

BERS

Board of
Education
Retirement
System

A Fiduciary Fund of the City of New York
State of New York



2024

Popular Annual Financial Report
of the Qualified Pension Plan and the
Tax Deferred Annuity Program

For the Fiscal Year Ended June 30, 2024

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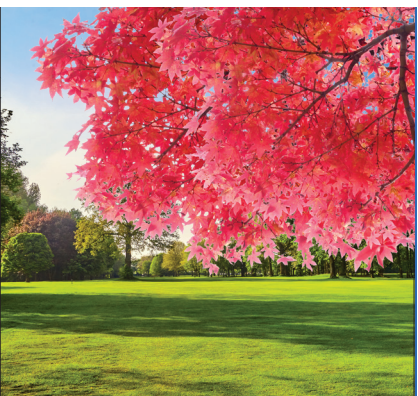


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Tomorrow
starts today



December 30, 2024

Dear Members:

I am pleased to present the Popular Annual Comprehensive Report ("PAFR") of the New York City Board of Education Retirement System ("BERS", "Funds", the "Plan" or the "System") for the fiscal year ended June 30, 2024. BERS administers the BERS Qualified Pension Plan (the "QPP") and the BERS Tax Deferred Annuity Program (the "TDA Program").

The information provided in this PAFR is a summary depiction of BERS's audited financial statements and other information contained in BERS' Annual Comprehensive Financial Report ("ACFR"). The financial statements are prepared on the accrual basis of accounting and in conformity with principles of governmental accounting and reporting, promulgated by the Governmental Accounting Standards Board ("GASB"), and according to guidelines adopted and published by the Government Finance Officers Association of the United States and Canada ("GFOA").

Fund Overview

The QPP is a cost sharing, multiple employer Public Employee Retirement System ("PERS") that was created on August 31, 1921. The QPP provides pension benefits to non-pedagogical employees of the Department of Education, certain other specific schools, school crossing guards employed by the New York City Police Department, and certain employees of the New York City School Construction Authority. The QPP combines features of a defined benefit pension plan with those of a defined contribution plan and functions in accordance with existing State statutes and City laws.

The TDA Program became operational on February 1, 1970, and is administered pursuant to the Internal Revenue Code Section 403(b) and existing State statutes and City laws. Certain members of the QPP have the option to participate in the TDA Program, which provides a means of deferring income tax payments on their voluntary tax-deferred contributions until the period after retirement or upon withdrawal of contributions. Contributions to the TDA Program are made by the members only. The TDA Program is maintained as a separate plan.

Our Journey This Year

We have been recognized as one of the top four best funded municipal pension systems in the United States. Our Member Communications division was recognized by the National Conference on Public Employee Retirement Systems (NCPERS) as the 2023 Public Pension Communicator of the Year. As of June 30th, 2024, the QPP's fiduciary net position represents 97.43% of the total pension liability. The funded status of the QPP is expressed by the relationship of assets to liabilities. The ratio of actuarial value of assets to the Entry Age Actuarial Accrued liability stands at 94.3% as of June 30th, 2022. Our return on investments yielded a 10.25% return on the total investment portfolio and an estimated 11.25% return

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on our QPP portfolio. With the efforts of our member-elected Trustees and their union executives, we succeeded in our 5-year effort to gain auto-enrollment for NYC Board of Education Retirement System, increasing our Membership with 20,000 new members. For our 403-b (TDA) participants, we implemented the ability to make Roth contributions to the TDA. We expect to provide for Roth conversion of previous pre-tax contributions to the 403-b plan in 2025, providing additional value to the contributors, prioritizing operational and administrative improvements that benefits our members.

BERS has received a Certificate of Achievement for Excellence in Financial Reporting for its ACFR over the last thirty-eight consecutive years. The Certificate of Achievement is a prestigious national award, recognizing conformance with the highest standards for preparation of state and local government finance reports. We believe our current report continues to conform to the Certificate of Achievement program requirements. BERS ACFR for fiscal year 2024 can be found at <https://www.bers.nyc.gov/site/bers/under-publications>.

Acknowledgments

The dedicated service of the managers and staff of BERS made the preparation of this PAFR, on a timely basis, possible. In addition, our appreciation is extended to those members of the staffs of the Bureaus of Accountancy and Asset Management of the New York City Comptroller's Office and the Office of the Actuary who worked closely with the BERS personnel in the compilation of this report. We hope that the members of the Retirement Board, officials of the Department of Education of the City of New York, our members and the citizens of the City will find this report informative and helpful.

Respectfully submitted,



Sanford R. Rich
Executive Director

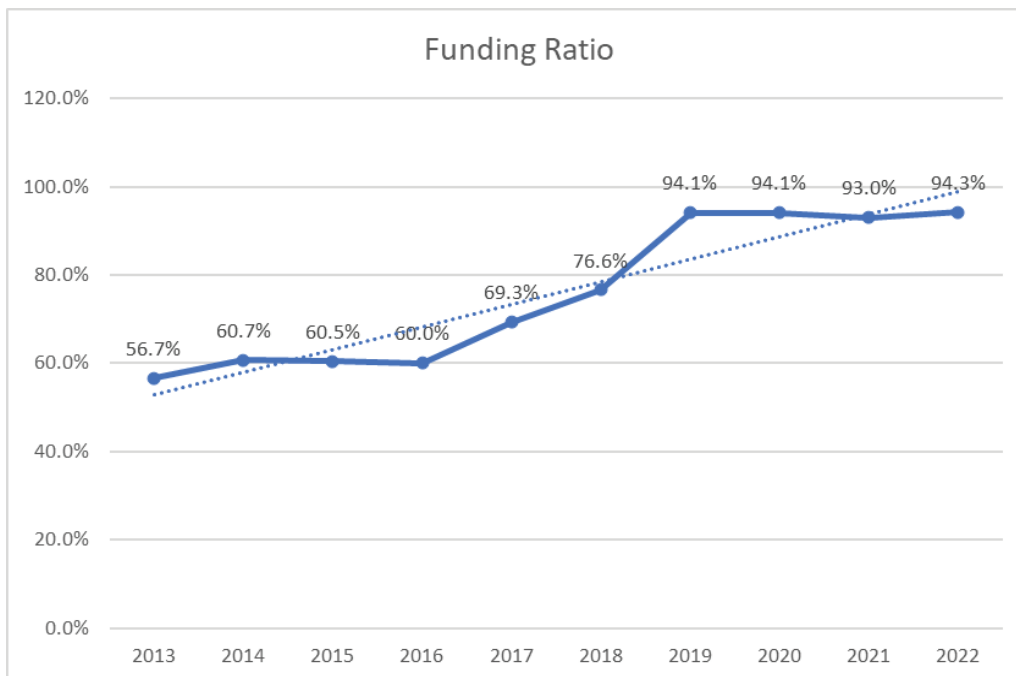


FUNDING STATUS

The financial objective of the QPP is to fund members' retirement benefits during their active service. The employer contributes amounts that, together with member contributions and investment income, would ultimately be sufficient to accumulate assets to pay benefits when due.

The Office of the Actuary establishes employer contribution rates which, expressed as a percentage of annualized covered payroll, remain approximately level from year to year. An adequate funding level provides assurance and security for payment of future benefits. In fiscal year 2024, BERS sought to maintain a level of funding within the established guidelines of the Government Accounting Standards Board ("GASB"). As of June 30th, 2024, the QPP's fiduciary net position represents 97.43% of the total pension liability. The funded status of the QPP is expressed by the relationship of assets to liabilities. The ratio of actuarial value of assets to the Entry Age Actuarial Accrued liability stands at 94.3% as of June 30th, 2022.

Funding ratio for the last 10 valuation years:



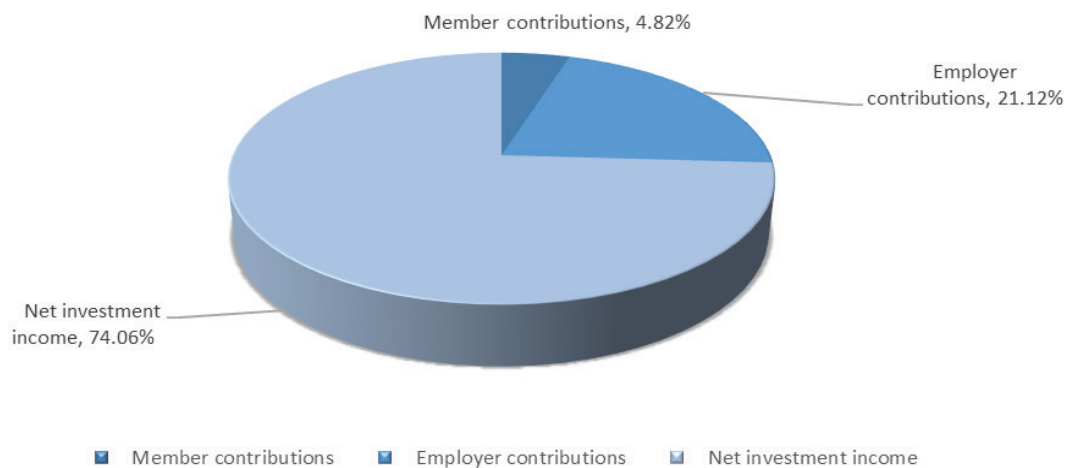
FUNDING STATUS



FUNDING SOURCES:

The chart below summarizes the contribution funding sources for fiscal year 2024 for the QPP.

Funds	Percentage	Contribution (in thousands)
Member Contributions	4.82%	\$ 56,552
Employer Contributions	21.12%	\$ 247,721
Net Investment Income	74.06%	\$ 868,593
Total	100.00%	\$ 1,172,866



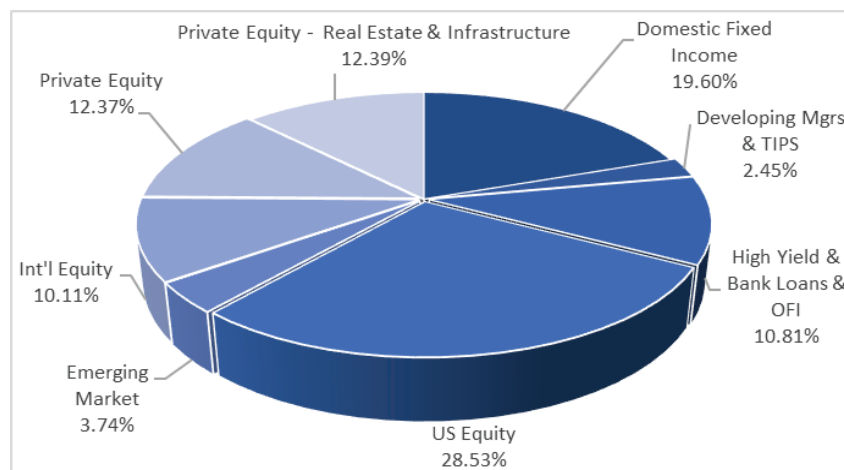
Contributions to the TDA program are made on a voluntary basis by certain eligible members of the QPP. TDA members who elect to participate in a fixed return fund investment program accounts are credited with the statutory annual rate of interest, currently 7% for members represented by the United Federation of Teachers and 8.25% for all other members. Members can also elect to participate in a variable return fund program. Beginning January 1, 2024, BERS' TDA participants have the option to make contributions on a Roth basis.



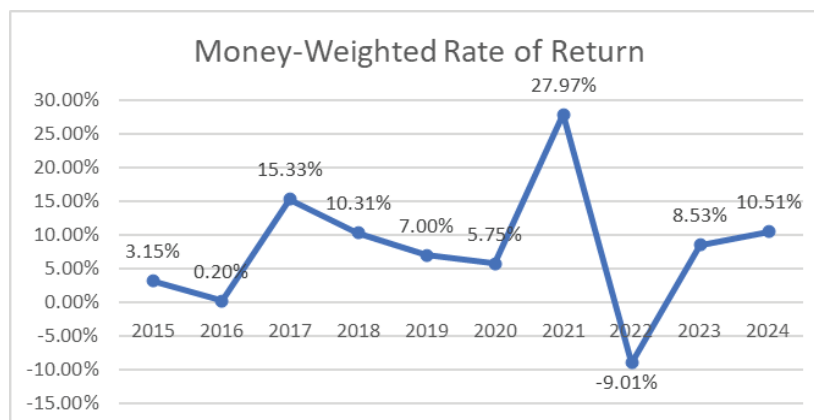
INVESTMENT SUMMARY

The System's assets are invested in two investment programs. These are the fixed return fund, which is managed by BERS, and the variable return fund, consisting primarily of equity securities, which is managed by the Teachers' Retirement System ("TRS").

Asset allocation mix as of June 30, 2024:



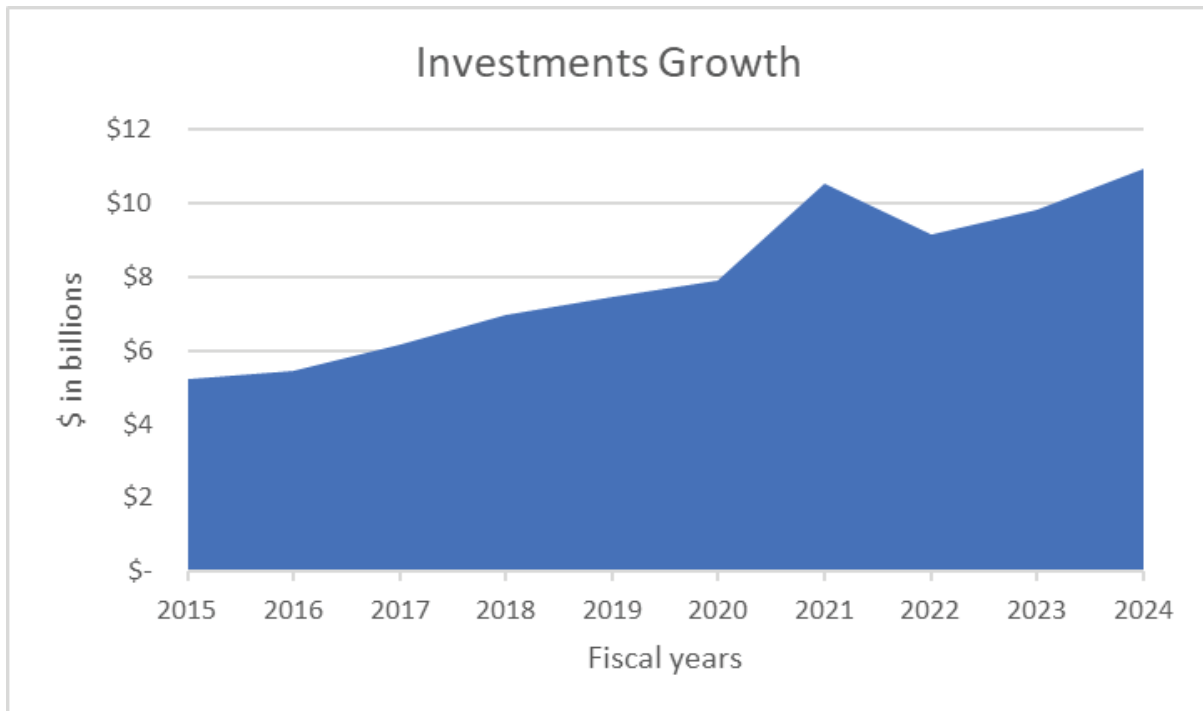
The Board of Education Retirement System Total Fund from the fixed return program returned 10.55%, net of management fees, for the fiscal year ending June 2024, compared to the BERS Policy Benchmark of 13.71%. The gross performance for the fiscal year ranked 34th percentile among the Wilshire public plans with assets greater than \$1 billion peer group. Over the 5-year period ending June 2024, the Fund averaged a 8.12% annual net return versus 8.39% for the benchmark. The 5-year performance positioned the Fund in the top quartile of peers group. Money weighted rate of return for last 10 fiscal years is given below:



INVESTMENT SUMMARY



The Fund increased in value and ended the fiscal year at \$10.93 billion (compared to \$9.83 billion at the end of previous fiscal year).





FINANCIAL SUMMARY

Statement of Fiduciary Net Position: presents the financial position of the System at fiscal year-end.

QPP Fiduciary Net Position

June 30, 2024, 2023, and 2022

(In thousands)

	2024	2023	2022
Assets:			
Cash	\$ 6,802	\$ 2,864	\$ 7,556
Receivables	260,512	169,655	212,230
Investments, at fair value	9,373,988	8,564,948	7,991,279
Collateral from securities lending	671,994	519,742	541,760
Other	327,579	199,888	319,776
Total assets	<u>10,640,875</u>	<u>9,457,097</u>	<u>9,072,601</u>
Liabilities:			
Accounts payable	92,313	65,414	63,581
Payable for investment securities purchased	223,823	156,536	204,459
Accrued benefits payable	15,957	13,604	12,621
Due to the TDA Program's fixed return fund from the System	2,788,667	2,552,317	2,374,096
Payables for securities lending	671,994	519,742	541,760
Total liabilities	<u>3,792,754</u>	<u>3,307,613</u>	<u>3,196,517</u>
Net position restricted for pension benefits	<u>\$ 6,848,121</u>	<u>\$ 6,149,484</u>	<u>\$ 5,876,084</u>

FINANCIAL SUMMARY



TDA Program Fiduciary Net Position
June 30, 2024, 2023, and 2022
(In thousands)

	2024	2023	2022
Assets:			
Cash	\$ 693	\$ 487	\$ 556
Receivables	52,277	45,159	48,802
Due to the TDA Program's fixed return fund from the System	2,788,667	2,552,317	2,374,096
Investments, at fair value	829,646	702,227	602,475
Collateral from securities lending	58,370	40,867	34,684
	<u>3,729,653</u>	<u>3,341,057</u>	<u>3,060,613</u>
Liabilities:			
Other liability	289,900	155,247	269,491
Payable for investment securities purchased	5,805	362	529
Accrued benefits payable	8,973	5,915	8,681
Payables for securities lending transactions	58,370	40,867	34,684
	<u>363,048</u>	<u>202,391</u>	<u>313,385</u>
Net position restricted for TDA benefits	<u>\$ 3,366,605</u>	<u>\$ 3,138,666</u>	<u>\$ 2,747,228</u>



FINANCIAL SUMMARY

Statements of Changes in Fiduciary Net Position - presents the results of activities during the fiscal year.

Changes in QPP Program Fiduciary Net Position
Years ended June 30, 2024, 2023, and 2022
(In thousands)

	2024	2023	2022
Additions:			
Member contributions	\$ 56,552	\$ 49,810	\$ 49,591
Employer contributions	247,721	233,546	262,404
Net investment income (loss) before securities lending transaction	866,933	674,345	(805,356)
Net securities lending income	1,660	1,747	1,692
TDA Program's interest income	(220,785)	(201,361)	(191,054)
Other - receipts from (payments to) other retirement systems and other revenues/expenses	164,300	(88,699)	(124,188)
Total additions	<u>1,116,381</u>	<u>669,388</u>	<u>(806,911)</u>
Deductions:			
Benefit payments and withdrawals	377,494	359,271	325,679
Administrative expenses	40,250	36,717	35,566
Total deductions	<u>417,744</u>	<u>395,988</u>	<u>361,245</u>
Net increase (decrease) in net position	698,637	273,400	(1,168,156)
Net position restricted for pension benefits:			
Beginning of year	<u>6,149,484</u>	<u>5,876,084</u>	<u>7,044,240</u>
End of year	<u>\$ 6,848,121</u>	<u>\$ 6,149,484</u>	<u>\$ 5,876,084</u>

FINANCIAL SUMMARY



Changes in TDA Program Fiduciary Net Position Years ended June 30, 2024, 2023, and 2022 (In thousands)

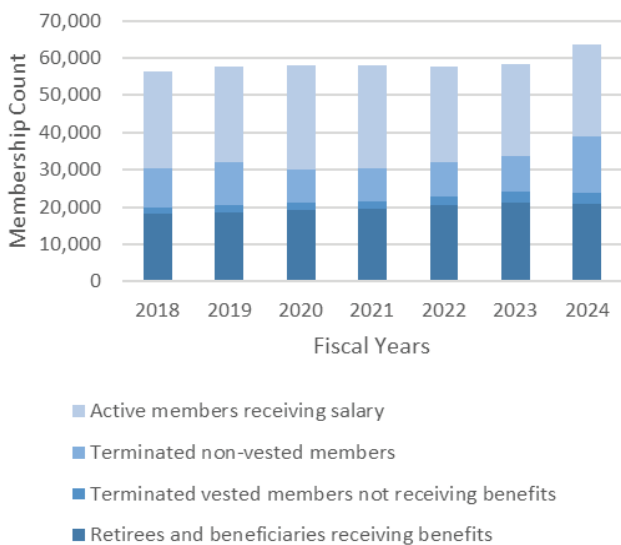
	2024	2023	2022
Additions:			
Member contributions	\$ 127,817	\$ 116,569	\$ 111,685
Net investment income (loss) before securities lending transaction	141,492	112,569	(119,188)
Net securities lending income	128	161	102
TDA Program's interest income in the fixed return fund	220,785	201,361	191,054
Other - receipts from (payments to) other retirement systems and other revenues/expenses	(137,326)	71,665	115,459
Total additions	<u>352,896</u>	<u>502,325</u>	<u>299,112</u>
Deductions:			
Benefit payments and withdrawals	124,658	110,577	95,317
Administrative expenses	299	310	285
Total deductions	<u>124,957</u>	<u>110,887</u>	<u>95,602</u>
Net increase in net position	227,939	391,438	203,510
Net position restricted for TDA benefits:			
Beginning of year	<u>3,138,666</u>	<u>2,747,228</u>	<u>2,543,718</u>
End of year	<u>\$ 3,366,605</u>	<u>\$ 3,138,666</u>	<u>\$ 2,747,228</u>



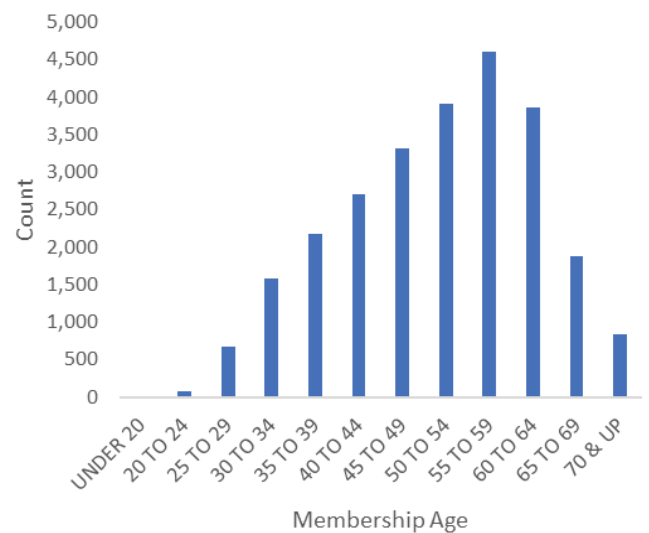
MEMBER DATA

Membership in BERS is open to all employees of the New York City Department of Education who are not eligible to participate in the New York City Teachers' Retirement System. In addition, employees of the New York City School Construction Authority, participating charter schools, BERS, the Office of the Special Commissioner of Investigation, and School Crossing Guards employed by the New York City Police Department are eligible for BERS membership.

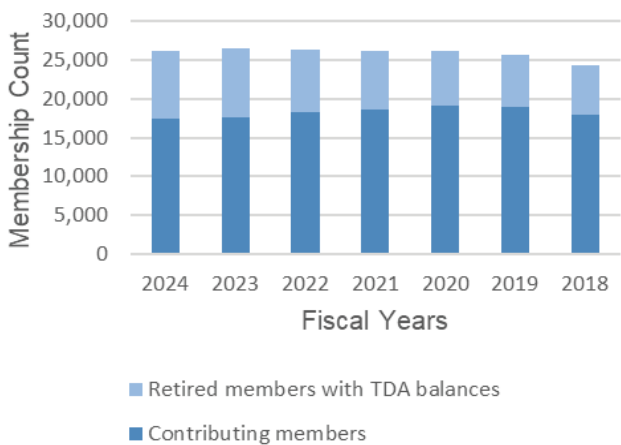
QPP Membership



Active Membership by Age



TDA Membership



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Marek Tyszkiewicz, Chief Actuary



Custodian of the Funds:

Brad Lander, Comptroller of the City of New York
Teachers' Retirement System of the City of New York



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