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Could a Cash Balance Plan Benefit Illinois Public School Teachers?

Financial problems have led to significant pension cuts for Illinois public school teachers. An alternative approach would be to replace the existing traditional defined benefit plan with a cash balance plan, which combines features of 401(k)-type plans and traditional pensions. Our simulations show that 72 percent of Illinois public school teachers hired before 2011—and 56 percent of those with five or more years of completed service—would fare better in the simulated cash balance plan than the existing plan, even though the cash balance plan would be no more costly to taxpayers.

Read the report.

The Urban Insitute

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