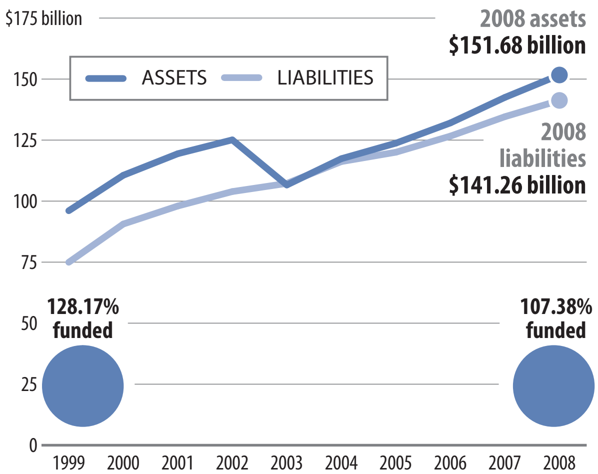
The Trillion Dollar Gap
Underfunded State Retirement Systems and the Roads to Reform
New York

NEW YORK is a national leader in managing its long-term pension liability, but needs to improve how it handles the bill coming due for retiree health care and other benefits. The state has successfully met its actuarially required contribution level at least as far back as 1997. As a result, New York has the best-funded pension system in the country at 107 percent. In 2009, New York enacted policy reforms, raising the retirement age of many new government workers to 62 from 55 and increasing employee contribution levels. Meanwhile, however, New York has failed to set aside any funds to cover a bill coming due of $56.3 billion over the long term for retiree health care and other non-pension benefits.

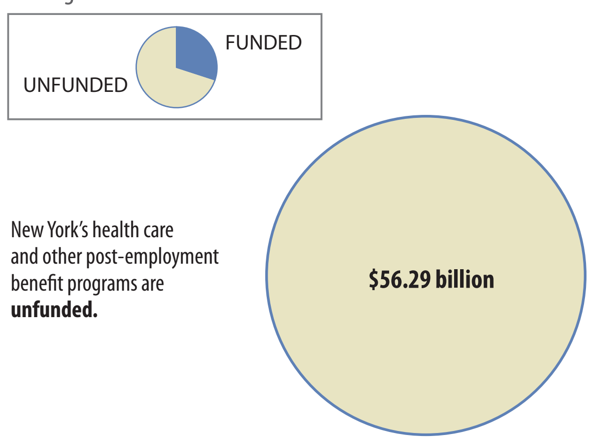
PENSIONS, 1999 – 2008

New York's pension liabilities grew 88 percent between 1999 and 2008, outpacing assets, which grew only 58 percent in that period.



HEALTH CARE & OTHER BENEFITS, 2008

Retiree health care and other benefits are 28 percent of New York's total retirement bill but are all of the state's retirement funding shortfall.



Total Bill Coming Due:	$141,255,000
Portion Unfunded:	-$10,428,000
Annual Required Contribution (ARC):	$2,648,450
Percentage ARC Funded:	100.00%

Note: In thousands

Total Bill Coming Due:	$56,286,000
Portion Unfunded:	$56,286,000
Annual Required Contribution (ARC):	$4,133,000
Percentage ARC Funded:	30.58%

Note: In thousands

PENSIONS: SOLID PERFORMER

HEALTH CARE & OTHER BENEFITS: NEEDS IMPROVEMENT

Solid performer
Needs improvement
Serious concerns

Our grades assess states on how well they manage their retirement obligations. Each state can earn up to four points for its pension plans: two points for a funding ratio of at least 80 percent; one for an unfunded liability below covered payroll; and one for paying an average of at least 90 percent of the ARC during the past five years. Solid Performer = 4 points. Needs Improvement = 2–3 points. Serious Concerns = 0–1 points. Grading for health care and other benefits is simpler because most states have only recently begun to fund and collect data on these liabilities. States are solid performers if they have set aside assets equal to at least 7.1 percent of their liabilities (the 50-state average), or they need improvement if they have contributed less.
For more details, read the full report at www.pewcenteronthestates.org/TrillionDollarGap.

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