



BERS WORDS

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Letter from the Executive Director

On March 13, 2020, the New York City Board of Education Retirement System tested its disaster recovery plan and ordered all staff to work from home. As the COVID-19 emergency unfolded, we realized that it would not be safe to resume normal onsite operations until the pandemic abated.

I must admit that I thought we would measure the time spent out of the office in days and weeks, not months and years. It took us a few months to adjust to working from home and fill the needs of staff for technology and services. We grappled to work without being present in the office and struggled to connect with members who were also adapting. All the while we continued to do the business of the Retirement System, working for members and their financial futures.

BERS has continued to counsel members virtually. Additionally, we have implemented significant improvements in our computer systems, including an upgrade of our website and our member self-service components to remain connected and available. Continuing our efforts to enhance our member relationship, we have an active call center and an email and secure message response team which is supported by our growing Member Communications Unit. We admit that our staffing levels of our Member Communications Unit will need to increase to meet the promise we have made to members, but we will continue to prioritize our precious resources towards this important effort. BERS has also launched a campaign to reach out to the DOE staff who qualify for membership in BERS but have never joined.

This campaign has been a goal for some time, and is part of the reorientation of BERS as a member-focused financial services operation.

Please continue to monitor the BERS website for information about member self-service availability, member communications updates, and plans to resume in-person counseling.

Sadly, operational struggles have not been our greatest challenge. BERS has lost staff, members, and retirees to the pandemic. Our thoughts are with all who have lost someone dear to them.

Life will gradually return to normal in New York City and the world. Returning to normal will hinge on effectiveness of the vaccination distribution effort. We recommend that you speak with your medical provider so that you can make an informed decision regarding the COVID-19 vaccine.

It is important to remember that everyone will be adapting for a time, and that coping and tolerance go hand-in-hand as we emerge from this global disruption.

Please stay safe and healthy,

Sanford Rich,
BERS Executive Director



BERS Members who are receiving a Required Minimum Distribution (RMD) payment will have their checks automatically deposited by EFT to the same account as their Pension check. If you are currently receiving your pension check via mail, the RMD payment will be mailed to you.

We would like to hear from you. Please send comments regarding our newsletter, or any specific concern to The Editor, **BERS WORDS**, Board of Education Retirement System, 65 Court Street, 16th Floor, Brooklyn, N.Y. 11201. Or E-mail your comments to Brespon@bers.nyc.gov.

Watching from the Sidelines

GameStop, Wall Street Bets, bitcoin, non-Fungible tokens, TopShot, sneakers, trading cards. If you have been paying attention to the Wall Street Journal, Twitter, Reddit, or even just talking to your barber while they are cutting your hair, it seems that everyone is talking about the next hot investment opportunity. Fortunes can be made (and lost) in these modern-day gold rushes and I must admit, it is all pretty exciting. In comparison, it can certainly seem that pension fund investing is staid and boring with its index funds, government securities, and balanced portfolios. Between the “tried and true” versus “new and exciting,” how do pension fund trustees and staff decide which asset classes and investment vehicles to include in the fund’s portfolio?

In institutional investing you will often hear about investments and funds that are “institutional quality.” That is a pretty vague term, almost circular in its reasoning; “institutions invest in funds that are institutional quality.” Behind that phrase though there are quite a few things we look for when thinking about making an investment in a new asset class. While not an exhaustive list, below are a few of the areas that we review before adding a new asset class to our portfolio.

- **Depth:** Pension funds are big. BERS between the defined benefit and fixed TDA fund is more than \$8 billion. New York City Retirement Systems collectively are well over \$200 billion in assets. For us and other institutional investors, we need to invest large amounts of assets at low cost without meaningfully moving the price of the securities.
- **Diversification:** Diversification has been described as the only free lunch in investing. We are constantly on the lookout for assets that are uncorrelated to the stock market during tough times, when we need diversification the most. Investments without the request track record cannot answer one fundamental question, how will they hold up when stock markets go down?
- **Standards:** The trustees and staff of BERS are entrusted with a very important responsibility, a fiduciary duty to the present and future members of BERS. We need to know that the fund managers we work with take that responsibility just as seriously. Evaluating the track record of a fund manager, undertaking a thorough due diligence process, making sure a manager and fund are registered with securities regulators and reviewing how other investors like us have fared are all integral components in understanding whether an investment or fund is of institutional quality.
- **Valuations and Cash Flows:** We pay pensions in US dollars and ultimately, we need to know how and why we will get paid for holding a particular asset. Is there a rationale for the price we pay that can be analyzed and defended? Does our rationale only depend on someone else buying at a higher price or can we expect cash flows outside of capital appreciation? Can we incorporate an asset class in our capital market assumptions as we plan investments for years and decades to come?

Investment classes like private equity, direct lending, and environmental, social, and governance (ESG) funds, to name just a few, all faced these questions at one time but are now part of our portfolio allocation process. To be clear, some of the newer assets and products (like cryptocurrencies) are already starting to emerge in institutional portfolios. In time, as their markets continue to mature, they could find a place in BERS portfolio as well. There is certainly a place for investors who have the wherewithal and the stomach to withstand the sort of volatility that comes with new investments. To those investors I say, fight it out over finding the right price. We will watch from the sidelines, waiting to see which ones have value over the long-term.

Future Paths Away from City Service

We understand that for some, investing in your future can be intimidating. One of the many benefits of contributing to the BERS pension plan is that there is no risk of losing your funds. During the time that you are an active member in a BERS eligible title, you will make contributions to your BERS account(s) and earn interest on those contributions over time. If you change titles as a city employee or leave city service altogether, your BERS accounts may be transferred to another

eligible pension system, rolled over to an IRA, Qualified Trust or Annuity account, or withdrawn.

If you happen to change titles within the city or state of New York and you are no longer eligible for BERS membership, your contributions are transferable to another city or state pension plan that you become eligible for. You can transfer your retirement funds to or from the following retirement systems: NYCTRS, NYSTRS, NYCERS or NYSLERS.

Scenario 1: You are a Substitute Teacher and you become appointed. Appointed titles are eligible to join the Teacher’s Retirement System (TRS). An appointed teacher is not an eligible title for BERS membership. Therefore, your membership would end with BERS and begin with TRS. You would then have up to 5 years after changing titles and becoming eligible for another pension system, in this example TRS, to transfer the funds
(Cont’d on next page)

Retirement on the Mind?

If your plans to retire are just around the corner, we congratulate you on your service to the City of New York. The first thing you should do is schedule an appointment with a BERS Benefit Examiner. Due to the ongoing Covid-19 pandemic, in-person visits remain suspended for the safety of the members. We have adapted and are still able to meet our member's needs via teleconference appointments.

If you need to schedule an appointment with a Retirement Benefits Examiner, please reach out to our friendly Call Center representatives at 929-305-3800. They will be happy to schedule an appointment for you. If you do schedule a retirement appointment please be sure to let the representative know your expected retirement date. Doing so will allow us to prioritize your appointment, based on your intended date of retirement.

A few things to note:

- To get an idea of what your retirement benefits will be, you should request an approximation of your monthly pension

benefit. Having this information will help you decide as to whether you should retire as planned or choose to continue working for additional years. You can request an approximation by calling our Call Center, sending us an email or by sending a Secure Message through the MSS portal.

- If you have any outstanding QPP loans, it will result in a deficit in your pension account and therefore, affect your monthly benefits. Please note, outstanding TDA loans will not affect your pension benefits.
- Our caring BERS Benefits Examiners will work with you one-on-one to help you file your retirement paperwork. We will take the time to explain all the details of the retirement process, you will not feel rushed, and your questions will be answered.



IF YOUR ARE...	TIMELINE
6 months away	<ul style="list-style-type: none"> • Request an approximation of benefits • Inquire if you have any time that you can buy back with the city, state or military, and about time you may need to transfer from another system
5 months away	<ul style="list-style-type: none"> • Make an appointment to speak to a BERS Benefits Examiner • Set aside living expenses for the first 3 months of retirement
3 months away	<ul style="list-style-type: none"> • Speak with a Benefits Examiner to start your retirement paperwork • You will need to show proof of the date of birth for you and for your beneficiaries if you are choosing an option
1 month away	<ul style="list-style-type: none"> • Submit your paperwork

Future Paths Away from City Service (Cont'd)

and credited membership service you accrued with BERS over to the compatible pension system.

Scenario 2: You decide to leave city service before you vest as a BERS member. Vesting is defined as earning the minimum amount of required credited service to consider you entitled to receive a monthly pension check when you retire. If you become Inactive with the City of New York and you have not yet vested, your contributions will only continue to

accrue interest for up to 5 years from your date of separation from the City of New York. You may choose to either receive a refund (called a Direct Withdrawal) or Rollover your savings to an IRA, a Trust, or an Annuity account. You may choose between these options after your BERS membership is terminated or 5 years after you separate from city service.

We remind you to contact us regarding any title or employment change that may affect your retirement account(s).

Our BERS representatives are happy to inform you of your options. Feel free to contact us in one of the following ways:

Email: BRespon@bers.nyc.gov

Telephone: 929-305-3800 or
800-843-5575

Fax: 718-935-4124 or 718-935-3830

Secure Message through the Member Self Service Portal (MSS).

BERS by the Numbers

It is understandable that unexpected situations may arise, and members may have to reach out to BERS with urgent requests. We would like you to be aware of the time frame needed to process various applications and forms. It is

best to plan ahead, if possible, to avoid frustration and disappointments. For example, if you intend to purchase or refinance a home, we ask that you consider submitting loan applications or statement requests in advance.

- **Loans** – approximately 15 business days*
- **Regular Qualified Pension Plan (QPP) refunds** – up to 180 days from receipt of form
- **Additional Member Contributions (AMC) refunds** – up to 180 days from receipt of form
 - **AMC refunds due to retirement** – up to 3 to 6 months after retirement
- **Enrollment refunds and contributions taken in error** – 90 days from receipt of form
- **TDA Refunds** – 60 to 90 days from receipt of form
 - **Hardship Withdrawal** – 60 days*
 - **Refunds or deductions taken in error** – 60 days
- **Refunds of overpayment of loan** – 60 days
- **Prior Service** – up to 12 months
- **Tier Reinstatement** – takes anywhere between 6 months to 1 year
- **Transfer Out** – takes anywhere between 6 months to 1 year
- **Pension Check** – can take up to 3 months from the month the member retires to receive the first pension check, which is retroactive to the retirement date
- **Death benefits** – takes up to 15 days from initial contact
- **Service letter** – 90 days from date of request
- **Approximation** – 30 days from date of request
- **Statement** – 30 days from date of request
- **Tier 1 Retirement Application** – forms must be received at least 30 days prior to the member's immediate retirement date
- **Tier II Retirement Application** – forms must be received at least 30 days prior to the member's immediate retirement date
- **Tier III Retirement Application** – forms must be received at least 1 day prior to the member's immediate retirement date
- **Tier IV Retirement Application** – forms must be received at least 1 day prior to the member's immediate retirement date
- **Tier VI Retirement Application** – forms must be received at least 1 day prior to the member's immediate retirement date

We encourage you to keep this chart in an accessible place and we hope that you find it helpful.

*Assuming Eligibility Requirements have been met.

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