

New York State Department of Financial Services

Instructions to Retirement Systems and Pension Funds ("Organizations") for Submission of Annual Statements

General:

1. The statement is to be submitted in both electronic and paper version (one copy) by March 1 next following the end of the fiscal year.
2. Instructions (this document) for preparing the statement and the Excel template that is the starting document for the statement are available from the [DFS website](#): (1) From the **HOME** menu, select the **Applications & Licensing** menu, then click on the **Insurers link**, or (2) from the **Insurance Industry** menu, select the **Insurers** menu. Under Annual Statement Filings, click on **Retirement Systems and Pension Funds – 2012 Annual Statement Filing Instructions**.
3. The electronic version of the statement is to be submitted through the [DFS Portal](#), which can be found by selecting the **HOME / Applications & Licensing** menu, then clicking the **Portal Applications page** link at the bottom of the page; under Secured Applications there is a section for Annual Statements for Retirement Systems & Pension Funds - Electronic Submission.

The paper version should be sent to Anne Forde, Pension Unit, Life Bureau, New York State Department of Financial Services, 25 Beaver Street, New York, NY 10004.

4. The Statement, generally, will consist of one file, an Excel workbook. The content for some sections or subsections (e.g., the Basic Financial Statements or the Summary of Plan Provisions) may already exist in some other format (e.g., a PDF file or a Word document). That content may be *embedded* in the workbook, as described below.

If these "external" documents can not be embedded in the workbook, they may be submitted as separate components of the annual statement filing.

5. The workbook contains some macros that guide the user in the preparation of the statement. If your macro security level in Excel is set to High (Tools / Macro / Security), change the Security Level to Medium or Low, then close and reopen Excel. If the macro security level is set to Medium, when you open the workbook, you will get a "Security Warning" saying that this workbook file contains macros; click the Enable Macros button.
6. Before the workbook is opened for the first time, the user will be presented with a form. Data selected or entered in that form will be used to complete certain portions of the workbook, such as page headings, dates, etc.
7. After the user has completed the form mentioned in the step above, a Save As dialog box will be shown. This will allow the user to save the workbook that is being completed under a different name from the original template name, so that the original template can be re-used if needed.
8. The template for the Annual Statement contains some sections, schedules, etc. that are used only for certain Organization types, as indicated later in these instructions. The macros mentioned above are intended to hide those portions that are not relevant for specific

Organization types. However, if any clearly unneeded portions do appear in the template, they may be left blank.

9. Each worksheet is “Protected”, so that the user can only access cells that are designed for data entry; the purpose of this is to facilitate data entry. However, clicking on the “Unlock” command button near the upper right corner of each worksheet will Unprotect the worksheet, allowing data entry in any cell and all of the other usual Excel editing commands, such as inserting new rows, etc.
10. If no entries are to be made in a schedule, enter “None” or “Nothing” in the top row of the schedule.
11. Enter all dollar amounts in whole dollars only (unrounded, if possible); do not enter cents.
12. Enter all percentages to the nearest one-tenth of one percent (xx.x%), unless specified otherwise.
13. For schedules that show values for more than one date, the dates must be shown in increasing order (earlier to later) from left to right or from top to bottom.
14. For the printed form of the statement, any of the schedules or sections may be presented in ‘landscape’ orientation, if that would improve readability.
15. The Statement must follow generally accepted accounting principals.

Specific:

1. The Cover and Contents worksheets do not require any entries to be made by the user.

2. Introductory section:

a. Certification subsection:

The Certification subsection of both the paper and the electronic version of the statement must be signed, and the signatures must be notarized. All signatures must be original; photocopies will not be accepted. Statements received without the proper signatures will not be accepted as filed.

To include a signed and notarized Certification page with the electronic version:

- While viewing the Certification worksheet on the monitor, enter the relevant names and titles in the indicated cells.
- Print the Certification worksheet (File/Print or Ctrl+P).
- Obtain the signatures, with notarizations, on the printed page.
- Scan the signed and notarized page to create an electronic image (e.g., PDF)
- In Excel, embed the electronic image into the Certification worksheet. This embedding process can be accomplished through a macro that will be activated if the user enters the Certification worksheet when there are entries in the name and title cells.

b. Summary subsection:

This subsection is not use for Tax-Deferred Annuities (TDAs) and other defined contribution plans.

Show the summary results in the schedule for the most recent two completed valuations, showing the fiscal year ends at the top of the two middle columns.

Summarize significant events that have occurred during the preceding fiscal year. An actuarial event refers to a change in actuarial assumptions or methods. Significance is determined by the relative effect on the contribution rate.

3. Financial section:

This section is to contain a copy of the Financial section of the generally accepted accounting principals (GAAP) report for the Organization, including the independent auditor's report and the basic financial statements. It is expected that this Financial section exists in some other electronic format (PDF file, Word document, etc.). When you click on the Financial tab of the annual statement workbook, you will be asked if you want to get the external file that contains the Financial section. If you click 'Yes', you will be shown a dialog box that will allow you to browse to that file (on your PC, your Organization network, an external storage device, etc.). When you locate that file, click 'Open', and a copy of the file will be embedded in the Financial worksheet of the annual statement workbook.

4. Actuarial section:

a. Present Value of Benefits subsection:

This subsection is not used for Tax Deferred Annuities (TDAs) or other defined contribution plans.

For the two most recent actuarial valuations, enter the descriptions and present value of benefits for each of the principal benefits provided by the plan; e.g., service retirement, ordinary disability retirement, accidental death.

b. Liabilities subsection:

This subsection is used only for TDAs or defined contribution plans.

For Active Participants, enter liabilities such as accumulated employee contributions, accumulated employer contributions, etc.

For Non-Active Participants, enter liabilities for various benefit types: retirement, disability, etc.

c. Actuarial Value of Assets subsection:

This subsection is only used for defined benefit plans where the asset value used for determining the employer contribution rate differs from the fair value.

Enter values in the schedule for the most recent actuarial valuation and the five preceding valuations.

d. Unfunded Actuarial Accrued Liabilities subsection:

This subsection is used only for defined benefit plans whose cost method would generate a UAAL; plans that use the aggregate cost method would not use this section.

The Funding Commenced column indicates the date as of which amortization commenced. Complete the first 'Balance as of' column heading with the valuation date one year prior to the current valuation date and the second 'Balance as of' column heading with the current valuation date. Complete the first 'Amount Payable during' column heading with the fiscal year ending on the current valuation date and the second 'Amount Payable during' column heading with the fiscal year immediately following the current valuation date.

e. Development and History of Employer Contribution subsection:

This subsection is only used for defined benefit plans.

Development of Employer Contribution schedule:

For traditional defined benefit plans, enter line items actually used to develop the employer contribution. For example, for the aggregate cost method, Unfunded Accrued Liability (line 4) and Amortization Payments (line 11) would not be deleted from the schedule. For the Normal Cost Rate, enter as many decimal digits as are used in the Organization's calculations. Enter any other components that are not shown in the schedule "template". Ensure that the line numbers in the descriptive formulas refer to the correct lines in the schedule.

For plans that have a 'lag' in employer contributions (i.e., the calculated contribution rate is used in developing contribution amounts for a later fiscal year), eliminate the rows of the schedule below the Normal Cost Rate row, and, below the schedule, add a statement indicating for which fiscal year the contribution rate would be used to develop the contribution amount. A more detailed description of the lag methodology is to be shown in the Actuarial Assumptions and Methods subsection.

For VSFs, this schedule should be replaced by a description of how any transfers to the fund were determined.

History of Employer Contribution schedule:

This schedule is not used for VSFs.

Show, for the most recent and the five preceding fiscal years, the actuarially calculated employer contribution, the amount actually paid for that year, and the resulting percentage. If, for any year, the percentage is not 100%, explain, with a footnote, the reason for the difference.

History of Transfers schedule:

This schedule is used only for VSFs.

If, for any year, the percentage is not 100%, explain, with a footnote, the reason for the difference.

f. Gain and Loss subsection:

This subsection is only used for defined benefit plans.

Enter the source and amount of any gain/loss determined for the last fiscal year. Amounts are to be expressed as they affect the normal cost rate, and shown to two decimal places. For any actuarial assumption for which a gain/loss was not determined, enter "not determined" in the Gain or (Loss) column.

g. Future Contributions subsection:

This subsection is only used for defined benefit plans.

Contribution (Actual/New Entrant) schedule:

If the New Entrant rate has not been calculated for a given year, enter "N/A".

Ratio of Actuarial Value of Assets to Actuarial Accrued Liability schedule:

If a spread gain actuarial cost method has been used, the actuarial accrued liability is to be based on the entry age normal cost method. The ratios should be shown as percentages, to the nearest whole percentage. If entry age normal accrued liabilities have not been determined for earlier years, enter "N/A".

Short term contribution rate schedule:

If the standard deviation of the annual returns of the Organization's investment portfolio can not reasonably be determined, use a "default" standard deviation of 12%. The Contribution Rates shown are the employer contribution rates that would be developed in the recent valuation if the actual investment returns in the year preceding the valuation were as shown in the Investment Return column, with no change in current assumptions. The Contribution Rate shown for the Actual Investment Return would be the contribution rate developed by the last valuation and would be shown elsewhere in this annual statement.

Change in investment return assumption:

Show, in the decreased assumption row, the immediate employer contribution rate and the new entrant contribution rate that would result from a one percent decrease in the investment return assumption and a one-half percent (.5%) decrease in the salary increase assumption.

Additional sensitivity tests:

If the Organization has performed any additional sensitivity tests, indicate those here. These tests are any tests that measure the impact on employer contribution of either (1) deviations of actual experience from assumed or (2) changes in assumptions. Describe the event being tested (e.g., actual employee termination equal to 50% of assumed, or 10% decrease in assumed retiree

mortality rates), and the resulting effect on the employer contribution rate as a percentage of salary.

h. Actuarial Assumptions and Methods subsection:

If this information, as described below, exists in some other file (e.g., PDF file, Word document, etc.), that file may be embedded in the AsmpMeth worksheet. When you click on the AsmpMeth tab of the annual statement workbook, you will be asked if you want to get the external file that contains the actuarial assumptions and methods. If you click 'Yes', you will be shown a dialog box that will allow you to browse to that file (on your PC, your Organization network, an external storage device, etc.). When you locate that file, click 'Open', and a copy of the file will be embedded in the AsmpMeth worksheet of the annual statement workbook.

Instead of embedding an existing file in the worksheet, you may enter the information described below manually in the AsmpMeth worksheet.

Changes in Actuarial Assumptions or Methods:

Describe any changes that are reflected in this valuation, referring to the legal or statutory basis for the change. E.g., "Laws of YYYY, Chapter CCC, changed the ..."

Assumptions:

Show all assumptions that are relevant; e.g., TDAs would not use most of the common defined benefit plan actuarial assumptions. For assumptions that vary by age or service, show quinquennial values. For assumptions that vary by age and service (i.e., select and ultimate), show quinquennial age values for the first select service year and the ultimate service year. If an assumption has changed from the previous valuation, indicate with an asterisk or other indicator that references a footnote to that effect.

Cost Method:

This part is used only for defined benefit plans.

If the cost method has changed from the preceding year, state that fact.

Identify and describe the actuarial cost method.

For VSFs, describe the legal basis and methodology for transfers to be made.

Asset Valuation Method:

This part is used only for defined benefit plans where the asset value used for determining the employer contribution rate differs from the fair value.

If the actuarial asset valuation method has changed from the preceding year, state that fact.

Describe, in words, the method used to develop the actuarial value of assets.

Cost Projection Method:

This part is used only for defined benefit plans if the valuation results from the most recent valuation are used to develop the employer contribution requirement in a future year (sometimes called a "lag" method).

Describe the "lag" methodology; i.e., what results from the current valuation are used, how those results are used with certain information in future years, and for what fiscal year the resulting contribution is expected to be received.

5. Plan Provisions section:

If this information, as described below, exists in some other file (e.g., PDF file, Word document, etc.), that file may be embedded in the PlanProv worksheet. When you click on the PlanProv tab of the annual statement workbook, you will be asked if you want to get the external file that contains a summary of the plan provisions. If you click 'Yes', you will be shown a dialog box that will allow you to browse to that file (on your PC, your Organization network, an external storage device, etc.). When you locate that file, click 'Open', and a copy of the file will be embedded in the PlanProv worksheet of the annual statement workbook.

Instead of embedding an existing file in the worksheet, you may enter the information described below manually in the PlanProv worksheet.

Changes subsection:

Describe each change in plan provisions that became effective with this valuation, referring to the legal or statutory basis for the change. E.g., "Laws of YYYY, Chapter CCC, increased the ...", or "The plan was amended to change the ..."

Summary subsection:

If there are benefit "Tiers", define the basis of each Tier. The remaining descriptions in this subsection should be described for each Tier, where the Tier-level description is the "minor sort"; e.g., service retirement for Tier 1, service retirement for Tier 2, etc.

Describe the basis for participation in the plan; e.g., employment by the employer, satisfying specific eligibility requirements, etc.

Describe the basic benefits provided by the plan. For each benefit, the description should include the benefit eligibility requirements as well as the benefit amount.

6. Statistics section:

Benefit Projection subsection:

Show a ten-year projection of projected benefits by benefit type. Each column heading should be a specific benefit type; e.g., Service Retirement, Ordinary Disability. Benefits that, in the aggregate, represent a relatively small proportion of total benefits can be combined into an Other Benefits column. The first fiscal year in the projection should be the year immediately following (or beginning with) the valuation date.

Exhibit of Members, Retirees and Beneficiaries subsection:

This subsection contains three schedules: Active Members, Retirees and Beneficiaries, and Service Retirees. Each schedule is to show information as of the valuation date.

The Retirees and Beneficiaries schedule would show the Number and Benefits amounts for each major type of retirement (Service, Ordinary Disability, etc.) and for Beneficiaries.

The Service Retirees schedule is a further breakdown of the Service retirees shown in the Retirees and Beneficiaries schedule, and would not be shown if there are no service retirees.

7. Appendix A: Development of Actuarial Value of Assets section:

This section is only used for defined benefit plans where the asset value used for determining the employer contribution rate differs from the fair value.

Show, with appropriate tables, formulas, and text, the development of the actuarial value of assets from the fair value of assets.

8. Investment Schedules sections:

a. Fee Schedules section:

Show fees as indicated; add rows as necessary.

b. Investment Schedules – general

It is assumed that the investment schedules have been generated by a process (probably mostly automated) separate from the process used to generate the other worksheets in this Annual Statement, and are contained in a separate file from the annual statement workbook. In preparation for combining the investment schedules with the remainder of the annual statement workbook, the investment schedules should be contained in an Excel workbook, with one worksheet, or “tab”, for each schedule (1 – 8). Each tab should be labeled as follows: sched1, sched2, etc.

At any time in the preparation of this annual statement workbook, you may initiate the automated process which will append the investment schedules in the separate Excel workbook to the annual statement workbook. That process is to be initiated by the keystrokes Ctrl+I. The macro will ask you to browse to the investment schedule workbook on your system (your PC, network, external drive, etc.). When you locate that workbook, click the Open button on the ‘Open spreadsheet with investment schedules’ dialog box. The worksheets in that workbook that are labeled ‘sched1’, ‘sched2’, etc., will be copied into the annual statement workbook.

The column headings are as shown below for each schedule. The heading explanations contained in parentheses or brackets are not to be included. Appropriate column totals should be shown at the end of each column.

Interest rates should be shown to at least three decimal places. Dates should be in MM/DD/YYYY format.

The hardcopy version of these investment schedules should be printed in landscape mode, so that they can fit, after shrinking, on an 11” wide page.

Investment Schedules

Schedule 1: Long-Term Bonds Owned at End of Fiscal Year

Fields, or ‘columns’, for each security

CUSIP (9 characters) or ISIN (12 characters)

Description

Currency Denomination [3-char currency code: ISO 4217, for local currency]

Interest Rate

Frequency [0,1,2,4,12]

Yield to Maturity

Interest Accrued

Date Acquired
Maturity Date
Option Date
Call Price Option
Par Value
Fair Value
Actual Cost
Rate Used to Determine Fair Value
NRSRO Credit Rating [if none, then an internally-derived estimate of equivalent, indicated that it is such by a '*']

Schedule 2: Stocks Owned at End of Fiscal Year

CUSIP or ISIN
Description
Number of Shares
Currency Denomination [for preferred stocks; 3-char currency code: ISO 4217]
Par Value per Share [for preferred stocks]
Rate per Share [for preferred stocks]
Fair Value
Actual Cost
Dividends Received During Fiscal Year
Dividends Declared but Unpaid
Date Acquired
NRSRO Credit Rating [if none, then an internally-derived estimate of equivalent, indicated that it is such by a '*']

Schedule 3: Real Estate Owned at End of Fiscal Year

Description of Property
Location (City/State, City/Country, zip code, or country code (ISO-3166-1 alpha-2))
Date Acquired
Date of Last Appraisal
Actual Cost
Fair Value
Amount of Encumbrances
Amounts Received During Fiscal Year
Expended for Additions, Permanent Improvements, and Changes in Encumbrances During Fiscal Year

Gross Income Earned Less Interest Incurred on Encumbrances
Taxes, Repairs and Expenses Incurred

Schedule 4: Mortgage Loans Owned at End of Fiscal Year

Loan Number

Location

Loan Type

Date Acquired

Interest Rate

Fair Value

Value of Land and Buildings

Date of Last Appraisal or Valuation

Credit Rating (A = good standing, B = restructured, C = overdue interest over 90 days not in process of foreclosure, D = in process of foreclosure)

Schedule 5: Other Long-Term Invested Assets Owned at End of Fiscal Year

Description

Number of Units

Location

Name of Vendor

Investment Strategy [one of the 13 'Type and Strategy' codes in the NAIC long-term schedule]

Date Acquired

Actual Cost

Fair Value

Amount of Encumbrances

Schedule 6: Short-Term Investments Owned at End of Fiscal Year

Description

Name of Vendor

Date Acquired

Maturity Date

Interest Rate

Frequency [0,1,2,4,12]

Actual Cost

Par Value

Fair Value

Schedule 7: Cash Owned at End of Fiscal Year

Depository

Interest Rate

Amount of Interest Received During Fiscal Year

Amount of Interest Accrued

Balance

Schedule 8: Cash Equivalents Owned at End of Fiscal Year

CUSIP or ISIN

Description

Date Acquired

Maturity Date

Interest Rate

Fair Value

Amount of Interest Accrued

Gross Investment Income