Hello faculty of the CCCCD;

I know many of you have been hearing all the "terrible" press about public pensions and may be wondering about STRS and how we fit into the discussion.   Certainly PERS has done us no benefits through some the policies they have used and abused over the last 50 years.   That leaves US to tell the truth about educators and the STRS pension plan.

I would like to share some information and dispel some of the "myths" being reported in the newspaper and on radio and TV.   So if you find yourself in a place to write a letter to the editor or call a radio show you will have some facts and statistics.

1. Teachers pay 8% into their pension (more than those who pay into Social Security at 6.25%).
We have always paid our fair share into the STRS pension plan.
2. Average teacher pension currently being paid out is $3,302/month and for more recent retirees $4,085/month (and that is not excessive considering we get NO Social Security or will have our Social Security off-set for which many have paid into the system from private sector work).
3. The state invests 9% into the STRS system (not 23% as was reported by the Times).
4. The employer (district) pays 8.25% into STRS (a basic match to the employee).
5. The remaining funding comes from 55% from investments.
6. STRS is NOT headed toward insolvency.   It is one of the best managed and funded public pensions in the nation.   Most Defined Benefit plans are NOT fully funded and it is considered by investment bankers and fund managers that a "well funded" plan is over 80% funded.   STRS, like most financial institutions, was hit by the recession and fell below 80% to 76% --- but it consistently makes gains to regain its funding each year and is NOT in fear of not making its commitment to faculty now or in the future.
7. It also has plans to deal with the funding issue and recently re-bench-marked its investment projection from 8% to 7.75% and also lowered its expectations from salaries.   It 'may' require more contribution from employers.
8. It does not allow "spiking" as does some other pension plans.
9. Teachers earn far less teaching than they would in the private sector with their degrees and experience --- the agreement all along was earn less during your career and be repaid with a fair and dependable pension.
10. Unlike police who may retire at age 50 with 90% of their salary (and receive Social Security too) --- that is NOT true for teachers.   The average teacher retires at age 63 and typically CCC faculty over that.   If they have 30 years or more of service they can expect between 75 to 80% of their salary.

In general, the replacement ratio for new retirees is 59% and that is their ONLY source of income without Social Security.  Most retire with 27 years of service on average and 65% of them are female.

The contribution rates have been stable for decades and the CURRENT state contribution to STRS is LESS than half what it was in 1998.   The percentage of state revenues going to STRS has not changed in 20 years!

The public deserves the FACTS!

A typical "example": a teacher who works for 35 years and retires at age 62 based upon a $90,000 final year compensation will earn 80% of salary with no Social Security safety net.  Her final retirement would be $6037/month and then taxes and health care premiums will come out of that.

As to buying extra years --- yes, teachers can purchase up to 5 years of time, but it is VERY expensive and unless they have put away money, most don't do it.   Also, statistically buying additional years of the service is "self funded".   STRS actuaries have priced them to pay for themselves, so there is NO COST to the taxpayer.

STRS has NEVER taken a funding holiday (as PERS did in the 1990's during which time neither employer or employee had to invest in the system).   We (both faculty and district) have continued to fund our own system.

I hope this helps you better understand STRS, the system, and the facts about our pensions.

Deborah Dahl Shanks
FACCC Retirement Committee and Officer