Why Teachers Aren't Getting Their Pensions

- **Teacher pensions are in trouble**. The latest figures show that **states and districts are half a trillion dollars behind in their commitments to fully fund the retirement benefits they promised teachers.** Pension plans for public-school teachers are underfunded by an amount equal to the entire Gross Domestic Product of Norway.
- That's a huge sum affecting some **6.4 million current educators.**
- But not all pension payouts are equal. In fact, just 20 percent of teachers will receive the full amount for which they are eligible, while tens of thousands each year won't see a dime of that retirement money.

Reports released by Bellwether Education Partners and the Urban Institute.

- Several forces are diluting the economic punch of public-school teacher retirement plans. State and district officials responsible for pensions often call on teachers to wait twice or sometimes three times longer than private-sector employees before they are eligible for any retirement payout.

Making the **financial landscape even less favorable for teachers** were **decisions** some states took during the Great Recession **to extend the vesting periods**. It was a budget-saving tactic that **spared the states from some financial bleeding**—but it also **<u>took a huge toll on teachers</u>**, who had already been hit hard by the recession. In many cases **educators were also told to contribute a larger share of their income to their pension benefits** at a time when salaries barely budged.

There's also the strange quirk that affects roughly **40 percent of all public-school teachers**: They are **<u>not eligible for Social Security benefits</u>** due to a historical peculiarity in which some states theorized pension plans would yield teachers more retirement income than they would gain from Social Security. Given the option, those **states <u>excluded</u> teachers from the government retirement program.** For those **teachers who retire before their pensions are vested**, there's potential for a double-jeopardy effect —<u>they leave pension benefits on the table</u> **AND** <u>miss out on several years of membership in Social Security.</u>

Pensions were designed to be fully funded upfront so that they can pay benefits in the future. But the shifting financial landscape means new teachers contributions are being used … to prop up the existing debt. In essence, it is a public Ponzi scheme.

Illinois and New Jersey are poster children for underfunding their teacher pension plans by delaying payments.

Public-school teachers account for roughly 2 percent of the entire U.S. workforce and are entrusted with the education of 50 million or so students. Yet, their reward is an unstable pension system.

Is there a remedy? Yes, teachers need to become **Executive Trust Officers**, in the field of trust planning where earnings of **$92,000 are the norm**, not the exception.

Additionally, they could then fund their Social Security with their earnings, create a separate 401k from those earnings and pay zero tax on the first $71,456 of income.

All this can be done while continuing their teaching duties.

But there is another important factor. This position is **reserved strictly for teachers** nationwide.

Respectfully,

Dr. Francis John Maguire, PhD