

AMBIGUOUS PENSION PROPOSALS HASTEN TEACHER RETIREMENTS



Imminent changes in the educators' pension plans have seen a sharp rise in the number of teachers seeking retirements. Arthur Norris, past president of the Ohio Association of School Personnel Administrators said that, "Retirements are on the rise among teachers across the state this year, and another uptick is expected next year in anticipation of proposed changes in the pension plan." Jack Wills, 54, a teacher who teaches Chinese, says that he has made up his mind to retire at the end of the year, saying that "There's too much uncertainty." He has put in 27 years of service and is still 3 years away from, the current minimum years of service required before an employee can opt for retirement, with full benefits. He confesses that his decision has been propelled by the impending changes in the educators' pensions' plans. Currently, teachers can opt for retirement, at any age, and with full retirement benefits, provided they have put in 30 years of work. However, starting from 2015, the age and years-of-service would step-by-step rise. So much so, that somewhere in 2026, teachers cannot retire with full benefits, until they are 60 years old and have worked for a minimum of 35 years. Anxious to avert the year 2015, when the new rule will come into force, the teachers are contemplating an early retirement. Norris, the executive director of human resources at Perrysburg schools near Toledo said, "The reason we're seeing a larger increase this year is because it's getting closer to 2015. Each year we get closer, we'll see more retirements." The State Teachers Retirement System sent a revised pension-reform plan, fourth version of its type, since 2009, to the lawmakers, under which teachers' salary contributions to their retirement funds would rise from 10 percent to 14 percent over four years. A spokesman for the System, Nick Treneff said that the new plan would ensure that by putting in more years of work, educators can fund their "benefits longer and improve the condition of the pension system." Nick went on to say, "We know that every individual is not going to be happy with the results. But we think we have a good understanding among active teachers, retirees and employers that changes needed to be made to ensure our solvency going forward, and these changes are in the best interest of all the plan participants." The new revised plan, expected to save \$13.3 billion in accrued liabilities has found the backing of coalition of unions and employers that had opposed it earlier. "I think we really have found the sweet spot where the burden is being shared in an equitable way," said Bill Leibensperger, vice president of the Ohio Education Association, the state's largest teachers union. Ironically, educators are finding that an early retirement now, will earn them more money in the long-term, rather than a retirement 5 years on, when the proposed rules may or may not be in effect. Chris Williams, President of Westerville's Teacher Union has decided to retire, even though he is 5 years short of being eligible for full retirement benefits. He said that a meeting with an STRS counsellor revealed that, "I would actually be earning fewer dollars in five years." Local districts are saying that the retirements are actually helping them deal with their financial problems. The vacancies left by the retiring teachers can be filled by hiring 'less-experienced teachers with lower salaries.' Money thus saved can help finance programs that were on the verge of being annulled or were facing reductions.

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