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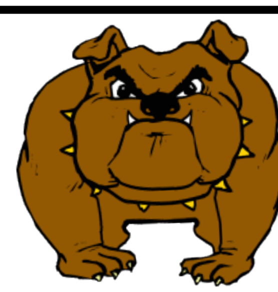
3030 Dupont Circle, Jefferson City, MO 65109 - 1-877-366-MRTA (6782)

Attend MRTA Legislative Day!

February 13, 2018

MRTA - protecting public educator pensions since 1960!

MRTA hosted over 400 attendees at MRTA Legislative Day 2017!



MRTA is your Pension Watchdog!

IMPORTANT!

Cannot Attend Legislative Day?

Participate in Capitol Blitz Day!

Capitol Blitz Day is another way to show MRTA's **STRENGTH IN NUMBERS!**

We ask all retirees write their State Representative and State Senator on Tuesday, February 13, 2018.

Information on the relevant issues will be available on our website and emailed to MRTA members in the days leading up to the event.

YOU ARE INVITED TO LEGISLATIVE DAY!

When: **10:30 a.m. - Tuesday, February 13**

Where: **1st Floor Rotunda - Missouri State Capitol**

Notes: **Please remember to allow enough time to park and to enter the Capitol. Getting through security will take anywhere from 5 minutes to 30 minutes depending on the lines. It is just like airport security so dress accordingly and leave purses and other nonessential items in the trunk of your car. Identification is NOT required to enter. MRTA will have all the information you need when you arrive. Capitol doors open at 7:00 am.**

RSVP : **Please RSVP by calling toll free 1-877-366-6782 so we can make sure we have enough material for every one who will be attending.**

Don't forget to wear RED!

A Blueprint "For Disaster"

RESPONSE FROM DR. JAMES SANDFORT MRTA MEMBER AND RETIRED SUPERINTENDENT

Public pensions are a pawn in Rex Sinquefield's game .

Recently, the Show-Me Institute launched a rather ambitious agenda for the coming year. Among the areas of focus, one, in particular, caught my attention – Public Pension Reform.

As far as public pension reform is concerned two important words were omitted from the title; "for Disaster." For every PSRS/PEERS member, retired or active, Show-Me Institute's 2018 Blueprint is a serious recipe for disaster. The goal is to replace the current defined benefit pension plan (DB) with a defined contribution plan (DC) – as the authors suggest – "think 401(k)."

The Show-Me Institute's Logic:
*DC plans cannot incur unfunded liability
*DC plans put investment decisions into the employee's hands
*DC plans are transferable from one job to another

The authors emphasize that DC plans for public employees exist, in some form, across the country. What they fail to mention is that other states have experimented with DC plans, judged them flawed and have returned to DB plans for their public employees; most notably, Connecticut.

Additionally, the authors fail to share that 401(k) plans, according to original proponents, were never intended to replace DB plans – only supplement them. Those who study the 401(k) approach have concluded that a 401(k) account, even when generously funded, rarely provides a secure retirement for the average worker - the 401(k) math used in the 80's and 90's didn't add up. The reality is that a 401(k) plan is not a pension plan at all – it is just another type of savings account.

Although DC plans can be portable and move with the employee – once a member is vested in a DB plan (generally after 5 years) there is no need of portability. Upon retirement a check based on years of work, contributions and investment earnings will be there for the remainder of the retiree's life. One of PSRS/PEERS's rationales for the creation of Missouri's DB plan was to attract and retain qualified teachers. It has done just that!

While a DC plan does place investment decisions into the employee's hands, what employee has the technical knowledge to make those critical investment decisions or the time for ongoing meetings with various financial advisors discussing the intricacies of fees and commissions, risk analysis, a balanced portfolio and more? Most educators entered the profession to work with students and are quite content having qualified professionals at PSRS/PEERS invest their pension dollars. And why should they not be? PSRS/PEERS has provided a secure retirement for tens of thousands of public school educators for more than seven decades.

The claim that DC plans do not incur unfunded liability for the taxpayer overlooks a key point. Many DB plans that are experiencing difficulty financially are in trouble precisely because those same entities that would be funding DC plans have withheld contributions they were obligated to make to DB plans already in existence. It is wishful thinking to believe that these same entities would meet their commitments any better over the long term to any DC plans they create. Bad faith is bad faith regardless of the system in place!

So why would others want to dismantle PSRS/PEERS when it is functioning as intended? Perhaps it is a matter of political ideology or a case of "pension jealousy." Or perhaps, more insidiously, they are eyeing the dollars involved and want a piece of the financial action, collecting unnecessary fees and commissions, at educators' expense. Whatever the reason, that cannot be allowed to happen!

For seventy years, PSRS/PEERS has delivered on its promise without default or interruption. Although the check that PSRS/PEERS retirees have reliably received each month for decades may be viewed by others as something extra; for those who have spent a career in public schools educating young people, it is "deferred compensation" for work already done. For Missouri educators there are no social security checks, no stock options, no golden parachutes and no year-end bonuses – there is only PSRS/PEERS!

From my perspective,

Jim Sandfort, Retired Superintendent
Center for Pension Research

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DRAFT – As of January 26, 2018

MRTA Legislative Day - February 13, 2018

ISSUES OF IMPORTANCE 2018 LEGISLATIVE SESSION

PRIORITY – ***MRTA opposes SB 747 (Emery R-31).*** This act provides that statewide elected officials and members of the General Assembly serving for the first time on or after January 1, 2019, shall participate in a 401(k) defined contribution plan instead of the current defined benefit plan (DB). *Comment: This does not include educators at this time. It is only one amendment away if this bill is not stopped. DB plans are a proven better use of tax dollars and provide for better retirement security.*

PRIORITY - ***MRTA supports full funding of the Foundation Formula and opposes the use of public tax dollars for private schools***. The Missouri Constitution mandates adequate funding of K-12 education through HB 2 which requires education funding as the second priority of state expenditures. *Comment: Due to several tax cuts enacted by the legislature over the past few years general revenue is expected to be reduced significantly. MRTA asks funding for Public Education be the priority.*

PRIORITY - ***MRTA opposes SB 612 (Koenig R-13) and SB 565 (Emery R-31).*** This act establishes the Missouri Empowerment Scholarship Accounts Program. *Comment: This is a voucher scheme which creates a new 100% tax credit up to $50 million per year to be used for private school tuition and other expenses for students. This will result in up to $50 million less state revenue for public education per year.*

PRIORITY - ***MRTA opposes HJR 55 (Shumake R-5).*** This is a proposed Constitutional Amendment that eliminates the prohibition of public funds for the use of any religious or sectarian educational purpose**.** *Comment: This allows for public tax dollars to be used for private schools which will take unlimited tax revenue from public education.*

PRIORITY – ***MRTA opposes SB 618 (Eigel R-23) and HB 2247 (Roeber R-34).*** This legislation allows for the expansion of charter schools statewide. *Comment: Charter schools take scarce tax revenue from public education. Currently, charter schools are only allowed in Kansas City and St. Louis City.*

PRIORITY – ***MRTA supports HB 2184 (Bondon R-56) and SB 586 (Curls D-9).*** These bills modify provisions relating to the Public school retirement system of Kansas City, MO. The legislation sets the contribution rates of the employing school districts. These bills are needed to strengthen the financial health of the system, protecting employee benefits. This legislation will allow for a better opportunity for retirees to be awarded cost-of-living adjustments (COLAs).

PRIORITY – ***MRTA opposes SJR 30 (Koenig R-15).*** This Constitutional Amendment, if approved by voters, phases out the individual income tax and modifies the state sales tax law. The state sales tax shall be imposed on sales and services. This is very bad for retirees very dependent upon services which will be taxed.

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