



Facts About Our Pension

Point 1 CalSTRS is now on a path to full funding by 2046.

In 2014 Governor Brown signed AB 1469 establishing a 32-year, full-funding plan. Working in consultation with the Legislature, the Teachers' Retirement Board has limited rate-setting authority.

Point 2 Contributions for CalSTRS members had not increased since 1972.

Contributions by CalSTRS employers increased from 1972 and 1976, up to 8.0 percent of CalSTRS covered payroll. The employer rate increased again in the mid-1980s to 8.25%. As of July 2016, CalSTRS Funding Plan has some members contributions increased:

- Those hired before January 1, 2013, rate increased in 2014 to 10.25% of payroll and has not changed since then.
- Those hired after January 2013 rate has increased from 9.205% to 10.205%.
- Employer rates increased from 8.25% in 2014, with steady increases through 2020, which will bring employer contribution to 19.10%.

Point 3 California educators' pensions generate over \$11 billion dollars annually into California's economy.

- For every dollar the state contributes to CalSTRS, approximately 50 cents is returned through the tax payments from CalSTRS benefits – over \$1.2 billion to state and local governments.
- More than 92,000 jobs are supported from CalSTRS benefits spending throughout the state.

Point 4 CalSTRS retirement benefits are modest for most retirees – 80% say their CalSTRS benefit is not sufficient to cover expenses.

- Almost 40% of retirees have less than \$40,000 in annual retirement benefits, 25% with less than \$30,000.
- 70% of retirees are women who have fewer years of service, compared to their male counterparts, therefore a lower compensation. Second career



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teachers who put in 20 years, even if they have the high salary (let's say \$100,000) would only receive about \$40,000.

- Social Security penalties – Windfall Elimination Provision (WEP) and Government Pension Offset (GPO) are unjust penalties that reduce and eliminate Social Security benefits for California retired teachers.
- Health care cost for retirees is not covered by school districts that have employed more than 60% of all retired teachers. CalSTRS does not offer retiree health insurance. The rising cost of health care hits the older population hardest.

Point 5 We have a serious teacher shortage.

We need to recruit and retain public school teachers. Pensions are reasons for “good” teachers to become teachers and remain teachers.

Point 6 Many new public charter schools are depriving CalSTRS of contributions.

Too many of the charters are choosing to put their teachers into Social Security rather than CalSTRS. This is a real concern to CalSTRS and will certainly impact future teachers' retirements as well.