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The Pension Pac-Man: How Pension Debt Eats Away at Teacher Salaries

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Why aren't teacher salaries rising? This puzzle can be explained by three trends eating into teachers' take-home pay: rising health care costs, declining student/teacher ratios, and rising retirement costs. Retirement costs are the most hidden of these three factors. The result is that most teachers are getting the worst of both worlds. Teachers are told they're accepting lower base salaries in exchange for higher future retirement benefits, but because existing pension plans backload benefits to the end of a teacher's career, that trade only works well for the small minority of teachers (about one in five) who remain teaching in the same retirement system for 25 or 30 years. Even these teachers may have preferred higher salaries at all stages of their career over waiting until retirement for a disproportionately large reward. Rather than face some hard choices, state policymakers are allowing retirement costs to eat up ever-larger shares of teacher compensation. Unless states adopt alternative retirement models, teachers will likely see retirement costs eat further and further into their take-home pay. This report discusses this dilemma in five sections: (1) Teacher Salaries Are Stagnating While Benefit Costs Rise; (2) Teacher Retirement Costs Are Rising, but Actual Benefits Are Not; (3) Pensions Aren't Serving All Teachers Equally Well; (4) Getting Pension Debt under Control Would Benefit Teachers; and (5) How to Actually Raise Teacher Salaries.

Descriptors: [Retirement Benefits](#), [Teacher Salaries](#), [Educational Trends](#), [Trend Analysis](#), [Costs](#), [Debt \(Financial\)](#), [Models](#), [Compensation \(Remuneration\)](#), [Economic Factors](#), [Public School Teachers](#)

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