Teacher Pension Policy in Colorado

A report card on the sustainability, flexibility and fairness of state teacher pension systems

Colorado’s pension system ratings

Sustainability
Pension system is stable and well-funded.

NO

Flexibility
Pension system is flexible and fair to all teachers.

NO

Neutrality
Retiree benefits to teachers accrue uniformly with each additional year of work.

YES

Snapshot of Colorado’s pension system

Teacher pension system is well-funded (at least 90%).

NO

Teachers have the option of a fully portable primary pension plan.

NO

Teachers vest in three years or less.

NO

Teachers leaving early can take at least a partial employer contribution with them.

YES

Teacher and employer contribution rates are reasonable.

NO

Retirement eligibility is based on age only.

NO

Pension benefits accrue in a way that treats each year of work uniformly.

NO

Colorado pension system characteristics

<table>
<thead>
<tr>
<th>Type of plan</th>
<th>Defined benefit (DB)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Unfunded liabilities (percent of system funded)</td>
<td>$14,067,932,000 (60.30%)</td>
</tr>
<tr>
<td>Vesting period</td>
<td>5 years</td>
</tr>
<tr>
<td>Teacher contribution rate (percent of salary)</td>
<td>8%</td>
</tr>
<tr>
<td>Employer contribution rate (percent of salary)</td>
<td>16.4%</td>
</tr>
<tr>
<td>Basis for retirement eligibility</td>
<td>Years of service</td>
</tr>
<tr>
<td>Cost of living adjustments</td>
<td>Linked to Consumer Price Index</td>
</tr>
<tr>
<td>Participation in Social Security</td>
<td>No</td>
</tr>
<tr>
<td>Contributions teachers may withdraw from plans if they leave after 5 years</td>
<td>Their own and partial employer</td>
</tr>
<tr>
<td>Policy for purchasing time for prior teaching or approved leave</td>
<td>Limited</td>
</tr>
<tr>
<td>Cost per teacher of allowing retirement before age 65</td>
<td>$731,263</td>
</tr>
</tbody>
</table>

For more information about Colorado and other states’ teacher retirement policies, including full narrative analyses, recommendations and state responses, see www.nctq.org/statePolicy

National Council on Teacher Quality | January 2015
Teacher pension trends in the U.S.

Just seven states offer a fully or nearly fully portable primary pension plan for teachers.

Teacher pension system debt has reached a half trillion dollars.

Other indicators also reflect worrisome trends.

Number of states where pension funding ratios have decreased since 2008: 43

Number of states that require excessive contributions of teachers, employers or both: 43

Number of states that have increased teacher contribution rates since 2008: 29

Number of states that have ten-year teacher vesting periods: 15

National Council on Teacher Quality | January 2015