Choice and Quality Among Retirement Plans for Educators

Chad Aldeman and Brandon Lewis

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Introduction

In this paper, we compare the retirement benefits offered to public education employees, depending on whether they work in K-12 schools or public universities. K-12 teachers are likely to be enrolled in defined benefit (DB) pension plans, whereas higher education employees are more likely to be enrolled in or at least offered a defined contribution (DC) plan.

The roots of this disconnect started a century ago. In higher education, Andrew Carnegie provided funding for the creation of the Teachers Insurance and Annuity Association of America (TIAA) to provide retirement and life insurance policies to college professors. Carnegie saw mobility among higher education employees as a given and perhaps even a good thing, and the resulting retirement system, a forerunner to today's 401(k) plans, allowed for workers to change jobs and switch employers.

In contrast, states built their pension plans for K-12 teachers around a different vision. At the time, many forbade female teachers from marrying or having children, and those remaining in the profession often had no other dependable sources of income. To serve that population, states designed their pension plans for long-serving veterans, under the assumption that workers who left the profession earlier would be able to depend on other sources of income.

Over time, these two distinct visions have blurred somewhat, but the history of how they got started helps explain why retirement benefits look different for workers depending on whether they work in K-12 or higher education. While there's an extensive debate about which type of retirement plan — DB or DC — is better, we attempt to sidestep that debate by analyzing the quality of the benefits workers receive, regardless of the plan type. We do that by focusing on a few key variables:

» **Choice:** Do employees have a choice over their retirement plan?

» **Vesting:** How long do employees have to stay in the system to qualify for employer-provided retirement benefits?

» **Benefits:** What is the value of the benefits that employees receive from their employers?

» **Debt:** Has the plan built up unfunded obligations, and how much are employers contributing toward those unfunded liabilities?

» **Social Security:** Are employees covered by Social Security?

Compared to higher education employees, K-12 employees are less likely to have a choice over their retirement benefits, they must serve longer to qualify for a retirement benefit, their employers are contributing less toward employee benefits, their employers are diverting more money toward debt, and they are less likely to be covered by Social Security.

We chose these elements to compare retirement plans on equal footing. At least on these variables, we found that K-12 employees receive significantly worse retirement benefits than higher education employees. Although it varies by state, compared to higher education employees, K-12 employees are less likely to have a choice over their retirement benefits, they must serve longer to qualify for a retirement benefit, their employers are contributing less toward employee benefits, their employers are diverting more money toward debt, and they are less likely to be covered by Social Security.

The next section explains our methodology and the rationale for choosing these five variables. We then provide a state example and our national results before concluding with recommendations for state policymakers. The Appendix provides overviews of the retirement plan choices offered to K-12 and higher education employees in each state.

Methodology

To compare the retirement benefits in the K-12 and higher education sectors, we analyzed the retirement plans offered to employees hired in the fall of 2020, and we assumed they had no prior government service. In many cases, states are offering multiple tiers of benefits to employees that vary based on their hire date, but we focused solely on the retirement plans available to newly hired workers and ignored any plans or benefit tiers that were unavailable to new employees. Our analysis was strictly focused on public-sector employees working in either K-12 schools or public colleges and universities.

The first question we analyzed was whether employees had a choice over their employer-provided retirement plan. Where choice was available, we included all the options available. Because any employee, in any sector, can choose to save and invest additional money on their own, we ignored any plans without an employer contribution.

For the K-12 analysis, we focused on new teachers hired into statewide retirement plans. A few large cities, such as Chicago, Kansas City, and New York City, operate their own plans, but those are exceptions, and even those city plans tend to closely mirror the state plan benefit formulas.

For the higher education analysis, we focused on new faculty members hired at the state's flagship public university. In many but not all states, our analysis applies to employees at state colleges and community colleges.

Our national analysis focuses on the default retirement plan for employees who made no other affirmative decision. (See the state profiles in the Appendix for descriptions of the full range of choices available in each state, by sector.) In a few rare cases where we could not discern the default option for higher education employees, we used the plan listed first on the institution's website.

For employer contribution rates, we relied on university websites, state financial reports, and the Public Plans Database from the Boston College Center for Retirement Research.[1]

Comparing costs and benefits across DB and DC plans is not a perfect comparison due to differences in how the plans work. In a DC plan, the benefit an employee receives is directly related to the contributions made by their employer. The employer contribution rate is defined as a percentage of employee salary and, after vesting, the employee qualifies to withdraw the full employer contribution in their own investment accounts if they choose to leave.

In DB pension plans, however, employee benefits are not directly related to contributions. Instead, employee benefits are determined by formulas tied to the employee's salary and years of service. To make a comparison across plan types, we used two different components of pension plan contributions. The first is called the plan's "normal cost" of benefits, or the plan's own estimates about how much it needs to contribute today in order to pay the promised benefits in the future. To determine how much an employee might receive in future benefit payments, a DB plan has to project how long the employee will stay, how fast their salary will grow, and when they will retire. Because the benefits are guaranteed to continue throughout the recipient's life, the plans also have to estimate how long retirees will live and continue collecting their benefit. For a pension plan promising cost-of-living adjustments to retirees, those costs are also built into the projections, as are assumptions about how much a dollar invested today will be worth in the future. These factors are all combined to calculate the plan's normal cost.

DB plans do not always contribute what their actuaries recommend. For this analysis, the second component of pension plan contributions we chose to focus on is the portion of the employer contribution toward unfunded liabilities. We chose to focus on the actuarially required contribution rates, as reported by each plan. While some plans set their actual contribution rates lower than what is suggested by their actuaries, the actuarial rate reflects the plan's best guess as to what employers should be contributing. In addition, while there's an ongoing debate about the riskiness of public pension plan investment assumptions,[2] our numbers implicitly defer to each state's own projections of future investment returns.

If any of the assumptions about a plan's normal cost are wrong, or if the state contributes less than actuarially required contribution rates, the plan can accumulate what are known as "unfunded liabilities," and those costs must be built into the payments in subsequent years. (See Definitions of Key Terms on page 21.)

Readers may ask whether the comparison between K-12 and higher education retirement plans is a useful one. After all, if K-12 and higher education attract different types of workers, it would make sense for states to tailor their retirement plans accordingly. There are several reasons why we think this comparison is appropriate and useful.

This begs the question of why retirement plans in the K-12 and higher education sectors — serving similarly broad groups of employees and run by the same entities — nonetheless offer different benefits in the first place.

First, it's worth noting that, in many states, K-12 and higher education employees receive retirement benefits through the same entity, even if the plans offered to workers differ across the two sectors. This begs the question of why retirement plans in the K-12 and higher education sectors — serving similarly broad groups of employees and run by the same entities — nonetheless offer different benefits in the first place.

Second, both K-12 and higher education retirement plans cover many more employees than just those in teaching roles, who represent only a part of the workforce in each sector.[3] Even if instructional staff differ along some key dimensions, the other employees covered by the plans have much in common. The retirement plans in both K-12 and higher education cover secretaries, librarians, janitors, bus drivers, and other types of workers whose jobs may not look all that different across the two sectors.

Finally, the K-12 and higher education sectors have not tailored their retirement plans to attract different types of workers, or to serve different worker needs — at least not recently. Rather, the differences in retirement plans are due more to historical roots and inertia than intentional design. It is worth exploring how varying approaches across sectors meet the needs of K-12 and higher education employees in the modern workforce.

State Example: California

California presents a stark contrast in retirement plan choices among education employees. At the K-12 level, teachers and other employees are automatically enrolled in a defined benefit pension plan operated by the California State Teachers' Retirement System (CalSTRS). Its actuaries estimate that the plan's benefit promises are worth an average of 10.18% of teacher salary per year (the plan's normal cost of benefits). However, while that 10% employer normal cost may sound generous, CalSTRS members do not participate in Social Security, so California school districts avoid the 6.2% payroll tax that most other employers are legally obligated to make.

From a benefit standpoint, by not being in Social Security, California teachers are entirely dependent on their CalSTRS benefits to provide them with adequate retirement security, plus whatever they can save on their own. Unfortunately, researchers have found that CalSTRS members only truly benefit from the pension plan if they remain working in the system for 20 to 30 years.[4]

In addition, CalSTRS has accumulated an unfunded liability of $106 billion, and its actuaries estimate it needs employers to contribute an additional 16.55% of each employee's salary to pay down those liabilities over time.[5] The total actuarially required employer contribution — nearly 27% of each employee's salary — makes the plan appear more generous than it really is.

In contrast, new teaching staff at the University of California have a choice over their retirement plan. They can choose to participate in a DB plan called the Pension Choice plan, or they can opt for a defined contribution plan called the Savings Choice plan. The Pension Choice plan offers benefits in a structure similar to CalSTRS, except that it has a much higher employer contribution for benefits and a lower percentage of contributions (13.36%) going toward unfunded liability costs.

But UC employees can also select the Savings Choice plan, a defined contribution plan with a shorter vesting schedule (one year instead of five). Due to the pension benefit structure and the shorter vesting period, employees would likely earn a higher benefit under the Savings Choice plan in their first 10 to 15 years of employment.

In addition to offering a choice of plans, the University of California enrolls its employees in Social Security. Faculty at the University of California receive the nationally portable, progressive benefits that Social Security offers, while K-12 educators do not.

Table 1 Comparing Retirement Benefits in California's Schools

	California's K-12 schools	University of California's Pension Choice	University of California's Savings Choice
Choice: Do employees have a choice over their retirement plan?	No	Yes	Yes
Vesting: How long do employees have to work to qualify for employer retirement benefits?	5 years	5 years	1 year
Benefits: What percentage of salary do employers contribute toward employee benefits?	10.18%	20.2%	8%
Debt: What percentage of salary do employers contribute toward unfunded liabilities?	16.55%	13.36%	N/A
Social Security: Are employees covered by Social Security?	No	Yes	Yes

Note: Employee benefits refers to a DB plan's estimated "normal cost" of benefits or, in the case of the DC plan, the employer matching contribution.

Employees at the University of California can choose among different plans depending on their life plans or investing preferences. They can select a plan with a shorter vesting period, meaning they qualify for employer-provided retirement benefits earlier. In all cases, their employer is making a larger contribution toward their retirement than K-12 teachers receive. And University of California employees are covered by Social Security, whereas the state's K-12 teachers are not.

California is only one state, but it illustrates why state leaders may want to consider giving their K-12 employees the same retirement plan choices that they offer to their higher education employees. The next section breaks down the national results.

National Findings

Employee Choice

Some workers might prefer having control over their retirement plan. They might want to decide how much to save or choose a different investment strategy than what the state is pursuing. On the other hand, others may appreciate having those sorts of decisions made for them. For instance, there's a large body of research suggesting that workers are likely to stay with whatever default option the employer recommends. Workers, especially new ones, have a lot to figure out, and when given an option to join an employer-provided retirement plan, many new employees fail to make any decision at all. In the private sector, enrollment rates jump 25 to 35 percentage points when employers switch the default option to assume automatic enrollment. Similar research has found that employees are likely to follow default options on contribution rates and investment decisions.[6]

The "right" answer is likely to vary across individuals, but choice at the plan level at least allows employees to select a plan that best suits their needs.

The "right" answer is likely to vary across individuals, but choice at the plan level at least allows employees to select a plan that best suits their needs. Employers may not be able to design one retirement plan that fits all life patterns.

In the private sector, the most important (and most-studied) retirement plan choice is whether employees decide to participate at all. In public education, the participation decision is made for employees by states or higher education institutions. All K-12 employees are automatically enrolled in some type of retirement plan, and all but three states required higher education employees to participate in a retirement plan.[7]

For K-12 teachers, legislators control the *structure* of their retirement plans. At the plan level, only seven states offer K-12 employees a choice between two or more retirement plans. A few more states automatically put workers in hybrid plans that combine a DB pension and a DC account, and two states (Alaska and Florida) default new hires into a DC plan. But 39 states and the District of Columbia automatically default all new K-12 teachers into DB pension plans.

The specific benefit rules vary by state, but DB plans have a tendency to back-load benefits toward the end of the worker's career. Employees who remain in one pension system for their entire career do well under this arrangement. They qualify for a steady stream of monthly income that is guaranteed to continue throughout their lifetime. However, not all employees are equally well served by DB plans. A large body of research has found that teacher pension plans disproportionately reward very long-term employees at the expense of short- and medium-term workers.[8]

Beyond the participation question, most private-sector employees in 401(k) plans need to decide how much to contribute and how to invest their contributions. But that's not the case for K-12 teachers. Teachers, like all other employees, can always choose to save more on their own, but we found only two states — Virginia and Washington — that allowed teachers to select how much they contributed toward their employer retirement plan. Only one state — Alaska — gives teachers a direct say over their investments.[9]

In contrast, higher education employees are much more likely to have choices over their retirement. At the plan level, higher education employees in 28 states are offered a choice of two or more retirement plans. All told, higher education employees in 46 states and the District of Columbia have a choice over their retirement plan, their contribution rates, their investments, or all of the above. Only four states — Alabama, Hawaii, South Dakota, and Wisconsin — default their higher education employees into a DB plan and do not give them another, more portable option.[10]

All told, higher education employees in 46 states and the District of Columbia have a choice over their retirement plan, their contribution rates, their investments, or all of the above.

Although we believe employees benefit from having a choice over their retirement plan, choice alone does not matter if the options are not good ones. The following sections turn to questions of quality.

Vesting

Plans set limits on how long an employee must work before qualifying for employer-provided benefits. This minimum is called a "vesting" period. Employees who leave prior to vesting can withdraw their own contributions, sometimes with interest. But they typically forfeit any contributions their employer (or the state) has made on their behalf.[11]

To compare the vesting periods for K-12 and higher education employees, we start by looking at the default plan in each sector. For K-12 teachers, the median state has set its vesting period at five years, although the mean, or statistical average, is somewhat higher, at 6.3 years. The majority of states set their vesting period at five years, while 15 states have 10-year vesting requirements, and two more require eight years of service. In higher education, the median vesting period is also five years, although the statistical mean, or average, is only 4.2 years. Again, most states set a five-year vesting period for higher education employees, but 16 states offer immediate vesting to higher education employees (compared to only one state, Arizona, which does the same for K-12 employees).

These defaults are hiding some of the variation and options available to higher education employees. Once we split out the results by type of plan, it becomes clearer that the vesting policies applied to defined contribution plans are much lower than those for employees in the defined benefit plans. Table 2 below shows the median and average vesting period by plan type in each sector. As discussed above, higher education employees are much more likely to have a choice among both styles of plans. All states but Alaska are operating a defined benefit plan for newly hired K-12 teachers. Most of these are either DC or DB plans, but we also included in the table any so-called "hybrid" plans that included both defined benefit and defined contribution components in one plan.

In contrast, all but four states are operating defined contribution plans for higher education workers, either as standalone plans or as part of a hybrid. Those plans have a median vesting period of zero years; in those plans, employees are able to start collecting employer-provided retirement benefits in their first year of work.

Table 2 Comparing Vesting Rules for Public-Sector K-12 and Higher Education Employees

	K-12		Higher Education	
	DB Pension Plans	**DC Plans**	**DB Pension Plans**	**DC Plans**
Number of states offering a plan of this type	50	11	31	47
In the *median* state offering this type of plan, how long do employees have to stay to qualify for employer-provided retirement benefits?	5 years	4 years	7 years	0 years
In the *average* state offering this type of plan, how long do employees have to stay to qualify for employer-provided retirement benefits?	6.5 years	3.5 years	7.1 years	1.1 years

Note: Some states offer multiple plans. For hybrid plans, the defined benefit and defined contribution vesting rules are counted separately.

Longer vesting periods simply mean that employees have to stay longer to collect a retirement benefit from their employer. In a previous paper, Chad Aldeman and Andy Rotherham used state pension plan actuarial assumptions to estimate that, in the median state, less than half of all K-12 teachers will work long enough to vest.[12] In a follow-up paper, Chad Aldeman and Kelly Robson found that states do not assume that reaching the vesting point will have a discernible impact on teacher behavior.[13] From a broader perspective, this means that state and school district investments in pensions are not affecting the retention decisions for large numbers of teachers. Regardless of why teachers join the profession or how long they intend to stay, it's clear that qualifying for a pension is not enough to keep them in it. And as states increasingly rely on early-career teachers for stepped-up contributions to shore up their debt-challenged pension systems, this raises basic questions about fairness and equity in the teaching workforce.

K-12 teachers may even be making a rational financial decision to ignore vesting periods. Consider the case of a 25-year-old teacher who started their career in August of 2020 in Los Angeles, California. They are automatically enrolled in the CalSTRS DB plan. CalSTRS has a five-year vesting period, which means the employee first qualifies for retirement benefits in the year 2025, when they are 30 years old. If that individual leaves teaching at 30 years old, they won't be eligible to begin collecting the pension benefit until they turn 62, in the year 2057, and the pension at that point will be based on their salary in their final years of service three decades earlier. By the time they are able to begin collecting it, inflation will have significantly worn away their pension benefit.[14]

Vesting in defined contribution plans matters more. In a DC plan, the employer makes a contribution toward the employee's account as a percentage of the employee's salary. Employees qualify for those employer contributions only after they vest, and at that point the entire account balance is theirs to take with them. On balance, it's better for workers to have shorter vesting periods, but K-12 teachers are forced to wait much longer for retirement benefits than higher education employees are. The next section looks at the actual value of those benefits.

Benefits

For this section, we're looking solely at the amount of money employers spend on employee retirement benefits.[15] In the case of DB plans, this section looks at each plan's normal cost of benefits. The next section will turn to a comparison of the unfunded liability costs.

Table 3 shows the results across the two sectors. For K-12 teachers, the typical state offers a DB pension plan worth 4.4% of each employee's salary. The statistical average is slightly higher, at 5.2%, because there are a few outliers on the higher end. The DB pension plans offered to higher education employees are worth a median of 5.2% and an average of 5.9% of each employee's salary.

Employer contributions to DC plans in the K-12 sector are slightly higher than those for DB plans, with a median and a mean just under 6.0%. However, the DC plans offered to higher education employees are significantly higher, with the median and the mean both around 9% of a worker's salary. Again, not all of these plans are the default option, but higher education employees, on average, have access to much more generous retirement plans than K-12 employees do.

Table 3 Comparing Employer Contributions for Public-Sector K-12 and Higher Education Retirement Benefits

	K-12		Higher Education	
	DB Pension Plans	**DC Plans**	**DB Pension Plans**	**DC Plans**
Number of states offering a plan of this type	50	9	31	47
In the *median* state offering this type of plan, what percentage of salary do employers contribute toward employee benefits?	4.4%	5.5%	5.2%	9.0%
In the *average* state offering this type of plan, what percentage of salary do employers contribute toward employee benefits?	5.2%	5.9%	5.9%	8.9%

Note: "Employee benefits" refers to a DB plan's estimated "normal cost" of benefits or, in the case of a DC plan, the employer matching contribution. Some states offer more than one type of plan. For hybrid plans, we add the employer contributions to the defined benefit and defined contribution components, and we categorize them as DB plans for the purposes of this table. Figures exclude Social Security contributions.

Take Mississippi as an example. In Mississippi, both K-12 and higher education employees are automatically defaulted into a DB pension plan run by the Public Employees' Retirement System (PERS) of Mississippi. Plan members have to stay eight years to vest and qualify for a pension benefit. According to the plan's actuaries, the employer normal cost of benefits is only 1.22% of salary. That is, employers are only contributing 1.22% of each member's salary toward their benefits. In addition, employers are contributing 16.48% of each member's salary toward the plan's unfunded liabilities.[16]

Mississippi's K-12 employees have no option besides the PERS DB plan. But PERS runs another plan called the Optional Retirement Plan (ORP) for college and university employees. In the ORP plan, employers contribute 14.75% of salary toward member accounts, and employees qualify for those contributions immediately.[17] With administrative fees and a contribution toward the DB plan's unfunded liabilities, the contribution rates into the DB plan and the ORP plan are technically the same. But the benefits received by workers are very different. In Mississippi, it's theoretically possible that some long-serving veterans might receive a better benefit from the PERS DB plan, but, on average across all participants, the ORP plan is delivering a much more generous retirement benefit.

Debt

In theory, a well-run defined benefit pension plan could have the same vesting requirements and be as equally generous as a defined contribution plan. But in practice, many DB plans accumulate debt in the form of unfunded liabilities. Those unfunded liabilities mean that plans are making contributions in the present to pay for benefits earned in previous years that were not fully paid for at the time. As of the most recent data, the pension plans covering K-12 employees had accumulated unfunded liabilities totaling $642 billion.[18] As described above, this is the amount of money that plan actuaries estimate the plans are missing today in order to be fully funded. Again, this figure takes all of the plan assumptions around investment returns, salary growth, and mortality rates at face value.

As of the most recent data, the pension plans covering K-12 employees had accumulated unfunded liabilities totaling $642 billion.

Table 4 shows the costs of unfunded liabilities across the K-12 and higher education sectors. In the median state-run DB plan for K-12 workers, states and school districts are contributing 12.1% of each member's salary solely for unfunded liabilities. That is, the cost of unfunded liabilities are nearly three times as large as the value of the benefits delivered by the plans, and they eat up nearly three-quarters of the money going toward K-12 teacher retirement benefits.

The DB plans offered to higher education workers suffer from similar problems, coming in at a median cost of 13.3% of salary. Again, many of the DB plans are identical across the K-12 and higher education sectors, but Connecticut in particular stands out for enrolling higher education employees in a DB plan with extremely high costs. While it has an unfunded liability payment equal to 47.09% of salary each year, the plan estimates that the costs of its benefits are worth only 2.92% of salary. In other words, 94% of the plan's costs are going toward unfunded liabilities.

By definition, DC plans cannot accumulate any unfunded liabilities. The contributions to the plan are made out of current budgets, and there are no promises or assumptions about the future.

But we do count some DC plan contributions toward unfunded liabilities if the state requires a contribution toward the DB plan's unfunded liabilities regardless of what plan the member is in. States like Florida, Ohio, Pennsylvania, and Utah explicitly tie a portion of the employer contribution rate in DC plans as a way to pay off their DB plans' unfunded liabilities. We did not include any debts that were not tied to the employee's current retirement plan. For example, Alaska is carrying large unfunded liabilities for its closed state and teacher DB pension plans, but it ties the payments for those debts to the specific employees in those closed plans, not to new employees in the new plans. Regardless, higher education employees are less likely to be enrolled in retirement plans that are carrying high debt loads that inflate the total costs of the plan while not boosting benefits for active members.

Table 4 Comparing Employer Contributions for Public-Sector K-12 and Higher Education Unfunded Liabilities

	K-12		Higher Education	
	DB Pension Plans	**DC Plans**	**DB Pension Plans**	**DC Plans**
Number of states offering a plan of this type	50	9	31	47
In the *median* state offering this type of plan, what percentage of salary do employers contribute toward unfunded liabilities?	12.1%	0%	13.4%	0.0%
In the *average* state offering this type of plan, what percentage of salary do employers contribute toward unfunded liabilities?	13.1%	2.7%	13.3%	0.6%

Social Security

Retirement savings are often described as a three-legged stool: employer retirement plans, personal savings, and Social Security. As discussed above, the extent of employer-provided benefits will vary by job, and personal savings are a function of financial circumstances, investment returns, and planning foresight. That leaves Social Security which, for many American workers, is the most dependable and valuable portion of the three-legged model, providing a minimum threshold and solid plank of social insurance that is nationally portable from job to job.

Yet despite Social Security's importance, and its prominence as a political issue, many state and local government workers don't enjoy the benefits of Social Security. Beginning in the 1950s, state and local governments were given the option to enroll their workers in Social Security. A minority of states chose not to, on the theory that their state retirement plans could offer better benefits than Social Security could.[19] States that opted out do tend to offer slightly more generous benefits to make up for the fact that they don't offer Social Security coverage.[20] However, that trade-off works well for only a small group of workers — the few who spend their entire career in one place — while the majority of workers are worse off.

In fact, about 6.5 million active state and local government workers today lack the protection of Social Security. Those workers who lack Social Security face substantial uncertainty and depend more heavily on their employer retirement plans and their own personal savings.

For public-sector teachers who are not participating, neither they nor their employers contribute toward the 12.4% payroll tax that all other employees face. In theory, Congress requires state and local governments that are not participating in Social Security to provide their workers with retirement benefits that are at least as generous as Social Security. That rule protects workers who stay in one pension system for their full careers, but it fails to protect short- and medium-term workers. These workers would be better off in Social Security.[21] One study found that members enrolled in the DB pension plans offered to K-12 and higher education employees in Louisiana, Massachusetts, and Ohio would need to serve for 20, 22, or 21 consecutive years, respectively, before qualifying for a pension benefit that was as large as what Social Security could have provided.[22] Workers can still qualify for Social Security benefits before or after they leave teaching, but they're likely worse off than if they would have been covered for their entire career.

Too many public-sector workers today serve under retirement plans that provide sufficient benefits only to those who stay in one system for very long periods of time.

For the purposes of this paper, what's notable is that higher education employees are more likely than K-12 teachers to be covered by Social Security. Thirty-five states offer Social Security coverage to all of their education employees. On the opposite end, six states — Alaska, Illinois, Louisiana, Massachusetts, Nevada, and Ohio — do not offer Social Security coverage to workers in either education sector. Another nine states — California, Colorado, Connecticut, Georgia, Kentucky, Maine, Missouri, Rhode Island, and Texas — and the District of Columbia provide Social Security coverage to their higher education employees but not their K-12 teachers.

Too many public-sector workers today serve under retirement plans that provide sufficient benefits only to those who stay in one system for very long periods of time. That arrangement works for a small minority of workers who remain in a single system for their entire career and qualify for a sizable pension, but not at all for the majority of workers. Employees who don't vest in their state's pension system or who qualify for only a modest benefit are especially at risk.

Conclusions and Recommendations

This paper compared the retirement benefits offered to public-sector education employees. Due to their historical origins, retirement benefits are often different for K-12 and higher education employees. Unfortunately for K-12 teachers, their retirement benefits are not just different than those offered to higher education employees; they are often worse. Compared to higher education employees, K-12 teachers are less likely to have a choice in their retirement benefits, they have to serve longer to qualify for employer retirement benefits, those benefits are worth less, and their employers are more burdened by unfunded liabilities. Finally, there are nine states that offer Social Security benefits to their higher education employees and not to their K-12 employees.

The implications of these findings are clear:

» **Provide the same retirement plan options for all public-sector employees:** If a state provides employees in one sector a choice of their retirement plan, state leaders should open the plan to any employee who wants to join, regardless of sector.

» **Ensure the retirement plan choices are good ones:** State leaders should ensure all workers have access to high-quality retirement plan options, including vesting periods of three years or less, and that all plan members earn employer-provided retirement benefits worth at least 5-10% of salary for each year of service.

» **Extend Social Security coverage to all employees:** Social Security coverage is not sufficient as a standalone benefit, but it would provide a solid foundation for all workers and guarantee a steady accumulation of retirement wealth, regardless of any worker's long-term career path.

» **Use the power of default choices to "nudge" workers into positive retirement savings habits:** If a state offers a choice of retirement plans, it should set the default to the plan that provides retirement security to the greatest number of employees. DC plans should default workers into an adequate contribution rate and nudge them toward low-cost index funds that help them balance risks appropriately for their age.

Retirement security is a serious challenge for many Americans. Policymakers shouldn't make it even harder on those who choose to work in K-12 education for part of their career.

States with large unfunded liabilities in their DB plans should not let those costs prevent them from doing right by the next generation of workers. Change from traditional defined benefit plans need not be unworkable or unfavorable to teachers. There are viable alternate options that can improve financial sustainability while also helping workers save for retirement. Retirement security is a serious challenge for many Americans. Policymakers shouldn't make it even harder on those who choose to work in K-12 education for part of their career.

Definitions of Key Terms

Defined benefit (DB) plan: The employer in a DB plan defines the benefit or promised amount of money the employee will receive in retirement. The employer determines how much it will need to save today, and how that money should be invested, in order to pay benefits down the road. If its assumptions are wrong, DB plans can build up unfunded liabilities. To calculate a DB payout for a retiring employee, the formula consists of a "multiplier" (a percentage of the employee's salary, usually about 2%) multiplied by salary and years of service. A DB plan with a multiplier of 2% would pay an employee with a final salary of $50,000 and 25 years of service $25,000 a year in retirement. The employee would receive that amount every year until they die.

Defined contribution (DC) plan: In DC plans, the employer communicates in advance what percentage of an employee's salary it will contribute, or "match" to the employee's retirement account. Employees own the accounts and are typically responsible for deciding their own contributions and investments. Unlike DB plans, whereby the employer promises a benefit at some future point in time, employers must contribute to DC plans with real-time cash contributions and cannot build up unfunded liabilities.

Normal cost: DB plans typically break down the plan's costs in two ways: the amount of money needed to pay out future benefits to active members (the plan's "normal cost") and the cost of paying down any accumulated unfunded liabilities. Both costs are reported as a percentage of salary across all active employees participating in the plan. The normal cost is the amount of money a pension plan projects that it needs to contribute now to pay benefits in the future.

Unfunded liabilities: When a DB plan's assumptions are off, or if contributions are too low, the plan can accumulate unfunded liabilities. A plan's unfunded liabilities are not due in a single year, but they reflect under-saving for the payments owed to current and future retirees. Employers typically make payments toward unfunded liabilities as a percentage of salary across all active employees participating in the plan.

Appendix: State Overviews

Unless otherwise noted, data is drawn from Public Plans Data and the websites of relevant higher education institutions.

Public Plans Data. 2001-2021. Center for Retirement Research at Boston College, Center for State and Local Government Excellence, and National Association of State Retirement Administrators.

Alabama

Alabama does not offer its K-12 or higher education employees a choice over their retirement plans. Employees in both sectors are required to participate in the state's Teachers' Retirement System (TRS), a defined benefit pension program. Employees must stay in the system for 10 years before vesting. As of fall 2020, employers contribute 11.22% of each employee's salary toward the TRS system. Of that amount, only 1.27% goes toward employee benefits (the plan's "normal cost"), and 9.59% goes toward the plan's unfunded liabilities. Both K-12 and higher education employees participate in Social Security.

	Alabama K-12 Schools	University of Alabama Employees
Plan Type	DB	DB
Choice: Do employees have a choice over their retirement plans?	No	No
Vesting: How long do employees have to work to earn employer retirement benefits?	10 years	10 years
Benefits: What percentage of salary do employers contribute toward employee benefits?	1.27%	1.27%
Debt: What percentage of salary do employers contribute toward unfunded liabilities?	9.59%	9.59%
Social Security: Are employees covered by Social Security?	Yes	Yes

Alaska

New hires in Alaska's K-12 schools and the University of Alaska participate in a defined contribution plan. In both systems, employees hired prior to 2006 were enrolled in defined benefit plans run by the state. The state closed those DB plans due to large and growing unfunded liabilities, and it is still making large payments toward paying those down (although the payments are not assessed on current employees' salaries). In both sectors, employees vest after five years of service. K-12 employees receive a 7% employer contribution, whereas university employees receive a 5% employer contribution. Neither K-12 nor university employees are covered by Social Security.

	Alaska K-12 Schools	University of Alaska Employees
Plan Type	DC	DC
Choice: Do employees have a choice over their retirement plans?	No	No
Vesting: How long do employees have to work to earn employer retirement benefits?	5 years	5 years
Benefits: What percentage of salary do employers contribute toward employee benefits?	7%	5%
Debt: What percentage of salary do employers contribute toward unfunded liabilities?	N/A	N/A
Social Security: Are employees covered by Social Security?	No	No

Arizona

Arizona offers higher education employees a choice over their retirement plan, but not K-12 employees. K-12 teachers are automatically enrolled in a defined benefit plan run by Arizona State Retirement System (ASRS). ASRS members vest immediately, but they cannot withdraw their employer's contributions even if they leave. Between the state and its school districts, employers contribute 2.21% of each member's salary toward employee benefits (the plan's "normal cost"), and an additional 9.83% is needed to pay down the plan's unfunded liabilities. ASRS members participate in Social Security.

By contrast, the University of Arizona offers two retirement plans: The Arizona State Retirement System (ASRS) and the Optional Retirement Plan (ORP). Employees are required to choose one of the plans within the first 30 days of employment, and if no election is made employees are defaulted into the ASRS plan. Under the ORP, the university contributes 7% to an employee retirement account, and employees are fully vested in university contributions after five years of employment.

	Arizona K-12 Schools	University of Arizona Employees	University of Arizona Employees
Plan Type	DB	DB	DC
Choice: Do employees have a choice over their retirement plans?	No	Yes	Yes
Vesting: How long do employees have to work to earn employer retirement benefits?	N/A	N/A	5 years
Benefits: What percentage of salary do employers contribute toward employee benefits?	2.21%	2.21%	7%
Debt: What percentage of salary do employers contribute toward unfunded liabilities?	9.83%	9.83%	N/A
Social Security: Are employees covered by Social Security?	Yes	Yes	Yes

Arkansas

Arkansas K-12 employees do not have a choice in their retirement plan, and are automatically enrolled in a defined benefit plan run by the Arkansas Teacher Retirement System (ARTRS). ARTRS employees are vested in their retirement plan after five years of service. Employers contribute 6.45% of each member's salary toward employee benefits and an additional 8.55% to cover unfunded liabilities. ARTRS employees participate in Social Security.

New higher education employees at the University of Arkansas (UA) are required to participate in a defined contribution plan. UA contributes an amount equal to 5% of employee salary when the employee contributes 5% or less. UA matches any contributions employees make over 5%, up to a maximum of 10%. Employees are fully vested in university contributions after two years of consecutive employment, after the employee dies, reaches the age of 65, or becomes disabled. Higher education employees participate in Social Security.

	Arkansas K-12 Schools	University of Arkansas Employees
Plan Type	DB	DC
Choice: Do employees have a choice over their retirement plans?	No	No
Vesting: How long do employees have to work to earn employer retirement benefits?	5 years	2 years
Benefits: What percentage of salary do employers contribute toward employee benefits?	6.45%	5-10%
Debt: What percentage of salary do employers contribute toward unfunded liabilities?	8.55%	N/A
Social Security: Are employees covered by Social Security?	Yes	Yes

California

California offers its higher education employees a choice over their retirement plan, but not for K-12 employees. K-12 teachers are automatically enrolled in a defined benefit plan run by the California State Teachers' Retirement System (CalSTRS). CalSTRS members must stay in the system for five years before vesting. Between the state and its school districts, employers contribute 10.18% of each member's salary toward employee benefits (the plan's "normal cost"), and an additional 16.55% is needed to pay down the plan's unfunded liabilities. CalSTRS members do not participate in Social Security.

In contrast, University of California employees can choose either a defined benefit plan, known as Pension Choice, or a defined contribution plan called the Savings Choice plan. Employees in the Pension Choice Plan vest after five years; it has a normal cost of 20.2% and owes 13.36% of each member's salary toward the plan's unfunded liabilities. Employees who select the Savings Choice plan vest after one year and receive an employer contribution of 8% into their personal accounts. Members of both plans are covered by Social Security.

	California K-12 Schools	University of California Employees	University of California Employees
Plan Type	DB	DB	DC
Choice: Do employees have a choice over their retirement plans?	No	Yes	Yes
Vesting: How long do employees have to work to earn employer retirement benefits?	5 years	5 years	1 year
Benefits: What percentage of salary do employers contribute toward employee benefits?	10.18%	20.2%	8%
Debt: What percentage of salary do employers contribute toward unfunded liabilities?	16.55%	13.36%	N/A
Social Security: Are employees covered by Social Security?	No	Yes	Yes

Colorado

Colorado does not offer its K-12 or higher education employees a choice over their retirement plans. K-12 employees are automatically enrolled in a defined benefit plan operated by the Colorado Public Employees' Retirement Association (PERA). PERA members must stay in the system for five years before vesting. Employers contribute 2.48% of each member's salary toward benefits, and an additional 18.13% to cover unfunded liabilities. State employees, including PERA members, do not participate in Social Security.

Newly hired faculty and staff at the University of Colorado must participate in the university's defined contribution plan. The university contributes 10% to the employees' retirement plan, and all employee and employer contributions are immediately vested. Employees participate in Social Security.

	Colorado K-12 Schools	University of Colorado Employees
Plan Type	DB	DC
Choice: Do employees have a choice over their retirement plans?	No	No
Vesting: How long do employees have to work to earn employer retirement benefits?	5 years	Immediate
Benefits: What percentage of salary do employers contribute toward employee benefits?	2.48%	10%
Debt: What percentage of salary do employers contribute toward unfunded liabilities?	18.13%	N/A
Social Security: Are employees covered by Social Security?	No	Yes

Connecticut

Connecticut offers higher education employees a choice in retirement plans, but not K-12 employees. K-12 employees are automatically enrolled in a defined benefit plan operated by the Connecticut Teachers' Retirement System (CTRS). CTRS members must stay in the system for 10 years before vesting. Employers contribute 4.54% of each member's salary to employee benefits, and 27.5% to cover unfunded liabilities. CTRS members do not participate in Social Security.

By contrast, University of Connecticut employees can choose from three plans: the State Employees Retirement System Hybrid Plan, the Alternate Retirement Program, and the Teachers' Retirement System. If university faculty fail to elect a retirement plan, they will default into the Alternate Retirement Program, a defined contribution plan. Employees in the Alternate Retirement Program are immediately vested in their contributions, and receive a 6.5% contribution from their employer. Employees in this program participate in Social Security.

Alternatively, higher education employees may also choose to participate in the State Employees Retirement Hybrid plan, a defined benefit plan with a "cash out" option. This plan requires a minimum of 10 years of service before vesting. Employers contribute 1.92% of each member's salary toward Tier IV pension benefits, plus 1% toward the employee's defined contribution plan, and an additional 47.09% to cover the plan's unfunded liabilities. Members of the hybrid plan do participate in Social Security.

	Connecticut K-12 Schools	University of Connecticut Employees	University of Connecticut Employees
Plan Type	DB	Hybrid DB	DC
Choice: Do employees have a choice over their retirement plans?	No	Yes	Yes
Vesting: How long do employees have to work to earn employer retirement benefits?	10 years	10 years	Immediate
Benefits: What percentage of salary do employers contribute toward employee benefits?	4.54%	2.92%*	6.5%
Debt: What percentage of salary do employers contribute toward unfunded liabilities?	27.5%	47.09%	N/A
Social Security: Are employees covered by Social Security?	No	Yes	Yes

**Note:* The hybrid Tier IV has an employer normal cost of 1.92% of salary, plus a 1% employer contribution toward the employee's defined contribution account.

Delaware

Delaware offers higher education employees a choice in their retirement, but not K-12 employees. K-12 employees are automatically enrolled in a defined benefit plan operated by the Delaware Public Employees' Retirement System. Teachers must serve for a minimum of 10 years to be fully vested. As members of the state retirement system, teachers receive a 6.22% contribution from their employer toward their retirement benefits, while the state and employers make an additional 6.11% contribution toward unfunded liabilities. Participants in the state retirement system participate in Social Security.

Higher education employees at the University of Delaware can choose to participate in the state pension system or in the university 403(b) defined contribution plan. In the latter plan, employees are immediately vested in their contributions, and employers can contribute up to 11% in matching contributions toward employee retirement. Participants in the defined contribution system participate in Social Security.

	Delaware K-12 Schools	**University of Delaware Employees**	**University of Delaware Employees**
Plan Type	DB	DB	DC
Choice: Do employees have a choice over their retirement plans?	No	Yes	Yes
Vesting: How long do employees have to work to earn employer retirement benefits?	10	10	Immediate
Benefits: What percentage of salary do employers contribute toward employee benefits?	6.22%	6.22%	11%
Debt: What percentage of salary do employers contribute toward unfunded liabilities?	6.11%	6.11%	N/A
Social Security: Are employees covered by Social Security?	Yes	Yes	Yes

District of Columbia

D.C. K-12 employees do not have a choice in their retirement plan, and are automatically enrolled in a defined benefit plan offered by the District of Columbia Teachers' Retirement Plan. Plan employees are vested in their retirement plan after five years of service. Employers contribute 6.68% of each member's salary toward employee benefits, and an additional 5.64% to cover unfunded liabilities. K-12 employees do not participate in Social Security.

New higher education employees at the University of the District of Columbia (UDC) are required to participate in a defined contribution plan. UDC contributes 5% toward employee benefits. Employees are fully vested in university contributions after five years. Higher education employees do participate in Social Security.

	D.C. K-12 Schools	**University of the District of Columbia Employees**
Plan Type	DB	DC
Choice: Do employees have a choice over their retirement plans?	No	No
Vesting: How long do employees have to work to earn employer retirement benefits?	5 years	5 years
Benefits: What percentage of salary do employers contribute toward employee benefits?	6.68%	5%
Debt: What percentage of salary do employers contribute toward unfunded liabilities?	5.64%	N/A
Social Security: Are employees covered by Social Security?	No	Yes

Florida

Unlike most states, new teachers in Florida have a choice about what retirement plan they enroll in. By default, teachers are enrolled in the Florida Retirement System Investment Plan, a defined contribution plan. Employees are vested in the plan after one year of service, and receive an employer contribution of 3.3% toward retirement benefits.

Alternatively, teachers can choose to participate in the state defined benefit pension plan operated by the Florida Retirement System Pension Plan. For new hires, their retirement plan selection must be made on the last business day of the eighth month after their hire date. Teachers must serve for a minimum of eight years before they are vested, and employers make a 2.84% contribution toward employee retirement benefits and an additional 3.44% contribution toward unfunded liabilities. New teachers in both the DC and DB plans participate in Social Security.

New higher education employees in Florida also have a choice about what retirement plan they enroll in. By default, new employees are enrolled in the Investment Plan, a defined contribution plan. Employers contribute 3.3% toward employee retirement benefits, and employees are fully vested after one year of service. Alternatively, employees can choose to participate in the State University System Optional Retirement Program (SUSORP), a second defined contribution plan option. Employers contribute 5.14% toward employee contributions, and employees are vested immediately upon enrolling. The third and final option for Florida higher education employees is the state pension plan discussed above. New higher education employees do participate in Social Security regardless of which retirement plan they choose.

See table on next page

Florida

	Florida K-12 Schools	Florida K-12 Schools	Florida State University System Employees	Florida State University System Employees	Florida State University System Employees
Plan Type	DB	DC	DC	DC - ORP	DB
Choice: Do employees have a choice over their retirement plans?	Yes	Yes	Yes	Yes	Yes
Vesting: How long do employees have to work to earn employer retirement benefits?	8 years	1 year	1 year	Immediately	8 years
Benefits: What percentage of salary do employers contribute toward employee benefits?	2.84%	3.3%	3.3%	5.14%	2.84%
Debt: What percentage of salary do employers contribute toward unfunded liabilities?	3.44%	3.44%	3.44%	N/A	3.44%
Social Security: Are employees covered by Social Security?	Yes	Yes	Yes	Yes	Yes

Georgia

Georgia does not offer retirement options to K-12 employees, but does offer two options to higher education employees. New Georgia teachers are automatically enrolled in the Teachers Retirement System of Georgia, a defined benefit plan. New teachers must serve for 10 years before they are vested. Employers contribute 7.77% toward each member's retirement benefits, and an additional 13.37% toward unfunded liabilities. Teacher participation in Social Security varies by district in Georgia.

New higher education employees are, by default, enrolled in the Teachers Retirement System. But new employees can also choose to participate in the Optional Retirement Plan, a defined contribution plan. Employers contribute 9.24% toward employee benefits, and employees are immediately vested. Higher education employees do participate in Social Security.

	Georgia K-12 Schools	**University of Georgia Employees**	**University of Georgia Employees**
Plan Type	DB	DB	DC
Choice: Do employees have a choice over their retirement plans?	No	Yes	Yes
Vesting: How long do employees have to work to earn employer retirement benefits?	10 years	10 years	Immediate
Benefits: What percentage of salary do employers contribute toward employee benefits?	7.77%	7.77%	9.24%
Debt: What percentage of salary do employers contribute toward unfunded liabilities?	13.37%	13.37%	N/A
Social Security: Are employees covered by Social Security?	Varies by district	Yes	Yes

Hawaii

Hawaii does not offer choice to K-12 or higher education employees. Employees in both sectors are required to enroll in the state Employees' Retirement System (ERS) defined benefit plan, which covers all state employees. Education employees must serve for 10 years before they are fully vested in their contributions. Employers contribute 7.07% toward retirement benefits, and an additional 16.54% toward unfunded liabilities. Higher education and K-12 employees in Hawaii do participate in Social Security.

	Hawaii K-12 Schools	University of Hawaii Employees
Plan Type	DB	DB
Choice: Do employees have a choice over their retirement plans?	No	No
Vesting: How long do employees have to work to earn employer retirement benefits?	10 years	10 years
Benefits: What percentage of salary do employers contribute toward employee benefits?	7.07%	7.07%
Debt: What percentage of salary do employers contribute toward unfunded liabilities?	16.54%	16.54%
Social Security: Are employees covered by Social Security?	Yes	Yes

Idaho

Idaho does not offer K-12 or higher education employees a choice in their retirement plan. In Idaho, K-12 teachers are part of the Public Employee Retirement System of Idaho, which includes all state employees and is a defined benefit retirement plan. Employees must serve five years before they are vested in their retirement plan, while employers contribute 7.48% toward retirement benefits and 4.51% toward unfunded liabilities. K-12 teachers in Idaho do participate in Social Security.

By contrast, higher education employees at Idaho State University are required to participate in the state's Optional Retirement Plan, a defined contribution plan. Higher education employees are immediately vested in their contributions. The university contributes 9.26% toward employee retirement, and employees do participate in Social Security.

	Idaho K-12 Schools	**Idaho State University Employees**
Plan Type	DB	DC
Choice: Do employees have a choice over their retirement plans?	No	No
Vesting: How long do employees have to work to earn employer retirement benefits?	5 years	Immediate
Benefits: What percentage of salary do employers contribute toward employee benefits?	7.48%	9.26%
Debt: What percentage of salary do employers contribute toward unfunded liabilities?	4.51%	N/A
Social Security: Are employees covered by Social Security?	Yes	Yes

Illinois

Illinois does not offer K-12 employees a choice in their retirement plans, but does offer higher education employees a choice. New teachers in Illinois are automatically enrolled in the Teachers' Retirement System of the State of Illinois (TRS). The TRS is a defined benefit plan. Employees must serve for 10 years before they are vested. Employers contribute 9.85% to retirement benefits, and an additional 31.87% toward unfunded liabilities. K-12 teachers in Illinois do participate in Social Security.

By contrast, higher education employees in Illinois are enrolled in the State Universities Retirement System (SURS) and can choose from among three retirement plans. Higher education employees who do not make an election with six months of employment default into the traditional benefit plan, a defined benefit retirement plan. Employees must serve for 10 years before they are vested, and higher education employers contribute 12.29% toward retirement benefits, and an additional 34.51% toward unfunded liabilities. In addition to the traditional plan, SURS offers a second defined benefit plan called the portable benefit plan. The portable benefit plan has the same vesting schedule and employer contributions as the traditional benefit plan, but offers an enhanced lump sum benefit. Members who have less than five years of service prior to termination are eligible for a refund of all employee contributions and accumulated interest; members with five or more years of service at the time of termination are eligible for a refund of all employee contributions, all interest, and a dollar-for-dollar employer match from the state. Members who participate in the lump sum benefit forfeit all future benefits. The final option offered to SURS members is a defined contribution plan, referred to as the self-managed plan. Employees are vested in this plan after five years of service and receive a 7.60% contribution from employers. SURS participants are not eligible for Social Security coverage.

See table on next page

Illinois

	Illinois K-12 Schools	Illinois State University System Employees	Illinois State University System Employees	Illinois State University System Employees
Plan Type	DB	DB	DB – Portable	DC
Choice: Do employees have a choice over their retirement plans?	No	Yes	Yes	Yes
Vesting: How long do employees have to work to earn employer retirement benefits?	10 years	10 years	10 years	5 years
Benefits: What percentage of salary do employers contribute toward employee benefits?	9.85%	12.29%	12.29%	7.60%
Debt: What percentage of salary do employers contribute toward unfunded liabilities?	31.87%	34.51%	34.51%	N/A
Social Security: Are employees covered by Social Security?	No	No	No	No

Indiana

Indiana offers choice in retirement options to K-12, but not higher education employees. New K-12 employees are part of the Indiana Public Retirement System and are offered a choice between the Teachers' Retirement Fund (TRF) Hybrid Plan, which combines elements of a traditional defined benefit plan with a defined contribution plan, or Indiana's My Choice: Retirement Savings Plan, a traditional defined contribution plan. For new hires, their retirement plan selection must be made within 60 days of their start date. Employees in the TRF Hybrid Plan must stay in the system for 10 years before vesting. As of fall 2020, employers contribute 12.07% of each employee's salary toward the Hybrid Plan. Of that amount, 4.99% goes toward employee benefits, and 7.08% goes toward the plan's unfunded liabilities. K-12 employees who choose the My Choice plan must serve for five years before vesting, and receive a 5.5% contribution from the university toward retirement benefits. Both K-12 and higher education employees participate in Social Security.

Academic and professional staff employees at Indiana University are eligible for the Indiana University Retirement Plan, a defined contribution retirement plan. Employees must stay in the system for three years before vesting. The university contributes 10% toward employee retirement.

	Indiana K-12 Schools	Indiana K-12 Schools	Indiana University Employees
Plan Type	Hybrid	DC	DC
Choice: Do employees have a choice over their retirement plans?	Yes	Yes	No
Vesting: How long do employees have to work to earn employer retirement benefits?	10 years	5 years	3 years
Benefits: What percentage of salary do employers contribute toward employee benefits?	4.99%	5.5%	10%
Debt: What percentage of salary do employers contribute toward unfunded liabilities?	7.08%	N/A	N/A
Social Security: Are employees covered by Social Security?	Yes	Yes	Yes

Iowa

Iowa does not offer choice in retirement options to K-12, but does offer choice to higher education employees. K-12 teachers are automatically enrolled in the Iowa Public Employees' Retirement System (IPERS), a defined benefit pension. Employees in IPERS must stay in the system seven years before vesting. The state contributes 4.21% toward employee retirement, and an additional 5.02% toward unfunded liabilities. Both K-12 and higher education employees participate in Social Security.

Newly hired staff at the University of Iowa may choose to participate in either IPERS or the university-funded retirement plan (TIAA). Employees in IPERS must stay in the system seven years before vesting. For employees enrolled in IPERS, the university contributes 4.21% toward employee retirement, and an additional 5.02% toward unfunded liabilities. Employees enrolled in the university-funded retirement plan, a defined contribution plan, are immediately vested in all employee and university contributions. The university contribution increases gradually based on the length of employee service, and after five years all employees receive a 10% contribution from the university.

	Iowa K-12 Schools	University of Iowa Employees	University of Iowa Employees
Plan Type	DB	DB	DC
Choice: Do employees have a choice over their retirement plans?	No	Yes	Yes
Vesting: How long do employees have to work to earn employer retirement benefits?	7 years	7 years	Immediate
Benefits: What percentage of salary do employers contribute toward employee benefits?	4.21%	4.21%	10%
Debt: What percentage of salary do employers contribute toward unfunded liabilities?	5.02%	5.02%	N/A
Social Security: Are employees covered by Social Security?	Yes	Yes	Yes

Kansas

Kansas does not offer K-12 or higher education employees a choice in their retirement plan. In Kansas, K-12 teachers are part of the Kansas Public Employees Retirement System, which includes all state employees and is a defined benefit retirement plan. Employees must serve five years before they are vested in their retirement plan, while employers contribute 3% toward retirement benefits and 11.12% toward unfunded liabilities. Both K-12 and higher education employees participate in Social Security.

By contrast, higher education employees at the University of Kansas are required to participate in the Kansas Board of Regents' defined contribution plan. Higher education employees are immediately vested in their contributions. The university contributes 8.50% toward employee retirement.

	Kansas K-12 Schools	University of Kansas Employees
Plan Type	DB	DC
Choice: Do employees have a choice over their retirement plans?	No	No
Vesting: How long do employees have to work to earn employer retirement benefits?	5 years	Immediate
Benefits: What percentage of salary do employers contribute toward employee benefits?	3%	8.50%
Debt: What percentage of salary do employers contribute toward unfunded liabilities?	11.12%	N/A
Social Security: Are employees covered by Social Security?	Yes	Yes

Kentucky

Kentucky does not offer K-12 or higher education employees a choice in their retirement plan. In Kentucky, K-12 teachers are part of the Teachers' Retirement System of Kentucky, the largest public retirement system in the state and a defined benefit retirement plan. Employees must serve five years before they are vested in their retirement plan, while employers contribute 5.52% toward retirement benefits and 24.96% toward unfunded liabilities. K-12 employees do not participate in Social Security.

By contrast, higher education employees at the University of Kentucky are required to participate in the University of Kentucky Retirement Plan, a defined contribution plan. Higher education employees are vested in their contributions after three years. The university contributes 10% toward employee retirement. University employees do participate in Social Security.

	Kentucky K-12 Schools	University of Kentucky Employees
Plan Type	DB	DC
Choice: Do employees have a choice over their retirement plans?	No	No
Vesting: How long do employees have to work to earn employer retirement benefits?	5 years	3 years
Benefits: What percentage of salary do employers contribute toward employee benefits?	5.52%	10%
Debt: What percentage of salary do employers contribute toward unfunded liabilities?	24.96%	N/A
Social Security: Are employees covered by Social Security?	No	Yes

Louisiana

Louisiana does not offer choice in retirement options to K-12, but does offer choice to higher education employees. K-12 teachers are automatically enrolled in the Teachers' Retirement System of Louisiana (TRSL), a defined benefit pension. Employees in TRSL must stay in the system five years before vesting. The state contributes 3.18% toward employee retirement and an additional 22.12% toward unfunded liabilities. K-12 employees do not participate in Social Security.

Newly hired staff at Louisiana State University may choose to participate in either TRSL or the Optional Retirement Plan (ORP). Employees who elect to participate in the ORP must do so within the first 60 days of employment. Employees in TRSL must stay in the system five years before vesting. For employees enrolled in TRSL, the university contributes 3.18% toward employee retirement, and an additional 22.12% toward unfunded liabilities. Employees enrolled in the ORP, a defined contribution plan, are vested in all employee and university contributions after five years. The university contributes 6% toward ORP retirement benefits. Higher education employees do not participate in Social Security.

	Louisiana K-12 Schools	**Louisiana State University Employees**	**Louisiana State University Employees**
Plan Type	DB	DB	DC
Choice: Do employees have a choice over their retirement plans?	No	Yes	Yes
Vesting: How long do employees have to work to earn employer retirement benefits?	5 years	5 years	5 years
Benefits: What percentage of salary do employers contribute toward employee benefits?	3.18%	3.18%	6%
Debt: What percentage of salary do employers contribute toward unfunded liabilities?	22.12%	22.12%	N/A
Social Security: Are employees covered by Social Security?	No	No	No

Maine

Maine does not offer K-12 or higher education employees a choice in their retirement plan. In Maine, K-12 teachers are part of the Maine Public Employees Retirement System, which includes all state employees and is a defined benefit retirement plan. Employees must serve five years before they are vested in their retirement plan, while employers contribute 3.98% toward retirement benefits and 16.08% toward unfunded liabilities. K-12 employees do not participate in Social Security.

By contrast, new higher education employees in the University of Maine system must participate in the University of Maine System Basic Retirement Plan for Classified Employees, a defined contribution plan. Higher education employees are vested in their contributions after four years. The university contributes up to 10% toward employee retirement. University employees do participate in Social Security.

	Maine K-12 Schools	University of Maine Employees
Plan Type	DB	DC
Choice: Do employees have a choice over their retirement plans?	No	No
Vesting: How long do employees have to work to earn employer retirement benefits?	5 years	4 years
Benefits: What percentage of salary do employers contribute toward employee benefits?	3.98%	10%
Debt: What percentage of salary do employers contribute toward unfunded liabilities?	16.08%	N/A
Social Security: Are employees covered by Social Security?	No	Yes

Maryland

Maryland does not offer choice in retirement options to K-12, but does offer choice to higher education employees. K-12 teachers are automatically enrolled in the Maryland State Retirement and Pension System, a defined benefit pension. Employees in the state pension system must stay in the system 10 years before vesting. The state contributes 4.33% toward employee retirement and an additional 14.96% toward unfunded liabilities. K-12 employees do participate in Social Security.

Newly hired staff at the University of Maryland may choose to participate in either the state pension system described above or the Optional Retirement Plan (ORP). Employees who elect to participate in the ORP must do so on their first day of employment or they default into the state pension system. Employees in the state pension system must stay in the system 10 years before vesting. For employees enrolled in the state pension system, the university contributes 4.33% toward employee retirement and an additional 14.96% toward unfunded liabilities. Employees enrolled in the ORP, a defined contribution plan, are immediately vested in all employee and university contributions. The university contributes 7.25% toward ORP retirement benefits. Higher education employees do participate in Social Security.

	Maryland K-12 Schools	University of Maryland Employees	University of Maryland Employees
Plan Type	DB	DB	DC
Choice: Do employees have a choice over their retirement plans?	No	Yes	Yes
Vesting: How long do employees have to work to earn employer retirement benefits?	10 years	10 years	Immediate
Benefits: What percentage of salary do employers contribute toward employee benefits?	4.33%	4.33%	7.25%
Debt: What percentage of salary do employers contribute toward unfunded liabilities?	14.96%	14.96%	N/A
Social Security: Are employees covered by Social Security?	Yes	Yes	Yes

Massachusetts

Massachusetts does not offer choice in retirement options to K-12, but does offer choice to higher education employees. K-12 teachers are automatically enrolled in the Massachusetts Teachers' Retirement System, a defined benefit pension. Employees in the state pension system must stay in the system 10 years before vesting. The state contributes 3.59% toward employee retirement and an additional 16.03% toward unfunded liabilities. K-12 employees do not participate in Social Security.

Newly hired staff with the state's higher education system may choose to participate in either the State Employees' Retirement System (SERS) or the Optional Retirement Plan (ORP). Employees in SERS must stay in the system 10 years before vesting. For employees enrolled in the SERS system, the university contributes 5.29% toward employee retirement, and an additional 9.12% toward unfunded liabilities. Employees enrolled in the ORP, a defined contribution plan, are immediately vested in all employee and university contributions. The university contributes 5% toward ORP retirement benefits. Higher education employees do not participate in Social Security.

	Massachusetts K-12 Schools	State University System Employees	State University System Employees
Plan Type	DB	DB	DC
Choice: Do employees have a choice over their retirement plans?	No	Yes	Yes
Vesting: How long do employees have to work to earn employer retirement benefits?	10 years	10 years	Immediate
Benefits: What percentage of salary do employers contribute toward employee benefits?	3.59%	5.29%	5%
Debt: What percentage of salary do employers contribute toward unfunded liabilities?	16.03%	9.12%	N/A
Social Security: Are employees covered by Social Security?	No	No	No

Michigan

Michigan offers choice in retirement options to K-12, but not higher education employees. New K-12 employees are part of the Michigan Public School Employees' Retirement System and are offered a choice between the Defined Contribution (DC) plan or the Pension Plus 2 plan, a hybrid plan that combines elements of a defined benefit pension plan and a DC plan. Teachers default into the DC plan unless they elect the pension plan. Teachers enrolled in the DC plan must serve for four years before they are fully vested in their contributions. The state contributes 3% to teachers enrolled in the DC plan. Alternatively, teachers can choose to enroll in the Pension Plus 2 plan, which requires a 10-year vesting period. Employers contribute 6.93% toward retirement benefits and an additional 21.36% toward unfunded liabilities. K-12 employees do participate in Social Security.

By contrast, employees at the University of Michigan over the age of 35 are required to participate in the Basic Retirement Plan, a defined contribution plan. Higher education employees are immediately vested in their contributions. The university contributes 10% toward employee retirement. University employees do participate in Social Security.

	Michigan K-12 Schools	**Michigan K-12 Schools**	**University of Michigan Employees**
Plan Type	DC	Hybrid	DC
Choice: Do employees have a choice over their retirement plans?	Yes	Yes	No
Vesting: How long do employees have to work to earn employer retirement benefits?	4 years	10 years	Immediate
Benefits: What percentage of salary do employers contribute toward employee benefits?	3%	6.93%	10%
Debt: What percentage of salary do employers contribute toward unfunded liabilities?	N/A	21.36%	N/A
Social Security: Are employees covered by Social Security?	Yes	Yes	Yes

Minnesota

Minnesota does not offer choice in retirement options to K-12 or higher education employees. K-12 teachers are automatically enrolled in the Minnesota Teachers Retirement Association retirement plan, a defined benefit pension. Employees in the teacher retirement system must stay in the system three years before vesting. The state contributes 1.61% toward employee retirement, and an additional 8.07% toward unfunded liabilities. K-12 employees do participate in Social Security.

Newly hired staff at the University of Minnesota can participate in the university Faculty Retirement Plan, a defined contribution plan. Employees enrolled in the Faculty Retirement Plan are immediately vested in their contributions and receive a 10% contribution from the university. Higher education employees do participate in Social Security.

	Minnesota K-12 Schools	University of Minnesota Employees
Plan Type	DB	DC
Choice: Do employees have a choice over their retirement plans?	No	No
Vesting: How long do employees have to work to earn employer retirement benefits?	3 years	Immediate
Benefits: What percentage of salary do employers contribute toward employee benefits?	1.61%	10%
Debt: What percentage of salary do employers contribute toward unfunded liabilities?	8.07%	N/A
Social Security: Are employees covered by Social Security?	Yes	Yes

Mississippi

Mississippi offers higher education employees a choice over their retirement plan, but not K-12 employees. K-12 teachers are automatically enrolled in a defined benefit plan run by the Public Employees' Retirement System (PERS) of Mississippi. Members vest in their contributions after eight years. Between the state and its school districts, employers contribute 1.22% of each member's salary toward employee benefits, and an additional 16.48% is needed to pay down the plan's unfunded liabilities. Members in the state defined benefit plan do participate in Social Security.

By contrast, the University of Mississippi offers two retirement plans: PERS or the Optional Retirement Plan. Employees are required to choose between the plans and if no election is made within 30 days, employees default into the PERS. Similar to K-12 teachers, the university contributes 1.22% of each employee's salary toward employee benefits, and contributes an additional 16.48% toward unfunded liabilities for employees enrolled in PERS. Higher education employees enrolled in PERS must serve for eight years before vesting. Employees who choose the Optional Retirement Plan are immediately vested in both employer and employee contributions. The university contributes 14.75% toward employee retirement, and an additional 2.48% to cover unfunded liabilities. University employees do participate in Social Security.

	Mississippi K-12 Schools	University of Mississippi Employees	University of Mississippi Employees
Plan Type	DB	DB	DC
Choice: Do employees have a choice over their retirement plans?	No	Yes	Yes
Vesting: How long do employees have to work to earn employer retirement benefits?	8 years	8 years	Immediate
Benefits: What percentage of salary do employers contribute toward employee benefits?	1.22%	1.22%	14.75%
Debt: What percentage of salary do employers contribute toward unfunded liabilities?	16.48%	16.48%	2.48%
Social Security: Are employees covered by Social Security?	Yes	Yes	Yes

Missouri

Missouri does not offer K-12 or higher education employees a choice in their retirement plan. In Missouri, K-12 teachers are enrolled in a defined benefit pension plan operated by the Public School and Education Employee Retirement Systems (PSRS). Employees must serve five years before they are vested in their retirement plan, while employers contribute 2.95% toward retirement benefits and 11.55% toward unfunded liabilities. K-12 employees do not participate in Social Security.

By contrast, newly hired higher education employees in the University of Missouri system must enroll in the university defined contribution plan. Higher education employees are vested in their contributions after three years. The university contributes up to 8% toward employee retirement. University employees do participate in Social Security.

	Missouri K-12 Schools	University of Missouri System Employees
Plan Type	DB	DC
Choice: Do employees have a choice over their retirement plans?	No	No
Vesting: How long do employees have to work to earn employer retirement benefits?	5 years	3 years
Benefits: What percentage of salary do employers contribute toward employee benefits?	2.95%	8%
Debt: What percentage of salary do employers contribute toward unfunded liabilities?	11.55%	N/A
Social Security: Are employees covered by Social Security?	No	Yes

Montana

Montana does not offer K-12 or higher education employees a choice in their retirement plan. In Montana, K-12 teachers are enrolled in a defined benefit pension plan operated by the Montana Teachers' Retirement System. Employees must serve five years before they are vested in their retirement plan, while employers contribute 1.63% toward retirement benefits and 9.93% toward unfunded liabilities. K-12 employees do participate in Social Security.

By contrast, newly hired higher education employees in the Montana University System must enroll in the university defined contribution plan. Higher education employees are immediately vested in their contributions. The university contributes up to 5.96% toward employee retirement and an additional 4.72% toward unfunded liabilities. University employees do participate in Social Security.

	Montana K-12 Schools	**Montana University System Employees**
Plan Type	DB	DC
Choice: Do employees have a choice over their retirement plans?	No	No
Vesting: How long do employees have to work to earn employer retirement benefits?	5 years	Immediate
Benefits: What percentage of salary do employers contribute toward employee benefits?	1.63%	5.96%
Debt: What percentage of salary do employers contribute toward unfunded liabilities?	9.93%	4.72%
Social Security: Are employees covered by Social Security?	Yes	Yes

Nebraska

Nebraska does not offer K-12 or higher education employees a choice in their retirement plan. In Nebraska, K-12 teachers are enrolled in a defined benefit pension plan operated by the Nebraska School Employees Retirement System (NSERS). Employees must serve five years before they are vested in their retirement plan, while employers contribute 3.57% toward retirement benefits and 5.07% toward unfunded liabilities. K-12 employees do participate in Social Security.

By contrast, newly hired higher education employees over the age of 30 at the University of Nebraska must enroll in the university defined contribution plan. Higher education employees are immediately vested in their contributions. The university contributes up to 8% toward employee retirement. University employees do participate in Social Security.

	Nebraska K-12 Schools	University of Nebraska Employees
Plan Type	DB	DC
Choice: Do employees have a choice over their retirement plans?	No	No
Vesting: How long do employees have to work to earn employer retirement benefits?	5 years	Immediate
Benefits: What percentage of salary do employers contribute toward employee benefits?	3.57%	8%
Debt: What percentage of salary do employers contribute toward unfunded liabilities?	5.07%	N/A
Social Security: Are employees covered by Social Security?	Yes	Yes

Nevada

Nevada does not offer K-12 or higher education employees a choice in their retirement plan. In Nevada, K-12 teachers are enrolled in a defined benefit pension plan operated by the Nevada Public Employees' Retirement System. Employees must serve five years before they are vested in their retirement plan, while employers contribute 12.97% toward retirement benefits and 10.11% toward unfunded liabilities. K-12 employees do participate in Social Security.

By contrast, newly hired higher education employees within the Nevada System of Higher Education (NSHE) must enroll in the system wide defined contribution plan. Higher education employees are immediately vested in their contributions. The university contributes up to 15.25% toward employee retirement. University employees do not participate in Social Security.

	Nevada K-12 Schools	Nevada System of Higher Education Employees
Plan Type	DB	DC
Choice: Do employees have a choice over their retirement plans?	No	No
Vesting: How long do employees have to work to earn employer retirement benefits?	5 years	Immediate
Benefits: What percentage of salary do employers contribute toward employee benefits?	12.97%	15.25%
Debt: What percentage of salary do employers contribute toward unfunded liabilities?	10.11%	N/A
Social Security: Are employees covered by Social Security?	No	No

New Hampshire

New Hampshire does not offer K-12 or higher education employees a choice in their retirement plan. In New Hampshire, K-12 teachers are enrolled in a defined benefit pension plan operated by the New Hampshire Retirement System. Employees must serve 10 years before they are vested in their retirement plan, while employers contribute 3.35% toward retirement benefits and 15.33% toward unfunded liabilities. K-12 employees do participate in Social Security.

By contrast, newly hired higher education employees within the University System of New Hampshire can enroll in the system defined contribution plan. Higher education employees are vested in their contributions after three years. The university contributes up to 10% toward employee retirement. University employees do participate in Social Security.

	New Hampshire K-12 Schools	University System of New Hampshire Employees
Plan Type	DB	DC
Choice: Do employees have a choice over their retirement plans?	No	No
Vesting: How long do employees have to work to earn employer retirement benefits?	10 years	3 years
Benefits: What percentage of salary do employers contribute toward employee benefits?	3.35%	10%
Debt: What percentage of salary do employers contribute toward unfunded liabilities?	15.33%	N/A
Social Security: Are employees covered by Social Security?	Yes	Yes

New Jersey

New Jersey does not offer choice in retirement options to K-12, but does offer choice to higher education employees. K-12 teachers are automatically enrolled in the New Jersey Teachers' Pension and Annuity Fund, a defined benefit pension. Employees in the state pension system must stay in the system 10 years before vesting. The state contributes to 3.58% toward employee retirement, and an additional 20.39% toward unfunded liabilities. K-12 employees do participate in Social Security.

Newly hired staff at Rutgers University may choose to participate in either the Public Employees' Retirement System (PERS), a defined benefit pension plan, or the Alternative Benefit Program (ABP), a defined contribution plan. Employees in PERS must stay in the system 10 years before vesting. For employees enrolled in the PERS system, the university contributes 3.36% toward employee retirement and an additional 22.12% toward unfunded liabilities. Employees enrolled in the ABP are vested in all employee and university contributions after one year. The university contributes 8% toward ABP retirement benefits. Higher education employees do participate in Social Security.

	New Jersey K-12 Schools	Rutgers University Employees	Rutgers University Employees
Plan Type	DB	DB	DC
Choice: Do employees have a choice over their retirement plans?	No	Yes	Yes
Vesting: How long do employees have to work to earn employer retirement benefits?	10 years	10 years	1 year
Benefits: What percentage of salary do employers contribute toward employee benefits?	3.58%	3.36%	8%
Debt: What percentage of salary do employers contribute toward unfunded liabilities?	20.39%	22.12%	N/A
Social Security: Are employees covered by Social Security?	Yes	Yes	Yes

New Mexico

New Mexico does not offer choice in retirement options to K-12, but does offer choice to higher education employees. In New Mexico, K-12 teachers are enrolled in a defined benefit pension plan operated by the New Mexico Educational Retirement Board (ERB). Employees in the state pension system must stay in the system five years before vesting. The state contributes 2.98% toward employee retirement and an additional 16.03% toward unfunded liabilities. K-12 employees do participate in Social Security.

Newly hired staff at the University of New Mexico may choose to participate in either the Alternative Retirement Plan (ARP), a defined contribution plan, or the ERB, a defined benefit plan. Employees in the ERB system must stay in the system five years before vesting. For employees enrolled in the ERB system, the university contributes 2.98% toward employee retirement and an additional 16.03% toward unfunded liabilities. Employees enrolled in the ARP are immediately vested in all employee and university contributions. The university contributes 10.90% toward ARP retirement benefits. Higher education employees do participate in Social Security.

	New Mexico K-12 Schools	University of New Mexico Employees	University of New Mexico Employees
Plan Type	DB	DB	DC
Choice: Do employees have a choice over their retirement plans?	No	Yes	Yes
Vesting: How long do employees have to work to earn employer retirement benefits?	5 years	5 years	Immediate
Benefits: What percentage of salary do employers contribute toward employee benefits?	2.98%	2.98%	10.90%
Debt: What percentage of salary do employers contribute toward unfunded liabilities?	16.03%	16.03%	N/A
Social Security: Are employees covered by Social Security?	Yes	Yes	Yes

New York

New York does not offer choice in retirement options to K-12, but does offer choice to higher education employees. In New York, K-12 teachers are enrolled in a defined benefit pension plan operated by the New York State Teachers' Retirement System (TRS). Employees in the state pension system must stay in the system 10 years before vesting. The state contributes 13.30% toward employee retirement and an additional 24.40% toward unfunded liabilities. K-12 employees do participate in Social Security.

Newly hired staff with the State University of New York (SUNY) may choose to participate in either the TRS, a defined benefit pension plan, or the SUNY Optional Retirement Program (ORP), a defined contribution plan. Employees in the TRS system must stay in the system 10 years before vesting. For employees enrolled in the TRS system, the university contributes 13.30% toward employee retirement and an additional 24.40% toward unfunded liabilities. Employees enrolled in the ORP are immediately vested in all employee and university contributions after one year. The university contributes 8% toward ORP retirement benefits. Higher education employees do participate in Social Security.

	New York K-12 Schools	SUNY Employees	SUNY Employees
Plan Type	DB	DB	DC
Choice: Do employees have a choice over their retirement plans?	No	Yes	Yes
Vesting: How long do employees have to work to earn employer retirement benefits?	10 years	10 years	1 year
Benefits: What percentage of salary do employers contribute toward employee benefits?	13.30%	13.30%	8%
Debt: What percentage of salary do employers contribute toward unfunded liabilities?	24.40%	24.40%	N/A
Social Security: Are employees covered by Social Security?	Yes	Yes	Yes

North Carolina

North Carolina does not offer choice in retirement options to K-12, but does offer choice to higher education employees. K-12 teachers are enrolled in a defined benefit pension plan operated by the North Carolina Teachers' and State Employees' Retirement System (TSERS). Employees in the state pension system must stay in the system five years before vesting. The state contributes 5.18% toward employee retirement and an additional 10.19% toward unfunded liabilities. K-12 employees do participate in Social Security.

Newly hired staff with the University of North Carolina at Chapel Hill may choose to participate in either the TSERS, a defined benefit pension plan, or the Optional Retirement Program (ORP), a defined contribution plan. Employees in TSERS must stay in the system five years before vesting. For employees enrolled in the TRS system, the university contributes 5.18% toward employee retirement and an additional 10.19% toward unfunded liabilities. Employees enrolled in the ORP are vested in all employee and university contributions after five years of service. The university contributes 6.84% toward ORP retirement benefits. Higher education employees do participate in Social Security.

	North Carolina K-12 Schools	**UNC Employees**	**UNC Employees**
Plan Type	DB	DB	DC
Choice: Do employees have a choice over their retirement plans?	No	Yes	Yes
Vesting: How long do employees have to work to earn employer retirement benefits?	5 years	5 years	5 years
Benefits: What percentage of salary do employers contribute toward employee benefits?	5.18%	5.18%	6.84%
Debt: What percentage of salary do employers contribute toward unfunded liabilities?	10.19%	10.19%	N/A
Social Security: Are employees covered by Social Security?	Yes	Yes	Yes

North Dakota

North Dakota does not offer K-12 or higher education employees a choice in their retirement plan. In North Dakota, K-12 teachers are enrolled in a defined benefit pension plan operated by the North Dakota Teachers' Retirement Fund. Employees must serve five years before they are vested in their retirement plan, while employers contribute .14% toward retirement benefits and 12.70% toward unfunded liabilities. K-12 employees do participate in Social Security.

By contrast, newly hired higher education employees within the University of North Dakota can enroll in the system defined contribution plan. Higher education employees are immediately vested in their contributions. The university contributes up to 13% toward employee retirement. University employees do participate in Social Security.

	North Dakota K-12 Schools	University of North Dakota Employees
Plan Type	DB	DC
Choice: Do employees have a choice over their retirement plans?	No	No
Vesting: How long do employees have to work to earn employer retirement benefits?	5 years	Immediate
Benefits: What percentage of salary do employers contribute toward employee benefits?	.14%	13%
Debt: What percentage of salary do employers contribute toward unfunded liabilities?	12.70%	N/A
Social Security: Are employees covered by Social Security?	Yes	Yes

Ohio

Ohio does offer choice in retirement options to K-12 and to higher education employees. In Ohio, K-12 teachers have 180 days from their first day of paid service to select from three possible plans: a defined benefit plan, a hybrid plan, or a defined contribution plan. Employees who do not make a selection within 180 days are automatically enrolled in a defined benefit pension plan operated by the State Teachers Retirement System (STRS) of Ohio. Employees in the state defined benefit system must stay in the system five years before vesting. The state contributes 0% toward employee retirement and 14% toward unfunded liabilities. Employees enrolled in the defined contribution plan must serve for five years before vesting. The state contributes 9.53% toward employee retirement and an additional 4.57% toward unfunded liabilities. The same vesting rules apply for the DB and DC portions of the hybrid plan, and employers only contribute to the DB portion of the plan. K-12 employees do not participate in Social Security.

Newly hired faculty staff with Ohio State University are automatically enrolled in a defined benefit plan run by STRS, but they may choose to participate in a hybrid or defined contribution plan run by STRS or the Alternative Retirement Plan (ARP), a defined contribution plan. New hired employees must elect a retirement plan within 120 days of their hire date. If no election is made, they will default to the STRS DB plan. Employees enrolled in the ARP are immediately vested in all employee and university contributions. The university contributes 9.53% toward ARP retirement benefits and an additional 4.57% toward unfunded liabilities. Employees in the state pension system must stay in the system five years before vesting. For employees enrolled in the state pension system, the university contributes 0% toward employee retirement and 14% toward unfunded liabilities. Higher education employees do not participate in Social Security.

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Ohio

	Ohio K-12 Schools	Ohio K-12 Schools	Ohio State University Employees	Ohio State University Employees
Plan Type	DB	DC	DB	DC
Choice: Do employees have a choice over their retirement plans?	Yes	Yes	Yes	Yes
Vesting: How long do employees have to work to earn employer retirement benefits?	5 years	5 years	5 years	Immediate
Benefits: What percentage of salary do employers contribute toward employee benefits?	0%	9.53%	0%	9.53%
Debt: What percentage of salary do employers contribute toward unfunded liabilities?	14%	4.57%	14%	4.57%
Social Security: Are employees covered by Social Security?	No	No	No	No

Oklahoma

Oklahoma does not offer choice in retirement options to K-12, but does offer choice to higher education employees. In Oklahoma, K-12 teachers are enrolled in a defined benefit pension plan operated by the Teachers' Retirement System of Oklahoma (TRS). Employees in the state pension system must stay in the system five years before vesting. The state contributes 3.31% toward employee retirement and an additional 13.79% toward unfunded liabilities. K-12 employees do participate in Social Security.

Newly hired staff with the University of Oklahoma may choose to participate in either the TRS, a defined benefit pension plan, or a defined contribution plan. Oklahoma is unique in that with both options, the university contributes money to defined contribution plans. The amount of the contribution depends on which plan employees choose. Employees in TRS must stay in the system seven years before vesting. For employees enrolled in the TRS system, the university contributes 11% toward employee retirement and an additional 13.79% toward unfunded liabilities. Employees enrolled in the defined contribution plan are vested in all employee and university contributions after three years of service. The university contributes 9% toward retirement benefits. Higher education employees do participate in Social Security.

	Oklahoma K-12 Schools	University of Oklahoma Employees	University of Oklahoma Employees
Plan Type	DB	DB	DC
Choice: Do employees have a choice over their retirement plans?	No	Yes	Yes
Vesting: How long do employees have to work to earn employer retirement benefits?	5 years	7 years	3 years
Benefits: What percentage of salary do employers contribute toward employee benefits?	3.31%	11%	9%
Debt: What percentage of salary do employers contribute toward unfunded liabilities?	13.79%	13.79%	N/A
Social Security: Are employees covered by Social Security?	Yes	Yes	Yes

Oregon

Oregon does not offer choice in retirement options to K-12, but does offer choice to higher education employees. In Oregon, K-12 teachers are enrolled in a defined benefit pension plan operated by the Oregon Public Employees Retirement System (PERS). Oregon's K-12 retirement system is technically a hybrid, because it includes both defined benefit and defined contribution components. For each of these components, employees in the hybrid system must stay in the system five years before vesting. The state contributes 11.45% toward employee retirement and an additional 6.40% toward unfunded liabilities. K-12 employees do participate in Social Security.

Newly hired staff with the University of Oregon may choose to participate in either the PERS, a defined benefit hybrid pension plan, or the Optional Retirement Plan (ORP), a defined contribution plan. Employees in PERS must stay in the system five years before vesting. For employees enrolled in the TRS system, the university contributes 6% toward employee retirement and an additional 16.13% toward unfunded liabilities. Employees enrolled in the ORP are vested in all employee and university contributions after five years of service. The university contributes 8% toward ORP retirement benefits. Higher education employees do participate in Social Security.

	Oregon K-12 Schools	University of Oregon Employees	University of Oregon Employees
Plan Type	DB-Hybrid	DB-Hybrid	DC
Choice: Do employees have a choice over their retirement plans?	No	Yes	Yes
Vesting: How long do employees have to work to earn employer retirement benefits?	5/5	5 years	5 years
Benefits: What percentage of salary do employers contribute toward employee benefits?	11.45%	6%	8%
Debt: What percentage of salary do employers contribute toward unfunded liabilities?	6.40%	16.13%	N/A
Social Security: Are employees covered by Social Security?	Yes	Yes	Yes

Pennsylvania

Pennsylvania offers choice in retirement options to K-12 and higher education employees. New K-12 employees are part of the Pennsylvania Public School Employees' Retirement System and are offered a choice between the hybrid plan, which combines elements of a defined benefit pension plan and a defined contribution plan, or the state's stand-alone defined contribution plan. Teachers default into the hybrid plan unless they elect the defined contribution plan. Teachers enrolled in the hybrid plan must serve for 10 years before they are fully vested in their defined benefit contributions, and three years before they are vested in the defined contribution portions of the plan. For the hybrid plan, the state contributes 9.37% toward retirement benefits, and 24.14% toward unfunded liabilities. Alternatively, teachers can choose to enroll in the defined contribution plan, which requires a three-year vesting period. Employers contribute 2% toward retirement benefits. K-12 and higher education employees do participate in Social Security.

By contrast, new employees at Penn State University are given 31 days from their date of hire to choose between two retirement options. The default option is the State Employees' Retirement System (SERS), which offers hybrid plans that combine elements of defined benefit and defined contribution. Faculty enrolled in SERS must serve for 10 years before they are vested in the defined benefit contributions, and three years for the defined contribution plan. The university contributes 3.92% toward employee benefits and 15.67% toward unfunded liabilities. Alternatively, faculty can enroll in the Penn State alternate retirement plan, a defined contribution plan. Faculty are immediately vested in this plan, and receive a 9.29% contribution from the university toward retirement benefits and an additional 16.06% toward unfunded liabilities.

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Pennsylvania

	Pennsylvania K-12 Schools	Pennsylvania K-12 Schools	Penn State Employees	Penn State Employees
Plan Type	Hybrid	DC	Hybrid	DC
Choice: Do employees have a choice over their retirement plans?	Yes	Yes	Yes	Yes
Vesting: How long do employees have to work to earn employer retirement benefits?	DB 10/DC 3	3 years	DB 10/DC 3	Immediate
Benefits: What percentage of salary do employers contribute toward employee benefits?	9.37%	2%	3.92%	9.29%
Debt: What percentage of salary do employers contribute toward unfunded liabilities?	24.14%	N/A	15.67%	16.06%
Social Security: Are employees covered by Social Security?	Yes	Yes	Yes	Yes

Rhode Island

Rhode Island does not offer choice in retirement options to K-12 or higher education employees. In Rhode Island, K-12 teachers are enrolled in a hybrid operated by the Employees' Retirement System of Rhode Island. The hybrid plan combines elements of a traditional defined benefit (DB) pension plan and a defined contribution (DC) plan. Employees in the state pension system must stay in the system five years before vesting in the DB plan, and three years before vesting in the DC plan. The state contributes 7.08% toward employee retirement and an additional 19.57% toward unfunded liabilities. K-12 employees do not participate in Social Security.

Newly hired staff with the University of Rhode Island are automatically enrolled in the Board of Governors Retirement Plan, a defined contribution plan. Employees are immediately vested. The university contributes 9% toward retirement benefits. Higher education employees do participate in Social Security.

	Rhode Island K-12 Schools	**University of Rhode Island Employees**
Plan Type	Hybrid	DC
Choice: Do employees have a choice over their retirement plans?	No	No
Vesting: How long do employees have to work to earn employer retirement benefits?	DB 5/DC 3	Immediate
Benefits: What percentage of salary do employers contribute toward employee benefits?	7.08%	9%
Debt: What percentage of salary do employers contribute toward unfunded liabilities?	19.57%	N/A
Social Security: Are employees covered by Social Security?	Varies by district	Yes

South Carolina

South Carolina offers choice in retirement options to K-12 and higher education employees. New K-12 employees are part of the South Carolina Public Employee Benefit Authority (PEBA) and are offered a choice between the South Carolina Retirement System, which is a defined benefit (DB) plan, or the State Optional Retirement Program, which is a defined contribution (DC) plan. Teachers default into the DB plan unless they elect the DC plan. Teachers enrolled in the DC plan must serve for eight years before they are fully vested in their contributions. For the DB plan, the state contributes 1.64% toward retirement benefits and 14.92% toward unfunded liabilities. Alternatively, teachers can choose to enroll in the defined contribution plan, which requires no vesting period. Employers contribute 5% toward retirement benefits. K-12 and higher education employees do participate in Social Security.

By contrast, new employees at the University of South Carolina are given 30 days from their date of hire to choose between two retirement options. The default option is the South Carolina Retirement System, which is a DB plan. Faculty enrolled in the DB plan must serve for eight years before they are vested. The university contributes 1.64% toward employee benefits and 14.92% toward unfunded liabilities. Alternatively, faculty can enroll in the defined contribution plan. Faculty are immediately vested in this plan, and receive a 5% contribution from the university toward retirement benefits.

	South Carolina K-12 Schools	South Carolina K-12 Schools	University of South Carolina Employees	University of South Carolina Employees
Plan Type	DB	DC	DB	DC
Choice: Do employees have a choice over their retirement plans?	Yes	Yes	Yes	Yes
Vesting: How long do employees have to work to earn employer retirement benefits?	8 years	Immediate	8 years	Immediate
Benefits: What percentage of salary do employers contribute toward employee benefits?	1.64%	5%	1.64%	5%
Debt: What percentage of salary do employers contribute toward unfunded liabilities?	14.92%	N/A	14.92%	N/A
Social Security: Are employees covered by Social Security?	Yes	Yes	Yes	Yes

South Dakota

South Dakota K-12 employees do not have a choice in their retirement plan, and are automatically enrolled in a defined benefit plan offered by the South Dakota Retirement System. Plan employees are vested in their retirement plan after three years of service. Employers contribute 5.16% of each member's salary toward employee benefits and an additional 1.39% to cover unfunded liabilities. K-12 employees do participate in Social Security.

New higher education employees at the University of South Dakota are required to participate in a defined benefit plan. The University of South Dakota contributes 5% toward employee benefits and an additional 1.39% toward unfunded liabilities. Employees are fully vested in university contributions after three years. Higher education employees do participate in Social Security.

	South Dakota K-12 Schools	University of South Dakota Employees
Plan Type	DB	DB
Choice: Do employees have a choice over their retirement plans?	No	No
Vesting: How long do employees have to work to earn employer retirement benefits?	3 years	3 years
Benefits: What percentage of salary do employers contribute toward employee benefits?	5.16%	5%
Debt: What percentage of salary do employers contribute toward unfunded liabilities?	1.39%	1.39%
Social Security: Are employees covered by Social Security?	Yes	Yes

Tennessee

Tennessee K-12 employees do not have a choice in their retirement plan, and are automatically enrolled in a hybrid benefit plan offered by the Tennessee Consolidated Retirement System (TCRS). Plan employees are immediately vested in the defined contribution portion of the plan, and must serve five years before vesting in the defined benefit pension portion of the plan. Employers contribute 9.91% of each member's salary toward employee benefits and an additional .82% to cover unfunded liabilities. K-12 employees do participate in Social Security.

Newly hired staff within the University of Tennessee system may choose to participate in either the TCRS or the Optional Retirement Program (ORP). Employees in TCRS, a hybrid retirement system, must stay in the system five years before vesting in the defined benefit pension portion of the plan, and are immediately vested in the defined contribution portion of the plan. For employees enrolled in TCRS, the university contributes 8.94% toward employee retirement. Employees enrolled in the ORP, a defined contribution plan, are vested in all employee and university contributions immediately. The university contributes 9% toward ORP retirement benefits. Higher education employees do participate in Social Security.

	Tennessee K-12 Schools	**University of Tennessee System Employees**	**University of Tennessee System Employees**
Plan Type	Hybrid	Hybrid	DC
Choice: Do employees have a choice over their retirement plans?	No	Yes	Yes
Vesting: How long do employees have to work to earn employer retirement benefits?	DB 5/DC 0	DB 5/DC 0	Immediate
Benefits: What percentage of salary do employers contribute toward employee benefits?	9.91%	8.94%	9%
Debt: What percentage of salary do employers contribute toward unfunded liabilities?	0.82%	N/A	N/A
Social Security: Are employees covered by Social Security?	Yes	Yes	Yes

Texas

Texas K-12 employees do not have a choice in their retirement plan, and are automatically enrolled in a defined benefit plan offered by the Texas Teacher Retirement System (TRS). Plan employees must serve five years before vesting in the plan. Employers contribute 4.06% of each member's salary toward employee benefits and an additional 5.27% to cover unfunded liabilities. K-12 employees do not participate in Social Security.

By contrast, new employees within the University of Texas System can choose between the TRS or the Optional Retirement Program (ORP), a defined contribution program. Like their K-12 counterparts, higher education employees enrolled in TRS must serve for five years before they are vested. The university system contributes 4.06% toward retirement benefits and 5.27% toward unfunded liabilities. Employees who choose the ORP must serve for one year before they are vested, and receive 8.50% from the university system toward employee retirement benefits. Higher education employees do participate in Social Security.

	Texas K-12 Schools	University of Texas System Employees	University of Texas System Employees
Plan Type	DB	DB	DC
Choice: Do employees have a choice over their retirement plans?	No	Yes	Yes
Vesting: How long do employees have to work to earn employer retirement benefits?	5 years	5 years	1 year
Benefits: What percentage of salary do employers contribute toward employee benefits?	4.06%	4.06%	8.50%
Debt: What percentage of salary do employers contribute toward unfunded liabilities?	5.27%	5.27%	N/A
Social Security: Are employees covered by Social Security?	No	Yes	Yes

Utah

Utah offers choice in retirement options to K-12 and higher education employees. New K-12 employees are part of the Utah Retirement Systems and are offered a choice between the Hybrid Retirement System, which combines elements of a defined benefit (DB) and defined contribution (DC) plan, or the Defined Contribution Plan. Teachers default into the hybrid plan unless they elect the DC plan. Teachers enrolled in the hybrid plan must serve for four years before they are fully vested in their DB and DC contributions. For the hybrid plan, the state contributes 10% toward retirement benefits and 9.94% toward unfunded liabilities. Alternatively, teachers can choose to enroll in the defined contribution plan, which requires four years of service before vesting. Employers contribute 10% toward retirement benefits and an additional 9.94% toward unfunded liabilities. K-12 and higher education employees do participate in Social Security.

Similar options are offered to higher education employees in Utah. They can choose between the Hybrid Retirement Plan or the Defined Contribution Plan. Higher education employees in the hybrid plan have a four-year period of service before vesting in either the DB or DC portions of the plan, and receive 10% toward retirement benefits from the university and an additional 9.94% toward unfunded liabilities. The defined contribution plan for higher education employees requires no vesting period, and participants receive 14.20% from the university system.

	Utah K-12 Schools	Utah K-12 Schools	University of Utah Employees	University of Utah Employees
Plan Type	Hybrid	DC	Hybrid	DC
Choice: Do employees have a choice over their retirement plans?	Yes	Yes	Yes	Yes
Vesting: How long do employees have to work to earn employer retirement benefits?	4 years	4 years	4 years	Immediate
Benefits: What percentage of salary do employers contribute toward employee benefits?	10%	10%	10%	14.20%
Debt: What percentage of salary do employers contribute toward unfunded liabilities?	9.94%	9.94%	9.94%	N/A
Social Security: Are employees covered by Social Security?	Yes	Yes	Yes	Yes

Vermont

Vermont K-12 employees do not have a choice in their retirement plan, and are automatically enrolled in a defined benefit plan offered by the Vermont State Teachers' Retirement System. Plan employees are vested in their retirement plan after five years of service. Employers contribute 1.07% of each member's salary toward employee benefits and an additional 18.53% to cover unfunded liabilities. K-12 employees do participate in Social Security.

New higher education employees at the University of Vermont are required to participate in a defined benefit plan. The university contributes 10% toward employee benefits, and employees are fully vested in university contributions immediately. Higher education employees do participate in Social Security.

	Vermont K-12 Schools	University of Vermont Employees
Plan Type	DB	DC
Choice: Do employees have a choice over their retirement plans?	No	No
Vesting: How long do employees have to work to earn employer retirement benefits?	5 years	Immediate
Benefits: What percentage of salary do employers contribute toward employee benefits?	1.07%	10%
Debt: What percentage of salary do employers contribute toward unfunded liabilities?	18.53%	N/A
Social Security: Are employees covered by Social Security?	Yes	Yes

Virginia

Virginia K-12 employees do not have a choice in their retirement plan, and are automatically enrolled in a hybrid benefit plan offered by the Virginia Retirement System (VRS). Plan employees must serve five years before vesting in the defined benefit portions of the plan, and four years before vesting in the defined contribution portions of the plan. Employers contribute 8.29% of each member's salary toward employee benefits and an additional 9.67% to cover unfunded liabilities. K-12 employees do participate in Social Security.

By contrast, new employees within the University of Virginia can choose between the VRS or the Optional Retirement Plan (ORP), a defined contribution program. Like their K-12 counterparts, higher education employees enrolled in VRS must serve for five years before they are vested in the defined benefit portions of the plan, and four years before vesting in the defined contribution portions of the plan. The university system contributes 8.29% toward retirement benefits and 9.67% toward unfunded liabilities. Employees who choose the ORP must serve for two years before they are vested, and receive 8.90% from the university system toward employee retirement benefits. Higher education employees do participate in Social Security.

	Virginia K-12 Schools	University of Virginia Employees	University of Virginia Employees
Plan Type	Hybrid	Hybrid	DC
Choice: Do employees have a choice over their retirement plans?	No	Yes	Yes
Vesting: How long do employees have to work to earn employer retirement benefits?	DB 5/DC 4	DB 5/DC 4	2 years
Benefits: What percentage of salary do employers contribute toward employee benefits?	8.29%	8.29%	8.90%
Debt: What percentage of salary do employers contribute toward unfunded liabilities?	9.67%	9.67%	N/A
Social Security: Are employees covered by Social Security?	Yes	Yes	Yes

Washington

Washington offers choice in retirement options to K-12 and higher education employees. New K-12 employees are part of the Teachers' Retirement System and are offered a choice between the Tier 2 defined benefit (DB) plan or the Tier 3 hybrid plan, which combines elements of DB and defined contribution (DC) plans. Teachers default into the Tier 2 DB plan unless they elect the hybrid plan. Teachers enrolled in the DB plan must serve for five years before they are vested. Employers contribute 8.05% toward retirement benefits and an additional 6.19% toward unfunded liabilities. Teachers enrolled in the hybrid plan must serve 10 years before they are vested. Employers contribute 8.05% toward retirement benefits and an additional 6.19% toward unfunded liabilities.

Similar options are offered to higher education employees at the University of Washington. New employees can choose between the University of Washington Retirement Plan (UWRP), a defined contribution plan, or a hybrid plan similar to what is offered to K-12 teachers. Higher education employees in the UWRP are immediately vested in university and personal contributions, and receive a 5% contribution from the university toward retirement benefits. The hybrid plan offered by the university requires a 10-year vesting period, and employees receive 8.05% from the university toward retirement benefits and an additional 6.19% toward unfunded liabilities. K-12 and higher education employees participate in Social Security.

	Washington K-12 Schools	Washington K-12 Schools	University of Washington Employees	University of Washington Employees
Plan Type	DB	Hybrid	DC	Hybrid
Choice: Do employees have a choice over their retirement plans?	Yes	Yes	Yes	Yes
Vesting: How long do employees have to work to earn employer retirement benefits?	5 years	10 years	Immediate	10 years
Benefits: What percentage of salary do employers contribute toward employee benefits?	8.05%	8.05%	5%	8.05%
Debt: What percentage of salary do employers contribute toward unfunded liabilities?	6.19%	6.19%	N/A	6.19%
Social Security: Are employees covered by Social Security?	Yes	Yes	Yes	Yes

West Virginia

West Virginia K-12 employees do not have a choice in their retirement plan, and are automatically enrolled in a defined benefit plan offered by the West Virginia Teachers' Retirement System. Plan employees are vested in their retirement plan after 10 years of service. Employers contribute 4.44% of each member's salary toward employee benefits and an additional 20.25% to cover unfunded liabilities. K-12 employees do participate in Social Security.

New higher education employees at West Virginia University are required to participate in a defined contribution plan. The university contributes 6% toward employee benefits, and employees are fully vested in university contributions immediately. Higher education employees do participate in Social Security.

	West Virginia K-12 Schools	West Virginia University Employees
Plan Type	DB	DC
Choice: Do employees have a choice over their retirement plans?	No	No
Vesting: How long do employees have to work to earn employer retirement benefits?	10 years	Immediate
Benefits: What percentage of salary do employers contribute toward employee benefits?	4.44%	6%
Debt: What percentage of salary do employers contribute toward unfunded liabilities?	20.25%	N/A
Social Security: Are employees covered by Social Security?	Yes	Yes

Wisconsin

Wisconsin K-12 employees do not have a choice in their retirement plan, and are automatically enrolled in a defined benefit plan offered by the Wisconsin Retirement System. Employees are vested in their retirement plan after five years of service. Employers contribute 6.75% of each member's salary toward employee benefits and an additional .70% to cover unfunded liabilities. K-12 employees do participate in Social Security.

New higher education employees in the University of Wisconsin system are required to participate in a defined benefit plan. The university contributes 6.75% toward employee benefits and an additional .70% to cover unfunded liabilities. Employees are fully vested in university contributions after five years. Higher education employees do participate in Social Security.

	Wisconsin K-12 Schools	University of Wisconsin System Employees
Plan Type	DB	DB
Choice: Do employees have a choice over their retirement plans?	No	No
Vesting: How long do employees have to work to earn employer retirement benefits?	5 years	5 years
Benefits: What percentage of salary do employers contribute toward employee benefits?	6.75%	6.75%
Debt: What percentage of salary do employers contribute toward unfunded liabilities?	.70%	.70%
Social Security: Are employees covered by Social Security?	Yes	Yes

Wyoming

Wyoming K-12 employees do not have a choice in their retirement plan, and are automatically enrolled in a defined benefit plan offered by the Wyoming Retirement System (WRS). Plan employees must serve four years before vesting. Employers contribute 2.29% of each member's salary toward employee benefits and an additional 9.35% to cover unfunded liabilities. K-12 employees do participate in Social Security.

By contrast, new employees within the University of Wyoming can choose between the WRS or TIAA, a defined contribution program. Like their K-12 counterparts, higher education employees enrolled in WRS must serve for four years before they are vested. The university system contributes 2.29% toward retirement benefits and 9.35% toward unfunded liabilities. Employees who choose the TIAA defined contribution plan receive a 14.69% contribution from the university toward employee retirement benefits. Employees in the TIAA system do not have a vesting period. Higher education employees do participate in Social Security.

	Wyoming K-12 Schools	University of Wyoming Employees	University of Wyoming Employees
Plan Type	DB	DB	DC
Choice: Do employees have a choice over their retirement plans?	No	Yes	Yes
Vesting: How long do employees have to work to earn employer retirement benefits?	4 years	4 years	Immediate
Benefits: What percentage of salary do employers contribute toward employee benefits?	2.29%	2.29%	14.69%
Debt: What percentage of salary do employers contribute toward unfunded liabilities?	9.35%	9.35%	N/A
Social Security: Are employees covered by Social Security?	Yes	Yes	Yes

Endnotes

[1] Public Plans Data, "Home," https://publicplansdata.org/.

[2] See, for example, Jamie Lenney, Byron Lutz, and Louise Sheiner, *The Sustainability of State and Local Government Pensions: A Public Finance Approach* (Washington, DC: Brookings Institution, 2019), https://www.brookings.edu/wp-content/uploads/2019/07/lenney_lutz_sheiner_MFC_Final.pdf and Robert Costrell and Josh McGee, *Sins of the Past, Present, and Future: Alternative Pension Funding Policies*, EdWorkingPaper 20-272 (Providence, RI: Annenberg Institute, 2020), https://www.edworkingpapers.com/ai20-272.

[3] Author's analysis of data from: US Census Bureau, "Annual Survey of Public Employment & Payroll (ASPEP)," https://www.census.gov/programs-surveys/apes.html.

[4] See, for example: Robert Costrell and Josh McGee, "Cross-Subsidization of Teacher Pension Costs: The Case of California," *Education Finance and Policy* 14, no. 4 (2017): 1–52, https://www.researchgate.net/publication/321119889_Cross-Subsidization_of_Teacher_Pension_Costs_The_Case_of_California; Nari Rhee and William Fornia, *Are California Teachers Better Off with a Pension or a 401(k)?* (Berkeley, CA: UC Berkeley Labor Center, 2016), https://www.calstrs.com/sites/main/files/file-attachments/are_california_teachers_better_off_with_a_pension_or_a_401k.pdf?1464728737; Richard Johnson and Benjamin Southgate, *Can California Teacher Pensions Be Distributed More Fairly?* (Washington, DC: Urban Institute, 2014), https://www.urban.org/research/publication/can-california-teacher-pensions-be-distributed-more-fairly/view/full_report.

[5] Data from the Public Plans Database.

[6] John Beshears et al., "The Effect of Default Options on Retirement Savings," *The Bulletin on Aging and Health* 3 (2006), accessed May 18, 2020, https://www.nber.org/aginghealth/summer06/w12009.html.

[7] Those three states — Delaware, Louisiana, and New Jersey — all offer their employees a choice of multiple retirement plans, but it wasn't clear if employees *had* to pick one or if participation was voluntary.

[8] See, for example, Robert Costrell and Michael Podgursky, "Peaks, Cliffs, and Valleys: The Peculiar Incentives in Teacher Retirement Systems and Their Consequences for School Staffing," *Education Finance and Policy* 4, no. 2 (2009): 175–211; Martin Lueken, *(No) Money in the Bank: Which Retirement Systems Penalize New Teachers?* (Washington, DC: Thomas B. Fordham Institute, 2017); Josh McGee and Marcus Winters, *Better Pay, Fairer Pensions III—The Impact of Cash-Balance Pensions on Teacher Retention and Quality: Results of a Simulation*, Report 15 (New York: Manhattan Institute, 2016); Ben Backes et al., "Benefit or Burden? On the Intergenerational Inequity of Teacher Pension Plans," *Educational Researcher* 45, no. 6 (2016): 367–77.

[9] Most state-run teacher retirement plans do have investment committees, sometimes with teacher representatives, but individual teachers do not have a direct choice over their plan's investments or strategy.

[10] Notably, the DB plans run by Hawaii, South Dakota, and Wisconsin all offer relatively generous "matching" elements to workers who leave the plan short of a full career.

[11] This description applies to "cliff" vesting where it's all or nothing. All K-12 plans use cliff vesting, as do most higher education plans in our sample, but a few use "partial" vesting that gives employees a growing share of employer contributions for every year they stay in the system. For example, a five-year partial vesting plan may give employees 20% of their employer's contribution for every year they stay, until they qualify for 100% at the end of year five.

[12] Chad Aldeman and Andrew Rotherham, *Friends Without Benefits: How States Systematically Shortchange Teachers' Retirement and Threaten Their Retirement Security* (Boston, MA: Bellwether Education Partners, 2014), https://bellwethereducation.org/publication/friends-without-benefits-how-states-systematically-shortchange-teachers%E2%80%99-retirement-and#:~:text=In%20Friends%20without%20Benefits%3A%20How,Chad%20Aldeman%20and%20Andrew%20J.&text=The%20report%20uses%20state%20pension,least%20a%20minimal%20pension%20benefit.

[13] Chad Aldeman and Kelly Robson, "Why Most Teachers Get a Bad Deal on Pensions," *Education Next*, last updated May 16, 2017, https://www.educationnext.org/why-most-teachers-get-bad-deal-pensions-state-plans-winners-losers/.

[14] For a longer explanation of this dynamic, see: Chad Aldeman, "For Most Teachers, Vesting Periods Don't Matter," *Teacher Pensions Blog*, TeacherPensions.org, March 19, 2019, https://www.teacherpensions.org/blog/most-teachers-vesting-periods-dont-matter.

[15] Every state has multiple benefit tiers depending on when members joined the plan, and the newer tiers offer less generous benefits for new members. Where possible, we look at the normal cost for new members hired in the fall of 2020. Unfortunately, most plans do not break out their results by tier, so we are reporting plan averages, which may oversell the true generosity of the benefits for new members.

[16] Cavanaugh Macdonald Consulting, *Report on the Annual Valuation of the Public Employees' Retirement System of Mississippi* (Kennesaw, GA: Cavanaugh Macdonald Consulting, 2019), 12, https://www.pers.ms.gov/Content/ActuarialValuationReport/2019_PERS_Valuation_Report.pdf.

[17] Optional Retirement Plan, "Optional Retirement Plan for Institutions of Higher Learning in the State of Mississippi," August 1, 2020, https://www.orp.ms.gov/ORP/Documents/ORP_Plan_Document.pdf.

[18] Equable, "America's Hidden Education Funding Cuts," https://equable.org/hiddenfundingcuts/.

[19] For more on the history of Social Security coverage in the public sector, see Leslie Kan and Chad Aldeman, *Uncovered: Social Security, Retirement Uncertainty, and 1 Million Teachers* (Boston, MA: Bellwether Education Partners, 2014), http://www.teacherpensions.org/sites/default/files/UncoveredReportFinal.pdf.

[20] William Gale, Sarah Homes, and David John, *Social Security Coverage for State and Local Government Workers: A Reconsideration* (Washington, DC: Brookings Institution, 2015), https://www.brookings.edu/wp-content/uploads/2016/06/Download-the-paper-5.pdf.

[21] See: Laura Quinby, Jean-Pierre Aubry, and Alicia Munnell, *Spillovers from State and Local Pensions to Social Security: Do Benefits for Uncovered Workers Meet Federal Standards?* (Chestnut Hill, MA: Center for Retirement Research, Boston College, 2018), https://crr.bc.edu/wp-content/uploads/2018/09/wp_2018-9.pdf.

[22] TeacherPensions.org, "Social Security, Teacher Pensions, and the 'Qualified' Retirement Plan Test," Resources, https://www.teacherpensions.org/resource/social-security-teacher-pensions-and-%E2%80%9Cqualified%E2%80%9D-retirement-plan-test.

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About the Authors

Chad Aldeman is the policy director at the Edunomics Lab at Georgetown University. He can be reached at chad.aldeman@georgetown.edu.

Brandon Lewis is a senior analyst on the Policy and Evaluation team at Bellwether Education Partners. He can be reached at brandon.lewis@bellwethereducation.org.

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