



## Interest Rate Change

At its November 2003 meeting, the State Teachers Retirement Board approved a change to the system's actuarial assumed rate of return for investments to 8% from 7.75%.

As a result, interest charged to employers for prior year backpostings of contributions, delinquent contributions, noncontributing teaching service and retirement incentive plan payments will increase.

The effective dates for the interest rate change to 8% are listed below.

Jan. 1, 2004 — prior year backpostings of contributions, delinquent contributions and retirement incentive plan payments

July 1, 2004 — purchases of noncontributing teaching service credit by lump-sum payments and by payroll deduction

Members will also be affected since the interest paid for purchasing service will increase and those making purchases by payroll deduction will have higher minimum payments and extended payment schedules. **Each member currently purchasing credit via payroll deduction will receive a letter about his or her current purchase and may make changes to the deduction amount as a result of the interest rate increase.** The letter will vary depending on the type of plan (pretax or after-tax) and payment amount. Any changes to payment amounts will be effective July 1, 2004. Members making minimum payments **must change** their deduction to the new higher minimum amounts.

If you have questions, please contact your employer advisor toll-free at 1-888-535-4050.