

**Rebecca Rochester, President**  
**The South Carolina Education Association-Retired**

I am Rebecca Rochester, President of The South Carolina Education Association-Retired. I hold a Bachelor of Science from Winthrop University, Master of Education from Citadel, and am a National Board Certified Teacher. I taught for 36 years as a classroom teacher in SC public schools in Union, Berkeley, Chester, and York Counties. Thus far I have contributed into the retirement system for 42 years. I worked post retirement for 4 years as a sales representative for a company offering 403b retirement saving plans to educators in SC public schools. I found that most teachers were shocked to learn that full retirement meant a bit less than half their salary. I also learned that only about 25% of teachers nationwide have any supplemental savings.

Why do pension decisions matter to SC's retired educators? The main reason is the promise to us of a secure retirement along with good health benefits in return for accepting lower wages than the teacher's national average and lowers than the Southeastern region teacher's average salary. Thank you for your work through the years and now to make certain our retirement and the retirement of future retired educators is secure. Outstanding health benefits are part of the promise kept. Thank you. Even with the pension, most of us are far from maintaining our pre-retirement quality of life. Few retired educators had supplemental savings. As I said the national average is 25% of educators have any supplemental savings. When decisions are made about the pension, we want to be heard as the state moves a plan forward to be sure we have a secure retirement. Since women make up most of the retired educators in the retirement system and women made less over our careers than men, our retirement is lower. Every 1% counts. So a COLA cut is a real threat to us.

Several newspapers ran articles about the "crisis" in the state retirement system, calling the unfunded liability a "growing debt," and "out of control." Numbers don't show the whole picture. And neither do these articles. What is "Unfunded Liability?" It is the amount needed to pay retirement benefits if every person in the system were to retire at the same time. There is really not much chance of that. Is there? Because defined benefit plans pool the longevity risks of large numbers of individuals, about 500,000 in SC or about 1 out of every 9 South Carolinians, they need only accumulate enough funds to provide benefits for the average life expectancy of the group. Sure we are living longer so the actuaries have had to make some adjustments. These numbers also don't tell the whole story. SC data shows the average final compensation of those in the system to be \$42, 677 with an average current annual pension benefit of \$19, 774. These numbers reflect more than just educators. There are some high paid state employees in there to come up with that average. All educators are not paid equally. Many retired educators in the system are not teachers, administrators or coaches. They are retired education support personnel, bus drivers, classroom assistants, cafeteria workers, custodians, guidance counselors, school nurses, and more. Each group made very different salaries many were hourly workers, and so have very different retirement benefits. For most their final compensation and retirement benefits are much less than the average given in the data. Another group for which these numbers run high and out of line are those who retired more than fifteen, twenty or more years ago. These retired educators made less than current educators so their benefits are significantly lower than this average. For any of us a cut or the elimination of the cost of living adjustment, COLA, sometimes called a benefits adjustment is significant.

We care that there are fewer people in the system because that diminishes the contributions thus increasing the unfunded liability. The number of those in the system matters. What is causing the number to go down? There are unfilled teaching slots because there is a shortage of teachers. There are not as many college students entering the profession. My observation as an advocate for and spokesperson for student chapters of The South Carolina Education Association is that the number of

students in the classes preparing to do their field work in schools is fewer and fewer each year. Another reason there are fewer in the system is cuts in number of state and school district employees since the great recession have also cut the number contributing to the system. Cuts affect the quality of services as well as the amount in contributions into the system. We depend on services and our grandchildren deserve well staffed schools. Further cuts should not be part of any fix. Another reason for fewer contributions is that new hires are given an alternative option, a defined contribution plan, which cuts the amount of contribution into the system.

Recruitment and retention of teachers and other school personnel are important to retirees. We care about the profession and want it strong to provide a quality public education to every child in SC regardless of their zip code. These are our grandchildren, nieces, nephews, and neighbors. We want all educators to feel secure in their economic state in the present and the future without fear of a hike in the retirement contribution every year or a change in the formula for figuring their benefits or a change in the years to be vested. New hires are vital for the stability of the system. Retaining educators is vital for the system. A secure and stable retirement system can be a vital part of recruitment and retention if it is not a burden because of noncompetitively high rates. SC already has one of the highest contribution rates in the nation and we are not even close to the national average for teacher pay.

Pensions matter to us as citizens of SC because of their economic impact. \$3 billion are paid out annually to retirees with the majority being those who live right here in SC. Retirees using their pensions to pay for homes and/or to rent. We pay taxes in SC. We spend money in SC which impacts our economy by billions of dollars each year. Because retirees receive monthly benefits, we can continue to spend on basic needs thus providing stimulus even during tough time. Defined benefit pensions act as “automatic stabilizers” for the economy. The system itself creates jobs and encourages those employed by the state and local governments to stay in the system. Research found at the National Institute on Retirement stated that for every dollar paid in benefits \$2.36 in total economic output is supported.

([www.NIRSONline.org](http://www.NIRSONline.org), National Institute on Retirement Security) For every dollar contributed by taxpayers to state and local pension funds, \$11.45 in total output was supported. ([www.NIRSONline.org](http://www.NIRSONline.org))

We want value for our dollars just like everyone else. Fees of over \$400 million dollars a year is not a value to the system or to us. Fees for a consultant to tell our investment board how to invest isn't a value when we are still not earning at the national average. Fees for 132 fund managers are not value when the investments are performing below the national average. Transparency is a value. We want a simple to read statement of the money in, money out, fees paid and the percentage of growth or loss on our investments printed annually. This could be a one half page at the end of the PEBA annual health care benefits publication. Putting it online is not sufficient because many retirees do not use the Internet.

What are we asking? As you design the plan to make our retirement system secure, not only for us but for those retirees coming after us, we ask that you consider these things. Those already in the system will continue with current benefits. The Fix will not be put on the backs of those already in the system. The COLA of 1% up to \$500 will be continued until an increase is possible. Those currently actively contributing to the system will be given some assurance that the current contribution rate is a cap for at least X number of years. We need for the legislators to protect our profession on the front end to encourage our best and brightest college students to enter the profession. Fund education so that educators are paid a competitive salary for our region and so that districts can put teachers back in the schools to cut the number of students per teacher to a level shown through research to be most effective. We ask that House and Senate members and the State Superintendent's office and the State Board of Education support educators by using multiple teacher evaluation measures not costly test scores.

We ask that we get value for every dollar invested and if necessary paid in fees by having some type of accountability tied to fees in place for any investment managers and/or advisors. That a retiree is part

of the investment board. And that we are informed annually about the retirement system's health. Include in the PEBA annual health care publication an easy-to-read financial statement including the amount contributed into the system, the amount earned by investments, the total amount going into the system, the total percentage of investment earnings or loses, amount of fees paid out, and amount of benefits paid out.

Thank you for your efforts to make the retirement system secure. We are not just numbers, part of 500,000. We are your retired teachers, bus drivers, custodians, classroom assistants, school receptionists, school nurses, principals, coaches, school counselors, cafeteria staffs, administrators. We are the ones who helped make you the men and women you are today. We are more than a bottom line. Remember us and remember the promise when you design your plan.

Thank you.

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