New Report Compares Teacher Retirement in Utah and Neighboring States
Utah’s Retirement Plan Differs in Key Aspects

(June 13, 2019) — Newer Utah teachers enjoy less generous retirement benefits than veteran teachers. But the new pension plan is more generous in some respects than the plans in Utah’s neighboring states, according to a new Utah Foundation research report Another Bite at the Apple: Comparing Teacher Retirement Plans.

Utah Foundation’s recent report Apples to Apples: How Teacher Pay in Utah Stacks Up to the Competition, called for policymakers to examine pay in the broader context of compensation. The new report aims to further flesh out the compensation picture, delving into teacher retirement in Utah. The report makes comparisons between Utah and the other Mountain States, showing differences in generosity and other features.

Key findings of the report include:

- In Utah, teacher retirement benefits are provided as part of the Utah Retirement System, which underwent major changes in 2011 that decreased investment risk and public cost. The changes also reduced the generosity of the plan for teachers.
- The old pension plan was much more beneficial to career teachers compared to the new teacher retirement plan, which is more suitable to teachers who may switch careers.
- The new teacher retirement plan’s costs are roughly double the actual invested benefit per new teacher. The other half is going toward paying down the unfunded liabilities that the Utah Retirement System accrued in the past.
- Utah’s teacher retirement offerings are different from other Mountain States in that Utah’s newer plan types include an option that is similar to the standard private sector model.
- While plan benefits may be lower in Utah than in neighboring Mountain States, the plans in the other seven states require teachers to provide between 7% and 15% of their salaries to participate. Utah’s teachers are not required to contribute to their retirement.
- Under the old retirement plan there was no required employee contribution. Likewise, the new plan currently has no required employee contribution — though the law allows for one as necessary to keep the Utah Retirement System adequately funded.
- Utah employers’ contributions into the Utah Retirement System are 10% of employee salaries. Among the Mountain States, only Wyoming has a lower employer contribution rate.
• Of the eight Mountain States, only Idaho has a better-funded retirement system than Utah. Additionally, Utah’s level of funding is based on relatively conservative investment assumptions.

“It is critical for policymakers to examine teacher pay in the larger compensation context,” says Utah Foundation President Peter Reichard. “Teacher retirement is a major part of that context.”

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Founded in 1945, Utah Foundation's mission is to produce objective, thorough and well-reasoned research and analysis that promotes the effective use of public resources, a thriving economy, a well-prepared workforce and a high quality of life for Utahns. Utah Foundation seeks to help decision-makers and citizens understand and address complex issues. Utah Foundation also offers constructive guidance to improve governmental policies, programs and structures.

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