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Lifting the Pension Fog

What teachers and taxpayers need to know about the teacher pension crisis

National Council on Teacher Quality

EducationCounsel

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Acknowledgments

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Each state received a draft of its analysis in September 2016 to review and provide comments and corrections; systems also received a final draft of the analysis for their state a month prior to release. Not all of the systems responded to our inquiries, but the cooperation and assistance of those that did has helped to ensure the factual accuracy of the final product. The authors are also grateful to Michael J. Podgursky for his feedback and counsel in producing this report.

About NCTQ

The National Council on Teacher Quality is a non-partisan research and policy organization working to ensure that every child has an effective teacher. NCTQ is available to work with individual states to improve teacher policies. nctq.org

About EducationCounsel

EducationCounsel is a mission-based education consulting firm that combines experience in policy, strategy, law, and advocacy to drive significant improvements in the U.S. education system. educationcounsel.com

The fog is an illusion –
A master of disguise,
Which hides the tangible
Before our very eyes.

But when the fog has lifted
Everything's still there,
And the tangible
Only seemed to've
disappeared.

– Walterrean Salley

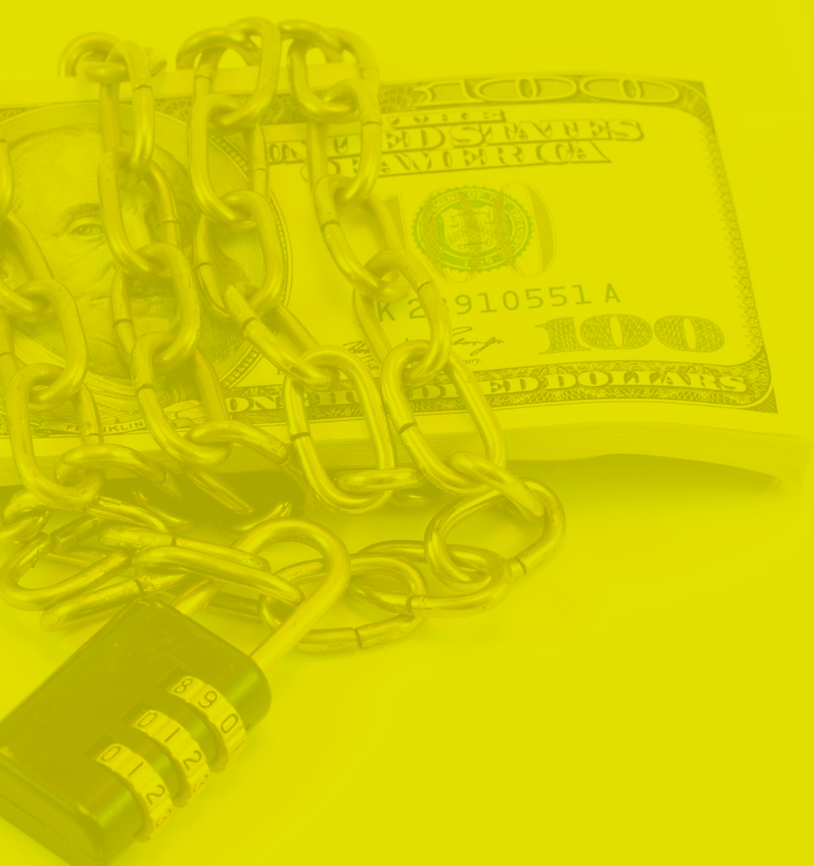
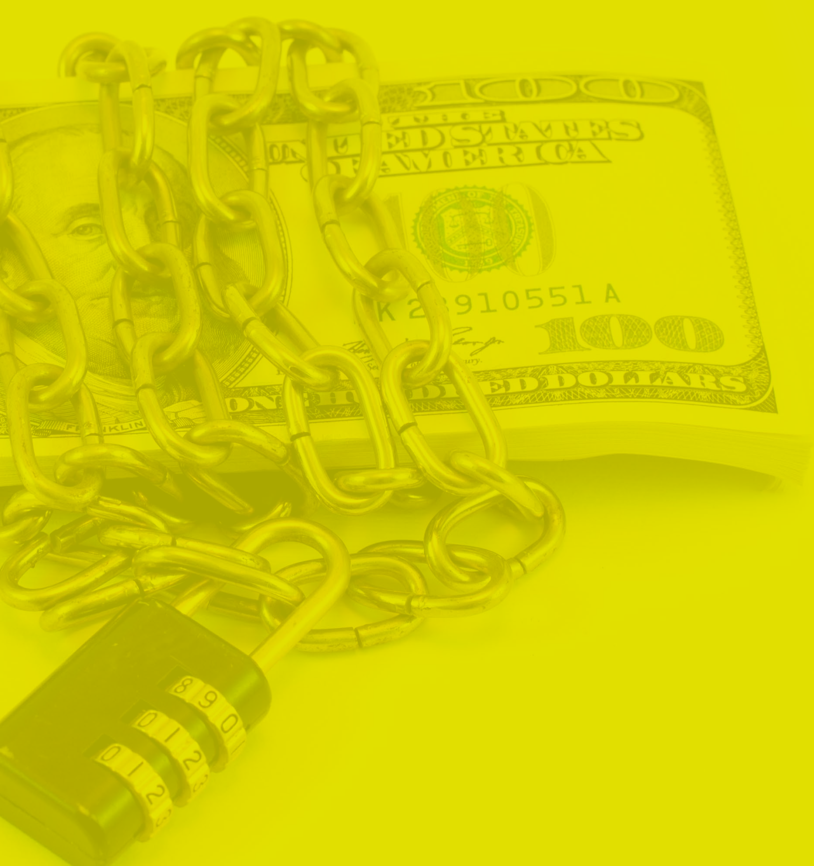


Table of Contents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Executive Summary

The pension fog — a mix of optimistic projections, willful ignorance, and deferral of consequences — hangs heavily over the policy landscape. In 2016, teacher pension debt nationwide stands at $516 billion dollars. While this is a crisis situation by any definition, little has changed on the teacher pension policy landscape over the last decade.

This year, the National Council on Teacher Quality has partnered with EducationCounsel to present a comprehensive analysis on the health of teacher pension systems in each of the 50 states and the District of Columbia.

In assessing the quality of state teacher pension policy, we've benchmarked the states against a forward looking and sustainable approach to teacher retirement benefits in four key goal areas: pension flexibility, sustainability, neutrality, and, new for 2016, transparency. Our goals are to help make the not-so-obvious aspects of teacher pensions more visible and understandable, and to explore policy options for teacher retirement that could better support the security and interests of teachers and taxpayers alike.

Figure A. Summary of State Teacher Pension Policy

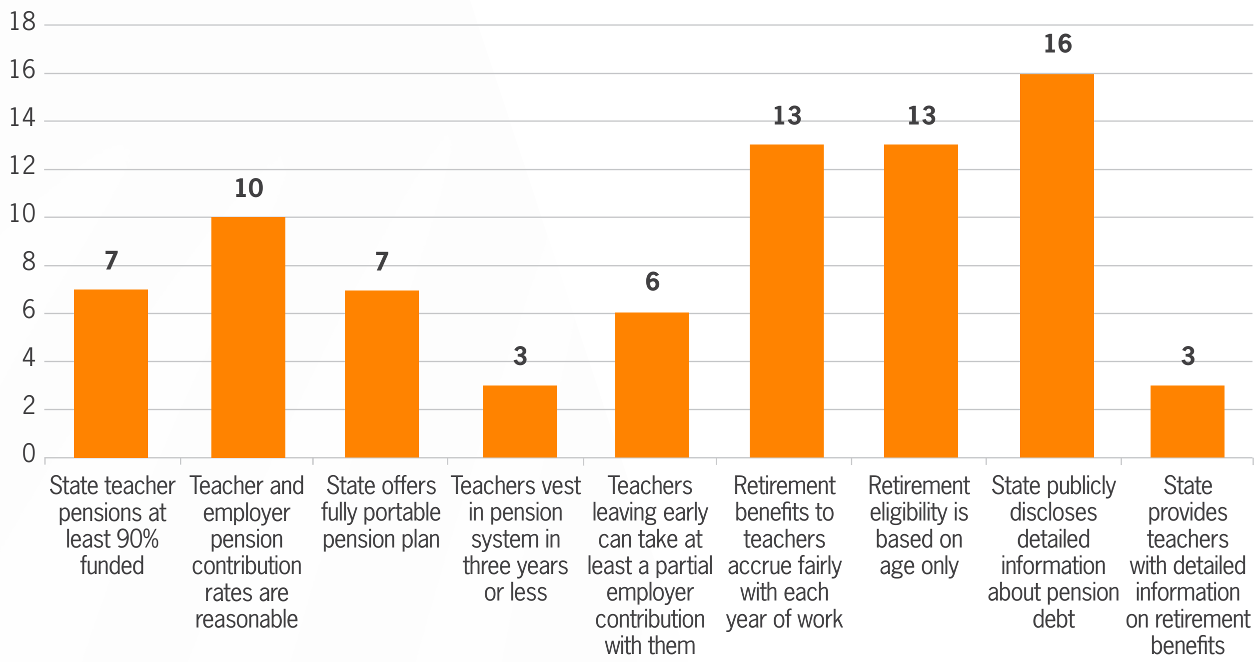
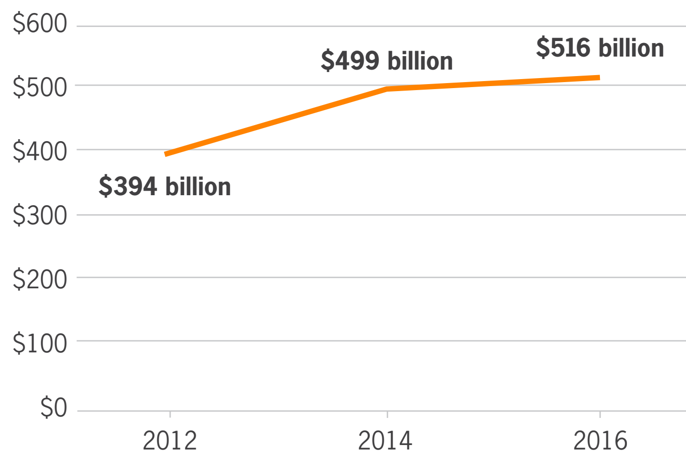


Figure B. State teacher pension system debt nationwide



Key Findings

In most states, current teacher pension systems are untenable and can't be fixed without comprehensive policy reform.

Nationwide just 11 states — **Alaska**, **Illinois**, **Maine**, **Minnesota**, **New Hampshire**, **New Jersey**, **Rhode Island**, **South Dakota**, **Utah**, **Washington** and **Wisconsin** — meet any of the four goals (flexibility, sustainability, neutrality or transparency) for teacher pension health, and no state meets them all.

The number of states with well-funded pension systems is in the single digits and has steadily declined over the past decade.

In 2016, just seven states had teacher pension systems that are funded at 90 percent or higher. **South Dakota** and **Wisconsin** are the only two states in the nation with fully-funded teacher pension systems. At 42 percent, **Illinois** continues to have the lowest funded pension system in the nation.

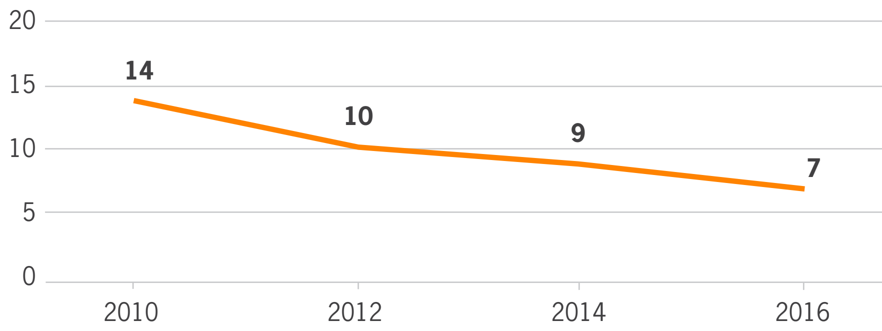
Most current pension contributions go to debt service.

In 38 states, the majority of employer contributions to teacher pensions go toward funding the system's unfunded liabilities, not paying now for the benefits due to working teachers when it is their turn to retire. Nationwide, more than two-thirds of every dollar contributed by employers to teacher retirement systems goes toward servicing the enormous pension debts that have accrued across the states.

Despite serious financial consequences for public coffers, as well as for teachers' and taxpayers' pockets, most states steadfastly cling to traditional defined benefit retirement programs.

In 38 states teachers have only one primary option. They are enrolled in defined benefit pension plans. Only **Alaska** provides teachers with a flexible and fair defined contribution plan. Six other states — **Florida**, **Michigan**, **Ohio**, **South Carolina**, **Utah** and **Washington** — offer teachers a choice. **South Dakota** stands out for being a state that demonstrates how a defined benefit system can be structured in a way that is financially sustainable and provides flexibility to teachers.

Figure C. Number of states with well-funded teacher pension systems (2010-2016)



The typical defined benefit plan is increasingly costly and harder to collect.

The last decade has seen a steady rise in pension contribution rates for teachers and employers. Since 2008, when NCTQ started collecting data on teacher pensions, 32 states have increased teacher contributions to pension systems. Just since 2012, 37 states have increased the contribution rates required of employers.

But even as they contribute more, teachers are less likely than ever to collect on their promised benefits. Every state except **Arizona**, **Minnesota** and **South Dakota** now delays teacher vesting in pension systems for longer than three years. Twenty states make teachers wait seven to 10 years to vest. Just six states allow teachers to take their contributions and at least a portion of employer contributions when they leave the pension system.

Few states with traditional defined benefit pensions provide adequate information to stakeholders on pension system health or to teachers on their personal retirement benefits.

Some states are ahead of their peers on public disclosures related to pension health. **South Dakota** come closest, and nearly meets this goal, because of its overall teacher pension system transparency and because it provides teachers with an annual benefits statement that includes some of the important data we think teachers should have about their own nest eggs. **Alaska**, **Delaware**, **Maine**, **Minnesota** and **North Dakota** report projections for future contributions required to fully amortize the systems' total unfunded liabilities, and they also report these projections under a range of assumptions about the rate of return on investments, not just under the systems' own assumptions. However, nationwide only 15 states publicly report projections for the future contributions that would be required to pay off pension debt.

When it comes to providing teachers, the key beneficiaries of pensions, with information, states do an even worse on transparency. Only **Vermont** and **South Dakota** break out and reports to individual teachers the amount contributed by them and the amount contributed by the employer. Only **Wyoming** and **South Dakota** provide teachers with some information about the opportunity cost of leaving contributions in the system by reporting what a teacher would need to contribute on his or her own to achieve the same level of benefits at some future date.

The miasma blanketing teacher pension policy suggests that states are, at best, engaged in short-term magical thinking their retirement systems:

- The rates of return assumed by most states have been way too high. In 2016, 41 states made their pension calculations based on a 7.5 percent or higher rate of return on investments, and 13 of those states set their expectations at an 8 percent or higher return.
- In an effort to boost investment returns and make up for lost ground, public pension systems have made increasingly risky investments.
- The fees paid to pension investment managers are astronomical. Like any fund, state teacher pension funds need to be managed. States are not obligated to disclose such fees to the public, and therefore, not surprisingly, most state funds choose less than full disclosure.

Pension Policy Recommendations

Systemic reform of teacher pensions requires states to make tough decisions that are right for the long term. State leaders and pension plan sponsors have the power to change the trajectory of state pension plans for teachers by:

1. Offering teachers the option of a defined contribution pension plan.

All teachers should have the option of a fully portable pension system as their primary pension plan.

2. Shoring up pension funding for existing commitments.

States need to take action to secure the financial health of teacher pensions by adjusting unrealistic assumed rates of return and making scheduled payments to their pension systems.

3. Including all new teachers in Social Security.

Some or all teachers in 16 states do not participate in Social Security. Including teachers in Social Security in all states could help provide a safety net as states undertake pension reform.

4. Instituting safeguards that prevent politically expedient decisions that cost both teachers and taxpayers in the long run.

States need strategies to prevent the raiding of pension funds and to stop policymakers from making politically expedient commitments now that will have to be paid for later.

5. Ensuring some basic principles of fairness.

Teachers should be able to: a) vest no later than the third year of employment; b) have the option of a lump-sum rollover to a personal retirement account upon termination of employment that includes, at minimum, the teacher's contributions and accrued interest at a fair interest rate; c) have options for withdrawal from either defined benefit or defined contribution plans that include funds contributed by the employer; and d) purchase time for unlimited previous teaching experience at the time of employment, as well as all official leaves of absence such as maternity or paternity leave.

6. Requiring that pension systems are neutral, uniformly increasing pension wealth with each additional year of work.

Pension systems that set up teachers to earn vastly different benefits for the same number of years worked are costly and unfair. The formula for determining benefits should preserve incentives for teachers to continue working until conventional retirement ages.

7. Providing taxpayers and teachers with the information they need to make educated decisions about their retirement futures.

In order for taxpayers and teachers to hold public officials accountable, they are entitled to: a) information projecting the future contributions required to fully pay off a system's total pension debt; b) data on who makes employer contributions (e.g., state and/or school districts) and the proportion of total contributions for which each contributor is responsible; and c) information on debt service beyond reported liabilities (e.g., pension obligation bonds) that has been taken on to fund current or future pension obligations.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Introduction

The pension fog — a mix of optimistic projections, willful ignorance, and deferral of consequences — hangs heavily over the policy landscape even as, with each passing year, the outlook for teacher pensions across the United States grows increasingly grim.

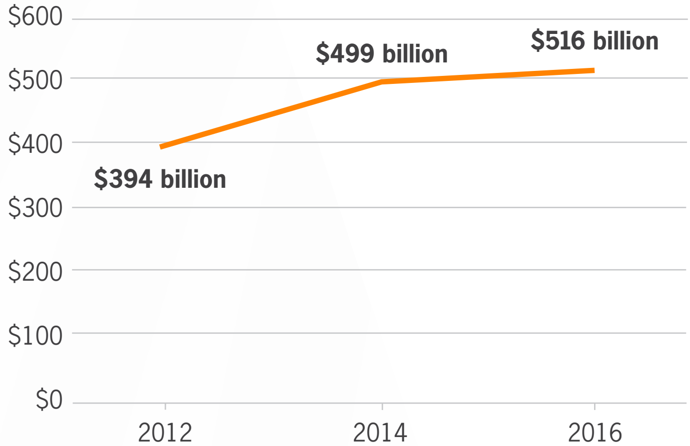
In 2016, teacher pension debt nationwide exceeded a half trillion dollars, an increase of $17 billion in just the two years since the National Council on Teacher Quality's (NCTQ) last 50-state report on teacher pensions.[1] At the same time, little is being done to head off teacher pension financial catastrophe.

In 2016, teacher pension debt nationwide exceeded a half trillion dollars – growing by $17 billion in the last two years.

While this is a crisis situation by any definition, it has occasioned very little public attention. Outside the context of a state-level budget crisis, a threatened strike, or lengthy teacher contract negotiations, reforming pension policy is an issue that is avoided by most policymakers because it defies easy solution, raises fears among teachers and is off the radar for too many taxpayers.

There is no doubt that pension reform is a complex and technical policy arena, which contributes to a lack of clarity and understanding in discussions of the subject. It also is a political quagmire, often positioned as a zero-sum choice between higher taxes and cutting benefits, thus providing myriad excuses for inaction among teachers, taxpayers, and public officials alike.

Figure 1. State teacher pension system debt nationwide



1 Estimate based on the most recent publicly available Comprehensive Annual Fiscal Reports (CAFRs) or actuarial valuations for the state pension plans in which teachers participate. For states in which teachers are part of a larger public employee system, the calculation was adjusted to reflect an estimate of the percentage of teachers in the system. Under Governmental Accounting Standards Board (GASB) standards, unfunded liabilities (now referred to as "unfunded actuarial obligations") are computed under new accounting methods. This paper uses the old GASB accounting method to preserve comparability to previous analyses. See Appendix B for details.

A secure retirement is a goal shared by all stakeholders. But the miasma blanketing teacher pension policy suggests that states and stakeholders are at best engaged in short-term magical thinking about the long-term viability of their retirement systems.

The pension crisis is the biggest public state funding problem that no one is willing to solve. Late last year in Michigan, after legislators and teachers unions prepared for a showdown on closing the current pension system to new retirees and providing a 401(k)-style defined contribution benefit to newly hired teachers, the state senate decided to adjourn for the year without making any decision at all.[2] Among states that have focused some public attention on pension policy, policymakers have generally looked for options aimed at buying more time rather than addressing the need for comprehensive reform. In states including Connecticut, Illinois, Kentucky, and New Jersey, policymakers have been forced to face the pension crisis because they are confronting charges of fraud and pension mismanagement.

Even teachers unions — the most vocal proponents of maintaining the status quo on teacher pension policy — have run into their own pension problems, notably in California and New York. The New York State United Teachers organization has pension liabilities in excess of $400 million for staff retirement benefits, and union employees recently prepared to strike because union managers wanted to link contract talks with negotiations over pension changes. Employees of the California Teachers Association are protesting the union's failure to adequately fund employee pensions.[3]

State of the States on Teacher Pension Policy

This year, NCTQ has partnered with EducationCounsel to present a comprehensive report on the health of teacher pension systems in the 50 states and the District of Columbia. Our goal is to help make the not-so-obvious aspects of teacher pensions more visible and understandable to policymakers, teachers, and the public.

Nationwide, just 11 states meet any of this paper's four goals — sustainability, flexibility, neutrality and transparency — and no state meets them all.

To be clear at the outset, this paper does not argue against teacher pensions, but it is critical of the pension policy structures currently in place in almost every state. We do not argue against retirement security, but we do contend that retirement plans must be affordable and sustainable. We do not dispute that teacher compensation is a critical factor in attracting and retaining a high caliber of teachers, but we argue strongly that the mix of salary and retirement benefits currently offered to teachers needs to be reexamined. In no case do we favor breaking commitments already made to veteran teachers who have dedicated their careers to educating children. But we do advocate reform looking forward. Our goal is to explore policy options for teacher retirement that could better support the security and interests of teachers and taxpayers alike.

2 Van Hulle, L. (2016, December 11). Legislation to reform retiree health care, teacher pensions dies in lame duck session. *Crain's Detroit Business*, retrieved at: http://www.crainsdetroit.com/article/20161206/NEWS/161209908/legislation-to-reform-retiree-health-care-teacher-pensions-dies-in

3 Karlin, R. (2016, July 27). Facing its own pension spike, NYSUT looks to cut staff benefits. *Times Union*. Retrieved at: http://www.timesunion.com/tuplus-local/article/Facing-its-own-pension-spike-NYSUT-looks-to-cut-8481292.php

Siripurapu, A. (2016, August 25). Employees of teachers' union picket to negotiate retirement fix. *Sacramento Bee*. Retrieved at: http://www.sacbee.com/news/politics-government/the-state-worker/article97932157.html

Toward that end, this paper examines the *sustainability*, *flexibility*, and *fairness* of each state's current teacher pension policies. New this year, we also examine pension policy *transparency* in the states. First, we examined the extent to which states disclose the financial information that policymakers, school districts, teachers, and the general public need for a clear and accurate understanding of the current standing and future health of retirement systems in their states. Second, we reviewed state efforts to be transparent by providing information directly to teachers about the value of their individual teacher retirement benefits.

To evaluate state policy in each of these four areas, we examined each state's most recent actuarial valuation and/or Comprehensive Annual Financial Report (CAFR), a financial statement on public pensions, which complies with the accounting requirements of the Governmental Accounting Standards Board (GASB). When it comes to system transparency, we studied the publicly available information provided on the health of teacher retirement systems in each state. We also examined what information individual teachers receive about their own pension benefits. When we didn't find evidence on state websites, we asked the systems to provide examples of the reports, templates, and pension data they provide directly to teachers. Not all systems provided such information. If states that did not respond to our request do in fact share information with teachers, this could not be determined.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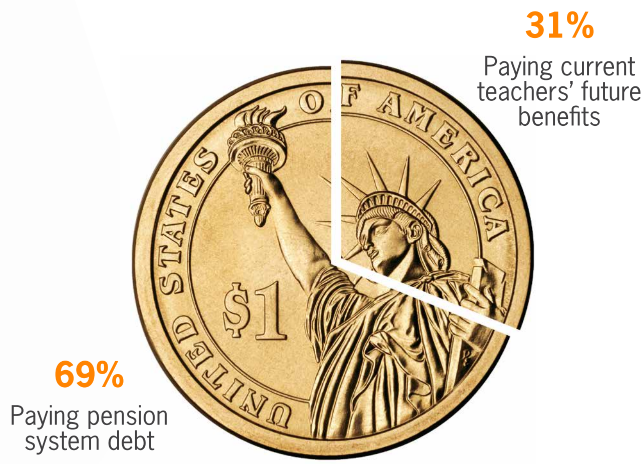
Key Findings

Teacher pension policy in the majority of states remains on a collision course with reality.

Nationwide, more than two-thirds of every dollar contributed by employers to teacher retirement systems goes toward servicing the enormous pension debts that have accrued across the states. Only 31 cents of every dollar contributed to teacher pensions by employers was actually set aside to fund future benefits earned by today's teachers. Unfunded obligations for teacher pensions represent more than a third of the public employee pension debt nationwide.[4]

Figure 2. Where employer pension contributions go



Despite serious financial consequences for public coffers, as well as for teachers' and taxpayers' pockets, most states steadfastly cling to traditional defined benefit retirement programs.

In 38 states today, teachers have only one option. They are enrolled in defined benefit pension plans. The defined benefit plan is characterized by mandatory participation and provides periodic benefits payable for life based, in almost all cases, on years of service rather than on retirement age.

4 See Business Insider at http://www.businessinsider.com/a-pensions-time-bomb-spells-disaster-for-the-us-economy-2016-12 and NCTQ, Doing the Math on Teacher Pensions at http://www.nctq.org/dmsView/Doing_the_Math.

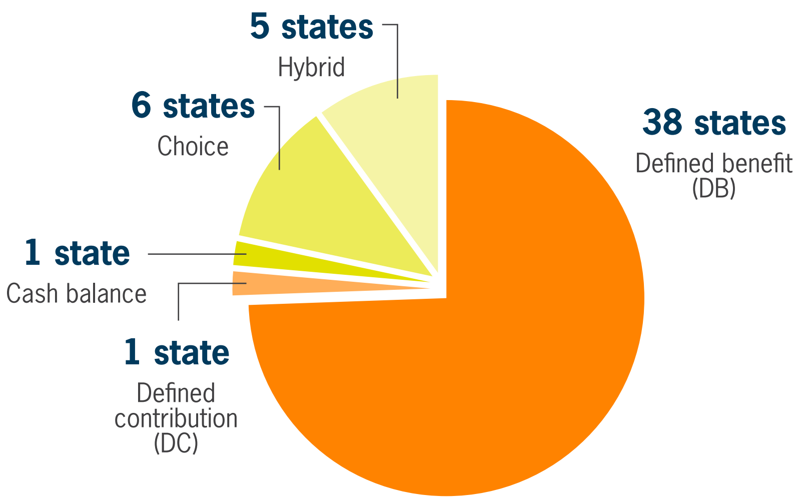
Figure 3. Funding the debt

	Required employer contribution[5]	Percentage of annual employer contribution that goes toward: Normal costs of pension system	Paying the teacher pension debt
Alabama	10.8%	7.5%	92.5%
Alaska	17.8%	13.7%	86.3%
Arizona	11.3%	17.3%	82.7%
Arkansas	14.3%	47.6%	52.4%
California	21.4%	39.1%	60.9%
Colorado	22.5%	18.6%	81.4%
Connecticut	23.7%	15.8%	84.2%
Delaware	9.6%	72.7%	27.3%
District of Columbia	12.2%	59.5%	40.5%
Florida	6.2%	45.7%	54.3%
Georgia	14.3%	46.0%	54.0%
Hawaii	17.9%	32.2%	67.8%
Idaho	11.6%	65.3%	34.7%
Illinois	39.1%	21.1%	78.9%
Indiana	28.4%	18.1%	81.9%
Iowa	8.9%	55.8%	44.2%
Kansas	16.4%	15.2%	84.8%
Kentucky	29.8%	25.6%	74.4%
Louisiana	25.5%	16.9%	83.1%
Maine	13.0%	26.0%	74.0%
Maryland	15.8%	28.9%	71.1%
Massachusetts	17.7%	20.5%	79.5%
Michigan	25.8%	20.2%	70.8%
Minnesota	10.4%	10.3%	89.7%
Mississippi	16.7%	11.4%	88.6%
Missouri	14.5%	64.5%	35.5%
Montana	11.2%	9.5%	90.5%
Nebraska	7.3%	32.1%	67.9%
Nevada	14.5%	48.9%	51.1%
New Hampshire	15.7%	13.2%	86.8%
New Jersey	26.6%	13.0%	87.0%
New Mexico	16.8%	13.6%	86.4%
New York	11.7%	96.5%	3.5%
North Carolina	8.5%	61.5%	38.5%
North Dakota	13%	89.2%	10.8%
Ohio[6]	14%	0.0%	100.0%
Oklahoma	13.1%	22.7%	77.3%
Oregon	31.3%	43.9%	56.1%
Pennsylvania	30%	27.7%	72.3%
Rhode Island	23.1%	18.4%	81.6%
South Carolina	11.1%	14.8%	85.2%
South Dakota	4.7%	100.0%	0.0%
Tennessee	9%	57.0%	43.0%
Texas	7.9%	27.9%	72.1%
Utah	23.3%	63.5%	36.5%
Vermont	13.6%	9.9%	90.1%
Virginia	16.3%	34.4%	65.6%
Washington	14.8%	52.0%	48.0%
West Virginia	24.3%	18.2%	81.8%
Wisconsin	6.9%	99.3%	0.7%
Wyoming	9.4%	38.2%	61.8%

5 These rates are actuarially–required contributions (ARC), which may differ from what employers do in fact contribute. Several states also have legacy costs associated with closed pension plans: Alaska, Indiana, Oregon, Utah, and Washington. Michigan and Nevada did not report the normal costs in their most recent valuation reports. For these states, we use the same rates that were reported for 2014.

6 In Ohio, none of the employer contribution goes toward the normal cost, so all 14% goes toward the unfunded liability, and an additional 1.54% excess member contribution goes toward the unfunded liability as well, for a total of 15.54% toward the unfunded liability.

Figure 4. Types of teacher pension systems in the U.S.[7]



Advocates of the defined benefit plan system argue that there is nothing wrong with the structure of defined benefit systems that won't be fixed by states digging deeper into their pockets and a bull market on Wall Street.[8] And, indeed, market improvements have clearly helped slow the rate of the systems losses since 2014. But there is no sign of comprehensive pension reform that will have a significant and long-term impact on the systems' financial health. At best, states have merely slowed the exponential growth of their teacher pension debt.

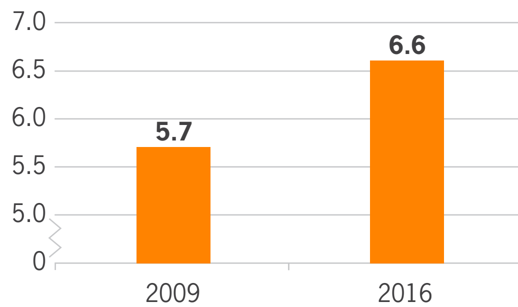
One exception is **South Dakota**, a state that demonstrates how a defined benefit system can be structured in a way that is financially sustainable and provides flexibility to teachers. Unfortunately, defined benefit systems in other states include few to none of the features that set South Dakota apart.

The typical defined benefit plan is increasingly costly and harder to collect. The last decade has seen a steady rise in pension contribution rates for teachers and employers. Since 2008, when NCTQ started collecting data on teacher pensions, 31 states have increased teacher contributions to pension systems. Just since 2012, 36 states have increased the contribution rates required of employers. In 41 states, these contribution rates are excessively high. This is no surprise given the large costs and mounting debt of these defined benefit pension systems. But what is less obvious is that, even as they contribute more, teachers are less likely than ever to collect on their promised benefits. Vesting periods, that is, the time it takes teachers to be eligible for even a minimal pension in a school system, are getting longer. In 20 states, the length of service needed for teachers to be entitled to any portion of their pension benefits is now seven years or longer.

7 Defined contribution: Alaska; Hybrid: Indiana, Oregon, Rhode Island, Tennessee, Virginia; Choice: Florida, Michigan, Ohio, South Carolina, Utah, Washington; Cash balance: Kansas. Kansas offers defined benefit pension plan to its teachers as their mandatory pension plan. The Kansas State Legislature passed House Bill 2333 in 2012 which added a Cash Balance plan (Tier 3) for new hires on or after January 1, 2015. A cash balance plan is a type of defined benefit plan and shares characteristics found in both a traditional defined benefit plan and defined contributions (401k-style) plan. This plan, however, is still structured like a traditional defined benefit plan in many ways. Importantly, the new plan continues to lack portability.

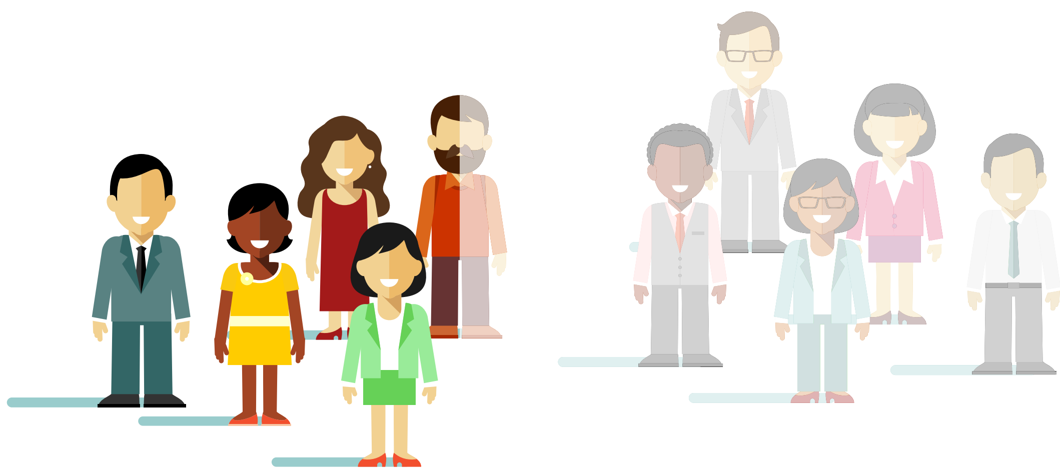
8 See National Center for Teacher Retirement at http://www.nctr.org or the National Conference on Public Employee Retirement Systems, which claims that its study finds that "pensions are becoming healthier and more cost effective."

Figure 5. Change in average vesting period in pension systems for teachers



For generations of teachers the defined benefit plan was attractive in its promise to pay a guaranteed specified amount per month for life to each person who retires, usually after a set number of years of service. But this plan also has a major disadvantage: In an increasingly mobile world, most such retirement nest eggs are not portable. In many places, pension eligibility requires a teacher to stay employed within specific boundaries. A career teacher who moves across state lines before reaching retirement eligibility and continues teaching may have to start from square one in working toward a secure retirement.

Figure 6. Fewer than half of teachers will stay long enough to earn a minimum pension



According to Bellwether Education Partners, in the median state, only 44.5 percent of new teachers will stay long enough to earn a minimum pension. The District of Columbia and 10 states — Arizona, Colorado, Maine, Mississippi, Nebraska, New Hampshire, South Dakota, Texas, Vermont, and Wyoming — estimate that fewer than 10 percent of teachers will remain in the state system long enough to be eligible for normal retirement benefits.[9]

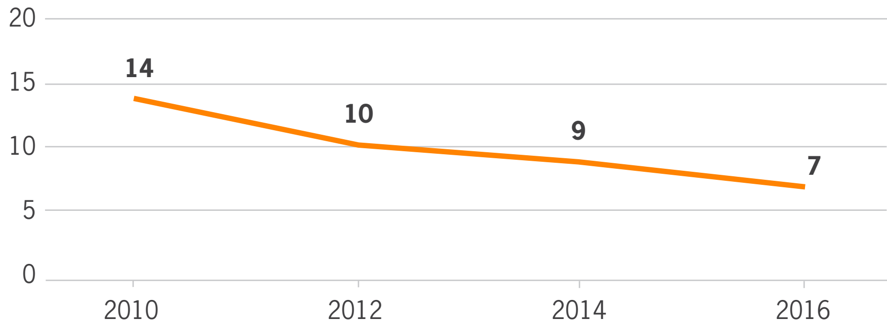
Despite these trends, for the most part, changes in teacher pension policy for the last decade have nibbled around the edges of the colossal defined benefit systems, mostly in ways that achieve marginal savings for pension systems, at great expense to both teachers and taxpayers.

9 Bellwether Education Partners, Friends without benefits: How states systematically shortchange teachers' retirement and threaten their retirement security, retrieved from http://www.teacherpensions.org/sites/default/files/Bellwether_PensionPaper_070814_Web.pdf

The number of states with well-funded pension systems is in the single digits and has steadily declined over the past decade.

Just seven states — **Delaware**, **Nebraska**, **New York**, **North Carolina**, **South Dakota**, **Tennessee**, and **Wisconsin** — have teacher pension systems that are funded at 90 percent or higher. Of those, only South Dakota and Wisconsin are fully funded.

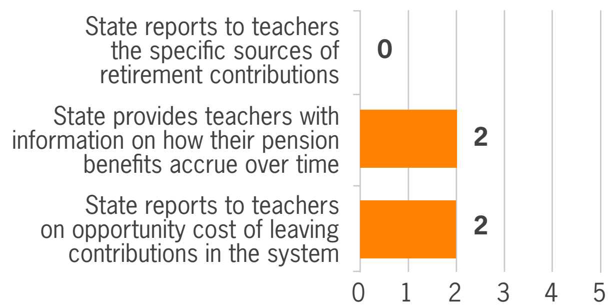
Figure 7. Number of states with well-funded teacher pension systems (2010-2016)



Few states with traditional defined benefit pensions provide adequate information to teachers on their retirement benefits.

When it comes to defined contribution systems, in which teachers have their own individual accounts, a great deal of transparency is built in as a matter of course, since teachers receive regular statements about their retirement savings and market earnings. However, in defined benefit systems, teachers — who directly contribute their earnings to pension systems and depend on pension benefits — typically receive scant information on the stability of their retirement plans.

Figure 8. Information states report to individual teachers on their retirement benefits



States disclose some information on the health of state retirement systems, but most do little to directly provide teachers, policymakers and the public with information on their pension plans, including how benefits accrue for each year of service, the amount contributed each year by teachers and employers, and the projected value of a teacher's contributions based on different assumptions about the rate of return on pension investments.

The Pension Fog

Teacher pensions have a long history. Since the mid-19th century, states and many large cities have been providing teachers, along with other public employees, with retirement benefits. The traditional model assumed low mobility and high career stability. The compensation package for these employees generally featured relatively low salaries — particularly compared to the private sector — with a defined benefit pension plan. The tradeoff of lower salary for deferred benefits was a bargain that offered security to workers when they retired.[10]

But the appeal of this model has diminished over time. More financially lucrative career options beyond teaching are available to women, making higher salaries now more attractive than retirement benefits later. Younger "millennials" are more likely than earlier generations to change jobs. According to a recent Gallup poll, 21 percent of people born between 1980 and 1996 have changed jobs in the last year (three times higher than earlier generations), and 60 percent are open to a new career move.[11] Approximately 17 percent of new teachers leave the profession within the first five years.[12]

In 20 states, teachers must wait seven years or longer to vest in their pension systems, and only four states allow teachers leaving the system to take a portion of employer contributions with them.

The capacity for states and districts to finance traditional retirement benefits has diminished over time as well, due to rising costs and numerous other factors. For instance, increasing life expectancies, coupled with most states allowing teachers to retire based on years of service rather than age, have meant that retirees are collecting benefits longer than ever before, putting a heavy strain on pension resources. In addition, potentially effective teachers are incentivized to leave the classroom at relatively young ages to maximize their pension benefits.

Over the years, state and local governments have knowingly contributed less than their required portion to fund promised benefits. In tight economic times, states made increasingly costly promises to teachers, promising higher pension benefits later as a consolation prize for stagnant salaries. During better economic times, including the bull market in the 1990s, rather than accumulating surpluses during the years of above-average returns, most pension plans significantly enhanced

10 Clark, R., Wilson, J., & Craig, L. (2003). A history of public pensions in the United States, Pension Research Council: University of Pennsylvania Press.

11 Millennials: The job-hopping generation, April 12, 2016. Retrieved from http://www.gallup.com/reports/189830/millennials-work-live.aspx?utm_source=gbj&utm_medium=copy&utm_campaign=20160512-gbj

12 NCES, U.S. Department of Education. Public school teacher attrition and mobility in the first five years: Results from the first through fifth waves of the 2007–08 beginning teacher longitudinal study. Retrieved from http://nces.ed.gov/pubs2015/2015337.pdf

benefits, without commensurately increasing the contributions necessary to pay for those benefit increases. When the stock market contracted, these enhancements helped contribute to what are now large and growing liabilities — financial holes too deep to be filled without policy reform.

As states have continued to accumulate enormous pension debt, they've put the squeeze on teachers and local governments, with longer vesting periods for teachers and often excessive contribution requirements for teachers, school districts, or both. States have tightened retirement benefits for new teachers, and school districts have found themselves hamstrung, unable to raise salaries and increasingly diverting more of their overall budgets to pension costs.[13] With a workforce that is likely to live longer and is often encouraged by pension incentives to retire at relatively young ages, states, districts, and teachers are caught in a vicious cycle.

Today, few jobs in the private sector offer traditional defined benefit pension plans. Rather, employees typically commit a portion of their pay in personal retirement savings accounts such as a 401(k) account, usually with some portion matched by their employer. This retirement structure is known as a defined contribution plan.

The argument in favor of defined contribution plans is that they are more equitable because each teacher's benefits are funded by her own contributions plus contributions from the employer. Moreover, defined contribution plans are inherently portable and give employees flexibility and control over their retirement savings.

Defenders of the pension status quo argue that any deviation from the traditional defined benefit system is more risky for teachers. Like state-managed traditional defined benefit systems, many individual Americans with defined contribution plans suffered significant losses to their retirement savings in the market downturn of the last decade.

But while pension boards and other advocates of traditional retirement plans have long claimed that this is exactly why teachers should be fearful of the risks of alternatives plans, they've failed to acknowledge the risks associated with defined benefit systems. In addition to the increasing instability of pension systems, teachers face the risk that they will never collect pension benefits or achieve adequate retirement savings because they do not remain in the system until reaching retirement eligibility. Whether intended or not, today's pension systems now depend on these non-collectors in order to stay afloat. There is a great deal of risk for teachers paying into systems that are generally structured so that most of a teacher's pension contributions are not being saved for her own retirement but rather are subsidizing the benefits of current retirees.

13 Josh McGee, Feeling the squeeze: Pension costs are crowding out education spending, Manhatten Institute, October 2016: https://www.manhattan-institute.org/html/feeling-squeeze-pension-costs-are-crowding-out-education-spending-9368.html

2016 State Teacher Pension Policy

The reports included in this paper present comprehensive state data on pension funding and pension system rules, with indicators for how well, or poorly, state teacher pension systems are performing.

In assessing the quality of state teacher pension policy, NCTQ and EducationCounsel have benchmarked the 50 states and the District of Columbia against a forward looking and sustainable approach to teacher retirement benefits in four key areas: pension flexibility, sustainability, neutrality, and transparency.

In addition to the state-by state policy summaries included in this report, each state's detailed pension policy report – including a full analysis of each state's teacher pension policies, recommendations and state responses – are available at NCTQ's state policy dashboard at: www.nctq.org/statepolicy

Pension Sustainability

This goal holds that it is ultimately the responsibility of state policymakers to ensure that retirement systems are financially sustainable, without excessive unfunded liabilities or inappropriately long amortization (payoff) periods and with reasonable mandatory employer and employee contribution rates.

Sustainability: The state should ensure that its pension system is financially sustainable, without excessive unfunded liabilities or an inappropriately long amortization period.

Indicators	
Teacher pension system is at least 90% funded.	✓
Teacher and employer contribution rates are reasonable.	✓

Figure 9. Summary table of key elements of fair, neutral, portable, and transparent teacher pension systems (2016)

	Teacher pension system is at least 90% funded.	Both teacher and employer contribution rates are reasonable.	Teachers have the option of a fully portable primary pension plan.	Teachers vest in three years or less.	Teachers leaving early can take at least a partial employer contribution with them.	Retirement eligibility is based on age only.	Pension benefits accrue in a way that treats each year of work uniformly.	States publicly disclose detailed information about pension debt.	States provide teachers with detailed information on their future retirement benefits.
Alabama						✓	✓	✓	
Alaska		✓	✓		✓	n/a	✓	✓	
Arizona				✓					
Arkansas									
California						✓	✓	✓	
Colorado					✓				
Connecticut									
Delaware	✓							✓	
District of Columbia		✓							
Florida		✓	✓			(✓)	(✓)	✓	
Georgia									
Hawaii								✓	
Idaho									
Illinois						✓	✓	✓	
Indiana		✓							
Iowa					✓			✓	
Kansas									
Kentucky									
Louisiana						✓	✓		
Maine		✓				✓	✓	✓	
Maryland									
Massachusetts						✓			
Michigan			✓			✓	✓		
Minnesota		✓		✓		✓	✓	✓	
Mississippi									
Missouri									
Montana									
Nebraska	✓								
Nevada									
New Hampshire						✓	✓	✓	
New Jersey						✓	✓		
New Mexico									
New York	✓					✓			
North Carolina	✓							✓	
North Dakota								✓	
Ohio		✓	✓		✓	(✓)	(✓)		
Oklahoma									
Oregon									
Pennsylvania								✓	
Rhode Island						✓	✓		
South Carolina			✓			(✓)	(✓)		
South Dakota	✓	✓	✓	✓	✓		✓	n/a	✓
Tennessee	✓								
Texas		✓							
Utah			✓		✓	(✓)	(✓)		
Vermont								✓	✓
Virginia									
Washington						✓	✓		
West Virginia								✓	
Wisconsin	✓	✓						n/a	
Wyoming									✓
TOTAL	**7**	**10**	**7**	**3**	**6**	**13**	**13**	**16**	**3**

(✓) for some plans

Figure 10. Pension system sustainability

	Pension system sustainability
Alabama	meets a small part of goal
Alaska	fully meets goal
Arizona	does not meet goal
Arkansas	meets a small part of goal
California	meets a small part of goal
Colorado	meets a small part of goal
Connecticut	meets a small part of goal
Delaware	nearly meets goal
District of Columbia	nearly meets goal
Florida	nearly meets goal
Georgia	meets a small part of goal
Hawaii	does not meet goal
Idaho	meets goal in part
Illinois	meets a small part of goal
Indiana	meets goal in part
Iowa	meets goal in part
Kansas	meets a small part of goal
Kentucky	meets a small part of goal
Louisiana	meets a small part of goal
Maine	nearly meets goal
Maryland	meets a small part of goal
Massachusetts	meets a small part of goal
Michigan	meets goal in part
Minnesota	meets goal in part
Mississippi	does not meet goal
Missouri	meets a small part of goal
Montana	does not meet goal
Nebraska	meets goal in part
Nevada	does not meet goal
New Hampshire	meets a small part of goal
New Jersey	meets a small part of goal
New Mexico	does not meet goal
New York	nearly meets goal
North Carolina	nearly meets goal
North Dakota	does not meet goal
Ohio	meets goal in part
Oklahoma	meets a small part of goal
Oregon	meets goal in part
Pennsylvania	meets a small part of goal
Rhode Island	meets goal in part
South Carolina	meets goal in part
South Dakota	fully meets goal
Tennessee	nearly meets goal
Texas	nearly meets goal
Utah	meets goal in part
Vermont	meets a small part of goal
Virginia	meets goal in part
Washington	meets goal in part
West Virginia	meets a small part of goal
Wisconsin	fully meets goal
Wyoming	does not meet goal

● fully meets goal ◕ nearly meets goal
◑ meets goal in part ◔ meets a small part of goal
○ does not meet goal

Despite some recent marginal improvements in overall pension system funding, most states' teacher pension funding levels remain untenable.

Compared to 2008, when NCTQ started tracking state pension policy, the number of states that do not maintain even 80 percent funding, a minimal standard, has grown from 20 states to 33 states. Overall, just seven states — **Delaware**, **Nebraska**, **New York**, **North Carolina**, **South Dakota**, **Tennessee**, and **Wisconsin** — have teacher pension systems that are well funded, meaning each system has at least 90 cents on hand for every dollar it owes for benefits, and are financially sustainable.

> In 2016, South Dakota and Wisconsin are the only two states in the nation with fully-funded teacher pension systems. At 42 percent, Illinois continues to have the lowest funded pension system in the nation

In addition to debt burden carried by states, another critical and related element of pension sustainability is the employer and teacher contribution to retirement benefits. Compensation resources are not unlimited. As such, mandated employer contributions must be reasonable. So, too, teacher contributions must be sensible and in keeping with typical contributions associated with sound retirement planning (see sidebar next page).

While it is certainly possible for pension contributions to be too low, the reality is that more often than not, employer and/or employee contributions to teacher pensions are excessive, and that is no surprise given the pension debt that states are facing. For states in which teachers also participate in Social Security, employers pay even more toward teacher retirement.

Our analysis of state pension policy finds that only eight states maintain reasonable contribution rates for both employers (usually school districts or local governments) and teachers. Since 2008, 32 states have raised their teacher contributions into pension plans (see Appendix F).

What is a reasonable rate for pension contributions?

Analysts generally agree that workers in their twenties with no previous retirement savings should save, in addition to Social Security contributions, about 10-15 percent of their gross income in order to be able to live during retirement on 80 percent of the salary they were earning when they retired. While the recommended savings rate varies with age and existing retirement savings, we use this 10-15 percent benchmark as a reasonable rate for this analysis.

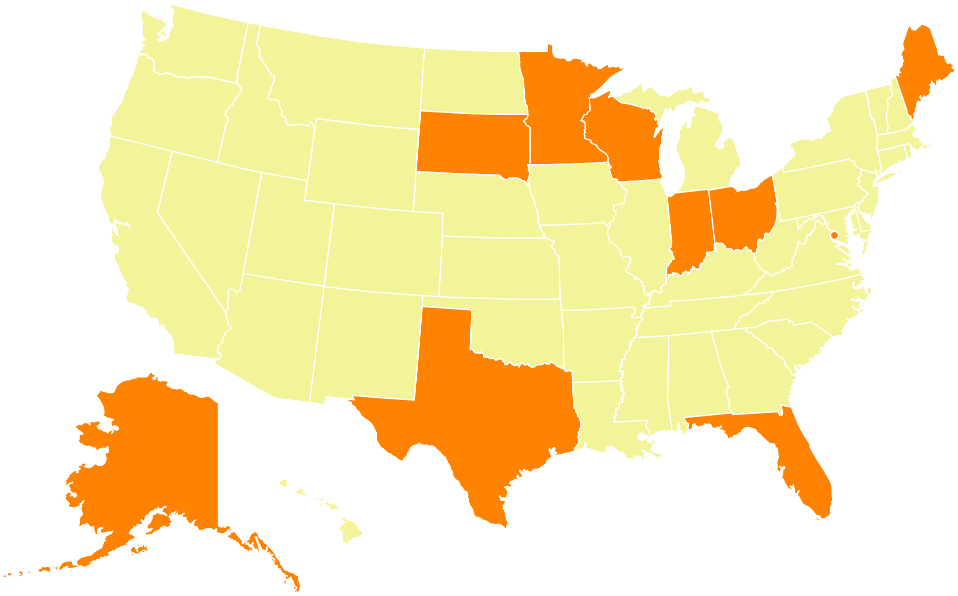
To achieve a total savings of 10-15 percent, teacher and employer contributions should each be in the range of 4-7 percent — we define higher rates for either as "excessive". In states where teachers do not participate in Social Security, the total recommended retirement savings (teacher plus employer contributions) is about 12 percent higher to compensate for the fact that these teachers will not have Social Security income when they retire. In order to achieve the appropriate level of total savings, teacher and employer contributions in these states should each be in the range of 10–13 percent.

Figure 11. Unfunded pension liabilities by state[14]

	Unfunded liabilities 2016 (in dollars)	Percent of system funded 2016
Alabama	$10,027,958,472	67.5%
Alaska	$1,629,073,000	54.5%
Arizona*	$4,237,707,541	77.1%
Arkansas	$3,256,909,830	82.2%
California	$76,200,000,000	68.5%
Colorado	$14,805,492,000	60.7%
Connecticut	$10,802,700,000	59.0%
Delaware*	$197,900,092	91.6%
District of Columbia	$221,288,000	88.7%
Florida*	$5,786,144,910	89.4%
Georgia	$13,710,395,000	81.9%
Hawaii*	$2,456,916,000	62.2%
Idaho*	$655,688,000	86.3%
Illinois	$62,686,632,526	42.0%
Indiana	$12,290,626,119	46.4%
Iowa*	$3,487,186,483	82.7%
Kansas	$6,205,000,000	53.8%
Kentucky	$13,930,442,000	55.3%
Louisiana	$11,189,053,201	60.9%
Maine*	$642,982,316	84.6%
Maryland*	$5,250,711,686	71.9%
Massachusetts	$20,169,010,000	54.3%
Michigan	$24,973,627,000	62.9%
Minnesota	$5,865,262,000	77.1%
Mississippi*	$6,231,194,784	60.4%
Missouri	$6,537,125,000	83.9%
Montana	$1,741,545,000	67.5%
Nebraska	$1,161,372,691	89.6%
Nevada*	$5,682,012,000	73.2%
New Hampshire*	$1,128,761,678	55.3%
New Jersey	$27,057,972,887	51.1%
New Mexico	$6,542,046,073	63.7%
New York	$6,100,000,000	94.2%
North Carolina*	$1,442,085,607	95.6%
North Dakota	$1,324,758,531	61.6%
Ohio	$30,358,655,000	69.3%
Oklahoma	$6,920,746,596	66.6%
Oregon*	$3,921,456,000	74.0%
Pennsylvania	$37,335,800,000	60.6%
Rhode Island	$1,433,770,765	58.8%
South Carolina*	$10,219,485,550	62.0%
South Dakota*	$0	100.0%
Tennessee*	$275,791,429	96.4%
Texas	$32,967,736,862	80.2%
Utah*	$2,493,683,010	85.4%
Vermont	$1,175,029,030	58.6%
Virginia*	$5,642,757,990	69.2%
Washington	$3,523,000,000	81.5%
West Virginia	$3,507,563,000	66.0%
Wisconsin*	$9,158,000	100.0%
Wyoming*	$930,232,627	78.2%
NATIONAL	**$516,342,446,288**	**71.8%**

14 Estimate based on the most recent publicly available Comprehensive Annual Fiscal Reports (CAFRs) or actuarial valuations for the state pension plans in which teachers participate. For states in which teachers are part of a larger public employee system (noted with *), the figure was adjusted to reflect an estimate of the percentage of teachers in the system. (See Appendix B.) Alaska offered a Defined Benefit plan until 2006, when it closed it and opened its current Defined Contribution plan. The unfunded liabilities from the defined benefit plan are still being paid down by the state. Other states that closed plans and are still paying off legacy costs include Indiana, Oregon, Utah, and Washington.

Figure 12. States with reasonable contribution rates for teachers and employers



- Alaska
- District of Columbia
- Florida
- Indiana
- Maine
- Minnesota
- Ohio
- South Dakota
- Texas
- Wisconsin

Pension Flexibility

Teachers deserve choices when it comes to planning for their retirement. What this means, in practice, is that teachers should have the option of a fully portable pension system as their primary pension plan, which could be a defined contribution plan or a defined benefit plan structured to be portable. Teachers should vest in their retirement in no more than three years. States that maintain defined benefit plans should offer teachers the option of a lump-sum rollover to a personal retirement account upon termination of employment that includes, at minimum, the teacher's contributions and accrued interest at a fair interest rate, as well as some portion of the funds contributed by the employer on behalf of the teacher.

Flexibility: The state should ensure that pension systems are portable, flexible, and fair to all teachers.

Indicators	
Teachers have the option of a fully portable primary pension plan.	✓
Teachers vest in three years or less.	✓
Teachers withdrawing from the system can take at least a partial employer contribution with them.	✓

Unfortunately, very few states offer teachers these options. In 2016, nearly all states continued to offer teachers only a defined benefit pension system. To achieve the maximum benefits from such a plan, a teacher must begin and end his or her career in the same pension system. Teachers who leave before vesting are generally entitled to nothing more than their own contributions plus some interest.

Alaska remains the only state to provide a fair and flexible defined contribution pension plan for all teachers. This plan is also highly portable, as teachers are entitled to 100 percent of employer contributions after five years of service. In addition, **Florida**, **Michigan**, **Ohio**, **South Carolina**, and **Utah** offer defined contribution plans as a choice for teachers.

While a defined benefit plan, **South Dakota**'s pension system has some unique provisions, which makes the state's teacher retirement plan fairer and more flexible than most other defined benefit systems. In addition

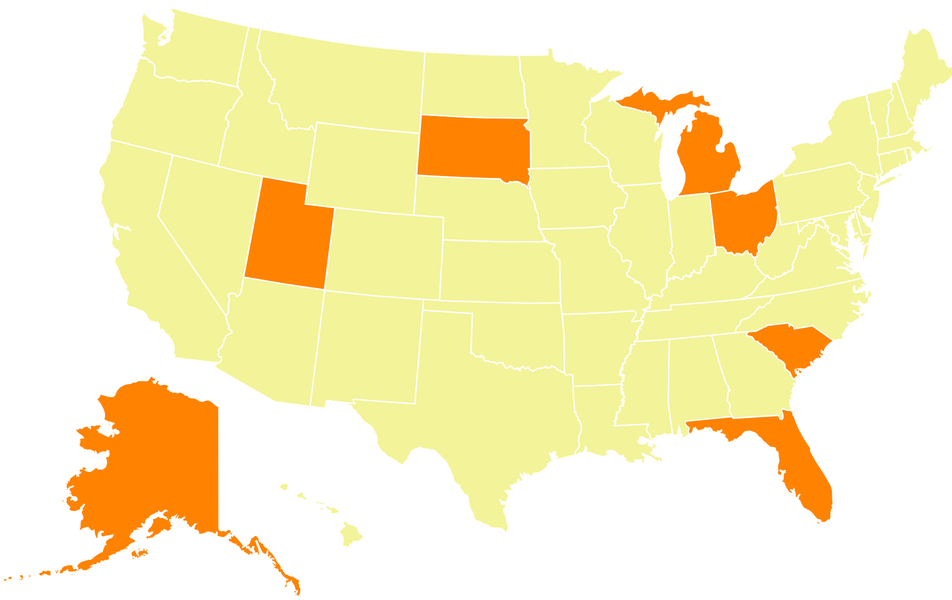
Figure 13. Pension system flexibility

	Pension system flexibility
Alabama	◔
Alaska	◕
Arizona	◑
Arkansas	◔
California	◔
Colorado	◔
Connecticut	◔
Delaware	◔
District of Columbia	◔
Florida	◑
Georgia	◔
Hawaii	◔
Idaho	◔
Illinois	◔
Indiana	◑
Iowa	◔
Kansas	◔
Kentucky	◔
Louisiana	◔
Maine	◔
Maryland	◔
Massachusetts	◔
Michigan	◑
Minnesota	◑
Mississippi	◔
Missouri	◔
Montana	◔
Nebraska	◔
Nevada	◔
New Hampshire	○
New Jersey	◔
New Mexico	◔
New York	◔
North Carolina	◔
North Dakota	◔
Ohio	◕
Oklahoma	◔
Oregon	◑
Pennsylvania	◔
Rhode Island	◑
South Carolina	◑
South Dakota	●
Tennessee	◑
Texas	◔
Utah	●
Vermont	◔
Virginia	◑
Washington	◑
West Virginia	◔
Wisconsin	◔
Wyoming	◔

● fully meets goal ◕ nearly meets goal
◑ meets goal in part ◔ meets a small part of goal
○ does not meet goal

to being fully funded, South Dakota's vesting at three years of service is better than almost every state, and it allows flexibility for teachers who leave the system. Teachers with fewer than three years of experience who choose to withdraw their contributions upon leaving can receive their own contributions, plus interest, and a 50 percent employer match. Teachers with at least three years of experience may withdraw their contributions plus interest and an 85 percent employer match.

Figure 14. States with portable pension options



Alaska
Florida
Ohio
Michigan
South Carolina
South Dakota
Utah

As noted earlier, in an effort to keep bloated and underfunded pension systems afloat, states continue to adopt policies that squeeze teachers financially and decrease flexibility, while also making little long-term difference to mitigating the pension crisis.

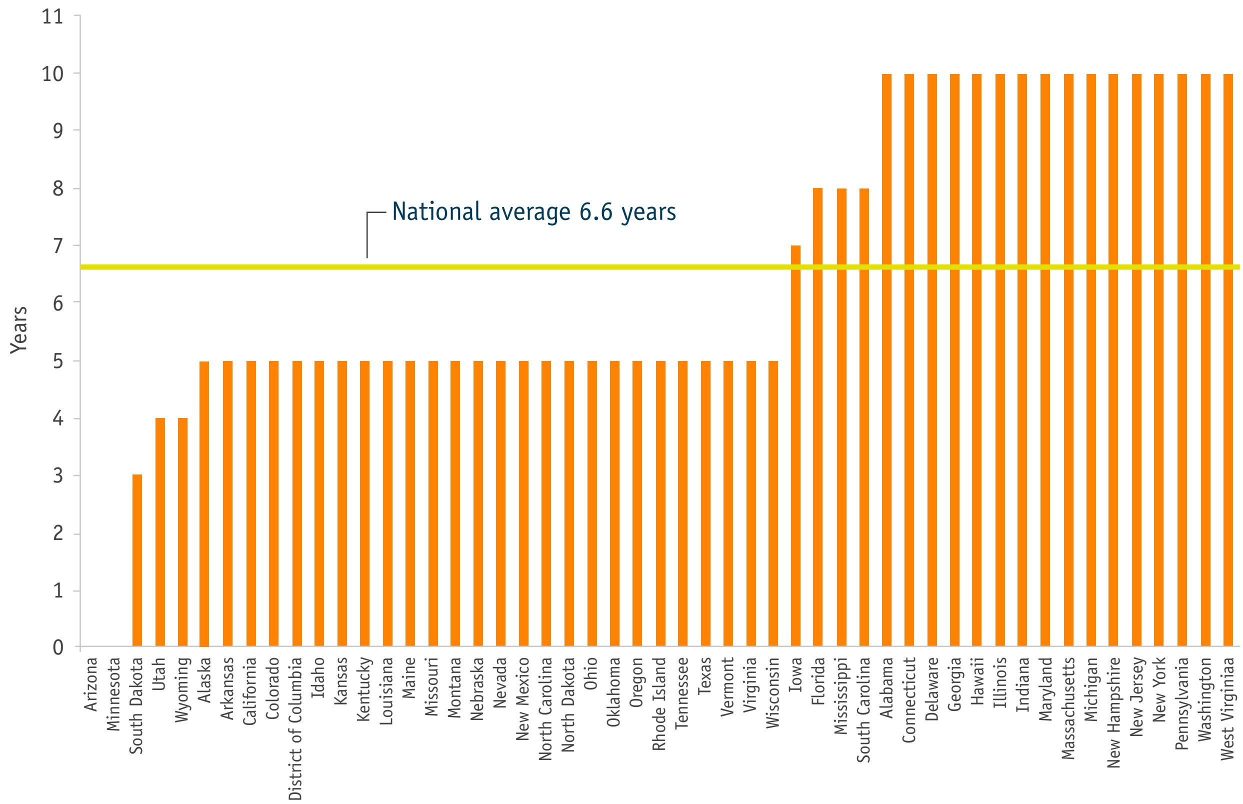
Vesting policies across the states are a good example. Vesting is the right an employee gradually acquires by time on the job to receive employer-contributed benefits, such as payments from a pension or the ability to withdraw a portion of those benefits if he or she leaves. States are making sure that it takes longer for teachers to be eligible for those funds.

Every state except **Arizona**, **Minnesota** and **South Dakota** now delays teacher vesting in pension systems for longer than three years. Twenty states make teachers wait seven to 10 years to vest. The average vesting period for teachers has risen from 5.7 years in 2009 to 6.6 years in 2016.

"It is time for fair, realistic reform. With our pension debt increasing by $10 million every day, the greatest threat is inaction."

– New Jersey Pension Commission, February 2016

Figure 15. Pension vesting period



Proponents of the traditional defined benefit pension will argue that these longer vesting periods serve as a strategy to retain teachers, but that case is hard to make given the realities of the current workforce, especially its mobility. To younger teachers, in particular, a pension plan that cannot move across state lines and that requires a long-term commitment may not seem like much of a benefit at all. And while the risks of a defined contribution pension are apparent to a new teacher, so too are the risks of a defined benefit plan if one is uncertain about remaining in the system long enough to reach retirement eligibility. Further, holding teachers' retirement benefits hostage hardly seems an appropriate or effective retention strategy.

Figure 16. Pension system neutrality

	Pension system neutrality
Alabama	nearly meets goal
Alaska	fully meets goal
Arizona	does not meet goal
Arkansas	meets goal in part
California	nearly meets goal
Colorado	meets goal in part
Connecticut	meets goal in part
Delaware	meets goal in part
District of Columbia	meets goal in part
Florida	nearly meets goal
Georgia	meets goal in part
Hawaii	meets goal in part
Idaho	meets goal in part
Illinois	fully meets goal
Indiana	meets goal in part
Iowa	does not meet goal
Kansas	does not meet goal
Kentucky	does not meet goal
Louisiana	nearly meets goal
Maine	fully meets goal
Maryland	meets goal in part
Massachusetts	meets goal in part
Michigan	nearly meets goal
Minnesota	fully meets goal
Mississippi	does not meet goal
Missouri	meets goal in part
Montana	does not meet goal
Nebraska	meets goal in part
Nevada	meets goal in part
New Hampshire	fully meets goal
New Jersey	fully meets goal
New Mexico	meets goal in part
New York	meets goal in part
North Carolina	meets goal in part
North Dakota	meets goal in part
Ohio	nearly meets goal
Oklahoma	meets goal in part
Oregon	meets goal in part
Pennsylvania	meets goal in part
Rhode Island	fully meets goal
South Carolina	nearly meets goal
South Dakota	meets goal in part
Tennessee	meets goal in part
Texas	meets goal in part
Utah	nearly meets goal
Vermont	does not meet goal
Virginia	meets goal in part
Washington	fully meets goal
West Virginia	meets goal in part
Wisconsin	meets goal in part
Wyoming	meets goal in part

● fully meets goal ◕ nearly meets goal ◑ meets goal in part ◔ meets a small part of goal ○ does not meet goal

Pension Neutrality

The fog engulfing state pension policy is particularly thick when it comes to the formulas used to calculate how pension wealth accumulates for individual teachers over time. Most states' pension systems are not "neutral," meaning that each year of a teacher's career does not accrue pension wealth in a smooth and uniform way. Many states set retirement eligibility at different ages and years of service for different groups of teachers, rather than at a standard, sensible, conventional retirement age for all. These policies often differ in ways that generally reduce benefits for succeeding groups or tiers of teachers within a state based on their entry date into the profession.

Neutrality: The state should ensure that pension systems are neutral, uniformly increasing pension wealth with each additional year of work.

Indicators	
Retirement eligibility is based on age only.	✓
Pension benefits accrue in a way that treats each year of work uniformly.	✓

The way pension wealth accumulates in some systems further compounds the inequity of how benefits are distributed to teachers in different tiers and how benefits accrue across an individual teacher's career.

Defined benefit pension systems use a multiplier to calculate the benefits an individual is entitled to receive based on final salary levels and years of service. For example, a pension system may have a multiplier of 2.0. Pension benefits are determined by multiplying a teacher's average final annual salary by years of service and then multiplying the product by 2.0 (each year of service credit earns 2 percent of one's final salary). Thus, someone working fewer years with a lower final salary would appropriately receive less in benefits than someone with more years of service and/or a higher final salary.

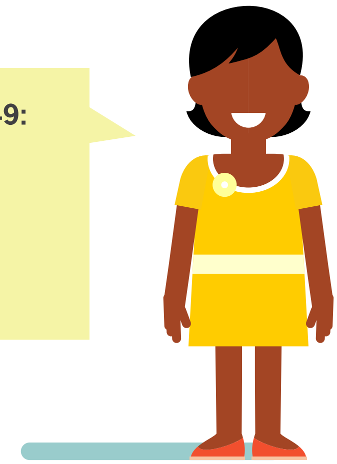
However, the multiplier in many pension systems is not fixed; it increases as years of service increase. When a higher multiplier is used, some teachers receive even more generous benefits than others.

While perhaps not a factor in the career decisions of new teachers, pension systems do have an effect on when teachers decide to retire, as they look to maximize their pension wealth as any other retiree would. Consider this example of a teacher from Arkansas:

Figure 17. Pension wealth: What a difference a year makes

Retires after 27 years at age 49:

- Must wait 11 years to collect pension
- Collects 54% of final average salary



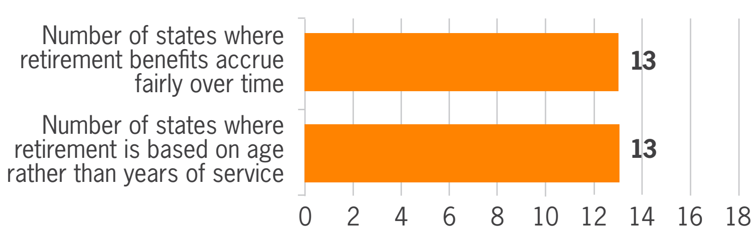
Retires after 28 years at age 50:

- Collects pension immediately
- Collects 60% of final average salary
- Collects 10 more years of annuity payments

In 2016, just twelve states have pension plans where retirement is based on age only and where retirement benefits accrue fairly over the course of a teacher's career: Alabama, Alaska, California, Illinois, Louisiana, Maine, Michigan, Minnesota, New Hampshire, New Jersey, Rhode Island and Washington.

In a defined benefit system, the year teachers reach retirement eligibility by age and/or years of service, their pension wealth peaks; pension wealth then declines for each year they work beyond retirement age. Plans that allow retirement based on years of service create unnecessary peaks, and plans that allow retirement with full benefits at young ages create an incentive to retire earlier in one's career. For every year teachers continue to work beyond their eligibility for unreduced retirement benefits, they forego collecting a year's worth of pension benefits, thus decreasing their overall pension wealth. While these teachers receive another year's worth of wages, they potentially could have earned a significant portion of those wages while enjoying life as a retiree.

Figure 18. Few states have equitable retirement benefits for teachers



The biggest drivers of uneven benefit accrual are that, in 38 states, pension benefits are a function of the years of service a teacher has worked, rather than age, and most also allow for retirement at young ages with full benefits. In only 13 states with defined benefit plans is retirement eligibility based on age only: Alabama, California, Illinois, Louisiana, Maine, Massachusetts, Michigan, Minnesota, New Hampshire, New Jersey, New York, Rhode Island and Washington.

Figure 19. Costs to states of allowing unreduced benefits for early retirees[15]

	Eligible for retirement benefits at age	At a per teacher cost of (from eligible retirement age to age 65)
Alaska	N/A	$0
Illinois	67	$0
Maine	65	$0
Minnesota	66	$0
New Hampshire	65	$0
New Jersey	65	$0
Rhode Island	67	$0
Washington	65	$0
Kansas	60	$219,934
New York	63	$272,760
Alabama	62	$284,193
Tennessee	56	$306,524
Virginia	56	$306,524
California	62	$344,476
West Virginia	62	$344,476
Michigan	60	$347,025
Indiana	55	$349,500
Massachusetts	60	$375,944
Texas	62	$396,147
Hawaii	60	$404,862
Oregon	58	$413,184
Utah	57	$438,758
Maryland	56	$459,786
North Dakota	60	$462,700
Oklahoma	60	$462,700
Wisconsin	57	$468,008
South Dakota	55	$492,478
Florida	55	$508,364
Ohio	60	$508,970
Montana	55	$530,605
Vermont	56	$540,925
South Carolina	56	$557,874
Missouri	51	$568,327
Louisiana	60	$578,375
Connecticut	57	$585,010
North Carolina	52	$612,290
Idaho	56	$613,048
Delaware	52	$622,383
Iowa	55	$625,827
Nebraska	55	$635,455
Wyoming	53	$664,981
District of Columbia	52	$672,847
Georgia	52	$672,847
Mississippi	52	$672,847
Arkansas	50	$727,242
Arizona	55	$730,774
Colorado	57	$731,263
Pennsylvania	57	$731,263
New Mexico	52	$790,595
Nevada	52	$841,058
Kentucky	49	$841,158

15 These calculations are based on a three year final average salary calculation, do not include COLA or inflation, and assume a standard salary scale with a starting salary of $35,000 that increases annually.

Figure 19 provides a powerful illustration of how retirement by years of service heaps costs on to states. The numbers calculated for each state show how much a teacher who started at age 22 would be paid by the state's retirement plan if she retires the first year she is eligible for unreduced benefits compared to a more conventional retirement age of 65.

In Kentucky, for example, where one can retire with unreduced benefits after 27 years of service regardless of age, a teacher who began her career at age 22 can begin collecting full retirement benefits at age 49 — at a total cost of more than $841,000 per teacher for benefits collected before the retiree reaches age 65.

It is arguable that the inequities built into formulas for calculating teacher pension benefits are part of the consequence of policymakers kicking the can down the road on pensions and promising benefits for late-career teachers.

Defenders of the status quo maintain that the traditional defined benefit structure remains an incentive for a lifelong career in teaching, but teacher retention rates and rates of withdrawal from state retirement systems suggest otherwise.[16] The traditional defined benefit system also lacks retirement choices that allow teachers to choose plans that best suit their needs, retirement goals, and life circumstances.

16 See Bellwether Education Partners, Friends Without Benefits. Retrieved from: http://www.teacherpensions.org/sites/default/files/Bellwether_PensionPaper_070814_Web.pdf

Pension Transparency

New for 2016, this analysis includes information on state efforts to be transparent about teacher pension policy. To do this, it is critical that states disclose all financial and other data necessary for policymakers, school districts, and taxpayers (including teachers) to have a clear and accurate depiction of the current standing and future health of the system. For teachers, the recipients of pension benefits, there should be clarity on the future of their own retirement benefits.

All pension systems provide some basic public reporting, including annual financial statements, known as the Comprehensive Annual Financial Report (CAFR), and actuarial valuation reports. Yet the information in these reports rarely provides more than minimal insight into the systems' financial health. Similarly, most systems make some basic information available to teachers through member statements and web-based resources. But teachers need more detailed information to help them to really understand their own prospective benefits and to enable informed decisions about their career and retirement futures.

Transparency: States disclose information to the public and to teachers that provides a clear and accurate depiction of the current standing and future health of the system.	
Indicators	
The state publicly reports projections for future contributions required to fully amortize total pension debt.	✓
The state reports retirement system funding projections under different discount rates.	✓
The state discloses to teachers information on the source(s) of employer contributions (e.g., state and/or school districts) as well as the proportion of total contributions for which each contributor is responsible.	✓
The proportion or amount of retirement contributions that are normal and amortized is reported.	✓
The state provides teachers with information about debt service taken for the purpose of funding current or future pension obligations.	✓
The state provides teachers with information about how their benefits accrue over time (at least until reaching retirement eligibility).	✓
The state reports to teachers the extent to which employer contributions are being used to subsidize the retirement benefits of teachers under other tiers.	✓

In our first review of pension transparency, we did not find any state that fully addressed the disclosures listed above. Several states — **Delaware**, **Maine**, and **North Dakota** — are ahead of their peers on public disclosures related to pension health. Delaware and Maine, for example, report projections for future contributions required to fully amortize the systems' total unfunded liabilities, and they also report these projections under a range of assumptions about the rate of return on investments, not just under the systems' own assumptions. This allows stakeholders in those states to appropriately assign risk to the system's obligations and to provide clarity about potential unfunded liabilities facing taxpayers.

But when it comes to providing teachers — the key beneficiaries and stakeholders for pension policy — with information, states fail miserably.

South Dakota come closest, and nearly meets this goal, because of its overall teacher pension system transparency and because it provides teachers with an annual benefits statement that includes some of the important data teachers should have about their own nest eggs.

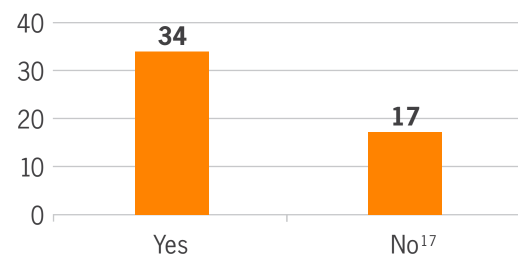
Figure 20. Pension system transparency

	Pension system transparency
Alabama	meets a small part of goal
Alaska	meets goal in part
Arizona	meets a small part of goal
Arkansas	meets a small part of goal
California	meets a small part of goal
Colorado	does not meet goal
Connecticut	does not meet goal
Delaware	meets goal in part
District of Columbia	meets a small part of goal
Florida	meets a small part of goal
Georgia	meets a small part of goal
Hawaii	meets a small part of goal
Idaho	meets a small part of goal
Illinois	meets a small part of goal
Indiana	does not meet goal
Iowa	meets a small part of goal
Kansas	meets a small part of goal
Kentucky	meets a small part of goal
Louisiana	meets a small part of goal
Maine	meets goal in part
Maryland	meets a small part of goal
Massachusetts	meets a small part of goal
Michigan	meets a small part of goal
Minnesota	meets a small part of goal
Mississippi	meets a small part of goal
Missouri	does not meet goal
Montana	meets a small part of goal
Nebraska	meets a small part of goal
Nevada	meets a small part of goal
New Hampshire	meets a small part of goal
New Jersey	meets a small part of goal
New Mexico	meets a small part of goal
New York	meets a small part of goal
North Carolina	meets a small part of goal
North Dakota	meets goal in part
Ohio	does not meet goal
Oklahoma	meets a small part of goal
Oregon	meets a small part of goal
Pennsylvania	meets a small part of goal
Rhode Island	meets a small part of goal
South Carolina	meets a small part of goal
South Dakota	nearly meets goal
Tennessee	meets a small part of goal
Texas	meets a small part of goal
Utah	meets a small part of goal
Vermont	meets goal in part
Virginia	meets a small part of goal
Washington	meets a small part of goal
West Virginia	meets a small part of goal
Wisconsin	meets goal in part
Wyoming	meets goal in part

fully meets goal · nearly meets goal · meets goal in part · meets a small part of goal · does not meet goal

We did find that 34 states provide online benefits calculators, which, as the name suggests, calculate information about benefits based on parameters entered by the user. While these tools are helpful and important, they are not nearly sufficient. Teachers have to know that the tools exist, understand what they do, and be motivated to use them. The calculators also provide rough estimates of very high-level information. Teachers need more information that is presented in a clear way and delivered to them, whether they ask for it or not.

Figure 21. State provides online pension calculators



Only **Vermont** and **South Dakota** break out and report to individual teachers the amount contributed by them and the amount contributed by their employer. Only **Wyoming** provides teachers with some information about the opportunity cost of leaving contributions in the system by reporting what a teacher would need to contribute on his or her own to achieve the same level of benefits at some future date. States could also achieve this by reporting how much might be earned if teachers were to put contributions into a personal retirement savings account.

It is notable that just a few states — **Iowa**, **Minnesota**, **North Dakota** and **South Dakota** — provide teachers with some information on how teachers' pension wealth accrues at one or a few points in time over the course of teachers' careers. But no state provides consistent data on the lifetime value of benefits accrued at a given service year for all or most years of future service. Such reporting would allow teachers to understand what they put in to their retirement nest eggs and compare that to what they might expect to get out in future benefits. This information would also help teachers plan for timing their retirements in a way that best suits their personal circumstances. In general though, teachers across the country are provided with little or no information about how their benefits accrue over time, leaving them poorly positioned to make decisions that are in their own best interests.

17 States that do not provide online calculators: Connecticut, Georgia, Idaho, Illinois, Maine, Massachusetts, Michigan, Minnesota, New Hampshire, North Dakota, Ohio, Oklahoma, Oregon, Rhode Island, Texas, Washington, and West Virginia.

Figure 23. Pension transparency indicators

	Public disclosures				Information provided to teachers/employees		
	Report future contributions to amortize plan	Report projections under different discount rates	Disclose who makes employer contributions and what proportion of total various employers are responsible for	Disclose proportion or amount of contributions that are normal and amortization [18]	Report how retirement benefits accrue for each year of service	Break out the amount contributed by employee and the amount contributed by the employer	Provide information about the opportunity cost of leaving contributions in the system
Alabama	✓		✓	✓			
Alaska[19]	✓	✓		✓	n/a	n/a	n/a
Arizona			✓	✓			
Arkansas			✓				
California	✓			✓			
Colorado				✓			
Connecticut				✓			
Delaware	✓	✓	✓	✓			
District of Columbia			✓	✓			
Florida		✓	✓	✓			
Georgia			✓	✓			
Hawaii	✓			✓			
Idaho			✓	✓			
Illinois	✓[20]		✓	✓			
Indiana				✓			
Iowa	✓		✓	✓			
Kansas			✓	✓			
Kentucky			✓	✓			
Louisiana			✓	✓			
Maine	✓	✓	✓	✓			
Maryland			✓	✓			
Massachusetts			✓	✓			
Michigan			✓				
Minnesota	✓	✓		✓			
Mississippi			✓	✓			
Missouri				✓			
Montana			✓	✓			
Nebraska			✓	✓			
Nevada			✓				
New Hampshire	✓		✓	✓			
New Jersey			✓	✓			
New Mexico			✓	✓			
New York			✓				
North Carolina[21]	✓			✓			
North Dakota	✓	✓	✓	✓			
Ohio				✓			
Oklahoma			✓	✓			
Oregon			✓				
Pennsylvania	✓			✓			
Rhode Island			✓	✓			
South Carolina			✓	✓			
South Dakota[19]	n/a	n/a	✓	n/a		✓	✓
Tennessee			✓	✓			
Texas			✓	✓			
Utah			✓				
Vermont	✓			✓		✓	
Virginia			✓	✓			
Washington			✓	✓			
West Virginia	✓		✓	✓			
Wisconsin[19]	n/a	n/a	✓	n/a			
Wyoming			✓	✓			✓
NATIONAL	**15**	**6**	**39**	**43**	**0**	**2**	**2**

18 This information is required to be reported under GASB.

19 States with fully funded pension systems receive an N/A on indicators related to public disclosure of information on amortization costs, as these pension systems are not carrying unfunded liabilities. Alaska receives N/A on indicators related to teacher reporting because the state has a defined contribution system.

20 Illinois reports projections for future contributions required to amortize the system's total unfunded liabilities until it is 90 percent funded, not fully funded.

21 North Carolina reports the sources of pension contributions but not what proportion each source is responsible for.

Lifting the Fog

In October 2016, *The New York Times* reported on the travails of the town of Loyalton, California. The small town was hurting financially and decided to forego providing pensions to public employees. With only four current retirees receiving pensions and having made all the required employer contributions over the years to CALPERS, California's public employee retirement system, Loyalton officials figured that they had "pretty nearly fully funded" the retirement of its four retirees. But officials were in for a shock when the state informed them that it would cost the city $1.6 million to withdraw from the state pension system — that is in a town with a total budget of $1.2 million in 2015.[22] Unbeknownst to Loyalton's leaders, the town owns a portion of the massive pension debt CALPERS has accrued, a fact that was not apparent until the town decided it wanted out.

Pension policy transparency is not just a question of *whether* states disclose information about their teacher pension systems, but *what* they report. To be generous, there is a great deal of wishful thinking in the forecast for state teacher pension systems. But in the most egregious cases, there is a lack of honesty and integrity regarding state teacher pension policy. As evidence, the Securities and Exchange Commission has now twice sued New Jersey and Illinois for fraud for misleading stakeholders (particularly bondholders) about the way the states had systematically underfunded and back loaded pension benefits, putting both states and teachers at significant financial risk.

> "If people ran their households like this, they'd be in bankruptcy."
>
> – Lynn Turner, former SEC chief accountatn

And it isn't just the economy and interest rates that are to blame for pension funding woes. Efforts to clear the pension fog are hampered by some of the following common practices:

The rates of return assumed by most states have been way too high.

What's even more staggering than the estimated $516 billion in accrued teacher pension liabilities nationwide is that this debt estimate is likely wildly optimistic, based on unrealistic rates of returns on investments for the pension system, as well as exceedingly long balance payoff dates (amortization periods).

22 Walsh, M. W. (2016, October 9). $1.6 million bill tests tiny town and 'bulletproof' public pensions. New York Times, retrieved at: https://www.nytimes.com/2016/10/10/business/dealbook/1-6-million-bill-tests-tiny-town-and-bulletproof-public-pensions.html.

Funding pension benefits requires the use of projections, or actuarial assumptions, about the future. Demographic assumptions are expectations about a pension plan's membership, such as changes in the teaching workforce or the number of retired plan participants, when participants will retire, and how long they will live after they retire.

Pension systems also make economic assumptions about factors such as the rate of wage growth and the expected investment return on the funds. In 2016, 41 states made their pension calculations based on a 7.5 percent or higher rate of return on investments, and 13 of those states set their expectations at an 8 percent or higher return. (See figure 25.)

This stands in stark contrast to financial trends. According to a recent report in *Governing*, CALPERS reported a 1.4 percent return in 2016. New York State's pension fund reported a 0.2 percent investment return. The Oregon Investment Council reported that the state's public employees plan had logged a 1.24 percent return for 2016.[23]

41 states made their pension calculations based on a 7.5 percent or higher rate of return on investments. This financial assumption stands in stark contrast to financial trends.

According to the Public Fund Survey, the current average real rate of return among pension plans is 4.6 percent, and that is an improvement over the last decade.[24] A continued upturn in the economy and the stock market may improve investment returns a little, but the hole is too deep now to expect recovery based only on higher returns.[25]

23 Farmer, L. (2016, August 3). Public pensions facing worst returns since recession. *Governing*, retrieved at: http://www.governing.com/topics/finance/gov-public-pensions-returns-recession.html.

24 NASRA Issue Brief: Public Pension Plan Investment Return Assumptions, updated February 2016.

25 Walsh, M. W. (2016, December 21), Calpers cuts investment targets, increasing strain on municipalities. *New York Times*, retrieved at: https://www.nytimes.com/2016/12/21/business/dealbook/california-calpers-pension-fund-investment.html.

Figure 24. Amortization periods[26]

Alabama	29.8 years
Alaska	17 years
Arizona	30 years
Arkansas	33 years
California	more than 30 years
Colorado	50 years
Connecticut	20.4 years
Delaware	20 years
District of Columbia	17 years
Florida	26 years
Georgia	30 years
Hawaii	25 years
Idaho	17.4 years
Illinois	30 years
Indiana	26 years
Iowa	23 years
Kansas	18 years
Kentucky	29.3 years
Louisiana	less than 30 years
Maine	13 years
Maryland	23 years
Massachusetts	23 years
Michigan	21 years
Minnesota	22 years
Mississippi	33.9 years
Missouri	22.1 years
Montana	26 years
Nebraska	30 years
Nevada[27]	24 years
New Hampshire	22 years
New Jersey	30 years
New Mexico	43.2 years
New York	does not report
North Carolina	12 years
North Dakota	28 years
Ohio	28.4 years
Oklahoma	16 years
Oregon	20 years
Pennsylvania	30 years
Rhode Island	22.3 years
South Carolina	30 years
South Dakota	0 years
Tennessee	8 years
Texas	33.3 years
Utah	20 year
Vermont	24 years
Virginia	27 years
Washington	10 years
West Virginia	18 years
Wisconsin	30 years
Wyoming	45 years

26 GASB standards require that amortization periods not exceed 30 years.

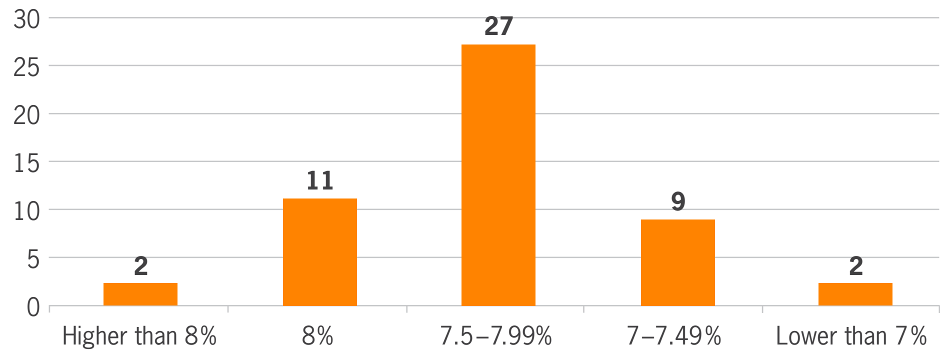
27 This is 2014 data. Nevada did not report for 2016.

System officials know well that much of the current pension math is a fantasy. But assuming a return rate closer to reality would make the vast majority of the nation's pension systems less than 50 percent funded and would force states to come up with even more money to cover today's pension costs.

For example, California officials recently lowered their return expectations from 7.5 percent to 7 percent over the next three years, with pension system officials admitting that their returns for last year were "close to zero." That small adjustment means that California will need to come up with an extra $2 billion or so to cover public pensions each year.

Even while taking the painful but absolutely critical step of adjusting down expectations, California's rate of return remains wildly optimistic. The fantasy math ends quickly when local governments and municipalities try to exit a pension system, however. In those cases, the state comes up with a much more realistic bill, assuming a rate of return based on current U.S. Treasury rates. The current average interest rate on U.S. Treasury bonds is 2-3 percent.[28]

Figure 25. Assumed rates of return for state teacher pensions (2016)



States use accounting practices that obscure the depth of the pension crisis.

The paying down of a defined benefit retirement plan's unfunded liability over a reasonable period of time (amortization period) can be structured in many ways. The expected years to fully fund pension systems included in Figure 24 hide the fact that states have a number of ways to pay off their pension debts. Like a homeowner paying a mortgage, states can make regular-level payments using defined payment schedules called closed amortization periods. On the other hand, states can effectively refinance their pension debt annually (open amortization), resetting the amortization target date indefinitely.

These and other, more complicated accounting procedures are not commonly understood. Therefore, while on the surface the amortization periods for most states — except for **Arkansas**, **California**, **Colorado**, **Mississippi**, **New Mexico**, **Texas**, and **Wyoming** — appear to conform to the generally accepted Government Accounting Standards Board recommendation of no more than a 30-year goal, the reality is that in some states the amortization date can be a moving target. For example, Mississippi, Nebraska, Pennsylvania, and Utah have "open" amortization periods. The systems in these states have the ability to hit reset every year, potentially allowing states to appear to be better off financially than they actually are.

28 Treasury Direct. Retrieved from https://www.treasurydirect.gov/govt/rates/pd/avg/avg.htm

Combining early retirement options with improvements in life expectancy, teachers are now likely to spend more years drawing pension benefits than the number of years they worked.

Take Illinois, for example. In 2015, the state's pension debt (for all public employees, including teachers) was a record-setting $111 billion. While the state's supreme court recently ruled that pensions for current public employees cannot be altered, the math doesn't work out for Illinois's 103,000 retired teachers. According to the Illinois Policy Institute, *the average public sector retiree will receive pension benefits for 26 years after working for 24 years and will get back his or her employee contributions after just two years in retirement*. The direct teacher contributions to the Teacher Retirement System (TRS) in Illinois will only equal 7 percent of what they will receive in benefits over the course of their retirement.[29]

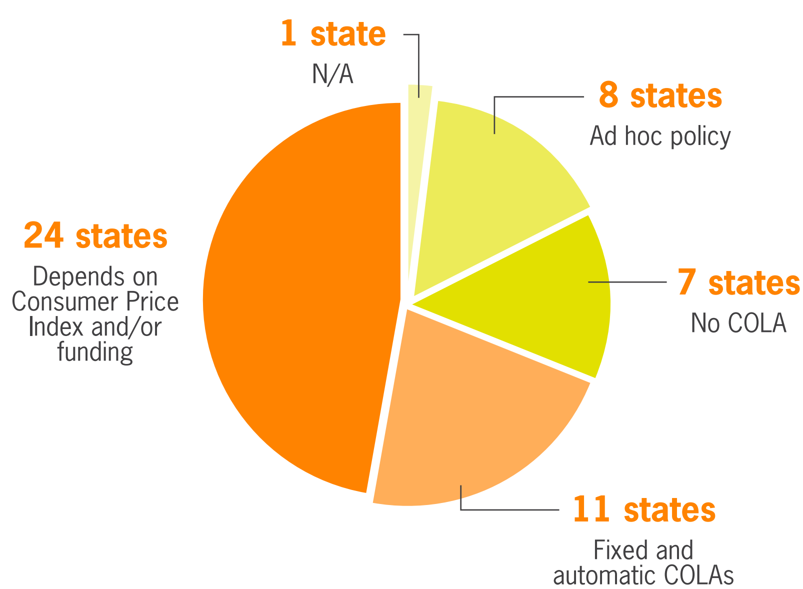
Figure 26. Teacher pension benefits in Illinois

Pension Fund	Average current pension	Average age at retirement	Average employee contribution	Average total pension payout	Average total contribution vs. lifetime payouts
TRS	$73,300	59	$153,900	$2.2 million	7%

There are seemingly innocuous pension benefits that add up to a lot — like cost-of-living adjustments (COLAs).

When cost-of-living increases are automatic and compounded over time, they can add significant cost to state pension systems without consideration of whether the increase is necessary. About a dozen states still provide teachers with fixed and automatic cost-of-living increases each year. As a result, in some years, teachers are receiving cost-of-living adjustments when there is no actual increase in the cost of living.

Figure 27. State pension policy on cost of living (COLA) increases (See Appendix H)



29 Dabrowski, T., & Klingner, J. (2016, April). What's driving Illinois' $111 billion pension crisis? Illinois Policy Institute. Retrieved at: https://files.illinoispolicy.org/wp-content/uploads/2016/04/Pension-papers_combined_4-8.compressed.pdf.

The Illinois Policy Institute recently provided an eye-opening example of how retiring before age 60 and COLAs boost pension benefits. Taking advantage of the state's generous retirement-age rules, a university employee with more than 30 years of service could begin collecting benefits at age 58, receiving a starting pension of $70,253. By the time the university worker reaches her approximate life expectancy of 84, her annual pension will have more than doubled to $151,507 a year.

This is not to say that COLAs are never justified, but they can have huge price tags. Many states more wisely connect them to the Consumer Price Index (CPI) so that pensions are adjusted when the cost of living has actually increased.

Pension investments have become increasingly risky.

In an effort to boost investment returns and make up for lost ground, public pension systems have increasingly shifted funds away from predictable investments, such as government and corporate bonds, and toward private equity investments, hedge funds, and real estate to achieve target investment returns. According to a recent report, the shift has been dramatic in recent years. An analysis by the Pew Charitable Trusts and the Laura and John Arnold Foundation found that in 1952 nearly 96 percent of public pension assets were cash or invested in fixed-income investments. By 1992, the proportion of fixed-income investments and cash had decreased to 47 percent, and by 2012, it had fallen to 27 percent.[30]

When it comes to investment returns, large fluctuations aren't typical on the way up, but we do see large swings downward, as happened in the recession of 2008. This highlights the fact that teacher pension systems are exposed to risk and cannot "invest" themselves to solvency or out of trouble.

The fees paid to pension investment managers are astronomical.

Like any fund, state teacher pension funds need to be managed. Pension watchdogs are increasingly uncovering huge financial fees being paid to pension system investment managers. States are not obligated to disclose such fees to the public, and therefore, not surprisingly, most state funds choose less than full disclosure.

According to the Maryland Public Policy Institute, 33 state pension systems spent $6 billion on asset-management fees in 2014. The Institute found that the states spending the most on fees — with **Maryland**, **Missouri**, **New Jersey**, **Oregon**, and **South Carolina** in the top five — achieved a rate of return no higher than the states that spent the least on management fees. Over a five-year period, according to the study, hedge-fund managers employed by pension systems significantly underperformed both the S&P 500 and the Vanguard Balanced U.S. Fund, which invests in stocks and bonds.[31]

30 A report from The Pew Charitable Trusts and the Laura and John Arnold Foundation, State Public Pension Investments Shift Over Past 30 Years (2014, June). Retrieved from http://www.pewtrusts.org/~/media/assets/2014/06/state_public_pension_investments_shift_over_past_30_years.pdf

31 Levine, M. (2016, May 13), Fees that sickly public-pension funds can't afford. Originally published in the *Wall Street Journal*, Economic & Fiscal Policy, Public Pensions, MPPI IN THE NEWS. See also report at: https://www.mdpolicy.org/docLib/20150804_MarylandPolicyReport201505.pdf

Pension Policy Recommendations

Despite consistent trends and mounting evidence regarding the policy risks and pitfalls that plague current pension structures in the vast majority of states, it remains easier for policymakers to wrap themselves in the fog rather than try to cut through it. Over the course of the last decade, very few states have offered teachers any alternatives to the traditional defined benefits pension plan. In some states, political leaders who have tackled pension reform have faced the near certainty of tremendous backlash. Other states are being forced by impending catastrophe to address the need for pension reform. Looking ahead, we fear that system collapse could become the most likely path to pension restructuring.

There are other paths forward. Although we have no magic wand to wave to rid ourselves of the current pension debt, there is no excuse for inaction, which will only permit the problem to spiral further out of control. States must honor the commitments they have already made to teachers, but they cannot continue to make promises that are impossible fiscally to keep. Secure and fair retirement options allowing every teacher to benefit from years of dedicated public service do exist.

Systemic reform of teacher pensions requires states to make tough decisions that are right for the long term. State leaders and pension plan sponsors have the power to change the trajectory of state pension plans for teachers by:

According to the Wilshire Trust Universal Comparison Service, 20-year annualized returns for public pensions in the U.S. will have declined to the lowest levels recorded in the past 16 years in 2016.

1. **Offering teachers the option of a defined contribution pension plan.**
   All teachers should have the option of a fully portable pension system as their primary pension plan. And if states are going to maintain the option of a defined benefit plan, they should consider restructuring their systems as cash balance plans, which potentially provide greater flexibility and a safety net for teachers, while also offering states and districts more financial stability.

2. Shoring up pension funding for existing commitments.

States need to take action to secure the financial health of teacher pensions by adjusting unrealistic assumed rates of return and making scheduled payments to their pension systems. Unfunded liabilities are not in the interest of any pension stakeholder, and while liabilities will increase as states reduce their investment expectations, it doesn't change the basic fact that stretching liabilities out over enormous time periods and maintaining assumptions for rates of return that are unachievable is a recipe for disaster.

3. Including all new teachers in Social Security.

While the burden and the responsibility for reforming teacher pension systems lies squarely with the states, the federal government could potentially help solve the problem. In Social Security, American retirees already have a safety net. However, according to our research, some or all teachers in 16 states did not participate in Social Security. Including teachers in Social Security in all states could help provide a safety net as states undertake pension reform. As Bellwether Education Partners explains it: "Social Security is a portable retirement benefit that works favorably for teachers as part of a basket of supports."[32]

4. Instituting safeguards that prevent politically expedient decisions that cost both teachers and taxpayers in the long run.

States need strategies to prevent the raiding of pension funds and to stop policymakers from making politically expedient commitments now that will have to be paid for later. Pension enhancements have been an effective way to negotiate increased teacher compensation while deferring the costs to future years. Particularly for states carrying significant liabilities, hard questions about how retirement benefits will be paid for must be asked and answered, based on modeling that reflects realistic rates of return.

5. Ensuring some basic principles of fairness.

Teachers should be able to: a) vest no later than the third year of employment; b) have the option of a lump-sum rollover to a personal retirement account upon termination of employment that includes, at minimum, the teacher's contributions and accrued interest at a fair interest rate; c) have options for withdrawal from either defined benefit or defined contribution plans that include funds contributed by the employer; and d) purchase time for unlimited previous teaching experience at the time of employment, as well as all official leaves of absence such as maternity or paternity leave.

6. Requiring that pension systems are neutral, uniformly increasing pension wealth with each additional year of work.

The formula that determines pension benefits should be neutral to the number of years worked. It should not have a multiplier that increases with years of service or provide for longevity bonuses. Pension systems that set up teachers to earn vastly different benefits for the same number of years worked are costly and unfair. The formula for determining benefits should preserve incentives for teachers to continue working until conventional retirement ages.

32 See Bellwether, Friends Without Benefits. Retrieved from http://bellwethereducation.org/sites/default/files/BW_PensionPaper_031314.pdf

7. Providing taxpayers and teachers with the information they need to make educated decisions about their retirement futures.

In order for taxpayers and teachers to hold public officials accountable, they are entitled to: a) information projecting the *future* contributions required to fully pay off a system's total pension debt; b) data on who makes employer contributions (e.g., state and/or school districts) and the proportion of total contributions for which each contributor is responsible; and c) information on debt service beyond reported liabilities (e.g., pension obligation bonds) that has been taken on to fund current or future pension obligations.

Just as important, individual teachers are entitled to information about how their own benefits accrue over time and the extent to which their contributions are being used to subsidize the retirement benefits of other teachers. Better information will allow teachers to make better decisions, from timing their retirement to changing jobs (or leaving a pension system for another job). Better information will also help teachers see how their own contributions are being used. By not providing this information to teachers, states allow employees to remain confused about their retirement security and their futures, the result of which can leave them financially at risk and vulnerable to manipulation and scare tactics by those who call pension reform an attack on teachers and their retirement benefits.

Working towards lifting the fog on how teacher pensions work (and don't work) is a necessary step toward reform. All stakeholders — including states and districts, taxpayers, and teachers — must be honest and educated about pension systems and pension funding levels and projections, as well as about the true costs of the current pension policy. The NCTQ state policy dashboard at www.nctq.org/statepolicy includes much more detailed and state-specific information on each teacher pension system as it stands today, tools to study how pension policy has evolved since 2008, and state-specific advice on how to implement the recommendations in this report. Teachers dedicate their lives to educating future generations, and we have a shared responsibility to ensure that those who have provided the most important of public services to our nation's children have a secure future.

Teacher Pension Policy in **Alabama**

For more information about Alabama and other states' teacher retirement policies, including full narrative analyses, recommendations and state responses, see **www.nctq.org/statepolicy**

Alabama's pension system ratings

Sustainability	Pension system is stable and well funded.	◔
Flexibility	Pension system is flexible and fair to all teachers.	◔
Neutrality	Benefits accrue uniformly with each year of work.	◕
Transparency	Teachers and the public have a clear depiction of the system's standing and future health.	◔

● fully meets goal ◕ nearly meets goal ◑ meets goal in part ◔ meets a small part of goal ○ does not meet goal

Snapshot of Alabama's pension system

Teacher pension system is well funded (at least 90%).	**NO**
Teachers have the option of a fully portable primary pension plan.	**NO**
Teachers vest in three years or less.	**NO**
Teachers leaving early can take at least a partial employer contribution with them.	**NO**
Teacher and employer contribution rates are reasonable.	**NO**
Retirement eligibility is based on age only.	**YES**
Pension benefits accrue in a way that treats each year of work uniformly.	**YES**
Future contributions required to fully amortize total pension debt are projected and reported.	**YES**
Contributions required to fully amortize pension debt under different discount rates are reported.	**NO**
The source(s) of employer contributions (e.g., state and/or school districts) are disclosed, as well as the proportion of total contributions for which each contributor is responsible.	**YES**
The amount of retirement contributions that are normal costs and amortization are reported.	**YES**
Individual teachers are provided with information that breaks out employee and employer contributions.	**NO**
Individual teachers are provided with information about how their benefits accrue over time.	**NO**

Alabama pension system characteristics

Type of plan	Defined benefit (DB)
Unfunded liabilities (percent of system funded)	$10,027,958,472 (67.5%)
Vesting period	10 years
Teacher contribution rate (percent of salary)	6%
Employer contribution rate (percent of salary)	10.8%
Basis for retirement eligibility	Age only
Cost-of-living adjustments	Ad hoc
Participation in Social Security	Yes
Contributions teachers may withdraw from plans if they leave after five years	Own with interest
Policy for purchasing time for prior teaching or approved leave	Limited

For states with multiple tier teacher pension systems, this analysis applies to the tier that applies to current new teachers joining the system.

Teacher Pension Policy in **Alaska**

For more information about Alaska and other states' teacher retirement policies, including full narrative analyses, recommendations and state responses, see **www.nctq.org/statepolicy**

Alaska's pension system ratings

Sustainability	Pension system is stable and well funded.	●
Flexibility	Pension system is flexible and fair to all teachers.	◕
Neutrality	Benefits accrue uniformly with each year of work.	●
Transparency	Teachers and the public have a clear depiction of the system's standing and future health.	◑

● fully meets goal ◕ nearly meets goal ◑ meets goal in part ◔ meets a small part of goal ○ does not meet goal

Snapshot of Alaska's pension system

Teacher pension system is well funded (at least 90%).	**NO**
Teachers have the option of a fully portable primary pension plan.	**YES**
Teachers vest in three years or less.	**NO**
Teachers leaving early can take at least a partial employer contribution with them.	**YES**
Teacher and employer contribution rates are reasonable.	**YES**
Retirement eligibility is based on age only.	**N/A**
Pension benefits accrue in a way that treats each year of work uniformly.	**YES**
Future contributions required to fully amortize total pension debt are projected and reported.	**YES**
Contributions required to fully amortize pension debt under different discount rates are reported.	**YES**
The source(s) of employer contributions (e.g., state and/or school districts) are disclosed, as well as the proportion of total contributions for which each contributor is responsible.	**NO**
The amount of retirement contributions that are normal costs and amortization are reported.	**YES**
Individual teachers are provided with information that breaks out employee and employer contributions.	**N/A**
Individual teachers are provided with information about how their benefits accrue over time.	**N/A**

Alaska pension system characteristics

Type of plan	Defined contribution (DC) only
Unfunded liabilities (percent of system funded)	$1,629,073,000 (54.5%) based on legacy costs from closed system
Vesting period	Fully vested in employer's contributions at 5 years
Teacher contribution rate (percent of salary)	8%
Employer contribution rate (percent of salary)	12.6% district; 5% state
Basis for retirement eligibility	Any age
Cost-of-living adjustments	Does not apply to DC plan
Participation in Social Security	No
Contributions teachers may withdraw from plans if they leave after five years	Full contributions plus interest
Policy for purchasing time for prior teaching or approved leave	Does not apply to DC plan

For states with multiple tier teacher pension systems, this analysis applies to the tier that applies to current new teachers joining the system.

Teacher Pension Policy in **Arizona**

For more information about Arizona and other states' teacher retirement policies, including full narrative analyses, recommendations and state responses, see **www.nctq.org/statepolicy**

Arizona's pension system ratings

Sustainability	Pension system is stable and well funded.	○
Flexibility	Pension system is flexible and fair to all teachers.	◑
Neutrality	Benefits accrue uniformly with each year of work.	○
Transparency	Teachers and the public have a clear depiction of the system's standing and future health.	◔

● fully meets goal ◕ nearly meets goal ◑ meets goal in part ◔ meets a small part of goal ○ does not meet goal

Snapshot of Arizona's pension system

Teacher pension system is well funded (at least 90%).	**NO**
Teachers have the option of a fully portable primary pension plan.	**NO**
Teachers vest in three years or less.	**YES**
Teachers leaving early can take at least a partial employer contribution with them.	**NO**
Teacher and employer contribution rates are reasonable.	**NO**
Retirement eligibility is based on age only.	**NO**
Pension benefits accrue in a way that treats each year of work uniformly.	**NO**
Future contributions required to fully amortize total pension debt are projected and reported.	**NO**
Contributions required to fully amortize pension debt under different discount rates are reported.	**NO**
The source(s) of employer contributions (e.g., state and/or school districts) are disclosed, as well as the proportion of total contributions for which each contributor is responsible.	**YES**
The amount of retirement contributions that are normal costs and amortization are reported.	**YES**
Individual teachers are provided with information that breaks out employee and employer contributions.	**NO**
Individual teachers are provided with information about how their benefits accrue over time.	**NO**

Arizona pension system characteristics

Type of plan	Defined benefit (DB)
Unfunded liabilities (percent of system funded)*	$4,237,707,541 (77.1%)
Vesting period	Immediate
Teacher contribution rate (percent of salary)	11.3%
Employer contribution rate (percent of salary)	11.3%
Basis for retirement eligibility	Age and years of service
Cost-of-living adjustments	No COLA
Participation in Social Security	Yes
Contributions teachers may withdraw from plans if they leave after five years	Own with interest
Policy for purchasing time for prior teaching or approved leave	Limited

* For states in which teachers are part of a larger public employee system, the liabilities were adjusted to reflect an estimate of the percentage of teachers in the system

For states with multiple tier teacher pension systems, this analysis applies to the tier that applies to current new teachers joining the system.

Teacher Pension Policy in **Arkansas**

For more information about Arkansas and other states' teacher retirement policies, including full narrative analyses, recommendations and state responses, see **www.nctq.org/statepolicy**

Arkansas's pension system ratings

Sustainability	Pension system is stable and well funded.	◔
Flexibility	Pension system is flexible and fair to all teachers.	◔
Neutrality	Benefits accrue uniformly with each year of work.	◑
Transparency	Teachers and the public have a clear depiction of the system's standing and future health.	◔

● fully meets goal ◕ nearly meets goal ◑ meets goal in part ◔ meets a small part of goal ○ does not meet goal

Snapshot of Arkansas's pension system

Teacher pension system is well funded (at least 90%).	NO
Teachers have the option of a fully portable primary pension plan.	NO
Teachers vest in three years or less.	NO
Teachers leaving early can take at least a partial employer contribution with them.	NO
Teacher and employer contribution rates are reasonable.	NO
Retirement eligibility is based on age only.	NO
Pension benefits accrue in a way that treats each year of work uniformly.	NO
Future contributions required to fully amortize total pension debt are projected and reported.	NO
Contributions required to fully amortize pension debt under different discount rates are reported.	NO
The source(s) of employer contributions (e.g., state and/or school districts) are disclosed, as well as the proportion of total contributions for which each contributor is responsible.	YES
The amount of retirement contributions that are normal costs and amortization are reported.	NO
Individual teachers are provided with information that breaks out employee and employer contributions.	NO
Individual teachers are provided with information about how their benefits accrue over time.	NO

Arkansas pension system characteristics

Type of plan	Defined benefit
Unfunded liabilities (percent of system funded)	$3,256,909,830 (82.2%)
Vesting period	5 years
Teacher contribution rate (percent of salary)	6%
Employer contribution rate (percent of salary)	14.3%
Basis for retirement eligibility	Age and years of service
Cost-of-living adjustments	Fixed (automatic)
Participation in Social Security	Yes
Contributions teachers may withdraw from plans if they leave after five years	Own with interest
Policy for purchasing time for prior teaching or approved leave	Limited (prior teaching); Not permitted (approved leave)

For states with multiple tier teacher pension systems, this analysis applies to the tier that applies to current new teachers joining the system.

Teacher Pension Policy in **California**

For more information about California and other states' teacher retirement policies, including full narrative analyses, recommendations and state responses, see **www.nctq.org/statepolicy**

California's pension system ratings

Sustainability	Pension system is stable and well funded.	meets a small part of goal
Flexibility	Pension system is flexible and fair to all teachers.	meets a small part of goal
Neutrality	Benefits accrue uniformly with each year of work.	nearly meets goal
Transparency	Teachers and the public have a clear depiction of the system's standing and future health.	meets a small part of goal

fully meets goal · nearly meets goal · meets goal in part · meets a small part of goal · does not meet goal

Snapshot of California's pension system

Teacher pension system is well funded (at least 90%).	**NO**
Teachers have the option of a fully portable primary pension plan.	**NO**
Teachers vest in three years or less.	**NO**
Teachers leaving early can take at least a partial employer contribution with them.	**NO**
Teacher and employer contribution rates are reasonable.	**NO**
Retirement eligibility is based on age only.	**YES**
Pension benefits accrue in a way that treats each year of work uniformly.	**YES**
Future contributions required to fully amortize total pension debt are projected and reported.	**YES**
Contributions required to fully amortize pension debt under different discount rates are reported.	**NO**
The source(s) of employer contributions (e.g., state and/or school districts) are disclosed, as well as the proportion of total contributions for which each contributor is responsible.	**NO**
The amount of retirement contributions that are normal costs and amortization are reported.	**YES**
Individual teachers are provided with information that breaks out employee and employer contributions.	**NO**
Individual teachers are provided with information about how their benefits accrue over time.	**NO**

California pension system characteristics

Type of plan	Defined benefit (DB)
Unfunded liabilities (percent of system funded)	$76,200,000,000 (68.5%)
Vesting period	5 years
Teacher contribution rate (percent of salary)	9.2%
Employer contribution rate (percent of salary)	23.3% total; 14.4% district
Basis for retirement eligibility	Age only
Cost-of-living adjustments	Fixed (automatic)
Participation in Social Security	No
Contributions teachers may withdraw from plans if they leave after five years	Own with interest
Policy for purchasing time for prior teaching or approved leave	Unlimited (prior teaching); Limited (approved leave)

For states with multiple tier teacher pension systems, this analysis applies to the tier that applies to current new teachers joining the system.

Teacher Pension Policy in **Colorado**

For more information about Colorado and other states' teacher retirement policies, including full narrative analyses, recommendations and state responses, see **www.nctq.org/statepolicy**

Colorado's pension system ratings

Sustainability	Pension system is stable and well funded.	◔
Flexibility	Pension system is flexible and fair to all teachers.	◔
Neutrality	Benefits accrue uniformly with each year of work.	◑
Transparency	Teachers and the public have a clear depiction of the system's standing and future health.	○

● fully meets goal ◕ nearly meets goal ◑ meets goal in part ◔ meets a small part of goal ○ does not meet goal

Snapshot of Colorado's pension system

Teacher pension system is well funded (at least 90%).	**NO**
Teachers have the option of a fully portable primary pension plan.	**NO**
Teachers vest in three years or less.	**NO**
Teachers leaving early can take at least a partial employer contribution with them.	**YES**
Teacher and employer contribution rates are reasonable.	**NO**
Retirement eligibility is based on age only.	**NO**
Pension benefits accrue in a way that treats each year of work uniformly.	**NO**
Future contributions required to fully amortize total pension debt are projected and reported.	**NO**
Contributions required to fully amortize pension debt under different discount rates are reported.	**NO**
The source(s) of employer contributions (e.g., state and/or school districts) are disclosed, as well as the proportion of total contributions for which each contributor is responsible.	**NO**
The amount of retirement contributions that are normal costs and amortization are reported.	**YES**
Individual teachers are provided with information that breaks out employee and employer contributions.	**NO**
Individual teachers are provided with information about how their benefits accrue over time.	**NO**

Colorado pension system characteristics

Type of plan	Defined benefit (DB)
Unfunded liabilities (percent of system funded)	$14,805,492,000 (60.7%)
Vesting period	5 years
Teacher contribution rate (percent of salary)	8%
Employer contribution rate (percent of salary)	22.5%
Basis for retirement eligibility	Age and years of service
Cost-of-living adjustments	Linked to Consumer Price Index
Participation in Social Security	No
Contributions teachers may withdraw from plans if they leave after five years	Own and partial employer
Policy for purchasing time for prior teaching or approved leave	Limited

For states with multiple tier teacher pension systems, this analysis applies to the tier that applies to current new teachers joining the system.

Teacher Pension Policy in **Connecticut**

For more information about Connecticut and other states' teacher retirement policies, including full narrative analyses, recommendations and state responses, see **www.nctq.org/statepolicy**

Connecticut's pension system ratings

Sustainability	Pension system is stable and well funded.	meets a small part of goal
Flexibility	Pension system is flexible and fair to all teachers.	meets a small part of goal
Neutrality	Benefits accrue uniformly with each year of work.	meets goal in part
Transparency	Teachers and the public have a clear depiction of the system's standing and future health.	does not meet goal

● fully meets goal ◕ nearly meets goal ◑ meets goal in part ◔ meets a small part of goal ○ does not meet goal

Snapshot of Connecticut's pension system

Teacher pension system is well funded (at least 90%).	**NO**
Teachers have the option of a fully portable primary pension plan.	**NO**
Teachers vest in three years or less.	**NO**
Teachers leaving early can take at least a partial employer contribution with them.	**NO**
Teacher and employer contribution rates are reasonable.	**NO**
Retirement eligibility is based on age only.	**NO**
Pension benefits accrue in a way that treats each year of work uniformly.	**NO**
Future contributions required to fully amortize total pension debt are projected and reported.	**NO**
Contributions required to fully amortize pension debt under different discount rates are reported.	**NO**
The source(s) of employer contributions (e.g., state and/or school districts) are disclosed, as well as the proportion of total contributions for which each contributor is responsible.	**NO**
The amount of retirement contributions that are normal costs and amortization are reported.	**YES**
Individual teachers are provided with information that breaks out employee and employer contributions.	**NO**
Individual teachers are provided with information about how their benefits accrue over time.	**NO**

Connecticut pension system characteristics

Type of plan	Defined benefit (DB)
Unfunded liabilities (percent of system funded)	$10,802,700,000 (59%)
Vesting period	10 years
Teacher contribution rate (percent of salary)	7.3%
Employer contribution rate (percent of salary)	23.7%
Basis for retirement eligibility	Age and years of service
Cost-of-living adjustments	Tied to funding
Participation in Social Security	No
Contributions teachers may withdraw from plans if they leave after five years	Own with interest
Policy for purchasing time for prior teaching or approved leave	Unlimited (prior teaching); Limited (approved leave)

For states with multiple tier teacher pension systems, this analysis applies to the tier that applies to current new teachers joining the system.

Teacher Pension Policy in **Delaware**

For more information about Delaware and other states' teacher retirement policies, including full narrative analyses, recommendations and state responses, see **www.nctq.org/statepolicy**

Delaware's pension system ratings

Sustainability	Pension system is stable and well funded.	nearly meets goal
Flexibility	Pension system is flexible and fair to all teachers.	meets a small part of goal
Neutrality	Benefits accrue uniformly with each year of work.	meets goal in part
Transparency	Teachers and the public have a clear depiction of the system's standing and future health.	meets goal in part

fully meets goal · nearly meets goal · meets goal in part · meets a small part of goal · does not meet goal

Snapshot of Delaware's pension system

Teacher pension system is well funded (at least 90%).	**YES**
Teachers have the option of a fully portable primary pension plan.	**NO**
Teachers vest in three years or less.	**NO**
Teachers leaving early can take at least a partial employer contribution with them.	**NO**
Teacher and employer contribution rates are reasonable.	**NO**
Retirement eligibility is based on age only.	**NO**
Pension benefits accrue in a way that treats each year of work uniformly.	**NO**
Future contributions required to fully amortize total pension debt are projected and reported.	**YES**
Contributions required to fully amortize pension debt under different discount rates are reported.	**YES**
The source(s) of employer contributions (e.g., state and/or school districts) are disclosed, as well as the proportion of total contributions for which each contributor is responsible.	**YES**
The amount of retirement contributions that are normal costs and amortization are reported.	**YES**
Individual teachers are provided with information that breaks out employee and employer contributions.	**NO**
Individual teachers are provided with information about how their benefits accrue over time.	**NO**

Delaware pension system characteristics

Type of plan	Defined benefit (DB)
Unfunded liabilities (percent of system funded)*	$197,900,092 (91.6%)
Vesting period	10 years
Teacher contribution rate (percent of salary)	5%
Employer contribution rate (percent of salary)	9.6%
Basis for retirement eligibility	Age and years of service
Cost-of-living adjustments	Ad hoc
Participation in Social Security	Yes
Contributions teachers may withdraw from plans if they leave after five years	Own with interest
Policy for purchasing time for prior teaching or approved leave	Limited (prior teaching); Unlimited (approved leave)

* For states in which teachers are part of a larger public employee system, the liabilities were adjusted to reflect an estimate of the percentage of teachers in the system

For states with multiple tier teacher pension systems, this analysis applies to the tier that applies to current new teachers joining the system.

Teacher Pension Policy in **District of Columbia**

For more information about District of Columbia and other states' teacher retirement policies, including full narrative analyses, recommendations and state responses, see **www.nctq.org/statepolicy**

District of Columbia's pension system ratings

Sustainability	Pension system is stable and well funded.	◕
Flexibility	Pension system is flexible and fair to all teachers.	◔
Neutrality	Benefits accrue uniformly with each year of work.	◑
Transparency	Teachers and the public have a clear depiction of the system's standing and future health.	◔

● fully meets goal ◕ nearly meets goal ◑ meets goal in part ◔ meets a small part of goal ○ does not meet goal

Snapshot of District of Columbia's pension system

Teacher pension system is well funded (at least 90%).	**NO**
Teachers have the option of a fully portable primary pension plan.	**NO**
Teachers vest in three years or less.	**NO**
Teachers leaving early can take at least a partial employer contribution with them.	**NO**
Teacher and employer contribution rates are reasonable.	**YES**
Retirement eligibility is based on age only.	**NO**
Pension benefits accrue in a way that treats each year of work uniformly.	**NO**
Future contributions required to fully amortize total pension debt are projected and reported.	**NO**
Contributions required to fully amortize pension debt under different discount rates are reported.	**NO**
The source(s) of employer contributions (e.g., state and/or school districts) are disclosed, as well as the proportion of total contributions for which each contributor is responsible.	**YES**
The amount of retirement contributions that are normal costs and amortization are reported.	**YES**
Individual teachers are provided with information that breaks out employee and employer contributions.	**NO**
Individual teachers are provided with information about how their benefits accrue over time.	**NO**

District of Columbia pension system characteristics

Type of plan	Defined benefit (DB)
Unfunded liabilities (percent of system funded)	$221,288,000 (88.7%)
Vesting period	5 years
Teacher contribution rate (percent of salary)	8%
Employer contribution rate (percent of salary)	12.2%
Basis for retirement eligibility	Age and years of service
Cost-of-living adjustments	Linked to Consumer Price Index
Participation in Social Security	No
Contributions teachers may withdraw from plans if they leave after five years	Own without interest
Policy for purchasing time for prior teaching or approved leave	Limited (prior teaching); Unlimited (approved leave)

For states with multiple tier teacher pension systems, this analysis applies to the tier that applies to current new teachers joining the system.

Teacher Pension Policy in **Florida**

For more information about Florida and other states' teacher retirement policies, including full narrative analyses, recommendations and state responses, see **www.nctq.org/statepolicy**

Florida's pension system ratings

Sustainability	Pension system is stable and well funded.	◕
Flexibility	Pension system is flexible and fair to all teachers.	◑
Neutrality	Benefits accrue uniformly with each year of work.	◕
Transparency	Teachers and the public have a clear depiction of the system's standing and future health.	◔

● fully meets goal ◕ nearly meets goal ◑ meets goal in part ◔ meets a small part of goal ○ does not meet goal

Snapshot of Florida's pension system

Teacher pension system is well funded (at least 90%).	**NO**
Teachers have the option of a fully portable primary pension plan.	**YES**
Teachers vest in three years or less.	**NO**
Teachers leaving early can take at least a partial employer contribution with them.	**NO**
Teacher and employer contribution rates are reasonable.	**YES**
Retirement eligibility is based on age only.	**YES** **(DC only)**
Pension benefits accrue in a way that treats each year of work uniformly.	**YES** **(DC only)**
Future contributions required to fully amortize total pension debt are projected and reported.	**NO**
Contributions required to fully amortize pension debt under different discount rates are reported.	**YES**
The source(s) of employer contributions (e.g., state and/or school districts) are disclosed, as well as the proportion of total contributions for which each contributor is responsible.	**YES**
The amount of retirement contributions that are normal costs and amortization are reported.	**YES**
Individual teachers are provided with information that breaks out employee and employer contributions.	**NO**
Individual teachers are provided with information about how their benefits accrue over time.	**NO**

Florida pension system characteristics

Type of plan	Defined benefit (default) or Defined contribution (optional)
Unfunded liabilities (percent of system funded)*	$5,786,144,910 (89.4%)
Vesting period	8 years
Teacher contribution rate (percent of salary)	3%
Employer contribution rate (percent of salary)	6.2%
Basis for retirement eligibility	Age and years of service (DB)/Any age (DC)
Cost-of-living adjustments	No COLA
Participation in Social Security	Yes
Contributions teachers may withdraw from plans if they leave after five years	Own without interest (DB)
Policy for purchasing time for prior teaching or approved leave	Limited

* For states in which teachers are part of a larger public employee system, the liabilities were adjusted to reflect an estimate of the percentage of teachers in the system

For states with multiple tier teacher pension systems, this analysis applies to the tier that applies to current new teachers joining the system.

Teacher Pension Policy in **Georgia**

For more information about Georgia and other states' teacher retirement policies, including full narrative analyses, recommendations and state responses, see **www.nctq.org/statepolicy**

Georgia's pension system ratings

Sustainability	Pension system is stable and well funded.	meets a small part of goal
Flexibility	Pension system is flexible and fair to all teachers.	meets a small part of goal
Neutrality	Benefits accrue uniformly with each year of work.	meets goal in part
Transparency	Teachers and the public have a clear depiction of the system's standing and future health.	meets a small part of goal

● fully meets goal ◕ nearly meets goal ◑ meets goal in part ◔ meets a small part of goal ○ does not meet goal

Snapshot of Georgia's pension system

Teacher pension system is well funded (at least 90%).	NO
Teachers have the option of a fully portable primary pension plan.	NO
Teachers vest in three years or less.	NO
Teachers leaving early can take at least a partial employer contribution with them.	NO
Teacher and employer contribution rates are reasonable.	NO
Retirement eligibility is based on age only.	NO
Pension benefits accrue in a way that treats each year of work uniformly.	NO
Future contributions required to fully amortize total pension debt are projected and reported.	NO
Contributions required to fully amortize pension debt under different discount rates are reported.	NO
The source(s) of employer contributions (e.g., state and/or school districts) are disclosed, as well as the proportion of total contributions for which each contributor is responsible.	YES
The amount of retirement contributions that are normal costs and amortization are reported.	YES
Individual teachers are provided with information that breaks out employee and employer contributions.	NO
Individual teachers are provided with information about how their benefits accrue over time.	NO

Georgia pension system characteristics

Type of plan	Defined benefit (DB)
Unfunded liabilities (percent of system funded)	$13,710,395,000 (81.9%)
Vesting period	10 years
Teacher contribution rate (percent of salary)	6%
Employer contribution rate (percent of salary)	14.3%
Basis for retirement eligibility	Age and years of service
Cost-of-living adjustments	Based on Consumer Price Index
Participation in Social Security	Depends on employer
Contributions teachers may withdraw from plans if they leave after five years	Own with interest
Policy for purchasing time for prior teaching or approved leave	Limited (prior teaching); Not permitted (approved leave)

For states with multiple tier teacher pension systems, this analysis applies to the tier that applies to current new teachers joining the system.

Teacher Pension Policy in **Hawaii**

For more information about Hawaii and other states' teacher retirement policies, including full narrative analyses, recommendations and state responses, see **www.nctq.org/statepolicy**

Hawaii's pension system ratings

Sustainability	Pension system is stable and well funded.	does not meet goal
Flexibility	Pension system is flexible and fair to all teachers.	meets a small part of goal
Neutrality	Benefits accrue uniformly with each year of work.	meets goal in part
Transparency	Teachers and the public have a clear depiction of the system's standing and future health.	meets a small part of goal

fully meets goal · nearly meets goal · meets goal in part · meets a small part of goal · does not meet goal

Snapshot of Hawaii's pension system

Teacher pension system is well funded (at least 90%).	**NO**
Teachers have the option of a fully portable primary pension plan.	**NO**
Teachers vest in three years or less.	**NO**
Teachers leaving early can take at least a partial employer contribution with them.	**NO**
Teacher and employer contribution rates are reasonable.	**NO**
Retirement eligibility is based on age only.	**NO**
Pension benefits accrue in a way that treats each year of work uniformly.	**NO**
Future contributions required to fully amortize total pension debt are projected and reported.	**YES**
Contributions required to fully amortize pension debt under different discount rates are reported.	**NO**
The source(s) of employer contributions (e.g., state and/or school districts) are disclosed, as well as the proportion of total contributions for which each contributor is responsible.	**NO**
The amount of retirement contributions that are normal costs and amortization are reported.	**YES**
Individual teachers are provided with information that breaks out employee and employer contributions.	**NO**
Individual teachers are provided with information about how their benefits accrue over time.	**NO**

Hawaii pension system characteristics

Type of plan	Defined benefit (DB)
Unfunded liabilities (percent of system funded)*	$2,456,916,000 (62.2%)
Vesting period	10 years
Teacher contribution rate (percent of salary)	8%
Employer contribution rate (percent of salary)	17.9%
Basis for retirement eligibility	Age and years of service
Cost-of-living adjustments	Fixed (automatic)
Participation in Social Security	Yes
Contributions teachers may withdraw from plans if they leave after five years	Own with interest
Policy for purchasing time for prior teaching or approved leave	Not permitted

* For states in which teachers are part of a larger public employee system, the liabilities were adjusted to reflect an estimate of the percentage of teachers in the system

For states with multiple tier teacher pension systems, this analysis applies to the tier that applies to current new teachers joining the system.

Teacher Pension Policy in **Idaho**

For more information about Idaho and other states' teacher retirement policies, including full narrative analyses, recommendations and state responses, see **www.nctq.org/statepolicy**

Idaho's pension system ratings

Sustainability	Pension system is stable and well funded.	◑
Flexibility	Pension system is flexible and fair to all teachers.	◔
Neutrality	Benefits accrue uniformly with each year of work.	◑
Transparency	Teachers and the public have a clear depiction of the system's standing and future health.	◔

● fully meets goal ◕ nearly meets goal ◑ meets goal in part ◔ meets a small part of goal ○ does not meet goal

Snapshot of Idaho's pension system

Teacher pension system is well funded (at least 90%).	**NO**
Teachers have the option of a fully portable primary pension plan.	**NO**
Teachers vest in three years or less.	**NO**
Teachers leaving early can take at least a partial employer contribution with them.	**NO**
Teacher and employer contribution rates are reasonable.	**NO**
Retirement eligibility is based on age only.	**NO**
Pension benefits accrue in a way that treats each year of work uniformly.	**NO**
Future contributions required to fully amortize total pension debt are projected and reported.	**NO**
Contributions required to fully amortize pension debt under different discount rates are reported.	**NO**
The source(s) of employer contributions (e.g., state and/or school districts) are disclosed, as well as the proportion of total contributions for which each contributor is responsible.	**YES**
The amount of retirement contributions that are normal costs and amortization are reported.	**YES**
Individual teachers are provided with information that breaks out employee and employer contributions.	**NO**
Individual teachers are provided with information about how their benefits accrue over time.	**NO**

Idaho pension system characteristics

Type of plan	Defined benefit (DB)
Unfunded liabilities (percent of system funded)*	$655,688,000 (86.3%)
Vesting period	5 years
Teacher contribution rate (percent of salary)	6.8%
Employer contribution rate (percent of salary)	11.3%
Basis for retirement eligibility	Age and years of service
Cost-of-living adjustments	Based on Consumer Price Index
Participation in Social Security	Yes
Contributions teachers may withdraw from plans if they leave after five years	Own with interest
Policy for purchasing time for prior teaching or approved leave	Limited

* For states in which teachers are part of a larger public employee system, the liabilities were adjusted to reflect an estimate of the percentage of teachers in the system

For states with multiple tier teacher pension systems, this analysis applies to the tier that applies to current new teachers joining the system.

Teacher Pension Policy in **Illinois**

For more information about Illinois and other states' teacher retirement policies, including full narrative analyses, recommendations and state responses, see **www.nctq.org/statepolicy**

Illinois' pension system ratings

Sustainability	Pension system is stable and well funded.	◔
Flexibility	Pension system is flexible and fair to all teachers.	◔
Neutrality	Benefits accrue uniformly with each year of work.	●
Transparency	Teachers and the public have a clear depiction of the system's standing and future health.	◔

● fully meets goal ◕ nearly meets goal ◑ meets goal in part ◔ meets a small part of goal ○ does not meet goal

Snapshot of Illinois' pension system

Teacher pension system is well funded (at least 90%).	**NO**
Teachers have the option of a fully portable primary pension plan.	**NO**
Teachers vest in three years or less.	**NO**
Teachers leaving early can take at least a partial employer contribution with them.	**NO**
Teacher and employer contribution rates are reasonable.	**NO**
Retirement eligibility is based on age only.	**YES**
Pension benefits accrue in a way that treats each year of work uniformly.	**YES**
Future contributions required to fully amortize total pension debt are projected and reported.	**YES**
Contributions required to fully amortize pension debt under different discount rates are reported.	**NO**
The source(s) of employer contributions (e.g., state and/or school districts) are disclosed, as well as the proportion of total contributions for which each contributor is responsible.	**YES**
The amount of retirement contributions that are normal costs and amortization are reported.	**YES**
Individual teachers are provided with information that breaks out employee and employer contributions.	**NO**
Individual teachers are provided with information about how their benefits accrue over time.	**NO**

Illinois pension system characteristics

Type of plan	Defined benefit (DB)
Unfunded liabilities (percent of system funded)	$62,686,632,526 (42%)
Vesting period	10 years
Teacher contribution rate (percent of salary)	9%
Employer contribution rate (percent of salary)	39.1%
Basis for retirement eligibility	Age only
Cost-of-living adjustments	Based on Consumer Price Index
Participation in Social Security	No
Contributions teachers may withdraw from plans if they leave after five years	Less than own
Policy for purchasing time for prior teaching or approved leave	Limited (prior teaching); Unlimited (approved leave)

For states with multiple tier teacher pension systems, this analysis applies to the tier that applies to current new teachers joining the system.

Teacher Pension Policy in **Indiana**

For more information about Indiana and other states' teacher retirement policies, including full narrative analyses, recommendations and state responses, see **www.nctq.org/statepolicy**

Indiana's pension system ratings

Sustainability	Pension system is stable and well funded.	meets goal in part
Flexibility	Pension system is flexible and fair to all teachers.	meets goal in part
Neutrality	Benefits accrue uniformly with each year of work.	meets goal in part
Transparency	Teachers and the public have a clear depiction of the system's standing and future health.	does not meet goal

fully meets goal · nearly meets goal · meets goal in part · meets a small part of goal · does not meet goal

Snapshot of Indiana's pension system

Teacher pension system is well funded (at least 90%).	**NO**
Teachers have the option of a fully portable primary pension plan.	**NO**
Teachers vest in three years or less.	**NO**
Teachers leaving early can take at least a partial employer contribution with them.	**NO**
Teacher and employer contribution rates are reasonable.	**YES**
Retirement eligibility is based on age only.	**NO**
Pension benefits accrue in a way that treats each year of work uniformly.	**NO**
Future contributions required to fully amortize total pension debt are projected and reported.	**NO**
Contributions required to fully amortize pension debt under different discount rates are reported.	**NO**
The source(s) of employer contributions (e.g., state and/or school districts) are disclosed, as well as the proportion of total contributions for which each contributor is responsible.	**NO**
The amount of retirement contributions that are normal costs and amortization are reported.	**YES**
Individual teachers are provided with information that breaks out employee and employer contributions.	**NO**
Individual teachers are provided with information about how their benefits accrue over time.	**NO**

Indiana pension system characteristics

Type of plan	Hybrid
Unfunded liabilities (percent of system funded)	$12,290,626,119 (46.4%) based on legacy costs from closed system
Vesting period	10 years
Teacher contribution rate (percent of salary)	3%
Employer contribution rate (percent of salary)	7.5%
Basis for retirement eligibility	Age and years of service
Cost-of-living adjustments	Ad hoc
Participation in Social Security	Yes
Contributions teachers may withdraw from plans if they leave after five years	Own with interest (for DB portion of hybrid)
Policy for purchasing time for prior teaching or approved leave	Limited

For states with multiple tier teacher pension systems, this analysis applies to the tier that applies to current new teachers joining the system.

Teacher Pension Policy in **Iowa**

For more information about Iowa and other states' teacher retirement policies, including full narrative analyses, recommendations and state responses, see **www.nctq.org/statepolicy**

Iowa's pension system ratings

Sustainability	Pension system is stable and well funded.	meets goal in part
Flexibility	Pension system is flexible and fair to all teachers.	meets a small part of goal
Neutrality	Benefits accrue uniformly with each year of work.	does not meet goal
Transparency	Teachers and the public have a clear depiction of the system's standing and future health.	meets a small part of goal

● fully meets goal ◕ nearly meets goal ◑ meets goal in part ◔ meets a small part of goal ○ does not meet goal

Snapshot of Iowa's pension system

Teacher pension system is well funded (at least 90%).	**NO**
Teachers have the option of a fully portable primary pension plan.	**NO**
Teachers vest in three years or less.	**NO**
Teachers leaving early can take at least a partial employer contribution with them.	**YES**
Teacher and employer contribution rates are reasonable.	**NO**
Retirement eligibility is based on age only.	**NO**
Pension benefits accrue in a way that treats each year of work uniformly.	**NO**
Future contributions required to fully amortize total pension debt are projected and reported.	**YES**
Contributions required to fully amortize pension debt under different discount rates are reported.	**NO**
The source(s) of employer contributions (e.g., state and/or school districts) are disclosed, as well as the proportion of total contributions for which each contributor is responsible.	**YES**
The amount of retirement contributions that are normal costs and amortization are reported.	**YES**
Individual teachers are provided with information that breaks out employee and employer contributions.	**NO**
Individual teachers are provided with information about how their benefits accrue over time.	**NO**

Iowa pension system characteristics

Type of plan	Defined benefit (DB)
Unfunded liabilities (percent of system funded)*	$3,487,186,483 (82.7%)
Vesting period	7 years
Teacher contribution rate (percent of salary)	6%
Employer contribution rate (percent of salary)	8.9%
Basis for retirement eligibility	Age and years of service
Cost-of-living adjustments	Depends on funding
Participation in Social Security	Yes
Contributions teachers may withdraw from plans if they leave after five years	Own plus partial employer plus interest
Policy for purchasing time for prior teaching or approved leave	Limited (prior teaching); Unlimited (approved leave)

* For states in which teachers are part of a larger public employee system, the liabilities were adjusted to reflect an estimate of the percentage of teachers in the system

For states with multiple tier teacher pension systems, this analysis applies to the tier that applies to current new teachers joining the system.

Teacher Pension Policy in **Kansas**

For more information about Kansas and other states' teacher retirement policies, including full narrative analyses, recommendations and state responses, see **www.nctq.org/statepolicy**

Kansas' pension system ratings

Sustainability	Pension system is stable and well funded.	◔
Flexibility	Pension system is flexible and fair to all teachers.	◔
Neutrality	Benefits accrue uniformly with each year of work.	○
Transparency	Teachers and the public have a clear depiction of the system's standing and future health.	◔

● fully meets goal ◕ nearly meets goal ◑ meets goal in part ◔ meets a small part of goal ○ does not meet goal

Snapshot of Kansas' pension system

Teacher pension system is well funded (at least 90%).	**NO**
Teachers have the option of a fully portable primary pension plan.	**NO**
Teachers vest in three years or less.	**NO**
Teachers leaving early can take at least a partial employer contribution with them.	**NO**
Teacher and employer contribution rates are reasonable.	**NO**
Retirement eligibility is based on age only.	**NO**
Pension benefits accrue in a way that treats each year of work uniformly.	**NO**
Future contributions required to fully amortize total pension debt are projected and reported.	**NO**
Contributions required to fully amortize pension debt under different discount rates are reported.	**NO**
The source(s) of employer contributions (e.g., state and/or school districts) are disclosed, as well as the proportion of total contributions for which each contributor is responsible.	**YES**
The amount of retirement contributions that are normal costs and amortization are reported.	**YES**
Individual teachers are provided with information that breaks out employee and employer contributions.	**NO**
Individual teachers are provided with information about how their benefits accrue over time.	**NO**

Kansas pension system characteristics

Type of plan	Defined benefit/Cash balance
Unfunded liabilities (percent of system funded)	$6,205,000,000 (53.8%)
Vesting period	5 years
Teacher contribution rate (percent of salary)	6%
Employer contribution rate (percent of salary)	12%
Basis for retirement eligibility	Age and years of service
Cost-of-living adjustments	No COLA
Participation in Social Security	Yes
Contributions teachers may withdraw from plans if they leave after five years	Own with interest
Policy for purchasing time for prior teaching or approved leave	Unlimited (prior teaching); Not permitted (approved leave)

For states with multiple tier teacher pension systems, this analysis applies to the tier that applies to current new teachers joining the system.

Teacher Pension Policy in **Kentucky**

For more information about Kentucky and other states' teacher retirement policies, including full narrative analyses, recommendations and state responses, see **www.nctq.org/statepolicy**

Kentucky's pension system ratings

Sustainability	Pension system is stable and well funded.	◔
Flexibility	Pension system is flexible and fair to all teachers.	◔
Neutrality	Benefits accrue uniformly with each year of work.	○
Transparency	Teachers and the public have a clear depiction of the system's standing and future health.	◔

● fully meets goal ◕ nearly meets goal ◑ meets goal in part ◔ meets a small part of goal ○ does not meet goal

Snapshot of Kentucky's pension system

Teacher pension system is well funded (at least 90%).	**NO**
Teachers have the option of a fully portable primary pension plan.	**NO**
Teachers vest in three years or less.	**NO**
Teachers leaving early can take at least a partial employer contribution with them.	**NO**
Teacher and employer contribution rates are reasonable.	**NO**
Retirement eligibility is based on age only.	**NO**
Pension benefits accrue in a way that treats each year of work uniformly.	**NO**
Future contributions required to fully amortize total pension debt are projected and reported.	**NO**
Contributions required to fully amortize pension debt under different discount rates are reported.	**NO**
The source(s) of employer contributions (e.g., state and/or school districts) are disclosed, as well as the proportion of total contributions for which each contributor is responsible.	**YES**
The amount of retirement contributions that are normal costs and amortization are reported.	**YES**
Individual teachers are provided with information that breaks out employee and employer contributions.	**NO**
Individual teachers are provided with information about how their benefits accrue over time.	**NO**

Kentucky pension system characteristics

Type of plan	Defined benefit (DB)
Unfunded liabilities (percent of system funded)	$13,930,442,000 (55.3%)
Vesting period	5 years
Teacher contribution rate (percent of salary)	12.9%
Employer contribution rate (percent of salary)	29.8%
Basis for retirement eligibility	Age and years of service
Cost-of-living adjustments	Fixed (automatic)
Participation in Social Security	No
Contributions teachers may withdraw from plans if they leave after five years	Less than own
Policy for purchasing time for prior teaching or approved leave	Limited

For states with multiple tier teacher pension systems, this analysis applies to the tier that applies to current new teachers joining the system.

Teacher Pension Policy in **Louisiana**

For more information about Louisiana and other states' teacher retirement policies, including full narrative analyses, recommendations and state responses, see **www.nctq.org/statepolicy**

Louisiana's pension system ratings

Sustainability	Pension system is stable and well funded.	◔
Flexibility	Pension system is flexible and fair to all teachers.	◔
Neutrality	Benefits accrue uniformly with each year of work.	◕
Transparency	Teachers and the public have a clear depiction of the system's standing and future health.	◔

● fully meets goal ◕ nearly meets goal ◑ meets goal in part ◔ meets a small part of goal ○ does not meet goal

Snapshot of Louisiana's pension system

Teacher pension system is well funded (at least 90%).	**NO**
Teachers have the option of a fully portable primary pension plan.	**NO**
Teachers vest in three years or less.	**NO**
Teachers leaving early can take at least a partial employer contribution with them.	**NO**
Teacher and employer contribution rates are reasonable.	**NO**
Retirement eligibility is based on age only.	**YES**
Pension benefits accrue in a way that treats each year of work uniformly.	**YES**
Future contributions required to fully amortize total pension debt are projected and reported.	**NO**
Contributions required to fully amortize pension debt under different discount rates are reported.	**NO**
The source(s) of employer contributions (e.g., state and/or school districts) are disclosed, as well as the proportion of total contributions for which each contributor is responsible.	**YES**
The amount of retirement contributions that are normal costs and amortization are reported.	**YES**
Individual teachers are provided with information that breaks out employee and employer contributions.	**NO**
Individual teachers are provided with information about how their benefits accrue over time.	**NO**

Louisiana pension system characteristics

Type of plan	Defined benefit (DB)
Unfunded liabilities (percent of system funded)	$11,189,053,201 (60.9%)
Vesting period	5 years
Teacher contribution rate (percent of salary)	8%
Employer contribution rate (percent of salary)	25.5%
Basis for retirement eligibility	Age only
Cost-of-living adjustments	Tied to funding
Participation in Social Security	No
Contributions teachers may withdraw from plans if they leave after five years	Own with interest
Policy for purchasing time for prior teaching or approved leave	Unlimited (prior teaching); Limited (approved leave)

For states with multiple tier teacher pension systems, this analysis applies to the tier that applies to current new teachers joining the system.

Teacher Pension Policy in **Maine**

For more information about Maine and other states' teacher retirement policies, including full narrative analyses, recommendations and state responses, see **www.nctq.org/statepolicy**

Maine's pension system ratings

Sustainability	Pension system is stable and well funded.	◕
Flexibility	Pension system is flexible and fair to all teachers.	◔
Neutrality	Benefits accrue uniformly with each year of work.	●
Transparency	Teachers and the public have a clear depiction of the system's standing and future health.	◑

● fully meets goal ◕ nearly meets goal ◑ meets goal in part ◔ meets a small part of goal ○ does not meet goal

Snapshot of Maine's pension system

Teacher pension system is well funded (at least 90%).	**NO**
Teachers have the option of a fully portable primary pension plan.	**NO**
Teachers vest in three years or less.	**NO**
Teachers leaving early can take at least a partial employer contribution with them.	**NO**
Teacher and employer contribution rates are reasonable.	**YES**
Retirement eligibility is based on age only.	**YES**
Pension benefits accrue in a way that treats each year of work uniformly.	**YES**
Future contributions required to fully amortize total pension debt are projected and reported.	**YES**
Contributions required to fully amortize pension debt under different discount rates are reported.	**YES**
The source(s) of employer contributions (e.g., state and/or school districts) are disclosed, as well as the proportion of total contributions for which each contributor is responsible.	**YES**
The amount of retirement contributions that are normal costs and amortization are reported.	**YES**
Individual teachers are provided with information that breaks out employee and employer contributions.	**NO**
Individual teachers are provided with information about how their benefits accrue over time.	**NO**

Maine pension system characteristics

Type of plan	Defined benefit (DB)
Unfunded liabilities (percent of system funded)*	$642,982,316 (84.6%)
Vesting period	5 years
Teacher contribution rate (percent of salary)	7.7%
Employer contribution rate (percent of salary)	13%
Basis for retirement eligibility	Age only
Cost-of-living adjustments	Based on Consumer Price Index
Participation in Social Security	No
Contributions teachers may withdraw from plans if they leave after five years	Own with interest
Policy for purchasing time for prior teaching or approved leave	Limited (prior teaching); Not permitted (approved leave)

* For states in which teachers are part of a larger public employee system, the liabilities were adjusted to reflect an estimate of the percentage of teachers in the system

For states with multiple tier teacher pension systems, this analysis applies to the tier that applies to current new teachers joining the system.

Teacher Pension Policy in **Maryland**

For more information about Maryland and other states' teacher retirement policies, including full narrative analyses, recommendations and state responses, see **www.nctq.org/statepolicy**

Maryland's pension system ratings

Sustainability	Pension system is stable and well funded.	meets a small part of goal
Flexibility	Pension system is flexible and fair to all teachers.	meets a small part of goal
Neutrality	Benefits accrue uniformly with each year of work.	meets goal in part
Transparency	Teachers and the public have a clear depiction of the system's standing and future health.	meets a small part of goal

● fully meets goal ◕ nearly meets goal ◑ meets goal in part ◔ meets a small part of goal ○ does not meet goal

Snapshot of Maryland's pension system

Teacher pension system is well funded (at least 90%).	**NO**
Teachers have the option of a fully portable primary pension plan.	**NO**
Teachers vest in three years or less.	**NO**
Teachers leaving early can take at least a partial employer contribution with them.	**NO**
Teacher and employer contribution rates are reasonable.	**NO**
Retirement eligibility is based on age only.	**NO**
Pension benefits accrue in a way that treats each year of work uniformly.	**NO**
Future contributions required to fully amortize total pension debt are projected and reported.	**NO**
Contributions required to fully amortize pension debt under different discount rates are reported.	**NO**
The source(s) of employer contributions (e.g., state and/or school districts) are disclosed, as well as the proportion of total contributions for which each contributor is responsible.	**YES**
The amount of retirement contributions that are normal costs and amortization are reported.	**YES**
Individual teachers are provided with information that breaks out employee and employer contributions.	**NO**
Individual teachers are provided with information about how their benefits accrue over time.	**NO**

Maryland pension system characteristics

Type of plan	Defined benefit (DB)
Unfunded liabilities (percent of system funded)*	$5,250,711,686 (71.9%)
Vesting period	10 years
Teacher contribution rate (percent of salary)	7%
Employer contribution rate (percent of salary)	16.6%
Basis for retirement eligibility	Age and years of service
Cost-of-living adjustments	Based on Consumer Price Index
Participation in Social Security	Yes
Contributions teachers may withdraw from plans if they leave after five years	Own with interest
Policy for purchasing time for prior teaching or approved leave	Limited

* For states in which teachers are part of a larger public employee system, the liabilities were adjusted to reflect an estimate of the percentage of teachers in the system

For states with multiple tier teacher pension systems, this analysis applies to the tier that applies to current new teachers joining the system.

Teacher Pension Policy in **Massachusetts**

For more information about Massachusetts and other states' teacher retirement policies, including full narrative analyses, recommendations and state responses, see **www.nctq.org/statepolicy**

Massachusetts' pension system ratings

Sustainability	Pension system is stable and well funded.	◔
Flexibility	Pension system is flexible and fair to all teachers.	◔
Neutrality	Benefits accrue uniformly with each year of work.	◑
Transparency	Teachers and the public have a clear depiction of the system's standing and future health.	◔

● fully meets goal ◕ nearly meets goal ◑ meets goal in part ◔ meets a small part of goal ○ does not meet goal

Snapshot of Massachusetts' pension system

Teacher pension system is well funded (at least 90%).	**NO**
Teachers have the option of a fully portable primary pension plan.	**NO**
Teachers vest in three years or less.	**NO**
Teachers leaving early can take at least a partial employer contribution with them.	**NO**
Teacher and employer contribution rates are reasonable.	**NO**
Retirement eligibility is based on age only.	**YES**
Pension benefits accrue in a way that treats each year of work uniformly.	**NO**
Future contributions required to fully amortize total pension debt are projected and reported.	**NO**
Contributions required to fully amortize pension debt under different discount rates are reported.	**NO**
The source(s) of employer contributions (e.g., state and/or school districts) are disclosed, as well as the proportion of total contributions for which each contributor is responsible.	**YES**
The amount of retirement contributions that are normal costs and amortization are reported.	**YES**
Individual teachers are provided with information that breaks out employee and employer contributions.	**NO**
Individual teachers are provided with information about how their benefits accrue over time.	**NO**

Massachusetts pension system characteristics

Type of plan	Defined benefit (DB)
Unfunded liabilities (percent of system funded)	$20,169,010,000 (54.3%)
Vesting period	10 years
Teacher contribution rate (percent of salary)	11%
Employer contribution rate (percent of salary)	17.7%
Basis for retirement eligibility	Age only
Cost-of-living adjustments	Based on Consumer Price Index
Participation in Social Security	No
Contributions teachers may withdraw from plans if they leave after five years	Own with interest
Policy for purchasing time for prior teaching or approved leave	Limited (prior teaching); Not permitted (approved leave)

For states with multiple tier teacher pension systems, this analysis applies to the tier that applies to current new teachers joining the system.

Teacher Pension Policy in **Michigan**

For more information about Michigan and other states' teacher retirement policies, including full narrative analyses, recommendations and state responses, see **www.nctq.org/statepolicy**

Michigan's pension system ratings

Sustainability	Pension system is stable and well funded.	◑
Flexibility	Pension system is flexible and fair to all teachers.	◑
Neutrality	Benefits accrue uniformly with each year of work.	◕
Transparency	Teachers and the public have a clear depiction of the system's standing and future health.	◔

● fully meets goal ◕ nearly meets goal ◑ meets goal in part ◔ meets a small part of goal ○ does not meet goal

Snapshot of Michigan's pension system

Teacher pension system is well funded (at least 90%).	**NO**
Teachers have the option of a fully portable primary pension plan.	**YES**
Teachers vest in three years or less.	**NO**
Teachers leaving early can take at least a partial employer contribution with them.	**NO**
Teacher and employer contribution rates are reasonable.	**NO**
Retirement eligibility is based on age only.	**YES**
Pension benefits accrue in a way that treats each year of work uniformly.	**YES**
Future contributions required to fully amortize total pension debt are projected and reported.	**NO**
Contributions required to fully amortize pension debt under different discount rates are reported.	**NO**
The source(s) of employer contributions (e.g., state and/or school districts) are disclosed, as well as the proportion of total contributions for which each contributor is responsible.	**YES**
The amount of retirement contributions that are normal costs and amortization are reported.	**NO**
Individual teachers are provided with information that breaks out employee and employer contributions.	**NO**
Individual teachers are provided with information about how their benefits accrue over time.	**NO**

Michigan pension system characteristics

Type of plan	Choice of Hybrid or Defined Contribution
Unfunded liabilities (percent of system funded)	$24,973,627,000 (62.9%)
Vesting period	10 years (Hybrid)/Immediate (DC)
Teacher contribution rate (percent of salary)	Hybrid: DB part 3-6.4% depending on wages; DC part minimum 2%; DC: minimum 2%
Employer contribution rate (percent of salary)	25.8%
Basis for retirement eligibility	Age only
Cost-of-living adjustments	No COLA
Participation in Social Security	Yes
Contributions teachers may withdraw from plans if they leave after five years	Hybrid DB portion: own with interest
Policy for purchasing time for prior teaching or approved leave	Hybrid: Limited (prior teaching); Not permitted (approved leave)

For states with multiple tier teacher pension systems, this analysis applies to the tier that applies to current new teachers joining the system.

Teacher Pension Policy in **Minnesota**

For more information about Minnesota and other states' teacher retirement policies, including full narrative analyses, recommendations and state responses, see **www.nctq.org/statepolicy**

Minnesota's pension system ratings

Sustainability	Pension system is stable and well funded.	meets goal in part
Flexibility	Pension system is flexible and fair to all teachers.	meets goal in part
Neutrality	Benefits accrue uniformly with each year of work.	fully meets goal
Transparency	Teachers and the public have a clear depiction of the system's standing and future health.	meets a small part of goal

fully meets goal · nearly meets goal · meets goal in part · meets a small part of goal · does not meet goal

Snapshot of Minnesota's pension system

Teacher pension system is well funded (at least 90%).	**NO**
Teachers have the option of a fully portable primary pension plan.	**NO**
Teachers vest in three years or less.	**YES**
Teachers leaving early can take at least a partial employer contribution with them.	**NO**
Teacher and employer contribution rates are reasonable.	**YES**
Retirement eligibility is based on age only.	**YES**
Pension benefits accrue in a way that treats each year of work uniformly.	**YES**
Future contributions required to fully amortize total pension debt are projected and reported.	**YES**
Contributions required to fully amortize pension debt under different discount rates are reported.	**YES**
The source(s) of employer contributions (e.g., state and/or school districts) are disclosed, as well as the proportion of total contributions for which each contributor is responsible.	**NO**
The amount of retirement contributions that are normal costs and amortization are reported.	**YES**
Individual teachers are provided with information that breaks out employee and employer contributions.	**NO**
Individual teachers are provided with information about how their benefits accrue over time.	**NO**

Minnesota pension system characteristics

Type of plan	Defined benefit (DB)
Unfunded liabilities (percent of system funded)	$5,865,262,000 (77.1%)
Vesting period	3 years
Teacher contribution rate (percent of salary)	7.5%
Employer contribution rate (percent of salary)	7.5%
Basis for retirement eligibility	Age only
Cost-of-living adjustments	Fixed (automatic)
Participation in Social Security	Yes
Contributions teachers may withdraw from plans if they leave after five years	Own with interest
Policy for purchasing time for prior teaching or approved leave	Not permitted (prior teaching); Limited (approved leave)

For states with multiple tier teacher pension systems, this analysis applies to the tier that applies to current new teachers joining the system.

Teacher Pension Policy in **Mississippi**

For more information about Mississippi and other states' teacher retirement policies, including full narrative analyses, recommendations and state responses, see **www.nctq.org/statepolicy**

Mississippi's pension system ratings

Sustainability	Pension system is stable and well funded.	does not meet goal
Flexibility	Pension system is flexible and fair to all teachers.	meets a small part of goal
Neutrality	Benefits accrue uniformly with each year of work.	does not meet goal
Transparency	Teachers and the public have a clear depiction of the system's standing and future health.	meets a small part of goal

fully meets goal · nearly meets goal · meets goal in part · meets a small part of goal · does not meet goal

Snapshot of Mississippi's pension system

Teacher pension system is well funded (at least 90%).	**NO**
Teachers have the option of a fully portable primary pension plan.	**NO**
Teachers vest in three years or less.	**NO**
Teachers leaving early can take at least a partial employer contribution with them.	**NO**
Teacher and employer contribution rates are reasonable.	**NO**
Retirement eligibility is based on age only.	**NO**
Pension benefits accrue in a way that treats each year of work uniformly.	**NO**
Future contributions required to fully amortize total pension debt are projected and reported.	**NO**
Contributions required to fully amortize pension debt under different discount rates are reported.	**NO**
The source(s) of employer contributions (e.g., state and/or school districts) are disclosed, as well as the proportion of total contributions for which each contributor is responsible.	**YES**
The amount of retirement contributions that are normal costs and amortization are reported.	**YES**
Individual teachers are provided with information that breaks out employee and employer contributions.	**NO**
Individual teachers are provided with information about how their benefits accrue over time.	**NO**

Mississippi pension system characteristics

Type of plan	Defined benefit (DB)
Unfunded liabilities (percent of system funded)*	$6,231,194,784 (60.4%)
Vesting period	8 years
Teacher contribution rate (percent of salary)	9%
Employer contribution rate (percent of salary)	15.8%
Basis for retirement eligibility	Age and years of service
Cost-of-living adjustments	Fixed (automatic)
Participation in Social Security	Yes
Contributions teachers may withdraw from plans if they leave after five years	Own with interest
Policy for purchasing time for prior teaching or approved leave	Limited (prior teaching); Not permitted (approved leave)

* For states in which teachers are part of a larger public employee system, the liabilities were adjusted to reflect an estimate of the percentage of teachers in the system

For states with multiple tier teacher pension systems, this analysis applies to the tier that applies to current new teachers joining the system.

Teacher Pension Policy in **Missouri**

For more information about Missouri and other states' teacher retirement policies, including full narrative analyses, recommendations and state responses, see **www.nctq.org/statepolicy**

Missouri's pension system ratings

Sustainability	Pension system is stable and well funded.	◔
Flexibility	Pension system is flexible and fair to all teachers.	◔
Neutrality	Benefits accrue uniformly with each year of work.	◑
Transparency	Teachers and the public have a clear depiction of the system's standing and future health.	○

● fully meets goal ◕ nearly meets goal ◑ meets goal in part ◔ meets a small part of goal ○ does not meet goal

Snapshot of Missouri's pension system

Teacher pension system is well funded (at least 90%).	**NO**
Teachers have the option of a fully portable primary pension plan.	**NO**
Teachers vest in three years or less.	**NO**
Teachers leaving early can take at least a partial employer contribution with them.	**NO**
Teacher and employer contribution rates are reasonable.	**NO**
Retirement eligibility is based on age only.	**NO**
Pension benefits accrue in a way that treats each year of work uniformly.	**NO**
Future contributions required to fully amortize total pension debt are projected and reported.	**NO**
Contributions required to fully amortize pension debt under different discount rates are reported.	**NO**
The source(s) of employer contributions (e.g., state and/or school districts) are disclosed, as well as the proportion of total contributions for which each contributor is responsible.	**NO**
The amount of retirement contributions that are normal costs and amortization are reported.	**YES**
Individual teachers are provided with information that breaks out employee and employer contributions.	**NO**
Individual teachers are provided with information about how their benefits accrue over time.	**NO**

Missouri pension system characteristics

Type of plan	Defined benefit (DB)
Unfunded liabilities (percent of system funded)	$6,537,125,000 (83.9%)
Vesting period	5 years
Teacher contribution rate (percent of salary)	14.5%
Employer contribution rate (percent of salary)	14.5%
Basis for retirement eligibility	Age and years of service
Cost-of-living adjustments	Ad hoc
Participation in Social Security	No
Contributions teachers may withdraw from plans if they leave after five years	Own with interest
Policy for purchasing time for prior teaching or approved leave	Limited

For states with multiple tier teacher pension systems, this analysis applies to the tier that applies to current new teachers joining the system.

Teacher Pension Policy in **Montana**

For more information about Montana and other states' teacher retirement policies, including full narrative analyses, recommendations and state responses, see **www.nctq.org/statepolicy**

Montana's pension system ratings

Sustainability	Pension system is stable and well funded.	does not meet goal
Flexibility	Pension system is flexible and fair to all teachers.	meets a small part of goal
Neutrality	Benefits accrue uniformly with each year of work.	does not meet goal
Transparency	Teachers and the public have a clear depiction of the system's standing and future health.	meets a small part of goal

fully meets goal · nearly meets goal · meets goal in part · meets a small part of goal · does not meet goal

Snapshot of Montana's pension system

Teacher pension system is well funded (at least 90%).	**NO**
Teachers have the option of a fully portable primary pension plan.	**NO**
Teachers vest in three years or less.	**NO**
Teachers leaving early can take at least a partial employer contribution with them.	**NO**
Teacher and employer contribution rates are reasonable.	**NO**
Retirement eligibility is based on age only.	**NO**
Pension benefits accrue in a way that treats each year of work uniformly.	**NO**
Future contributions required to fully amortize total pension debt are projected and reported.	**NO**
Contributions required to fully amortize pension debt under different discount rates are reported.	**NO**
The source(s) of employer contributions (e.g., state and/or school districts) are disclosed, as well as the proportion of total contributions for which each contributor is responsible.	**YES**
The amount of retirement contributions that are normal costs and amortization are reported.	**YES**
Individual teachers are provided with information that breaks out employee and employer contributions.	**NO**
Individual teachers are provided with information about how their benefits accrue over time.	**NO**

Montana pension system characteristics

Type of plan	Defined benefit (DB)
Unfunded liabilities (percent of system funded)	$1,741,545,000 (67.5%)
Vesting period	5 years
Teacher contribution rate (percent of salary)	8.2%
Employer contribution rate (percent of salary)	11.2%
Basis for retirement eligibility	Age and years of service
Cost-of-living adjustments	Fixed (automatic)
Participation in Social Security	Yes
Contributions teachers may withdraw from plans if they leave after five years	Own with interest
Policy for purchasing time for prior teaching or approved leave	Limited

For states with multiple tier teacher pension systems, this analysis applies to the tier that applies to current new teachers joining the system.

Teacher Pension Policy in **Nebraska**

For more information about Nebraska and other states' teacher retirement policies, including full narrative analyses, recommendations and state responses, see **www.nctq.org/statepolicy**

Nebraska's pension system ratings

Sustainability	Pension system is stable and well funded.	meets goal in part
Flexibility	Pension system is flexible and fair to all teachers.	meets a small part of goal
Neutrality	Benefits accrue uniformly with each year of work.	meets goal in part
Transparency	Teachers and the public have a clear depiction of the system's standing and future health.	meets a small part of goal

● fully meets goal ◕ nearly meets goal ◑ meets goal in part ◔ meets a small part of goal ○ does not meet goal

Snapshot of Nebraska's pension system

Teacher pension system is well funded (at least 90%).	**YES**
Teachers have the option of a fully portable primary pension plan.	**NO**
Teachers vest in three years or less.	**NO**
Teachers leaving early can take at least a partial employer contribution with them.	**NO**
Teacher and employer contribution rates are reasonable.	**NO**
Retirement eligibility is based on age only.	**NO**
Pension benefits accrue in a way that treats each year of work uniformly.	**NO**
Future contributions required to fully amortize total pension debt are projected and reported.	**NO**
Contributions required to fully amortize pension debt under different discount rates are reported.	**NO**
The source(s) of employer contributions (e.g., state and/or school districts) are disclosed, as well as the proportion of total contributions for which each contributor is responsible.	**YES**
The amount of retirement contributions that are normal costs and amortization are reported.	**YES**
Individual teachers are provided with information that breaks out employee and employer contributions.	**NO**
Individual teachers are provided with information about how their benefits accrue over time.	**NO**

Nebraska pension system characteristics

Type of plan	Defined benefit (DB)
Unfunded liabilities (percent of system funded)	$1,161,372,691 (89.6%)
Vesting period	5 years
Teacher contribution rate (percent of salary)	9.8%
Employer contribution rate (percent of salary)	11.9%
Basis for retirement eligibility	Age and years of service
Cost-of-living adjustments	Based on Consumer Price Index
Participation in Social Security	Yes
Contributions teachers may withdraw from plans if they leave after five years	Own with interest
Policy for purchasing time for prior teaching or approved leave	Limited

For states with multiple tier teacher pension systems, this analysis applies to the tier that applies to current new teachers joining the system.

Teacher Pension Policy in **Nevada**

For more information about Nevada and other states' teacher retirement policies, including full narrative analyses, recommendations and state responses, see **www.nctq.org/statepolicy**

Nevada's pension system ratings

Sustainability	Pension system is stable and well funded.	○
Flexibility	Pension system is flexible and fair to all teachers.	◔
Neutrality	Benefits accrue uniformly with each year of work.	◑
Transparency	Teachers and the public have a clear depiction of the system's standing and future health.	◔

● fully meets goal ◕ nearly meets goal ◑ meets goal in part ◔ meets a small part of goal ○ does not meet goal

Snapshot of Nevada's pension system

Teacher pension system is well funded (at least 90%).	**NO**
Teachers have the option of a fully portable primary pension plan.	**NO**
Teachers vest in three years or less.	**NO**
Teachers leaving early can take at least a partial employer contribution with them.	**NO**
Teacher and employer contribution rates are reasonable.	**NO**
Retirement eligibility is based on age only.	**NO**
Pension benefits accrue in a way that treats each year of work uniformly.	**NO**
Future contributions required to fully amortize total pension debt are projected and reported.	**NO**
Contributions required to fully amortize pension debt under different discount rates are reported.	**NO**
The source(s) of employer contributions (e.g., state and/or school districts) are disclosed, as well as the proportion of total contributions for which each contributor is responsible.	**YES**
The amount of retirement contributions that are normal costs and amortization are reported.	**NO**
Individual teachers are provided with information that breaks out employee and employer contributions.	**NO**
Individual teachers are provided with information about how their benefits accrue over time.	**NO**

Nevada pension system characteristics

Type of plan	Defined benefit (DB)
Unfunded liabilities (percent of system funded)*	$5,682,012,000 (73.2%)
Vesting period	5 years
Teacher contribution rate (percent of salary)	14.5%
Employer contribution rate (percent of salary)	14.5%
Basis for retirement eligibility	Age and years of service
Cost-of-living adjustments	Fixed (automatic)
Participation in Social Security	No
Contributions teachers may withdraw from plans if they leave after five years	Own with interest
Policy for purchasing time for prior teaching or approved leave	Limited (prior teaching); Not permitted (approved leave)

* For states in which teachers are part of a larger public employee system, the liabilities were adjusted to reflect an estimate of the percentage of teachers in the system

For states with multiple tier teacher pension systems, this analysis applies to the tier that applies to current new teachers joining the system.

Teacher Pension Policy in **New Hampshire**

For more information about New Hampshire and other states' teacher retirement policies, including full narrative analyses, recommendations and state responses, see **www.nctq.org/statepolicy**

New Hampshire's pension system ratings

Sustainability	Pension system is stable and well funded.	◔
Flexibility	Pension system is flexible and fair to all teachers.	○
Neutrality	Benefits accrue uniformly with each year of work.	●
Transparency	Teachers and the public have a clear depiction of the system's standing and future health.	◔

● fully meets goal ◕ nearly meets goal ◑ meets goal in part ◔ meets a small part of goal ○ does not meet goal

Snapshot of New Hampshire's pension system

Teacher pension system is well funded (at least 90%).	**NO**
Teachers have the option of a fully portable primary pension plan.	**NO**
Teachers vest in three years or less.	**NO**
Teachers leaving early can take at least a partial employer contribution with them.	**NO**
Teacher and employer contribution rates are reasonable.	**NO**
Retirement eligibility is based on age only.	**YES**
Pension benefits accrue in a way that treats each year of work uniformly.	**YES**
Future contributions required to fully amortize total pension debt are projected and reported.	**YES**
Contributions required to fully amortize pension debt under different discount rates are reported.	**NO**
The source(s) of employer contributions (e.g., state and/or school districts) are disclosed, as well as the proportion of total contributions for which each contributor is responsible.	**YES**
The amount of retirement contributions that are normal costs and amortization are reported.	**YES**
Individual teachers are provided with information that breaks out employee and employer contributions.	**NO**
Individual teachers are provided with information about how their benefits accrue over time.	**NO**

New Hampshire pension system characteristics

Type of plan	Defined benefit (DB)
Unfunded liabilities (percent of system funded)*	$1,128,761,678 (55.3%)
Vesting period	10 years
Teacher contribution rate (percent of salary)	7%
Employer contribution rate (percent of salary)	15.7%
Basis for retirement eligibility	Age only
Cost-of-living adjustments	Ad hoc
Participation in Social Security	Yes
Contributions teachers may withdraw from plans if they leave after five years	Own with interest
Policy for purchasing time for prior teaching or approved leave	Not permitted

* For states in which teachers are part of a larger public employee system, the liabilities were adjusted to reflect an estimate of the percentage of teachers in the system

For states with multiple tier teacher pension systems, this analysis applies to the tier that applies to current new teachers joining the system.

Teacher Pension Policy in **New Jersey**

For more information about New Jersey and other states' teacher retirement policies, including full narrative analyses, recommendations and state responses, see **www.nctq.org/statepolicy**

New Jersey's pension system ratings

Sustainability	Pension system is stable and well funded.	◔
Flexibility	Pension system is flexible and fair to all teachers.	◔
Neutrality	Benefits accrue uniformly with each year of work.	●
Transparency	Teachers and the public have a clear depiction of the system's standing and future health.	◔

● fully meets goal ◕ nearly meets goal ◑ meets goal in part ◔ meets a small part of goal ○ does not meet goal

Snapshot of New Jersey's pension system

Teacher pension system is well funded (at least 90%).	**NO**
Teachers have the option of a fully portable primary pension plan.	**NO**
Teachers vest in three years or less.	**NO**
Teachers leaving early can take at least a partial employer contribution with them.	**NO**
Teacher and employer contribution rates are reasonable.	**NO**
Retirement eligibility is based on age only.	**YES**
Pension benefits accrue in a way that treats each year of work uniformly.	**YES**
Future contributions required to fully amortize total pension debt are projected and reported.	**NO**
Contributions required to fully amortize pension debt under different discount rates are reported.	**NO**
The source(s) of employer contributions (e.g., state and/or school districts) are disclosed, as well as the proportion of total contributions for which each contributor is responsible.	**YES**
The amount of retirement contributions that are normal costs and amortization are reported.	**YES**
Individual teachers are provided with information that breaks out employee and employer contributions.	**NO**
Individual teachers are provided with information about how their benefits accrue over time.	**NO**

New Jersey pension system characteristics

Type of plan	Defined benefit (DB)
Unfunded liabilities (percent of system funded)	$27,057,972,887 (51.1%)
Vesting period	10 years
Teacher contribution rate (percent of salary)	7.1%
Employer contribution rate (percent of salary)	26.6%
Basis for retirement eligibility	Age only
Cost-of-living adjustments	Based on Consumer Price Index
Participation in Social Security	Yes
Contributions teachers may withdraw from plans if they leave after five years	Own with interest
Policy for purchasing time for prior teaching or approved leave	Limited

For states with multiple tier teacher pension systems, this analysis applies to the tier that applies to current new teachers joining the system.

Teacher Pension Policy in **New Mexico**

For more information about New Mexico and other states' teacher retirement policies, including full narrative analyses, recommendations and state responses, see **www.nctq.org/statepolicy**

New Mexico's pension system ratings

Sustainability	Pension system is stable and well funded.	○
Flexibility	Pension system is flexible and fair to all teachers.	◔
Neutrality	Benefits accrue uniformly with each year of work.	◑
Transparency	Teachers and the public have a clear depiction of the system's standing and future health.	◔

● fully meets goal ◕ nearly meets goal ◑ meets goal in part ◔ meets a small part of goal ○ does not meet goal

Snapshot of New Mexico's pension system

Teacher pension system is well funded (at least 90%).	**NO**
Teachers have the option of a fully portable primary pension plan.	**NO**
Teachers vest in three years or less.	**NO**
Teachers leaving early can take at least a partial employer contribution with them.	**NO**
Teacher and employer contribution rates are reasonable.	**NO**
Retirement eligibility is based on age only.	**NO**
Pension benefits accrue in a way that treats each year of work uniformly.	**NO**
Future contributions required to fully amortize total pension debt are projected and reported.	**NO**
Contributions required to fully amortize pension debt under different discount rates are reported.	**NO**
The source(s) of employer contributions (e.g., state and/or school districts) are disclosed, as well as the proportion of total contributions for which each contributor is responsible.	**YES**
The amount of retirement contributions that are normal costs and amortization are reported.	**YES**
Individual teachers are provided with information that breaks out employee and employer contributions.	**NO**
Individual teachers are provided with information about how their benefits accrue over time.	**NO**

New Mexico pension system characteristics

Type of plan	Defined benefit (DB)
Unfunded liabilities (percent of system funded)	$6,542,046,073 (63.7%)
Vesting period	5 years
Teacher contribution rate (percent of salary)	7.9% or 10.7% depending on salary
Employer contribution rate (percent of salary)	13.9%
Basis for retirement eligibility	Age and years of service
Cost-of-living adjustments	Based on Consumer Price Index
Participation in Social Security	Yes
Contributions teachers may withdraw from plans if they leave after five years	Own with interest
Policy for purchasing time for prior teaching or approved leave	Limited (prior teaching); Not permitted (approved leave)

For states with multiple tier teacher pension systems, this analysis applies to the tier that applies to current new teachers joining the system.

Teacher Pension Policy in **New York**

For more information about New York and other states' teacher retirement policies, including full narrative analyses, recommendations and state responses, see **www.nctq.org/statepolicy**

New York's pension system ratings

Sustainability	Pension system is stable and well funded.	nearly meets goal
Flexibility	Pension system is flexible and fair to all teachers.	meets a small part of goal
Neutrality	Benefits accrue uniformly with each year of work.	meets goal in part
Transparency	Teachers and the public have a clear depiction of the system's standing and future health.	meets a small part of goal

fully meets goal · nearly meets goal · meets goal in part · meets a small part of goal · does not meet goal

Snapshot of New York's pension system

Teacher pension system is well funded (at least 90%).	**YES**
Teachers have the option of a fully portable primary pension plan.	**NO**
Teachers vest in three years or less.	**NO**
Teachers leaving early can take at least a partial employer contribution with them.	**NO**
Teacher and employer contribution rates are reasonable.	**NO**
Retirement eligibility is based on age only.	**YES**
Pension benefits accrue in a way that treats each year of work uniformly.	**NO**
Future contributions required to fully amortize total pension debt are projected and reported.	**NO**
Contributions required to fully amortize pension debt under different discount rates are reported.	**NO**
The source(s) of employer contributions (e.g., state and/or school districts) are disclosed, as well as the proportion of total contributions for which each contributor is responsible.	**YES**
The amount of retirement contributions that are normal costs and amortization are reported.	**NO**
Individual teachers are provided with information that breaks out employee and employer contributions.	**NO**
Individual teachers are provided with information about how their benefits accrue over time.	**NO**

New York pension system characteristics

Type of plan	Defined benefit (DB)
Unfunded liabilities (percent of system funded)	$6,100,000,000 (94.2%)
Vesting period	10 years
Teacher contribution rate (percent of salary)	3%-6% depending on salary
Employer contribution rate (percent of salary)	11.7%
Basis for retirement eligibility	Age only
Cost-of-living adjustments	Based on Consumer Price Index
Participation in Social Security	Yes
Contributions teachers may withdraw from plans if they leave after five years	Own with interest
Policy for purchasing time for prior teaching or approved leave	Limited (prior teaching); Not permitted (approved leave)

For states with multiple tier teacher pension systems, this analysis applies to the tier that applies to current new teachers joining the system.

Teacher Pension Policy in **North Carolina**

For more information about North Carolina and other states' teacher retirement policies, including full narrative analyses, recommendations and state responses, see **www.nctq.org/statepolicy**

North Carolina's pension system ratings

Sustainability	Pension system is stable and well funded.	◕
Flexibility	Pension system is flexible and fair to all teachers.	◔
Neutrality	Benefits accrue uniformly with each year of work.	◑
Transparency	Teachers and the public have a clear depiction of the system's standing and future health.	◔

● fully meets goal ◕ nearly meets goal ◑ meets goal in part ◔ meets a small part of goal ○ does not meet goal

Snapshot of North Carolina's pension system

Teacher pension system is well funded (at least 90%).	**YES**
Teachers have the option of a fully portable primary pension plan.	**NO**
Teachers vest in three years or less.	**NO**
Teachers leaving early can take at least a partial employer contribution with them.	**NO**
Teacher and employer contribution rates are reasonable.	**NO**
Retirement eligibility is based on age only.	**NO**
Pension benefits accrue in a way that treats each year of work uniformly.	**NO**
Future contributions required to fully amortize total pension debt are projected and reported.	**YES**
Contributions required to fully amortize pension debt under different discount rates are reported.	**NO**
The source(s) of employer contributions (e.g., state and/or school districts) are disclosed, as well as the proportion of total contributions for which each contributor is responsible.	**NO**
The amount of retirement contributions that are normal costs and amortization are reported.	**YES**
Individual teachers are provided with information that breaks out employee and employer contributions.	**NO**
Individual teachers are provided with information about how their benefits accrue over time.	**NO**

North Carolina pension system characteristics

Type of plan	Defined benefit (DB)
Unfunded liabilities (percent of system funded)*	$1,442,085,607 (95.6%)
Vesting period	5 years
Teacher contribution rate (percent of salary)	6%
Employer contribution rate (percent of salary)	8.5%
Basis for retirement eligibility	Age and years of service
Cost-of-living adjustments	Based on Consumer Price Index
Participation in Social Security	Yes
Contributions teachers may withdraw from plans if they leave after five years	Own with interest
Policy for purchasing time for prior teaching or approved leave	Limited

* For states in which teachers are part of a larger public employee system, the liabilities were adjusted to reflect an estimate of the percentage of teachers in the system

For states with multiple tier teacher pension systems, this analysis applies to the tier that applies to current new teachers joining the system.

Teacher Pension Policy in **North Dakota**

For more information about North Dakota and other states' teacher retirement policies, including full narrative analyses, recommendations and state responses, see **www.nctq.org/statepolicy**

North Dakota's pension system ratings

Sustainability	Pension system is stable and well funded.	does not meet goal
Flexibility	Pension system is flexible and fair to all teachers.	meets a small part of goal
Neutrality	Benefits accrue uniformly with each year of work.	meets goal in part
Transparency	Teachers and the public have a clear depiction of the system's standing and future health.	meets goal in part

fully meets goal · nearly meets goal · meets goal in part · meets a small part of goal · does not meet goal

Snapshot of North Dakota's pension system

Teacher pension system is well funded (at least 90%).	**NO**
Teachers have the option of a fully portable primary pension plan.	**NO**
Teachers vest in three years or less.	**NO**
Teachers leaving early can take at least a partial employer contribution with them.	**NO**
Teacher and employer contribution rates are reasonable.	**NO**
Retirement eligibility is based on age only.	**NO**
Pension benefits accrue in a way that treats each year of work uniformly.	**NO**
Future contributions required to fully amortize total pension debt are projected and reported.	**YES**
Contributions required to fully amortize pension debt under different discount rates are reported.	**YES**
The source(s) of employer contributions (e.g., state and/or school districts) are disclosed, as well as the proportion of total contributions for which each contributor is responsible.	**YES**
The amount of retirement contributions that are normal costs and amortization are reported.	**YES**
Individual teachers are provided with information that breaks out employee and employer contributions.	**NO**
Individual teachers are provided with information about how their benefits accrue over time.	**NO**

North Dakota pension system characteristics

Type of plan	Defined benefit (DB)
Unfunded liabilities (percent of system funded)	$1,324,758,531 (61.6%)
Vesting period	5 years
Teacher contribution rate (percent of salary)	11.8%
Employer contribution rate (percent of salary)	12.8%
Basis for retirement eligibility	Age and years of service
Cost-of-living adjustments	No COLA
Participation in Social Security	Yes
Contributions teachers may withdraw from plans if they leave after five years	Own with interest
Policy for purchasing time for prior teaching or approved leave	Unlimited

For states with multiple tier teacher pension systems, this analysis applies to the tier that applies to current new teachers joining the system.

Teacher Pension Policy in **Ohio**

For more information about Ohio and other states' teacher retirement policies, including full narrative analyses, recommendations and state responses, see **www.nctq.org/statepolicy**

Ohio's pension system ratings

Sustainability	Pension system is stable and well funded.	meets goal in part
Flexibility	Pension system is flexible and fair to all teachers.	nearly meets goal
Neutrality	Benefits accrue uniformly with each year of work.	nearly meets goal
Transparency	Teachers and the public have a clear depiction of the system's standing and future health.	does not meet goal

fully meets goal · nearly meets goal · meets goal in part · meets a small part of goal · does not meet goal

Snapshot of Ohio's pension system

Teacher pension system is well funded (at least 90%).	NO
Teachers have the option of a fully portable primary pension plan.	YES
Teachers vest in three years or less.	NO
Teachers leaving early can take at least a partial employer contribution with them.	YES
Teacher and employer contribution rates are reasonable.	YES
Retirement eligibility is based on age only.	YES (not for all plans)
Pension benefits accrue in a way that treats each year of work uniformly.	YES (not for all plans)
Future contributions required to fully amortize total pension debt are projected and reported.	NO
Contributions required to fully amortize pension debt under different discount rates are reported.	NO
The source(s) of employer contributions (e.g., state and/or school districts) are disclosed, as well as the proportion of total contributions for which each contributor is responsible.	NO
The amount of retirement contributions that are normal costs and amortization are reported.	YES
Individual teachers are provided with information that breaks out employee and employer contributions.	NO
Individual teachers are provided with information about how their benefits accrue over time.	NO

Ohio pension system characteristics

Type of plan	Choice of Defined benefit (DB); Combined (hybrid) or Defined Contribution (DC)
Unfunded liabilities (percent of system funded)	$30,358,655,000 (69.3%)
Vesting period	5 years
Teacher contribution rate (percent of salary)	DB plan: 13%; Combined plan: 1.5% to the DB component
Employer contribution rate (percent of salary)	14%
Basis for retirement eligibility	Age and years of service
Cost-of-living adjustments	Fixed (automatic)
Participation in Social Security	No
Contributions teachers may withdraw from plans if they leave after five years	Own contribution plus portion of employer (DB and combined)
Policy for purchasing time for prior teaching or approved leave	Limited

For states with multiple tier teacher pension systems, this analysis applies to the tier that applies to current new teachers joining the system.

Teacher Pension Policy in **Oklahoma**

For more information about Oklahoma and other states' teacher retirement policies, including full narrative analyses, recommendations and state responses, see **www.nctq.org/statepolicy**

Oklahoma's pension system ratings

Sustainability	Pension system is stable and well funded.	◔
Flexibility	Pension system is flexible and fair to all teachers.	◔
Neutrality	Benefits accrue uniformly with each year of work.	◑
Transparency	Teachers and the public have a clear depiction of the system's standing and future health.	◔

● fully meets goal ◕ nearly meets goal ◑ meets goal in part ◔ meets a small part of goal ○ does not meet goal

Snapshot of Oklahoma's pension system

Teacher pension system is well funded (at least 90%).	**NO**
Teachers have the option of a fully portable primary pension plan.	**NO**
Teachers vest in three years or less.	**NO**
Teachers leaving early can take at least a partial employer contribution with them.	**NO**
Teacher and employer contribution rates are reasonable.	**NO**
Retirement eligibility is based on age only.	**NO**
Pension benefits accrue in a way that treats each year of work uniformly.	**NO**
Future contributions required to fully amortize total pension debt are projected and reported.	**NO**
Contributions required to fully amortize pension debt under different discount rates are reported.	**NO**
The source(s) of employer contributions (e.g., state and/or school districts) are disclosed, as well as the proportion of total contributions for which each contributor is responsible.	**YES**
The amount of retirement contributions that are normal costs and amortization are reported.	**YES**
Individual teachers are provided with information that breaks out employee and employer contributions.	**NO**
Individual teachers are provided with information about how their benefits accrue over time.	**NO**

Oklahoma pension system characteristics

Type of plan	Defined benefit (DB)
Unfunded liabilities (percent of system funded)	$6,920,746,596 (66.6%)
Vesting period	5 years
Teacher contribution rate (percent of salary)	7%
Employer contribution rate (percent of salary)	17.2%
Basis for retirement eligibility	Age and years of service
Cost-of-living adjustments	Ad hoc
Participation in Social Security	Yes
Contributions teachers may withdraw from plans if they leave after five years	Own with interest
Policy for purchasing time for prior teaching or approved leave	Limited (prior teaching); Not permitted (approved leave)

For states with multiple tier teacher pension systems, this analysis applies to the tier that applies to current new teachers joining the system.

Teacher Pension Policy in **Oregon**

For more information about Oregon and other states' teacher retirement policies, including full narrative analyses, recommendations and state responses, see **www.nctq.org/statepolicy**

Oregon's pension system ratings

Sustainability	Pension system is stable and well funded.	meets goal in part
Flexibility	Pension system is flexible and fair to all teachers.	meets goal in part
Neutrality	Benefits accrue uniformly with each year of work.	meets goal in part
Transparency	Teachers and the public have a clear depiction of the system's standing and future health.	meets a small part of goal

fully meets goal · nearly meets goal · meets goal in part · meets a small part of goal · does not meet goal

Snapshot of Oregon's pension system

Teacher pension system is well funded (at least 90%).	**NO**
Teachers have the option of a fully portable primary pension plan.	**NO**
Teachers vest in three years or less.	**NO**
Teachers leaving early can take at least a partial employer contribution with them.	**NO**
Teacher and employer contribution rates are reasonable.	**NO**
Retirement eligibility is based on age only.	**NO**
Pension benefits accrue in a way that treats each year of work uniformly.	**NO**
Future contributions required to fully amortize total pension debt are projected and reported.	**NO**
Contributions required to fully amortize pension debt under different discount rates are reported.	**NO**
The source(s) of employer contributions (e.g., state and/or school districts) are disclosed, as well as the proportion of total contributions for which each contributor is responsible.	**YES**
The amount of retirement contributions that are normal costs and amortization are reported.	**YES**
Individual teachers are provided with information that breaks out employee and employer contributions.	**NO**
Individual teachers are provided with information about how their benefits accrue over time.	**NO**

Oregon pension system characteristics

Type of plan	Hybrid
Unfunded liabilities (percent of system funded)*	$3,921,456,000 (74%)
Vesting period	5 years
Teacher contribution rate (percent of salary)	6%
Employer contribution rate (percent of salary)	21.2%
Basis for retirement eligibility	Age and years of service
Cost-of-living adjustments	Fixed (automatic)
Participation in Social Security	Yes
Contributions teachers may withdraw from plans if they leave after five years	Own with interest
Policy for purchasing time for prior teaching or approved leave	Not permitted

* For states in which teachers are part of a larger public employee system, the liabilities were adjusted to reflect an estimate of the percentage of teachers in the system

For states with multiple tier teacher pension systems, this analysis applies to the tier that applies to current new teachers joining the system.

Teacher Pension Policy in **Pennsylvania**

For more information about Pennsylvania and other states' teacher retirement policies, including full narrative analyses, recommendations and state responses, see **www.nctq.org/statepolicy**

Pennsylvania's pension system ratings

Sustainability	Pension system is stable and well funded.	meets a small part of goal
Flexibility	Pension system is flexible and fair to all teachers.	meets a small part of goal
Neutrality	Benefits accrue uniformly with each year of work.	meets goal in part
Transparency	Teachers and the public have a clear depiction of the system's standing and future health.	meets a small part of goal

● fully meets goal ◕ nearly meets goal ◑ meets goal in part ◔ meets a small part of goal ○ does not meet goal

Snapshot of Pennsylvania's pension system

Teacher pension system is well funded (at least 90%).	**NO**
Teachers have the option of a fully portable primary pension plan.	**NO**
Teachers vest in three years or less.	**NO**
Teachers leaving early can take at least a partial employer contribution with them.	**NO**
Teacher and employer contribution rates are reasonable.	**NO**
Retirement eligibility is based on age only.	**NO**
Pension benefits accrue in a way that treats each year of work uniformly.	**NO**
Future contributions required to fully amortize total pension debt are projected and reported.	**YES**
Contributions required to fully amortize pension debt under different discount rates are reported.	**NO**
The source(s) of employer contributions (e.g., state and/or school districts) are disclosed, as well as the proportion of total contributions for which each contributor is responsible.	**NO**
The amount of retirement contributions that are normal costs and amortization are reported.	**YES**
Individual teachers are provided with information that breaks out employee and employer contributions.	**NO**
Individual teachers are provided with information about how their benefits accrue over time.	**NO**

Pennsylvania pension system characteristics

Type of plan	Defined benefit (DB)
Unfunded liabilities (percent of system funded)	$37,335,800,000 (60.6%)
Vesting period	10 years
Teacher contribution rate (percent of salary)	7.5% or 10.3%
Employer contribution rate (percent of salary)	30%
Basis for retirement eligibility	Age and years of service
Cost-of-living adjustments	Ad hoc
Participation in Social Security	Yes
Contributions teachers may withdraw from plans if they leave after five years	Own with interest
Policy for purchasing time for prior teaching or approved leave	Limited (prior teaching); Not permitted (approved leave)

For states with multiple tier teacher pension systems, this analysis applies to the tier that applies to current new teachers joining the system.

Teacher Pension Policy in **Rhode Island**

For more information about Rhode Island and other states' teacher retirement policies, including full narrative analyses, recommendations and state responses, see **www.nctq.org/statepolicy**

Rhode Island's pension system ratings

Sustainability	Pension system is stable and well funded.	meets goal in part
Flexibility	Pension system is flexible and fair to all teachers.	meets goal in part
Neutrality	Benefits accrue uniformly with each year of work.	fully meets goal
Transparency	Teachers and the public have a clear depiction of the system's standing and future health.	meets a small part of goal

fully meets goal · nearly meets goal · meets goal in part · meets a small part of goal · does not meet goal

Snapshot of Rhode Island's pension system

Teacher pension system is well funded (at least 90%).	**NO**
Teachers have the option of a fully portable primary pension plan.	**NO**
Teachers vest in three years or less.	**NO**
Teachers leaving early can take at least a partial employer contribution with them.	**NO**
Teacher and employer contribution rates are reasonable.	**NO**
Retirement eligibility is based on age only.	**YES**
Pension benefits accrue in a way that treats each year of work uniformly.	**YES**
Future contributions required to fully amortize total pension debt are projected and reported.	**NO**
Contributions required to fully amortize pension debt under different discount rates are reported.	**NO**
The source(s) of employer contributions (e.g., state and/or school districts) are disclosed, as well as the proportion of total contributions for which each contributor is responsible.	**YES**
The amount of retirement contributions that are normal costs and amortization are reported.	**YES**
Individual teachers are provided with information that breaks out employee and employer contributions.	**NO**
Individual teachers are provided with information about how their benefits accrue over time.	**NO**

Rhode Island pension system characteristics

Type of plan	Hybrid
Unfunded liabilities (percent of system funded)*	$1,433,770,765 (58.8%)
Vesting period	5 years
Teacher contribution rate (percent of salary)	3.8%
Employer contribution rate (percent of salary)	23.1%
Basis for retirement eligibility	Age only
Cost-of-living adjustments	Tied to funding
Participation in Social Security	No
Contributions teachers may withdraw from plans if they leave after five years	Own without interest
Policy for purchasing time for prior teaching or approved leave	Limited

* For states in which teachers are part of a larger public employee system, the liabilities were adjusted to reflect an estimate of the percentage of teachers in the system

For states with multiple tier teacher pension systems, this analysis applies to the tier that applies to current new teachers joining the system.

Teacher Pension Policy in **South Carolina**

For more information about South Carolina and other states' teacher retirement policies, including full narrative analyses, recommendations and state responses, see **www.nctq.org/statepolicy**

South Carolina's pension system ratings

Sustainability	Pension system is stable and well funded.	meets goal in part
Flexibility	Pension system is flexible and fair to all teachers.	meets goal in part
Neutrality	Benefits accrue uniformly with each year of work.	nearly meets goal
Transparency	Teachers and the public have a clear depiction of the system's standing and future health.	meets a small part of goal

● fully meets goal ◕ nearly meets goal ◑ meets goal in part ◔ meets a small part of goal ○ does not meet goal

Snapshot of South Carolina's pension system

Teacher pension system is well funded (at least 90%).	**NO**
Teachers have the option of a fully portable primary pension plan.	**YES**
Teachers vest in three years or less.	**NO**
Teachers leaving early can take at least a partial employer contribution with them.	**NO**
Teacher and employer contribution rates are reasonable.	**NO**
Retirement eligibility is based on age only.	**YES (DC only)**
Pension benefits accrue in a way that treats each year of work uniformly.	**YES (DC only)**
Future contributions required to fully amortize total pension debt are projected and reported.	**NO**
Contributions required to fully amortize pension debt under different discount rates are reported.	**NO**
The source(s) of employer contributions (e.g., state and/or school districts) are disclosed, as well as the proportion of total contributions for which each contributor is responsible.	**YES**
The amount of retirement contributions that are normal costs and amortization are reported.	**YES**
Individual teachers are provided with information that breaks out employee and employer contributions.	**NO**
Individual teachers are provided with information about how their benefits accrue over time.	**NO**

South Carolina pension system characteristics

Type of plan	Choice of Defined benefit (DB) or Defined contribution (DC)
Unfunded liabilities (percent of system funded)*	$10,219,485,550 (62%)
Vesting period	8 years (DB)/Immediate (DC)
Teacher contribution rate (percent of salary)	8.2%
Employer contribution rate (percent of salary)	11.1%
Basis for retirement eligibility	Age and years of service
Cost-of-living adjustments	Fixed (automatic)
Participation in Social Security	Yes
Contributions teachers may withdraw from plans if they leave after five years	Own with interest
Policy for purchasing time for prior teaching or approved leave	Unlimited (prior teaching); Limited (approved leave)

* For states in which teachers are part of a larger public employee system, the liabilities were adjusted to reflect an estimate of the percentage of teachers in the system

For states with multiple tier teacher pension systems, this analysis applies to the tier that applies to current new teachers joining the system.

Teacher Pension Policy in **South Dakota**

For more information about South Dakota and other states' teacher retirement policies, including full narrative analyses, recommendations and state responses, see **www.nctq.org/statepolicy**

South Dakota's pension system ratings

Sustainability	Pension system is stable and well funded.	●
Flexibility	Pension system is flexible and fair to all teachers.	●
Neutrality	Benefits accrue uniformly with each year of work.	◑
Transparency	Teachers and the public have a clear depiction of the system's standing and future health.	◕

● fully meets goal ◕ nearly meets goal ◑ meets goal in part ◔ meets a small part of goal ○ does not meet goal

Snapshot of South Dakota's pension system

Teacher pension system is well funded (at least 90%).	**YES**
Teachers have the option of a fully portable primary pension plan.	**YES**
Teachers vest in three years or less.	**YES**
Teachers leaving early can take at least a partial employer contribution with them.	**YES**
Teacher and employer contribution rates are reasonable.	**YES**
Retirement eligibility is based on age only.	**NO**
Pension benefits accrue in a way that treats each year of work uniformly.	**YES**
Future contributions required to fully amortize total pension debt are projected and reported.	**N/A**
Contributions required to fully amortize pension debt under different discount rates are reported.	**N/A**
The source(s) of employer contributions (e.g., state and/or school districts) are disclosed, as well as the proportion of total contributions for which each contributor is responsible.	**YES**
The amount of retirement contributions that are normal costs and amortization are reported.	**N/A**
Individual teachers are provided with information that breaks out employee and employer contributions.	**YES**
Individual teachers are provided with information about how their benefits accrue over time.	**NO**

South Dakota pension system characteristics

Type of plan	Defined benefit (DB)
Unfunded liabilities (percent of system funded)*	$0 (100%)
Vesting period	3 years
Teacher contribution rate (percent of salary)	6%
Employer contribution rate (percent of salary)	6%
Basis for retirement eligibility	Age and years of service
Cost-of-living adjustments	Linked to Consumer Price Index and system funding
Participation in Social Security	Yes
Contributions teachers may withdraw from plans if they leave after five years	Own plus 85% of employers plus interest
Policy for purchasing time for prior teaching or approved leave	Unlimited

* For states in which teachers are part of a larger public employee system, the liabilities were adjusted to reflect an estimate of the percentage of teachers in the system

For states with multiple tier teacher pension systems, this analysis applies to the tier that applies to current new teachers joining the system.

Teacher Pension Policy in **Tennessee**

For more information about Tennessee and other states' teacher retirement policies, including full narrative analyses, recommendations and state responses, see **www.nctq.org/statepolicy**

Tennessee's pension system ratings

Sustainability	Pension system is stable and well funded.	◕
Flexibility	Pension system is flexible and fair to all teachers.	◑
Neutrality	Benefits accrue uniformly with each year of work.	◑
Transparency	Teachers and the public have a clear depiction of the system's standing and future health.	◔

● fully meets goal ◕ nearly meets goal ◑ meets goal in part ◔ meets a small part of goal ○ does not meet goal

Snapshot of Tennessee's pension system

Teacher pension system is well funded (at least 90%).	**YES**
Teachers have the option of a fully portable primary pension plan.	**NO**
Teachers vest in three years or less.	**NO**
Teachers leaving early can take at least a partial employer contribution with them.	**NO**
Teacher and employer contribution rates are reasonable.	**NO**
Retirement eligibility is based on age only.	**NO**
Pension benefits accrue in a way that treats each year of work uniformly.	**NO**
Future contributions required to fully amortize total pension debt are projected and reported.	**NO**
Contributions required to fully amortize pension debt under different discount rates are reported.	**NO**
The source(s) of employer contributions (e.g., state and/or school districts) are disclosed, as well as the proportion of total contributions for which each contributor is responsible.	**YES**
The amount of retirement contributions that are normal costs and amortization are reported.	**YES**
Individual teachers are provided with information that breaks out employee and employer contributions.	**NO**
Individual teachers are provided with information about how their benefits accrue over time.	**NO**

Tennessee pension system characteristics

Type of plan	Hybrid
Unfunded liabilities (percent of system funded)*	$275,791,428 (96.4%)
Vesting period	5 years
Teacher contribution rate (percent of salary)	5%
Employer contribution rate (percent of salary)	9%
Basis for retirement eligibility	Age and years of service
Cost-of-living adjustments	Based on Consumer Price Index
Participation in Social Security	Yes
Contributions teachers may withdraw from plans if they leave after five years	Own with interest
Policy for purchasing time for prior teaching or approved leave	Limited (prior teaching); Not permitted (approved leave)

* For states in which teachers are part of a larger public employee system, the liabilities were adjusted to reflect an estimate of the percentage of teachers in the system

For states with multiple tier teacher pension systems, this analysis applies to the tier that applies to current new teachers joining the system.

Teacher Pension Policy in **Texas**

For more information about Texas and other states' teacher retirement policies, including full narrative analyses, recommendations and state responses, see **www.nctq.org/statepolicy**

Texas' pension system ratings

Sustainability	Pension system is stable and well funded.	nearly meets goal
Flexibility	Pension system is flexible and fair to all teachers.	meets a small part of goal
Neutrality	Benefits accrue uniformly with each year of work.	meets goal in part
Transparency	Teachers and the public have a clear depiction of the system's standing and future health.	meets a small part of goal

fully meets goal · nearly meets goal · meets goal in part · meets a small part of goal · does not meet goal

Snapshot of Texas' pension system

Teacher pension system is well funded (at least 90%).	NO
Teachers have the option of a fully portable primary pension plan.	NO
Teachers vest in three years or less.	NO
Teachers leaving early can take at least a partial employer contribution with them.	NO
Teacher and employer contribution rates are reasonable.	YES
Retirement eligibility is based on age only.	NO
Pension benefits accrue in a way that treats each year of work uniformly.	NO
Future contributions required to fully amortize total pension debt are projected and reported.	NO
Contributions required to fully amortize pension debt under different discount rates are reported.	NO
The source(s) of employer contributions (e.g., state and/or school districts) are disclosed, as well as the proportion of total contributions for which each contributor is responsible.	YES
The amount of retirement contributions that are normal costs and amortization are reported.	YES
Individual teachers are provided with information that breaks out employee and employer contributions.	NO
Individual teachers are provided with information about how their benefits accrue over time.	NO

Texas pension system characteristics

Type of plan	Defined benefit (DB)
Unfunded liabilities (percent of system funded)	$32,967,736,862 (80.2%)
Vesting period	5 years
Teacher contribution rate (percent of salary)	7.7%
Employer contribution rate (percent of salary)	7.7%
Basis for retirement eligibility	Age and years of service
Cost-of-living adjustments	Ad hoc
Participation in Social Security	No
Contributions teachers may withdraw from plans if they leave after five years	Own with interest
Policy for purchasing time for prior teaching or approved leave	Limited (prior teaching); Not permitted (approved leave)

For states with multiple tier teacher pension systems, this analysis applies to the tier that applies to current new teachers joining the system.

Teacher Pension Policy in **Utah**

For more information about Utah and other states' teacher retirement policies, including full narrative analyses, recommendations and state responses, see **www.nctq.org/statepolicy**

Utah's pension system ratings

Sustainability	Pension system is stable and well funded.	◐
Flexibility	Pension system is flexible and fair to all teachers.	●
Neutrality	Benefits accrue uniformly with each year of work.	◕
Transparency	Teachers and the public have a clear depiction of the system's standing and future health.	◔

● fully meets goal ◕ nearly meets goal ◐ meets goal in part ◔ meets a small part of goal ○ does not meet goal

Snapshot of Utah's pension system

Teacher pension system is well funded (at least 90%).	**NO**
Teachers have the option of a fully portable primary pension plan.	**YES**
Teachers vest in three years or less.	**NO**
Teachers leaving early can take at least a partial employer contribution with them.	**YES**
Teacher and employer contribution rates are reasonable.	**NO**
Retirement eligibility is based on age only.	**YES** (DC only)
Pension benefits accrue in a way that treats each year of work uniformly.	**YES** (DC only)
Future contributions required to fully amortize total pension debt are projected and reported.	**NO**
Contributions required to fully amortize pension debt under different discount rates are reported.	**NO**
The source(s) of employer contributions (e.g., state and/or school districts) are disclosed, as well as the proportion of total contributions for which each contributor is responsible.	**YES**
The amount of retirement contributions that are normal costs and amortization are reported.	**NO**
Individual teachers are provided with information that breaks out employee and employer contributions.	**NO**
Individual teachers are provided with information about how their benefits accrue over time.	**NO**

Utah pension system characteristics

Type of plan	Choice of Hybrid or Defined contribution (DC)
Unfunded liabilities (percent of system funded)*	$2,493,683,010 (85.4%)
Vesting period	4 years
Teacher contribution rate (percent of salary)	10%
Employer contribution rate (percent of salary)	23.3%
Basis for retirement eligibility	Age and years of service
Cost-of-living adjustments	Based on Consumer Price Index
Participation in Social Security	Yes
Contributions teachers may withdraw from plans if they leave after five years	Own plus employer plus earnings or losses
Policy for purchasing time for prior teaching or approved leave	Unlimited

* For states in which teachers are part of a larger public employee system, the liabilities were adjusted to reflect an estimate of the percentage of teachers in the system

 For states with multiple tier teacher pension systems, this analysis applies to the tier that applies to current new teachers joining the system.

Teacher Pension Policy in **Vermont**

For more information about Vermont and other states' teacher retirement policies, including full narrative analyses, recommendations and state responses, see **www.nctq.org/statepolicy**

Vermont's pension system ratings

Sustainability	Pension system is stable and well funded.	meets a small part of goal
Flexibility	Pension system is flexible and fair to all teachers.	meets a small part of goal
Neutrality	Benefits accrue uniformly with each year of work.	does not meet goal
Transparency	Teachers and the public have a clear depiction of the system's standing and future health.	meets goal in part

fully meets goal · nearly meets goal · meets goal in part · meets a small part of goal · does not meet goal

Snapshot of Vermont's pension system

Teacher pension system is well funded (at least 90%).	**NO**
Teachers have the option of a fully portable primary pension plan.	**NO**
Teachers vest in three years or less.	**NO**
Teachers leaving early can take at least a partial employer contribution with them.	**NO**
Teacher and employer contribution rates are reasonable.	**NO**
Retirement eligibility is based on age only.	**NO**
Pension benefits accrue in a way that treats each year of work uniformly.	**NO**
Future contributions required to fully amortize total pension debt are projected and reported.	**YES**
Contributions required to fully amortize pension debt under different discount rates are reported.	**NO**
The source(s) of employer contributions (e.g., state and/or school districts) are disclosed, as well as the proportion of total contributions for which each contributor is responsible.	**NO**
The amount of retirement contributions that are normal costs and amortization are reported.	**YES**
Individual teachers are provided with information that breaks out employee and employer contributions.	**YES**
Individual teachers are provided with information about how their benefits accrue over time.	**NO**

Vermont pension system characteristics

Type of plan	Defined benefit (DB)
Unfunded liabilities (percent of system funded)	$1,175,029,030 (58.6%)
Vesting period	5 years
Teacher contribution rate (percent of salary)	6%
Employer contribution rate (percent of salary)	13.6%
Basis for retirement eligibility	Age and years of service
Cost-of-living adjustments	No COLA
Participation in Social Security	Yes
Contributions teachers may withdraw from plans if they leave after five years	Own with interest
Policy for purchasing time for prior teaching or approved leave	Limited

For states with multiple tier teacher pension systems, this analysis applies to the tier that applies to current new teachers joining the system.

Teacher Pension Policy in **Virginia**

For more information about Virginia and other states' teacher retirement policies, including full narrative analyses, recommendations and state responses, see **www.nctq.org/statepolicy**

Virginia's pension system ratings

Sustainability	Pension system is stable and well funded.	◑
Flexibility	Pension system is flexible and fair to all teachers.	◑
Neutrality	Benefits accrue uniformly with each year of work.	◑
Transparency	Teachers and the public have a clear depiction of the system's standing and future health.	◔

● fully meets goal ◕ nearly meets goal ◑ meets goal in part ◔ meets a small part of goal ○ does not meet goal

Snapshot of Virginia's pension system

Teacher pension system is well funded (at least 90%).	NO
Teachers have the option of a fully portable primary pension plan.	NO
Teachers vest in three years or less.	NO
Teachers leaving early can take at least a partial employer contribution with them.	NO
Teacher and employer contribution rates are reasonable.	NO
Retirement eligibility is based on age only.	NO
Pension benefits accrue in a way that treats each year of work uniformly.	NO
Future contributions required to fully amortize total pension debt are projected and reported.	NO
Contributions required to fully amortize pension debt under different discount rates are reported.	NO
The source(s) of employer contributions (e.g., state and/or school districts) are disclosed, as well as the proportion of total contributions for which each contributor is responsible.	YES
The amount of retirement contributions that are normal costs and amortization are reported.	YES
Individual teachers are provided with information that breaks out employee and employer contributions.	NO
Individual teachers are provided with information about how their benefits accrue over time.	NO

Virginia pension system characteristics

Type of plan	Hybrid
Unfunded liabilities (percent of system funded)*	$5,642,757,990 (69.2%)
Vesting period	5 years
Teacher contribution rate (percent of salary)	4%
Employer contribution rate (percent of salary)	14.7%
Basis for retirement eligibility	Age and years of service
Cost-of-living adjustments	Based on Consumer Price Index
Participation in Social Security	Yes
Contributions teachers may withdraw from plans if they leave after five years	Own with interest
Policy for purchasing time for prior teaching or approved leave	Limited

* For states in which teachers are part of a larger public employee system, the liabilities were adjusted to reflect an estimate of the percentage of teachers in the system

For states with multiple tier teacher pension systems, this analysis applies to the tier that applies to current new teachers joining the system.

Teacher Pension Policy in **Washington**

For more information about Washington and other states' teacher retirement policies, including full narrative analyses, recommendations and state responses, see **www.nctq.org/statepolicy**

Washington's pension system ratings

Sustainability	Pension system is stable and well funded.	◐
Flexibility	Pension system is flexible and fair to all teachers.	◐
Neutrality	Benefits accrue uniformly with each year of work.	●
Transparency	Teachers and the public have a clear depiction of the system's standing and future health.	◔

● fully meets goal ◕ nearly meets goal ◐ meets goal in part ◔ meets a small part of goal ○ does not meet goal

Snapshot of Washington's pension system

Teacher pension system is well funded (at least 90%).	**NO**
Teachers have the option of a fully portable primary pension plan.	**NO**
Teachers vest in three years or less.	**NO**
Teachers leaving early can take at least a partial employer contribution with them.	**NO**
Teacher and employer contribution rates are reasonable.	**NO**
Retirement eligibility is based on age only.	**YES**
Pension benefits accrue in a way that treats each year of work uniformly.	**YES**
Future contributions required to fully amortize total pension debt are projected and reported.	**NO**
Contributions required to fully amortize pension debt under different discount rates are reported.	**NO**
The source(s) of employer contributions (e.g., state and/or school districts) are disclosed, as well as the proportion of total contributions for which each contributor is responsible.	**YES**
The amount of retirement contributions that are normal costs and amortization are reported.	**YES**
Individual teachers are provided with information that breaks out employee and employer contributions.	**NO**
Individual teachers are provided with information about how their benefits accrue over time.	**NO**

Washington pension system characteristics

Type of plan	Choice of Defined benefit (DB) or Hybrid
Unfunded liabilities (percent of system funded)	$3,523,000,000 (81.5%)
Vesting period	DB: 5 years; Hybrid: 10 years
Teacher contribution rate (percent of salary)	DB: 6%; Hybrid: 5% to 15%
Employer contribution rate (percent of salary)	14.8%
Basis for retirement eligibility	Age only
Cost-of-living adjustments	Based on Consumer Price Index
Participation in Social Security	Yes
Contributions teachers may withdraw from plans if they leave after five years	Own with interest
Policy for purchasing time for prior teaching or approved leave	Limited

For states with multiple tier teacher pension systems, this analysis applies to the tier that applies to current new teachers joining the system.

Teacher Pension Policy in **West Virginia**

For more information about West Virginia and other states' teacher retirement policies, including full narrative analyses, recommendations and state responses, see **www.nctq.org/statepolicy**

West Virginia's pension system ratings

Sustainability	Pension system is stable and well funded.	meets a small part of goal
Flexibility	Pension system is flexible and fair to all teachers.	meets a small part of goal
Neutrality	Benefits accrue uniformly with each year of work.	meets goal in part
Transparency	Teachers and the public have a clear depiction of the system's standing and future health.	meets a small part of goal

fully meets goal · nearly meets goal · meets goal in part · meets a small part of goal · does not meet goal

Snapshot of West Virginia's pension system

Teacher pension system is well funded (at least 90%).	**NO**
Teachers have the option of a fully portable primary pension plan.	**NO**
Teachers vest in three years or less.	**NO**
Teachers leaving early can take at least a partial employer contribution with them.	**NO**
Teacher and employer contribution rates are reasonable.	**NO**
Retirement eligibility is based on age only.	**NO**
Pension benefits accrue in a way that treats each year of work uniformly.	**NO**
Future contributions required to fully amortize total pension debt are projected and reported.	**YES**
Contributions required to fully amortize pension debt under different discount rates are reported.	**NO**
The source(s) of employer contributions (e.g., state and/or school districts) are disclosed, as well as the proportion of total contributions for which each contributor is responsible.	**YES**
The amount of retirement contributions that are normal costs and amortization are reported.	**YES**
Individual teachers are provided with information that breaks out employee and employer contributions.	**NO**
Individual teachers are provided with information about how their benefits accrue over time.	**NO**

West Virginia pension system characteristics

Type of plan	Defined benefit (DB)
Unfunded liabilities (percent of system funded)	$3,507,563,000 (66%)
Vesting period	10 years
Teacher contribution rate (percent of salary)	6%
Employer contribution rate (percent of salary)	24.3%
Basis for retirement eligibility	Age and years of service
Cost-of-living adjustments	No COLA
Participation in Social Security	Yes
Contributions teachers may withdraw from plans if they leave after five years	Own with interest
Policy for purchasing time for prior teaching or approved leave	Limited (prior teaching); Not permitted (approved leave)

For states with multiple tier teacher pension systems, this analysis applies to the tier that applies to current new teachers joining the system.

Teacher Pension Policy in **Wisconsin**

For more information about Wisconsin and other states' teacher retirement policies, including full narrative analyses, recommendations and state responses, see **www.nctq.org/statepolicy**

Wisconsin's pension system ratings

Sustainability	Pension system is stable and well funded.	●
Flexibility	Pension system is flexible and fair to all teachers.	◔
Neutrality	Benefits accrue uniformly with each year of work.	◑
Transparency	Teachers and the public have a clear depiction of the system's standing and future health.	◑

● fully meets goal ◕ nearly meets goal ◑ meets goal in part ◔ meets a small part of goal ○ does not meet goal

Snapshot of Wisconsin's pension system

Teacher pension system is well funded (at least 90%).	**YES**
Teachers have the option of a fully portable primary pension plan.	**NO**
Teachers vest in three years or less.	**NO**
Teachers leaving early can take at least a partial employer contribution with them.	**NO**
Teacher and employer contribution rates are reasonable.	**YES**
Retirement eligibility is based on age only.	**NO**
Pension benefits accrue in a way that treats each year of work uniformly.	**NO**
Future contributions required to fully amortize total pension debt are projected and reported.	**N/A**
Contributions required to fully amortize pension debt under different discount rates are reported.	**N/A**
The source(s) of employer contributions (e.g., state and/or school districts) are disclosed, as well as the proportion of total contributions for which each contributor is responsible.	**YES**
The amount of retirement contributions that are normal costs and amortization are reported.	**N/A**
Individual teachers are provided with information that breaks out employee and employer contributions.	**NO**
Individual teachers are provided with information about how their benefits accrue over time.	**NO**

Wisconsin pension system characteristics

Type of plan	Defined benefit (DB)
Unfunded liabilities (percent of system funded)*	$9,158,000 (100%)
Vesting period	5 years
Teacher contribution rate (percent of salary)	6.8%
Employer contribution rate (percent of salary)	6.9%
Basis for retirement eligibility	Age and years of service
Cost-of-living adjustments	Tied to funding
Participation in Social Security	Yes
Contributions teachers may withdraw from plans if they leave after five years	Own with interest
Policy for purchasing time for prior teaching or approved leave	Limited (prior teaching); Not permitted (approved leave)

* For states in which teachers are part of a larger public employee system, the liabilities were adjusted to reflect an estimate of the percentage of teachers in the system

For states with multiple tier teacher pension systems, this analysis applies to the tier that applies to current new teachers joining the system.

Teacher Pension Policy in **Wyoming**

For more information about Wyoming and other states' teacher retirement policies, including full narrative analyses, recommendations and state responses, see **www.nctq.org/statepolicy**

Wyoming's pension system ratings

Sustainability	Pension system is stable and well funded.	does not meet goal
Flexibility	Pension system is flexible and fair to all teachers.	meets a small part of goal
Neutrality	Benefits accrue uniformly with each year of work.	meets goal in part
Transparency	Teachers and the public have a clear depiction of the system's standing and future health.	meets goal in part

● fully meets goal ◕ nearly meets goal ◑ meets goal in part ◔ meets a small part of goal ○ does not meet goal

Snapshot of Wyoming's pension system

Teacher pension system is well funded (at least 90%).	**NO**
Teachers have the option of a fully portable primary pension plan.	**NO**
Teachers vest in three years or less.	**NO**
Teachers leaving early can take at least a partial employer contribution with them.	**NO**
Teacher and employer contribution rates are reasonable.	**NO**
Retirement eligibility is based on age only.	**NO**
Pension benefits accrue in a way that treats each year of work uniformly.	**NO**
Future contributions required to fully amortize total pension debt are projected and reported.	**NO**
Contributions required to fully amortize pension debt under different discount rates are reported.	**NO**
The source(s) of employer contributions (e.g., state and/or school districts) are disclosed, as well as the proportion of total contributions for which each contributor is responsible.	**YES**
The amount of retirement contributions that are normal costs and amortization are reported.	**YES**
Individual teachers are provided with information that breaks out employee and employer contributions.	**NO**
Individual teachers are provided with information about how their benefits accrue over time.	**NO**

Wyoming pension system characteristics

Type of plan	Defined benefit (DB)
Unfunded liabilities (percent of system funded)*	$930,232,627 (78.2%)
Vesting period	4 years
Teacher contribution rate (percent of salary)	8.3%
Employer contribution rate (percent of salary)	8.4%
Basis for retirement eligibility	Age and years of service
Cost-of-living adjustments	Tied to funding
Participation in Social Security	Yes
Contributions teachers may withdraw from plans if they leave after five years	Own with interest
Policy for purchasing time for prior teaching or approved leave	Limited (prior teaching); Not permitted (approved leave)

* For states in which teachers are part of a larger public employee system, the liabilities were adjusted to reflect an estimate of the percentage of teachers in the system

For states with multiple tier teacher pension systems, this analysis applies to the tier that applies to current new teachers joining the system.

Appendix A: Summary of state pension policy performance

	Sustainability	Flexibility	Neutraility	Transparency
Alabama	◔	◔	◕	◔
Alaska	●	◕	●	◑
Arizona	○	◑	○	◔
Arkansas	◔	◔	◑	◔
California	◔	◔	◕	◔
Colorado	◔	◔	◑	○
Connecticut	◔	◔	◑	○
Delaware	◕	◔	◑	◑
District of Columbia	◕	◔	◑	◔
Florida	◕	◑	◕	◔
Georgia	◔	◔	◑	◔
Hawaii	○	◔	◑	◔
Idaho	◑	◔	◑	◔
Illinois	◔	◔	●	◔
Indiana	◑	◑	◑	○
Iowa	◑	◔	○	◔
Kansas	◔	◔	○	◔
Kentucky	◔	◔	○	◔
Louisiana	◔	◔	◕	◔
Maine	◕	◔	●	◑
Maryland	◔	◔	◑	◔
Massachusetts	◔	◔	◑	◔
Michigan	◑	◑	◕	◔
Minnesota	◑	◑	●	◔
Mississippi	○	◔	○	◔
Missouri	◔	◔	◑	○
Montana	○	◔	○	◔
Nebraska	◑	◔	◑	◔
Nevada	○	◔	◑	◔
New Hampshire	◔	○	●	◔
New Jersey	◔	◔	●	◔
New Mexico	○	◔	◑	◔
New York	◕	◔	◑	◔
North Carolina	◕	◔	◑	◔
North Dakota	○	◔	◑	◑
Ohio	◑	◕	◕	○
Oklahoma	◔	◔	◑	◔
Oregon	◑	◑	◑	◔
Pennsylvania	◔	◔	◑	◔
Rhode Island	◑	◑	●	◔
South Carolina	◑	◑	◕	◔
South Dakota	●	●	◑	◕
Tennessee	◕	◑	◑	◔
Texas	◕	◔	◑	◔
Utah	◑	●	◕	◔
Vermont	◔	◔	○	◑
Virginia	◑	◑	◑	◔
Washington	◑	◑	●	◔
West Virginia	◔	◔	◑	◔
Wisconsin	●	◔	◑	◑
Wyoming	○	◔	◑	◑

Appendix B: Overview of state teacher pension systems

	Pension system (for the system covering teachers)	Teacher membership[1]	State reports pension data under old GASB accounting methods	Pension system website
Alabama	Teachers' Retirement System (TRS)	100%	Yes	http://www.rsa-al.gov/TRS/trs.html
Alaska	Teachers' Retirement System (TRS)	100%	Yes	http://doa.alaska.gov/drb/
Arizona	State Retirement System	43%	Yes	
Arkansas	Teachers' Retirement System (TRS)	100%	No, new GASB only	http://artrs.gov/
California	CALSTRS (California State Teachers Retirement System)	100%	No, new GASB only	http://www.calstrs.com/
Colorado		100%	No, new GASB only	https://www.copera.org/default.htm
Connecticut	Teachers' Retirement System (TRS)	100%	Yes	http://www.ct.gov/trb/site/default.asp
Delaware	State Employees' Pension Plan (SEPP)	26%	Yes	http://www.delawarepensions.com/
District of Columbia	District of Columbia Retirement Board Teachers' Retirement Plan	100%	Yes	http://dcrb.dc.gov/
Florida	Florida Retirement System Pension Plan	49%	Yes	http://www.myfrs.com/portal/server.pt/community/myfrs/257
Georgia	Teachers' Retirement System	100%	Yes	http://www.trsga.com/
Hawaii	Employees' Retirement System	13%	Yes	http://ers.ehawaii.gov/
Idaho	Public Employee Retirement System of Idaho (PERSI)	44%	Yes	http://www.persi.idaho.gov/
Illinois	Teachers' Retirement System (TRS)	100%	Yes	http://trs.illinois.gov/
Indiana	Teachers' Retirement Fund (TRF)	100%	Yes	http://www.in.gov/inprs/
Iowa	Public Employees Retirement System (PERS)	64%	Yes	http://www.ipers.org/index.html
Kansas	Public Employees Retirement System (PERS)	100%	Yes	http://www.kpers.org/index.htm
Kentucky	Teachers' Retirement System	100%	Yes	http://ktrs.ky.gov/
Louisiana	Teachers' Retirement System	100% (includes postsecondary)	Yes	http://www.trsl.org/main/
Maine	Public Employees Retirement System (PERS)	51%	Yes	http://www.mainepers.org/
Maryland	Maryland State Retirement and Pension System (MSRPS)	48%	Yes	http://www.sra.state.md.us/
Massachusetts	Teachers' Retirement System	100%	Yes	http://www.mass.gov/mtrs/
Michigan	Public School Employees' Retirement System	100% (includes postsecondary)	No, new GASB only	http://www.michigan.gov/orsschools
Minnesota	Teachers Retirement Association	100%	Yes	https://www.minnesotatra.org/
Mississippi	Public Employees' Retirement System	39%	Yes	http://www.pers.state.ms.us/
Missouri	Two plans: Public School Retirement System and Public Education Employee Retirement System	100%	Yes	https://www.psrsmo.org/
Montana	Teachers' Retirement System	100%	Yes	http://www.trs.mt.gov/
Nebraska	School Retirement System	100% (includes school employees)	Yes	http://npers.ne.gov/SelfService/public/planInformation/school/schoolPlanInfo.jsp

1 Teacher membership percentages are rough estimates based on available data from the pension systems or other relevant sources.

	Pension system (for the system covering teachers)	Teacher membership[1]	State reports pension data under old GASB accounting methods	Pension system website
Nevada	Public Employees' Retirement System	46%	No, new GASB only	http://www.nvpers.org/
New Hampshire	New Hampshire Retirement System	52%	No, new GASB only	http://www.nhrs.org/
New Jersey	Teachers' Pension and Annuity Fund	100%	Yes	http://www.state.nj.us/treasury/pensions/tpaf1.shtml
New Mexico	Educational Retirement Board (ERB)	100% (includes postsecondary and other education personnel)	Yes	http://www.nmerb.org/
New York	New York State Teachers' Retirement System	100%	Yes	http://www.nystrs.org/
North Carolina	Teachers' and State Employees' Retirement System of NC	57%	Yes	https://www.nctreasurer.com/Pages/default.aspx
North Dakota	Teachers' Fund for Retirement	100%	Yes	http://www.nd.gov/rio/TFFR/default.htm
Ohio	State Teachers' Retirement System (STRS)	100%	Yes	https://www.strsoh.org/index.html
Oklahoma	Teachers' Retirement System	100%	Yes	http://www.ok.gov/TRS/
Oregon	Public Employees' Retirement System	42%	Yes	http://www.oregon.gov/pers/Pages/index.aspx
Pennsylvania	Public School Employees' Retirement System	100% (includes school personnel)	Yes	http://www.psers.state.pa.us/default.html
Rhode Island	Employees' Retirement System	54%	Yes	https://www.ersri.org/
South Carolina	South Carolina Retirement System	61%	Yes	http://www.retirement.sc.gov/default.htm
South Dakota	South Dakota Retirement System	28%	Yes	http://www.sdrs.sd.gov/
Tennessee	Consolidated Retirement System	35%	No, new GASB only	http://www.treasury.tn.gov/tcrs/index.html
Texas	Teacher Retirement System	100%	Yes	http://www.trs.state.tx.us/
Utah	Utah Retirement Systems	81%	Yes	https://www.urs.org/
Vermont	Teachers' Retirement System	100%	Yes	http://www.vermonttreasurer.gov/retirement/teachers-vstrs
Virginia	Virginia Retirement System (VRS)	43%	Yes	http://www.varetire.org/
Washington	Teachers' Retirement System	100%	Yes	http://www.drs.wa.gov/member/systems/trs/
West Virginia	Teachers' Retirement System	100%	Yes	http://www.wvretirement.com/TRS.html
Wisconsin	Wisconsin Retirement System	38%	Yes	http://etf.wi.gov/
Wyoming	Wyoming Retirement System	49%	Yes	http://retirement.state.wy.us/

Appendix C: State retirement eligibility rules

	Normal (service) retirement eligibility (age/years of service)
Alabama	62/10
Alaska	Any age
Arizona	65/any; 62/10; 60/25; 55/30
Arkansas	Any/28; age 60/5
California	62/5
Colorado	Any/35; 58/30/; 65/any
Connecticut	60/20; any/35 (at least 25 years of service must be in CT)
Delaware	65/10; 60/20; any/30
District of Columbia	Any/30; 60/20; 62/5
Florida	65/8; any/33
Georgia	Any/30; 60/10
Hawaii	60/30; 65/10
Idaho	65/5; 55/(Rule of 90)
Illinois	67/10
Indiana	65/10; 60/15; 55/(Rule of 85)
Iowa	65/7; 62/20; 55/(Rule of 88)
Kansas	65/5; 60/30
Kentucky	Any/27; 60/5
Louisiana	60/5
Maine	65/5
Maryland	Rule of 90; 65/10
Massachusetts	60/10
Michigan	60/10
Minnesota	66/3
Mississippi	60/8; any/30
Missouri	60/5; any/30; Rule of 80
Montana	60/5; 55/30; 60/30 with increased multiplier
Nebraska	65/0.5; 55/(Rule of 85)
Nevada	65/5; 62/10; 55/30; any/33.3
New Hampshire	65/any
New Jersey	65/10
New Mexico	67/5; any/30; 65/(Rule of 80)
New York	63/10
North Carolina	65/5; 60/25; any/30
North Dakota	65/5; 60/(Rule of 90)
Ohio	DB: varies by retirement date; on or after 8/1/2026, 60/35 or 65/5; Hybrid: 60/5
Oklahoma	65/5; 60/(Rule of 90)
Oregon	65/5; 58/30
Pennsylvania	65/3; (Rule of 92)/35 years of service
Rhode Island	Normal Social Security retirement age (67)/any
South Carolina	65/8; (Rule of 90)/8
South Dakota	65/3; 55/(Rule of 85)
Tennessee	65/5; any/(Rule of 90)
Texas	65/5; 62/(Rule of 80)
Utah	65/4; 62/10; 60/20; any/35
Vermont	65/5; any/(Rule of 90)
Virginia	Normal Social Security retirement age (67)/5; any/(Rule of 90)
Washington	Plan 2: 65/5; Plan 3: 65/10
West Virginia	62/10; for deferred benefits, 64/10 or 63/20
Wisconsin	65/5; 57/30
Wyoming	65/4; Rule of 85

Read: Retirement at age 62 with 10 years of service.

Read: Eligible for retirement when combined total of age and years of service = 90 or at age 65 with 10 years of service.

Appendix D: Unfunded liabilities per student (2016)

	Unfunded liabilities per student (2016)
Alabama	$13,475
Alaska	$12,419
Arizona	$3,812
Arkansas	$6,634
California	$12,072
Colorado	$16,654
Connecticut	$19,906
Delaware	$1,476
District of Columbia	$2,733
Florida	$2,099
Georgia	$7,859
Hawaii	$13,471
Idaho	$2,254
Illinois	$30,575
Indiana	$11,747
Iowa	$6,901
Kansas	$12,478
Kentucky	$20,229
Louisiana	$15,610
Maine	$3,524
Maryland	$6,004
Massachusetts	$21,101
Michigan	$16,239
Minnesota	$6,842
Mississippi	$12,693
Missouri	$7,123
Montana	$12,050
Nebraska	$3,715
Nevada	$12,374
New Hampshire	$6,112
New Jersey	$19,319
New Mexico	$19,221
New York	$2,225
North Carolina	$931
North Dakota	$12,429
Ohio	$17,601
Oklahoma	$10,052
Oregon	$6,521
Pennsylvania	$21,418
Rhode Island	$10,100
South Carolina	$13,508
South Dakota	$0
Tennessee	$277
Texas	$6,299
Utah	$3,923
Vermont	$13,458
Virginia	$4,407
Washington	$3,281
West Virginia	$12,513
Wisconsin	$11
Wyoming	$9,889
NATIONAL AVERAGE	**$9,952**

Appendix E: Unfunded pension liabilities by state (2016)

	Actuarial value of assets	Accrued liabilities	Funding ratio	Teacher membership	UAAL, adjusted for teacher membership
Alabama	20,809,871,128	30,837,829,600	67.5%	100%	$10,027,958,472
Alaska[1]	3,771,139,000	6,921,362,000	54.5%	100%	$1,629,073,000
Arizona	33,112,994,638	42,968,128,455	77.1%	43%	$4,237,707,541
Arkansas	15,035,701,313	18,292,611,143	82.2%	100%	$3,256,909,830
California	165,553,000,000	241,753,000,000	68.5%	100%	$76,200,000,000
Colorado	22,152,768,000	37,447,062,000	60.7%	100%	$14,805,492,000
Connecticut	15,546,500,000	26,349,200,000	59.0%	100%	$10,802,700,000
Delaware	8,289,879,300	9,051,033,500	91.6%	26%	$197,900,092
District of Columbia	1,732,017,000	1,953,305,000	88.7%	100%	$221,288,000
Florida	99,357,656,000	111,166,115,000	89.4%	49%	$5,786,144,910
Georgia	62,061,722,000	75,772,117,000	81.9%	100%	$13,710,395,000
Hawaii	11,688,332,975	19,096,100,933	62.2%	13%	$2,456,916,000
Idaho	13,956,700,000	15,446,900,000	86.3%	44%	$655,688,000
Illinois	45,435,192,645	108,121,825,171	42.0%	100%	$62,686,632,526
Indiana	10,632,811,243	22,923,437,362	46.4%	100%	$12,290,626,119
Iowa	26,003,123,075	31,451,851,955	82.7%	64%	$3,487,186,483
Kansas	7,232,000,000	13,437,000,000	53.8%	100%	$6,205,000,000
Kentucky	17,219,520,000	31,149,962,000	55.3%	100%	$13,930,442,000
Louisiana	17,457,243,696	28,646,296,897	60.9%	100% (includes postsecondary)	$11,189,053,201
Maine	6,947,987,526	8,208,737,166	84.6%	51%	$642,982,316
Maryland	27,995,476,456	38,934,459,136	71.9%	48%	$5,250,711,686
Massachusetts	23,946,759,000	44,115,769,000	54.3%	100%	$20,169,010,000
Michigan	42,382,361,000	67,355,988,000	62.9%	100% (includes postsecondary)	$24,973,627,000
Minnesota	19,696,893,000	25,562,155,000	77.1%	100%	$5,865,262,000
Mississippi	24,387,161,000	40,364,583,522	60.4%	39%	$6,231,194,784
Missouri	34,073,415,000	40,610,540,000	83.9%	100%	$6,537,125,000
Montana	3,609,847,000	5,351,392,000	67.5%	100%	$1,741,545,000
Nebraska	9,485,594,650	10,778,303,637	89.6%	100% (includes school employees)	$1,161,372,691
Nevada	33,717,900,000	46,070,100,000	73.2%	46%	$5,682,012,000
New Hampshire	2,682,082,500	4,852,778,035	55.3%	52%	$1,128,761,678
New Jersey	28,301,404,184	55,359,377,071	51.1%	100%	$27,057,972,887
New Mexico	11,472,378,929	18,014,425,002	63.7%	100% (includes postsecondary and other education personnel)	$6,542,046,073
New York	99,301,800,000	105,401,800,000	94.2%	100%	$6,100,000,000
North Carolina	64,734,119,837	67,715,066,544	95.6%	57%	$1,442,085,607
North Dakota	2,125,017,451	3,449,775,982	61.6%	100%	$1,324,758,531
Ohio	68,655,999,000	99,014,654,000	69.3%	100%	$30,358,655,000
Oklahoma	13,771,884,292	20,692,630,888	66.6%	100%	$6,920,746,596
Oregon	22,302,500,000	30,124,000,000	74.0%	42%	$3,921,456,000
Pennsylvania	57,361,600,000	94,697,400,000	60.6%	100% (includes school personnel)	$37,335,800,000
Rhode Island	3,783,601,053	6,438,732,100	58.8%	54%	$1,433,770,765
South Carolina	27,365,921,000	44,119,176,000	62.0%	61%	$10,219,485,550
South Dakota	10,352,405,041	10,352,405,041	100.0%	28%	$0
Tennessee	21,301,557,410	22,089,532,920	96.4%	35%	$275,791,429
Texas	133,485,187,642	166,452,924,504	80.2%	100%	$32,967,736,862
Utah	17,944,171,000	21,022,792,000	85.4%	81%	$2,493,683,010
Vermont	1,662,345,707	2,837,374,737	58.6%	100%	$1,175,029,030
Virginia	29,441,485,000	42,564,178,000	69.2%	43%	$5,642,757,990
Washington	15,546,000,000	19,069,000,000	81.5%	100%	$3,523,000,000
West Virginia	6,803,089,000	10,310,652,000	66.0%	100%	$3,507,563,000
Wisconsin	91,502,400,000	91,526,500,000	100.0%	38%	$9,158,000
Wyoming	6,814,919,591	8,713,353,524	78.2%	49%	$930,232,627
TOTAL	**1,560,003,435,282**	**2,144,955,693,8250**	**71.8%**		**$516,342,446,288**

1 Alaska's unfunded liabilities are associated with the legacy costs of its closed defined benefit pension system.

Appendix F: Changes in teacher contribution rates (2008-2016)

	2008 (Maximum percent of salary)	2016 (Maximum percent of salary)	Teachers participate in Social Security (if yes, adds +6.2% of salary to total)	Contribution trends (use up down or horizontal arrows for no change)
Alabama	5	6	Yes	Up
Alaska	8	8	No	No change
Arizona	9.5	11.3	Yes	Up
Arkansas	6	6	Yes	No change
California	8	9.2	No	Up
Colorado	8	8	No	No change
Connecticut	7.3	7.3	No	No change
Delaware	3	5	Yes	Up
District of Columbia	8	8	No	No change
Florida	0	3	Yes	Up
Georgia	5	6	Some	Up
Hawaii	6	8	Yes	Up
Idaho	6.2	6.8	Yes	Up
Illinois	9.4	9	No	No change
Indiana	3	3	Yes	No change
Iowa	4.1	5.95	Yes	Up
Kansas	4	6	Yes	Up
Kentucky	9.9	12.9	No	Up
Louisiana	8	8	No	No change
Maine	7.65	7.65	No	No change
Maryland	2	7	Yes	Up
Massachusetts	11	11	No	No change
Michigan	6.4	6.4	Yes	No change
Minnesota	5.5	7.5	Yes	Up
Mississippi	7.3	9	Yes	Up
Missouri	13	14.5	No	Up
Montana	7.2	8.15	Yes	Up
Nebraska	7.3	9.78	Yes	Up
Nevada	10.3	14.5	No	Up
New Hampshire	6.7	7	Yes	Up
New Jersey	5	7.06	Yes	Up
New Mexico	7.9	10.7	Yes	Up
New York	3	6	Yes	Up
North Carolina	6	6	Yes	No change
North Dakota	7.8	11.75	Yes	Up
Ohio	10	13	No	Up
Oklahoma	7	7	Yes	No change
Oregon	6	6	Yes	No change
Pennsylvania	7.5	10.3	Yes	Up
Rhode Island	9.5	3.75	No	Lower
South Carolina	6.5	8.19	Yes	Up
South Dakota	6	6	Yes	No change
Tennessee	5	5	Yes	No change
Texas	6.4	7.7	No	Up
Utah	0	10	Yes	Up
Vermont	3.5	6	Yes	Up
Virginia	4	4	Yes	No change
Washington	4.3	5.95	Yes	Up
West Virginia	6	6	Yes	No change
Wisconsin	6	6.8	Yes	Up
Wyoming	5.7	8.25	Yes	Up

Appendix G: Employer contribution rates (2012-2016)

	Required employer contribution rate (2012)	Required employer contribution rate (2016)	Teachers participate in Social Security (if yes, adds +6.2% of salary to total)	Contribution trends (use up down or horizontal arrows for no change)
Alabama	12.5%	10.8%	Yes	Lower
Alaska	12.6%	17.8%	No	Up
Arizona	10.1%	11.3%	Yes	Up
Arkansas	14%	14.3%	Yes	Same
California	10.8%	23.3%	No	Up
Colorado	14.1%	22.5%	No	Up
Connecticut	19.2%	23.7%	No	Up
Delaware	17.2%	9.6%	Yes	Lower
District of Columbia	0%	12.2%	No	Up
Florida	3.8%	6.2%	Yes	Up
Georgia	11.4%	14.3%	Some	Up
Hawaii	15%	17.9%	Yes	Up
Idaho	10.4%	11.3%	Yes	Up
Illinois	12.7%	39.1%	No	Up
Indiana	7.5%	7.5%	Yes	Same
Iowa	8.7%	8.9%	Yes	Same
Kansas	8.2%	12%	Yes	Up
Kentucky	14.1%	29.8%	No	Up
Louisiana	20.2%	25.5%	No	Up
Maine	17.3%	13%	No	Lower
Maryland	15.5%	16.6%	Yes	Up
Massachusetts	22.6%	17.7%	No	Lower
Michigan	14.3%	25.8%	Yes	Up
Minnesota	13.2%	7.5%	Yes	Lower
Mississippi	12.9%	15.8%	Yes	Up
Missouri	14.5%	14.5%	No	Same
Montana	10%	11.2%	Yes	Up
Nebraska	9.9%	11.9%	Yes	Up
Nevada	11.9%	14.5%	No	Up
New Hampshire	9.4%	15.7%	Yes	Up
New Jersey	1%	26.6%	Yes	Up
New Mexico	9.4%	13.9%	Yes	Up
New York	8.6%	11.7%	Yes	Up
North Carolina	13.1%	8.5%	Yes	Lower
North Dakota	10.8%	12.8%	Yes	Up
Ohio	14%	14%	No	Same
Oklahoma	6.6%	17.2%	Yes	Up
Oregon	13.9%	21.2%	Yes	Up
Pennsylvania	12.4%	30%	Yes	Up
Rhode Island	21.7%	23.1%	No	Up
South Carolina	10.6%	11.1%	Yes	Up
South Dakota	6.2%	6%	Yes	Lower
Tennessee	8.9%	9%	Yes	Same
Texas	6.6%	7.7%	No	Up
Utah	12.7%	23.3%	Yes	Up
Vermont	7.4%	13.6%	Yes	Up
Virginia	8.8%	14.7%	Yes	Up
Washington	9.2%	14.8%	Yes	Up
West Virginia	29.2%	24.3%	Yes	Lower
Wisconsin	5.9%	6.9%	Yes	Up
Wyoming	7.1%	8.4%	Yes	Up

Appendix H: How cost-of-living adjustments (COLAs) are calculated in the states (2016)

	COLA amount	COLA type
Alabama	Ad hoc	ad hoc
Alaska	N/A	N/A
Arizona	None	no COLA
Arkansas	3%	fixed (automatic)
California	2%	fixed (automatic)
Colorado	2%	based on CPI
Connecticut	2% to 5%	tied to funding
Delaware	Ad hoc	ad hoc
District of Columbia	Maximum 3%	based on CPI
Florida	None	no COLA
Georgia	1.5%	based on CPI
Hawaii	1.5%	fixed (automatic)
Idaho	Varies	based on CPI
Illinois	Lesser of 3% or half CPI	based on CPI
Indiana	Ad hoc	ad hoc
Iowa	Varies	depends on funding
Kansas	1% or 2%	no COLA
Kentucky	1.5% +	fixed (automatic)
Louisiana	2.5%	tied to funding
Maine	Varies, applied to first $20,000 of benefit	based on CPI
Maryland	1-2.5%	based on CPI
Massachusetts	Maximum 3% applied to first $13,000 of benefit	based on CPI
Michigan	No COLA	no COLA
Minnesota	2-3%	fixed (automatic)
Mississippi	3% (compounded after age 60)	fixed (automatic)
Missouri	0-5% cap (lifetime COLA cannot exceed 80% of initial monthly benefit)	ad hoc
Montana	0.5% - 1.5%	fixed (automatic)
Nebraska	Minimum 1%	based on CPI
Nevada	2-4%	fixed (automatic)
New Hampshire	Ad hoc	ad hoc
New Jersey	Suspended until "target funded ratio" achieved	based on CPI
New Mexico	Varies	based on CPI
New York	1-3% on first $18,000	based on CPI
North Carolina	Varies	based on CPI
North Dakota	No COLA	no COLA
Ohio	2%	fixed (automatic)
Oklahoma	Ad hoc	ad hoc
Oregon	1.25% on first $60,000, 0.15% above	fixed (automatic)
Pennsylvania	Ad hoc	ad hoc
Rhode Island	0%-4%; COLA is suspended until fund achieves 80% funding	tied to funding
South Carolina	1%	fixed (automatic)
South Dakota	2.1-3.1%	CPI and funding both
Tennessee	0-3% (3% cap)	based on CPI
Texas	Ad hoc	ad hoc
Utah	Max 2.5%	based on CPI
Vermont	[1%- 5%]	no COLA
Virginia	Max 3%	based on CPI
Washington	3% cap	based on CPI
West Virginia	No COLA	no COLA
Wisconsin	Varies	tied to funding
Wyoming	Varies	tied to funding

Appendix I: Pension glossary

Accrued Liability: The value of a pension plan's promised benefits calculated by an actuary (actuarial valuation), taking into account a set of investment and benefit assumptions to a certain date.

Actuarial Valuation: In a pension plan, this is the total amount needed to meet promised benefits. A set of mathematical procedures is used to calculate the value of benefits to be paid, the funds available, and the annual contribution required.

Amortization Period: The gradual elimination of a liability, such as a mortgage, in regular payments over a specified period of time.

Benefit Formula: Formula used to calculate the amount teachers will receive each month after retirement. The most common formula used is years of service x final average salary x benefit multiplier. This amount is divided by 12 to calculate monthly benefits.

Benefit Multiplier: Multiplier used in the benefit formula. It, along with years of service, determines the total percentage of final average salary that a teacher will receive in retirement benefits. In some plans, the multiplier is not constant but changes depending upon retirement age and/or years of service.

Defined Benefit Plan: Pension plan that promises to pay a specified amount to each person who retires after a set number of years of service. In some cases, employees contribute to the plan; in others, all contributions are made by the employer.

Defined Contribution Plan: Pension plan in which contributions are fixed at a certain level, while benefits vary depending on the return from the investments. Employees make contributions into a tax-deferred account; employers may or may not contribute to the account. Defined contribution pension plans, unlike defined benefit pension plans, give employees options of where to invest their money, usually into stock, bond, and money market accounts.

Lump-sum Withdrawal: Large payment of money received at one time instead of in periodic payments. Teachers leaving a pension plan may receive a lump-sum distribution of the value of their pension.

Normal Cost: The amount necessary to fund retirement benefits for one plan year for an individual or a whole pension plan.

Pension Wealth: The net present value of a teacher's expected lifetime retirement benefits.

Purchasing Time: A teacher may make additional contributions to a pension system to increase service credit. Time may be purchased for a number of reasons, e.g., professional development leave, previous out-of-state teaching experience, medical leaves of absence, or military service.

Service Credit/Years of Service: Accumulated period of time, in years or partial years, for which a teacher earned compensation subject to contributions.

Supplemental Retirement Plan: An optional plan to which teachers may voluntarily make tax-deferred contributions in addition to their mandatory pension plans. Employees can usually choose their rate of contribution up to a maximum set by the IRS; some employers make contributions. These plans are generally in the form of 457 and 403(b) programs.

Vesting: The right an employee acquires by length of service to receive employer-contributed benefits, such as payments from a pension fund.

Sources: Barron's Dictionary of Finance and Investment Terms, Seventh Edition; Economic Research Institute, http://www.eridlc.com/resources/index.cfm?fuseaction=resource.glossary

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