taking a TDA Loan?

If you are maintaining your Tax-Deferred Annuity (TDA) Program account after retirement, you have full access to your TDA funds and may make a withdrawal at any time. But, if you want to access your TDA funds without the tax implications of a withdrawal, you may want to consider a TDA loan.

## Eligibility

Retirees with deferred TDA accounts are eligible to take one TDA loan per year, as long as they are not currently in default on an existing TDA loan. Members who have annuitized their TDA account are not eligible to take a TDA loan.

## Applying for and receiving the loan

You may apply for a TDA loan by logging in to the secure section of our website. Alternatively, you may file a paper “TDA Loan Application” (code LO15).

Loans are normally paid within two weeks via Electronic Fund Transfer (EFT) to the account where you receive your monthly retirement allowance payments. You may instead receive your loan by check mailed to your home address.

## Loan amounts

Generally, the minimum TDA loan amount that you may borrow is \$1,000—or \$250 if you have an existing TDA loan. The maximum amount depends on your individual account balances, but in most cases the maximum will not exceed \$50,000.

## Repayment

TDA loans must be repaid within five years of issuance. Normally, loan payments are made through automatic deductions from your retirement allowance payments. Alternatively, you can choose to make payments by check. (In 2019, TRS expects to introduce other

electronic methods to repay loans.)

All loan payments (including interest) are reinvested in your TDA account. Payments are allocated to the Passport Funds that you elected on your loan application.

## Interest

You will be charged monthly interest on your outstanding loan balance. The interest rate is currently either 7% or 8.25% (depending on which rate of interest you would receive on TDA investments in the Fixed Return Fund). All interest you pay is credited to your TDA account.

## Tax Consequences

TDA loans are not normally taxable. But, if a balance remains unpaid after five years, or if the equivalent of three monthly payments is missed, the loan may go into default and be deemed a distribution with tax consequences.

Also, if you are subject to the IRS’ Required Minimum Distribution (RMD) rules, please note that any outstanding TDA loan balances count toward the overall TDA balance on which your annual RMD amount is calculated.

For more information about TDA loans, including details about loan defaults and tax consequences, please see TRS’ *TDA Loans* brochure, available on our website.

# A Reminder about Units and Unit Values

If you retired under Tier I or Tier II, or if you are receiving annuity payments from the Tax-Deferred Annuity (TDA) Program, the amount of your benefit payments may vary from month to month. That's because you may have money invested in one or more of TRS' "variable-return" Passport Funds. In this case, your monthly payments include a certain number of units, whose value fluctuates according to investment performance. Below is a brief explanation of how units and unit values may affect your benefit payments.

## **The Basics**

You can think of units of TRS' Passport Funds like shares in mutual funds. Unit values are the dollar values that are attributed to the units in each of the variable-return Passport Funds on a monthly basis. The unit values are based on each portfolio's closing market value as of the end of the preceding month. TRS members who invest contributions in the variable-return Passport Funds (before retirement) purchase units with their contributions.

## **Number of Units and Retirement**

If you had investments in the variable-return funds when you retired under Tier I or Tier II, an actuarial calculation was made to determine the number of units you would be paid per month in your retirement allowance. The calculation was based on a number of factors, including your life expectancy. (If you opted to receive your TDA funds as an annuity, a similar calculation was made.)

The number of units you are paid each month normally remains constant, unless you reallocate within the Passport Funds. That number is

indicated on your Electronic Fund Transfer (EFT) Quarterly Statements. If you have not yet signed up for EFT and still receive your payments by check, this information is included on your check.

If you are maintaining your TDA account after retirement through TDA Deferral status, your TDA Quarterly Statement shows how many units you have in each variable-return Passport Fund. This information is also available on your monthly online statements.

## **Calculating Monthly Unit Values**

For each of the variable-return Passport Funds, TRS calculates the monthly unit value according to the following formula:

- We multiply the preceding month's unit value by the monthly net change in the value of the fund's portfolio; and
- We discount the amount by .3274% to offset the 4% annual increase in the number of units that participants receive. (This calculation is in accordance with the New York City Administrative Code.)

## **Learn the Current Unit Values**

- Current unit values are always one click away on our website home page; go to **Investments/Unit Values**.
- Current unit values are also available on our phone system; call 1 (888) 8-NYC-TRS anytime and follow the prompts.
- New unit values are posted on our website, normally in the third week of each month. Follow us on Facebook or Twitter to receive notice.
- Past unit values are also available on our website at **Investments/Unit Values**.

# Semiannual Investment Results: 6/30/2018

## 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

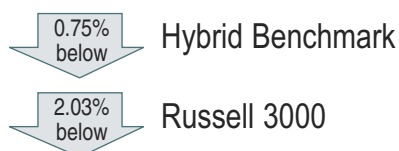
	1 Year	3 Year	5 Year	10 Year
Fixed Return Fund (TDA/UFT)*	7.00%	7.00%	7.00%	7.18%
Fixed Return Fund (All Others)*	8.25%	8.25%	8.25%	8.25%
Diversified Equity Fund	12.12%	9.58%	11.26%	8.45%
Balanced Fund**	N/A	N/A	N/A	N/A
International Equity Fund	7.13%	6.53%	7.18%	4.93%
Inflation Protection Fund	5.10%	2.32%	2.56%	4.30%
Socially Responsive Equity Fund	12.96%	10.53%	12.01%	10.13%

\* 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.

\*\* As of 1/1/2018, the Bond Fund became the Balanced Fund, and thus there is no 1-year actual performance figure available. For the 6 months ending 6/30/2018, the Balanced Fund returned -0.39%. The fund's benchmark is a custom benchmark composed of 70% Bloomberg Barclays U.S. Government/Credit 1-5 Year Float Adjusted Index and 30% FTSE Global All Cap Index.

### Five-Year Performance vs. Benchmarks

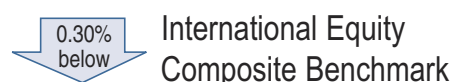
#### Diversified Equity Fund:



#### Balanced Fund:



#### International Equity Fund:



#### Inflation Protection Fund:



#### Socially Responsive Equity Fund:



## 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**  
**\$55.128 Billion\***

**TDA Total Investments**  
**\$33.105 Billion\***

\* As of 6/30/2018 (unaudited)



# Revisions Begin for CSA Contract

Starting in October, TRS began to process retirement allowance revisions for members covered by the 2014 Council of School Supervisors & Administrators (CSA) contract. Earlier this year, we received the necessary salary data from the Department of Education, and we were then able to apply the provisions of the contract to eligible members who retired after June 30, 2015. A single retirement calculation will cover the full pay increases provided in the contract, as TRS explained to affected members in a mailing this past summer.

## Manage Your Beneficiary Information Online

Your TRS accounts are important financial assets to you, but they will also become important to your loved ones if death benefits should become payable. That's why it's critical for you to monitor your TRS beneficiary designations—to make sure that your funds are eventually distributed according to your wishes.

We suggest that you periodically check your beneficiary information online to confirm that your designations are still what you intend and that your beneficiaries' contact information on file with TRS is valid and complete. Life changes such as births, deaths, marriages, and divorces are a perfect time to review your designations and update accordingly. (Note: Some retirement payment options do not permit

you to add or delete beneficiaries, but this restriction does not apply in all cases.)

Managing this information online is easy to do. Log in to the secure section of the TRS website at any time and go to the **Beneficiaries** page to review the information TRS has on file for you.

You can make new designations and changes, update your beneficiaries' contact information, and even upload supporting documentation (needed when designating a trust). After you complete your updates, TRS will mail you a complete list of your beneficiaries.

Next time you visit TRS online, please make time for beneficiary maintenance.

## New TRS Program for Retirees Is a Big Hit

We are aware that retired members still have a number of questions about specific aspects of their retirement. That's why we introduced a new in-house educational program last summer called "Advance Planning During Retirement."

In August, more than 300 retirees attended one of three "sold-out" pilot sessions of this new program. The sessions featured information on topics including Required Minimum Distributions, TDA

Deferral status, updated beneficiary information, and online access to TRS retirement accounts.

"Advance Planning During Retirement" is most pertinent for members who have been retired for several years and may need a refresher about some of these topics. The class will be offered again in 2019, so watch for registration information on our website or in the Spring 2019 issue of *Benefits Report*.

# Watch for 1099 Forms Mailing in January

In January, 1099 forms will be mailed to TRS members who received distributions for the calendar year 2018. Members will need this information when preparing their income tax returns. For new retirees receiving 1099 forms for the first time this tax year, we will also mail our *1099 Forms* brochure. This brochure is the first stop for questions about tax forms received from TRS. As a reminder, TRS' Member Services Representatives cannot provide tax advice.

## Required Distributions Paid in December

If you are a retiree maintaining an account in our Tax-Deferred Annuity (TDA) Program and you are at least 70½ years of age, you know by now that you must receive a distribution of TDA funds for 2018.

TRS sent you information in the mail last spring if you were subject to the Required Minimum Distributions (RMD) in 2018. We also sent email reminders over the summer about the October 31 filing deadline.

If you did not file an RMD election with TRS by October 31, we will issue you a payment on December 31 that meets the IRS' requirements. However, if you made an election to receive your distribution in a different month or in a different way, you would not receive payment in December.

Some members, such as those who retired this summer and are at least 70½, are newly subject to RMD rules. TRS will contact those members by letter soon, and they must receive their distributions by April 1, 2019.

For more information, please refer to our *Required Minimum Distributions for Members* brochure.

## TRS: Building Better Tomorrows

Throughout our 101-year history of serving New York City educators, TRS' focus has always been on our members and their needs—during their working lives and in retirement. To better serve our more than 200,000 in-service members, retirees, and beneficiaries, we refer to the following mission statement and vision.

### Our Mission

To provide retirement, disability, and death benefit services to our members, including the efficient collection of contributions, the prudent investment of retirement funds, the responsible disbursement of member benefits, and the delivery of exceptional levels of member service.

### Our Vision

To provide superior retirement benefits administration and services in response to our members' changing financial needs over both the life of their membership and in their post-retirement years.

## Publications

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

- *Fund Profiles*

- *TRS Retiree's Companion*

## Calendar

**January 1, 2019:** Effective date of retiree investment election changes received by October 30, 2018 (QPP changes, TDA annuitant changes) or December 1, 2018 (changes for deferred TDA accounts).

**January 31, 2019:** Expected distribution of 1099 forms for distributions made from members' TRS accounts in 2018.

**January 2019:** Expected distribution of EFT Quarterly Statements for the fourth quarter of 2018 to retirees who receive their TRS monthly payments electronically.

**February 2019:** Posting of TDA Quarterly Statements for the fourth quarter of 2018 to retirees with TDA Deferral status.

**April 1, 2019:** Effective date of retiree investment election changes received by January 31, 2019 (QPP changes, TDA annuitant changes) or March 1, 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 **November 22** and **December 25, 2018**, and **January 1, January 21**, and **February 18, 2019**.

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

