



Retirement Funding Status and Trends: Rough Seas Ahead

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Competing for Talent

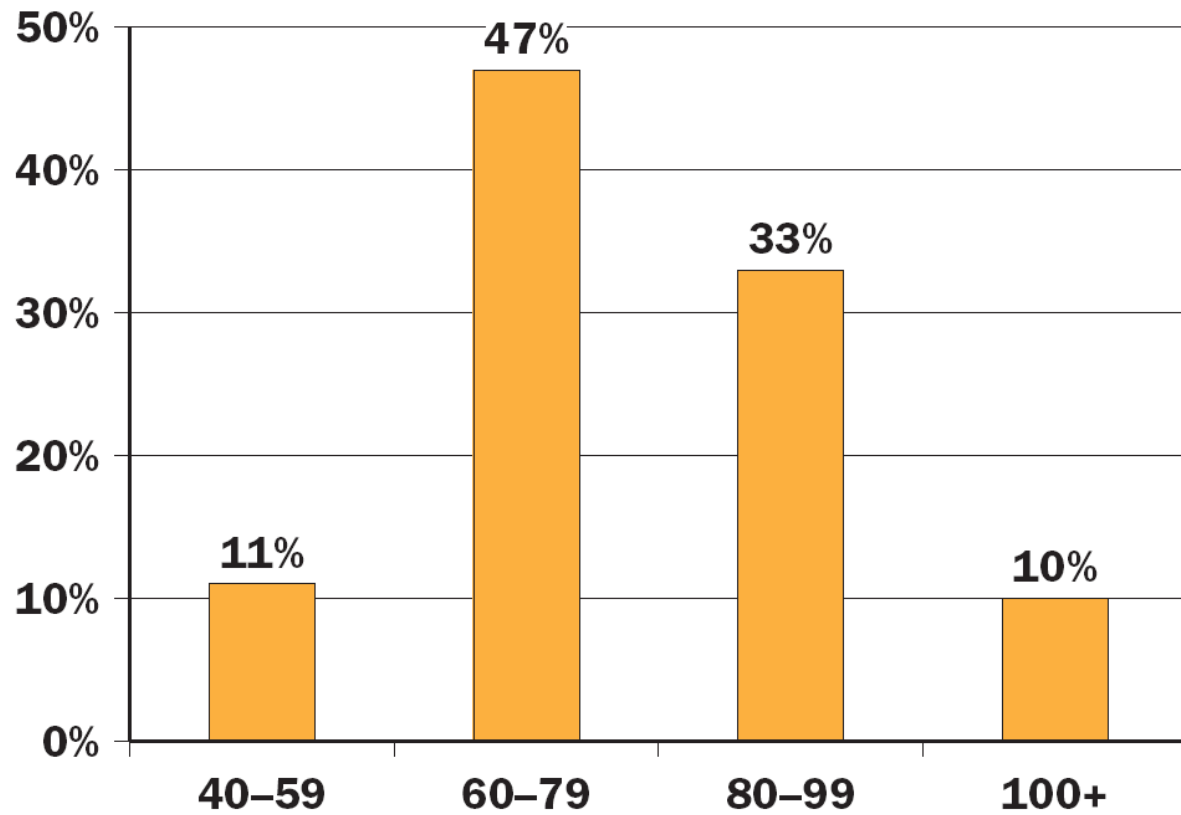
- Good benefits help recruit and retain employees
- But reductions in benefits are today's reality
- 70% have increased employee contributions to health care
- 18% require new workers to contribute more to pension plan; 8% increased years required to vest in plan
- Pension envy – only 10% of private workers have a pension



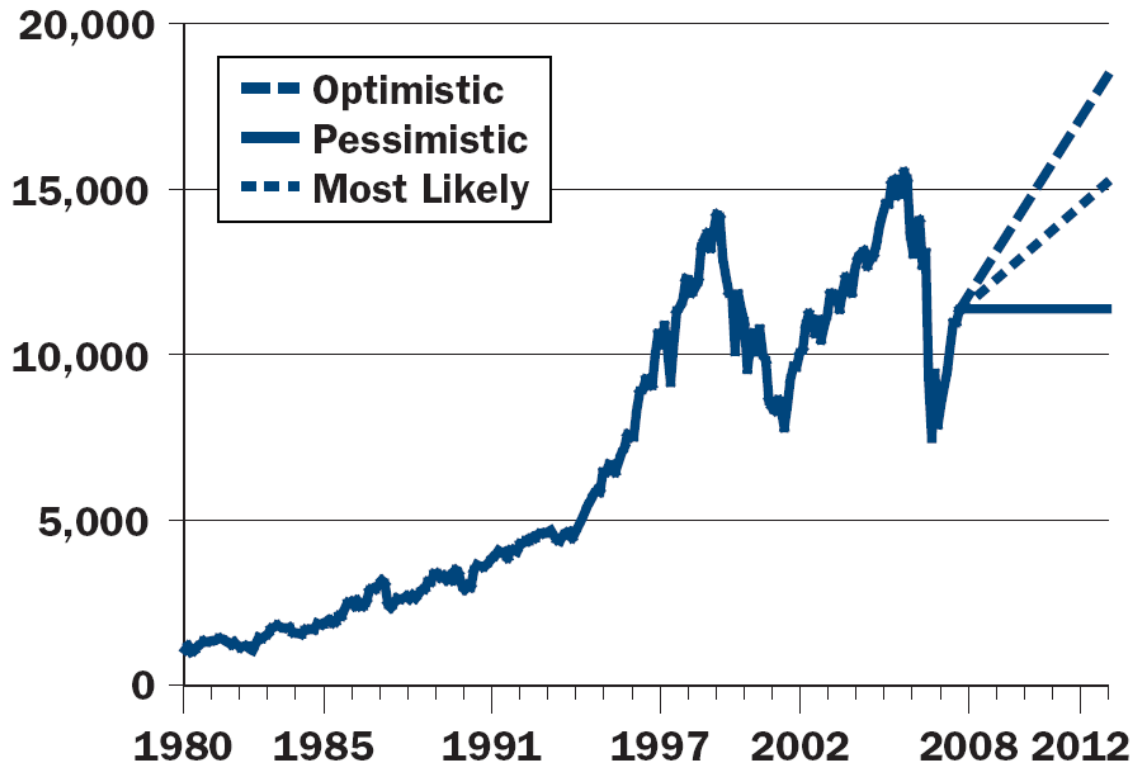
Status of State and Local Plans 2009 - 2013

- Most pensions were over 80 percent funded in 2008, but by 2009, only 36 percent of plans studied were over 80% funded
- Most pension plans will not return to 80 percent funding levels by 2013 unless contribution levels increase
- Most states will need to contribute an additional 2% of budget to fund pensions
- CA, IL, NJ will need to hike contributions by 8-12 % of budget due to underfunded plans

Distribution of Funding Ratios for Public Plans, 2009



Dow Jones Wilshire 5000 Index, 1980–2010, and Projections for 2013 under Alternative Assumptions





A Tale of Two Pension Plans: Rosy State and Typical State

- 55 -Age for full benefits
 - 52% funded 2009
 - Employees contribute 3%
 - Employers contribute 8%
 - By 2013, YIKES!
- 62 – Age for full benefits
 - 78% funded 2009
 - Employees contribute 6%
 - Employers contribute 8%
 - By 2013, 72% is likely funding level

The background of the slide features a stylized American flag with white stars on a blue field and red and white stripes, all rendered in a light, semi-transparent blue color.

**Alicia H. Munnell, Jean-Pierre Aubry, and Laura
Quinby, “The Funding of State and Local Plans, 2009-
2013,” April 2010.**

**“The Great Recession and the State and Local
Government Workforce,” January 2010**

**Keith A. Bender and John S. Heywood, “Out of
Balance: Comparing Public and Private Sector
Compensation over 20 Years,” April 2010**

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