



Support for Teachers? Or Just Some Teachers?

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By: Susan Pendergrass

Want to lose the interest of a room quickly? Bring up pensions. In the 1980s, [most](#) private-sector employees were in defined-benefit plans that guaranteed them a steady income after retirement. Now less than five percent of private-sector employees are enrolled in such a plan. Talking about pensions is like talking about Palm Pilots—for most people their dad or mom might have had one, but they see no reason to discuss them.

Not so in the public sector, where 84 percent of employees can still expect to retire at a relatively early age (55 or so) and get a paycheck (and possibly health insurance) until they die. A bill to allow Missouri public school teachers to decide for themselves whether they wanted a traditional pension or a 401(k) type retirement benefit was filed in Jefferson City last week and immediately attacked by both the [Missouri State Teachers Association](#) (the teacher's union) and the [Missouri Retired Teachers Association](#).

These two associations claim their main mission is advancing the best interests of teachers. But which teachers? It's estimated that nearly [4 in 10](#) Missouri teachers won't get to the five-year vesting requirement to receive any employer benefits. Furthermore, because Missouri's system is so backloaded that teachers have to stay in the system for [26 years](#) just to break even, only about 38 percent will even hit that point.

So the Missouri teachers union and the retired teachers association are sounding the alarm

about “harmful retirement legislation” being filed. But they apparently are not considering the best interests of young teachers who would prefer contributing 5 percent of their salary towards retirement instead of nearly 15 percent. They apparently are not considering anyone who leaves before vesting and would like to take with them what their employer has been contributing on their behalf for 3 or 4 years. And they apparently are not considering teachers who leave before their breakeven point and end up getting less in retirement than what they contributed.

Defined benefit pension plans are expensive, unsustainable, and antiquated. Yes, they work great for teachers who hit the “Rule of 80”—years of work, plus age (retire at 53 with 27 years of service). What are the chances that our best and brightest college graduates see that as their future? Shouldn't we at least give them some options? Shouldn't we let them have some control over their careers and earnings?

About the Author



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Susan Pendergrass was Vice President of Research and Evaluation for the National Alliance for Public Charter Schools before joining the Show-Me Institute. Prior to coming to the National Alliance, Susan was a senior policy advisor at the U.S. Department of Education during the Bush administration and a senior research scientist at the National Center for Education Statistics during the Obama administration. She earned a Ph.D. in Public Policy from George Mason University.

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- [3] <https://www.msta.org/stories/harmful-retirement-legislation-filed/>
- [4] <http://missouriiretiredteachers.org/site/wp-content/uploads/2019/02/MRTA-2019-4-Issues-of-Importance-Feb-12-2019.pdf>
- [5] <https://www.teacherpensions.org/state/missouri>
- [6] <https://showmeinstitute.org/blog/public-pensions/most-teachers-lose-current-pension-system>

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