

# Poll: Florida educators worry they haven't saved enough to retire

*-- New retirement plan could add 30 percent to Florida's 350,000 educators' retirement investment accounts --*

The Florida Education Association on Feb. 25 joined the associations representing superintendents, school boards and school administrators in announcing a groundbreaking "Model Plan" for teachers and education staff professionals' tax-deferred 403b retirement accounts. The plan will help close the gap between their retirement savings and the amount of savings they will need when they retire.

The Model Plan was negotiated under the umbrella of the Independent Benefits Council (IBC), a coalition of leaders from the FEA, the Florida Association of School Administrators, the Florida School Boards Association and the Florida Association of District School Superintendents. Financial experts say it could put billions of dollars into teachers' accounts over the next 20 years, if adopted by the state's 67 school districts.

FEA President Andy Ford heralded the announcement, saying that the bold action taken by the IBC will set the bar for the rest of the nation's school systems when it comes to offering quality and value in 403b plans.

"This has implications far beyond Florida," Ford said. "There aren't many chances in a lifetime to be involved in something that will have such enduring benefit. The FEA is proud to have taken the lead in this initiative."

Historically, school system employees across the U.S. have paid higher-than-average fees as compared with workers in many other market sectors, largely because individual districts have not had sufficient buying power to negotiate lower rates. By agreeing on a model plan that can be adopted across all 67 districts – and limiting the number of investment companies authorized to sell their product – the coalition succeeded not only in reducing fees but in ensuring that only the highest quality plans are made available to educators.

While the enrollment for the Model Plan may not begin until the Fall, Ford urged FEA members to make their wishes known now to school administrators and school board members, who ultimately will decide the fate of the plan in each district.

"This is the first time in the nation that a plan this comprehensive and with such outstanding terms will be offered to educators," said Tom Herndon, spokesperson for the IBC and former Executive Director of the State Board of Administration. "More of educators' dollars – perhaps billions more in Florida alone – will be available to them when they retire."

Educators have a range of choices within the Model Plan, with fees varying with the level of service they choose. That's important because three out of four educators polled late last year by Mason-Dixon Polling and Research, Inc., said they would pay higher fees for more hands-on service.

Among the companies selected for inclusion within the Model Plan are: AXA-Equitable Life Insurance Company, Waddell & Reed, PlanMember Financial Corporation, AIG Investment Services and American Century Investments.

Those who have existing accounts with companies that are not part of the Model Plan may transfer their assets to a Model Plan company or may leave their funds in their existing accounts. However, they will not be permitted to make new contributions to those accounts after next Jan. 1. That has as much to do with new IRS regulations as it does with the Model Plan.

Each of the five selected companies signed a Letter of Commitment agreeing to:

- Certify that the plan proposed for IBC is the best it currently offers in any Florida K-12 district.
- Offer favorable rates to all districts regardless of their size.
- Automatically upgrade plans when newer, more enhanced products become available.
- Ensure that its representatives agree to sell *only* the product bid for the Model Plan (no bait and switch).
- Provide a detailed plan to convert its existing contracts to the Model Plan, thereby creating immediate benefits for their current participants.
- Reduce its fees to all adopting school districts as statewide assets under the Model Plan grow.
- Guarantee rates for three years. IBC's consultants will review financial data from years one through three and, if they find that a company's proposed fees for subsequent years are excessive, may eliminate them from the Model Plan.

“If you asked a room full of superintendents or school board members or school administrators to raise their hands if they feel that teachers deserve a raise, I can assure you that everybody would raise their hands,” said Wayne Blanton, executive director of the Florida School Boards Association. “If you asked that same group if they believe teachers are going to get raises, it would be a different story.

“Adoption of the Model Plan may be the best opportunity we have in Florida to put money in teachers' and education staff professionals' pockets,” Blanton said. “And it won't cost taxpayers a penny.”

For more information on the Model Plan, visit [www.themodelplan.com](http://www.themodelplan.com).

Possible side bar:

## Key findings of Mason-Dixon poll of educators

A Mason-Dixon poll of Florida educators, commissioned by the IBC, was conducted in December to measure attitudes toward retirement and financial matters. The survey results strongly support the IBC's efforts to initiate reforms in the 403b industry for Florida K-12 employees. Among the results:

- Nearly **9 in 10** are concerned about their ability to meet their financial needs after retirement, with the same number concerned that Social Security may not be available to them when they retire.
- **8 in 10** say they are not entirely satisfied with the financial results from their current tax-deferred investment plan.
- **8 in 10** say they do not have a good understanding of the fees they are being charged by the companies that manage their investment plans.
- **9 in 10** say that it is important for them to know that they are getting the best deal for their investment dollars.
- **3 in 4** say they are willing to pay more in fees in return for plans offering either some personal service or full service.
- Most importantly, **8 in 10** say that if the state's four major education associations got together to evaluate all of the plans and negotiated the best service and lowest fees for school employees, *it would be very important that these plans be available to them through their respective school districts.*