

2021 Teacher Pension Bills: What They Were, What Became of Them

This issue examines enacted and proposed legislation intended to affect public school teacher retirement plans across the country. Each of the 50 states (and District of Columbia) has at least one plan that covers public school K-12 teachers, whether designed specifically for teachers or covering public employees including teachers. Several city teacher retirement plans are included for purposes of this review.

For the most part, this report does not include COVID-19 related bills. Suffice it to say that legislation was enacted as a direct result of COVID-19 in many states. One example of this was in Oklahoma, where the Teachers' Retirement System enacted bill SB 267, relating to a retiree incentive to return to work due to a teacher shortage.

Some Highlights

Most of the bills we looked at either passed or are being held over for the 2022 term; a smaller group failed.

- 33 bills related to benefit changes *other* than plan options (10 passed, 19 are held over, 4 failed).
- 17 bills related to contributions (11 passed, 5 are held over, 1 failed).
- 11 bills related to plan options (1 passed, 8 are held over, 2 failed).
- 7 bills related to service credit (3 passed, 3 are held over, 1 failed).
- 14 bills related to miscellaneous other topics (8 passed, 4 are held over, 2 failed)

Among some of the more curious still-pending bills: New York proposed and Illinois enacted ones that would allow members of these state Teachers Retirement Systems some extra years of credit for service in *private* schools (and in New York, colleges). A Massachusetts House bill offers a further twist on it: service credit is available for service in *parochial* schools plus private or public academies.

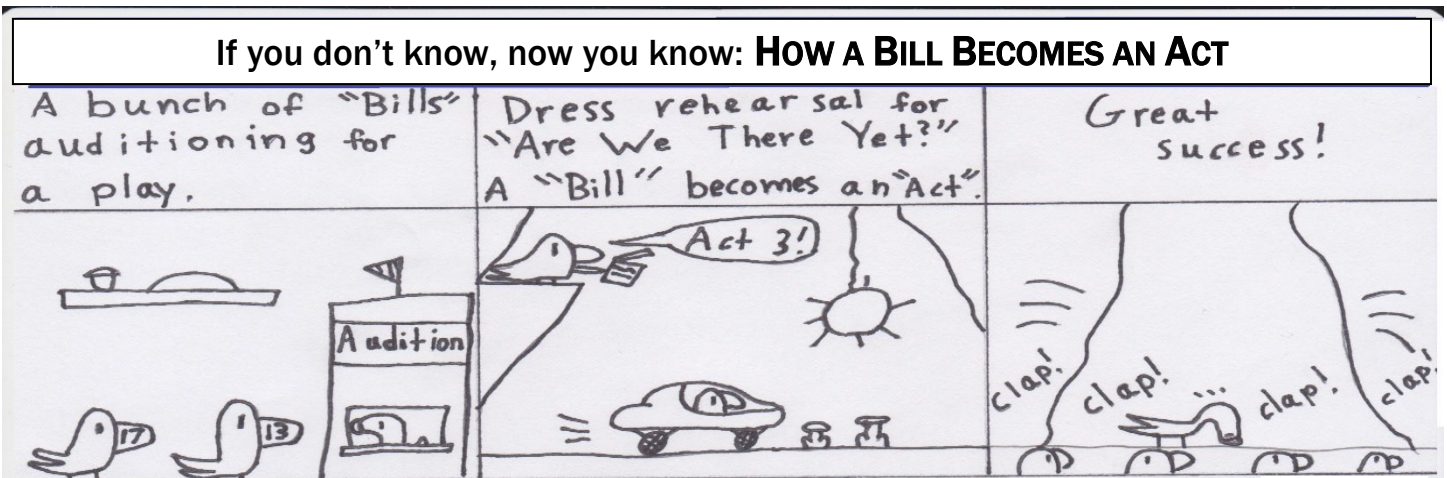
None of the proposed changes to require or even offer new Defined Contribution options passed. Bills in Florida and Texas failed. Others in Alaska, Kansas, Kentucky, and Rhode Island remained pending as of year-end, as was a bill to create a shared-risk plan in South Carolina.

Depending on where *you* are coming from, many of the other bills will probably interest you. Naturally, enacted bills are of the highest interest, because they could have an immediate impact on what you're permitted or required or forbidden to do. But pending and even defeated bills tell you about ideas that are in the air, and might land one of these days in your own favorite state.

For Details

Separate tables in this report provide useful information about all bills related to teacher pensions in 2021. Specifically:

- **Table MRPAR 2.1a** Enacted bills p. 3
- **Table MRPAR 2.1b** Pending bills p. 5
- **Table MRPAR 2.1c** Failed bills p. 9



Matthew Sherman



Coming Next Issue:

What Key Changes Have Occurred in City-, Town-, County-, and State-Administered Defined Benefit Retirement Plan Calculations for Municipal Employees in the Last Quarter Century?

A big, big question, where you might expect almost anything. But don't expect complete results – historical records are sketchy. Nonetheless, we expect to deliver some surprises.



Recent Studies and News:

[*Teacher Retirement Systems: A Ranking of the States*](#), by Max Marchitello, Andrew J. Rotherham & Juliet Squire, for Bellwether Education Partners, August 31, 2021. This report supports a “broader understanding of the challenges of teacher retirement systems” and provides a ranking system to “help more people understand how these systems work and don't work for teachers and taxpayers”.

[*Overview of Employee Benefits Provided to State and Local Government Employees*](#) from Mission Square Research Institute, February 2022. This report summarizes key data from the U.S. Bureau of Labor Statistics March 2021 *National Compensation Survey*, relating to employment benefits offered by all 50 states and about 80,000 local entities.



A Little More About Us

We are Still River Retirement Planning Software, Inc. Under this name since 1999, and a couple of others for five years before that, we've been providing pension calculations for teachers and other school employees.

But early on, generally at the request of our large corporate clients, we expanded in two dimensions. We began doing DB plan calculations for non-educational employees, and we began collecting and providing other kinds of data about these plans.

It started with municipal employees in statewide plans, including CalPERS. Then we branched into various police and fire pensions, and sometimes into public utilities and other agencies.

We didn't plan it, but once some financial companies that provide supplemental retirement plans to municipalities (and also state governments) found out about us, they started asking us to do more and more calculations for more types of employees, from AFSCME union members to zookeepers.

Sometimes it was even fun!

By 2022 we now calculate over 2500 tiers of pension benefits, covering every part of the country. We do easy things and hard ones, including complex plans in some of America's oldest cities such as Philadelphia and Detroit, and weird variations on “standard” plans, such as many of the California counties whose CalPERS calculations differ from the usual ones CalPERS publishes. And cash balance plan estimated benefits? No problem.

We pride ourselves on accuracy, and we provide swift corrections, or the addition of new plans, typically within 24 hours or so.

These capabilities and this unusual level of service have brought some of the largest companies in the municipal plans market to us, most notably VOYA, Nationwide, and Mission Square.

We're also happy to provide online calculators for individual plan administrators.

Why come to us? Because we do far more of what we do than anyone else. Nobody else is even close. And we love making our clients happy.



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– Kristin Sherman and Chuck Yanikoski, *editors*

Table MRPAR 2.1a
Teacher Pension Bills ENACTED in 2021, by subject category
Data current through 12/31/2021

This table lists detailed information regarding each bill that was *passed* and is grouped according by common themes.

One such theme was changes to obtaining and purchasing service credit. Three states (Tennessee, Arkansas, and Illinois) had bills enacted in this category. For example, in Illinois, bill SB 1646 allows TRS members optional credit for up to two years of service as a teacher or administrator employed by a private school if certain requirements are met.

Another theme was benefit changes, whether in the form of supplemental payments and/or COLAs, death benefits, service retirement, or the implementation of new plans. Eleven states (Indiana, South Dakota, Alaska, Rhode Island, Arkansas, Illinois, Louisiana, Texas, California, New York, and West Virginia) passed bills in this subcategory. The Indiana State Teachers' Retirement Fund, through HEA 1001, approved the issuance of a COLA (no 13th checks in 2021 or 2022). Likewise, in Rhode Island, eligible members of the Employees' Retirement System received a COLA in 2021. The South Dakota Retirement System through HB 1032 changed the minimum COLA from 0.5% to 0%. And, in Alaska the Teachers' Retirement System did not issue a post retirement pension adjustment in 2021 due to the local CPI dropping. The Arkansas Teacher Retirement System enacted bill SB 174 which changed the definition of normal retirement age to 65 with five years of actual service or at least age 60 with 38 total years of actual service, T-DROP service, and reciprocal service. A member that has attained the normal retirement age is able to draw full retirement benefits and remain employed without separating from employment. Additionally, through bill SB 2103, the Illinois Teachers' Retirement System has established a new Supplemental Savings Program which existing members will have the option to join (phase 1), and into which new members will be automatically enrolled (phase 2). In Louisiana, bill SB 24 stated that Teachers' Retirement System retirees, survivors, and beneficiaries who met certain criteria received a monthly benefit increase. In West Virginia, under certain circumstances a Teachers' Retirement System member's paid contributions will be returned after a member's death, due to bill SB 459.

A third theme was in regards to contribution rates. Nine state-level plans (Alabama, Arkansas, Minnesota, Montana, Nevada, New Mexico, Washington, Wyoming and Pennsylvania) changed contribution rates for members and/or employers in 2021; all changes reflected an increase. For a list of contribution rates for members of all teacher plans and public employee plans which cover teachers, see the Issue Brief: "[Employee Contributions to Public Pension Plans](#)", published by the National Association of State Retirement Administrators in September of 2021.

Subject	Plan/Bill #	Description
Service credit	Tennessee Consolidated Retirement System SB 1520/HB 1540	May obtain creditable service for prior service
	Arkansas Teacher Retirement System HB 1319	Regarding reciprocal service and how it affects final average salary
	Teachers' Retirement System of the State of Illinois SB 1646	Allowing members to claim private school service credit
Benefit changes	Indiana Teachers' Retirement Fund HEA 1001	Issuance of COLA approved; no 13th checks for 2021 and 2022
	South Dakota Retirement System HB 1032	Minimum COLA is now 0% instead of .5%
	Alaska Teachers' Retirement System	No PRPA (COLA) for 2021 due to CPI dropping
	Employees' Retirement System of Rhode Island	Eligible employees will receive a COLA in 2021
	Teachers' Retirement System of Louisiana SB 24	Grants minimum benefit increase to certain retirees, survivors and beneficiaries
	Teacher Retirement System of Texas SB 7	The Texas governor signed into law legislation that enabled a one-time supplemental payment to eligible TRS members who retired on or before Dec. 31, 2020; provides a payment to eligible retirees and beneficiaries in either the same amount of their monthly annuity or \$2,400, whichever is less.

	California State Teachers' Retirement System	Death benefits amount vary depending on whether or not a member died before or after retirement and what type of coverage they have
	New York State Teachers' Retirement System S 6618/A 7182	Retirement death benefit: removes age 60 qualifier; eligible 3rd (and after) year post-retirement at a rate of 10%.
	West Virginia State Teachers' Retirement System SB 459	Return of member's paid contributions after member's death under certain circumstances
	Arkansas Teacher Retirement System SB 174	Normal retirement age is 65/5 or 60/38
Plan Options	Illinois Teachers' Retirement System SB 2103	As of 1/1/2022 auto-enrollment in SSP for all new members; option to opt-out within 90 days: this will occur in phases
Contributions	Alabama Teachers' Retirement System	Employee contribution rate: 6.2%
	Arkansas Teacher Retirement System	Contributory plan member contributions: 6.75%; employer match: 14.75%
	Teachers Retirement Association of Minnesota	Employer contribution rate: 8.34%
	Montana Teachers' Retirement System	Employer contribution rate: 9.27%
	Nevada Public Employees' Retirement System	Employer-Pay contribution plan: 29.75%; Employer/Employee plan: 15.5%
	New Mexico Educational Retirement Board SB 42	Employer contribution rate will increase for two fiscal years, beginning 7/1/2021 (15.15%)
	Washington Teachers' Retirement System	Employee contribution rate: 8.05%
	Wyoming Retirement System	Contribution rates: employee (9.25%); employer (9.37%)
	St. Paul Teachers' Retirement Fund Association	Contribution rates: employee (7.5%); employer (8.59%)
Misc.	Wisconsin Retirement System	for 2022: Employee contribution rate: 6.5%; Employer contribution rate: 6.5%
	Pennsylvania Public School Employees' Retirement System	Contribution rates will increase due to shared-risk provisions: T-E (shared risk +.5%); T-F (shared risk +.5%); T-G (shared risk +.75%); T-H (shared risk +.75%)
	St. Paul Teachers' Retirement Fund Association 2021 Omnibus	Early retirement reduction changes; delay increase of employee contribution rate
	Arkansas Teacher Retirement System SB 232	Teachers in non-contributory status can accept contracts up to 184 days
	Oregon Public Employees Retirement System SB 1049	Minimum salary increased for IAP contributions directed toward new EPSA
	Oklahoma Teachers' Retirement System SB 683	Optional members must make irrevocable decision to participate in TRS upon initial employment (no longer able to opt in or opt out throughout employment)
	Kentucky Teachers' Retirement System HB 113	Automatically designates a member's spouse as beneficiary unless changed and declared as beneficiary if all named beneficiaries precede active member in death or if member fails to designate a beneficiary
	Utah Retirement Systems SB 0016501	URS amendments
	Arkansas Teacher Retirement System SB 232	Teachers in non-contributory status can accept contracts up to 184 days
Connecticut Teachers' Retirement Board SB 1080	To revise and update the teachers' retirement system statutes to align with current practices - established rollover account	

Table MRPAR 2.1b

Teacher Pension Bills PENDING from 2021 into 2022, by subject category

Data current through 12/31/2021

There were many bills proposed in 2021 that did not reach a resolution by the end of the calendar year. Some of these bills will be carried over into the legislative process for 2022. For purposes of this discussion, unresolved bills will be referred to as pending. This table lists detailed information regarding each bill that is pending (as of 12/31/2021) and is sub-grouped according to common themes in legislation.

As noted in the previous section, there has been ample legislative activity surrounding service credit. Three states (Alabama, New York and Massachusetts) have pending legislation in this area. New York's State and Local Retirement System proposed a bill, SO 4768, that would allow for certain members of SLRS, members of New York State Teachers' Retirement System, and members of New York City Teachers' Retirement System to obtain credit for up to five years of service rendered as a teacher employed by a private elementary or secondary school or by a private college in New York state. Similarly, in Massachusetts, the Teachers' Retirement System aimed to provide creditable service for retirement purposes for teaching in parochial schools or in public or private academies through bill H 2759.

Let's continue looking at states whose proposed legislation intended to impact benefit changes, including supplemental payments and/or COLAs. In Maine, the Public Employees Retirement System aimed to provide for a COLA on the entire benefit for teachers through bill LD 703. The Employees' Retirement System of Rhode Island proposed bills HB 5679 and SB 586 which would replace the suspension year COLA for all retired teachers (and state/municipal employees) with a fractional COLA award of twenty-five percent. Similarly, the Oklahoma Teachers' Retirement System, through bill SB 108, sought to authorize COLA increases in certain circumstances. The Massachusetts Teachers' Retirement System proposed bill S 1677 which would grant retirees supplemental benefits in addition to the COLA increase according to the number of years of retirement: either 15 years (\$100 benefit) or 20 years (\$200 benefit). Likewise, the West Virginia Teachers' Retirement System aimed to provide a \$1,000 COLA to certain retirees through bill SB 98. In Texas, the Teacher Retirement System submitted bill HB 3507 which relates to a one-time supplemental payment equal to the lesser of the gross amount of the regular annuity payment to which the eligible annuitant is otherwise entitled in the month prior to the issuance of the supplemental payment, or \$2,000. And in St. Louis, the Public School Retirement System's bill HB 211 would allow retirees to receive a one-time supplemental payment equal to the lesser of the person's gross amount of the regular pension benefit or \$2,000. The Alabama Teachers' Retirement System, through bill SB 172, would like to provide a one-time lump sum payment for certain retirees and beneficiaries who have a minimum of ten years of service. All eight of these states proposed increases to their members' benefits.

Several states proposed legislation relating to service retirement, early retirement and calculating benefits, including Massachusetts, Rhode Island, Oklahoma, Missouri and Oregon. Three of those states proposed bills which would provide an increase in benefits. In Massachusetts, bills H 2620 and S 1791 would create an enhancement opportunity for certain members of the Teachers' Retirement System. Rhode Island's Employees' Retirement System proposed bill SB 875 which would enable teachers (and state and municipal employees) to retire earlier. More specifically, bill HB 5668 would allow for these employees to retire upon the earlier of reaching age 60 with 30 years of service or on the employee's retirement eligibility date under present state statutes. Teachers with top salaries would be eligible to retire under bill HB 5026. The Oklahoma Teachers' Retirement System proposed several bills, such as HB 2189, which would impact the vesting requirement for members - decreasing from seven to five years of service.

Seven states introduced legislation that would create new plan options, such as choosing between a defined benefit and a defined contribution plan, creating new plans, or adding new tiers. Alaska's Teachers' Retirement System proposed bill SB 37 which would provide certain employees the opportunity to choose between defined benefit and defined contribution plans. In Kansas, the Public Employees Retirement System, via bill HB 2042, sought to allow newly hired employees beginning in 2024 to make a one-time irrevocable election to participate in the existing defined benefit plan or the new Thrift Savings Plan. Existing members would be given the option to switch to the defined contribution plan. Those states seeking to create new plans include the Employees' Retirement System of Rhode Island (Secure Choice Retirement Savings Program – bill SB 640), Vermont State Teachers' Retirement System (a new state employees' retirement system and state teachers' retirement system – bill H 119), the South Carolina Retirement System (close the SCRS and establish the South Carolina Shared-Risk defined benefit plan – bill S 0176, or to create an optional shared-risk defined benefit plan – bill H 4061), and the Oklahoma Teachers' Retirement System (establish a defined contribution system for certain members – bill SB 891). And, Kentucky's Teachers' Retirement System proposed creating a new benefit tier for new hires on or after 1/1/2022 in the context of a defined benefit plan plus a supplemental component based on the member's account balance – bill HB 258).

As noted previously, a number of plans successfully increased their member contribution rates. However, there were also plans which attempted to do so but did not succeed in 2021. Such plans were the Alabama Teachers' Retirement System (bill HB 93 which

is still awaiting the governor’s signature), Kansas Public Employees Retirement System (bill HB 2044), and Oklahoma Teachers’ Retirement System (bill SB 108). Other bills were introduced to allow for additional funding from the state or employers on behalf of their employees. In Texas, the Teachers Retirement System proposed a constitutional amendment to increase the minimum amount that the state may contribute to the system (bills HJR 73 and SB 104). The South Carolina Retirement System proposed bills S 0234 and H 3106 relating to an employer, up to certain limits, electing to pay all or a portion of required employee contributions.

Subject	Plan/Bill #	Description
Service credit	Alabama Teachers' Retirement System HB 93	Tier 2: allow sick leave conversion
	New York State and Local Retirement System SO 4768	Provides that a member shall be entitled to obtain credit for up to 5 years service rendered as a teacher employed by a private elementary or secondary school or by a private college in New York state
	Massachusetts Teachers' Retirement System H 2759	Provide creditable service for retirement purposes for teaching in parochial schools or in public or private academies
Benefit changes	Maine Public Employees Retirement System LD 703	Provide for a cost-of-living adjustment (COLA) on the entire benefit for retired state employees, teachers, legislators and judges
	Employees' Retirement System of Rhode Island HB 5679/SB 586	Replaces the suspension year COLA for all retired teachers, state employees and municipal with a fractional COLA award of twenty-five percent
	Oklahoma Teachers' Retirement System SB 108	Authorize cost-of-living increase in certain circumstances
	Massachusetts Teachers' Retirement System S 1677	An act relative to the COLA for state and teacher retirees
	West Virginia State Teachers' Retirement System SB 98	Providing \$1,000 cost-of-living adjustment to certain PERS and State Teachers Retirement System retirees
	Teacher Retirement System of Texas HB 3507	Relating to a one-time supplemental payment of benefits
	Teacher Retirement System of Texas HB 625/HB 672/HB 1124/SB 106	Relating to cost-of-living increases applicable to benefits paid by the Teacher Retirement System of Texas
	Public School Retirement System of the City of St. Louis HB 211	Allows retirees to receive a one-time supplemental payment equal to the lesser of the person’s gross amount of the regular pension benefit or \$2,000
	Alabama Teachers' Retirement System SB 172	One time lump sum payment for certain retirees and beneficiaries
	North Carolina Teachers' and State Employees' Retirement System S 479/HB 269	2% COLA for retirees
	Massachusetts Teachers' Retirement System H 2620/S 1791	Provide a retirement enhancement opportunity for certain members of the Massachusetts Teachers Retirement System
Employees' Retirement System of Rhode Island SB 875	Enables school teachers, state and municipal employees to retire earlier	

	Employees' Retirement System of Rhode Island HB 5668	Allows teachers, state and municipal employees to re-tire upon the earlier of reaching age sixty (60) with thirty (30) years of service or the employee's retirement eligibility date under present state statutes
	Employees' Retirement System of Rhode Island HB 5026	Allows teachers with top salaries to retire
	Oklahoma Teachers' Retirement System HB 2189	Vesting: decreasing from seven to five years
	Oklahoma Teachers' Retirement System HB 2686	Modifying required period of employment for participation in retirement benefits; effective date
	Oklahoma Teachers' Retirement System SB 933	Providing for certain increase in benefits
	Public School Retirement System of Missouri HB 828	This bill repeals 7/1/2014 termination date of provision allowing members with more than 31 years of service to use a 2.55% multiplier
	Oregon Public Employees Retirement System SB 446	Changes calculation of final average salary for purposes of Public Employees Retirement System to use five years of salary instead of three years, for salary paid on and after January 1, 2022
	Alaska Teachers' Retirement System SB 37	Providing certain employees the opportunity to choose between DB and DC plans
	Kansas Public Employees Retirement System HB 2042	Newly hired KPERS employees starting in 2024 would make a one-time, irrevocable election to participate in the existing defined benefit plan (KPERS, KP&F or Judges) or the new Thrift Savings Plan. Existing members in KPERS would be given the option to switch to the defined contribution plan
Plan Options	Employees' Retirement System of Rhode Island SB 640	Establishes the Rhode Island Secure Choice Retirement Savings program
	Vermont State Teachers' Retirement System H 199	An act relating to a new State Employees' Retirement System and State Teachers' Retirement System
	South Carolina Retirement System S 0176	Close the South Carolina Retirement System and establish South Carolina Shared-Risk Defined Benefit plan
	South Carolina Retirement System H 4061	To create optional shared-risk defined benefit plan
	Oklahoma Teachers' Retirement System SB 891	Establish defined contribution system for certain persons
	Kentucky Teachers' Retirement System HB 258	Creates new benefit tier for new hires on or after 1/1/22 (DB Plan + supplemental component based on member's account balance)
Contributions	Alabama Teachers' Retirement System HB 93	Increase employee contribution to 6.2%
	Kansas Public Employees Retirement System HB 2044	Increasing KPERS employee contribution rate for school district employees and making appropriations for FY 2022 for the department of education for a pay increase for KPERS covered school district employees

	Oklahoma Teachers' Retirement System SB 108	Authorizing boards to increase certain contribution rate
	Teacher Retirement System of Texas HJR 73/SB 104	Proposing a constitutional amendment to increase the minimum amount that the state may contribute to the Employees Retirement System of Texas and the Teacher Retirement System of Texas
	South Carolina Retirement System SO 234/H 3106	An employer, up to certain limits, may elect to pay all, or a portion of, required employee contributions during a fiscal year
	Teachers Retirement System of Georgia SB 267	Would allow a retired member who elected an optional retirement allowance that included one or more named beneficiaries to be eligible to change any of such named beneficiaries under certain conditions and limitations
	Pennsylvania Public School Employees' Retirement System HB 303	Allow for spousal consent for a retirement public employee choosing how his/her pension benefits are to be paid
Misc.	Vermont State Teachers' Retirement System H 442	An act relating to making miscellaneous changes to the Vermont State Employees' Retirement System and the Teachers' Retirement System
	California State Teachers' Retirement System AB 551	Authorizes CalSTRS to offer a traditional (tax-deferred) Individual Retirement Account (IRA) in addition to a Roth IRA and accept rollovers from any eligible retirement plan to those IRAs. It also enables CalSTRS to receive contributions from IRA participants and allows spouses of those participants to contribute to a CalSTRS IRA plan.

Table MRPAR 2.1c
Teacher Pension Bills that FAILED during 2021, by subject category
Data current through 12/31/2021

While many bills were unresolved by the end of the calendar year, there were also bills that failed in 2021 and will not be carried over into the new year. These bills resemble those previously discussed; however, it is worth noting them due to their status. This table lists detailed information regarding each bill that failed to pass and is sub-grouped according to common themes in legislation.

Four states failed to pass bills related to benefits whether in the form of service credit, COLAs, or service retirement. These states were Mississippi, Florida, Oklahoma, and New Hampshire. The New Hampshire Retirement System introduced bill SB 119 that would allow for a spouse of an active Group I or Group II member who was eligible for service retirement to receive the maximum benefit the members would have been eligible for but for his or her death.

One state was hoping to pass a bill which would impact plan options. The Florida Retirement System, via bill SB 84, sought compulsory membership in the FRS Investment Plan for certain employees initially enrolled on or after a specified date.

Subject	Plan/Bill #	Description
Service credit	Public Employees' Retirement System of Mississippi HB 1138	Allow certain members of PERS to purchase creditable service for service with non-PERS employers
	Florida Retirement System SB 1310	Specifying the minimum amount of the factor used to calculate the cost-of-living adjustment of benefits for certain retirees and beneficiaries
Benefit changes	Public Employees' Retirement System of Mississippi SB 2428	Reduce vesting period from eight years to four years
	New Hampshire Retirement System SB 119	Allows the spouse of an active Group I or II member who was eligible for service retirement to receive the maximum retirement benefit the member would have been eligible for but for his or her death
	Oklahoma Teachers' Retirement System HB 1907	Normal retirement; Rule of 80
Plan Options	Florida Retirement System SB 84	Compulsory membership in the Florida Retirement System Investment Plan for specified employees initially enrolled on or after a specified date
	Teacher Retirement System of Texas SB 482	Relating to a biennial study and report by the Employees Retirement System of Texas and Teacher Retirement System of Texas on converting to a defined contribution plan
Contributions	Teacher Retirement System of Texas SB 1786/SB 1823	Relating to the contributions to the Teacher Retirement System of Texas and supplemental funding for public schools
Misc.	Connecticut Teachers' Retirement Board HB 5606	To permit certain former teachers to apply for and receive a disability allowance at any time
	Teacher Retirement System of Texas HB 430	Relating to the termination of the Texas Public School Employees Group Insurance Program for retirees