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aea Newsletter

Acalanes Education Association

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Don't Let the 403B Salesmen Take You to Lunch

The *New York Times* business section recently ran an interesting article (linked to below) on the parlous state of self-funded teacher retirement accounts.

http://www.nytimes.com/2016/10/23/your-moneothery/403-b-retirement-plans-fees-teachers.html

The upshot is that our 403B plans generally have fewer options available than traditional 401K plans, and that they often come with higher fees. Those higher fees, along with low returns in products as Tax Sheltered Annuities which are often marketed to teachers, can lead us to end up tens or even hundreds of thousands of dollars behind our peers in the private sector when we arrive at retirement. Those TSA's, by the way, are why you should avoid eating the cake the "financial planners" bring by the workroom every year. They are not really financial planners, they are salesmen, and they are looking for a commission, not out for your future.

Many teachers in our district rely on the fact that we have a strong pension plan in our CalSTRS retirement program, but that program has been under attack for years and was recently modified to make it less generous for new hires. And new hire or old, you will certainly need a cushion beyond your CalSTRS check when you retire.

Fortunately our district provides a fairly robust series of options via Envoy Plan Services. You can contact Shelly Hadley at the Certificated Payroll Office, shadley@acalanes.k12.ca.us to send you a payroll deduction form and give you a list of options. The consensus opinion among financial planners these days is that the safest option for a teacher of any age would be monthly contributions to an S&P 500 Index fund, managed by a low-cost broker like Vanguard (which is also a non-profit, so keeps fees low).

The safest bet would be to contribute an amount equal to your STRS contribution – about 8% of your salary each month. If that is too heavy a lift for you, start small with $100 a month, then promise yourself you will bump it up $100 every time you get a raise. Then follow through on your promise. If you do that, you will probably end up with a healthy sum, almost regardless of what happens to the economy or your pension in the future.

If you'd like some advice, read the linked to article, then e-mail AEA Exec Board Member At-Large Erik Honda – erikhonda49@gmail.com with your questions. He is not a financial planner, and he can't offer legal advice. But he is not a salesman and he has no financial (only emotional) stake in your future net worth.

Be a saver, and don't get rooked.

The Next Rep Council Meeting is Wednesday, January 25th at Miramonte, Room TBD. All members welcome to attend.

Our New Education Secretary?

You may have heard that President-elect Trump's selection of Betsy DeVos as Secretary of Education has sent shock waves through the educational establishment. American Federation of Teachers President Randi Weingarten has said that DeVos is "the most ideological, anti-public education nominee put forward since President Carter created a Cabinet-level Department of Education."

DeVos made her name in Michigan as an advocate of vouchers – spending taxpayer money to send students to private schools. She has also devoted parts of her fortune (she is married to a founder of the Amway Corporation) to advocating for more charter schools, and to stymie attempts to regulate or even study the effectiveness of charter schools in her home state. Although some charters provide an excellent education in a diverse environment, charter schools, like vouchers, direct money away from traditional public schools. And the ones in Michigan are notoriously bad – expensive with poor test results (Michigan is one of five states with declining reading scores), and much of the money going to for-profit charter networks and operators.

On the bright side, you can be sure that your national union, the National Education Association, will fight back against DeVos' nomination and (in the event she is confirmed) her anti-public schools agenda. NEA President Lily Eskelsen García has said "Every day, educators use their voice to advocate for every student to reach his or her full potential. We believe that the chance for the success of a child should not depend on winning a charter lottery, being accepted by a private school, or living in the right ZIP code. We have, and will continue, to fight for all students to have a great public school in their community and the opportunity to succeed no matter their backgrounds or circumstances. Betsy DeVos has consistently worked against these values, and her efforts over the years have done more to undermine public education than support students. She has lobbied for failed schemes, like vouchers — which take away funding and local control from our public schools — to fund private schools at taxpayers' expense. These schemes do nothing to help our most-vulnerable students while they ignore or exacerbate glaring opportunity gaps. She has consistently pushed a corporate agenda to privatize, de-professionalize and impose cookie-cutter solutions to public education. . . . The National Education Association... will continue to focus on raising our voices in support of their students and against any effort by the Trump administration to undermine the educational opportunity of all public school students."

Also on the bright side, California seems to be girding itself to stand up against the Trump administration on a number of fronts, including in education. DeVos has come out against Common Core, for example, which California has made the centerpiece of its education agenda. And states are mostly in control of their own educational processes.

Lastly, the power is in the purse. Federal education spending makes up only about 3% of total education spending, even after large increases under President Obama. That spending goes mostly to support poor children, which we have few of in our district.

Still, it's sad that we may well have someone in charge of public education at the national level who doesn't believe in public education. It may be a long four years.

February 1st Deadline to Submit Paperwork to Receive Retiree Dental and Vision Coverage.

All members considering retirement are strongly encouraged to submit their paperwork on or before February 1st. As an incentive to submit by the deadline the District will pay for five (5) years of dental and vision coverage. Retirees submitting paperwork after the deadline are not eligible for the benefit. No exceptions are made. We are currently in a teacher shortage and it is in everyone's best interest if the District can go out early and aggressively recruit new employees.

Benefits and Academy Committees Continue Their Work

At the last benefits meeting, the committee discussed the impact on current retirees and future retirees of leaving CalPERs for SISC as well as possible impact to the District's budget. There are still a lot of questions that need to be asked on the impact to retirees. AEA negotiators continue to prioritize retiree health benefits and they take any impact to retirees seriously.

Additionally, the Academy Committee met to discuss the "app" that will be used to help schedule students into the Academy periods. Several of the members of the committee are going to reach out to contacts to see if they can develop a better "app" to meet this need. Other issues relevant to the Academy will be addressed in future meetings and will be reported out at that time.