

In-service news

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



What TRS Membership Means

As we celebrate our 100th anniversary of serving New York City's education professionals this year, it's a good opportunity to review the many benefits of TRS membership.

The greatest benefit is the guaranteed retirement allowance provided by our Qualified Pension Plan (QPP). Once you meet certain age and service requirements, you will be eligible to receive a lifetime defined-benefit pension that is not affected by the ups and downs of the financial markets.

Hand in hand with the pension plan is our optional Tax-Deferred Annuity (TDA) Program. With TDA, members can build additional retirement income during their working years on a tax-deferred basis. (See related article on page 2.) For many members, their TDA account becomes one of their greatest financial assets.

TRS also offers loans from both of our plans because we realize that our members may have financial needs in the present too. Disability retirement benefits are available to in-service members who meet certain requirements, and all members may designate death benefits for their surviving beneficiaries.

Beyond that array of benefits, TRS is also focused on providing you the information you need to prepare for your future. Whether it's on the pages of this newsletter, in one of our free on-site educational programs, from our Member Services Center, or online on our website or Facebook page, TRS is committed to helping our members. And, looking ahead, we are planning to introduce more self-service features, so that you can help yourself whenever you choose to.

In 2017, TRS looked back to recognize a major milestone. But we think our best days are yet to come—and we are happy that you're a part of our future.

Fall 2017

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TDA: Not Your Typical 403(b) Plan

Many members are already familiar with the benefits of TRS' Tax-Deferred Annuity (TDA) Program, our supplemental retirement plan under Section 403(b) of the Internal Revenue Code. 403(b) plans are available only to educational institutions, hospitals, and certain other not-for-profit organizations.

Though they are common and popular retirement savings vehicles, 403(b) plans have gotten some bad press recently—mainly due to their complex rules and high participant fees. We're happy to say that our TDA Program stands apart from other 403(b) plans in many ways:

- ✓ For nearly 50 years, our defined-contribution TDA Program has served as a supplemental plan to our defined-benefit Qualified Pension Plan (QPP). Elsewhere, the 403(b) is often the only plan option.
- ✓ While many 403(b) plans are administered by third-party providers that pass on fees to participants, TRS administers the TDA Program directly, which keeps participant costs down.
- ✓ Some 403(b) plans require participants to annuitize their funds in order to collect. TRS allows many options for annuitization, but also permits members to maintain their accounts during retirement and make withdrawals as they wish (provided they meet IRS distribution requirements).
- ✓ Some 403(b) plans have a dizzying array of investment options, but TRS' TDA Program keeps it simple with six diverse choices, known as the Passport Funds. Participants can create

their own investment mix and adjust that mix on a quarterly basis.

- ✓ Beneficiaries of TDA participants have flexibility that may not be available with other 403(b) plans. Upon the death of the TRS member, most TDA beneficiaries are eligible to create their own TDA accounts with TRS in lieu of receiving a benefit payment.

We're proud that our TDA Program is different from the "typical" 403(b) plans you may have read about. And, if you're a TDA participant, you're in good company: Almost three-quarters of our in-service members are investing for their future with TDA.

To learn more about the TDA Program, please refer to the *TDA Program Summary* available on our website.

TDA Contribution Limits Will Increase in 2018

The Internal Revenue Service has announced 2018 contribution limits for retirement plans, including Section 403(b) plans such as TRS' TDA Program. The general maximum contribution amount will increase from \$18,000 in 2017 to \$18,500 in 2018. The limit on additional "catch-up" contributions for members age 50 and older remains unchanged at \$6,000.

The increase in contribution limits will result in an increase in members' Full-Year, Full-Contribution Rates for 2018. Members will be able to see their personalized Full-Year, Full-Contribution Rate for 2018 on their Quarterly Account Statement for the period ending September 30, 2017. Contributing at the Full-Year, Full-Contribution Rate allows members to contribute the highest allowable amount to TDA from year to year by contributing at a steady rate during each pay period of a calendar year.

Increasing TDA Contributions from a Retroactive Payment

Many TRS members receive "lump sum" or retroactive salary adjustments under the provisions of their union contract. In 2017, Professional Staff Congress and United Federation of Teachers members received a "retro" payment, and in early 2018 Council of School Supervisors and Administrators members will as well. These payments provide members a rare opportunity to make a large one-time deposit into their TDA Program account. Often, members choose to increase their TDA contribution rate in advance of the payment so that a larger percentage of pay is invested.

You can change your TDA contribution rate easily by logging into the secure section of our website. Rate changes generally take effect on the first payroll occurring 30 days after the election, so make sure you file early enough to hit your desired payroll. **And, if you do increase your rate, remember that you may want to readjust your rate in time for the next payroll.**

2017 Annual Benefits Statement Available

During November, TRS began mailing the 2017 Annual Benefits Statement (ABS) to in-service members and members on leave. We also posted the statements in the secure, members-only section of our website in November.

The ABS provides basic account information as of June 30, 2017 for your pension account (the Qualified Pension Plan) and your Tax-Deferred Annuity Program account, if applicable. It also reports your service credit, beneficiary designations, and (for some members) potential retirement earnings.

You can use the ABS to answer many questions about your TRS benefits. Please carefully review your

statement to ensure the accuracy of the information. If you have questions regarding the information provided in this year's ABS, you may file an online "ABS Inquiry" in the secure area of our website or file the paper "ABS Inquiry Form" (code SD12) for your tier.



As noted on your statement, the **2017 ABS will be the last one printed and mailed to you. Your next ABS for 2018 will only be available online in the secure section of our website.** In the meantime, we will also be unable to mail reprints of the 2017 ABS. If you need another copy, please

log in and print the PDF from our website. We thank you in advance for adapting with us as we work to get greener, by reducing paper use and mail volume.

Balanced Fund Begins in 2018

As reported in our Spring 2017 issue, TRS is changing our Bond Fund, one of the six TRS investment choices known as the Passport Funds.

As of January 1, 2018, the Bond Fund will become the Balanced Fund. This new fund will be a moderately conservative investment option with more expected volatility than the Bond Fund, providing greater potential for return. In addition to bonds, it will include exposure to global equities.

If you have investments in the Bond Fund as of December 31, 2017 and are comfortable with investing in the new Balanced Fund, no action is required. In that case, your Bond Fund holdings will be invested automatically in the Balanced Fund. If you prefer to move your Bond Fund account balance into a different Passport Fund, you may file to change your investment elections at any time.

During September, TRS mailed an updated profile of the Balanced Fund to members, along with a Q&A about the change. That information is also on our website on the Bond Fund page.

More detailed information about the Passport Funds is available in the 2017 *Fund Profiles* publication on our website. You may also contact our Member Services Center for information, but please remember that our representatives cannot provide investment advice.



How TRS Calculates Your FAS

Your Final Average Salary (FAS) is one of the key components in calculating your retirement allowance. But what counts toward the Final Average Salary? And how is it calculated?

When you retire, TRS does a comprehensive review of your salary and wage information—and your service history—to calculate your FAS. The calculations vary according to your tier, as seen below:

Tier I:

- Your actual gross salary earnable during the 12 months before your retirement (if you have served at least 3 years in the position from which you are retiring); or
- Your annual earnable salary during the last year of the most recent position you held for at least three years (if you have served at least three years in the position from which you are retiring); or
- Your average annual earnable salary during any consecutive five years that you elect.

Tiers II, III, and IV:

- Generally, the average of the highest-earned three consecutive annual salaries during your periods of total credited service. However, wages earned during any year used in a FAS calculation cannot exceed the average of the previous two years' wages by more than 10% (20% for Tier II).

Tier VI:

- Generally, the highest average of wages earned during any continuous period of employment for which you were credited with five years of service. However, wages earned during any year used in a FAS calculation cannot exceed the average of the previous four years' wages by more than 10%.

The “salary” in FAS refers to more than just your contractual salary. It also includes other wages and pensionable payments from your employer, such as the following:

- ✓ Per session wages—wages earned for per session work (e.g., tutoring).
 - ✓ P-Credit—wages earned for after-school professional development instruction.
 - ✓ Class coverage wages—wages earned for covering classes outside your regular schedule.
 - ✓ Schoolwide performance bonus—wages earned for your school's student achievement gains.
 - ✓ Chapter 683 earnings—wages earned during the summer preceding your retirement for teaching in a special education program.
 - ✓ Multiple employment wages—wages earned for employment rendered in more than one TRS-eligible position.
- Your FAS does not include the following:
- ✗ Any amounts paid to you after you separated from service, unless the payment is a final installment of salary or wages at the same rate in effect immediately prior to your separation from service.
 - ✗ Any amounts paid to you, upon your separation from service, for unused leave.
 - ✗ Any amounts on which your employer did not make pension contributions on your behalf.

If your Annual Benefits Statement contains retirement benefit estimates and projections, you'll see that an estimate of your FAS was used for those calculations. However, that estimate is based on your last reported contractual salary and does not reflect other pensionable earnings. The actual calculation of your Final Average Salary happens only after you retire, when all of the needed data is available to TRS.



Semiannual Investment Results: 6/30/2017

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

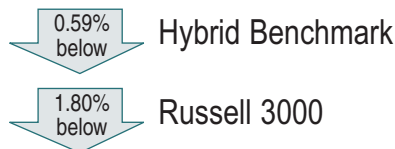
	1 Year	3 Years	5 Years	10 Years
Fixed Return Fund (TDA/UFT)*	7.00%	7.00%	7.00%	7.31%
Fixed Return Fund (All Others)*	8.25%	8.25%	8.25%	8.25%
Diversified Equity Fund	18.09%	7.16%	12.79%	5.89%
Bond Fund**	0.06%	1.32%	1.17%	N/A
International Equity Fund**	20.89%	2.73%	9.06%	N/A
Inflation Protection Fund**	1.43%	-1.00%	2.65%	N/A
Socially Responsive Equity Fund**	18.43%	8.24%	14.42%	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.

** Annualized investment performance is not available for all periods because of the fund's inception date. Please see the *Fund Profiles* booklet on our website for details.

Five-Year Performance vs. Benchmarks

Diversified Equity Fund:



Bond 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

\$50.4 Billion*

TDA Total Investments











\$30.8 Billion*

* As of 6/30/2017 (unaudited)

TRS Website At Your Service 24/7!

Whether you are new to TRS or you have been a member for a while, the TRS website is a great resource for information about your TRS membership. And once you register with a username and password, you'll have secure access to your account information and be ready to conduct business with TRS online.

Just look at what you can do in the secure section of our website:

-  Apply for a loan
-  File a claim of prior service
-  Request a cost letter for service credit that's available to purchase
-  Join the TDA Program—and manage your TDA investments
-  Update your contact information
-  Manage your beneficiary designations
-  View monthly account information—and access recent quarterly and annual statements
-  Choose paperless Quarterly Account Statements
-  Sign up for a free on-site educational program
-  Use a calculator to project your retirement allowance

Please note that eligibility requirements may apply for some features. We hope you'll join your peers and take advantage of our growing list of online features—at your convenience.

New Login Steps on TRS Website

If you haven't visited the secure section of our website since last school year, you'll experience some new security features the next time you log in. If you do business online with your bank or financial services provider, you're probably familiar with these industry-standard enhancements.

- ➔ When you first log in again, you'll need to select a security image, which we'll display whenever you visit in the future. Seeing this image will assure you that you are logging into the official TRS site.
- ➔ Later, if you forget your password or we don't recognize the computer you're using, we'll send you a verification code to enter as part of login—this is an extra security step to protect you.

For your convenience, we have posted two video tutorials on our site. One reviews the new login steps for returning users, and the other covers our new registration process for first-time users. Just visit www.trsnyc.org and search for “using our site.”

Stay connected



Follow and like our Facebook page ([myTRSNYC](https://www.facebook.com/myTRSNYC)) for quick access to TRS news and information. If social media is not your thing, you can still stay up to date by monitoring the news bulletins on the homepage of our website.

Sign Up for Our Education Programs

During school breaks this winter, TRS will again be offering a full schedule of educational programs, including the popular retirement planning session “Getting Ready for Retirement–Tier IV.” But time to register is running out!

The TRS website provides detailed course descriptions. From the homepage, click on **RESOURCES** and then **EDUCATIONAL PROGRAMS** for more information.

Upcoming Programs for December – February 2018

<p>“Getting Ready for Retirement–Tier IV” 9:30 a.m. to 1:30 p.m.</p>	<ul style="list-style-type: none"> • Wednesday, December 27, 2017 • Thursday, December 28, 2017 • Friday, December 29, 2017 • Tuesday, February 20, 2018 • Wednesday, February 21, 2018 • Friday, February 23, 2018
<p>“Tier VI—Planning for Tomorrow” 9:30 a.m. to 12:00 p.m.</p>	<p>• Thursday, February 22, 2018 Session Filled</p>
<p>“Introduction to the TDA Program” 2:00 p.m. to 3:30 p.m.</p>	<p>• Thursday, February 22, 2018 Session Filled</p>

To register: Log on to the secure area of our website or complete the form below and mail it by December 6, 2017 to **TRS, Attn: Member Education, 55 Water Street, New York, NY 10041**. We will confirm your registration before your session. Please note that you can check and **register for any available courses online** at any time throughout the year.

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 IV”

on _____ (date of your 1st choice)

OR _____ (date of your 2nd choice)

Member Education

Mailed registration forms must be postmarked by December 6, 2017.

Winter 2017



Publications

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

- *Fund Profiles*
- *TRs Membership for CUNY Employees*
- *Your TRS Benefits in Brief (Tier IV)*
- *Your TRS Benefits in Brief (Tier VI)*

Calendar

January 1, 2018: TRS' Bond Fund becomes the Balanced Fund. (See related article on page 3.)

January 1, 2018: Effective date of investment election changes received by December 1, 2017.

January 31, 2018: Expected distribution of 1099 forms for any distributions made from members' TRS accounts in 2017.

February 2018: Distribution of Quarterly Account Statements for the fourth quarter of 2017.

April 1, 2018: Effective date of investment election changes received by March 1, 2018.

Please remember that TRS offices will be closed on the official New York City holidays occurring **November 23** and **December 25, 2017**, and **January 1, January 15, and February 19, 2018**.



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