

Overview

The Missouri State Employees' Retirement System (MOSERS) was established in 1957 and provides retirement, disability, and life insurance benefits to most state employees. The system provides a defined benefit (DB) pension for its 51,332 active employees, and 37,308 retirees and beneficiaries.

A defined benefit (DB) pension is a retirement plan that typically offers a modest but stable monthly retirement income that lasts the remainder of the retiree's life. Public sector pensions usually employ a shared financing model whereby both employees and employers contribute to the pension fund over time to manage costs. In contrast, private sector pensions almost always are funded solely by the employer.

Defined benefit (DB) pension benefits often are a function of an employee's years of service and salary at the end of one's career. The benefits are financed by a combination of employer contributions, employee contributions, and investment earnings. Contributions typically are pooled among all employees and invested, with investment decisions made by professional asset managers overseen by trustees.

Research shows that Americans who have the three-legged retirement stool of a defined benefit (DB) pension, Social Security, and individual savings, such as a 401(k)-type plan, generally have greatest opportunity to achieve financial security in retirement.

Key Facts

- Newly hired employees contribute 4% of salary to MOSERS.
- Employers contribute 13.97% to the fund.
- Each dollar invested by Missouri taxpayers in MOSERS supported \$6.18 in total economic activity in the state.



Key MOSERS Data¹

The chart below summarizes the key data for the Missouri State Employees' Plan, as of June 30, 2012:

Total active employees	51,332
Total retired members and beneficiaries	37,308
Average annual service retirement benefit	\$14,973
Employer contribution rate	13.97%
Employee contribution rate	4% for employees hired since 2011; 0% for employees hired before 2011
Actuarial value of assets	\$7.9 billion
Funded ratio	73.2%
Unfunded actuarial accrued liability	\$2.9 billion
Percent of ARC contributed	100.0% (2008-2012)

The Economic Impact of Missouri Pensions²

Expenditures made by retirees of state and local government provide a steady economic stimulus to Missouri communities and the state economy. Within the state of Missouri, 2012 expenditures stemming from state and local pensions supported:

- 49,006 jobs that paid \$2.2 billion in wages and salaries
- \$6.6 billion in total economic output
- \$880.6 million federal, state, and local tax revenues

Each dollar paid out in pension benefits supported \$1.77 in total economic activity in Illinois.

Each dollar “invested” by Illinois taxpayers in these plans supported \$6.18 in total economic activity in the state.

¹ All data, unless otherwise noted, as of June 30, 2012.

² Rhee, N. 2014. *Pensionomics 2014 Measuring the Economic Impacts of DB Pension Expenditures*. Washington, DC: National Institute on Retirement Security.

The following provides a snapshot of key data relative to the **Missouri State Employees' Retirement System (MOSERS)**. MOSERS provides retirement, life, and disability benefits for most state employees. The system provides a defined benefit (DB) pension, a retirement plan that typically offers a modest but stable monthly retirement income that lasts the remainder of a retiree's life.

\$6.18 The total economic activity in Missouri for each dollar invested by Missouri taxpayers in MOSERS.

\$6.6 billion Total economic output in Missouri created in 2009 when public sector retirees spent their pension income.

\$880.6 million Federal, state and local tax revenues generated by spending of Missouri public pension income.

49,006 Jobs created from pension income spending by Missouri state and local government retirees.

51,332 Total active members the Missouri State Employees' Plan.

\$14,973 Average annual pension benefit in the Missouri State Employees' Plan.

4.0 Percentage of salary that employees hired since 2011 contribute from every pay-check to their pension benefit to share the funding responsibility.

5.0 Median employee contribution rate nationally.

51 Percentage of pre-retirement income replaced by the defined benefit (DB) plan for an employee hired since 2000 with 30 years of service.

80 Percentage of pre-retirement income from all income sources that is considered adequate for a secure retirement.

All data come from either MOSERS or the National Institute on Retirement Security.



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Overview

The Public School Retirement System of Missouri (PSRS) was established in 1946 to provide certificated public school employees with retirement, disability, and survivor benefits. The majority of PSRS members do not contribute to Social Security. The Public Education Employee Retirement System of Missouri (PEERS) was established in 1965 to provide benefits for non-certificated public school personnel. Members of PEERS contribute to Social Security.

A defined benefit (DB) pension is a retirement plan that typically offers a modest but stable monthly retirement income that lasts the remainder of the retiree's life. Public sector pensions usually employ a shared financing model whereby both employees and employers contribute to the pension fund over time to manage costs. In contrast, private sector pensions almost always are funded solely by the employer.

Defined benefit (DB) pension benefits often are a function of an employee's years of service and salary at the end of one's career. The benefits are financed by a combination of employer contributions, employee contributions, and investment earnings. Contributions typically are pooled among all employees and invested, with investment decisions made by professional asset managers overseen by trustees.

Research shows that Americans who have the three-legged retirement stool of a defined benefit (DB) pension, Social Security, and individual savings, such as a 401(k)-type plan, generally have greatest opportunity to achieve financial security in retirement.

Key Facts

- Employees contribute 14.5% of salary to PSRS.
- Employers contribute 14.5% of salary to the fund.
- Each dollar invested by Missouri taxpayers in PSRS/PEERS supported \$6.18 in total economic activity in the state.



▶ Key Missouri PSRS/PEERS Data¹

The chart below summarizes the key PSRS/PEERS data, as of June 30, 2012:

	PSRS	PEERS
Total active employees	77,529	48,605
Total retired members and beneficiaries	50,344	22,562
Average annual service retirement benefit	\$38,898	\$7,422
Employer contribution rate	14.5%	6.86%
Employee contribution rate	14.5%	6.86%
Actuarial value of assets	\$29.0 billion	\$3.1 billion
Funded ratio	81.5%	82.5%
Unfunded actuarial accrued liability	\$6.6 billion	\$655 million
Percent of ARC contributed 2012	92.5%	100.0%
Percent of ARC contributed 2011	86.9%	100.0%
Percent of ARC contributed 2010	80.6%	95.5%
Percent of ARC contributed 2009	84.1%	88.8%
Percent of ARC contributed 2009	79.4%	86.0%

▶ The Economic Impact of Missouri Pensions²

Expenditures made by retirees of state and local government provide a steady economic stimulus to Missouri communities and the state economy. Within the state of Missouri, 2012 expenditures stemming from state and local pensions supported:

- 49,006 jobs that paid \$2.2 billion in wages and salaries
- \$6.6 billion in total economic output
- \$880.6 million federal, state, and local tax revenues

Each dollar paid out in pension benefits supported \$1.77 in total economic activity in Missouri.

Each dollar “invested” by Missouri taxpayers in these plans supported \$6.18 in total economic activity in the state.



¹ All data, unless otherwise noted, as of June 30, 2012.

² Rhee, N. 2014. *Pensionomics 2014 Measuring the Economic Impacts of DB Pension Expenditures*. Washington, DC: National Institute on Retirement Security.

The following provides a snapshot of key data relative to **The Public School Retirement System of Missouri and the Public Education Employee Retirement System of Missouri (PSRS and PEERS)**, which provide retirement benefits for public school employees in Missouri. PSRS provides benefits to certificated employees, most of whom do not participate in Social Security. PEERS provides benefits to non-certificated employees, who do participate in Social Security. The systems provide a defined benefit (DB) pension, a retirement plan that typically offers a modest but stable monthly retirement income that lasts the remainder of a retiree's life.

\$6.18 The total economic activity in Missouri for each dollar invested by Missouri taxpayers in PSRS and PEERS.

\$6.6 billion Total economic output in Missouri created in 2009 when public sector retirees spent their pension income.

\$880.6 million Federal, state and local tax revenues generated by spending of Missouri public pension income.

49,006 Jobs created from pension income spending by Missouri state and local government retirees.

\$5.5 million Teacher turnover cost savings generated by the retention effect of the defined benefit (DB) pension.

\$38,898 Average annual service pension benefit for a PSRS retiree.

77,529 Total active members of PSRS.

14.5 Percentage of salary that employees contribute from every pay-check to their pension benefit to share the funding responsibility. Nationally, the median employee contribution rate is 5%.

75 Percentage of pre-retirement income replaced by PSRS for an employee with 30 years of service. A replacement ratio of 80% from all income sources is considered adequate for a secure retirement. Most PSRS members do not participate in Social Security.

511 The number of teachers retained each year solely due to the defined benefit (DB) plan.

All data come from either PSRS/PEERS or the National Institute on Retirement Security.

Overview

As early as the turn of the 20th century, American legislators seemed to understand the importance of teacher quality to students' education. A 1917 report on public education noted that, "A school teacher's work is personal, direct, and positive. It works for the good or the ill of each pupil."¹

Key Facts

- Employees contribute 14.5% of salary out of each paycheck to the pension fund.
- The average retirement benefit is \$38,898 per year, or \$3,242 per month.
- PSRS covers 77,529 active school employees and 50,344 retired school employees and beneficiaries.
- Teachers are paid 14.3% less than comparable private sector workers.
- The PSRS pension replaces 75% of pre-retirement income for a teacher with 30 years of service.
- Most experts find that a replacement ratio of 80% or more, from all income sources, is adequate for a secure retirement. **Most PSRS members do not participate in Social Security.**

Defined benefit (DB) pension plans were first introduced for teachers in the United States to help with the recruitment of high quality educators, and as an incentive to keep those educators in the teaching profession. By 1916, some form of retirement plan was available to public schoolteachers in 33 states. It was thought that such a retirement system might serve two purposes: 1) bringing more diverse, and highly qualified teachers into the profession; and 2) creating a more productive workforce that actually saves public employers money, as one dollar in pension benefits was seen as worth more than a dollar in salary.²

Educational employees in Missouri have pension coverage through the Public School Retirement System of Missouri (PSRS) or the Public Education Employee Retirement System of Missouri (PEERS). PSRS provides certificated public school employees with retirement, disability, and survivor benefits, the majority of whom do not contribute to Social Security. PEERS provides benefits for non-certificated public school personnel, who do participate in Social Security.

PSRS covers 77,529 active employees of public educational institutions, and 50,344 retired school employees and beneficiaries. Employees contribute 14.5% out of each of their paychecks to the pension fund. The average retirement benefit is \$38,898 per year, or \$3,242 per month.

The PSRS pension replaces 75% of pre-retirement income for a teacher with 30 years of service. Most experts find that a replacement ratio of 80% or more, from all income sources, is adequate for a secure retirement. **Most PSRS members do not participate in Social Security.**

▶ Teachers Receive Lower Compensation

Public employees receive lower wages than their private sector counterparts. Even after accounting for pensions and other benefits, on average, state and local workers receive 7% less than those in the private sector.³ More specifically, teachers are paid 14.3% less than comparable private sector workers—and this pay gap has increased in the last decade.⁴ Teacher pensions play an important role in offsetting the financial impact of lower salaries.

Research shows that pensions are reliable and relieve retirement anxiety. Some 82% of Americans indicated that those with pensions are more likely to have a secure retirement, and 82% believe all workers should have access to a pension plan.⁵

▶ Pensions Help Retain Quality Teachers in Missouri⁶

Better teachers are experienced teachers. DB pensions help to retain highly productive teachers longer, as compared with individual defined contribution (DC) accounts. Moreover, the cost of teacher turnover is quite high, both in terms of financial cost and loss of productivity to the school district.

In Missouri:

- The cost of turnover in Missouri is \$10,696 per teacher.
- 511 teachers are retained each year due to the defined benefit (DB) plan.
- The defined benefit (DB) pension system saved \$5.5 million in teacher turnover costs in 2003 in school districts across the state.

About NRTA

NRTA: AARP's Educator Community is a national umbrella organization for the nation's largest network of retired educators. For nearly 65 years, NRTA has worked with state and local Retired Educators Associations (REAs) across the country on areas of mutual interest in advocacy and community outreach.

Collectively, NRTA and REAs engage and advocate on behalf of nearly one-million retired educators. Our shared priorities are to protect earned pension benefits and to assure access to affordable retiree healthcare. Additionally, NRTA helps inspire and honor the work of REA volunteers through NRTA's With our Youth! national recognition program.



^{1, 2} Graebner, W. 1978. Retirement in education: The economic and social functions of the teachers' pension. *History of Education Quarterly*, 18(4), 397-417.

³ Heywood, J., and K. Bender. 2010. *Out of Balance: Comparing Public and Private Sector Pay over Twenty Years*. Washington, DC: National Institute on Retirement Security.

⁴ Allegretto, S., S. Corcoran, and L. Mishel. 2008. *Teachers' Pay Continues to Slide*. Washington, DC: Economic Policy Institute.

⁵ Oakley, D, and K. Kenneally. 2013. *Pensions and Retirement Security 2013: A Roadmap for Policy Makers*. Washington, DC: National Institute on Retirement Security.

⁶ Boivie, I. 2011. *The Three Rs of Teacher Pension Plans: Recruitment, Retention, and Retirement*. Washington, DC: National Institute on Retirement Security.