

Week of March 15, 2010



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## Preserving Missouri Teachers' Retirement

Given the current state of the economy, it's no wonder that Missourians are concerned about the security of their retirement plans. Since the recession began, many people have seen their retirement savings accounts significantly lose value. Many employers have even stopped matching employee retirement contributions altogether as they struggle just to keep their people on staff. There's also been some concern about the future of retirement plans for state employees—including our teachers.

This concern has caused some confusion over what is currently being seriously considered in the Legislature this year regarding state retirement plans. Lately, my office has received dozens of calls and e-mails from alarmed teachers and school employees regarding their retirement benefits, so I'd like to clarify some of the information that has been circulating among different groups.

First, there has been talk of putting all state employee retirement programs under one big umbrella and consolidating all of the plans into one. I oppose this idea, and if it ever comes before the Legislature, I would vote against it. In particular, I'm thinking about the unique composition of the Public School Retirement System ([PSRS](#)) and Public Education Employee Retirement System ([PEERS](#)) and how they would be adversely affected by consolidation. These retirement systems for our teachers and school employees are distinctively designed with employees contributing approximately 50 percent of the funds. Together they also form the largest retirement system in Missouri—and one of the largest in the nation—with around \$26.5 billion in assets.

I'm concerned about the effect consolidation would have on the management of those assets, as well as the impact it would have on our teachers as they enter their retirement years. These retirement systems are successful on their own; the Legislature should not interfere with what already works.

Another bill that has created some concern among teachers is [SB 896](#). It's important to know that this bill does not currently contain any provisions that would affect

PSRS/PEERS. Instead, it would create a defined contribution-based retirement plan (for certain state retirement systems) for future state employees and judges. If passed, this bill would take effect on January 1, 2011. New employees as of that date would have their own retirement account, and state departments would be required to pay an annual contribution rate, which would be set by the Legislature through the budget process. I voted for this bill when it came through the Senate Veterans' Affairs, Pensions and Urban Affairs Committee last month.

While there is no harm in being proactive and contacting your legislators to make sure your opinion is heard, I want to be clear that the two Senate proposals in question, as they now stand, do not contain any provisions that would affect PSRS or PEERS. The economic downturn has definitely brought to light the need to streamline and restructure state government, but we must preserve retirement benefits for our teachers. We need to attract the best and brightest into the teaching profession, and we will not be able to do this if we drastically alter an already-successful retirement benefits model.

As I mentioned before, my Capitol office has received a large number of phone calls and e-mails about public retirement benefits. While a lot of those calls were spurred by information about a situation that hasn't happened yet, I still invite you to contact me or my staff with any questions or concerns at any time. We look forward to hearing your comments and suggestions and trying to answer any questions you may have. You can reach us by phone at 866-277-0882 (toll-free) or 573-751-2272, or by fax at 573-526-7381.

*Senator David Pearce serves Bates, Cass, Johnson and Vernon counties in the 31<sup>st</sup> State Senatorial District.*

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