

Teacher Pension Policy in Massachusetts

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

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

Massachusetts' 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
 ◐ nearly meets goal
 ◑ meets goal in part
 ◒ meets a small part of goal
 ○ does not meet goal

Snapshot of Massachusetts' pension system

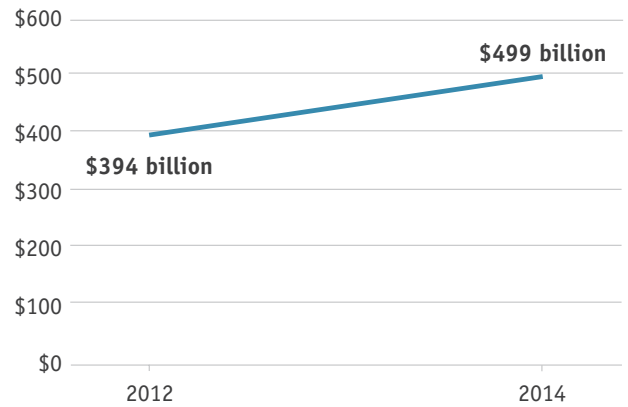
Teacher pension system is well-funded (at least 90%).	NO
Teachers have the option of a fully portable primary pension plan.	NO
Teachers vest in three years or less.	NO
Teachers leaving early can take at least a partial employer contribution with them.	NO
Teacher and employer contribution rates are reasonable.	NO
Retirement eligibility is based on age only.	YES
Pension benefits accrue in a way that treats each year of work uniformly.	NO

Massachusetts' pension system characteristics

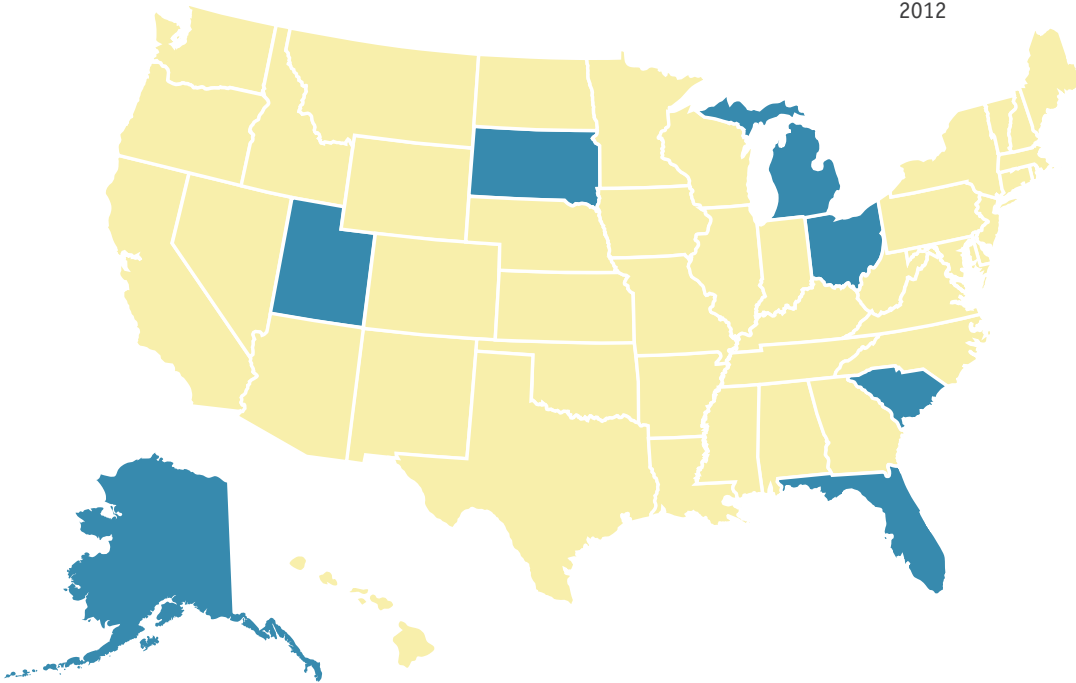
Type of plan	Defined benefit (DB)
Unfunded liabilities (percent of system funded)	\$17,347,748,000 (55.70%)
Vesting period	10 years
Teacher contribution rate (percent of salary)	11.00%
Employer contribution rate (percent of salary)	28.90%
Basis for retirement eligibility	Years of service
Cost of living adjustments	Linked to Consumer Price Index
Participation in Social Security	No
Contributions teachers may withdraw from plans if they leave after 5 years	Own with interest
Policy for purchasing time for prior teaching or approved leave	Limited (prior teaching); Not permitted (approved leave)
Cost per teacher of allowing retirement before age 65	\$375,944

Teacher pension trends in the U.S.

Teacher pension system debt has reached a half trillion dollars.

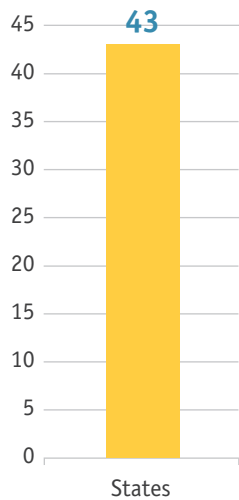


Just seven states offer a fully or nearly fully portable primary pension plan for teachers.

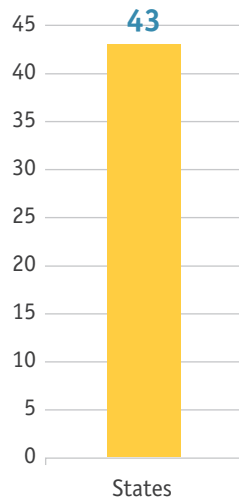


Other indicators also reflect worrisome trends.

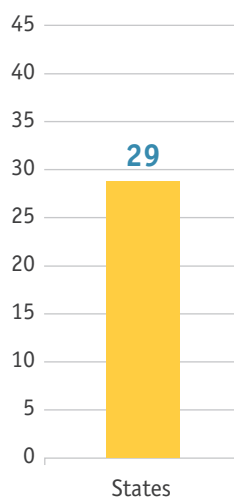
Number of states where pension funding ratios have decreased since 2008



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



Number of states that have increased teacher contribution rates since 2008



Number of states that have ten-year teacher vesting periods

