



MESSAGING & GUIDANCE

ILLINOIS EDUCATION ASSOCIATION

BACKGROUND

Tier 1 is for teachers, certified staff, education support professionals, professors and higher education staff hired before 2011 and Tier 2 is for those who began their careers in education on Jan. 1, 2011, or anytime thereafter. Tier 1 recipients are eligible for their full pension at age 60 or at age 55 if they have been working in the field of education for 35 years. Tier 2 recipients are required to work until the age of 67 to get their full pension benefits.

Tier 2 impacts all three educator retirement systems. Teachers and other licensed school staff are part of the Teachers' Retirement System (TRS). Education support professionals are covered by the Illinois Municipal Retirement Fund (IMRF) and all higher education employees, including professors and other professional staff, fall under the State Universities' Retirement System (SURS).

- 1 All teachers and certified staff pay 9% of their salary into the pension system, regardless of if they are Tier 1 or Tier 2. Higher educators and staff pay 8% and education support staff pay 4.5%, regardless of which tier they're in.
- 2 Teachers and other certified school staff do not receive social security, instead they pay into their pension system.
- 3 We need to make changes to Tier 2, including to the retirement age, the service credit requirement and the formula used to calculate pension payments.
- 4 The IEA is determined to address this issue and make sure we have an equitable and dignified retirement benefit for all educators and we know the people of Illinois are with us on this.
- 5 Tier 2 was created a decade ago when the law was changed to make public workers pay for the debt that Springfield politicians ran up, cutting workers' retirement benefits to pay for politicians' overspending.
- 6 The retirement age for Tier 2 educators is pushed from 60 to 67. Unlike in Tier 1, there isn't an option for educators with 35 years of service to retire early and receive the max benefit. This is a disadvantage for new educators and is creating new economic inequalities amongst educators and contributing to the growing teacher and support shortages.

CONTINUED ON REVERSE

- 7 Illinois has a shortage of teachers, education support staff and higher education professionals in part because of the divide between the two tiers, which negatively impacting all students' learning conditions and educators' working conditions.
- 8 The problems with the Tier 2 system were created by politicians who continually underfunded the state payments to the system. At the same time, teachers, support staff and other education pension recipients continued to make their full payments.
- 9 Springfield politicians currently require teachers to pay more than the full cost of their retirement benefits and state taxes each week out of their paychecks so that politicians can use part of the teacher's salaries to pay off the state's debt.
- 10 Because politicians did not fulfill their obligated pension payments, many Tier 2 recipients will get less money from their pension than they've paid in.
- 11 For years politicians spent money, but didn't pay the bills they ran up, including fully funding their annual obligations to the pension systems. That leaves all taxpayers on the hook.
- 12 We must do something. If we don't, this problem will only get worse and more expensive for taxpayers. Tier 2 is in violation of the Social Security Safe Harbor provision and could potentially trigger major fiscal implications, including requiring school districts to cover additional costs associated with switching certified educators to Social Security (FICA taxes), which could dramatically increase property taxes.
- 13 Retirement income for public servants including teachers, police officers, prison workers and firefighters hired after Jan. 1, 2011, do not keep up with inflation.
- 14 We should guarantee retirement keeps up with the cost of living, so that people who worked hard their whole lives can keep up with the rising costs of medications, groceries and other essentials during their retirement.
- 15 The Tier 2 benefit structure includes a cost-of-living adjustment that is 3%, or half of the consumer price index, whichever is less. Inflation recently hit 8%, which means Tier 2 recipients got an increase of less than half of inflation.