

BTA (TRS & ERS*) Retirement Committee Report October 17, 2013

As in the past, next month I will be attending the annual Teacher Retirement System Delegate Convention in Saratoga, New York- November 2-4 (Yes, it begins for me on Saturday due to my appointment on the NYSUT Pension and Retirement Committee). In my next report I will be spending a great amount of time discussing the financial health of your pension systems (TRS & ERS). Each year at this time, I provide a snap shot of the economy as measured by the stock market. In 2011 the market was at 11,400 and in 2012 the market was hovering around 13,500. Although the market has dropped recently due to the turmoil in Washington, as well as Goldman & IBM's bad news, today the market was at **15,320**. That is nearly a 4000 index point increase from two years ago! The rebound continues to help our 403(b) portfolios get back or surpass where they were years ago as well as the overall health of the pension systems which are heavily dependent on the health of the economy! The advice I always give is still wise: Hang in there, save your money, and keep investing for the future. Exercise fiscal responsibility, and take care of yourselves so you have a long and happy retirement.

Last month I talked about the TRS Pension & Retirement Education Program (PREP). The PREP dates were not published then but are now set. PREP will be held at the Holiday Inn in Mt. Kisco on **Saturday, November 16**, and in Fishkill **Thursday, December 5 at the Ramada Inn** (formerly, the Holiday Inn). All PREP seminars begin at 8:30 and end at 3:00 and you may go to only those seminars relevant to you. Call (800) 348-7298, Ext. 6180 to make reservations.

Question: (For the benefit of the new staff!) Why does the BTA Retirement Delegate always advise us to begin saving money early in our careers for our retirement? I thought that there was a Cost of Living Adjustment (COLA) built in to our future retirement benefits.

Answer: The answer to this question is two fold. You need to begin saving for your retirement **NOW, WHEN YOU ARE YOUNG** because the more you wait, the harder it is to actually save money when the big bills such as mortgage and college come in. Plus, **due to compounding, smaller amounts of money invested now bring more of a return** than larger amounts of money invested later when retirement is closer. So get in the habit of putting regular amounts of money into good investments. You will be very happy in your later years if you do this and not so happy if you do not!

Once you retire, your retirement benefit income will, for the rest of your lives, never grow that much and each year will be worth less as inflation begins to take its toll. This is so because the COLA legislation only applies to the first \$18,000.00 of your retirement benefit. In addition, TRS and ERS determine how much the COLA increase will be. This year the TRS and ERS announced that the COLA would be 1.0%, despite the fact that the actual inflation rate was about 1.5%. That's about \$15.00 dollars per month, maximum! What sounds like a great retirement benefit at the moment of retirement suddenly does not look so great twenty years out when it may be worth more than 60% less (3% inflation per year for 20 years)!

- Building VP's should continue encouraging their senior colleagues (those two years away from retirement) to call Kevin Crowley at FLHS (241-6178), voice mail, or at home (203) 454-9545 to discuss, in confidence, their future

plans. This is especially true if a member becomes seriously ill while still working. E-mail is possible also but may not be entirely secure.

Respectfully submitted by: Kevin J. Crowley, TRS Retirement Delegate