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In an amazingly fast pace, pensions have become the target of every budget woe across the nation, in both unionized states as well as those without collective bargaining. With a broad brush, the attacks on pensions have stated that public pensions are unsustainable due to extravagant benefits, low member contributions, and abuses of tax payer dollars.

None of this could be further from the truth for our members and the public.

The investigations into the financial crisis have documented Wall Street's intentional manipulation of real estate sales to public pension funds as well as a lack of self regulation, oversight, and ethical behavior. The Financial Crisis Inquiry Report has presented their findings to the Department of Justice, however, to date no one has been held accountable for these unconscionable practices. So we are forced to wonder why.

CalSTRS and CalPERS, being the largest pension systems in the country, have very strong corporate governance policies. They engage corporations, policing their compensation policies, their diversity practices, their labor relations and obligations to their stockholders – US – and demand transparency in their reporting. A perfect example of this is the resolution of the Blackstone/Hilton labor conflict. For many Wall Street firms, this oversight is annoying and they would love to be rid of this monitoring. It may sound like a Tom Clancy novel, but one has to wonder if there really is a conspiracy in play.

We also know who has benefitted from the disappearance of private pensions – the businesses in the defined contribution world. DC's were never designed to be retirement systems – they were supplements to which we all should be contributing. However somewhere along the line, these products have been advertized as retirement plans. Nationally the average 401K plan has only \$48,000. One only has to look at the Wall Street instability to realize that DC's are not reliable as a retirement system. The bigger picture is that Wall Street would love to get their hands on our hard earned money. Their interest is not in our future retirement security but how high a fee can they charge and the hidden penalties that take advantage of our trusting education force. Beware of the free pizza in the lunch room. It may cost you a lot just a few years down the road.

So we come to the spin versus the reality – The new “normal” is full of frenzy making – forget the facts, focus on outlier data and pit the tax payers against the public employees.

The fact is the crisis is not in our pension plans. From 1913 to 1972, CalSTRS was a pay as you go system. Many of our active retirees remember when the fund was only 30% funded back in the 70's. We have come a very long way in a short period of time. The 2009 valuation was at 78% funded and will probably be lower again this year due to the 3 year smoothing period. But on the positive note, in the past year, STRS made over a 12% rate of return– in a market that was struggling – and our system continues to show strong gains. While we are not at a crisis point, we do need to discuss how to close

the unfunded liability. Investments alone will not close that gap. However, none of the initiatives, nor reform bills coming forward will address this problem. They are fluff measures that make politicians look like they have done something to control these unsustainable “runaway” pension systems. The real conversation has yet to be had.

The media frenzy and some self proclaimed “tax payers for change” groups have focused on the extravagant pensions – the \$100,000 club. We all know that in the education world, this club is full of administrators and superintendents. The overall average for a CalSTRS pension is \$3,300 and CalPERS pension for education personnel is even lower. I don’t consider that even close to getting rich.

Teachers are just one of the professions that are penalized by federal offsets to Social Security earnings because of their public pensions. This is often a shock to second career teachers when they realize their Social Security earnings are significantly reduced because they became teachers. Even more egregious are the penalties our retirees face when they not only lose a spouse but are financially compromised when they lose their spousal death benefit – all because they have a public pension.

Retiree Health care is another spin item. While some individuals in CalPERS have been able to bargain this as part of their benefit, this is and never has been part of the CalSTRS benefit. Unless local district negotiations have included retiree health, the majority of teachers do NOT have coverage until they reach 65.

So what is the benefit to the state for continuing to support the two largest pension systems in the US? For every dollar the state invests in our pension systems, they receive over \$7 in economic activity. Years of data have proven that teachers retire in the area that they worked. This means they spend their retirement dollars in their communities – providing millions of dollars in economic activity which translates to thousands of jobs throughout the state. For some small communities, the loss of these reliable expenditures could devastate a local economy. Along with our retiree’s contributions to the economy, both pension systems invest in California’s businesses supporting economic growth. To make knee jerk changes that compromise CalPERS and CalSTRS will in the long run undermine the economic stability of California.

So what can we do?

We must educate ourselves and then educate the public. Our state and national associations as well as our pension systems have regularly posted information on their websites specifically addressing misinformation and stating the real facts.

In January of 2010, calstrsbenefits.us was launched. This interactive web based communication tool enables members to ask questions and have them answered by the CalSTRS CEO, Jack Ehnes. This site includes regular postings clarifying misinformation in media publications as well as the most recent data on the CalSTRS members and fund.

Over the past three months, CTA Communications has developed a Retirement focused webpage embedded under the Issues and Action tab on cta.org. Here members will be able to access power

point presentations, myths vs. facts, up to date news articles, recommended readings, retirement education links, and CTA's response to pension attacks, like the flawed reports by the Little Hoover Commission and the LAO.

I want to personally acknowledge the hard work of our communications department – Jonathon Goldman, Becky Zoglman, Sandra Jackson, Dina Martin, Tiffany Hasker, Karyn Donoff, and their whole team, for the incredible work they have done to launch and evolve this Retirement web page. Keeping pace with the constant attacks on our retirements as well as the navigating the steep learning curve of the retirement world is no easy task. The creation of this resource gives our members real time information and access to the facts. Additional thanks to our legislative advocate, Jennifer Baker, and our staff advisors, Steve DePue and Rose Luna, for their incredible depth of knowledge and insight , and the ability to explain the nuances of our retirement system without making us do the Linda Blair Exorcist head spin.

While these attacks on public pensions are very painful, it has forced our membership to think about retirement. My hope is that as a nation, we come to the realization that all Americans deserve to have a secure retirement - one in which we do not have to worry about how we will survive as we age.

And in closing, who would have thought that Will Rogers' quote from 1929 would be so poignant today.

“Let Wall Street have a nightmare and the whole country has to help get them back in bed again.....I say - they made their bed – time for them to sleep in it ! Get your own house in order and stay out of ours!”