Quantifying and Explaining the Decline in Public-School Teacher Retirement Benefits

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In recent decades, many states have reduced future retirement benefits for newly hired teachers. We estimate that in 2020 the average initial monthly retirement benefit, for teachers retiring with 30 years of service, is 11.2 percent lower than that of teachers retiring in the same plan with the provisions that were in place in 2000, implying a lower annual benefit of over $3,000. We examine why state plans that cover only teachers, along with plans in which teachers are not included in Social Security, have made smaller reductions in the generosity of their pension benefits in recent decades.