

# Retirement and the Jewish Educator

By Moishe Bane

Imagine the shock and hostility that parents of Jewish day school students would express should it be suggested that current tuition rates are unreasonably and irresponsibly low. In fact, while the tuition burden threatens to crush the typical observant family, the actual per student cost allocation within the Jewish educational system is woefully inadequate, resulting in overcrowded classes, insufficient classroom resources and the inability to cater to children with varying needs. Perhaps most significant is the lack of school resources to fund one particular obligation that is silently creating a communal liability that will be unsustainable when the debt comes due in several years.

High and mighty American industries have been brought to their knees under the burdens of underfunded, or unfunded, pension liabilities. Many steel and airline companies have been forced into bankruptcy, and the United States automotive industry seems to be confronting a similar fate. Even the national Social Security system appears to be severely underfunded.

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Does the American Jewish educational system face a similar crisis? What economic fate confronts America's Jewish educators upon their retirement? Jewish educators are preparing our children for their future; what preparations are being made for the future of the educators? Whether and how this challenge is addressed will impact both educators and the community at large for decades to come.

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The North American Jewish parochial school system comprises around 760 institutions with over 200,000 students. These numbers reflect a relatively recent explosion of students, and this growth has been accompanied by an increase in the number of full-time Jewish educators, many currently in the thirty-five to forty-five year age range. Unfortunately, only select schools have given any thought as to how their educators will finance their retirement years. And existing pension programs are often inadequate, typically providing for an accumulation of funds that is insufficient to produce the income necessary for a dignified retirement.

Despite recent increases in salaries,

the typical Jewish educator struggles to meet monthly household expenses, and rarely thinks about saving for retirement. Moreover, absent substantial assistance from family, young educators in most cities are incapable of purchasing homes, and are therefore denied a home equity that has often been available to educators for the creation of a retirement fund. Unfortunately, for many educators currently retiring, second and third mortgages imposed by other financial demands often consume much of the home equity that might have otherwise been available to support them in their later years.

Jewish educators are usually talented and motivated, and would have likely succeeded in any field. Nevertheless, their commitment to Torah education and the Jewish community typically translates into a career of financial stress and deprivation. It would appear that this commitment also demands the willingness to spend one's "golden years" in abject poverty. Who bears the responsibility for sustaining educators upon their retirement? Does the burden lie with the educators themselves, with the educational institutions (i.e., the students' families) or with the broader philanthropic community?

Funding the retirement of Jewish educators is particularly daunting in light of the magnitude of the dollars involved. The number of projected retiring educators, coupled with continually increasing life expectancies, produces an extraordinary projected annual

collective financial need at levels that will likely overwhelm any individual school or community. Even if schools would accept responsibility for sustaining educators during their retirement years, no day school or yeshiva will have the capacity to meet that obligation when it comes due. Funding employee retirement obligations is possible only with vigorous long-term fiscal planning.

As noted, few educational institutions fund significant pension programs for their staff. One exception is the Chicago yeshiva school system that offers a program through the Associated Talmud Torahs of Chicago (ATT). The program enables teachers to accrue annual contributions of over 15 percent of their salaries towards retirement, with each school agreeing to match the teacher's contribution of up to 7.5 percent of his annual salary. In addition, the ATT supplements these contributions with an annual payment of \$70,000, to be divided equally among all participating teachers, or about \$700 annually per teacher. Outside sources assist teachers who have difficulty contributing the recommended 7.5 percent.

Another such program is offered to teachers in New York schools. The

New York and New Jersey boast 139,000 day school students, or 68 percent of the total Jewish day school enrollment in the United States.

Fact

Fund for Jewish Education (FJE), which was created by Joseph and Caroline Gruss and UJA-Federation of New York, contributes up to \$300 annually per teacher, conditioned upon schools contributing an amount equal to 2 percent of the teacher's present salary, with the teacher contributing the same amount. (The FJE provides numerous other benefits to teachers including medical and life insurance.) Unfortunately, due to financial con-

straints, the FJE has limited its pension program to fifty-eight schools. Moreover, the benefits projected to be enjoyed by the program's participants will likely be insufficient to satisfy even minimal retirement needs.

Other schools offer matching pension programs, but contributions under these programs are typically too small to allow for the accumulation of a significant nest egg, and teachers are often too economically strapped to contribute the matching funds required.

It remains unclear whether in the absence of a pension fund a yeshiva or

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day school bears any responsibility to a retiring educator. The practice in both the United States and Israel is that when dismissing a teacher a school pays one month's gross salary for each year of service, based upon the teacher's most recent salary scale. (This policy is mentioned in The National Society of Hebrew Day School's *Code of Practice for Torah Educators*, as well as in *Piskedin Beit Hadin Harabbanim BeYisrael* 4, p.127.) This custom is popularly referred to as "*chodesh leschanah*."

The *chodesh leschanah* custom seems to pertain to educators who are involuntarily dismissed, not to those taking voluntary retirement. Inevitably, the denial of *chodesh leschanah* payments to voluntary retirees compels educators to defer retirement indefinitely, having no economic alternative. In about thirty-five years, we could expect to find cadres of eighty-year-old teachers standing (or more likely sitting) before classrooms of third graders. Of course, if parents decide that the elderly are inappropriate for certain educational tasks,

the school will compel the teachers to retire, and the *chodesh leschanah* obligation will be triggered. Some retiring educators have already been forced to negotiate lower severance packages with certain schools threatening to disclaim any obligation. And the existence of even paltry pension programs often serves as an institution's justification for denying any *chodesh leschanah* obligation. A skeptic might, in fact, speculate whether an institution's introduction of a small pension program, often requiring matching contributions by underpaid teachers, represents a strategy to avoid the *chodesh leschanah* obligation.

Even more disconcerting is the inevitable inability of any Jewish school to honor its future *chodesh leschanah* obligation when scores of educators begin to be forced into retirement within a short time period. For example, a day school may currently employ thirty teachers in the thirty-five to forty-five year old range making an average salary of \$60,000 or \$5,000 a month. If we take the \$5,000 and multiply it by an average teacher tenure of thirty years, and multiply that by thirty teachers, the result will be a total *chodesh leschanah* obligation of \$4.5 million. Rare is the school that will be able to honor this enormous obligation, particularly in light of the recurrence of this type of obligation to educators retiring in subsequent decades.

If educational institutions bear a *chodesh leschanah* obligation to retiring staff, but fail to reserve for such costs, institutions committed to honoring their obligations may be forced to sell their assets, comprised primarily of school buildings and underlying land. Unfortunately, reserving for such obligations may be unrealistic in light of the budgetary pressures felt by most schools and the tuition burdens already imposed on parents (which often frustrate their own ability to plan responsibly for retirement). It is surely impractical to expect cash-strapped parents to assume an additional financial responsibility.

Since neither teachers nor schools

can prepare adequately for the retirement of educators, perhaps the duty rests with the broader community and the philanthropic community in particular. Every neighborhood, however, has many needy individuals and families, and retiring educators will hardly be the only retirees facing financial distress. Is

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there any halachic imperative that mandates the allocation of *tzedakah* to a retiring educator ahead of another retiree with equal need and merit?

#### The Growth of the Day School Movement in America

Year	Students
1945	10,000
1962	60,000
1982	110,000
2004	205,000

Courtesy of Rabbis Dovid Bernstein and Yaakov Fruchter

Fact

With regard to other financial aspects of the Jewish educational system, the picture is not as dismal. American Jewish educational institutions have achieved enormous fiscal progress over the past several decades. Through the generosity of parents as well as a few select philanthropists, the salaries of educators have risen significantly, programming and resources for special needs children and teens at risk have been introduced, and teacher-training opportunities have been created. In response to a few widely publicized cases of ill educators who lacked health insurance, a greater number of educational institutions are providing

health insurance coverage, and the more responsible ones are also offering life insurance programs.

These advances reflect the increased affluence of segments of the community. They also indicate that parents have learned that a mediocre Jewish educational system does not simply produce mediocre students, but often also leads to student alienation and disaffection, particularly among even slightly academically or emotionally challenged students. The realization that schools bear significant responsibility for students' behavioral and religious socialization has resulted in a willingness to provide schools with increased resources.

Finally, these improvements reveal that Jewish philanthropists and philanthropic entities are just beginning to recognize that sustaining the community's school system is a communal rather than merely a parental responsibility. It is likely that a solution to the pension crisis facing Jewish educators will come from these quarters.

Indeed, having the broader community assume responsibility for financing Jewish education is not only pragmatic, it is also the halachah. Communal, rather than parental, responsibility for education was initiated by Yehoshuah ben Gamla (*Bava Batra* 21a) and later codified by Rema (*Choshen Mishpat* 163:3). It was subsequently reiterated by others, including the *Shulchan Aruch HaRav* (*Talmud Torah* 1:3) and the *Minchat Yitzchak* (10:84).

The community's philanthropic attention, however, is often influenced by the visibility or trendiness of the cause, rather than by evaluation or keen analysis. The challenge for educators, therefore, is to capture the imagination of those individuals or foundations capable of dealing with this projected financial crisis.

Only communal philanthropy can possibly address the deficiencies that still plague our school system such as inappropriate teacher/student ratios, insufficient teacher training and programming that fails to meet the needs

of all students. Moreover, only communal philanthropy can address the fact that an extraordinary number of Jewish children presently in public school would be in Jewish schools were they more affordable.

These needs are more immediate and apparent than the anticipated pension crisis, which is, admittedly, decades away. If philanthropists have thus far failed to tackle these other pressing educational needs, it is unrealistic to believe that they will pay heed to the pension problem, which can be conveniently ignored. Unfortunately, the future pension crisis can only be avoided if addressed today. Therefore, it is imperative that we give the issue as much attention as the other more immediate and seemingly more urgent educational issues.

Lay and professional leaders in the educational field, however, can ill afford to highlight the pension issue for fear of demoralizing the staff by raising a problem that any individual school cannot, by itself, remedy. Nor can educators themselves demand attention to this issue. Many simply do not yet appreciate the problem, and those who do have no choice but to guard their jobs jealously, with few alternative career paths to use as negotiation leverage. In fact, teachers who have other career options often abandon their careers in Jewish education when confronted with financial challenges. This may explain the paucity of highly qualified educators currently being produced by the Modern Orthodox school system. It may thus be that those becoming Jewish educators, while possessing enormous talent and drive, are often individuals with no training for alternative careers. Such educators are in no position to demand the initiation of a multi-million dollar pension fund.

Perhaps it is left to members of future generations to alert the community that they will not enter the field of Jewish education if doing so entails forfeiting the right to conclude that career with dignity. **JA**