CalSTRS is not in crisis!!!
Do not begrudge me
the teacher’s pension that I earned

By **Dana Dillon**

As a public school teacher, I am often gratified by the show of support that parents and others throughout California show for members of my profession. Everyone I talk with says they value education and the need to inspire and engage our youth to lead our nation’s future.

But I’m offended when I hear grumblings over teacher salaries and pensions. News reports of rich public pensions paid to local government officials lead many to reason that CalSTRS and its members are also to blame. I take those criticisms personally. After all, given my education, training, and service, I’ve earned the pension I’ve spent a career in building.

Most CalSTRS members do not retire into a life of luxury. Ours is a modest pension, secured over nearly three decades of service. The median CalSTRS pension replaces about 60 percent of our working income. Unlike most workers, teachers in California do not earn any Social Security benefits for their classroom service. As such, the CalSTRS pension represents the only source of reliable monthly income a retired teacher receives. Moreover, most public school educators in the state retire without employer-sponsored health care after age 65.

Nor is it a taxpayer giveaway. Over the life of their careers, CalSTRS members contribute 8 percent of their monthly pay to help finance their retirement. Employers kick in another 8.25 percent of monthly pay (75 percent of which is offset by not having to pay Social Security taxes), the state contributes a little more than 2 percent, and the returns garnered by CalSTRS investments do the rest. These taxpayer contributions represented less than 28 percent of the resources used in the past 15 years to pay benefits.

In the past decade, the financial health of public pension funds, including CalSTRS, has been undermined by the dot-com bust and global recession. However, our situation is not as dire as many would have you think. As of June 2009, CalSTRS benefits were 78 percent funded and the system had sufficient assets and projected contributions to pay benefits until 2044.

Public pension funds like CalSTRS are not in crisis. Our long-term rate investment return of 8.2 percent for the past 20 years exceeds our assumptions. Our benefits are paid for and funded over decades.

Local and state governments, including California, must make hard decisions to ensure the solvency of their public pension systems. CalSTRS acknowledges that changes must be made to its system and is working with affected stakeholders to develop a responsible strategy to address the system’s projected long-term funding shortfall. While a fix is not immediately needed, the longer we wait to address funding issues, the costlier a solution will be.

We can manage our funding problems without eliminating the Defined Benefit pensions that California’s public educators have worked for and deserve.