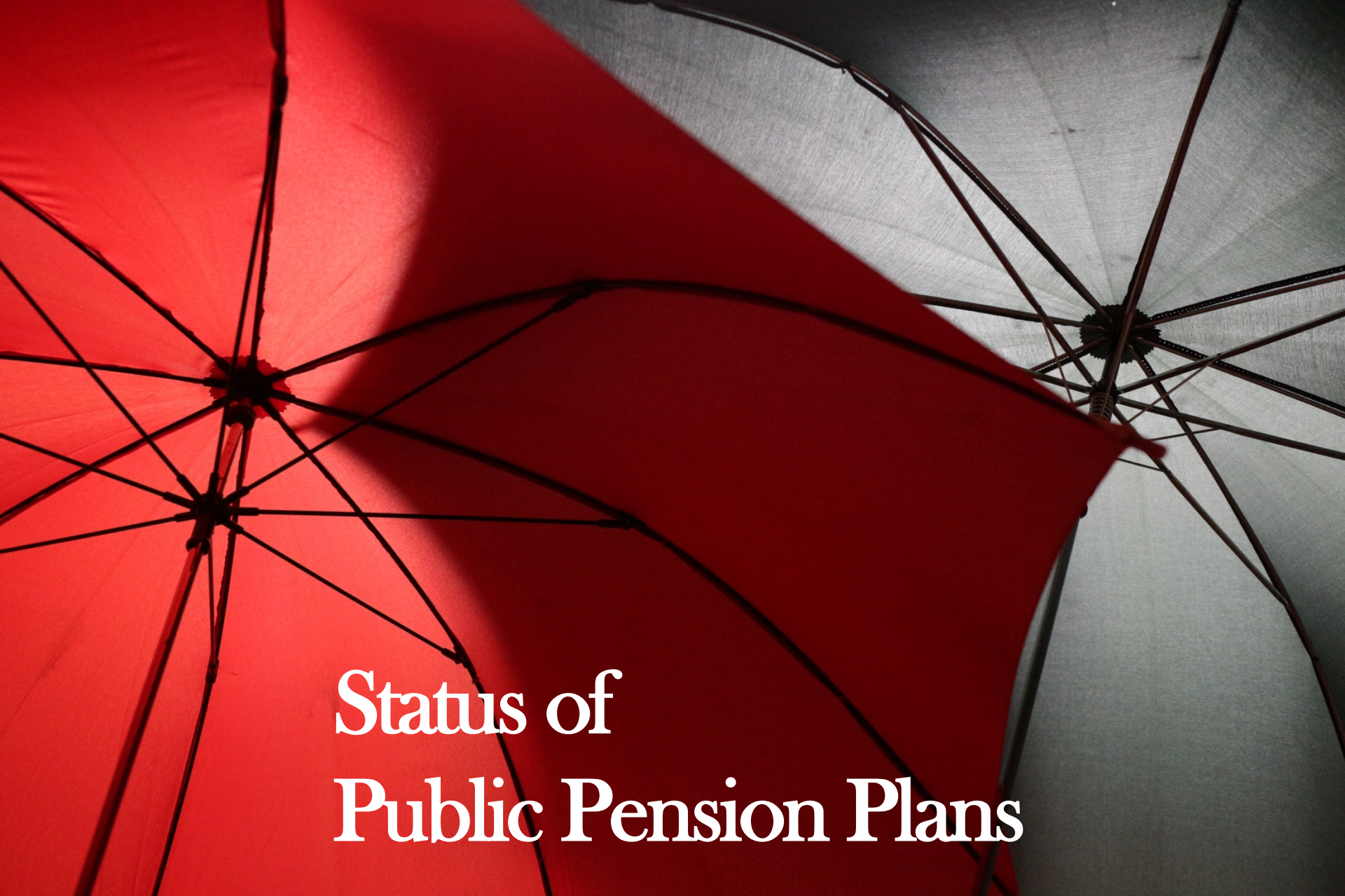


Public Pensions

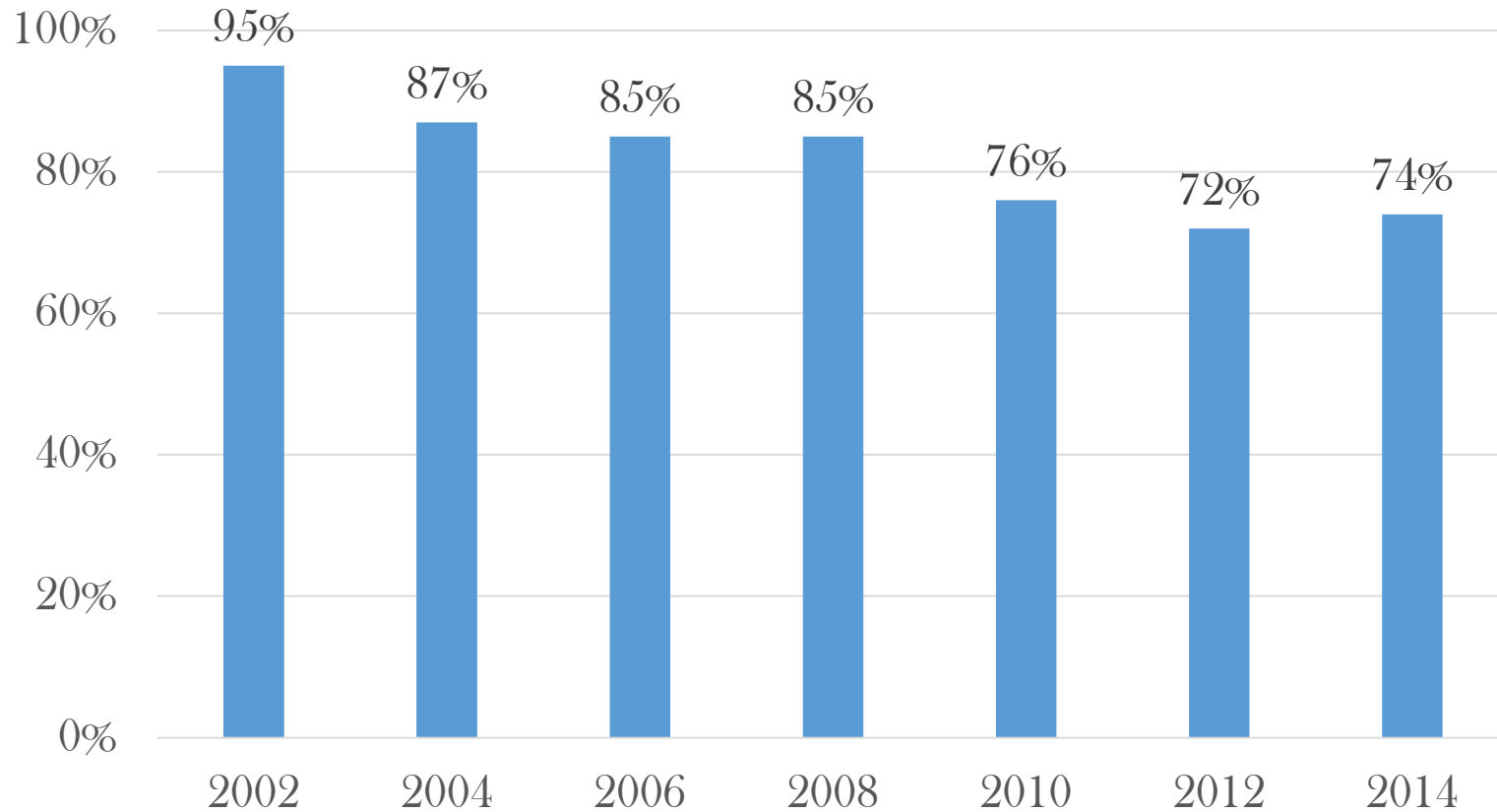
Keeping the Promise





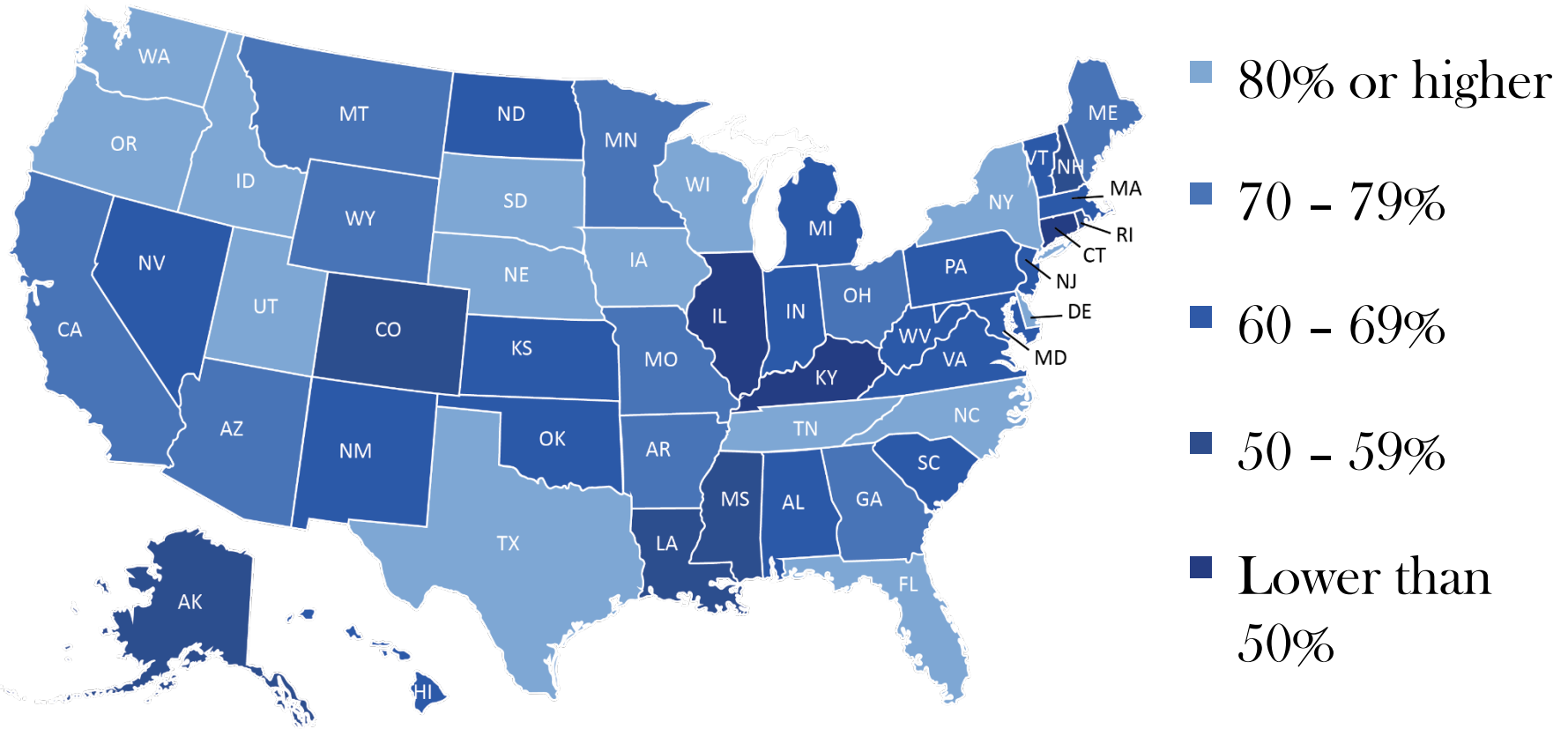
Status of Public Pension Plans

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



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State Employee and Education Plans: *Funding Status by State 2013*



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State Employee and Education Plans: *Funding Status by State 2013*

29% of plans funded at 80% or higher

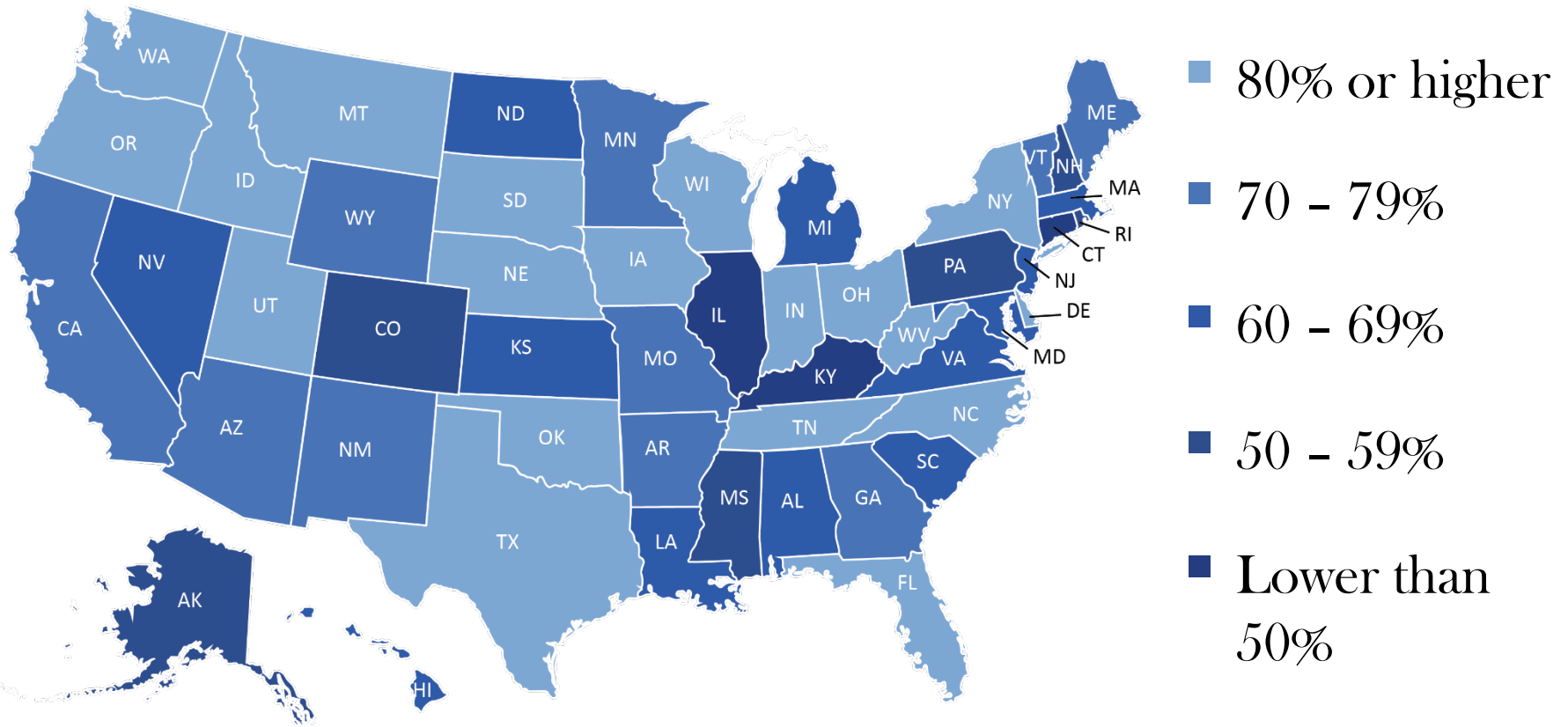
45% of plans funded between 60 - 79%

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*



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State Employee Plans: *Funding Status by State 2013*

35% of plans funded at 80% or higher

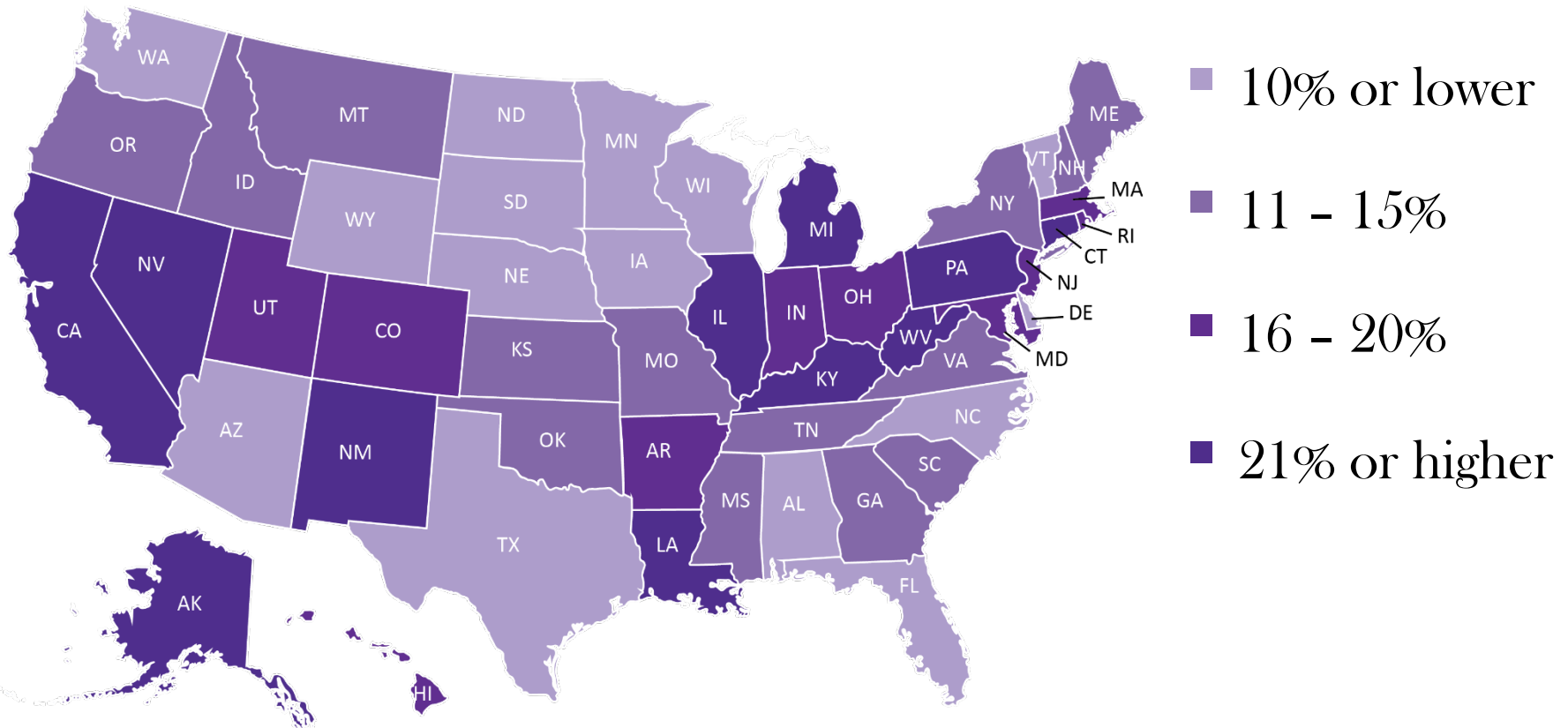
44% of plans funded between 60 - 79%

18% of plans funded at less than 60%

Average funding status of state employee plans = 73%

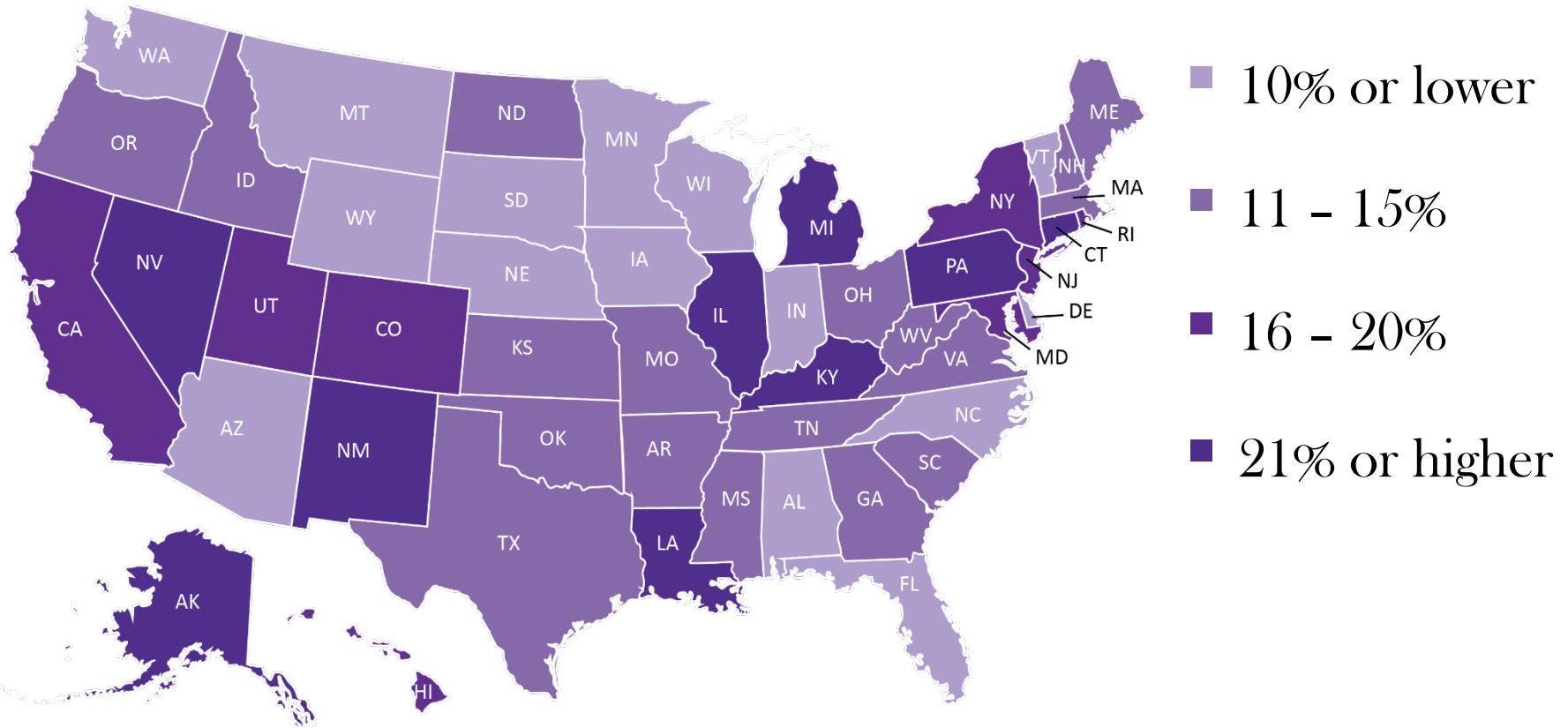
Median funding status of state employee plans = 75%

Average Employer ARC 2013: *State Employee and Teacher Plans*



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Employer ARC 2013: *State Employee Plans*



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State Employee Plan ARCs 2013

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%

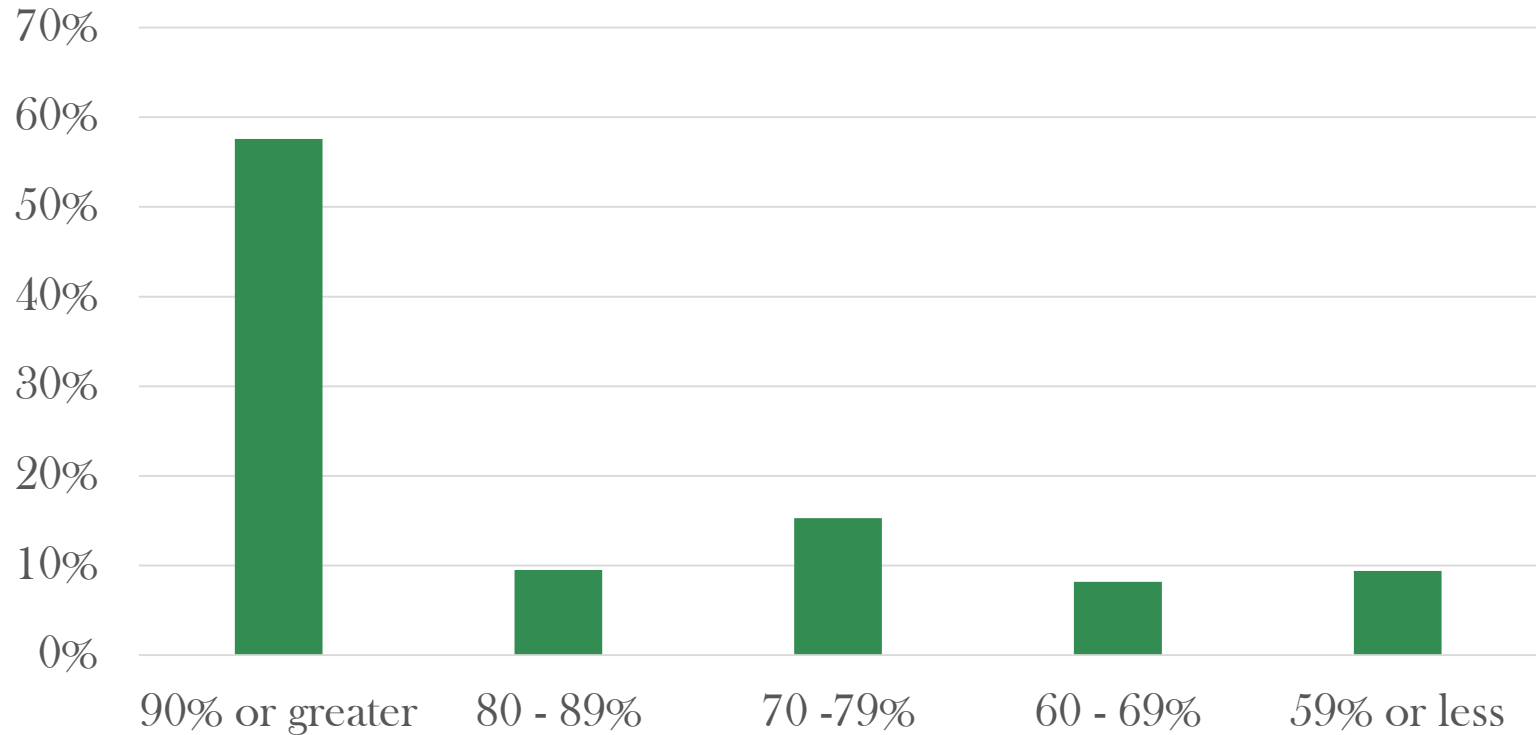
7 state employee plans do not participate in
Social Security



Improving Financial Conditions

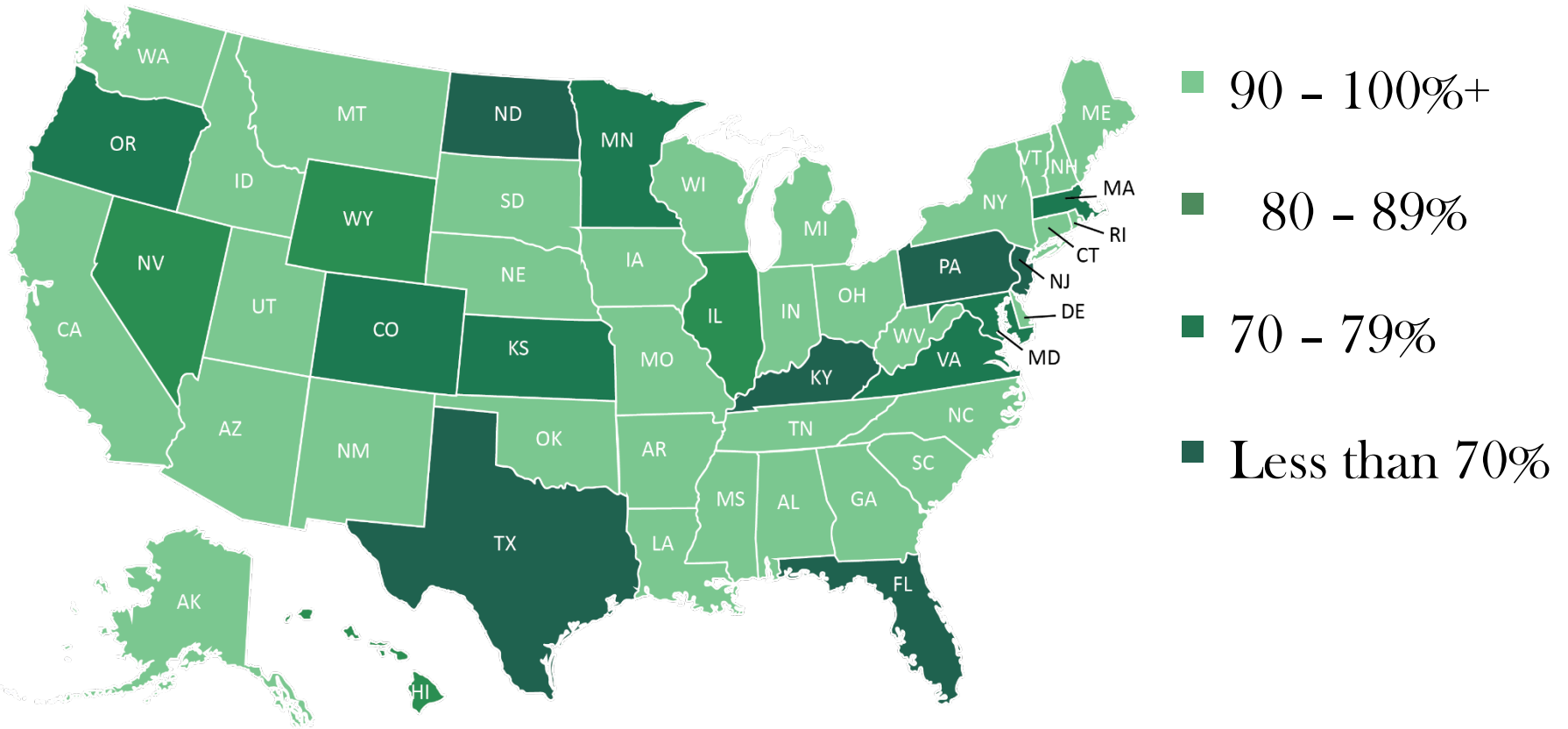
Paying the ARC 2013:

State Employee and Education Plans



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Paying the ARC 2013: *State Employee Plans Only*



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Advice from the Experts

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

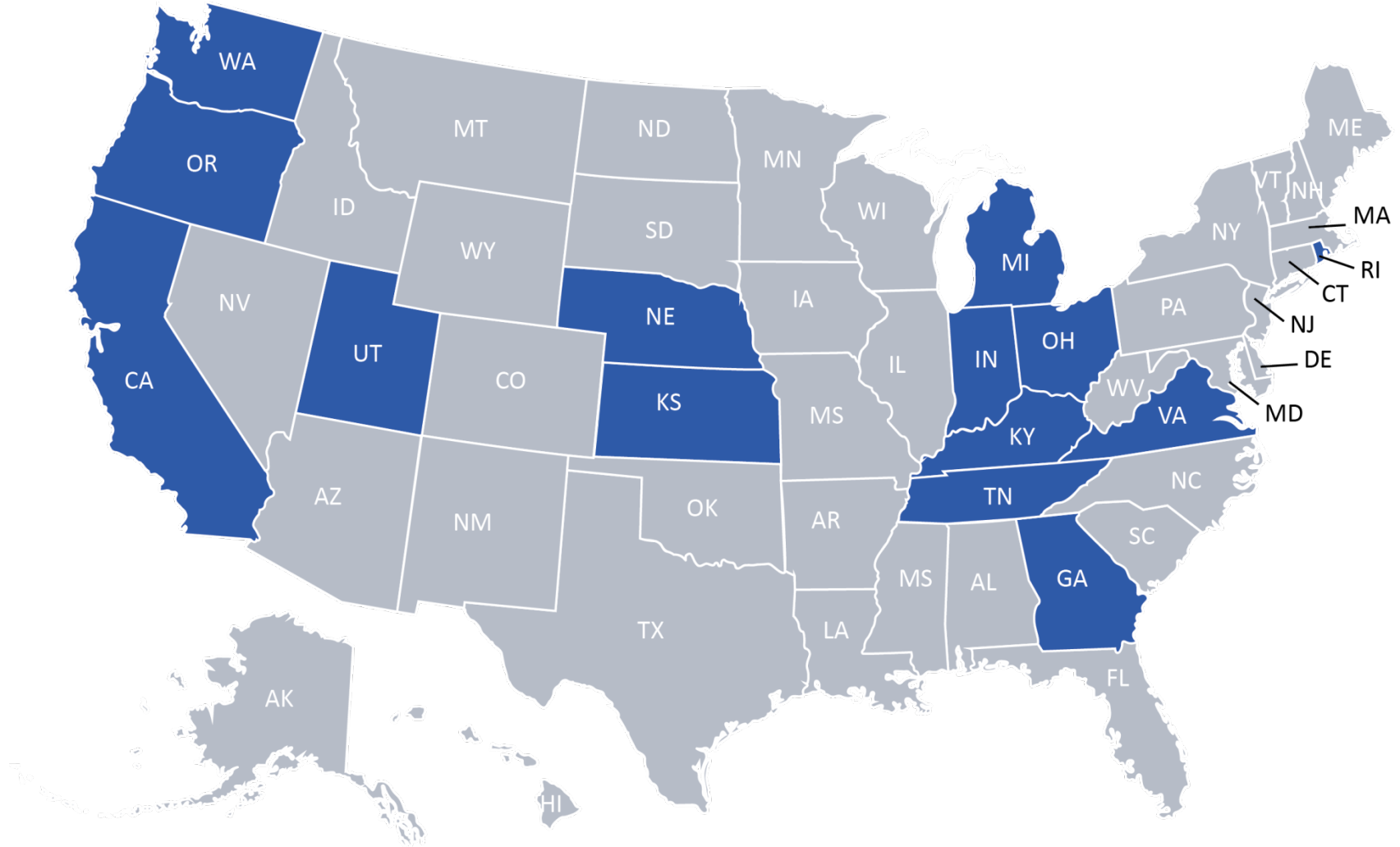


Most Common Pension Reforms

- 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



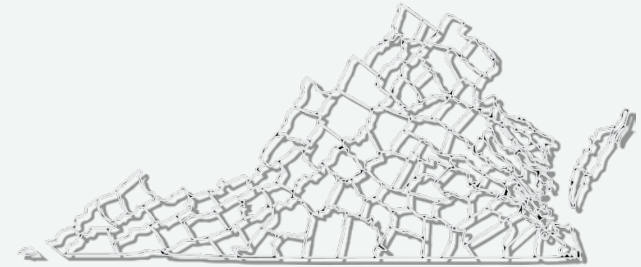
- New state employees since 2011
- 1.5% DB benefit with optional DC plan
- State contribution is capped at 10% of employee payroll
 - If ARC is less, state contributes to employee DC
 - If ARC is more, employee makes up difference
- Normal cost in 2013 equals 8.22%

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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