Teacher Pension Policy in District of Columbia

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

District of Columbia’s pension system ratings

**Sustainability**
- Pension system is stable and well-funded.

**Flexibility**
- Pension system is flexible and fair to all teachers.

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

- **fully meets goal**: 1
- **nearly meets goal**: 0
- **meets goal in part**: 0
- **meets a small part of goal**: 0
- **does not meet goal**: 0

Snapshot of District of Columbia’s pension system

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

- **YES**

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.

- **NO**

Teacher and employer contribution rates are reasonable.

- **YES**

Retirement eligibility is based on age only.

- **NO**

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

- **NO**

District of Columbia’s 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>$173,268,000 (90.1%)</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>10.4%</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>Own, without interest</td>
</tr>
<tr>
<td>Policy for purchasing time for prior teaching or approved leave</td>
<td>Limited (prior teaching); Unlimited (approved leave)</td>
</tr>
<tr>
<td>Cost per teacher of allowing retirement before age 65</td>
<td>$672,847</td>
</tr>
</tbody>
</table>

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