

SPECIAL REPORT #2

The Best U.S. States for New Teacher Retirement Benefits

Comparing the Quality of Teacher Retirement Benefits that are Available to New Educators for 2022-23 Academic Year

JONATHAN MOODY AND ANTHONY RANDAZZO





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ABOUT THIS REPORT

This report is one of three special reports expanding upon our summary report, “[The National Landscape of Teacher Retirement Benefit Security](#),” that evaluates adequacy and quality of the 78 retirement plan classes of benefits currently offered to new teachers, as well as 186 “legacy” plans for teachers. In some analyses we have also included data from 52 plans that are exclusively for non-instructional public school employees (27 currently open, 25 legacy). All four reports are part of our on-going **Retirement Security Report (RSR)** initiative, which is outlined on [page 15](#). To read other special reports in this series, visit our [RSR research hub](#).

The RSR analyzes the quality every public sector retirement system and provides a Retirement Benefits Score for each retirement plan overall and broken down for plan members based on their duration of service.

- **SHORT-TERM WORKER (STW-TEACHER):** A teacher enrolled in a public retirement plan in the same state for 10 years of service or less.
- **MEDIUM-TERM WORKER (MTW-TEACHER):** A teacher enrolled in a public retirement plan in the same state for 10 to 20 years of service.
- **FULL CAREER WORKER (FCW-TEACHER):** A teacher enrolled in the same public retirement plan in the same state for their entire career.

Plans that earn 75% or more of available Retirement Benefits Score points are considered to be “serving members well,” those scoring between 50% and 75% of available points are serving members “moderately well,” and those plans scoring less than 50% of available points are “not serving members well.”

ABOUT EQUABLE INSTITUTE

Equable Institute is a bipartisan nonprofit that works with public retirement system stakeholders to solve complex pension funding challenges with data-driven solutions.

ABOUT THE AUTHORS

Anthony Randazzo (Executive Director) is a national expert on public sector pension policy and has provided technical assistance to more than a dozen states and cities on ways to improve retirement plan sustainability.

Jonathan Moody, PhD (Vice President for Research) has developed a wide range of academic and policy research on municipal finance subjects, including state budgeting and reserve funds, state credit ratings, state fiscal management, and public retirement benefits.

ACKNOWLEDGMENTS

This report is modeled on the first edition of “The National Landscape of Public Employee Retirement Benefits” (2021) and it reflects all of the research support, modeling work, data collection, and peer review that went into that paper. Some portions of this paper are taken from the original paper about all public workers when the underlying information is the same for teachers.



Key Findings and Insights | **Special Report #2**

01 The five best states for new teachers to enroll in a retirement plan are South Carolina, Tennessee, South Dakota, Oregon, and Michigan. Three of these states offer a hybrid plan (TN, SD, OR), while the other two offer a choice between a pension plan or a DC plan (SC, MI).

02 Two retirement plans serve all teachers well, regardless of Short-Term, Medium-Term, or Full Career: South Carolina Retirement System's "Optional Retirement Plan" (a defined contribution plan) and Tennessee Consolidated Retirement System's "Hybrid Plan."

- South Carolina's system scores well because of its high contribution rate (14%) and quick vesting period.
- Tennessee's plan does well because the 7% contributions into the DC portion of the plan, combined with a 5% crediting interest rate on members' contributions to the pension allow it to perform especially well for Short-Term and Medium-Term Worker.



Introduction

Retirement benefits are a unique form of compensation in that they are *deferred* compensation. It is straightforward to compare the salaries offered to teach in one county versus another, or even to look at the health insurance benefits (medical plus dental? plus vision?) offered by one school district versus another. But comparing retirement plans on a state-by-state basis is a more difficult because there is no intuitive way to understand the value of one pension plan versus another, or whether a hybrid plan or defined contribution (DC) plan might be more valuable.

This paper provides a ranking of states based on the quality of retirement benefits that they offer to new teachers entering the workforce in 2022-23.

While most teachers do not make their job decisions based on the retirement benefits being offered, today's workforce is highly mobile and very much in flux.¹ It is not inconceivable that someone getting their teaching certificate or finishing up an education program might have some flexibility in where they want to go to work. This paper provides a way to compare states against each other based on the retirement benefits being offered for tomorrow's educators.

OVERVIEW OF THE PLANS AVAILABLE

There are 77 retirement plans open to new teachers in the U.S. today. The majority offer defined benefit "pension" plans, but there are an increasing number of alternative designs available. For the 2022-23 school year, there are:

- 49 open pension plans (63.6%).
- 18 open hybrid plans (23.4%) — The vast majority of hybrids are a combination of a pension plan and defined contribution plan, though there are two states that combine a pension plan and guaranteed return plan (Kentucky and Hawaii).
- 8 open defined contribution plans (10.4%) — The DC plans available today are optional benefits in every state where they are offered except Alaska.
- 2 open guaranteed return plans (2.6%) — Kansas is the only state with an open guaranteed return plan for full-time K-12 teachers today; California's guaranteed return plan is for seasonal and part-time workers.

There are nine states that allow a choice of benefits (see Part 3 below). Most states offer two choices (Florida, Indiana, Michigan, South Carolina, Utah, and Washington). Ohio and Pennsylvania give teachers three choices. In Nevada, some teachers may not have a choice because school district employers have the option on whether to just offer one of the two pension plans available. In all states, these choices are not always of equal value and can have significant trade-offs for members.

Given this range of retirement benefits available today, across the states and within the states, it is valuable to review how the open teacher retirement plans stack up against each other today.

Part 1 of this paper ranks states based on the highest quality teacher retirement plan that is available to new members, using the overall Retirement Benefits Score for each plan.

Part 2 shows a similar ranking but using an average Retirement Benefits Score for each state that offers more than one plan.

Part 3 provides information about the landscape of choices that are offered to new members in some states.²

Part 4 offers a conclusion on where the landscape of retirement benefits for K-12 educators will go in the coming years.

¹ "National Survey on Teachers' Retirement Perspectives 2019," Equable Institute.

² This information is also available in "The Landscape of Teacher Retirement Benefits," Equable Institute.



Part 1: States with the Best Available Retirement Plans for Tomorrow’s Teachers

The highest quality retirement plan in the U.S. for new teachers is a defined contribution (DC) plan in South Carolina. Most teachers who spend their full career in the same state (which we call Full Career Workers, or FCW-Teachers) are served well by their retirement plan, and this very true for the South Carolina Optional Retirement Plan. And the Short-Term Workers (STW-Teachers) who spend 10 years or less in the classroom and Medium-Term Workers (MTW-Teachers) who put in 10 to 20 years of teaching work are also served well by this South Carolina retirement plan.

It is uncommon to have all worker types served well by the same retirement plan, and the primary reason is that the South Carolina Optional Retirement Plan has sufficient contributions rates and immediate vesting in employer contributions. Teachers in South Carolina also have the choice of a pension plan if they want.

Not far behind this South Carolina plan is a hybrid plan in Tennessee, which also serves all worker profiles well, including the STW-Teachers, MTW-Teachers, and FCW-Teachers. In a bit of a distant third is a relatively new hybrid plan in South Dakota. Followed by a hybrid plan in Oregon and DC plan in Michigan.

The high scores for all five of these plans and more can be seen at the top of the Table 1 below.

This table ranks the states based on the quality of their teacher retirement plans that are open to new members. In addition:

- In some cases, the retirement plans open to new members are either supplemental benefit plans or are designed for part-time teachers. These are marked with an ^o.
- For states where there are multiple plans, we’ve listed the highest quality plan first in bold, and the other plans below. Sometimes these are choices, but in some states there are different retirement systems depending on the city you teach in (like Colorado, Illinois, or New York). And, in a few states, there are different classes of benefits open for new teachers depending on the school district they join. See Part 3 in the paper for details on the states with choices for K–12 teachers.
- Plans where members are not enrolled in Social Security are marked with †. Plans where there is mixed enrollment in Social Security because school districts have chosen whether to participate are marked with ‡.

The numbers shown in the right-hand columns are the percent of available Retirement Benefits Score points. For details on how retirement plans are scored, see the About section in this paper or the methodology section in [“The National Landscape of Teacher Retirement Benefits.”](#)

TABLE 1: STATES RANKED BY HIGHEST QUALITY RETIREMENT BENEFITS OFFERED TO NEW TEACHERS

Rank	State	Benefit Classes/Tiers	Plan Type	Overall Benefits Score	STW-Teachers	MTW-Teachers	FCW-Teachers
1	South Carolina	SC RS DC Teachers	DC Plan	94.2%	86.2%	96.4%	100.0%
		SC RS Pension Teachers Class 3	Pension	61.8%	37.9%	54.1%	93.3%
2	Tennessee	TN TRP Hybrid	Hybrid	88.2%	77.9%	86.7%	100.0%
3	South Dakota	SD RS Teachers Generational Plan	Hybrid	78.7%	62.3%	75.5%	98.3%
4	Oregon	OR PERS School District OPSRP	Hybrid	78.6%	59.3%	76.6%	100.0%
5	Michigan	MPSERS DC Teachers	DC Plan	75.3%	58.3%	67.7%	100.0%
		MPSERS Pension Plus 2 Teachers	Hybrid	62.3%	38.8%	57.2%	91.7%

Rank	State	Benefit Classes/Tiers	Plan Type	Overall Benefits Score	STW-Teachers	MTW-Teachers	FCW-Teachers
6	Washington	WA TRS Plan 2 Pension	Pension	74.4%	52.2%	72.6%	100.0%
		WA TRS Plan 3 Hybrid	Hybrid	70.4%	40.2%	72.6%	98.3%
7	Rhode Island	RI ERSRI Teachers B2 Non-SSA†	Hybrid	73.9%	60.0%	63.3%	98.3%
		RI ERSRI Teachers SSA	Hybrid	60.6%	34.5%	48.9%	98.3%
		RI ERSRI Teachers B2 SSA	Hybrid	57.3%	28.1%	47.3%	96.7%
		RI ERSRI Teachers Non-SSA†	Hybrid	53.6%	28.9%	40.2%	91.8%
8	Florida	FL RS DC Plan Regular K–12	DC Plan	73.7%	66.5%	63.0%	91.8%
		FL RS Pension Reg. K–12 Post-2011	Pension	36.1%	9.3%	15.6%	83.3%
9	Hawaii	ERSHI Teachers Hybrid	Hybrid	71.0%	41.7%	71.5%	100.0%
10	Virginia	VRS Teachers Hybrid	Hybrid	70.7%	51.5%	62.3%	98.3%
		VA EESRS Post-2001°	Pension	49.7%	36.2%	44.1%	68.9%
11	Alaska	AK TRS DC†	DC Plan	70.3%	55.7%	59.7%	95.5%
12	North Dakota	ND Teachers Post-2013	Pension	70.0%	55.7%	61.0%	93.3%
13	Ohio	OH STRS DC†	DC Plan	69.9%	51.1%	58.6%	100.0%
		OH STRS Hybrid Post-2015†	Hybrid	60.0%	48.7%	47.8%	71.5%
		OH STRS Pension Post-2019†	Pension	55.3%	37.3%	48.3%	80.4%
14	Vermont	VT STRS Group C Current	Pension	69.7%	44.2%	64.7%	100.0%
15	New York	NY NYC Teachers Tier 6	Pension	69.0%	37.2%	71.5%	98.3%
		NY STRS Tier 6	Pension	65.4%	32.8%	63.3%	100.0%
16	Arkansas	AR TRS Teachers	Pension	68.6%	37.8%	68.0%	100.0%
17	Utah	UT Teacher Tier 2 Hybrid	Hybrid	67.5%	45.6%	60.4%	96.7%
		UT Teacher Tier 2 DC	DC Plan	41.3%	33.7%	34.2%	56.1%
18	New Mexico	NM ERB Post-2019	Pension	65.4%	44.1%	53.9%	98.3%
19	Pennsylvania	PA PSERS DC	DC Plan	65.1%	55.5%	52.9%	87.0%
		PA PSERS Class T-H Hybrid	Hybrid	54.9%	37.1%	44.2%	83.3%
		PA PSERS Class T-G Hybrid	Hybrid	54.9%	36.8%	44.4%	83.3%
20	Minnesota	MN TRA Post-1989	Pension	64.7%	48.3%	48.2%	100.0%
		MN St. Paul TRS Coordinated Post-1989	Pension	61.4%	48.3%	42.5%	93.3%
21	Nebraska	NE PERS School Division Post-2018	Pension	62.9%	39.2%	55.6%	93.8%

22	Missouri	MO PEERS Post-2014 ^{†‡}	Pension	61.9%	34.3%	54.9%	96.7%
		MO PSRS Teachers Post-2013 [‡]	Pension	58.6%	35.0%	51.5%	89.3%
		MO Kansas City School Plan C [‡]	Pension	58.5%	38.2%	47.3%	90.0%
		MO St. Louis School Post-2018 [‡]	Pension	58.0%	49.3%	47.3%	77.3%
23	Indiana	IN TRF DC	DC Plan	61.1%	47.1%	53.0%	86.0%
		IN TRF Hybrid	Hybrid	52.8%	22.5%	53.0%	82.9%
24	Maryland	MD SPRS Teachers Reformed	Pension	61.1%	31.8%	55.4%	96.1%
25	District of Columbia	DC TRP Post-1996 [†]	Pension	60.9%	36.2%	53.3%	93.3%
26	Idaho	PERSI Teachers Post-2019	Pension	60.6%	34.1%	51.0%	96.7%
27	Wyoming	WY RS Teachers Post-2012	Pension	60.3%	42.7%	49.0%	89.1%
28	Arizona	AZ SRS Teachers Post-2013	Pension	59.8%	45.1%	47.7%	86.7%
29	Colorado	CO PERA Schools Division Tier 6 [†]	Pension	59.0%	40.2%	51.4%	85.3%
		CO PERA Denver Schools Tier 6 [†]	Pension	56.9%	34.3%	44.9%	91.4%
30	California	CalSTRS PEPRA [†]	Pension	58.3%	38.6%	56.3%	80.0%
		CalSTRS GR Option [†]	GR Plan	44.2%	49.5%	50.3%	32.7%
31	Massachusetts	MA TRS Post-2012 [†]	Pension	58.2%	28.9%	49.4%	96.2%
32	Montana	MT TRS K-12 Post-2013 [‡]	Pension	57.7%	36.1%	49.2%	87.8%
33	Oklahoma	OK TRS Post-2011	Pension	56.4%	43.4%	42.5%	83.3%
34	North Carolina	NC TSERS Teachers	Pension	55.9%	25.9%	52.5%	89.4%
35	Kansas	KS PERS Schools Post-2015	GR Plan	54.6%	54.8%	50.0%	59.1%
36	Connecticut	CT STRS Post-2018 [†]	Pension	53.8%	26.5%	55.5%	79.5%
37	New Hampshire	NH RS Teacher Post-2012	Pension	53.1%	30.7%	41.8%	86.7%
38	Maine	ME PERS Teachers Post-2011 [†]	Pension	52.3%	31.4%	42.2%	83.1%
39	Delaware	DE SEPP Teachers Post-2012	Pension	51.8%	24.9%	42.4%	82.0%
40	West Virginia	WV TRS Tier 2 Teachers	Pension	50.1%	24.8%	42.4%	83.2%
41	Iowa	IPERS Teachers Post-2012	Pension	49.8%	30.1%	42.7%	76.5%
42	Illinois	IL Chicago Teachers Tier 2 [†]	Pension	49.7%	16.8%	37.2%	95.0%
		IL TRS Tier 2 [†]	Pension	43.8%	8.7%	27.5%	95.2%
43	Mississippi	MS PERS Teachers Post-2011	Pension	49.6%	38.5%	54.4%	55.8%
44	Alabama	AL TRS Tier 2	Pension	49.1%	32.8%	41.1%	73.4%
45	New Jersey	NJ TPAF Post-2011	Pension	48.0%	27.8%	32.8%	83.3%



46	Nevada	NV PERS Teachers – Employer Pay Post-2015†	Pension	47.1%	18.4%	42.6%	80.1%
		NV PERS Teachers – Employer/Employee Pay Post-2015†	Pension	49.1%	24.6%	42.6%	80.1%
47	Georgia	GA TRS‡	Pension	46.2%	22.0%	49.4%	67.1%
48	Wisconsin	WI RS Teachers Current	Pension	46.1%	19.6%	29.7%	90.0%
49	Kentucky	KY TRS Hybrid K–12†	Hybrid	46.1%	34.0%	40.9%	63.2%
50	Texas	TX TRS Tier 6‡	Pension	44.9%	31.4%	35.4%	67.8%
		TX TRS Tier 5‡	Pension	44.3%	31.3%	35.0%	66.4%
51	Louisiana	TRSL Teachers Post-2015†	Pension	33.8%	19.0%	20.8%	61.5%

Note: The topline for each state reports the plan with the maximum score for overall. In cases where the overall score is tied, the table ranks plans within states based the STW-Teacher score. † = Plan members not enrolled in Social Security; ‡ = Plan members may or may not be enrolled in Social Security.

° indicates a plan that is either for part-time teachers or is intended to serve as a supplemental benefit in addition to a primary retirement plan. For example, Missouri teachers are enrolled in MO PSRS Teachers Post-2013; however, part-time teachers are instead enrolled in MO PEERS Post-2014. Similarly, VA EESRS Post-2001 is a pension offered to teachers in Fairfax County, VA, that is intended to supplement their primary benefits as part of VRS Teachers Hybrid.

Part 2: The Best and Worst States for Tomorrow's Teachers Based on the Average Retirement Benefits Offered

The best state in the country for new teacher retirement benefits is Tennessee. Their hybrid plan for teachers serves all members well, including earning 100% of available Retirement Benefits Score points for FCW-Teachers and 77.9% of available points for STW-Teachers. This is shown at the top of Table 2 below, which ranks states based on the average quality of retirement plans being offered.

For states like Tennessee, South Dakota, or Oregon, their score used in this approach to ranking doesn't change from the method used in Table 1. But for states with multiple plans (either because they offer choices or because there are different plans based on the geographic location of a teacher), this approach generally moves them down the list.

For example, South Carolina's pension plan works well for FCW-Teachers but has poor scores for other worker profiles. As a result, even though the state has the single highest rated retirement plan, the average score for South Carolina teacher retirement benefits is not the best in the country. Other notable differences from Table 1 to Table 2 include:

- Michigan falls from #5 to #13 when the scores for their defined contribution (DC) plan are averaged with their hybrid plan.
- Rhode Island falls from #7 to #18 when the scores for their plans with- and without Social Security are averaged together.
- Florida has the largest decline from #8 down to #33, because while it has a reasonably well-designed DC plan it also has one of the worst scoring pension plans in the country.

In cases where a state has a plan for teachers that is intended to be supplemental to primary retirement benefits or is only offered to part-time teachers, we do not include that in the state's average, though we do list the plan in the table.

TABLE 2: STATES RANKED BY THE AVERAGE QUALITY OF RETIREMENT BENEFITS OFFERED TO NEW TEACHERS

Rank	State	Benefit Classes/Tiers	Plan Type	Overall Benefits Score	STW-Teachers	MTW-Teachers	FCW-Teachers
1	Tennessee	TN TRP Hybrid	Hybrid	88.2%	77.9%	86.7%	100.0%
2	South Dakota	SD RS Teachers Generational	Hybrid	78.7%	62.3%	75.5%	98.3%
3	Oregon	OR PERS School District OPSRP	Hybrid	78.6%	59.3%	76.6%	100.0%
4	South Carolina	Average Plan	Total	78.0%	62.1%	75.3%	96.7%
		SC RS DC Teachers	DC Plan	94.2%	86.2%	96.4%	100.0%
		SC RS Pension Teachers Class 3	Pension	61.8%	37.9%	54.1%	93.3%
5	Washington	Average Plan	Total	72.4%	46.2%	71.8%	99.2%
		WA TRS Plan 2 Pension	Pension	74.4%	52.2%	71.0%	100.0%
		WA TRS Plan 3 Hybrid	Hybrid	70.4%	40.2%	72.6%	98.3%
6	Hawaii	ERSHI Teachers Hybrid	Hybrid	71.0%	41.7%	71.5%	100.0%
7	Virginia	VRS Teachers Hybrid	Hybrid	70.7%	51.5%	62.3%	98.3%
		VA EESRS Post-2001°	Pension	49.7%	36.2%	44.1%	68.9%
8	Alaska	AK TRS DC†	DC Plan	70.3%	55.7%	59.7%	95.5%
9	North Dakota	ND Teachers Post-2013	Pension	70.0%	55.7%	61.0%	93.3%

Rank	State	Benefit Classes/Tiers	Plan Type	Overall Benefits Score	STW-Teachers	MTW-Teachers	FCW-Teachers
10	Ohio	Average Plan	Total	61.7%	45.7%	51.6%	84.0%
		OH STRS Pension Post-2019†	Pension	55.3%	37.3%	48.3%	80.4%
		OH STRS DC†	DC Plan	69.9%	51.1%	58.6%	100.0%
		OH STRS Hybrid Post-2015†	Hybrid	60.0%	48.7%	47.8%	71.5%
11	Vermont	VT STRS Group C Current	Pension	69.7%	44.2%	64.7%	100.0%
12	New York	Average Plan	Total	67.2%	35.0%	67.4%	99.2%
		NY STRS Tier 6	Pension	65.4%	32.8%	63.3%	100.0%
		NY NYC Teachers Tier 6	Pension	69.0%	37.2%	71.5%	98.3%
13	Michigan	Average Plan	Total	68.8%	48.6%	62.5%	95.9%
		MPSERS DC Teachers	DC Plan	75.3%	58.3%	67.7%	100.0%
		MPSERS Pension Plus 2 Teachers	Hybrid	62.3%	38.8%	57.2%	91.7%
14	Arkansas	AR TRS Teachers	Pension	68.6%	37.8%	68.0%	100.0%
15	New Mexico	NM ERB Post-2019	Pension	65.4%	44.1%	53.9%	98.3%
16	Minnesota	Average Plan	Total	63.1%	47.2%	45.4%	96.7%
		MN TRA Post-1989	Pension	64.7%	46.0%	48.2%	100.0%
		MN St. Paul TRS Coord. Plan Post-1989	Pension	61.4%	48.3%	42.5%	93.3%
		NE PERS School Division Post-2018	Pension	62.9%	39.2%	55.6%	93.8%
18	Rhode Island	Average Plan	Total	61.4%	37.9%	49.9%	96.3%
		RI ERSRI Teachers SSA	Hybrid	60.6%	34.5%	48.9%	98.3%
		RI ERSRI Teachers B2 SSA	Hybrid	57.3%	28.1%	47.3%	96.7%
		RI ERSRI Teachers Non-SSA†	Hybrid	53.6%	28.9%	40.2%	91.8%
		RI ERSRI Teachers B2 Non-SSA†	Hybrid	73.9%	60.0%	63.3%	98.3%
19	Maryland	MD SPRS Teachers Reformed	Pension	61.1%	31.8%	55.4%	96.1%
20	District of Columbia	DC TRP Post-1996†	Pension	60.9%	36.2%	53.3%	93.3%
21	Idaho	PERSI Teachers Post-2019	Pension	60.6%	34.1%	51.0%	96.7%
22	Wyoming	WY RS Teachers Post-2012	Pension	60.3%	42.7%	49.0%	89.1%
23	Arizona	AZ SRS Teachers Post-2013	Pension	59.8%	45.1%	47.7%	86.7%
24	Missouri	Average Plan	Total	58.4%	40.8%	48.7%	85.5%
		MO PSRS Teachers Post-2013‡	Pension	58.6%	35.0%	51.5%	89.3%
		MO Kansas City School Plan C‡	Pension	58.5%	38.2%	47.3%	90.0%
		MO St. Louis School Post-2018‡	Pension	58.0%	49.3%	47.3%	77.3%
		MO PEERS Post-2014°‡	Pension	61.9%	34.3%	54.9%	96.7%
25	California	CalSTRS PEPRAT	Pension	58.3%	49.5%	56.3%	80.0%
		CalSTRS GR Option°‡	GR Plan	44.2%	49.5%	50.3%	32.7%
26	Pennsylvania	Average Plan	Total	58.3%	43.1%	47.2%	84.5%
		PA PSERS DC	DC Plan	65.1%	55.5%	52.9%	87.0%
		PA PSERS Class T-G Hybrid	Hybrid	54.9%	36.8%	44.4%	83.3%
		PA PSERS Class T-H Hybrid	Hybrid	54.9%	37.1%	44.2%	83.3%
27	Massachusetts	MA TRS Post-2012†	Pension	58.2%	28.9%	49.4%	96.2%

Rank	State	Benefit Classes/Tiers	Plan Type	Overall Benefits Score	STW-Teachers	MTW-Teachers	FCW-Teachers
28	Indiana	Average Plan	Total	57.0%	34.8%	51.7%	84.5%
		IN TRF DC	DC Plan	61.1%	47.1%	50.3%	86.0%
		IN TRF Hybrid	Hybrid	52.8%	22.5%	53.0%	82.9%
29	Colorado	Average Plan	Total	58.0%	37.3%	48.2%	88.4%
		CO PERA Schools Div. Tier 6†	Pension	59.0%	40.2%	51.4%	85.3%
		CO PERA Denver Schools Tier 6†	Pension	56.9%	34.3%	44.9%	91.4%
30	Montana	MT TRS K–12 Post-2013‡	Pension	57.7%	36.1%	49.2%	87.8%
31	Oklahoma	OK TRS Post-2011	Pension	56.4%	43.4%	42.5%	83.3%
32	North Carolina	NC TSERS Teachers	Pension	55.9%	25.9%	52.5%	89.4%
33	Florida	Average Plan	Total	54.9%	37.9%	39.3%	87.6%
		FL RS DC Plan Regular K–12	DC Plan	73.7%	66.5%	63.0%	91.8%
		FL RS Pension Regular K–12 Post-2011	Pension	36.1%	9.3%	15.6%	83.3%
34	Kansas	KS PERS Schools Post-2015	GR Plan	54.6%	54.8%	50.0%	59.1%
35	Utah	Average Plan	Total	54.4%	39.7%	47.3%	76.4%
		UT Teacher Tier 2 DC	DC Plan	41.3%	33.7%	34.2%	56.1%
		UT Teacher Tier 2 Hybrid	Hybrid	67.5%	45.6%	60.4%	96.7%
36	Connecticut	CT STRS Post-2018†	Pension	53.8%	26.5%	55.5%	79.5%
37	New Hampshire	NH RS Teacher Post-2012	Pension	53.1%	30.7%	41.8%	86.7%
38	Maine	ME PERS Teachers Post-2011†	Pension	52.3%	31.4%	42.2%	83.1%
39	Delaware	DE SEPP Teachers Post-2012	Pension	51.8%	24.9%	42.4%	82.0%
40	West Virginia	WV TRS Tier 2 Teachers	Pension	50.1%	24.8%	42.4%	83.2%
41	Iowa	IPERS Teachers Post-2012	Pension	49.8%	30.1%	42.7%	76.5%
42	Mississippi	MS PERS Teachers Post-2011	Pension	49.6%	38.5%	54.4%	55.8%
43	Alabama	AL TRS Tier 2	Pension	49.1%	32.8%	41.1%	73.4%
44	New Jersey	NJ TPAF Post-2011	Pension	48.0%	27.8%	32.8%	83.3%
45	Nevada	Average Plan	Total	47.1%	18.4%	42.6%	80.1%
		NV PERS K–12 EP Post-2015†	Pension	47.1%	18.4%	42.6%	80.1%
		NV PERS K–12 E/EP Post-2015†	Pension	49.1%	24.6%	42.6%	80.1%
46	Illinois	Average Plan	Total	46.8%	12.8%	32.4%	95.1%
		IL TRS Tier 2†	Pension	43.8%	8.7%	27.5%	95.2%
		IL Chicago Teachers Tier 2†	Pension	49.7%	16.8%	37.2%	95.0%
47	Georgia	GA TRS‡	Pension	46.2%	22.0%	49.4%	67.1%
49	Kentucky	KY TRS Hybrid K–12†	Hybrid	46.1%	34.0%	40.9%	63.2%
48	Wisconsin	WI RS Teachers Current	Pension	46.1%	19.6%	29.7%	90.0%
50	Texas	Average Plan	Total	44.6%	31.4%	35.2%	67.1%
		TX TRS Tier 5‡	Pension	44.3%	31.3%	35.0%	66.4%
		TX TRS Tier 6‡	Pension	44.9%	31.4%	35.4%	67.8%
51	Louisiana	TRSL Teachers Post-2015†	Pension	33.8%	19.0%	20.8%	61.5%

Note: The topline for each state reports the plan with the maximum score for overall.

† = Plan members not enrolled in Social Security.

‡ = Plan members may or may not be enrolled in Social Security.

° indicates a plan that is either for part-time teachers or is intended to serve as a supplemental benefit in addition to a primary retirement plan.

Part 3: What Retirement Plan Choices do Teachers Have?

In some statewide retirement systems, new teachers have a choice about what retirement plan they enroll in by offering different options for members to select as a primary benefit. Table 3 lists which systems offer choices to public K–12 teachers and public school employees and what those choices are:

TABLE 3: RETIREMENT SYSTEMS THAT OFFER CHOICE, BY PLAN TYPE

Retirement Plan Type	Retirement System	
HYBRID PLAN OR DC PLAN	Indiana Public Retirement System	By default, new teachers are enrolled in the Teachers' Retirement Fund Hybrid Plan. Alternatively, new teachers can elect to join Indiana's My Choice: Retirement Savings Plan, which is a defined contribution (DC) plan. For new hires, their retirement plan selection must be made within 60 days of their start date.
	Michigan Public School Employees Retirement System	By default, new teachers are enrolled in the state's DC plan. Members can make an affirmative decision to join a hybrid plan instead, known as Pension Plus 2. Workers hired between 2012 and 2018 may be enrolled in the original Pension Plus hybrid plan, which has slightly different rules.
	Pennsylvania Public School Employees' Retirement System	By default, new teachers are enrolled in a hybrid plan. They have the option of a different hybrid plan (with lower contributions and lower benefits). Alternatively, new hires can elect to enroll instead in the state's standalone DC plan.
	Utah Retirement System	Tier II teachers, those hired on or after July 1, 2011, can choose between the Hybrid Retirement System and the Defined Contribution Plan. New hires must make their selection within the first year of employment.
PENSION PLAN OR DC PLAN	Florida Retirement System	By default, new teachers are enrolled in the Florida Retirement System Investment Plan, which is a DC plan. Alternatively, teachers can elect to participate in a traditional pension plan, the Florida Retirement System Pension Plan. For new hires, their retirement plan selection must be made on the last business day of the 8th month after their hire date.
	South Carolina Retirement System	Teachers can either participate in the South Carolina Retirement System, which is a traditional pension plan, or in its State Optional Retirement Program, which is a DC plan. By default, members are enrolled in the pension plan.
PENSION PLAN OR HYBRID PLAN	Washington Teachers' Retirement System	New teachers have 90 days to choose among two available retirement plans: Tier 2, which is a traditional pension plan; and Tier 3, which is a hybrid plan.
PENSION PLAN, HYBRID PLAN OR DC PLAN	State Teachers Retirement System of Ohio	New teachers have 180 days from their first day of paid service to select from three possible plans: Defined Benefit Plan, Defined Contribution Plan, or the Combined Plan (which is a hybrid plan). If teachers do not make a selection, they are automatically enrolled in the Defined Benefit Plan, which is a traditional pension plan.
PENSION PLAN OR PENSION PLAN	Nevada Public Employees' Retirement System	School districts have the option of whether to offer a choice of pension plans to new teachers. One pension plan has all costs paid by the employer, usually resulting in slightly lower salaries. The other pension plan has shared contributions from the employee and employer, which also means the members are entitled to a refund of their contributions if they leave early and withdraw from the pension fund.

Part 4: Conclusion — Where We Go from Here

Many of the lowest scoring pension plans for teachers are those that were created in the years following the Great Recession. While some states replaced their pension plans with lower-risk alternative plan designs that offered comparable benefits, others simply reduced the value of pension benefits offered to new teachers. The net result is that the value of pension benefits today are roughly \$100,000 less than they were in 2005, a 13% decline over the past two decades.

Teachers who were already hired before states began creating new tiers of benefits with less value will still retire with the benefits they were promised. This means the benefit value reduction is going to be felt primarily by new generations of teachers.

All of the new pension plans and benefit tiers were put in place as part of a wave of legislation to reduce costs and the risks to taxpayers from future investment shortfalls. These goals are understandable in the context of economic recession and financial volatility. And in the years since as teacher pension plans have accumulated over \$600 billion in pension debt — i.e., unfunded liabilities — the costs of paying this down have become an acute burden for states and school districts.³

But the state legislatures who chose to continue offering pension benefits only through a lower valued tier of benefits have effectively shifted the costs of their legacy retirement plans on to educators. By cutting the benefit values for future teachers, states are forcing those individuals to find additional ways to use their salaries to save for retirement independent of the state retirement system.

³ See “[State of Pensions 2021](#),” Equable Institute.

RELEVANT APPENDICES

- Appendix A: Measuring Retirement Security
- Appendix B: Methodology
- Appendix C: Retirement Systems Categories, by State
- Appendix D: Comparing Teacher Benefits with Public School Employee Benefits
- Appendix E: Ranking All Benefit Tiers

TO READ THE APPENDICES RELATED TO THIS PAPER,
SEE “THE NATIONAL LANDSCAPE OF TEACHER RETIREMENT BENEFITS” AVAILABLE AT:
<https://equable.org/category/rsr-research/>

FIND YOUR PLAN

The analysis in this paper focusing on averages and cohorts does not fully reflect the wide variance in plan designs and Retirement Benefit Scores for each individual plan. We encourage all readers to explore the digital tool to understand how different retirement plans function in practice. [RetirementSecurity.Report](#) allows readers to sort through plans according to their own aggregate rating within each section, letting users see which plans offer the best policy features, which plan designs reach a minimum standard for adequate retirement savings, what percentage of the workforce covered by a particular plan is likely to reach given retirement security benchmarks. From there, readers can reach conclusions about their preferred benefits for workers based on potential years of service and other factors.

VISIT RETIREMENTSECURITY.REPORT

to explore a digital tool that provides individual Retirement Benefit Scores for each state retirement plan.

If you are a researcher and want to explore the raw data outputs or code for modeling, contact us at info@equable.org to obtain copies of the data files.

KEY TERMS AND DEFINITIONS

- **Adequate Retirement Income**
For the purposes of this report, we have defined adequacy as a 70% replacement of final average salary. See methodology for further details about how we define salary and incorporate Social Security.
- **Short-Term Worker (STW-Teacher)**
A teacher or public school employee who is enrolled in a public retirement plan in the same state for 10 years of service or less.
- **Medium-Term Worker (MTW-Teacher)**
A teacher or public school employee who is enrolled in a public retirement plan in the same state for 10 to 20 years of service.
- **Full Career Worker (FCW-Teacher)**
A teacher or public school employee who works their entire career participating in a public retirement plan in the same state.
- **Pension Plan**
A retirement plan design based on a formula that accounts for years of service and final average salary. The typical pension benefit formula is years of service (ex. 20 years) x benefit accrual percentage (ex. 2% multiplier) x final average salary (ex. \$75,000). The example scenario would yield a 40% of final average salary benefit, or a \$30,000 annual pension.
- **Defined Contribution (DC) Plan**
A retirement plan design based on contributions from members and employers into an individual account, which is then usually invested through professionally designed and managed funds. DC plans are usually defined as 401k's or 403b's, typically default members into target date funds, and sometimes allow individuals to automatically convert their accumulated account balance to guaranteed income through annuities.
- **Guaranteed Return (GR) Plan**
A retirement plan design that offers guaranteed investment returns on contributions from members and employers to an individual account managed by the retirement system. GR plans are often formally called "cash balance" plans. The typical GR plan accumulates contributions, minimum investment returns (ex. 4% guaranteed returns), and a share of returns when the plan's investments yield a return above the minimum threshold. Upon retirement, GR plans usually convert the accumulated account balance into guaranteed income, similar to annuities.
- **Hybrid Plan**
A retirement plan design that mixes some combination of pension plan, DC plan, and GR plan. A typical hybrid plan provides a small pension plan (ex. using a 1% multiplier) and a small DC plan (ex. 3% employer contributions and 3% member contributions). Upon retirement, the income created by both elements of these retirement plans are combined for a single source of retirement income.
- **Retirement System**
This is an umbrella organization authorized by a state or municipality to administer retirement benefits. A single retirement system could provide different retirement plan designs (e.g., pension, DC, GR, and hybrid plans). It might offer different retirement plans to different public sector workers depending on hire date and occupation.
- **Retirement Plan**
This is a specific set of benefit provisions for a clearly defined group of public sector workers. The benefit provisions and rules determine whether the retirement plan is a pension, DC, GR, or hybrid plan. The plan may be offered to a narrowly tailored set of occupations, such as being only for public school teachers. The plan may be offered only to individuals hired on or after a particular date, with other retirement plans offered to those hired in other time frames.

About the Retirement Security Report

Retirement security is ultimately about *retirement income*. Families and individuals want to know that during their retirement years they will have enough weekly, monthly, or annual income to live comfortably and meet their basic needs. Of course, many people aspire to more than just the basics. Ask even a handful of individuals about how they want to live in retirement, and you'll hear a wide range of preferences. Expenses can vary from family to family, too, depending on housing, health care costs, and dependents. So exactly how much income is necessary will vary according to a particular person or family. But at the simplest level, the focus is still on *income*. And retirement security is ensuring that individuals have access to adequate income during post-working years (we define adequate retirement income as at least 70% replacement of pre-retirement income).

How secure are the retirement prospects for public K–12 educators? This is the focus of this report, and the answer depends on where in the country a teacher is working and how long that teacher plans to stay in that job.

The “Retirement Security Report” (RSR) is a comprehensive assessment of the quality of benefits being offered to public sector workers nationwide. This specific report is an analysis of the quality of benefits for teachers and public school employees. While there is reasonable cause to analyze the financial sustainability of public sector retirement systems and their costs, that’s not what we are focused on in this study.⁴ The RSR is principally focused on the *value of benefits* being offered to public sector workers, including educators.

RSR SCORING STRUCTURE

The objective of the RSR is to assess public sector retirement systems by measuring the quality of benefits offered against a standard benchmark path to retirement income security. We use a scorecard approach to grade each retirement system on its own terms. The benefit provisions of each retirement plan are measured against a common set of standards, benchmarks, and best practices. The result is a Retirement Benefits Score for each retirement plan and class of benefits.

The Retirement Benefits Score is made up of points scored on three sets of criteria: **Eligibility** (how long it takes a teacher to be fully vested in their retirement plan); **Income Adequacy** (how benefits stack up against the accumulation pattern necessary to reach a 70% pre-retirement income replacement rate by age 67 or the normal retirement age of a plan); and **Flexibility & Mobility** (how well a retirement plan’s provisions support a worker being able to take employer contributions and accumulated benefits with them if they move to another job or to another state).⁵

RSR MEASUREMENT OF RETIREMENT PLAN QUALITY

The points scored on all of the criteria are added up into the Retirement Benefits Score for each plan. (If a pension plan earns 18 of 25 available points, then we will report that plan as scoring 72% in this report.) We assess the quality of these plans and their scores based on the following measurement definitions:

- Retirement plans that earn 75% or more of available points are defined as “**serving members well**”.
- Retirement plans that earn between 50% and 75% of available points are “**serving members moderately well**”.
- Retirement plans that earn less than 50% of available points are defined as “**not serving members well**”.

See Appendix A for a summary of how we measure retirement security. For complete methodology of how Retirement Benefits Scores are calculated and for more on how the retirement scorecards should be used, see the introduction and appendixes of “[The National Landscape of State Retirement Benefits: First Edition \(2021\)](#).”

⁴ Equable Institute’s “State of Pensions 2021” report found that as of the end of 2020, state retirement systems had reported a \$1.49 trillion funding shortfall and estimated that even after strong 2021 investment returns that the funding shortfall was still over \$1 billion. Retirement systems covering public school employees account for 44.26% of all public pension unfunded liabilities.

⁵ Retirement Benefits Score for DC plans: we grade the mobility of employer-funded contributions based on a more fine-grained measurement of vesting rules related to how much of those contributions a member can take with them in the event they leave their retirement plan. For guaranteed return plans: we grade the mobility of employer contributions in part on the size of the investment return guarantee offered.