

In a nationwide poll of 708 teachers, those in Illinois report feeling a greater sense of concern about their pensions compared to respondents in other parts of the country.¹ Reliable pensions have been one of the bedrock benefits of a teaching career, but Illinois teachers are losing faith in their pension prospects. The majority of Illinois teachers:

- Doubt whether they will receive their full pensions
- Worry that pension costs hurt their students
- Are dissatisfied with their retirement plans

Among teachers from other parts of the country, the majority reported the opposite perspectives. The majority of non-Illinois teachers were confident in the security of their pension benefits, did not see them as crowding out resources for students, and were generally satisfied with their retirement plans.

Teachers from Illinois as well as teachers from other locations have two key commonalities. They feel the same desire to hold on to their defined benefit plans and the same desire for pension benefits to be portable.

FINDING #1:

Compared to teachers in other states, Illinois teachers are twice as likely to believe they will not receive their full pension benefits.

Illinois teachers have little confidence that they will receive their full pension benefits. Despite a constitutional requirement that pension commitments be honored, teachers in Illinois are keenly aware that funding for pensions is precarious. Four out of five Illinois teachers do not believe their pensions will be paid in full. In the rest of the country, only two out of five educators doubt the stability of their pensions. Seventy-eight percent of Illinois teachers report being “not very confident” or “not at all confident” that they will receive their full benefits, versus 40 percent of teachers in other locations.²

Figure 1. Illinois teachers are almost **2X** more likely than teachers in other locations to report that they are not confident they will receive their full pension benefits.



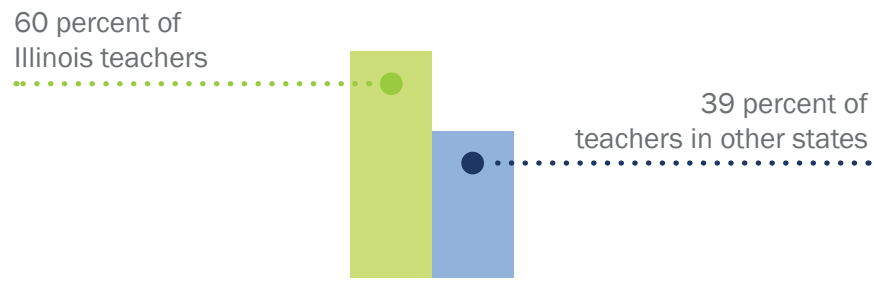
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FINDING #2:

Teachers in Illinois are far more concerned than others that funding for pensions reduces available resources that can be used to serve students.

Both Illinois and Chicago are increasingly using a large portion of their budgets to make up pension payments that were skipped in past years, taking away dollars from services for students today. For example, Chicago Public Schools' FY16 Budget Book states, "The significant gulf in state pension support has created a structural budget crisis that will continue to divert scarce resources away from classrooms to cover pension payments until action is taken to correct this imbalance."³ Chicago Public Schools is spending 12 percent of its current budget—\$676 million—on pensions. A majority of responding Illinois teachers recognize that today's students are paying for the mistakes of yesterday's politicians. Teachers in other states, states that have funded their pensions more adequately than Illinois, are far less concerned. In Illinois, nearly 2/3 of teachers are concerned about pension payments crowding out resources for students, while elsewhere just over 1/3 of teachers share this concern.⁴

Figure 2. Percent of teachers concerned that pension funding is crowding out available resources

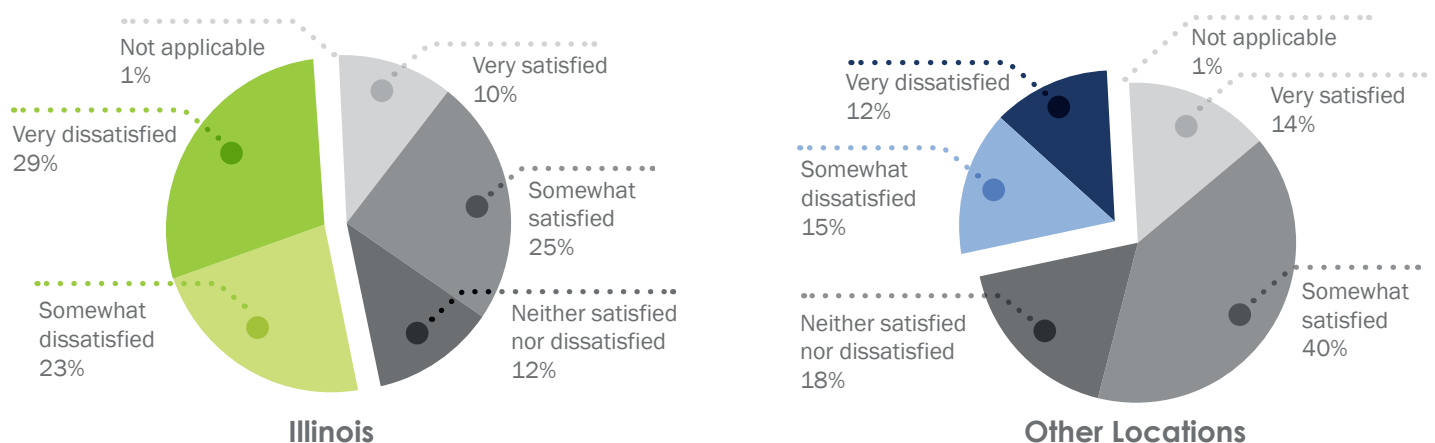


FINDING #3:

The majority of Illinois teachers are dissatisfied with their current employer's retirement plan in contrast to teachers in other parts of the country.

Over half of Illinois teachers are dissatisfied with their retirement plan, almost double the dissatisfaction rate found in other parts of the country. In other states, just over a quarter of teachers are dissatisfied. While dissatisfied, they do not want to move away from a defined benefit system.⁵

Figure 3. Percent of teachers reporting dissatisfaction with their pensions



FINDING #4:

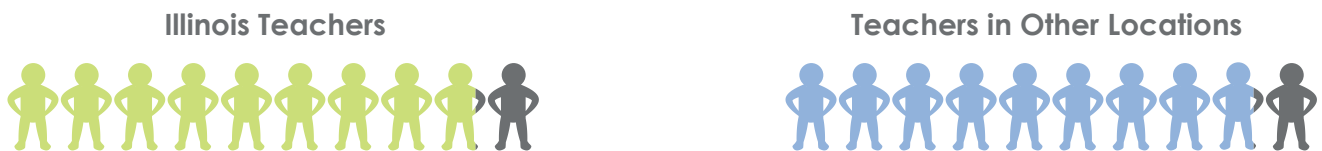
In terms of the type of plan they prefer and in terms of plan portability, Illinois teachers are virtually identical to other teachers.

Illinois teachers' dissatisfaction with their retirement plan doesn't necessarily mean they want the structure of their plan to change. Rather, even while recognizing the financial challenges, Illinois teachers support defined benefit plans.⁶ Like teachers across the nation, nearly 3 in 4 Illinois teachers prefer some type of defined benefit plan. However, 88 percent of teachers also want a plan that can be taken with them to a new employer.⁷

Figure 4. Percent of teachers who want a retirement plan that includes a defined benefit



Figure 5. Percent of teachers who desire pension portability



CONCLUSION

Teachers in Illinois recognize that their pensions are in a precarious position, and that making up for missed pension payments of the past is hurting students today. Illinois needs a comprehensive solution to funding its pension debt, a solution that does not divert dollars from the classroom and ensures that we are able to attract great teachers to our classrooms. This should serve as a call to action for leaders to address the pension crisis on behalf of students and teachers.

ENDNOTES

1. Between March 16 and March 28, 2016, Teach Plus polled teachers in the Teach Plus Network. In this sample of 708 teachers, 13.6 percent have 5 or fewer years of teaching experience, 24.2 percent have 6 to 10 years, 36.2 percent have 11 to 20 years, 12.7 percent have 21 to 30 years, and 13.4 percent have 31 or more years. 93.1 percent of respondents are current teachers and 6.9 percent reported being in other educator roles. 25.6 percent are teachers in Illinois and the others come from 28 other states and the District of Columbia.

2. Question: "If you currently pay or have paid into a pension system, how confident are you that when you retire, you will receive the full benefits that you have earned through your contributions?" Responses for Illinois teachers (n = 179): "Very confident" (7.8 percent), "Somewhat confident" (12.8 percent), "Not very confident" (28.5 percent), "Not at all confident" (49.7 percent), "Unsure" (1.1 percent). Responses for teachers in other states (n = 524): "Very confident" (17.0 percent), "Somewhat confident" (38.0 percent), "Not very confident" (26.9 percent), "Not at all confident" (13.4 percent), "Unsure" (4.8 percent). Results may not sum to 100 percent due to rounding.

3. See Chicago Public Schools Fiscal Year 2016 Budget. (n.d.). Retrieved March 28, 2016, from <http://www.cps.edu/FY16Budget/Pages/pensions.aspx>.

4. Question: "To what extent are you concerned that funding for pensions will reduce available resources that can be used to serve students?" Responses for Illinois teachers (n = 179): "Very concerned" (31.3 percent), "Somewhat concerned" (29.1 percent), "Not very concerned" (13.4 percent), "Not at all concerned" (19.6 percent), "Unsure" (6.7 percent). Responses for teachers in other states (n = 522): "Very concerned" (13.6 percent), "Somewhat concerned" (25.9 percent), "Not very concerned" (24.1 percent), "Not at all concerned" (27.0 percent), "Unsure" (9.4 percent).

5. Question: "How satisfied are you with your current employer's retirement plan?" Responses for Illinois teachers (n = 181): "Very satisfied" (10.5 percent), "Somewhat satisfied" (25.4 percent), "Neither satisfied nor dissatisfied" (11.6 percent), "Somewhat dissatisfied" (22.7 percent), "Very dissatisfied" (29.3 percent), "Not applicable" (0.6 percent). Responses for teachers in other states (n = 525): "Very satisfied" (13.9 percent), "Somewhat satisfied" (40.4 percent), "Neither satisfied nor dissatisfied" (17.5 percent), "Somewhat dissatisfied" (15.2 percent), "Very dissatisfied" (11.8 percent), "Not applicable" (1.1 percent).

6. Question: "If you had the opportunity to choose a retirement or pension system from the options described below, which would it be?" Responses for Illinois teachers (n = 181) and responses for teachers in other states (n = 525): "Your retirement is based on an investment account that you and your employer contribute to over the course of your employment. This is traditionally known as a 403(b) account or a defined contribution plan. The amount received at retirement is based on the performance of your investments." Illinois (16.6 percent), other states (10.7 percent), "Your retirement is a guaranteed monthly benefit based on your salary in the last few years of employment and the number of years you worked. This is traditionally known as a pension plan or a defined benefit plan." Illinois (45.9 percent), other states (38.9 percent), "Your retirement is based on both a guaranteed monthly benefit based on your salary and years worked, and an investment account that you and your employer both contribute to. This is traditionally known as a hybrid plan. The guaranteed portion of the retirement is generally smaller than what is found in a traditional pension plan but allows for market-based returns as well." Illinois (26.0 percent), other states (35.0 percent), "Unsure" Illinois (7.7 percent), other states (13.3 percent), "Other" Illinois (3.9 percent), other states (2.1 percent).

7. Question: "If you chose to leave your current employer, how important would it be for you to take your current retirement plan with you?" Responses for Illinois teachers (n = 180): "Very important" (75.6 percent), "Somewhat important" (12.2 percent), "Not very important" (5.0 percent), "Not at all important" (4.4 percent), "Unsure" (2.8 percent). Responses for teachers in other states (n = 523): "Very important" (75.5 percent), "Somewhat important" (12.0 percent), "Not very important" (4.0 percent), "Not at all important" (3.1 percent), "Unsure" (5.4 percent).