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Letters to the Editor
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To the Editor:

Joel Klein writes that public school teachers “would prefer front-loaded compensation” to a defined benefit pension plan. However, evidence suggests quite a different story.

The situation of teachers in West Virginia provides a telling case study. In 1991, the West Virginia Teachers’ Retirement System (TRS) pension plan was frozen. Teachers were given 401(k)-type defined contribution (DC) accounts instead. In 2005, the TRS pension was reopened to new hires, and the state also allowed teachers hired under the DC plan to choose to stay with the DC plan or switch back to the pension plan.

An overwhelming number of younger teachers—over 75 percent of them—decided to make the switch back to the TRS pension plan. The tremendous popularity of the decision to move back to the pension was somewhat surprising, but shows that many young teachers highly value their pension benefits.

Klein further asserts that reducing pension benefits would increase teacher retention; yet this too fails to stand up to scrutiny. Economists find strong evidence that pensions help retain workers. Researchers at Boston College found that pension coverage increases tenure with an employer by four years as compared to having no retirement system in place, while pension coverage increases tenure with an employer by 1.3 years as compared to DC coverage.

Finally, pensions remain the key to middle income Americans’ retirement security. As *The Wall Street Journal* noted in 2008, the West Virginia teachers’ switch from pensions to individual DC accounts offers “a valuable lesson in what not to do.” Indeed, the reason for the state’s decision to move back to a pension plan was because those teachers were shockingly ill-prepared for retirement after many years in the DC system. This falls squarely in line with a wide body of research showing that the “three-legged retirement stool”—a pension, Social Security, and individual savings—remains the best way for middle-class Americans to be self-sufficient in retirement.

The evidence is clear. Teachers—especially younger teachers—highly value their pensions and are better prepared for retirement than those without pensions. Moreover, pensions are a proven tool for retaining qualified and experienced educators for our children. When you cut through the misinformation and rhetoric, it’s clear that pensions are good for teachers and *all* Americans.

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