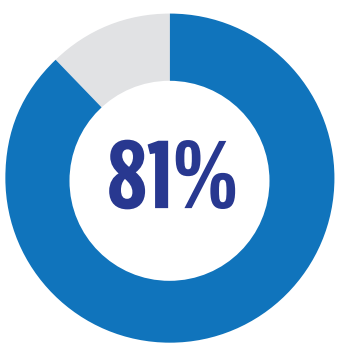
PENSIONS ARE BETTER
than a 401(k) for teachers

A new study from UC Berkeley and the National Institute on Retirement Security finds that for a large majority of teachers, having a pension plan provides a higher and more secure retirement income than a 401(k)-type* of plan.
The study looked at the career patterns and pension benefits of public school teachers in six states: Colorado, Connecticut, Georgia, Kentucky, Missouri, and Texas, which were chosen to represent geographic and teacher diversity.

**Target Date Fund, 0.25% annual fee*

KEY FINDINGS FROM THE STUDY

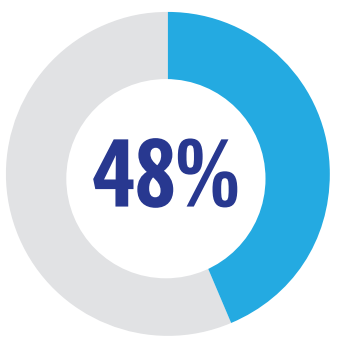


81% of Colorado teachers are better off with a PERA benefit than a 401(k)*

**Target Date Fund, 0.25% annual fee*

To make a 401(k) equivalent to a PERA benefit requires 100% more in contributions**

***For a teacher who starts teaching at age 25 and works 30 years*



48% of Colorado teachers will work until retirement age

57 years
is the median age at retirement for Colorado teachers (half higher/half lower)

17 years
of service is the median for Colorado teachers (half higher/half lower)

PENSIONS DO WHAT THEY ARE SUPPOSED TO DO

RETAIN EXPERIENCED TEACHERS

LOWER TURNOVER COSTS
(important when there is a teacher shortage)

"Colorado PERA stands out as a system that provides attractive benefits to teachers and other public servants regardless of tenure."

Teacher Pensions vs 401(k)s in Six States, UC Berkeley and the National Institute on Retirement Security, January 2019