

SUMMARY OF PENSION OPINION SURVEY DATA

STATE ADMINISTRATION AND VETERANS' AFFAIRS INTERIM COMMITTEE
PREPARED BY REBECCA C. POWER - MAY 2024

INTRODUCTION

In the study plan for [SJ 4: Provide for Interim Study of PERS and TRS](#), committee members identified assessing how Montana's plans are working to recruit and retain workers as one of the issues to address during the course of the study. During the March 2024 meeting, committee members requested data on this topic for Montana and across the country.

Nationally, there appear to be three entities that regularly poll on public opinion of retirement plan options – the Mission Square Research Institute, the Stanford University Graduate School of Business, and the National Institute on Retirement Security (NIRS). The Mission Square and Stanford surveys are of state and local government employees and the NIRS surveys are of members of the public. This memo includes a summary of six national surveys conducted by these entities from December 2020 to the spring of 2023. The opinions on retirement plan options and importance to recruitment and retention vary from study to study. The studies are listed by date of publication, with the most recent first.

At the state level, the Teachers' Retirement System (TRS) conducted a survey of their active members in the late summer and early fall of 2023. TRS survey results showed a positive view of the DB plan. These results are listed before the national survey results. MPERA plans to conduct a survey of their members in the coming months.

SUMMARY OF SURVEY DATA

TRS Member Survey (Spring 2024)

- Online survey conducted summer and fall 2023; concluded October 2023
- Participation: 927 active members (4.6% of active members)
- Survey Focus: The impact of retirement plan type on teacher recruitment and retention in Montana.
- Notable Findings:
 - 67% of participants said that a future retirement benefit was important to them when they first decided to become an educator in Montana.
 - 94% said that it gives them peace of mind to know that a TRS retiree's benefit is guaranteed for life.
 - 87% of respondents said that their TRS DB pension is a valuable part of their overall compensation package.

Mission Square Survey - 35 and Under in the Public Sector: Why Younger Workers Enter and Why They Stay (or Don't)

- Report published September 2023
- National online survey conducted March-April 2023
- Participation: 1,004 state and local government employees, aged 35 and younger

- Survey Focus: Assessing motivations for working in the public sector; attitudes about current finances and financial outlook; views on employer benefits; thoughts on retirement, morale and job satisfaction; and retention issues.
- Notable Findings:
 - 20% of participants did not know whether they are participating in a defined benefit plan or in a defined contribution plan.
 - 77% of participants agree they should be saving more for retirement than they currently do but are not because of not being able to afford to, having other saving priorities, and having too much debt.
 - 48% of participants cited their employer making a matching contribution to their retirement account as a motivation to save more for retirement.
 - 14% of participants reported being extremely satisfied with their retirement benefits, while 41% reported being somewhat satisfied with their retirement benefits.

Stanford Survey - How Much Do Public Employees Value Defined Benefit versus Defined Contribution Benefits?

- Report published June 2023
- Online survey of public employees in 16 states (AR, CA, CO, CT, DE, IA, ID, KS, MD, MN, MT, NC, NE, PA, VA, and VT)
- Overall Participation: 7,674 responses (2.1% response rate)
 - Montana Participation: 388 responses (5.2% participation rate; members of PERS, FURS, GWPORS, HPORS, JRS, SRS, and TRS were contacted for the survey)
- Survey Focus: surveying public employees across the United States about their preferences regarding retirement plan options, and, in particular, at what employer contribution rate public employees would agree to switch to a defined contribution plan on a forward-looking basis.
- Notable Findings (all participants):
 - 89.2% of respondents are willing to accept a hard freeze of their defined benefit plan and the introduction of a DC plan at some contribution level. Acceptance is defined as the respondents' willingness to accept a DC plan with a minimum required contribution rate of less or equal to 30% of their salary.
 - Employees with more years of service are somewhat less likely to accept the DC option, there is over 80% acceptance among long-tenured employees.
 - Respondents in their 40s require considerably higher employer contributions in order to accept the DC plan in comparison to employees in their 20s, 30s, 50s, and 60s.
 - The less stable employees perceive their existing retirement plan to be, the more willing they are to switch to a DC plan.

Mission Square Survey - State and Local Government Employees: Morale, Public Service Motivation, Financial Concerns, and Retention

- Report published March 2023
- National online survey conducted October-November 2022
- Participation: 1,003 state and local government employees
- Survey Focus: Assessing the view of state and local government employees on their job and financial outlook, motivations for working in the public sector, morale and work concerns, and job satisfaction and retention issues.

- Notable Findings:
 - Job satisfaction, personal satisfaction from the job, and retirement benefits were most commonly cited as major or minor factors that attracted respondents to their current job in the public sector.
 - 28% of respondents were extremely or very confident they will be able to retire when they want to.
 - 53% are worried about the federal government making significant cuts to Social Security before they retire.
 - 60% are extremely or very satisfied with their retirement benefits. 56% of participants participate in a DB plan and 48% participate in a DC plan.

Mission Square Survey - New Career Entrants to Public Service: Lessons for Employers from Fellowship Applicants

- Report published January 2023
- Online survey conducted April-May 2022
- Participants: 102 Lead for America fellowship candidates
- Survey Focus: To better understand the next generation of public employees.
- Notable Findings:
 - 40% of respondents said that traditional benefits (e.g., high-quality retirement plan, health insurance) were very important.
 - When asked to rate specific benefits, respondents ranked retirement benefits lowest and personal satisfaction from the job highest.

NIRS Survey - Generational Views of Retirement in the United States

- Report published July 2021
- Online survey conducted December 2020
- Participants: 1,203 individuals aged 25 and older
- Survey Focus: The national sentiment of various generations about retirement in the wake of the COVID-19 pandemic. The generations are defined as:
 - Millennials: 25-43 years old
 - Generation X: 44-55 years old
 - Baby Boomers: 56-74 years old
 - Silent Generation: 75 and older
- Notable Findings:
 - Across generations, there is agreement that the U.S. faces a retirement crisis, with baby boomers expressing the most concern. Millennials and Gen X are most pessimistic about their ability to achieve a financially secure retirement.
 - 78% of millennials believe they will have to work past a normal retirement age for financial security.
 - All generations have a favorable view of defined benefit/traditional pension plans, with a high of 81% of support from millennials and a low of 68% from the silent generation.

NIRS Survey - Americans' Views of State & Local Employee Retirement Plans

- Report published March 2021
- Online survey conducted December 2020
- Participants: 1,203 individuals aged 25 and older

- Survey Focus: To ascertain the views of Americans about the retirement benefits provided to state and local employees.
- Notable Findings:
 - 75% of participants agree that pensions are a good way to recruit and retain qualified teachers. 76% agree the same for public safety employees.
 - 72% of respondents agree that state and local employees should receive pensions because they help finance part of the cost by contributing money from each paycheck.
 - 46% believe that current average retirement benefit of \$2,335/month is the right level. 31% believe it is too low and 13% believe it is too high.

LINKS TO FULL SURVEY REPORTS

TRS Member Survey

https://trs.mt.gov/miscellaneous/PdfFiles/2023_Survey_Summary_web.pdf

Mission Square 35 and Under Survey

<https://research.missionsq.org/posts/workforce/35andunder>

Stanford Survey

<https://www.gsb.stanford.edu/faculty-research/working-papers/how-much-do-public-employees-value-defined-benefit-versus-defined>

Mission Square State and Local Government Employees Survey

<https://research.missionsq.org/resources/state-and-local-government-employees-morale-public-service-motivation-financial-concerns-and-retention-2>

Mission Square New Career Entrants to Public Service Survey

<https://research.missionsq.org/resources/new-career-entrants-to-public-service-lessons-for-employers-from-fellowship-applicants>

NIRS Generational Views Survey

<https://www.nirsonline.org/wp-content/uploads/2021/07/Generations-Issue-Brief-F4.pdf>

NIRS Americans' Views Survey

<https://www.nirsonline.org/wp-content/uploads/2021/03/FINAL-Americans-Views-of-State-and-Local-Employee-Retirement-Plans-.pdf>