An Editorial: *Is My Pension Safe?*

By Joseph P. Acri, PAESSP Assistant Executive Director

Today, this is the question being asked by many Pennsylvania school employees. “Probably,” “maybe,” “more than likely” are not answers people want to be told. “Yes, no matter what happens, *your pension is safe*,” is the only acceptable answer anyone wants to hear. The Public School Employees Retirement System (PSERS) is a governmental, mandatory, multi-employer defined benefit pension plan for Pennsylvania school employees. Established in 1917, PSERS is one of the oldest public pension plans in the United States. A little-known fact about the fund is that it survived and even continued to grow during the Great Depression. PSERS is in the top 20 of the largest defined benefit pension funds with assets of over $46 billion and serves over 500,000 members.

PSERS is a well-established fund, yet we constantly hear about the need to change benefit plans. The key question is *“why do we need to look at changing to another pension plan?”* It is important to examine the makeup of the current system. You probably already know that a portion of each employee’s salary is deducted and invested into PSERS and another contribution comes from employers. The employee’s contribution is fixed by law; the employer’s contribution is determined by actuaries. However, in order to pay benefits at current levels, these monies must be invested and those earnings comprise the majority of the fund. In fact, more than two-thirds of the fund’s assets come from investment earnings. And we all know what happened in the stocks and bonds markets the last few years and the effects on interest earnings. But it is additionally important to look back to 2000 to 2003 when PSERS was also experiencing investment losses. Taking all of this into consideration using PSERS data from 1999 to 2008, the net effect was a $33 billion gain. The main points to be made are that the system is large, it is well managed and it has been around for a long time. Why then should anyone be concerned? *The truth is we do not know what the future holds, and changes to the system as suggested by various groups, may produce a negative impact to a number of educators at some point in time.*

What needs to be done? You need to be acquainted with the facts and the history of the pension system because no one is currently providing that information. The entire focus has been on 2013 and the employer increase. No one is talking about the reality that between 1980 and the mid-1990s the employer contribution was always above 12% and as high as 20%. No one is countering the argument of the large payout in benefits when actually the average annual payment as of June 30, 2008 was $21,963, according to PSERS.

What can you do? As an Act 93 group, engage your superintendent and school board in discussions and jointly approach your legislator. Express your concerns to your legislators about changing the present system and ask them for their position on correcting the problem. In addition, share with school community groups and taxpayers that the legislators created this problem by underfunding the system and they have the obligation and responsibility to correct it, not the school district or its employees. Following the meeting with your legislators, share any information you obtained with your teachers’ association. Remember, these are **YOUR benefits**. *If you don’t care, who will?*