

The Benefit of Pensions

Pensions provide a predictable, guaranteed benefit for educators when they retire and help attract and retain great educators to the profession.

All educators deserve the ability to retire with financial security. Pensions provide educators with a guaranteed, reliable source of income in retirement.

They are also a tool to attract and retain qualified, experienced educators to the profession.

Schools and students succeed when talented young people in search of a challenging career are recruited into the profession, and stay in it for the long term. Pensions help do that.

Pensions provide excellent retirement security.

A traditional pension plan provides retired workers with a steady income stream that is guaranteed for life – unlike 401(k) plans, which offer no guaranteed benefits and are leaving far too many Americans facing a retirement crisis.

Pensions are good for students and schools.

A UC Berkeley Labor Center study of public schools in California found that “A large majority of teachers who survive the first few years of teaching, stay until at least early retirement age.”

Keeping experienced educators in the classroom improves instruction and creates stable environments for kids. Since pensions help retain workers, they make perfect sense for public education.

America’s 401(K) experiment is failing.

Poor returns, high fees to Wall Street, and participants cashing out their funds prematurely – the list of problems with 401(k)s goes on and on.

For individuals, it is tremendously difficult just to know what your proper savings target should be and what level of savings will get you there.

Pensions measure progress toward funding goals and make adjustments each year in a systematic way, but 401(k)s have no such planning mechanism. Simple questions like, “How much annual income could I have with \$500,000, what would it be worth in tomorrow’s dollars, and will I run out of money?” become very difficult barriers to sound planning.

Learn more about how pensions work

nea.org/pensions

All these problems led directly to our retirement crisis, in which the median 55-to-64 year-old has only put aside about \$14,500 for retirement.

Alternatively, pensions provide retired employees with modest monthly payments for life. Many give cost of living adjustments and provide disability benefits.

Once they read over the details, it’s no wonder most educators prefer pensions.

HERE TO HELP

NEA is dedicated to protecting defined-benefit pension plans because they provide a predictable, guaranteed benefit for educators when they retire.

NEA’s Collective Bargaining and Member Advocacy department (CBMA) helps members defend their retirement security and advocates for these retirement programs.

Working with our state affiliates and numerous allies, we help organize the resistance to coordinated and well-funded attacks on educators’ retirement security.

CBMA also provides support, resources, and consultation to members who serve as pension fund trustees in nearly every state.