

## Public Sector Update

### Establishment of Teachers' Retirement Contribution Reserve Fund

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The recently enacted 2019-20 New York State Budget amended Section 6-R of the General Municipal Law. Section 6-R had allowed local governments and school districts to establish a retirement contribution reserve fund to fund employer retirement contributions to the New York State and Local Employees' Retirement System (ERS) but not the New York State Teachers' Retirement System (TRS).

**And the good news for school districts** – Section 6-R has been amended to allow school districts to utilize this reserve fund to finance retirement contributions to TRS as well. The School District's contribution into such reserve fund in any particular year can be made in an amount not to exceed 2% of total salaries of all teachers paid by the School District during the immediately preceding fiscal year. Furthermore, the aggregate balance of such TRS reserve may not exceed 10% of the total salaries of all teachers paid by the School District during the immediately preceding fiscal year.

The Board of Education must vote to approve the establishment of this TRS retirement contribution reserve. Once established and funded, the monies may only be expended to finance retirement contributions to the TRS.

The Association of School Business Officials (ASBO) has provided a [Sample Board Resolution](#) to create a TRS Reserve Sub-Fund.

#### Contact Us

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