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Doing the Math on Teacher Pensions

How to Protect Teachers and Taxpayers

National Council on Teacher Quality

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The views expressed here are those of the authors and should not be attributed to the funders.

Each state teacher retirement system formally received a draft of NCTQ's analysis and recommendations in July 2014 for comment and correction; systems also received a final draft of the report 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.

NCTQ is 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. For more information, please contact Sandi Jacobs at sjacobs@nctq.org or 202-393-0020.

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Executive Summary

Doing the Math on Teacher Pensions: How to Protect Teachers and Taxpayers

Do the math on teacher pensions and it just doesn't add up. In 2014 teacher pension systems had a total of a half trillion dollars in unfunded liabilities — a debt load that climbed more than $100 billion in just the last two years. Across the states, an average of 70 cents of every dollar contributed to state teacher pension systems goes toward paying off the ever-increasing pension debt, not to future teacher benefits.

Yet despite the overwhelming evidence that current pension policies cannot be sustained and don't meet the needs of the 21st century teacher workforce, state lawmakers, regulators and pension boards continue to deny or ignore the crisis.

Since 2008, the National Council on Teacher Quality (NCTQ) has tracked the health of teacher pension systems in each of the 50 states and the District of Columbia. The state-by-state report cards included in this report present comprehensive state data on pension funding and pension system rules, and grade the states on the extent to which they:

Each state's pension policy report card — including a full analysis of teacher pension policies, NCTQ's recommendations and the state's response — is available at NCTQ's state policy dashboard at: **www.nctq.org/statepolicy**

Offer teachers the option of a flexible and portable primary pension plan, such as a defined contribution (DC) plan.

DC plans are portable retirement plans similar to 401(k)s that set a fixed level of contributions for both teachers and their employers but do not guarantee a set level of benefits. **Alaska**, which earns an A for providing teachers with a fully portable and fair retirement plan, is the only state in the nation that has adopted a mandatory DC pension plan for teachers. **Florida**, **Michigan**, **Ohio**, **South Carolina** and **Utah** also provide DC pension plans as a choice for teachers' primary retirement plan.

Ensure that traditional defined benefit (DB) pension plans are portable, flexible and fair for all teachers.

South Dakota, which earns a B+, demonstrates that states can meet the principles of flexibility, sustainability and fairness without abandoning defined benefits. In addition to South Dakota's model, cash-balance pension plans may be an ideal "hybrid" model for some systems as they provide greater flexibility and a safety net to teachers while also offering more financial stability to states and districts.

At a minimum, ensure some basic principles of fairness in traditional systems.

Allow teachers to: 1) vest no later than the third year of employment; 2) have options for withdrawal that, importantly, include funds contributed by the employer; and 3) purchase service time for previous teaching experience, as well as for all official leaves of absence, such as maternity or paternity leave.

Pension boards and other advocates of traditional retirement plans often emphasize that teachers should be fearful of the risks of alternatives. But what they haven't emphasized is how risky the current pension systems are for teachers — it is the risk that a teacher will never collect pension benefits because he or she does not remain in the system long enough. Whether intended or not, the pension systems now depend on these non-collectors in order to stay afloat. In 2014, all but three states (**Arizona**, **Minnesota** and **South Dakota**) make teachers wait more than three years to vest in retirement plans. Fifteen states — **Alabama**, **Connecticut**, **Delaware**, **Georgia**, **Hawaii**, **Illinois**, **Indiana**, **Maryland**, **Massachusetts**, **Michigan**, **New Hampshire**, **New Jersey**, **New York**, **Pennsylvania** and **Washington** — have vesting periods of 10 years (up from nine states just five years ago).

Shore up pension funding for existing commitments.

Debt is debt, and there is no magic policy potion that can make accrued liabilities disappear. But there is no excuse for inaction, and states must adopt a two-fold approach. They need to adjust unrealistic assumed rates of return and make scheduled payments to their current pension systems while also providing new options for teachers. In 2014, just **Delaware**, the **District of Columbia**, **Idaho**, **North Carolina**, **Oregon**, **South Dakota**, **Tennessee**, **Washington** and **Wisconsin** have well-funded teacher pension systems — and some of these may not be as well funded as they appear. Since 2008, more than half of the states have increased teacher contribution rates, and in 36 states the required teacher contributions are excessive, taking too big of a chunk from teachers' paychecks.

Require that pension systems smoothly accrue pension wealth with each year of work.

Many state pension systems set up teachers to earn vastly different benefits for the same number of years worked and backload benefits so that teachers don't build the nest egg they need until very late in their teaching careers. Proponents of traditional DB plans argue that this structure provides an incentive to keep teachers from leaving, but teacher retention rates and rates of withdrawal from state retirement systems suggest otherwise. Today only 14 states consistently base retirement eligibility on age only, which is fairer to teachers and taxpayers alike; and just 13 states only offer plans that accrue pension benefits fairly: **Alaska**, **Alabama**, **California**, **Illinois**, **Louisiana**, **Maine**, **Michigan**, **Minnesota**, **New Hampshire**, **New Jersey**, **Rhode Island**, **South Dakota** and **Washington**.

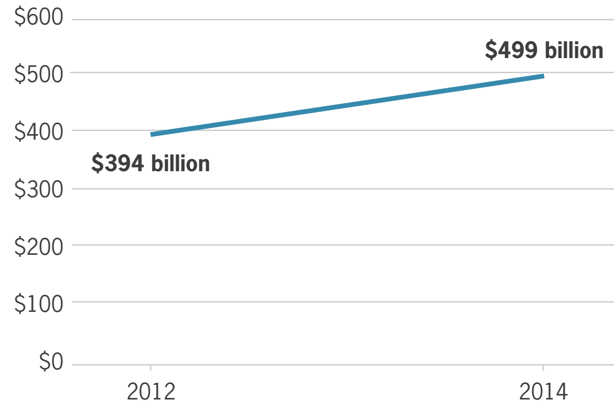
The average state teacher pension policy grade across the states for 2014 is a C-.

Pension reform is too often framed as a zero sum game, a tug of war between the interests of teachers versus taxpayers or school districts, or other public sector employees in the state. But when we do the math, the truth is that all stand to lose — and teachers most of all — if the crisis continues to be ignored.

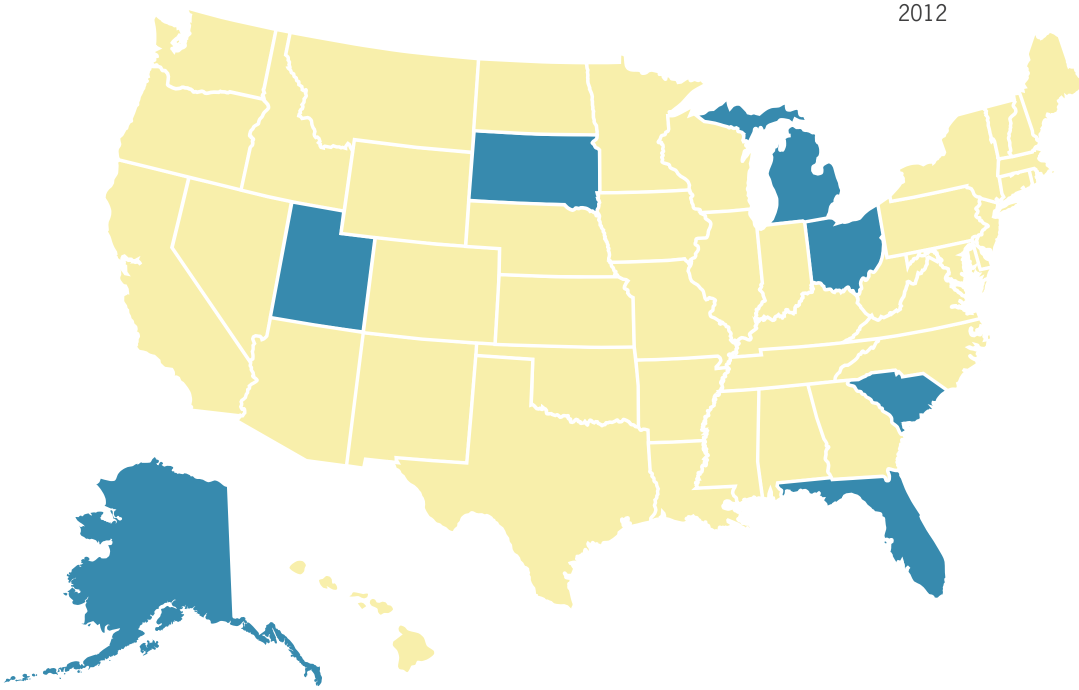
Secure and fair retirement options that allow every teacher to benefit from his or her years of dedication to our nation's children do exist, but to move forward we must first recognize that holding on to the status quo only prolongs the downward spiral of teacher retirement benefits.

Teacher pension trends in the U.S.

Teacher pension system debt has reached a half trillion dollars.

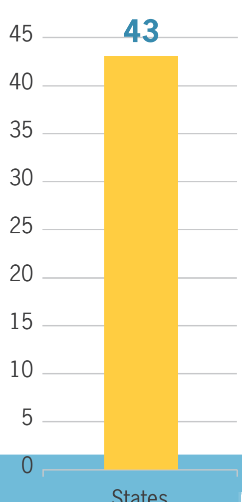


Just seven states offer a fully or nearly fully portable primary pension plan for teachers.

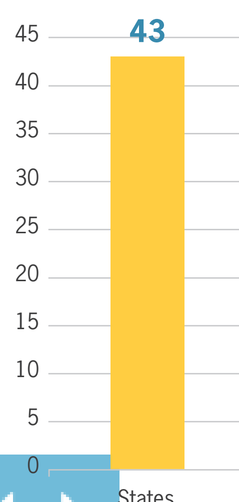


Other indicators also reflect worrisome trends.

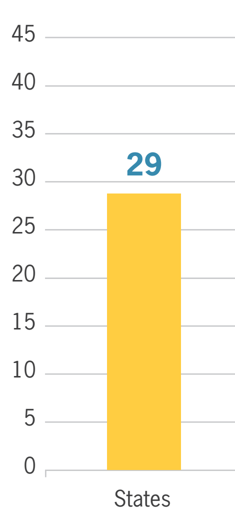
Number of states where pension funding ratios have decreased since 2008



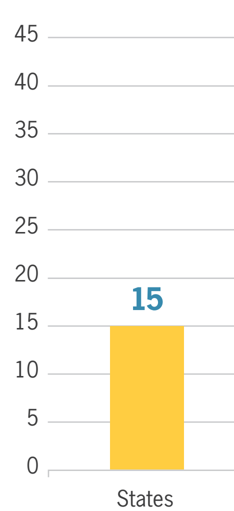
Number of states that require excessive contributions of teachers, employers or both



Number of states that have increased teacher contribution rates since 2008



Number of states that have ten-year teacher vesting periods

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Doing the Math on Teacher Pensions

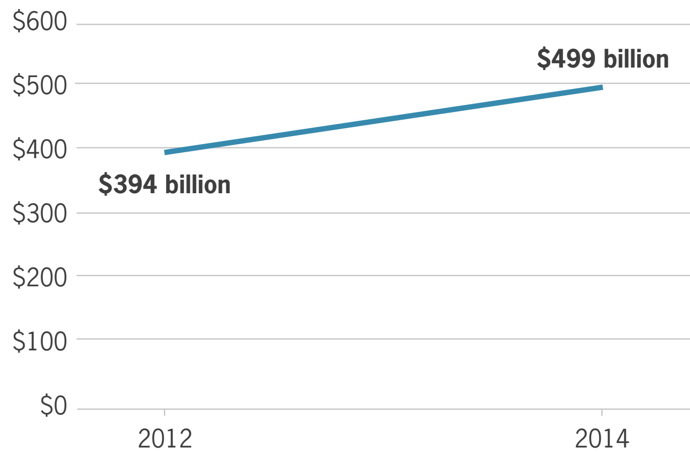
How to Protect Teachers and Taxpayers

It is not news that there is a teacher pension crisis in the United States. It *should* be news that little is being done about it.

Do the math and it is clear that most state pension systems serving teachers are in peril and getting more unstable all the time. In 2014, teacher pension systems had a half trillion dollars in unfunded liabilities[1] — a debt load that climbed more than $100 billion in just the last two years.[2]

States need look no further than the role pension debt played in bankruptcies in municipalities as varied as Detroit; San Bernardino, California; and Central Falls, Rhode Island, for a wake up call.

Figure 1. Increase in U.S. teacher pension debt



Despite the overwhelming evidence that current pension policies cannot be sustained and don't meet the needs of the 21st century teacher workforce, state lawmakers, regulators and pension boards continue to deny or ignore the crisis. The pension math is not the only problem facing teacher retirement systems. Unfortunately, the traditional pension plans that most states cling to are out of step with what is needed to attract and retain the best and brightest to the teaching profession.

1 Estimate based on the most recently 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, NCTQ's calculation was adjusted to reflect an estimate of the percentage of teachers in the system. The shortfall for all state-level public pension plans is $915 billion. When local retirement plans are included, the gap between what is owed and the value of assets on hand to pay them exceeds $1 trillion (Pew, 2014). http://www.pewtrusts.org/~/media/Assets/2014/03/31/PewStatesWideningGapFactsheet2.pdf

2 See NCTQ's *No One Benefits* (2012) at http://www.nctq.org/p/publications/docs/nctq_pension_paper.pdf

Each state's pension policy report card — including a full analysis of teacher pension policies, NCTQ's recommendations and the state's response — is available at NCTQ's state policy dashboard at: **www.nctq.org/statepolicy**

A critical problem is that the debate over pension reform so often pits teachers against other stakeholders. Pension reform is framed as a zero sum game, a tug of war between the interests of teachers versus taxpayers or school districts, or other public sector employees in the state, even though all stand to lose — and teachers most of all — if the crisis continues to be ignored.

This report challenges the many claims of pension boards and other groups about the cost effectiveness, fairness and flexibility of the traditional defined benefit (DB) pension structure in place in 38 states across the nation. The central point of these claims is that the DB pension system, which provides guaranteed lifetime benefit payouts as long as teachers continue to teach in the same state for 25 or 30 years until retirement eligibility — is the best route to attracting and keeping high-quality teachers.

There are tremendous disadvantages to DB plans, and more viable options do exist. In order to recruit and retain high-quality teachers for today's workforce while at the same time maintaining fiscally responsible commitments to retirees, states will need to:

- Ensure teachers have flexible and portable teacher pension plan options.
- Manage pension systems responsibly to ensure their sustainability, meaning that system unfunded liabilities are not excessive, and that states have an appropriate timeline for paying off these liabilities.
- Require pension formulas to be transparent and fair, meaning that each year of work accrues pension wealth in a uniform way.

Today, in the majority of states, most of the increasing pension contributions made by employers and teachers go toward paying a mounting pension debt. Across all states, an average of 70 cents of every dollar contributed to state teacher pension systems goes toward this liability, leaving just 30 cents allocated for the actual retirement of the teacher who's on the job today.

Many of the states' so-called pension policy "reforms" are woefully inadequate. For the most part, policy changes have focused on achieving cost savings, often amounting to relatively minor savings to the system at great expense to teachers.

Making Pensions Add Up for Teachers

Since 2008, NCTQ has tracked the health of teacher pension systems in each of the 50 states and the District of Columbia. The 2014 state-by-state report cards included in this report 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 grading state teacher pension policy, NCTQ benchmarks the 50 states and the District of Columbia against a more forward looking and sustainable approach to teacher retirement benefits. In practical terms, states should:

1. **Offer teachers the option of a flexible and portable primary pension plan, such as a defined contribution (DC) plan.** DC plans are portable retirement plans similar to 401(k)s that set a fixed level of contributions for both teachers and their employers but do not guarantee a set level of benefits.

   As is commonplace in so many other professions, all teachers should have the option of a fully portable pension system as their primary pension plan. Yet today, **Alaska** is the only state in the nation that has adopted a mandatory DC pension plan for teachers. **Florida**, **Michigan**, **Ohio**, **South Carolina** and **Utah** provide DC pension plans as a choice for teachers' primary retirement plan.

   Interestingly, in Florida, 25 percent of new teachers choose to participate in the DC plan rather than the DB plan. Considering that the state has made the DB plan the automatic default for new teachers, this is a significant statement that teachers value the flexibility that is associated with a portable plan.

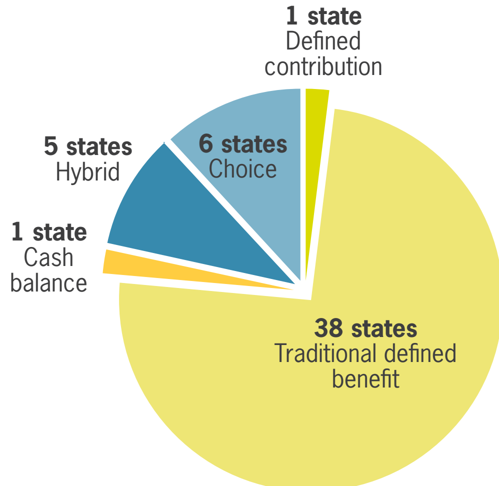
   Despite what defenders of the current pension landscape may argue, there is simply no good reason to deny teachers choices when it comes to planning for their retirement.

   Although making a DC option available does not solve the problem of unfunded liabilities that have already accrued, adopting these more progressive DC systems will help prevent future liabilities, lower costs in the long run, and offer systems that are more fair and portable for all teachers. Perhaps most important, there is simply no good reason to deny teachers a choice in how they plan for their own retirement.

2. **Ensure that DB pension plans are portable, flexible and fair for all teachers. South Dakota** has what NCTQ considers the "gold standard" of traditional DB systems, demonstrating that states can meet the principles of flexibility, sustainability and fairness without abandoning defined benefits. Design is critical, however.

If states are going to maintain their DB plans, South Dakota offers one model. States could also consider restructuring these systems as cash-balance plans. In a cash-balance plan, teachers have individual retirement accounts — similar to 401(k) plans — which are funded by contributions from both employers and employees. Unlike typical individual accounts, members are still guaranteed a minimum rate of return by the system rather than being subject to market fluctuations. They are more sustainable because benefits are tied to actual contributions and can increase fairness by spreading the financial risk among employees and taxpayers rather than placing all the risk on employees (as with DC plans) or taxpayers (as with DB plans).

Figure 2. Types of state teacher pension systems[3]



The cash-balance model shares some features of both DB and DC plans. It resembles a DC plan because benefits accrue smoothly and are portable, but with the addition of a kind of safety net. Assets are pooled and professionally managed, as with DB plans. Today, only **Kansas** has adopted a cash-balance plan (for teachers entering the system beginning in 2015).[4] Unfortunately, Kansas's cash-balance plan is still structured like a traditional DB plan in many ways.

3. **At a minimum, ensure some basic principles of fairness in DB systems.** Allow teachers to: 1) vest[5] no later than the third year of employment; 2) have options for withdrawal that, importantly, include funds contributed by the employer; and 3) purchase service time for previous teaching experience, as well as for all official leaves of absence, such as maternity or paternity leave.

   In 2014, **Arizona**, **Minnesota** and **South Dakota** are the only three states in the nation where teachers vest in DB retirement systems in three years or less.

4. **Shore up pension funding for existing commitments.** Debt is debt, and there is no magic policy potion that can make accrued liabilities disappear. The enormous pension debt that has already accumulated isn't going anywhere, but that is no excuse for inaction, or, worse, for short-changing new teachers to maintain the status quo. States must adopt a two-fold approach. They need to adjust unrealistic assumed rates of return and make scheduled payments to their current

3 Defined contribution: Alaska; Cash balance: Kansas; Hybrid: Indiana, Oregon, Rhode Island, Tennessee, Virginia; Choice: Florida, Michigan, Ohio, South Carolina, Utah, Washington

4 Louisiana adopted a cash-balance pension plan for teachers but it was struck down in the state court.

5 Vesting is the length of service needed for teachers to be entitled to pension benefits.

pension systems while also providing new options for teachers. In 2014, just **Delaware**, the **District of Columbia**, **Idaho**, **North Carolina**, **Oregon**, **South Dakota**, **Tennessee**, **Washington** and **Wisconsin** have well-funded teacher pension systems — and some of these may not be as well funded as they appear. Since NCTQ started tracking state pension policy in 2008, the number of states that can report adequately-funded DB teacher pension systems has declined each year.

5. **Require that pension systems smoothly accrue pension wealth with each additional year of work.** Many state pension systems set up teachers to earn vastly different benefits for the same number of years worked and backload benefits so that teachers don't build the nest egg they need until very late in their teaching careers (and provided they don't move out of the system). These practices are unfair to teachers and costly to pension funds. The formula that determines pension benefits should be neutral (i.e., not determined by the number of years worked). Just 13 states only offer plans that accrue pension benefits fairly: **Alabama**, **Alaska**, **California**, **Illinois**, **Louisiana**, **Maine**, **Michigan**, **Minnesota**, **New Hampshire**, **New Jersey**, **Rhode Island**, **South Dakota** and **Washington**.

Teacher tenure and pension vesting have nothing to do with each other.

There is nothing contradictory in NCTQ's advocating for teachers to have a long (4-5 year) probationary period before they receive tenure but a short (less than 3 years) vesting period in retirement plans. These are two wholly separate issues. School districts need adequate time to assess teacher effectiveness in order to make a meaningful tenure decision. Regardless of whether a teacher earns tenure, fairness demands that working teachers have rights to the retirement savings that have been a part of their compensation — the earlier the better — regardless of their classroom performance.

Figure 3. Key elements of fair, neutral and portable teacher pension systems

	State offers a fully or nearly fully portable pension plan	State sets a short vesting period for teachers of three years or less	State ensures that teacher pension systems are well funded	State sets reasonable teacher/ employer contribution rates	Teachers leaving can take at least partial employee contribution	Retirement eligibility based on age only	State ensures a fair accrual of pension benefits to teachers
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							
TOTAL	**7**	**3**	**9**	**9**	**6**	**14**	**13**

□ = Not for all offered plans

A Report Card on State Pension Policy

Looking across the principles of pension portability, fairness and sustainability, **Alaska** is the only state to earn an A grade for providing teachers with a fully portable and fair DC retirement plan. As of July 1, 2006, the state's DC plan is the only type of plan available to new teachers in Alaska. The plan is fully portable, flexible and fair to all. Teachers in Alaska vest immediately in their own contributions and the earnings from their contributions' investments. They are fully vested in employer contributions after five years. Until the five-year mark, the vesting rate is graduated: 25 percent after two years; 50 percent after three; 75 percent after four.

Contrary to what defenders of the traditional DB pension system might argue, getting high grades for teacher pension policy doesn't depend on states adopting DC pension plans. **South Dakota** earned a very strong B+ because its pension system provides portability and flexibility, rare among DB plans, all while maintaining a healthy funding level. 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.

The overall average state grade for teacher pension policy for 2014 is a C-.

The state earning the lowest grade is **Mississippi**. It earned a failing grade for having a poorly funded teacher pension system that is not portable or fair to all teachers. In addition, teachers are subject to long vesting periods and are required to provide excessive contributions to their retirement plans. Mississippi's pension system for teachers is only about 58 percent funded with current pension debt of nearly $12,000 per pupil.

Arizona, **Kentucky**, **Missouri** and **Vermont** earned barely passing grades of D-. Arizona, for example, eliminated the ability to withdraw any employer contributions when leaving the system for teachers hired after July 2011. And Missouri's system requires districts and teachers to contribute a combined annual rate of approximately 29 percent of teachers' salaries into the pension system, and still the system is underfunded — with liabilities reaching almost $8,000 per student. The two largest districts in the state — Kansas City and St. Louis — have their own systems. Yet there is no

Figure 4. State teacher pension grades (2014)

	Pension grade
Alaska	A
South Dakota	B+
Florida	B-
Michigan	B-
Ohio	B-
Rhode Island	B-
Tennessee	B-
Utah	B-
Washington	B-
District of Columbia	C+
Oregon	C+
South Carolina	C+
Wisconsin	C+
California	C
Delaware	C
Idaho	C
Illinois	C
Indiana	C
Maine	C
Minnesota	C
New Jersey	C
North Carolina	C
Texas	C
Virginia	C
Alabama	C-
Colorado	C-
Louisiana	C-
Nevada	C-
New Hampshire	C-
Arkansas	D+
Connecticut	D+
Georgia	D+
Kansas	D+
Maryland	D+
Massachusetts	D+
New York	D+
Oklahoma	D+
Pennsylvania	D+
West Virginia	D+
Hawaii	D
Iowa	D
Montana	D
Nebraska	D
New Mexico	D
North Dakota	D
Wyoming	D
Arizona	D-
Kentucky	D-
Missouri	D-
Vermont	D-
Mississippi	F
NATIONAL AVERAGE	**C-**

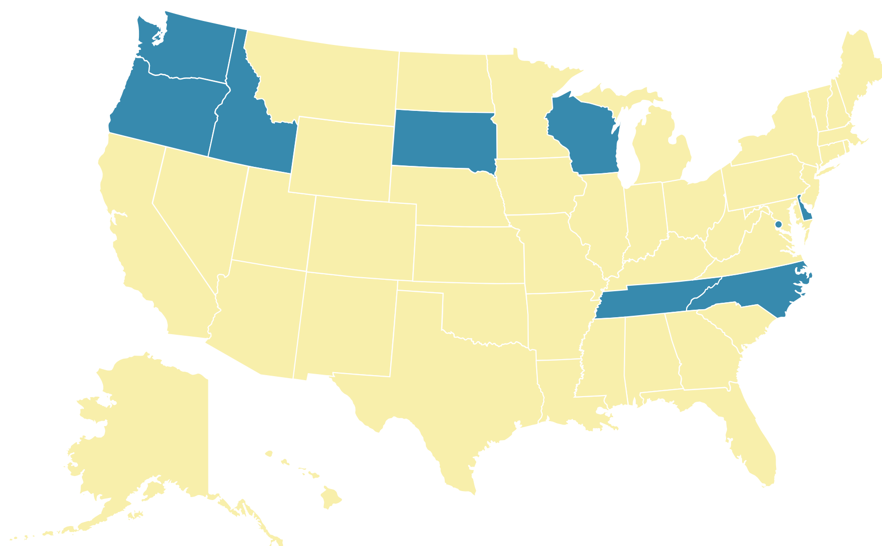
reciprocity between the state and St. Louis plans and limited reciprocity with the Kansas City plan, substantially penalizing even teachers who move short distances down the road. Finally, retirement benefits in Missouri are so back-loaded and tied to longevity that any teacher who doesn't have a lifelong career in the system ends up being shortchanged.

Pension Sustainability

While pension debt certainly burdens taxpayers, it is a mistake to portray this as a teacher vs. taxpayer issue.

In 2014 the accrued teacher pension debt in the United States is a staggering $499 billion. What's worse is that this debt estimate is probably too rosy, based on unrealistically optimistic rates of returns on investments by the pension systems, as well as exceedingly long balance payoff dates (amortization periods). Economists are in almost complete agreement that the pension liability figures across the United States are grossly underestimated. And there's more. Health care costs for retirees are not included in these debt loads and present an additional, yet critical, set of challenges down the line.

Figure 5. States with well-funded (at least 90%) pension systems



Since NCTQ started tracking pension liability levels, the number of states with fully funded pension systems has decreased — from 14 states in 2008 to just nine states in 2014. Only Delaware, the District of Columbia, Idaho, North Carolina, Oregon, South Dakota, Tennessee, Washington and Wisconsin still have teacher pension systems that are at least 90-percent funded. Even in these states, it is possible that some funding positions are weaker than what states report.[6] Although some increase in liabilities might be expected given the economic downturn in 2008, the low number of states near full funding coupled with the large proportion of states with massive unfunded liabilities, is alarming.

6 For example, if states have a statutory requirement to make the full required contribution amount, they may choose to raise revenue for those payments in ways that also accumulate debt. One practice by some states is to issue Pension Obligation Bonds (POBs). For instance, in 2003 alone California, Illinois, Kansas, New Jersey, Oregon, West Virginia and Wisconsin issued POBs (Snell, 2003) http://www.ncsl.org/documents/fiscal/2003_pension_summary.pdf That year, Illinois issued a POB for a staggering $10 billion. This practice runs potentially serious risk, however, and primarily serves to delay meeting today's obligations (Munnell et al., 2010). http://crr.bc.edu/wp-content/uploads/2010/01/SLP_9-508.pdf

Figure 6. Unfunded pension liabilities by state (2014)[7]

	Unfunded liability	Percent of system funded
Alabama	$9,465,359,317	66.5%
Alaska[8]	$3,204,783,000	49.9%
Arizona	$4,214,430,000	75.4%
Arkansas	$4,471,000,000	73.3%
California	$73,667,000,000	66.9%
Colorado	$14,067,932,000	60.3%
Connecticut	$11,127,397,000	55.2%
Delaware	$191,749,870	91.1%
District of Columbia	$173,268,000	90.1%
Florida	$6,543,404,630	88.5%
Georgia	$12,086,346,000	82.3%
Hawaii	$935,966,959	59.0%
Idaho	$397,496,000	93.9%
Illinois	$55,731,797,000	40.6%
Indiana	$11,522,815,414	45.7%
Iowa	$3,647,587,716	80.2%
Kansas	$6,780,000,000	47.9%
Kentucky	$13,854,474,000	51.9%
Louisiana	$11,348,552,354	56.4%
Maine	$1,352,979,130	77.6%
Maryland	$5,608,714,802	67.1%
Massachusetts	$17,347,748,000	55.7%
Michigan	$24,266,000,000	61.3%
Minnesota	$6,644,003,000	71.6%
Mississippi	$5,870,394,270	57.7%
Missouri	$7,315,018,539	80.1%
Montana	$1,524,780,000	66.8%
Nebraska	$2,281,814,491	77.1%
Nevada	$4,015,520,647	71.2%
New Hampshire	$997,382,578	54.0%
New Jersey	$21,896,797,751	57.1%
New Mexico	$6,533,731,488	60.1%
New York	$11,841,300,000	87.5%
North Carolina	$2,119,513,903	94.2%
North Dakota	$1,234,817,443	58.8%
Ohio	$31,775,908,000	66.3%
Oklahoma	$8,112,109,202	57.2%
Oregon	$1,092,000,000	95.8%
Pennsylvania	$32,598,554,000	63.8%
Rhode Island	$1,439,612,019	58.1%
South Carolina	$8,489,344,990	64.7%
South Dakota	$0	100.0%
Tennessee	$282,376,550	96.0%
Texas	$28,936,275,228	80.8%
Utah	$3,317,938,200	77.9%
Vermont	$1,013,910,285	60.5%
Virginia	$11,881,714,000	71.2%
Washington	$954,000,000	94.0%
West Virginia	$4,179,234,000	57.9%
Wisconsin	$26,486,000	99.9%
Wyoming	$768,926,009	78.6%
NATIONAL	**$499,150,263,787**	

7 For states in which teachers are part of a larger public employee system, the liability was adjusted to reflect the percentage of teachers in the system. See Appendix D.

8 Alaska offered a DB plan until 2006, when it closed it and opened its current DC plan. The unfunded liabilities from the DB plan are still being paid down by the state. Other states that closed DB plans and still face legacy costs include Indiana, Oregon, Utah, and Washington.

A telling indicator of the poor fiscal health of teacher pension systems is how much of employer contributions goes to service the current debt for the system.

Across the states there is wide variation in the employer contributions to teacher pension systems. On average, employers are required by law to contribute about 16 percent of a teacher's annual salary into retirement systems. Less than half of this, however, is being invested into employees' future retirement (known as the normal cost of each system). In 32 states, at least half of all annual employer pension contributions go to pay the ever-increasing debt service. Across all states, an average of 70 cents of every dollar contributed to state teacher pension systems is marked for paying off accrued unfunded liabilities.[9]

The fact that debt costs are distributed on a per teacher basis contributes to an unfair public perception that teachers demand and receive overly generous benefits. Take Louisiana, for example. The average Pelican State citizen reading that almost 28 percent of each teacher's salary is contributed towards retirement benefits might be quite outraged at teachers for a figure so far above what is typical in the private sector. But that newspaper reader has no way of knowing that, in fact, only 18 percent of each dollar contributed actually funds that teacher's future retirement benefits, while 82 percent funds the accrued debt.

9 For actuarial accounting purposes, teacher contributions are typically counted towards paying normal costs.

Figure 7. Funding the debt

		Percentage of annual employer contribution that goes toward	
	Required employer contribution[10]	Normal costs of pension system	Paying the teacher pension debt
Alabama	11.1%	11.1%	88.9%
Alaska[11]	49.7%	0.0%	100%
Arizona	11.5%	17.2%	82.8%
Arkansas	16.2%	42.5%	57.5%
California	24.9%	41.3%	58.7%
Colorado	21.9%	16.6%	83.4%
Connecticut	24.1%	15.5%	84.5%
Delaware	9.6%	73.2%	26.8%
District of Columbia	10.4%	60.5%	39.5%
Florida	6.1%	58.2%	41.8%
Georgia	13.2%	46.7%	53.3%
Hawaii	17.6%	31.4%	68.6%
Idaho	11.3%	64.2%	35.8%
Illinois	33.6%	23.9%	76.1%
Indiana	6.5%	87.2%	12.8%
Iowa	8.9%	50.3%	49.7%
Kansas	16.0%	14.5%	85.3%
Kentucky	29.2%	23.0%	77%
Louisiana	27.7%	18.2%	81.9%
Maine[12]	13.9%	n/a	n/a
Maryland	17.4%	32.4%	67.6%
Massachusetts	28.9%	7.2%	92.8%
Michigan	22.3%	20.2%	79.8%
Minnesota	19.4%	44.5%	55.5%
Mississippi	15.8%	13.1%	86.9%
Missouri	14.6%	65.2%	34.8%
Montana	11.0%	9.6%	90.4%
Nebraska	11.9%	17.5%	82.5%
Nevada	13.4%	48.9%	51.1%
New Hampshire	17.9%	51.2%	48.8%
New Jersey	23.0%	16.5%	83.5%
New Mexico	17.5%	17.5%	82.5%
New York[12]	17.5%	n/a	n/a
North Carolina	8.8%	58.8%	41.2%
North Dakota	10.3%	4.0%	96%
Ohio[12]	14.0%	n/a	n/a
Oklahoma	14.6%	67.1%	32.9%
Oregon	18.9%	33.2%	66.8%
Pennsylvania	23.8%	36.0%	64%
Rhode Island	23.1%	20.0%	80%
South Carolina	10.9%	18.8%	81.2%
South Dakota	6.2%	59.5%	40.5%[13]
Tennessee	9.0%	62.2%	37.8%
Texas	8.7%	18.9%	81.1%
Utah	17.6%	35.1%	64.9%
Vermont	12.5%	15.1%	84.9%
Virginia	15.0%	43.6%	56.4%
Washington	10.7%	53.6%	46.4%
West Virginia	29.9%	14.7%	85.3%
Wisconsin[12]	6.8%	n/a	n/a
Wyoming	8.9%	46.7%	53.3%

10 These rates are actuarially–required contributions (ARC), which may differ from what employers do in fact contribute.

11 Alaska offered a DB plan until 2006, when it closed it and opened its current DC plan. The unfunded liabilities from the DB plan are still being paid down by the state. Other states that closed DB plans and still face legacy costs include Indiana, Oregon, Utah, and Washington.

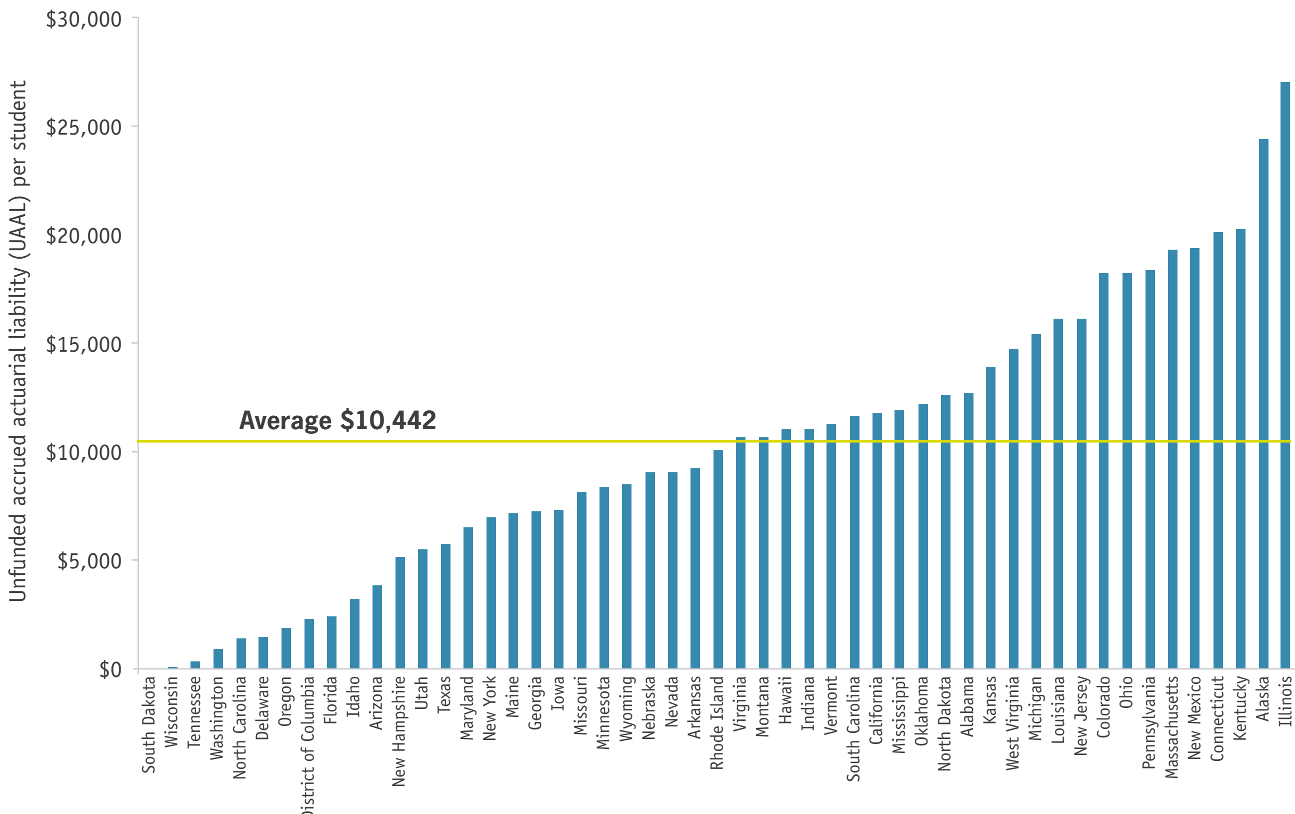
12 The breakdown of contributions between normal cost and debt service was not available for these states.

13 South Dakota's actuarial valuation identifies the breakdown in the event of unfunded liabilities. As noted in Figure 6, South Dakota's system is 100 percent funded.

Nationwide more than two thirds of employee contributions are used to pay system debt that has accumulated.

Looking through another lens, consider teacher pension debt spread out across the K-12 student population. Each American student's share of the teacher pension deficit is more than $10,000 and growing.[14]

Figure 8. Accrued pension debt per K-12 public school student by state, 2014



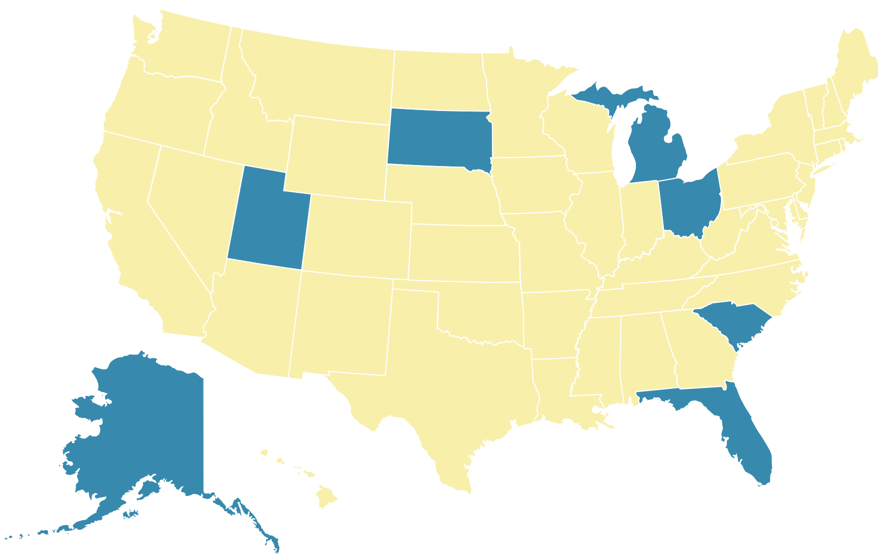
14 See Appendix C for actual dollar amounts shown in Figure 8.

Pension Flexibility

Defenders of traditional DB plans decry financial risk to teachers participating in DC plans. But there is also risk in DB retirement plans: The odds are that many teachers won't collect.

Many Americans with DC plans suffered significant losses to their retirement savings in the market downturn a few years ago. Pension boards and other advocates of traditional DB retirement plans have long claimed that this is exactly why teachers should be fearful of the risks of alternatives plans. But what they haven't emphasized is how risky DB systems are for teachers — namely, the risk that an individual teacher will never collect pension benefits or achieve adequate retirement savings because he or she does not remain in the system for 25-30 years until reaching retirement eligibility. Whether intended or not, the pension systems now depend on these non-collectors in order to stay afloat.

Figure 9. States with fully or nearly fully portable primary pension plans for teachers.



Consider this. According to a recent analysis of state vesting rules and teacher withdrawal rates by Bellwether Education Partners, less than half of the nation's teachers (44.5 percent) vest in state teacher pension systems. Even more compelling is that less than 20 percent (19.7 percent) of new teachers will stay in a retirement system long enough to reach the point at which they are eligible for full retirement benefits.[15]

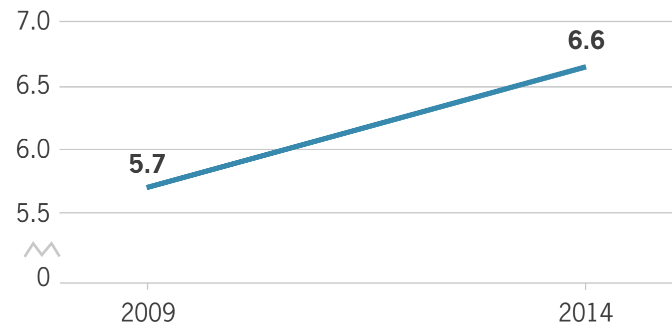
15 Aldeman, C., & Rotherham, A. J. (2014). *Friends without benefits: How states systematically shortchange teachers' retirement and threaten their retirement security*, Bellwether Education Partners.

Teachers who leave the system before vesting do not receive benefits upon retiring; they can only withdraw their own contributions (sometimes with interest). In a few states — such as **Illinois** and **Kentucky** — teachers are not even entitled to withdraw the full amount they contributed to the system.

In 2014, all but three states make teachers wait more than three years to vest in retirement plans. Fifteen states — **Alabama**, **Connecticut**, **Delaware**, **Georgia**, **Hawaii**, **Illinois**, **Indiana**, **Maryland**, **Massachusetts**, **Michigan**, **New Hampshire**, **New Jersey**, **New York**, **Pennsylvania** and **Washington**[16] — have vesting periods of 10 years (up from nine states just five years ago). Because most members of the workforce, not just teachers, need and want the option of changing employers without geographic limitations, increasingly long vesting periods prevent teachers from building the nest eggs they deserve.

State policies that increase vesting periods and back-load benefits so that teachers don't collect unless they stay for 25-30 years cheats teachers. It's a calculated cost-saving tactic. And it ensures systems don't have to pay full benefits to the vast majority of teachers.

Figure 10. Average vesting period for teachers continues to rise.



Some states refer to changes they have made to vesting periods as pension reform. However, the consequence of raising teachers' vesting age is only to reduce the number of teachers who receive benefits. It may be done in an effort to control costs and meet fiscal challenges — but this "fix" lands squarely on the shoulders of teachers. It increases the possibility that teachers will not have a secure retirement later in life, especially for new teachers and for lifelong career teachers who may need to change jobs or move across pension borders (i.e., state lines) at some time during their careers.

Consider this example of how lengthy vesting periods and lack of portability, characteristic of DB pension systems, hurt teachers:

Kathy is a 5th grade teacher in the Springfield, Missouri, Public School District. Her husband Jake has a job in sales, and after 15 years in Missouri he is offered a position in Colorado. They face a dilemma, however, as Missouri's pension system lacks portability for teachers. After 15 years, Kathy has contributed 14.5 percent of her earnings, or more than $98,000, into the retirement system, but the value of her pension benefit if she quits at this point is about $80,500, which is less than she put in.[17]

16 Teachers in Washington vest in the hybrid plan at 10 years. Vesting in the state's DB plan occurs at 5 years.

17 Pension benefit calculations reflect present discounted values (discounted for inflation and survival probabilities).

Figure 11. Years required for vesting by state (2014)[18]

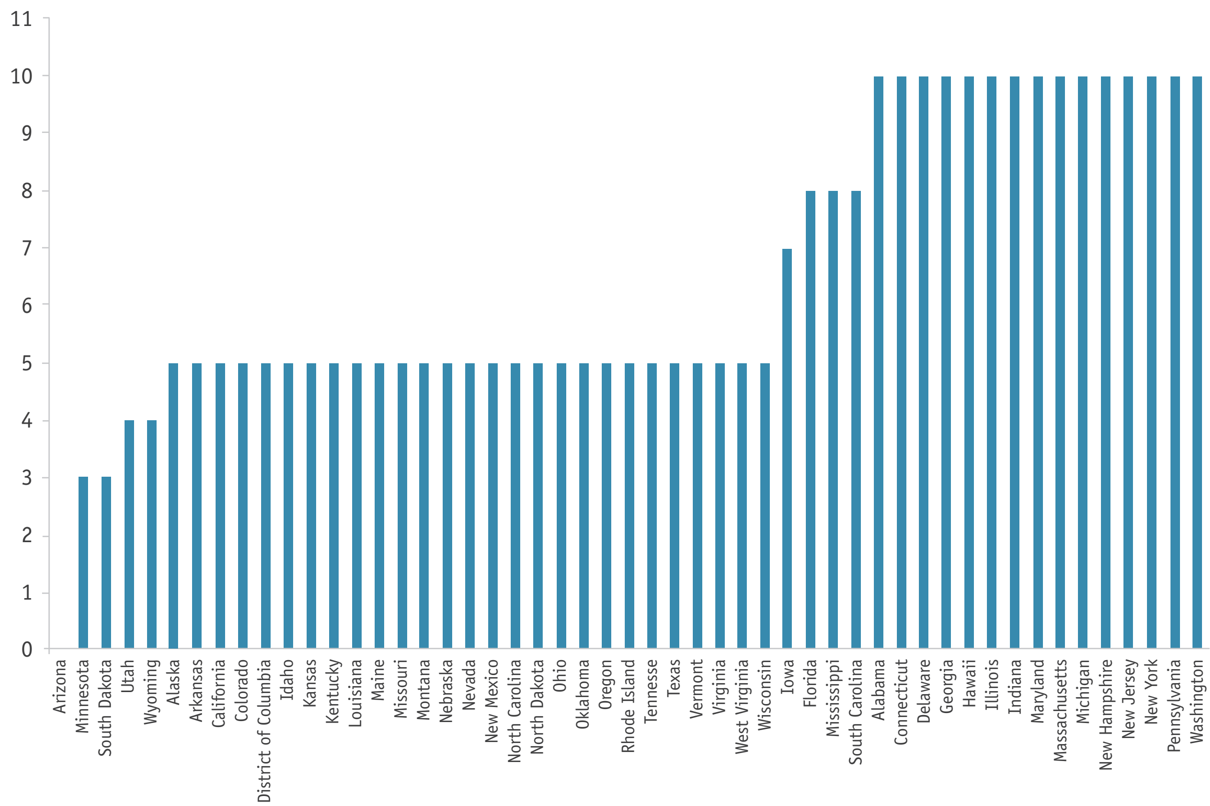
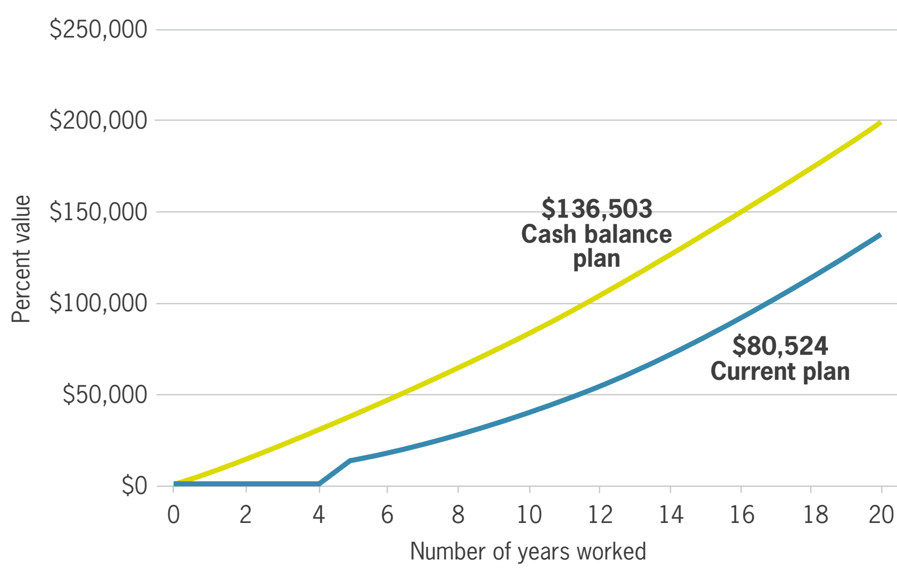


Figure 12. Pension benefit for Missouri teacher in Springfield under the current retirement plan (blue line) and hypothetical cash-balance plan (green line)[19]



18 Vesting in Washington's hybrid plan occurs at year 10.

19 Calculations are based on Springfield (MO) Public School District's salary schedule; assumptions include 2.5 percent interest rate and 2.5 percent inflation; survival probabilities used in the calculations come from the Centers for Disease Control's Life Tables.

If Missouri had a smooth accrual plan with portability such as the cash-balance plan shown in figure 12, Kathy could accrue $136,000 (after adjusting for inflation) and take it with her when she moves back to Colorado.[20] This would afford her a better opportunity to build up a secure retirement, especially because teachers in Missouri are not enrolled in Social Security.

As states have increased teacher vesting periods in DB plans, so too have they increased the contributions teachers are required to pay into the systems from which they may realize little or no return.

Since 2008, more than half of the states have increased teacher retirement contribution rates, and in 36 states the required teacher contributions are excessive, meaning too big of a chunk is coming out of their paychecks.[21]

20 This plan is based on a cash-balance notional account where both employer and employees contribute 10 percent of earnings (20 percent combined) and credit 5 percent interest. Higher than ideal contribution rates were used since Missouri's current contribution rates total 29 percent.

21 Analysts generally agree that workers in their 20's 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, NCTQ has used this 10-15 percent benchmark as a reasonable rate for its analyses. To achieve a total savings of 10-15 percent, teacher and employer contributions should each be in the range of 4-7 percent. 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. Higher rates are excessive.

Figure 13. Teacher Contribution Rates

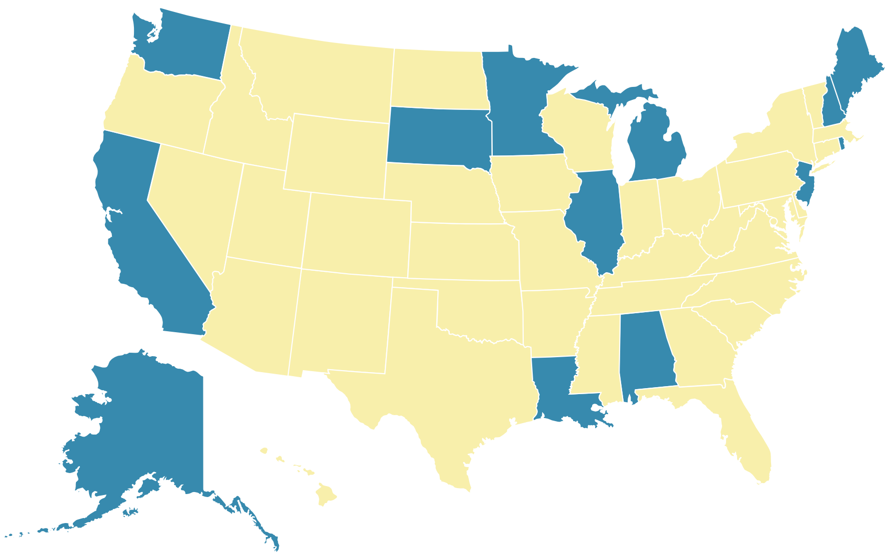
	2008 (%)	2014 (%)	Teachers Participate in Social Security (+6.2%)
Alabama	5	6	Yes
Alaska	8	8	No
Arizona	9.5	11.5	Yes
Arkansas	6	6	Yes
California	8	8	No
Colorado	8	8	No
Connecticut	7.3	7.3	No
Delaware	3	5	Yes
District of Columbia	8	8	No
Florida	0	3	Yes
Georgia	5	6	Some/depends on district
Hawaii	6	8	Yes
Idaho	6.2	6.8	Yes
Illinois	9.4	9.4	No
Indiana	3	3	Yes
Iowa	4.1	6	Yes
Kansas	4	6	Yes
Kentucky	9.9	12.9	No
Louisiana	8	8	No
Maine	7.7	7.7	No
Maryland	2	7	Yes
Massachusetts	11	11	No
Michigan	6.4	6.4	Yes
Minnesota	5.5	7.5	Yes
Mississippi	7.3	9	Yes
Missouri	13	14.5	No
Montana	7.2	8.2	Yes
Nebraska	7.3	9.8	Yes
Nevada	10.3	12.3	No
New Hampshire	6.7	7	Yes
New Jersey	5	6.8	No
New Mexico	7.9	10.7	Yes
New York	3	3-6	Yes
North Carolina	6	6	Yes
North Dakota	7.8	9.8	Yes
Ohio	10	11	No
Oklahoma	7	7	Yes
Oregon	6	6	Yes
Pennsylvania	7.5	7.5-12.3	Yes
Rhode Island	9.5	3.8	No
South Carolina	6.5	8	Yes
South Dakota	6	6	Yes
Tennessee	5	5	Yes
Texas	6.4	6.7	No
Utah	0	0	Yes
Vermont	3.5	5	Yes
Virginia	4	4	Yes
Washington	4.3	4.7-15	Yes
West Virginia	6	6	Yes
Wisconsin	6	6.8	Yes
Wyoming	5.7	7.5	Yes

Fairness and Neutrality

Many of the rules and policies that make DB teacher pension systems unfair to teachers are only apparent upon a closer look at pension formulas and retirement eligibility rules.

Most state pension systems do not treat all years of teacher service equally in that the pension formulas that determine benefits are not neutral over the course of teachers' careers, with service generally counting for more at the back end than in the early years.

Figure 14. States that ensure a fair accrual of pension benefits to teachers

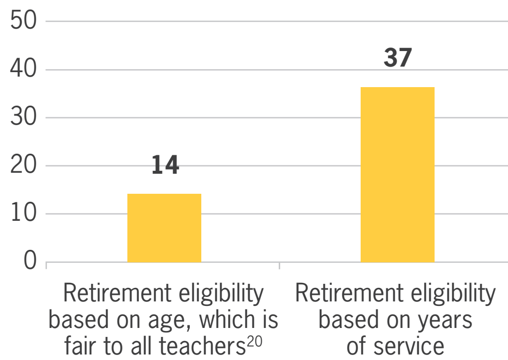


Just as long vesting periods and lack of portability disadvantage a mobile teacher population, the inequities built into formulas for calculating teacher pension benefits heavily advantage only those teachers who spend their whole careers in one system.

Retirement eligibility rules based on years of service lead to uneven accrual of pension wealth for teachers over the course of a career — which is known as "pension spiking." Proponents of traditional DB plans have argued that this structure provides an incentive to keep teachers from leaving, but teacher retention rates and rates of withdrawal from state retirement systems suggest otherwise.

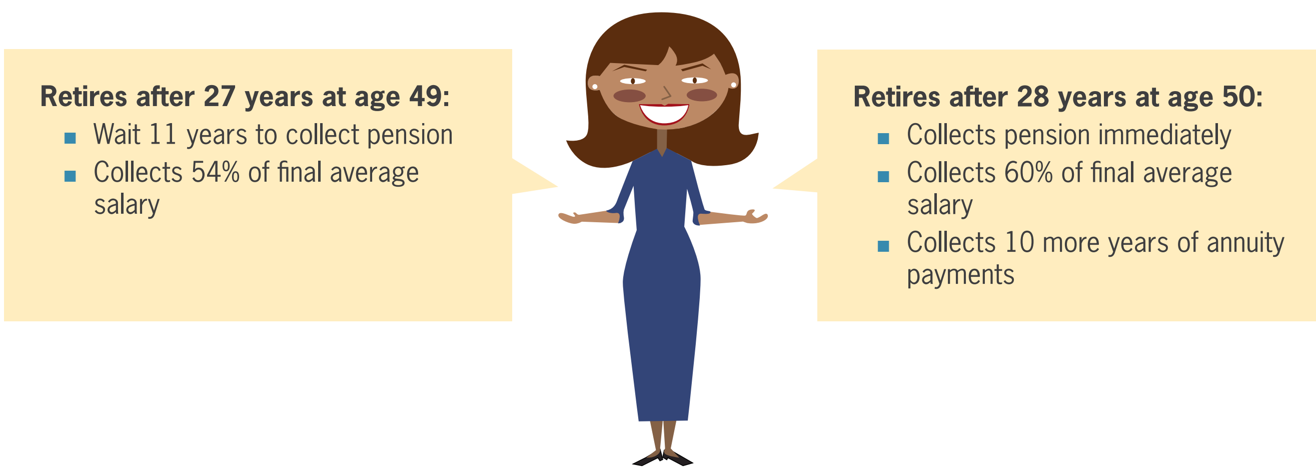
A fairer system would set a standard, conventional retirement eligibility age for all teachers, without factoring in years of service. This does not mean that all teachers of the same age should receive the same benefits regardless of years of service; it merely means that eligibility should be determined in a way that treats all teachers equitably.

Figure 15. Are states' retirement eligibility rules fair?



Here is how pension spiking works.[23] Consider an educator who began teaching in Arkansas at age 22 and leaves at age 49 after 27 years of service. She must wait 11 years until age 60 to collect her pension, at which time she'll be able to collect 54 percent of her final average salary. If she were to retire just one year later, at age 50 with 28 years of service, she would have been eligible to collect a pension immediately and her benefit would be worth 60 percent of her final average salary. She would also collect 10 years more worth of annuity payments than if she left with 27 years of service. The difference of waiting one additional year for retirement is potentially worth tens to hundreds of thousands of dollars in pension wealth.

Figure 16. Pensions spiking: What a difference a year makes



Basing retirement eligibility on years of service is often defended because it allows for "early" retirement before the conventional age. Arizona, for example, allows teachers to retire sometimes as young as age 51. But as life expectancies continue to increase, teachers are likely to draw benefits out of the system for many more years than they contributed — at a cost of more than $700,000 per teacher from ages 51 to 65. This practice is not a prudent use of a system's limited funds and contributes to the unsustainability of pension plans. Early retirement options can be equitably provided if benefits are reduced accordingly.

22 States with retirement eligibility based on age are Alabama, Alaska, California, Illinois, Louisiana, Maine, Massachusetts, Michigan, Minnesota, New Hampshire, New Jersey, New York, Rhode Island and Washington

23 See Costrell & Podgursky (2008). http://educationnext.org/peaks-cliffs-and-valleys/

Figure 17 illustrates the costs to states and districts of allowing unreduced benefits to teachers who begin their career at age 22 and retire before age 65.

Interestingly, although retirement eligibility and benefit payments in current teacher pension systems are most often tied to the number of years a teacher has worked, 20 states do not allow teachers to purchase time for previous teaching experience in other states or for approved leaves of absence, such as maternity or paternity leave (see Appendix E). Such purchases of service are based on an actuarial valuation of the cost to the system. While teachers may find that they simply don't have the cash to buy the time, allowing purchases of service time is generally cost neutral to the system. Thus, systems can provide service credits that, on average, are costless to the system while benefiting career teachers who have crossed states lines or taught in the private sector as well as teachers who sat out for a number of years for approved personal reasons (such as caring for their young children) and still want to retire at traditional ages. Perhaps states may not be permitting these purchases because doing so would increase the likelihood that teachers will ultimately collect full benefits, putting further cost burdens on the system.

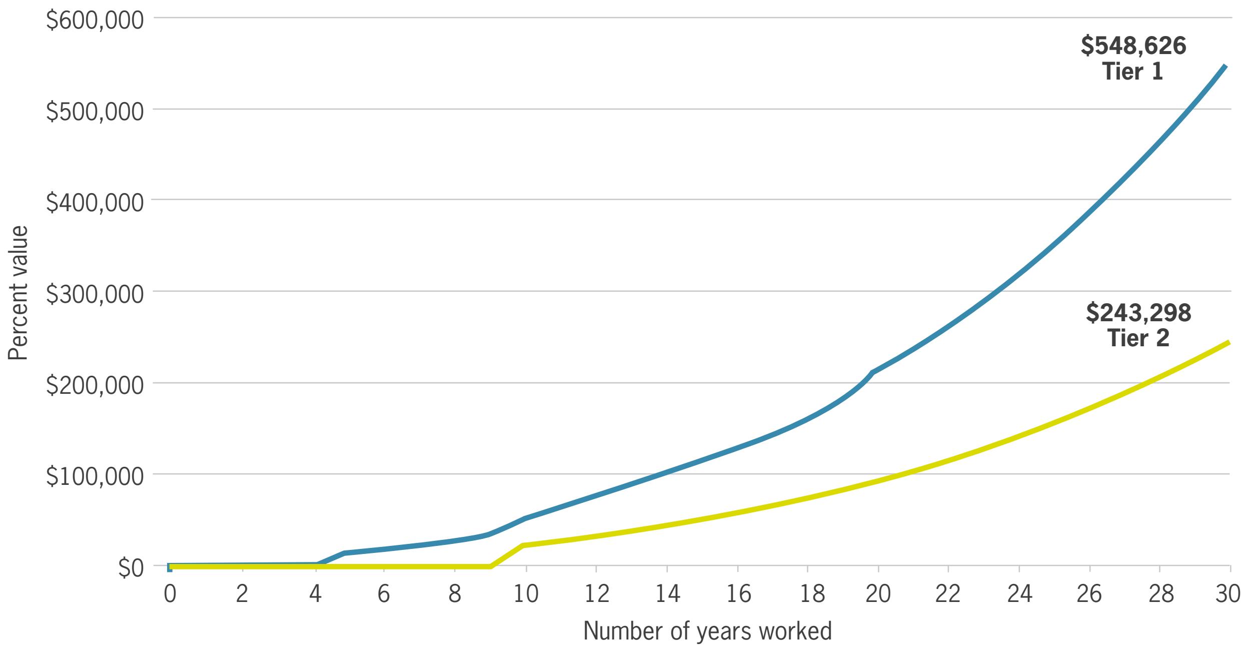
One of the most troubling realities of the pension crisis is the opaque policymaking used to prop up failing pension systems — almost always at the expense of newer teachers. Take the following example: Amy and Allison are two young Illinois teachers working in the Springfield Public School District. Both started at age 25. Amy was hired in November 2010 and therefore receives benefits under the state's Tier 1 pension plan. Allison was hired January 5, 2011, and is covered under the Tier 2 plan. Because of the severe underfunding of that state's pension system, Illinois lawmakers added the Tier 2 plan that applies only to public employees hired after December 31, 2010. This new plan substantially cuts retirement benefits for Tier 2 members.

Figure 17. Costs to states of allowing unreduced benefits for early retirees[24]

	At a per teacher cost of (from eligible retirement age to age 65)	Eligible for retirement benefits at age
Alaska	$0	N/A
Illinois	$0	67
Maine	$0	65
Minnesota	$0	66
New Hampshire	$0	65
New Jersey	$0	65
Rhode Island	$0	67
Washington	$0	65
New York	$272,760	63
Alabama	$284,193	62
Tennessee	$306,524	56
Virginia	$306,524	56
California	$344,476	62
Michigan	$347,025	60
Indiana	$349,500	55
Massachusetts	$375,944	60
Texas	$396,147	62
Hawaii	$404,862	60
Oregon	$413,184	58
Kansas	$427,997	60
Utah	$438,758	57
Maryland	$459,786	56
North Dakota	$462,700	60
Oklahoma	$462,700	60
Wisconsin	$468,008	57
South Dakota	$492,478	55
Florida	$508,364	55
Montana	$530,605	55
Vermont	$540,925	56
South Carolina	$557,874	56
Louisiana	$578,375	60
Connecticut	$585,010	57
North Carolina	$612,290	52
Idaho	$613,048	56
Delaware	$622,383	52
Iowa	$625,827	55
Nebraska	$635,455	55
West Virginia	$635,455	55
Wyoming	$664,981	53
District of Columbia	$672,847	52
Georgia	$672,847	52
Mississippi	$672,847	52
Arkansas	$727,242	50
Arizona	$730,774	55
Colorado	$731,263	57
Pennsylvania	$731,263	57
Ohio	$740,131	52
New Mexico	$790,595	52
Nevada	$841,058	52
Kentucky	$841,158	49
Missouri	$845,724	51

24 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 18. Pension wealth for Tier 1 and Tier 2 teachers in Springfield, IL public schools[25]



Amy and Allison have similar credentials and follow the same steps on the district's salary schedule. Both plan to have long careers in teaching in this school district, and will leave after teaching for 30 years. Both will contribute the same amount into the pension system — almost $200,000. But they will receive very different pensions. Amy's pension will total nearly $550,000 while Allison's will be less than half as much — about $243,300.[26] In fact, even if they leave earlier (after vesting) and with the same years of service, Allison's pension will be valued at about 42-46 percent of Amy's. Allison's retirement will be significantly less secure, and she's getting a very low return on her investment. More than 80 percent of the total value of her retirement benefit represents her own contributions.

25 Calculations are based on Springfield (IL) Public School District's salary schedule; assumptions include 2.5 percent interest rate and 2.5 percent inflation; survival probabilities used in the calculations come from the Centers for Disease Control's Life Tables.

26 These calculations are based on a measure known as pension wealth. Pension wealth is the present discounted value of the sum of the stream of payments she would collect, discounted for survival probabilities.

Other Ways Forward

Secure and fair retirement options that allow every teacher to benefit from his or her years of dedication *do exist*, but to move forward we must first recognize that holding on to the status quo only prolongs the downward spiral of teacher retirement benefits. States must honor the commitments they have made to teachers. But they can't continue to make promises they cannot afford to keep.

State leaders and pension plan sponsors have the power to do the math and change the trajectory of state pension plans for teachers. Just as they have set the current pension policies, these leaders can enact systemic reform by offering flexible and portable options and by resetting retirement eligibility requirements, contribution and benefit accrual rates and other design features they are entrusted to establish. The decisions leaders face are not easy ones, but the severity of the crisis demands that they put aside personal and/or political interests and act in the best interests of our nation's hardworking taxpayers and deserving teachers.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100

Teacher Pension Policy in **Alabama**

A report card on the sustainability, flexibility and fairness of state teacher pension systems

C-

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
Retiree benefits to teachers accrue uniformly with each additional year of work. ◕

● 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

Alabama pension system characteristics

Type of plan	Defined benefit (DB)
Unfunded liabilities (percent of system funded)	$9,465,359,317 (66.5%)
Vesting period	10 years
Teacher contribution rate (percent of salary)	6%
Employer contribution rate (percent of salary)	11%
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 5 years	Own with interest
Policy for purchasing time for prior teaching or approved leave	Limited
Cost per teacher of allowing retirement before age 65	$284,193

Teacher Pension Policy in **Alaska**

A report card on the sustainability, flexibility and fairness of state teacher pension systems

A

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
Retiree benefits to teachers accrue uniformly with each additional year of work. ●

● 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 district 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

Alaska pension system characteristics

Type of plan	Defined contribution (DC) only
Unfunded liabilities (percent of system funded)	$3,204,783,000 (49.90%) 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 37% 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 5 years	Full contributions plus interest
Policy for purchasing time for prior teaching or approved leave	Does not apply to DC plan
Cost per teacher of allowing retirement before age 65	$0

Teacher Pension Policy in **Arizona**

A report card on the sustainability, flexibility and fairness of state teacher pension systems

D-

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. — does not meet goal

Flexibility
Pension system is flexible and fair to all teachers. — meets goal in part

Neutrality
Retiree benefits to teachers accrue uniformly with each additional year of work. — 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 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

Arizona pension system characteristics

Type of plan	Defined benefit (DB)
Unfunded liabilities (percent of system funded)*	$4,214,430,000 (75.4%)
Vesting period	Immediate
Teacher contribution rate (percent of salary)	11.5%
Employer contribution rate (percent of salary)	11.5%
Basis for retirement eligibility	Years of service
Cost of living adjustments	No COLA
Participation in Social Security	Yes
Contributions teachers may withdraw from plans if they leave after 5 years	Own with interest
Policy for purchasing time for prior teaching or approved leave	Limited
Cost per teacher of allowing retirement before age 65	$730,774

* 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.

Teacher Pension Policy in **Arkansas**

A report card on the sustainability, flexibility and fairness of state teacher pension systems

D+

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' pension system ratings

Sustainability
Pension system is stable and well-funded. ◔

Flexibility
Pension system is flexible and fair to all teachers. ◔

Neutrality
Retiree benefits to teachers accrue uniformly with each additional year of work. ◑

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

Snapshot of Arkansas' 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

Arkansas' pension system characteristics

Type of plan	Defined benefit
Unfunded liabilities (percent of system funded)	$4,471,000,000 (73.30%)
Vesting period	5 years
Teacher contribution rate (percent of salary)	6%
Employer contribution rate (percent of salary)	14%
Basis for retirement eligibility	Years of service
Cost of living adjustments	Fixed (automatic)
Participation in Social Security	Yes
Contributions teachers may withdraw from plans if they leave after 5 years	Own with interest
Policy for purchasing time for prior teaching or approved leave	Limited (prior teaching); Not permitted (approved leave)
Cost per teacher of allowing retirement before age 65	$727,242

Teacher Pension Policy in **California**

A report card on the sustainability, flexibility and fairness of state teacher pension systems

C

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.

Flexibility
Pension system is flexible and fair to all teachers.

Neutrality
Retiree benefits to teachers accrue uniformly with each additional year of work.

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

California pension system characteristics

Type of plan	Defined benefit (DB)
Unfunded liabilities (percent of system funded)	$73,667,000,000 (66.9%)
Vesting period	5 years
Teacher contribution rate (percent of salary)	8%
Employer contribution rate (percent of salary)	13.8%
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 5 years	Own with interest
Policy for purchasing time for prior teaching or approved leave	Unlimited (prior teaching); Limited (approved leave)
Cost per teacher of allowing retirement before age 65	$344,476

Teacher Pension Policy in **Colorado**

A report card on the sustainability, flexibility and fairness of state teacher pension systems

C-

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
Retiree benefits to teachers accrue uniformly with each additional year of work. ◑

● 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

Colorado pension system characteristics

Type of plan	Defined benefit (DB)
Unfunded liabilities (percent of system funded)	$14,067,932,000 (60.30%)
Vesting period	5 years
Teacher contribution rate (percent of salary)	8%
Employer contribution rate (percent of salary)	16.4%
Basis for retirement eligibility	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 5 years	Their own and partial employer
Policy for purchasing time for prior teaching or approved leave	Limited
Cost per teacher of allowing retirement before age 65	$731,263

Teacher Pension Policy in **Connecticut**

A report card on the sustainability, flexibility and fairness of state teacher pension systems

D+

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.

Flexibility ◔
Pension system is flexible and fair to all teachers.

Neutrality ◑
Retiree benefits to teachers accrue uniformly with each additional year of work.

● 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**

Connecticut pension system characteristics

Type of plan	Defined benefit (DB)
Unfunded liabilities (percent of system funded)	$11,127,397,000 (55.20%)
Vesting period	10 years
Teacher contribution rate (percent of salary)	7.25%
Employer contribution rate (percent of salary)	24.13%
Basis for retirement eligibility	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 5 years	Own with interest
Policy for purchasing time for prior teaching or approved leave	Unlimited (prior teaching); Limited (approved leave)
Cost per teacher of allowing retirement before age 65	$585,010

Teacher Pension Policy in **Delaware**

C

A report card on the sustainability, flexibility and fairness of state teacher pension systems

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. ◕

Flexibility
Pension system is flexible and fair to all teachers. ◔

Neutrality
Retiree benefits to teachers accrue uniformly with each additional year of work. ◑

● 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

Delaware pension system characteristics

Type of plan	Defined benefit (DB)
Unfunded liabilities (percent of system funded)*	$191,749,870 (91.1%)
Vesting period	10 years
Teacher contribution rate (percent of salary)	5%
Employer contribution rate (percent of salary)	9.6%
Basis for retirement eligibility	Years of service
Cost of living adjustments	Ad hoc
Participation in Social Security	Yes
Contributions teachers may withdraw from plans if they leave after 5 years	Own with interest
Policy for purchasing time for prior teaching or approved leave	Limited (prior teaching); Unlimited (approved leave)
Cost per teacher of allowing retirement before age 65	$622,383

Teacher Pension Policy in **District of Columbia**

A report card on the sustainability, flexibility and fairness of state teacher pension systems

C+

For more information about the 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
Retiree benefits to teachers accrue uniformly with each additional year of work.

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%).	**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**

District of Columbia's pension system characteristics

Type of plan	Defined benefit (DB)
Unfunded liabilities (percent of system funded)	$173,268,000 (90.1%)
Vesting period	5 years
Teacher contribution rate (percent of salary)	8%
Employer contribution rate (percent of salary)	10.4%
Basis for retirement eligibility	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 5 years	Own, without interest
Policy for purchasing time for prior teaching or approved leave	Limited (prior teaching); Unlimited (approved leave)
Cost per teacher of allowing retirement before age 65	$672,847

Teacher Pension Policy in **Florida**

A report card on the sustainability, flexibility and fairness of state teacher pension systems

B-

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
Retiree benefits to teachers accrue uniformly with each additional year of work. ◕

● 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)

Florida's pension system characteristics

Type of plan	Defined benefit (default) or Defined contribution (optional)
Unfunded liabilities (percent of system funded)*	$6,543,404,630 (88.5%)
Vesting period	8 years (DB)/immediate (DC)
Teacher contribution rate (percent of salary)	3%
Employer contribution rate (percent of salary)	6.1% (DB)/3.3% (DC)
Basis for retirement eligibility	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 5 years (DB)	Own, without interest
Policy for purchasing time for prior teaching or approved leave	Limited
Cost per teacher of allowing retirement before age 65 (DB)	$508,364

* 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.

Teacher Pension Policy in **Georgia**

A report card on the sustainability, flexibility and fairness of state teacher pension systems

D+

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.

Flexibility
Pension system is flexible and fair to all teachers.

Neutrality
Retiree benefits to teachers accrue uniformly with each additional year of work.

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.	**YES**
Retirement eligibility is based on age only.	**NO**
Pension benefits accrue in a way that treats each year of work uniformly.	**NO**

Georgia's pension system characteristics

Type of plan	Defined benefit (DB)
Unfunded liabilities (percent of system funded)	$12,086,346,000 (82.3%)
Vesting period	10 years
Teacher contribution rate (percent of salary)	6%
Employer contribution rate (percent of salary)	13.2%
Basis for retirement eligibility	Years of service
Cost of living adjustments	Linked to Consumer Price Index
Participation in Social Security	Depends on employer
Contributions teachers may withdraw from plans if they leave after 5 years	Own with interest
Policy for purchasing time for prior teaching or approved leave	Limited (prior teaching); Not permitted (approved leave)
Cost per teacher of allowing retirement before age 65	$672,847

Teacher Pension Policy in **Hawaii**

A report card on the sustainability, flexibility and fairness of state teacher pension systems

D

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
Retiree benefits to teachers accrue uniformly with each additional year of work. — 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 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

Hawaii's pension system characteristics

Type of plan	Defined benefit (DB)
Unfunded liabilities (percent of system funded)*	$935,966,959 (59%)
Vesting period	10 years
Teacher contribution rate (percent of salary)	8%
Employer contribution rate (percent of salary)	16%
Basis for retirement eligibility	Years of service
Cost of living adjustments	Fixed (automatic)
Participation in Social Security	Yes
Contributions teachers may withdraw from plans if they leave after 5 years	Own with interest
Policy for purchasing time for prior teaching or approved leave	Not permitted
Cost per teacher of allowing retirement before age 65	$404,862

* 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.

Teacher Pension Policy in **Idaho**

C

A report card on the sustainability, flexibility and fairness of state teacher pension systems

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. ◕ nearly meets goal

Flexibility
Pension system is flexible and fair to all teachers. ◔ meets a small part of goal

Neutrality
Retiree benefits to teachers accrue uniformly with each additional year of work. ◑ 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 Idaho'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**

Idaho's pension system characteristics

Type of plan	Defined benefit (DB)
Unfunded liabilities (percent of system funded)*	$397,496,000 (93.9%)
Vesting period	5 years
Teacher contribution rate (percent of salary)	6.2%
Employer contribution rate (percent of salary)	10.4%
Basis for retirement eligibility	Years of service
Cost of living adjustments	Linked to Consumer Price Index
Participation in Social Security	Yes
Contributions teachers may withdraw from plans if they leave after 5 years	Own with interest
Policy for purchasing time for prior teaching or approved leave	Limited
Cost per teacher of allowing retirement before age 65	$613,048

* 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.

Teacher Pension Policy in **Illinois**

A report card on the sustainability, flexibility and fairness of state teacher pension systems

C

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
Retiree benefits to teachers accrue uniformly with each additional year of work. ●

● 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

Illinois' pension system characteristics

Type of plan	Defined benefit (DB)
Unfunded liabilities (percent of system funded)	$55,731,797,000 (40.6%)
Vesting period	10 years
Teacher contribution rate (percent of salary)	9.4%
Employer contribution rate (percent of salary)	33.6%
Basis for retirement eligibility	Age only
Cost of living adjustments	Linked to Consumer Price Index
Participation in Social Security	No
Contributions teachers may withdraw from plans if they leave after 5 years	Less than own
Policy for purchasing time for prior teaching or approved leave	Limited (prior teaching); Unlimited (approved leave)
Cost per teacher of allowing retirement before age 65	$0

Teacher Pension Policy in **Indiana**

A report card on the sustainability, flexibility and fairness of state teacher pension systems

C

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. ◑

Flexibility
Pension system is flexible and fair to all teachers. ◑

Neutrality
Retiree benefits to teachers accrue uniformly with each additional year of work. ◑

● 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

Indiana's pension system characteristics

Type of plan	Hybrid
Unfunded liabilities (percent of system funded)	$11,522,815,414 (45.7%)
Vesting period	10 years
Teacher contribution rate (percent of salary)	3%
Employer contribution rate (percent of salary)	7.5%
Basis for retirement eligibility	Years of service
Cost of living adjustments	Ad hoc
Participation in Social Security	Yes
Contributions teachers may withdraw from plans if they leave after 5 years	Own with interest (DB portion of hybrid)
Policy for purchasing time for prior teaching or approved leave	Limited
Cost per teacher of allowing retirement before age 65	$349,500

Teacher Pension Policy in **Iowa**

A report card on the sustainability, flexibility and fairness of state teacher pension systems

D

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. ◑

Flexibility
Pension system is flexible and fair to all teachers. ◔

Neutrality
Retiree benefits to teachers accrue uniformly with each additional year of work. ○

● 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

Iowa's pension system characteristics

Type of plan	Defined benefit (DB)
Unfunded liabilities (percent of system funded)*	$3,647,587,716 (80.2%)
Vesting period	7 years or age 65
Teacher contribution rate (percent of salary)	6%
Employer contribution rate (percent of salary)	8.9%
Basis for retirement eligibility	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 5 years	Own plus partial employer plus interest
Policy for purchasing time for prior teaching or approved leave	Limited (prior teaching); Unlimited (approved leave)
Cost per teacher of allowing retirement before age 65	$625,827

Teacher Pension Policy in **Kansas**

A report card on the sustainability, flexibility and fairness of state teacher pension systems

D+

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 ◑
Retiree benefits to teachers accrue uniformly with each additional year of work.

● 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**

Kansas' pension system characteristics

Type of plan	Defined benefit/Cash balance
Unfunded liabilities (percent of system funded)	$6,780,000,000 (47.9%)
Vesting period	5 years
Teacher contribution rate (percent of salary)	6%
Employer contribution rate (percent of salary)	13.6%
Basis for retirement eligibility	Years of service
Cost of living adjustments	No COLA
Participation in Social Security	Yes
Contributions teachers may withdraw from plans if they leave after 5 years	Own with interest
Policy for purchasing time for prior teaching or approved leave	Unlimited (prior teaching); Not permitted (approved leave)
Cost per teacher of allowing retirement before age 65	$427,997

Teacher Pension Policy in **Kentucky**

A report card on the sustainability, flexibility and fairness of state teacher pension systems

D-

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. — meets a small part of goal

Flexibility
Pension system is flexible and fair to all teachers. — meets a small part of goal

Neutrality
Retiree benefits to teachers accrue uniformly with each additional year of work. — 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 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

Kentucky's pension system characteristics

Type of plan	Defined benefit (DB)
Unfunded liabilities (percent of system funded)	$13,854,474,000 (51.9%)
Vesting period	5 years
Teacher contribution rate (percent of salary)	12.9%
Employer contribution rate (percent of salary)	29.2%
Basis for retirement eligibility	Years of service
Cost of living adjustments	Fixed (automatic)
Participation in Social Security	No
Contributions teachers may withdraw from plans if they leave after 5 years	Less than own
Policy for purchasing time for prior teaching or approved leave	Limited
Cost per teacher of allowing retirement before age 65	$841,158

Teacher Pension Policy in **Louisiana**

A report card on the sustainability, flexibility and fairness of
state teacher pension systems

C-

For more information about **Lousiana** 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 ◕
Retiree benefits to teachers accrue uniformly with each additional year of work.

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

Snapshot of Louisana'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

Louisiana's pension system characteristics

Type of plan	Defined benefit (DB)
Unfunded liabilities (percent of system funded)	$11,348,552,354 (56.4%)
Vesting period	5 years
Teacher contribution rate (percent of salary)	8%
Employer contribution rate (percent of salary)	27.7%
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 5 years	Own, without interest
Policy for purchasing time for prior teaching or approved leave	Unlimited (prior teaching); Limited (approved leave)
Cost per teacher of allowing retirement before age 65	$578,375

Teacher Pension Policy in **Maine**

A report card on the sustainability, flexibility and fairness of state teacher pension systems

C-

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
Retiree benefits to teachers accrue uniformly with each additional year of work. ●

● 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

Maine's pension system characteristics

Type of plan	Defined benefit (DB)
Unfunded liabilities (percent of system funded)*	$1,352,979,130 (77.6%)
Vesting period	5 years
Teacher contribution rate (percent of salary)	7.7%
Employer contribution rate (percent of salary)	13.9%
Basis for retirement eligibility	Age only
Cost of living adjustments	Linked to Consumer Price Index
Participation in Social Security	No
Contributions teachers may withdraw from plans if they leave after 5 years	Own with interest
Policy for purchasing time for prior teaching or approved leave	Limited (prior teaching); Not permitted (approved leave)
Cost per teacher of allowing retirement before age 65	$0

* 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.

Teacher Pension Policy in **Maryland**

A report card on the sustainability, flexibility and fairness of state teacher pension systems

D+

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.

Flexibility ◔
Pension system is flexible and fair to all teachers.

Neutrality ◑
Retiree benefits to teachers accrue uniformly with each additional year of work.

● 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**

Maryland's pension system characteristics

Type of plan	Defined benefit (DB)
Unfunded liabilities (percent of system funded)*	$5,608,714,802 (67.1%)
Vesting period	10 years
Teacher contribution rate (percent of salary)	7%
Employer contribution rate (percent of salary)	17.4%
Basis for retirement eligibility	Years of service
Cost of living adjustments	Linked to Consumer Price Index
Participation in Social Security	Yes
Contributions teachers may withdraw from plans if they leave after 5 years	Own with interest
Policy for purchasing time for prior teaching or approved leave	Limited
Cost per teacher of allowing retirement before age 65	$459,786

* 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.

Teacher Pension Policy in **Massachusetts**

D+

A report card on the sustainability, flexibility and fairness of state teacher pension systems

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
Retiree benefits to teachers accrue uniformly with each additional year of work. ◑

● 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

Massachusetts' pension system characteristics

Type of plan	Defined benefit (DB)
Unfunded liabilities (percent of system funded)	$17,347,748,000 (55.70%)
Vesting period	10 years
Teacher contribution rate (percent of salary)	11.00%
Employer contribution rate (percent of salary)	28.90%
Basis for retirement eligibility	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 5 years	Own with interest
Policy for purchasing time for prior teaching or approved leave	Limited (prior teaching); Not permitted (approved leave)
Cost per teacher of allowing retirement before age 65	$375,944

Teacher Pension Policy in **Michigan**

A report card on the sustainability, flexibility and fairness of state teacher pension systems

B-

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
Retiree benefits to teachers accrue uniformly with each additional year of work.

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**

Michigan's pension system characteristics

Type of plan	Choice of Hybrid or Defined Contribution
Unfunded liabilities (percent of system funded)	$24,266,000,000 (61.3%)
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 plan: minimum 2%
Employer contribution rate (percent of salary)	22.3%
Basis for retirement eligibility	Age only (Hybrid)/Any age (DC plan)
Cost of living adjustments (DB)	No COLA
Participation in Social Security	Yes
Contributions teachers may withdraw from plans if they leave after 5 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)
Cost per teacher of allowing retirement before age 65 (DB)	$347,025

Teacher Pension Policy in **Minnesota**

A report card on the sustainability, flexibility and fairness of state teacher pension systems

C

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.

Flexibility
Pension system is flexible and fair to all teachers.

Neutrality
Retiree benefits to teachers accrue uniformly with each additional year of work.

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.	NO
Retirement eligibility is based on age only.	YES
Pension benefits accrue in a way that treats each year of work uniformly.	YES

Minnesota's pension system characteristics

Type of plan	Defined benefit (DB)
Unfunded liabilities (percent of system funded)	$6,644,003,000 (71.6%)
Vesting period	3 years
Teacher contribution rate (percent of salary)	7.5%
Employer contribution rate (percent of salary)	14.7%
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 5 years	Own with interest
Policy for purchasing time for prior teaching or approved leave	Not permitted (prior teaching); Limited (approved leave)
Cost per teacher of allowing retirement before age 65	$0

Teacher Pension Policy in **Mississippi**

A report card on the sustainability, flexibility and fairness of state teacher pension systems

F

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. ○

Flexibility
Pension system is flexible and fair to all teachers. ◔

Neutrality
Retiree benefits to teachers accrue uniformly with each additional year of work. ○

● 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

Mississippi's pension system characteristics

Type of plan	Defined benefit (DB)
Unfunded liabilities (percent of system funded)*	$5,870,394,270 (57.7%)
Vesting period	8 years
Teacher contribution rate (percent of salary)	9%
Employer contribution rate (percent of salary)	15.8%
Basis for retirement eligibility	Years of service
Cost of living adjustments	Fixed (automatic)
Participation in Social Security	Yes
Contributions teachers may withdraw from plans if they leave after 5 years	Own with interest
Policy for purchasing time for prior teaching or approved leave	Limited (prior teaching); Not permitted (approved leave)
Cost per teacher of allowing retirement before age 65	$672,847

* 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.

Teacher Pension Policy in **Missouri**

A report card on the sustainability, flexibility and fairness of state teacher pension systems

D-

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
Retiree benefits to teachers accrue uniformly with each additional year of work.

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**

Missouri's pension system characteristics

Type of plan	Defined benefit (DB)
Unfunded liabilities (percent of system funded)	$7,315,018,539 (80.1%)
Vesting period	5 years
Teacher contribution rate (percent of salary)	14.5%
Employer contribution rate (percent of salary)	14.5%
Basis for retirement eligibility	Years of service
Cost of living adjustments	Fixed (automatic)
Participation in Social Security	No
Contributions teachers may withdraw from plans if they leave after 5 years	Own with interest
Policy for purchasing time for prior teaching or approved leave	Limited
Cost per teacher of allowing retirement before age 65	$845,724

Teacher Pension Policy in **Montana**

A report card on the sustainability, flexibility and fairness of state teacher pension systems

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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 Retiree benefits to teachers accrue uniformly with each additional year of work.	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 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

Montana's pension system characteristics

Type of plan	Defined benefit (DB)
Unfunded liabilities (percent of system funded)	$1,524,780,000 (66.8%)
Vesting period	5 years
Teacher contribution rate (percent of salary)	8.2%
Employer contribution rate (percent of salary)	11%
Basis for retirement eligibility	Years of service
Cost of living adjustments	Fixed (automatic)
Participation in Social Security	Yes
Contributions teachers may withdraw from plans if they leave after 5 years	Own with interest
Policy for purchasing time for prior teaching or approved leave	Limited
Cost per teacher of allowing retirement before age 65	$530,605

Teacher Pension Policy in **Nebraska**

A report card on the sustainability, flexibility and fairness of state teacher pension systems

D

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. ○

Flexibility
Pension system is flexible and fair to all teachers. ◔

Neutrality
Retiree benefits to teachers accrue uniformly with each additional year of work. ◑

● 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%).	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

Nebraska's pension system characteristics

Type of plan	Defined benefit (DB)
Unfunded liabilities (percent of system funded)	$2,281,814,491 (77.1%)
Vesting period	5 years or age 65
Teacher contribution rate (percent of salary)	9.8%
Employer contribution rate (percent of salary)	11.9%
Basis for retirement eligibility	Years of service
Cost of living adjustments	Linked to Consumer Price Index
Participation in Social Security	Yes
Contributions teachers may withdraw from plans if they leave after 5 years	Own with interest
Policy for purchasing time for prior teaching or approved leave	Limited
Cost per teacher of allowing retirement before age 65	$635,455

Teacher Pension Policy in **Nevada**

C-

A report card on the sustainability, flexibility and fairness of state teacher pension systems

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. — meets goal in part

Flexibility
Pension system is flexible and fair to all teachers. — meets a small part of goal

Neutrality
Retiree benefits to teachers accrue uniformly with each additional year of work. — 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 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**

Nevada's pension system characteristics

Type of plan	Defined benefit (DB)
Unfunded liabilities (percent of system funded)*	$4,015,520,647 (71.2%)
Vesting period	5 years
Teacher contribution rate (percent of salary)	12.25%
Employer contribution rate (percent of salary)	12.25%
Basis for retirement eligibility	Years of service
Cost of living adjustments	Fixed (automatic)
Participation in Social Security	No
Contributions teachers may withdraw from plans if they leave after 5 years	Own with interest
Policy for purchasing time for prior teaching or approved leave	Limited (prior teaching); Not permitted (approved leave)
Cost per teacher of allowing retirement before age 65	$841,058

* 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.

Teacher Pension Policy in **New Hampshire**

A report card on the sustainability, flexibility and fairness of state teacher pension systems

C-

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
Retiree benefits to teachers accrue uniformly with each additional year of work.

● 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

New Hampshire's pension system characteristics

Type of plan	Defined benefit (DB)
Unfunded liabilities (percent of system funded)*	$997,382,578 (54%)
Vesting period	10 years
Teacher contribution rate (percent of salary)	7%
Employer contribution rate (percent of salary)	12.7%
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 5 years	Own with interest
Policy for purchasing time for prior teaching or approved leave	Not permitted
Cost per teacher of allowing retirement before age 65	$0

* 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.

Teacher Pension Policy in **New Jersey**

A report card on the sustainability, flexibility and fairness of state teacher pension systems

C

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
Retiree benefits to teachers accrue uniformly with each additional year of work.

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**

New Jersey's pension system characteristics

Type of plan	Defined benefit (DB)
Unfunded liabilities (percent of system funded)	$21,896,797,751 (57%)
Vesting period	10 years
Teacher contribution rate (percent of salary)	6.9%
Employer contribution rate (percent of salary)	23%
Basis for retirement eligibility	Age only
Cost of living adjustments	Linked to Consumer Price Index
Participation in Social Security	No
Contributions teachers may withdraw from plans if they leave after 5 years	Own with interest
Policy for purchasing time for prior teaching or approved leave	Limited
Cost per teacher of allowing retirement before age 65	$0

Teacher Pension Policy in **New Mexico**

A report card on the sustainability, flexibility and fairness of state teacher pension systems

D

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
Retiree benefits to teachers accrue uniformly with each additional year of work. ◑

● 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

New Mexico's pension system characteristics

Type of plan	Defined benefit (DB)
Unfunded liabilities (percent of system funded)	$6,533,731,488 (60.1%)
Vesting period	5 years
Teacher contribution rate (percent of salary)	7.9/10.7% depending on salary
Employer contribution rate (percent of salary)	13.9%
Basis for retirement eligibility	Years of service
Cost of living adjustments	Linked to Consumer Price Index
Participation in Social Security	Yes
Contributions teachers may withdraw from plans if they leave after 5 years	Own with interest
Policy for purchasing time for prior teaching or approved leave	Limited (prior teaching); Not permitted (approved leave)
Cost per teacher of allowing retirement before age 65	$790,595

Teacher Pension Policy in **New York**

A report card on the sustainability, flexibility and fairness of state teacher pension systems

D+

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.

Flexibility ◔
Pension system is flexible and fair to all teachers.

Neutrality ◑
Retiree benefits to teachers accrue uniformly with each additional year of work.

● 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%).	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

New York's pension system characteristics

Type of plan	Defined benefit (DB)
Unfunded liabilities (percent of system funded)	$11,841,300,000 (87.48%)
Vesting period	10 years
Teacher contribution rate (percent of salary)	3-6% depending on salary
Employer contribution rate (percent of salary)	17.5%
Basis for retirement eligibility	Age only
Cost of living adjustments	Linked to Consumer Price Index
Participation in Social Security	Yes
Contributions teachers may withdraw from plans if they leave after 5 years	Own with interest
Policy for purchasing time for prior teaching or approved leave	Unlimited (prior teaching); Not permitted (approved leave)
Cost per teacher of allowing retirement before age 65	$272,760

Teacher Pension Policy in **North Carolina**

A report card on the sustainability, flexibility and fairness of state teacher pension systems

C

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
Retiree benefits to teachers accrue uniformly with each additional year of work.

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

North Carolina's pension system characteristics

Type of plan	Defined benefit (DB)
Unfunded liabilities (percent of system funded)*	$2,119,513,903 (94.2%)
Vesting period	5 years
Teacher contribution rate (percent of salary)	6%
Employer contribution rate (percent of salary)	8.7%
Basis for retirement eligibility	Years of service
Cost of living adjustments	Linked to Consumer Price Index
Participation in Social Security	Yes
Contributions teachers may withdraw from plans if they leave after 5 years	Own with interest
Policy for purchasing time for prior teaching or approved leave	Limited
Cost per teacher of allowing retirement before age 65	$612,290

* 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.

Teacher Pension Policy in **North Dakota**

A report card on the sustainability, flexibility and fairness of state teacher pension systems

D

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.

Flexibility
Pension system is flexible and fair to all teachers.

Neutrality
Retiree benefits to teachers accrue uniformly with each additional year of work.

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

North Dakota's pension system characteristics

Type of plan	Defined benefit (DB)
Unfunded liabilities (percent of system funded)	$1,234,817,443 (58.8%)
Vesting period	5 years
Teacher contribution rate (percent of salary)	9.75%
Employer contribution rate (percent of salary)	10.75%
Basis for retirement eligibility	Years of service
Cost of living adjustments	Ad hoc
Participation in Social Security	Yes
Contributions teachers may withdraw from plans if they leave after 5 years	Own, plus interest
Policy for purchasing time for prior teaching or approved leave	Unlimited
Cost per teacher of allowing retirement before age 65	$462,700

Teacher Pension Policy in **Ohio**

A report card on the sustainability, flexibility and fairness of state teacher pension systems

B-

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. ◑

Flexibility
Pension system is flexible and fair to all teachers. ◕

Neutrality
Retiree benefits to teachers accrue uniformly with each additional year of work. ◕

● 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.	**NO**
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)

Ohio's pension system characteristics

Type of plan	Choice of Defined benefit (DB), Combined (hybrid) or Defined contribution (DC)
Unfunded liabilities (percent of system funded)	$31,775,908,000 (66.3%)
Vesting period	5 years (DB and hybrid)/20% each year (DC)
Teacher contribution rate (percent of salary)	11%
Employer contribution rate (percent of salary)	14%
Basis for retirement eligibility	Years of service (DB)/Age (Combined)/Any age (DC)
Cost of living adjustments (DB)	Fixed (automatic)
Participation in Social Security	No
Contributions teachers may withdraw from plans if they leave after 5 years	Own contribution plus portion of employer's (DB and Combined)
Policy for purchasing time for prior teaching or approved leave	Limited
Cost per teacher of allowing retirement before age 65 (DB)	$740,131

Teacher Pension Policy in **Oklahoma**

A report card on the sustainability, flexibility and fairness of state teacher pension systems

D+

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
Retiree benefits to teachers accrue uniformly with each additional year of work. ◑

● 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

Oklahoma's pension system characteristics

Type of plan	Defined benefit (DB)
Unfunded liabilities (percent of system funded)	$8,112,109,202 (57.2%)
Vesting period	5 years
Teacher contribution rate (percent of salary)	7%
Employer contribution rate (percent of salary)	17%
Basis for retirement eligibility	Years of service
Cost of living adjustments	Ad hoc
Participation in Social Security	Yes
Contributions teachers may withdraw from plans if they leave after 5 years	Own, plus interest
Policy for purchasing time for prior teaching or approved leave	Limited (prior teaching); Not permitted (approved leave)
Cost per teacher of allowing retirement before age 65	$462,700

Teacher Pension Policy in **Oregon**

A report card on the sustainability, flexibility and fairness of state teacher pension systems

C+

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.

Flexibility ◑
Pension system is flexible and fair to all teachers.

Neutrality ◑
Retiree benefits to teachers accrue uniformly with each additional year of work.

● 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%).	**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**

Oregon's pension system characteristics

Type of plan	Hybrid
Unfunded liabilities (percent of system funded)*	$1,092,000,000 (95.85%)
Vesting period	5 years
Teacher contribution rate (percent of salary)	6%
Employer contribution rate (percent of salary)	21.6%
Basis for retirement eligibility	Years of service
Cost of living adjustments	Fixed (automatic)
Participation in Social Security	Yes
Contributions teachers may withdraw from plans if they leave after 5 years	Own with interest
Policy for purchasing time for prior teaching or approved leave	Not permitted
Cost per teacher of allowing retirement before age 65	$413,184

* 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.

Teacher Pension Policy in **Pennsylvania**

A report card on the sustainability, flexibility and fairness of state teacher pension systems

D+

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. ◔

Flexibility
Pension system is flexible and fair to all teachers. ◔

Neutrality
Retiree benefits to teachers accrue uniformly with each additional year of work. ◑

● 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

Pennsylvania's pension system characteristics

Type of plan	Defined benefit (DB)
Unfunded liabilities (percent of system funded)	$32,598,554,000 (63.80%)
Vesting period	10 years
Teacher contribution rate (percent of salary)	7.5/10.3%
Employer contribution rate (percent of salary)	21.4%
Basis for retirement eligibility	Years of service
Cost of living adjustments	Ad hoc
Participation in Social Security	Yes
Contributions teachers may withdraw from plans if they leave after 5 years	Own with interest
Policy for purchasing time for prior teaching or approved leave	Limited (prior teaching); Not permitted (approved leave)
Cost per teacher of allowing retirement before age 65	$731,263

Teacher Pension Policy in **Rhode Island**

A report card on the sustainability, flexibility and fairness of state teacher pension systems

B-

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. ◑

Flexibility
Pension system is flexible and fair to all teachers. ◑

Neutrality
Retiree benefits to teachers accrue uniformly with each additional year of work. ●

● 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

Rhode Island's pension system characteristics

Type of plan	Hybrid
Unfunded liabilities (percent of system funded)*	$1,439,612,019 (58.1%)
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 5 years	Own, without interest
Policy for purchasing time for prior teaching or approved leave	Limited
Cost per teacher of allowing retirement before age 65	$0

* 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.

Teacher Pension Policy in **South Carolina**

A report card on the sustainability, flexibility and fairness of state teacher pension systems

C+

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. ◑

Flexibility
Pension system is flexible and fair to all teachers. ◑

Neutrality
Retiree benefits to teachers accrue uniformly with each additional year of work. ◕

● 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)

South Carolina's pension system characteristics

Type of plan	Choice of Defined benefit (DB) or Defined contribution (DC)
Unfunded liabilities (percent of system funded)*	$8,489,344,990 (64.7%)
Vesting period	8 years (DB)/Immediate (DC)
Teacher contribution rate (percent of salary)	8%
Employer contribution rate (percent of salary)	10.9%
Basis for retirement eligibility	Years of service (DB)/Any age (DC)
Cost of living adjustments (DB)	Fixed (automatic)
Participation in Social Security	Yes
Contributions teachers may withdraw from plans if they leave after 5 years (DB)	Own with interest
Policy for purchasing time for prior teaching or approved leave (DB)	Unlimited (prior teaching); Limited (approved leave)
Cost per teacher of allowing retirement before age 65 (DB)	$557,874

* 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.

Teacher Pension Policy in **South Dakota**

A report card on the sustainability, flexibility and fairness of state teacher pension systems

B+

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. — fully meets goal

Flexibility
Pension system is flexible and fair to all teachers. — fully meets goal

Neutrality
Retiree benefits to teachers accrue uniformly with each additional year of work. — 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 South Dakota's pension system

Teacher pension system is well-funded (at least 90%).	YES
Teachers have the option of a 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

South Dakota's 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	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 5 years	Own plus 85% of employer's plus interest
Policy for purchasing time for prior teaching or approved leave	Unlimited
Cost per teacher of allowing retirement before age 65	$492,478

* 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.

Teacher Pension Policy in **Tennessee**

A report card on the sustainability, flexibility and fairness of state teacher pension systems

B-

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 Retiree benefits to teachers accrue uniformly with each additional year of work.	◑

● 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

Tennessee's pension system characteristics

Type of plan	Hybrid
Unfunded liabilities (percent of system funded)*	$282,376,550 (96%)
Vesting period	5 years
Teacher contribution rate (percent of salary)	5%
Employer contribution rate (percent of salary)	9%
Basis for retirement eligibility	Years of service
Cost of living adjustments	Linked to Consumer Price Index
Participation in Social Security	Yes
Contributions teachers may withdraw from plans if they leave after 5 years	Own with interest
Policy for purchasing time for prior teaching or approved leave	Limited (prior teaching); Not permitted (approved leave)
Cost per teacher of allowing retirement before age 65	$306,524

* 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.

Teacher Pension Policy in **Texas**

A report card on the sustainability, flexibility and fairness of state teacher pension systems

C

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.

Flexibility
Pension system is flexible and fair to all teachers.

Neutrality
Retiree benefits to teachers accrue uniformly with each additional year of work.

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

South Texas' pension system characteristics

Type of plan	Defined benefit (DB)
Unfunded liabilities (percent of system funded)	$28,936,275,228 (80.8%)
Vesting period	5 years
Teacher contribution rate (percent of salary)	6.7%
Employer contribution rate (percent of salary)	6.8%
Basis for retirement eligibility	Years of service
Cost of living adjustments	Ad hoc
Participation in Social Security	No
Contributions teachers may withdraw from plans if they leave after 5 years	Own with interest
Policy for purchasing time for prior teaching or approved leave	Limited (prior teaching); Not permitted (approved leave)
Cost per teacher of allowing retirement before age 65	$396,147

Teacher Pension Policy in **Utah**

A report card on the sustainability, flexibility and fairness of state teacher pension systems

B-

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
Retiree benefits to teachers accrue uniformly with each additional year of work.

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)

Utah's pension system characteristics

Type of plan	Choice of Hybrid or Defined contribution (DC)
Unfunded liabilities (percent of system funded)*	$3,317,938,200 (77.9%)
Vesting period	4 years
Teacher contribution rate (percent of salary)	Hybrid: varies based on cost; DC: no required contribution
Employer contribution rate (percent of salary)	10%
Basis for retirement eligibility	Years of service (Hybrid)/Any age (DC)
Cost of living adjustments (Hybrid)	Linked to Consumer Price Index
Participation in Social Security	Yes
Contributions teachers may withdraw from plans if they leave after 5 years	Hybrid plan: DB portion, own contributions
Policy for purchasing time for prior teaching or approved leave	Unlimited
Cost per teacher of allowing retirement before age 65 (Hybrid)	$438,758

* 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.

Teacher Pension Policy in **Vermont**

A report card on the sustainability, flexibility and fairness of state teacher pension systems

D-

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.

Flexibility ◔
Pension system is flexible and fair to all teachers.

Neutrality ○
Retiree benefits to teachers accrue uniformly with each additional year of work.

● 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**

Vermont's pension system characteristics

Type of plan	Defined benefit (DB)
Unfunded liabilities (percent of system funded)	$1,013,910,285 (60.5%)
Vesting period	5 years
Teacher contribution rate (percent of salary)	5%
Employer contribution rate (percent of salary)	12.5%
Basis for retirement eligibility	Years of service
Cost of living adjustments	No COLA
Participation in Social Security	Yes
Contributions teachers may withdraw from plans if they leave after 5 years	Own with interest
Policy for purchasing time for prior teaching or approved leave	Limited
Cost per teacher of allowing retirement before age 65	$540,925

Teacher Pension Policy in **Virginia**

A report card on the sustainability, flexibility and fairness of state teacher pension systems

C

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 ◑
Retiree benefits to teachers accrue uniformly with each additional year of work.

● 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**

Virginia's pension system characteristics

Type of plan	Hybrid
Unfunded liabilities (percent of system funded)	$11,881,714,000 (71.2%)
Vesting period	5 years
Teacher contribution rate (percent of salary)	5%
Employer contribution rate (percent of salary)	11.7%
Basis for retirement eligibility	Years of service
Cost of living adjustments	Linked to Consumer Price Index
Participation in Social Security	Yes
Contributions teachers may withdraw from plans if they leave after 5 years	Own with interest
Policy for purchasing time for prior teaching or approved leave	Limited
Cost per teacher of allowing retirement before age 65	$306,524

Teacher Pension Policy in **Washington**

B-

A report card on the sustainability, flexibility and fairness of state teacher pension systems

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
Retiree benefits to teachers accrue uniformly with each additional year of work.

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%).	**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.	**YES**

Washington's pension system characteristics

Type of plan	Choice of Defined benefit (DB) or Hybrid
Unfunded liabilities (percent of system funded)	$954,000,000 (94%)
Vesting period	DB: 5 years; Hybrid: 10 years
Teacher contribution rate (percent of salary)	DB: 4.7%; Hybrid: 5-15%
Employer contribution rate (percent of salary)	10.4%
Basis for retirement eligibility	Age only
Cost of living adjustments	Linked to Consumer Price Index
Participation in Social Security	Yes
Contributions teachers may withdraw from plans if they leave after 5 years	Own with interest
Policy for purchasing time for prior teaching or approved leave	Limited
Cost per teacher of allowing retirement before age 65	$0

Teacher Pension Policy in **West Virginia**

A report card on the sustainability, flexibility and fairness of state teacher pension systems

D+

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.	◔
Flexibility Pension system is flexible and fair to all teachers.	◔
Neutrality Retiree benefits to teachers accrue uniformly with each additional year of work.	◑

● 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

West Virginia's pension system characteristics

Type of plan	Defined benefit (DB)
Unfunded liabilities (percent of system funded)	$4,179,234,000 (57.9%)
Vesting period	5 years
Teacher contribution rate (percent of salary)	6%
Employer contribution rate (percent of salary)	29.9%
Basis for retirement eligibility	Years of service
Cost of living adjustments	No COLA
Participation in Social Security	Yes
Contributions teachers may withdraw from plans if they leave after 5 years	Own with interest
Policy for purchasing time for prior teaching or approved leave	Limited (prior teaching); Not permitted (approved leave)
Cost per teacher of allowing retirement before age 65	$635,455

Teacher Pension Policy in **Wisconsin**

A report card on the sustainability, flexibility and fairness of state teacher pension systems

C+

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 Retiree benefits to teachers accrue uniformly with each additional year of work.	◑

● 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

Wisconsin's pension system characteristics

Type of plan	Defined benefit (DB)
Unfunded liabilities (percent of system funded)*	$26,486,000 (99.9%)
Vesting period	5 years
Teacher contribution rate (percent of salary)	6.8%
Employer contribution rate (percent of salary)	6.8%
Basis for retirement eligibility	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 5 years	Own with interest
Policy for purchasing time for prior teaching or approved leave	Limited (prior teaching); Not permitted (approved leave)
Cost per teacher of allowing retirement before age 65	$468,008

* 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.

Teacher Pension Policy in **Wyoming**

D

A report card on the sustainability, flexibility and fairness of state teacher pension systems

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. ○

Flexibility
Pension system is flexible and fair to all teachers. ◔

Neutrality
Retiree benefits to teachers accrue uniformly with each additional year of work. ◑

● 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**

Wyoming's pension system characteristics

Type of plan	Defined benefit (DB)
Unfunded liabilities (percent of system funded)*	$768,926,009 (78.6%)
Vesting period	4 years
Teacher contribution rate (percent of salary)	7.5%
Employer contribution rate (percent of salary)	7.6%
Basis for retirement eligibility	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 5 years	Own with interest
Policy for purchasing time for prior teaching or approved leave	Limited (prior teaching); Not permitted (approved leave)
Cost per teacher of allowing retirement before age 65	$664,981

* 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.

Appendix A: Overview of state teacher pension systems

	Pension system (for the system covering teachers)	Teacher membership[1]	Pension system website
Alabama	Teachers' Retirement System (TRS)	100%	http://www.rsa-al.gov/TRS/trs.html
Alaska	Teachers' Retirement System (TRS)	100%	http://doa.alaska.gov/drb/
Arizona	State Retirement System	43%	http://www.azasrs.gov
Arkansas	Teachers' Retirement System (TRS)	100%	http://artrs.gov/
California	CALSTRS (California State Teachers Retirement System)	100%	http://www.calstrs.com/
Colorado	Public Employees' Retirement Association (PERA)	100%	https://www.copera.org/default.htm
Connecticut	Teachers' Retirement System (TRS)	100%	http://www.ct.gov/trb/site/default.asp
Delaware	State Employees' Pension Plan (SEPP)	26%	http://www.delawarepensions.com/
District of Columbia	District of Columbia Retirement Board Teachers' Retirement Plan	100%	http://dcrb.dc.gov/
Florida	Florida Retirement System Pension Plan	49%	http://www.myfrs.com/portal/server.pt/community/myfrs/257
Georgia	Teachers' Retirement System	100%	http://www.trsga.com/
Hawaii	Employees' Retirement System	13%	http://ers.ehawaii.gov/
Idaho	Public Employee Retirement System of Idaho (PERSI)	44%	http://www.persi.idaho.gov/
Illinois	Teachers' Retirement System (TRS)	100%	http://trs.illinois.gov/
Indiana	Teachers' Retirement Fund (TRF)	100%	http://www.in.gov/inprs/
Iowa	Public Employees Retirement System (PERS)	64%	http://www.ipers.org/index.html
Kansas	Public Employees Retirement System (PERS)	100%	http://www.kpers.org/index.htm
Kentucky	Teachers' Retirement System	100%	http://ktrs.ky.gov/
Louisiana	Teachers' Retirement System	100% (includes postsecondary)	http://www.trsl.org/main/
Maine	Public Employees Retirement System (PERS)	51%	http://www.mainepers.org/
Maryland	Maryland State Retirement and Pension System (MSRPS)	48%	http://www.sra.state.md.us/
Massachusetts	Teachers' Retirement System	100%	http://www.mass.gov/mtrs/
Michigan	Public School Employees' Retirement System	100% (includes postsecondary)	http://www.michigan.gov/orsschools
Minnesota	Teachers Retirement Association	100%	https://www.minnesotatra.org/
Mississippi	Public Employees' Retirement System	39%	http://www.pers.state.ms.us/
Missouri	Two plans: Public School Retirement System and Public Education Employee Retirement System	100%	https://www.psrsmo.org/
Montana	Teachers' Retirement System	100%	http://www.trs.mt.gov/
Nebraska	School Retirement System	100% (includes school employees)	http://npers.ne.gov/SelfService/public/planInformation/school/schoolPlanInfo.jsp
Nevada	Public Employees' Retirement System	46%	http://www.nvpers.org/
New Hampshire	New Hampshire Retirement System	52%	http://www.nhrs.org/
New Jersey	Teachers' Pension and Annuity Fund	100%	http://www.state.nj.us/treasury/pensions/tpaf1.shtml
New Mexico	Educational Retirement Board (ERB)	100% (includes postsecondary and other education personnel)	http://www.nmerb.org/
New York	New York State Teachers' Retirement System	100%	http://www.nystrs.org/
North Carolina	Teachers' and State Employees' Retirement System of NC	57%	https://www.nctreasurer.com/Pages/default.aspx
North Dakota	Teachers' Fund for Retirement	100%	http://www.nd.gov/rio/TFFR/default.htm
Ohio	State Teachers' Retirement System (STRS)	100%	https://www.strsoh.org/index.html
Oklahoma	Teachers' Retirement System	100%	http://www.ok.gov/TRS/
Oregon	Public Employees' Retirement System	42%	http://www.oregon.gov/pers/Pages/index.aspx

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

Pennsylvania	Public School Employees' Retirement System	100% (includes school personnel)	http://www.psers.state.pa.us/default.html
Rhode Island	Employees' Retirement System	54%	https://www.ersri.org/
South Carolina	South Carolina Retirement System	61%	http://www.retirement.sc.gov/default.htm
South Dakota	South Dakota Retirement System	28%	http://www.sdrs.sd.gov/
Tennessee	Consolidated Retirement System	35%	http://www.treasury.tn.gov/tcrs/index.html
Texas	Teacher Retirement System	100%	http://www.trs.state.tx.us/
Utah	Utah Retirement Systems	81%	https://www.urs.org/
Vermont	Teachers' Retirement System	100%	http://www.vermonttreasurer.gov/retirement/teachers-vstrs
Virginia	Virginia Retirement System (VRS)	43%	http://www.varetire.org/
Washington	Teachers' Retirement System	100%	http://www.drs.wa.gov/member/systems/trs/
West Virginia	Teachers' Retirement System	100%	http://www.wvretirement.com/TRS.html
Wisconsin	Wisconsin Retirement System	38%	http://etf.wi.gov/
Wyoming	Wyoming Retirement System	49%	http://retirement.state.wy.us/

Appendix B: 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; 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 (Social Security eligibility age for full benefits, not to exceed 66);
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; any/30
New Hampshire	65/any
New Jersey	65/10
New Mexico	67/5; any/30; 65/(Rule of 80)
New York	63/10
North Carolina	65/10; 60/25; any/30
North Dakota	65/5; 60/(Rule of 90)
Ohio	DB: 65/5; any/30; Hybrid: 60/5
Oklahoma	62/5; 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; 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	any/35; 55/30; 60/5; if vested and deferred: 60/20 or 62/(less than 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 C: State teacher pension unfunded liabilities, per pupil

	Unfunded liabilities per student (2014)
Alabama	$12,712
Alaska	$24,433
Arizona	$3,901
Arkansas	$9,255
California	$11,821
Colorado	$18,213
Connecticut	$20,070
Delaware	$1,487
District of Columbia	$2,344
Florida	$2,452
Georgia	$7,225
Hawaii	$11,034
Idaho	$3,261
Illinois	$27,022
Indiana	$11,071
Iowa	$7,356
Kansas	$13,948
Kentucky	$20,315
Louisiana	$16,134
Maine	$7,160
Maryland	$6,567
Massachusetts	$19,311
Michigan	$15,421
Minnesota	$8,377
Mississippi	$11,965
Missouri	$8,191
Montana	$10,712
Nebraska	$9,092
Nevada	$9,134
New Hampshire	$5,197
New Jersey	$16,143
New Mexico	$19,375
New York	$7,009
North Carolina	$1,406
North Dakota	$12,646
Ohio	$18,262
Oklahoma	$12,178
Oregon	$1,922
Pennsylvania	$18,403
Rhode Island	$10,078
South Carolina	$11,674
South Dakota	$0
Tennessee	$299
Texas	$5,789
Utah	$5,541
Vermont	$11,277
Virginia	$10,676
Washington	$913
West Virginia	$14,774
Wisconsin	$30
Wyoming	$8,534
NATIONAL	**$10,442**

Appendix D: Unfunded pension liabilities by state (2014)

	Actuarial value of assets	Accrued liabilities	Funding ratio	Unfunded liabilities (unadjusted)	Teacher membership	UAAL, adjusted for teacher membership
Alabama	$18,786,007,955	$28,251,367,272	66.5%	$9,465,359,317	100%	$9,465,359,317
Alaska	$3,194,994,000	$6,399,777,000	49.9%	$3,204,783,000	100%	$3,204,783,000
Arizona	$30,111,000,000	$39,912,000,000	75.4%	$9,801,000,000	43%	$4,214,430,000
Arkansas	$12,247,000,000	$16,718,000,000	73.3%	$4,471,000,000	100%	$4,471,000,000
California	$148,614,000,000	$222,281,000,000	66.9%	$73,667,000,000	100%	$73,667,000,000
Colorado	$21,369,380,000	$35,437,312,000	60.3%	$14,067,932,000	100%	$14,067,932,000
Connecticut	$13,734,831,000	$24,862,228,000	55.2%	$11,127,397,000	100%	$11,127,397,000
Delaware	$7,519,770,300	$8,257,269,800	91.1%	$737,499,500	26%	$191,749,870
District of Columbia	$1,585,775,000	$1,759,043,000	90.1%	$173,268,000	100%	$173,268,000
Florida	$103,147,271,000	$116,501,158,000	88.5%	$13,353,887,000	49%	$6,543,404,630
Georgia	$56,262,332,000	$68,348,678,000	82.3%	$12,086,346,000	100%	$12,086,346,000
Hawaii	$10,360,984,429	$17,560,730,268	59.0%	$7,199,745,839	13%	$935,966,959
Idaho	$12,053,500,000	$14,127,600,000	85.3%	$2,074,100,000	44%	$912,604,000
Illinois	$38,155,191,000	$93,886,988,000	40.6%	$55,731,797,000	100%	$55,731,797,000
Indiana	$9,688,931,998	$21,211,747,412	45.7%	$11,522,815,414	100%	$11,522,815,414
Iowa	$23,099,969,131	$28,799,324,938	80.2%	$5,699,355,807	64%	$3,647,587,716
Kansas	$6,222,000,000	$13,002,000,000	47.9%	$6,780,000,000	100%	$6,780,000,000
Kentucky	$14,962,758,000	$28,817,232,000	51.9%	$13,854,474,000	100%	$13,854,474,000
Louisiana	$14,669,155,950	$26,017,708,304	56.4%	$11,348,552,354	100%	$11,348,552,354
Maine	$9,177,749,627	$11,830,649,882	77.6%	$2,652,900,255	51%	$1,352,979,130
Maryland	$23,845,618,271	$35,530,440,776	67.1%	$11,684,822,505	48%	$5,608,714,802
Massachusetts	$21,787,470,000	$39,135,218,000	55.7%	$17,347,748,000	100%	$17,347,748,000
Michigan	$38,450,000,000	$62,716,000,000	61.3%	$24,266,000,000	100%	$24,266,000,000
Minnesota	$16,774,626,000	$23,418,629,000	71.6%	$6,644,003,000	100%	$6,644,003,000
Mississippi	$20,490,555,000	$35,542,848,000	57.7%	$15,052,293,000	39%	$5,870,394,270
Missouri	$29,443,146,872	$36,758,165,411	80.1%	$7,315,018,539	100%	$7,315,018,539
Montana	$3,067,878,000	$4,592,658,000	66.8%	$1,524,780,000	100%	$1,524,780,000
Nebraska	$7,703,084,507	$9,984,898,998	77.1%	$2,281,814,491	100%	$2,281,814,491
Nevada	$21,593,053,471	$30,322,446,182	71.2%	$8,729,392,711	46%	$4,015,520,647
New Hampshire	$2,255,011,456	$4,173,054,876	54.0%	$1,918,043,420	52%	$997,382,578
New Jersey	$30,469,857,304	$52,366,655,055	57.1%	$21,896,797,751	100%	$21,896,797,751
New Mexico	$9,828,547,715	$16,362,279,203	60.1%	$6,533,731,488	100%	$6,533,731,488
New York	$82,742,500,000	$94,583,800,000	87.5%	$11,841,300,000	100%	$11,841,300,000
North Carolina	$59,911,833,028	$63,630,278,472	94.2%	$3,718,445,444	57%	$2,119,513,903
North Dakota	$1,762,321,644	$2,997,139,087	58.8%	$1,234,817,443	100%	$1,234,817,443
Ohio	$62,590,786,000	$94,366,694,000	66.3%	$31,775,908,000	100%	$31,775,908,000
Oklahoma	$10,861,057,537	$18,973,166,739	57.2%	$8,112,109,202	100%	$8,112,109,202
Oregon	$60,000,000,000	$62,600,000,000	95.8%	$2,600,000,000	42%	$1,092,000,000
Pennsylvania	$57,453,611,000	$90,052,165,000	63.8%	$32,598,554,000	100%	$32,598,554,000
Rhode Island	$3,697,787,537	$6,363,735,720	58.1%	$2,665,948,183	54%	$1,439,612,019
South Carolina	$25,540,749,000	$39,457,708,000	64.7%	$13,916,959,000	61%	$8,489,344,990
South Dakota	$8,803,761,326	$8,803,761,326	100.0%	$0	28%	$0
Tennessee	$19,493,800,494	$20,300,590,638	96.0%	$806,790,144	35%	$282,376,550
Texas	$121,729,818,906	$150,666,094,134	80.8%	$28,936,275,228	100%	$28,936,275,228
Utah	$14,410,495,000	$18,506,715,000	77.9%	$4,096,220,000	81%	$3,317,938,200
Vermont	$1,552,924,370	$2,566,834,655	60.5%	$1,013,910,285	100%	$1,013,910,285
Virginia	$51,212,000,000	$77,859,000,000	65.8%	$26,647,000,000	43%	*$11,458,210,000
Washington	$14,903,000,000	$15,857,000,000	94.0%	$954,000,000	100%	$954,000,000
West Virginia	$5,751,101,000	$9,930,335,000	57.9%	$4,179,234,000	100%	$4,179,234,000
Wisconsin	$78,613,000,000	$78,682,700,000	99.9%	$69,700,000	38%	$26,486,000
Wyoming	$5,749,967,972	$7,319,204,726	78.6%	$1,569,236,754	49%	$768,926,009
TOTAL	**$1,467,451,964,800**	**$2,038,402,029,874**	**72.0%**	**$570,950,065,074**		**$499,241,867,787**

* In correspondence with NCTQ, the Virginia Retirement System indicated the unfunded liability for its teacher plan was $11,881,714,000

Appendix E: State policies on teacher purchase of time

	Allow credit purchases for out-of-state teaching	Allow credit purchases for leaves of absences
Alabama	Limited	Limited
Alaska	n/a	n/a
Arizona	Limited	Limited
Arkansas	Limited	Not permitted
California	Unlimited	Limited
Colorado	Limited	Limited
Connecticut	Unlimited	Limited
Delaware	Limited	Unlimited
District of Columbia	Limited	Unlimited
Florida	Limited	Limited
Georgia	Limited	Not permitted
Hawaii	Not permitted	Not permitted
Idaho	Limited	Limited
Illinois	Limited	Unlimited
Indiana	Limited	Limited
Iowa	Limited	Unlimited
Kansas	Unlimited	Not permitted
Kentucky	Limited	Limited
Louisiana	Unlimited	Limited
Maine	Limited	Not permitted
Maryland	Limited	Limited
Massachusetts	Limited	Not permitted
Michigan	Limited	Not permitted
Minnesota	Not permitted	Limited
Mississippi	Limited	Not permitted
Missouri	Limited	Limited
Montana	Limited	Limited
Nebraska	Limited	Limited
Nevada	Limited	Not permitted
New Hampshire	Not permitted	Not permitted
New Jersey	Limited	Limited
New Mexico	Limited	Not permitted
New York	Unlimited	Not permitted
North Carolina	Limited	Limited
North Dakota	Unlimited	Unlimited
Ohio	Limited	Limited
Oklahoma	Limited	Not permitted
Oregon	Not permitted	Not permitted
Pennsylvania	Limited	Not permitted
Rhode Island	Limited	Limited
South Carolina	Unlimited	Limited
South Dakota	Unlimited	Unlimited
Tennessee	Limited	Not permitted
Texas	Limited	Not permitted
Utah	Unlimited	Unlimited
Vermont	Limited	Limited
Virginia	Limited	Limited
Washington	Limited	Limited
West Virginia	Limited	Not permitted
Wisconsin	Limited	Not permitted
Wyoming	Limited	Not permitted

National Council on Teacher Quality

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The National Council on Teacher Quality advocates for reforms in a broad range of teacher policies at the federal, state and local levels in order to increase the number of effective teachers.