Status of Public Pension Plans
State and Local Pension Plans: 
*Actuarial Funded Ratios 2002 - 2014*

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National Association of State Retirement Administrators
29% of plans funded at 80% or higher

45% of plans funded between 60 - 79%

25% of plans funded at less than 60%

Average fund status of all plans = 70%

Median funding status of all plans = 69%
State Employee Plans: Funding Status by State 2013

- 80% or higher
- 70 – 79%
- 60 – 69%
- 50 – 59%
- Lower than 50%

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State Employee Plans: 
Funding Status by State 2013

- 35% of plans funded at 80% or higher
- 44% of plans funded between 60 - 79%
- 18% of plans funded at less than 60%
- Average funding status of state employee plans = 73%
- Median funding status of state employee plans = 75%
Average Employer ARC 2013: State Employee and Teacher Plans

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Employer ARC 2013: State Employee Plans

- 10% or lower
- 11 - 15%
- 16 - 20%
- 21% or higher

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Average ARC = 16.4% and Median = 14.0%

15 state plans had ARCs of 10% or less

9 state plans had ARC greater than 20%

7 state employee plans do not participate in Social Security
Improving Financial Conditions
Paying the ARC 2013:
State Employee and Education Plans

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Paying the ARC 2013: 
State Employee Plans Only

- 80 – 89%
- 90 – 100%+
- 70 – 79%
- Less than 70%

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Advice from the Experts

- Pay ARC or ADEC
- Consistent, long-term approach to investing
- Use realistic actuarial assumptions
- Regularly update demographic tables
- Create partnerships between legislative and executive branches on pension issues
Most Common Pension Reforms

- Increasing employee contributions
- Increasing employer contributions
- Reducing or eliminating COLA
- New Employees
  - Increasing retirement age
  - Years to vest
  - Increasing years to calculate FAS
  - Reducing benefit multiplier
State Employee and Education Hybrid Plans: Mandatory or Optional

National Association of State Retirement Administrators (NASRA)
Utah Retirement System

- New state employees since 2011
- 1.5% DB benefit with optional DC plan
- State contribution is capped at 10% of employee payroll
  - If ARC is less, state contributes to employee DC
  - If ARC is more, employee makes up difference
- Normal cost in 2013 equals 8.22%
Georgia Employee Retirement System

- New state employees since 2009
- 1% DB with optional DC plan
  - Employees contribute 1.25% to DB plan
  - Employer normal cost 2.96% in 2013
- State matches employee contributions to DC plan
- In 2014, state increased automatic enrollment in DC plan to 5%
  - 84% of new employees still at 5% rate
- Maximum state contribution 2013 – DB ARC plus DC match was 6%
Virginia Retirement System

- New state employees since 2014
- 1% DB with a 4% employee contribution
- Mandatory 1% employee contribution with 1% match to DC plan
- Optional DC plan (457) for employees with state match
  - Maximum employee contribution is 4%
- 2017 beginning automatic escalation to 457 plan – 0.5% every three years
Retirement Plan Landscape
Retirement Plan Landscape

- Level of reform has slowed – waiting for results
- Biggest impacts of retirement plan reform
  - Greater partnership with employee
  - Increased reliance on DC supplemental plans
  - Focused on sustainability
    - Benefit levels
    - Plan oversight and management
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