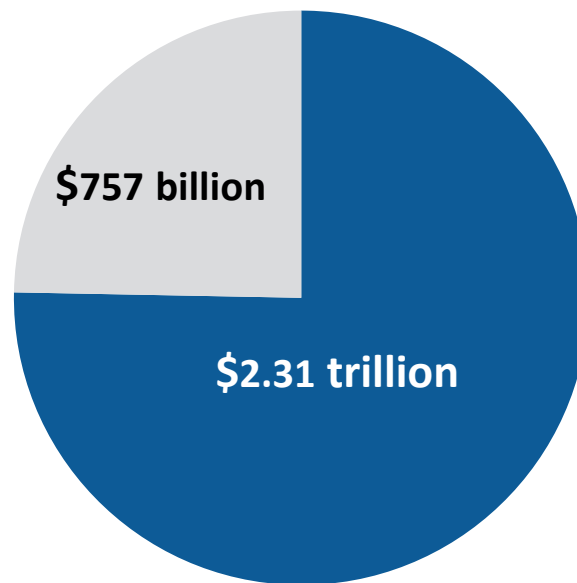
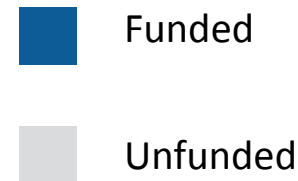


THE  
**PEW**  
CENTER ON THE STATES

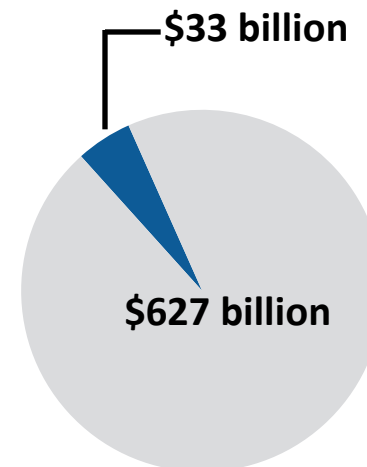
**National Conference of State Legislatures 2012  
Pension Policy: What the States and the Feds are Up To**

## Widening Gap Update

In 2010, states continue to lose ground in their efforts to cover the long-term costs of their employees' pensions and retiree health care.



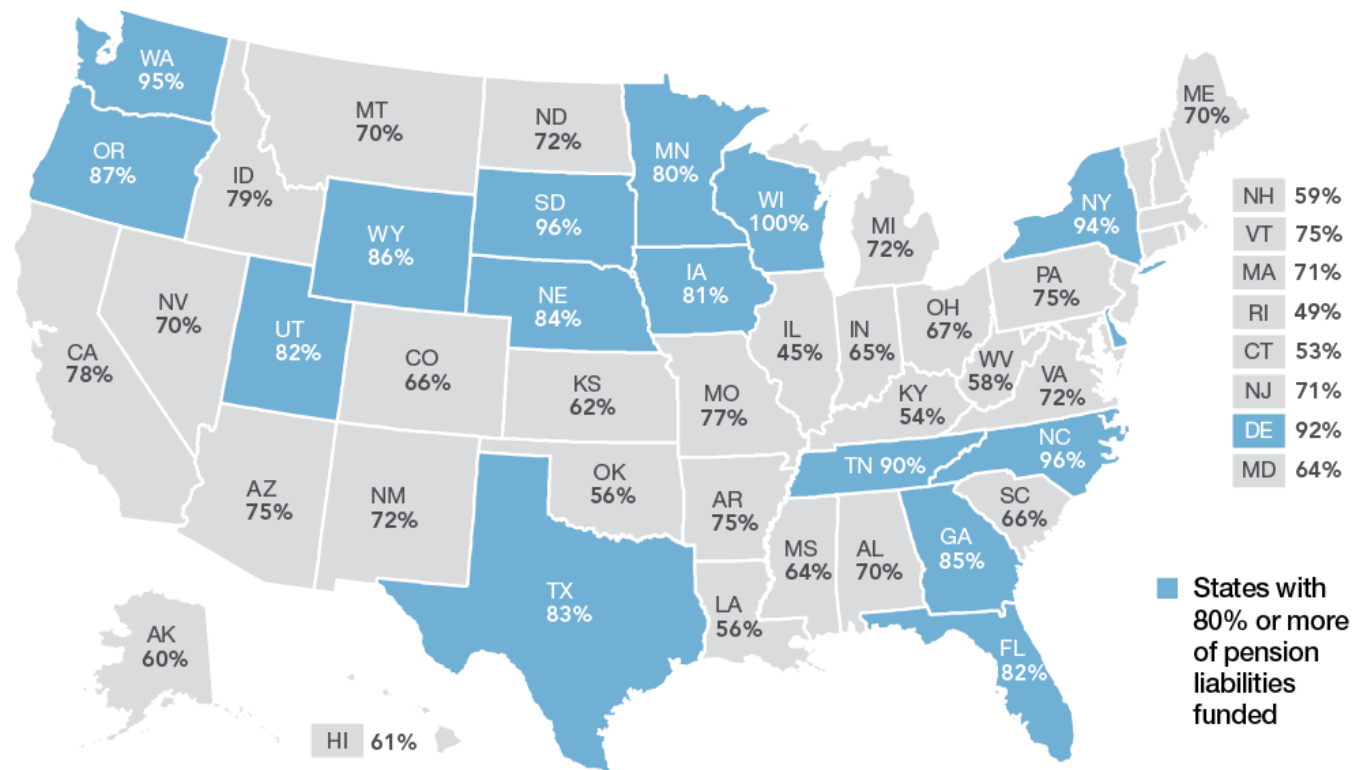
**Pensions – \$3.07 trillion**  
75 percent funded



**Retiree Health Benefits – \$660 billion**  
5 percent funded

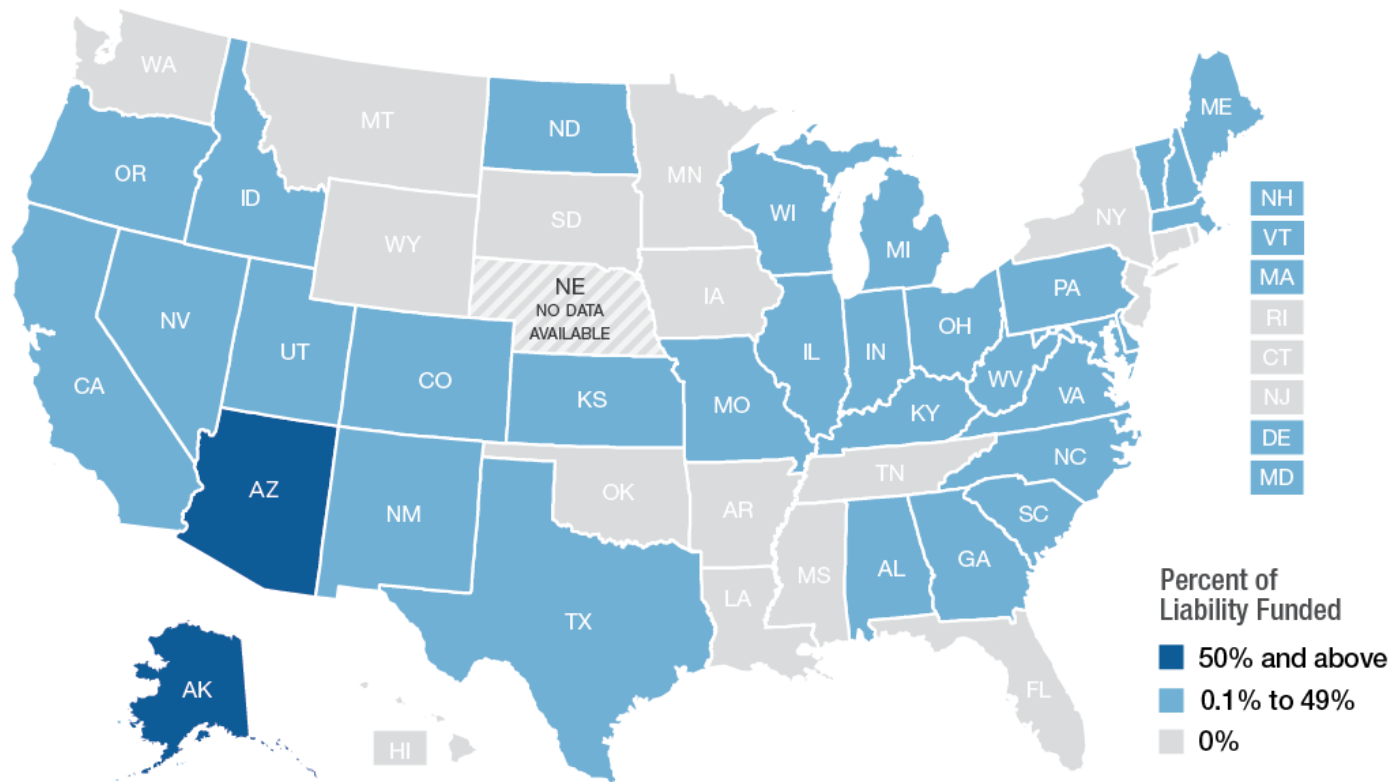
## Widening Gap Update – Public Sector Pensions

Thirty-four states had less than 80 percent of their pension promises funded in 2010.



## Widening Gap Update – Public Sector Retiree Health Benefits

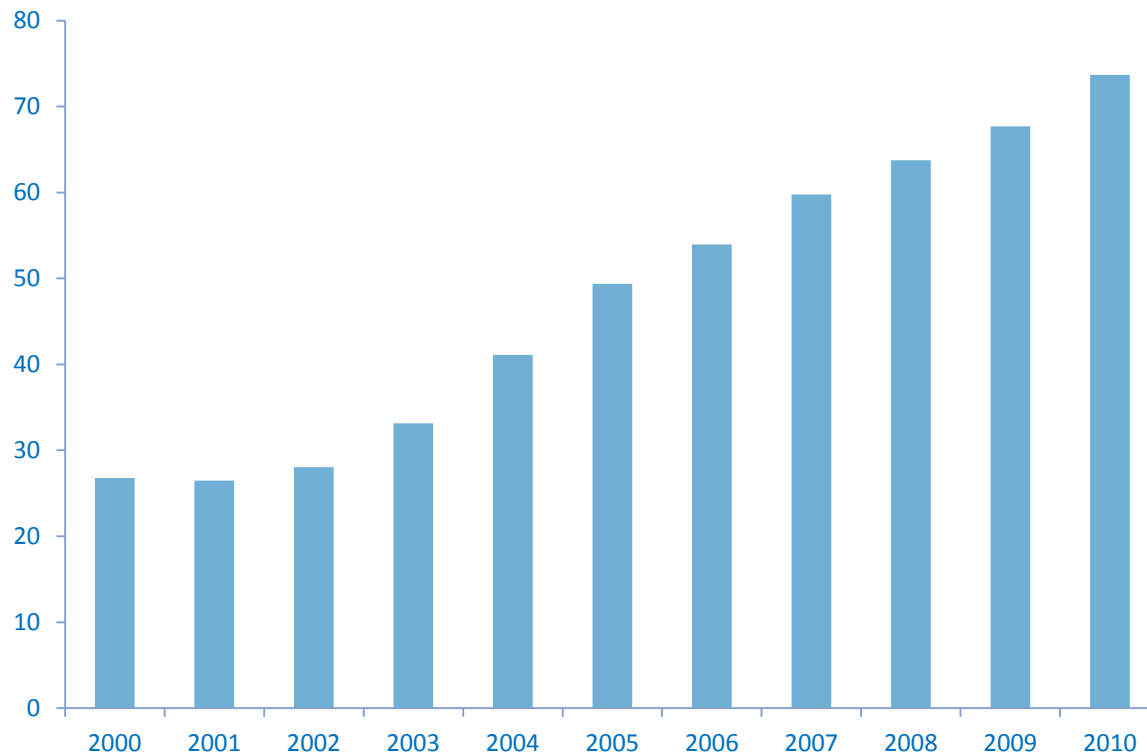
Seventeen states had nothing set aside in 2010 to pay for their retiree health promises.



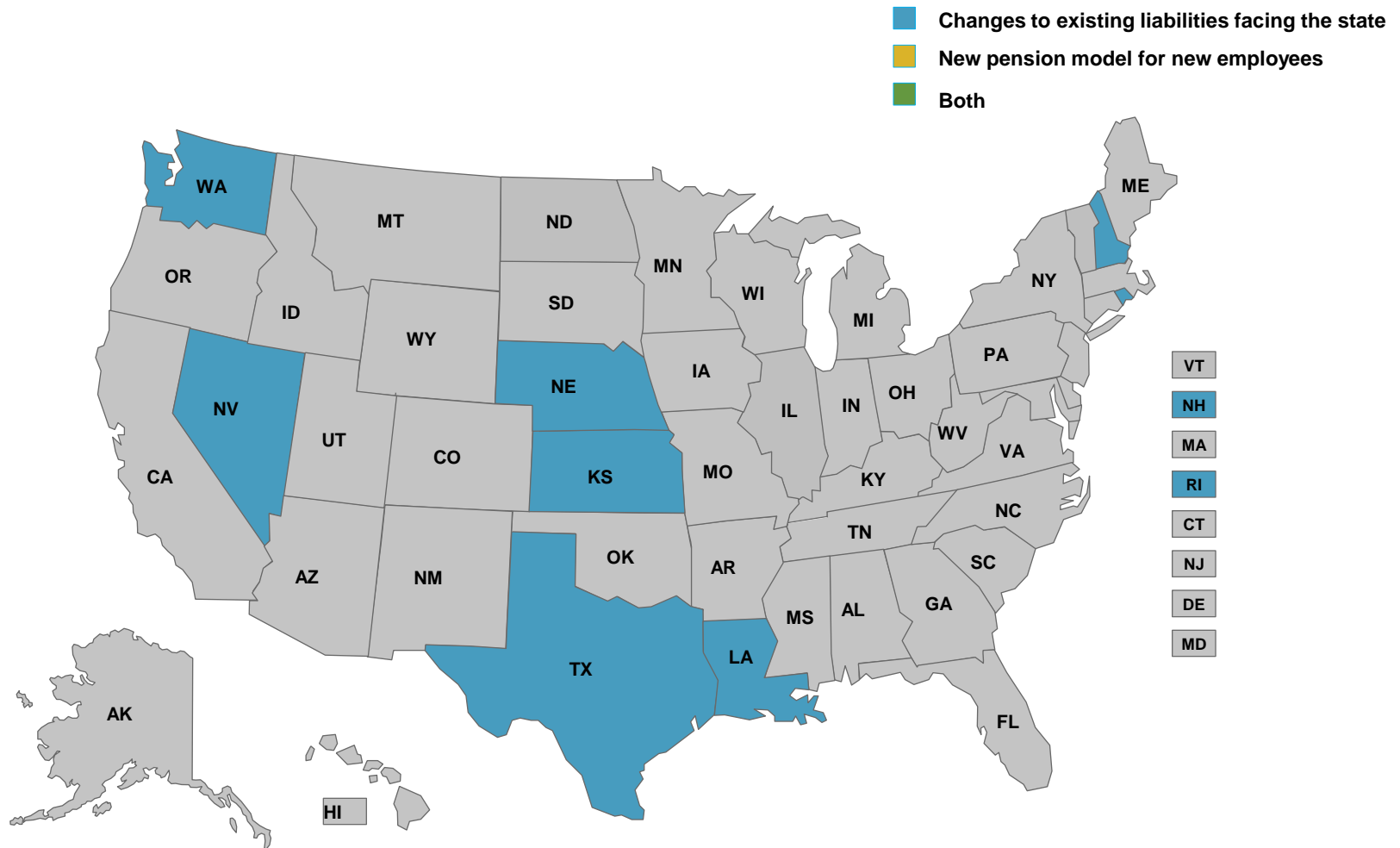
## A Growing Annual Bill

The annual recommended contribution for states' pension promises has grown 175 percent since 2000.

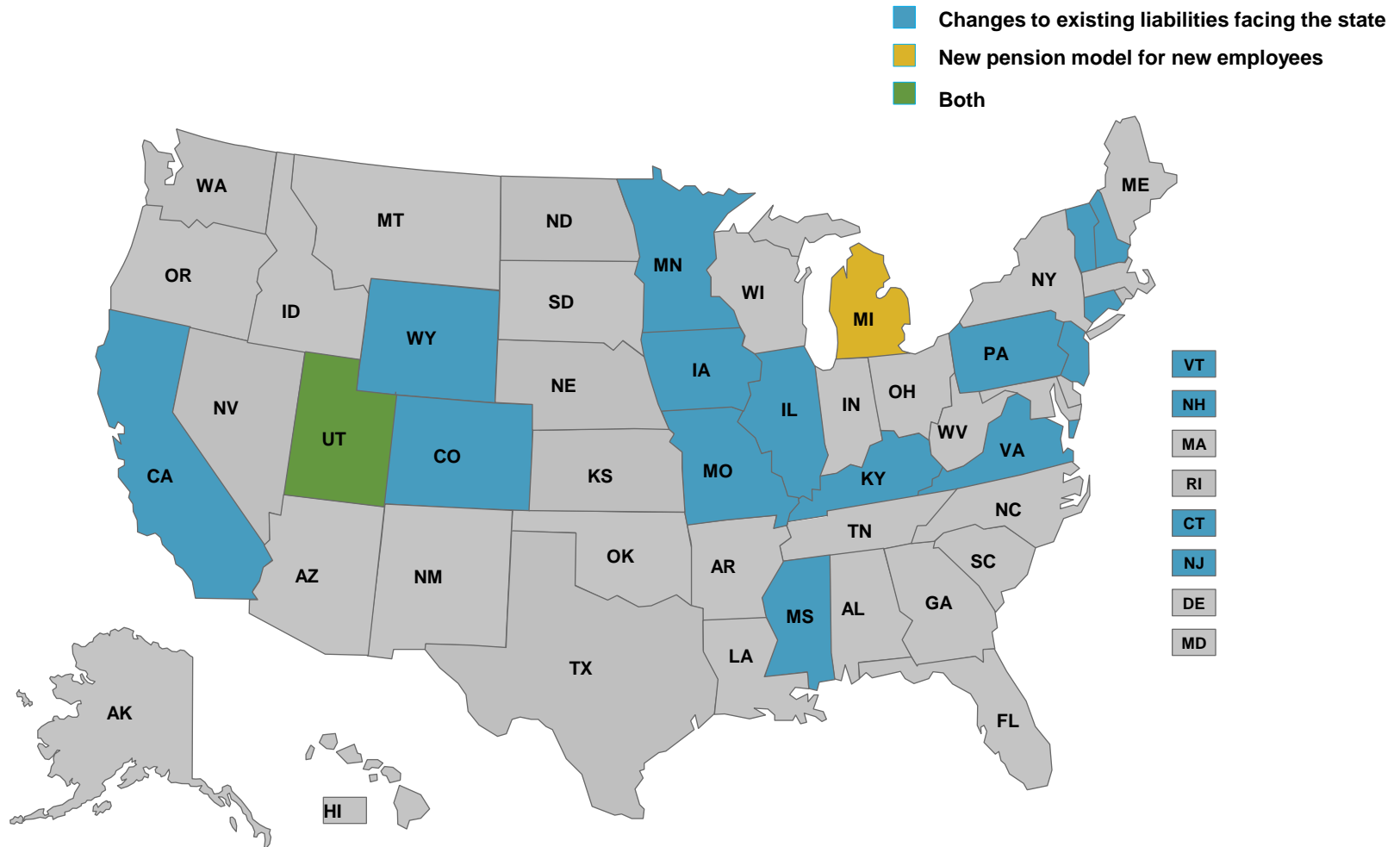
Billions of dollars



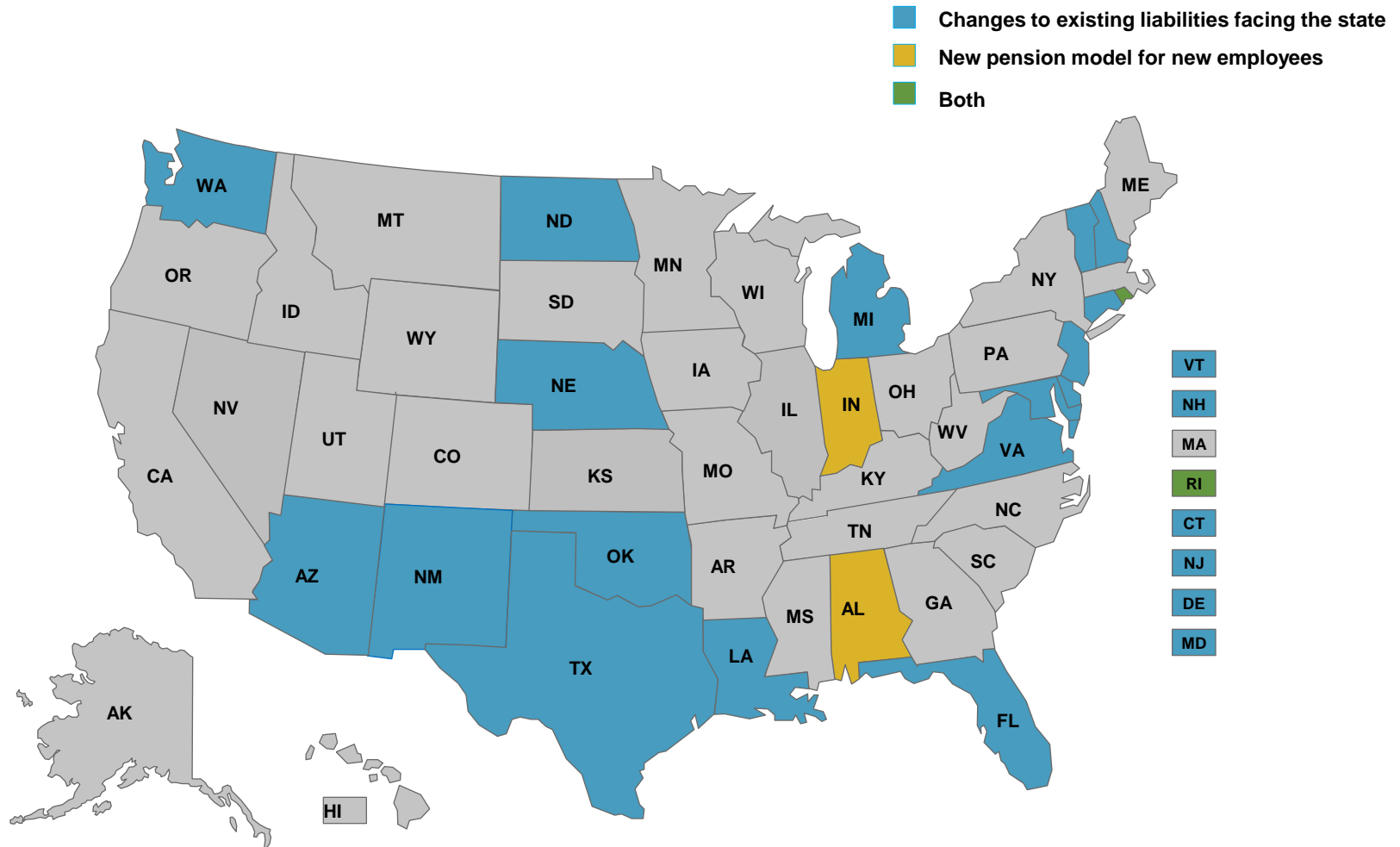
## State Pension Reforms - 2009



## State Pension Reforms - 2010

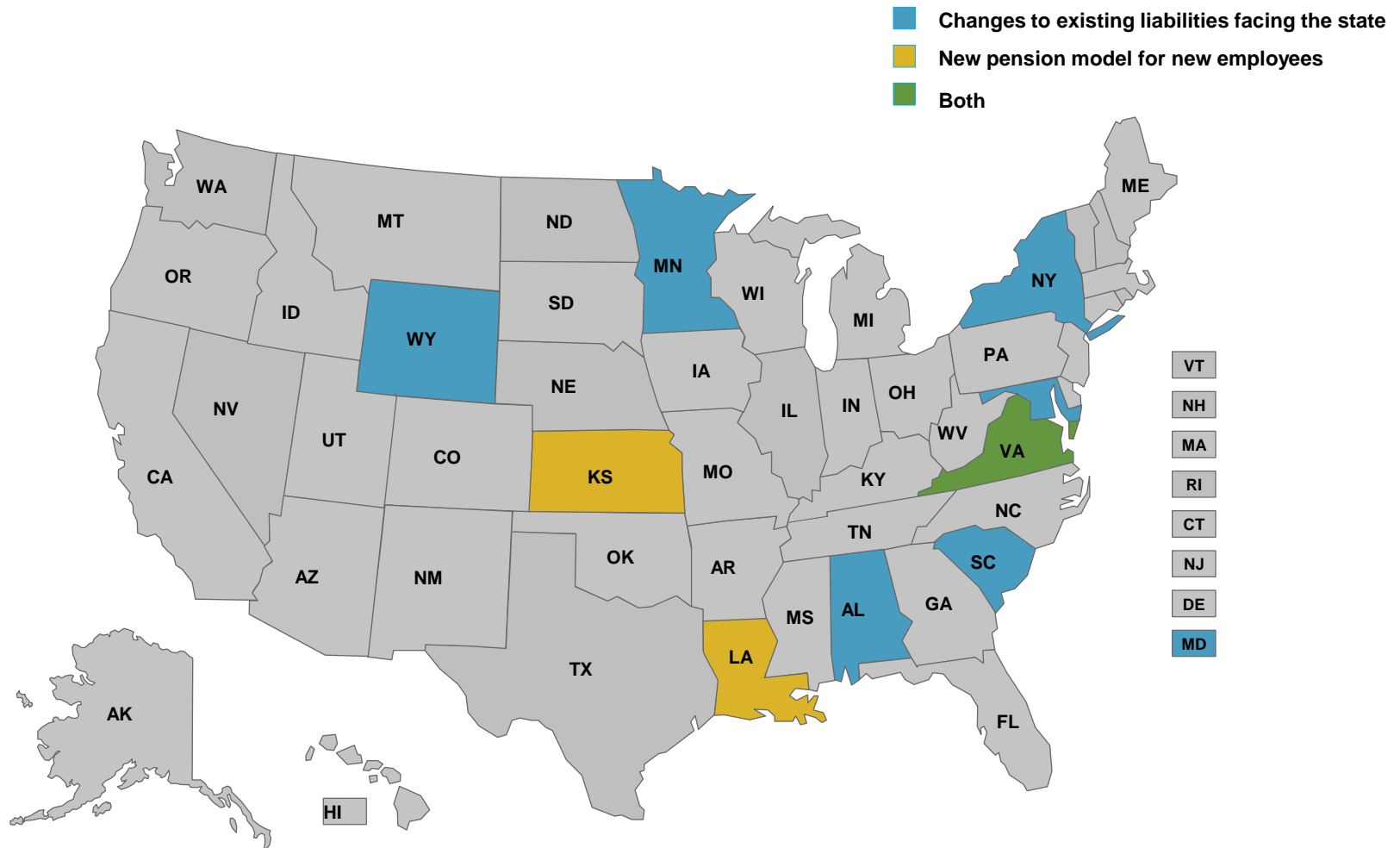


## State Pension Reforms - 2011





## State Pension Reforms - 2012



Meet Mike, a 25-year-old who begins working for Rhode Island in 2012.



**Under the new plan:**  
Mike's 401(k)-style benefit would have an estimated value of \$338,106.\* If he withdrew 4 percent a year, he would have \$13,524.

Pew illustrates the impact of the reforms on a hypothetical state worker.

**OLD plan** **NEW plan**

Mike can retire with full benefits at age:

**62** **67**

Mike's guaranteed annual pension assuming a final average salary of \$65,000:

**\$47,288** **\$27,300**

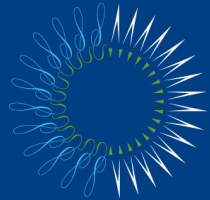


Mike's annual 401(k)-style account benefit:  
**\$13,524**

Final annual benefit:

**\$47,288** **\$40,824**

OLD PLAN NEW PLAN



THE  
**PEW**  
CENTER ON THE STATES

[www.pewstates.org/state-pensions-update](http://www.pewstates.org/state-pensions-update)

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