



OFFICE OF THE ACTUARY

255 GREENWICH STREET • 9TH FLOOR
NEW YORK, NY 10007
(212) 442-5775 • FAX: (212) 442-5777

MAREK TYSZKIEWICZ
CHIEF ACTUARY

May 2, 2023

Board of Trustees
New York City Board of Education Retirement System
55 Water Street, 50th Floor
New York, NY 10041

Re: Internal Rebalance of Funds

Dear Members:

The provisions of the New York City Board of Education Retirement System (BERS) Rules Sections 9(b)(F) and 45 provide for certain internal transfers of funds. These transfers are intended to rebalance the estimated actuarial liabilities with the reported assets.

Appendix A to this letter presents the results of our analysis of the assets and liabilities of the BERS Qualified Pension Plan (QPP) and the BERS Tax-Deferred Annuity (TDA) Program Funds (Funds) as of July 1, 2022 based on the June 30, 2022 actuarial valuation used to determine the Preliminary Fiscal Year 2024 results for BERS.

Based on our calculations, the TDA was underfunded by \$38,515,372 as of July 1, 2022, and this amount should be transferred from the Contingent Reserve Fund of the QPP to the TDA. Also, the Variable Fund within the QPP was underfunded by \$8,694,793 as of July 1, 2022, and this amount should be transferred from the Contingent Reserve Fund to the QPP Variable Fund.

Account balances for the QPP and TDA as of June 30, 2022 and unit balances for the TDA as of June 30, 2022 were provided by BERS.

Appendix B presents the asset values as of June 30, 2022 for the Funds supplied by BERS that was used in the analysis.

Appendix C contains a draft Board Resolution that authorizes the rebalancing of the Funds.

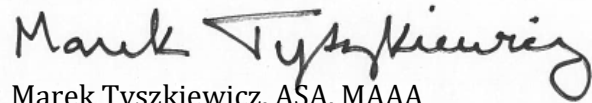
I, Marek Tyszkiewicz, am the Chief Actuary for, and independent of, the New York City Retirement Systems and Pension Funds. I am an Associate of the Society of Actuaries and a Member of the American Academy of Actuaries. I meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion contained herein. To the best of my knowledge, the results contained herein have been prepared in accordance with generally

Board of Trustees
New York City Board of Education Retirement System
May 2, 2023
Page 2

accepted actuarial principles and procedures and with the Actuarial Standards of Practice issued by the Actuarial Standards Board.

If you have any questions, or if we may be of further assistance, please contact Ms. Dolores Capone or me.

Best Regards,

A handwritten signature in black ink that reads "Marek Tyszkiewicz". The signature is written in a cursive style with a large, stylized 'M' and 'T'.

Marek Tyszkiewicz, ASA, MAAA
Chief Actuary

Att.

cc: Dolores Capone, ASA, EA – New York City Office of the Actuary
Michael Hunter, ASA, EA – New York City Office of the Actuary
Sanford Rich – New York City Board of Education Retirement System
Michael Samet, FSA – New York City Office of the Actuary
Keith Snow, Esq. – New York City Office of the Actuary

Appendix A

**NEW YORK CITY BOARD OF EDUCATION RETIREMENT SYSTEM
FUNDED STATUS AS OF JUNE 30, 2022**

Qualified Pension Plan (QPP) Funds

	<u>Assets</u>		<u>Liabilities</u> ¹		<u>Funded Status</u> ²
<u>Variable Return Fund</u>					
Annuity Savings Fund	\$ 267,103		\$ 242,647		\$ 24,456
Pension Savings Fund	769,886		699,396		70,490
Annuity Reserve Fund	(6,101,484)		4,952,153		(11,053,637)
Pension Reserve Fund	<u>11,946,032</u>		<u>9,682,134</u>		<u>2,263,898</u>
Total	\$ 6,881,537		\$ 15,576,330		\$ (8,694,793)

Tax-Deferred Annuity (TDA) Funds

	<u>Assets</u>		<u>Liabilities</u> ¹		<u>Funded Status</u> ²
<u>Variable Return Fund</u>					
Annuity Savings Fund	\$ 457,521,074		\$ 396,916,902		\$ 60,604,172
Annuity Reserve Fund	<u>(122,856,724)</u>		<u>1,647,252</u>		<u>(124,503,976)</u>
Subtotal	\$ 334,664,350		\$ 398,564,154		\$ (63,899,804)
<u>Fixed Return Fund</u>					
Annuity Savings Fund	\$ 2,371,838,310		\$ 2,346,395,328		\$ 25,442,982
Annuity Reserve Fund	<u>652,310</u>		<u>710,860</u>		<u>(58,550)</u>
Subtotal	\$ 2,372,490,620		\$ 2,347,106,188		\$ 25,384,432
<u>Loan Insurance Reserve and Fees</u> ³	\$ 40,073,503		\$ 40,073,503		\$ 0
TDA Grand Total	\$ 2,747,228,473		\$ 2,785,743,845		\$ (38,515,372)

¹ Liabilities for the Annuity Savings Fund and Pension Savings Fund are equal to the dollar value of members' accounts. Liabilities for the TDA Variable Return Annuity Savings Fund is equal to the unit balance times the unit value for July of members' accounts. Liabilities for the Annuity Reserve Fund and Pension Reserve Fund are actuarially determined.

² Positive amounts indicate the amount of assets to be transferred out of that Fund to the Contingent Reserve Fund. Negative amounts indicate the amount of assets to be transferred into that Fund from the Contingent Reserve Fund.

³ A transfer amount was not determined for the Loan Insurance Reserve and Fees.

Appendix B

QPP Fund Balances (in \$)

Date	MCAF 7(Active)	MCAF 6 (Active)	ASF 7(Active)	ASF 6 (Active)	VASF 7 (Active)	VASF 6 (Active)	ITHP 6 (Active)	VITHP (Active)	57/5&55/25 E (Active)	57/5&55/25 R (Active)	25 & OUT (Active)	ARF (Reserve)
As of 6/30/2022	537,422,758.00	0.00	5,973,496.00	0.00	267,103.17	0.00	3,611,480	769,886	116,992,486	116,104,916	2,654,725	(52,092,443)
	537,422,758.00		5,973,496.00		267,103.17				116,992,486	116,104,916		(52,092,443)

PRF (Reserve)	CRF (Reserve)	ITHPF (Reserve)	VARF (Reserve)	VPRF (Reserve)	GLIPF (Reserve)	T1/2 LOAN INS INT	T3/4 LOAN INS INT	T3/4/6 LOAN FEE	57/5&55/25 LOAN INS INT	57/5&55/25 LOAN FEE	Gross Total
234,150,848.12	4,938,820,906.58	(93,148,132.28)	(6,101,484.49)	11,946,032.18	5,736,989.42	5,169,673.94	44,102,650	(842,576)	4,591,514	(47,389)	5,876,083,441

TDA Fund Balances (in \$)

Date	TDAFIX (Active)	TARF(Reserve)	TDAVAR (Active)	TVARF (Reserves)	TACERN (earnings)	TRESXF (Exp a/c)	TDA Loan Insurance	TDA Loan Fees	Gross Total
As of 6/30/2022	2,371,838,310.05	652,310.42	457,521,073.43	(122,856,724.38)	0.00	0.00	40,230,944	(157,441)	2,747,228,473

Appendix C

APPENDIX C

REQUEST FOR THE BOARD OF TRUSTEES TO ADOPT THE AUTHORIZATION OF REBALANCING OF FUNDS FOR THE NEW YORK CITY BOARD OF EDUCATION RETIREMENT SYSTEM

MAY 2023

WHEREAS, the BERS' Rules Sections 9(b)(F) and 45 require the Actuary, for purposes of determining funded status and rebalancing adjustments, to determine the actuarial value of assets and liabilities of BERS' Qualified Pension Plan (QPP) and the BERS' Tax-Deferred Annuity (TDA) Program as of each fiscal year; and

WHEREAS, BERS' Rules Section 45 states that where the assets of either the TDA or the QPP exceed its respective value, there shall be a transfer from such fund to the other where such value exceeds its assets; and

WHEREAS, the Actuary, by letter dated May 2, 2023, determined that as of July 1, 2022, the TDA was underfunded compared to its value by \$38,515,372, and that such amount should be transferred from the QPP's Contingent Reserve Fund to the TDA; and

WHEREAS, the Actuary, by letter dated May 2, 2023, determined that as of July 1, 2022, the QPP variable fund was underfunded compared to its value, by \$8,694,793, and that such amount should be transferred from the QPP's Contingent Reserve Fund to the QPP Variable Fund; and therefore be it

RESOLVED, that the Board adopts the Actuary's recommendation and authorizes BERS staff to effectuate the internal rebalancing described above in accordance with such recommendation.

Respectfully Submitted:

Sanford Rich
Executive Director