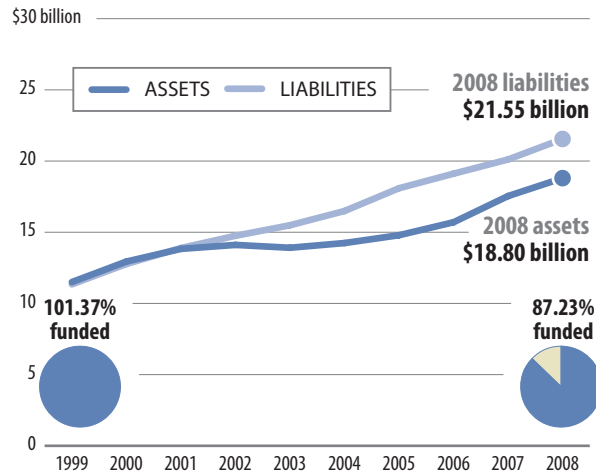


ARKANSAS is managing its long-term pension liability well, but it needs to improve how it handles the bill coming due for its retiree health care and other benefits. Since 1997, Arkansas has consistently surpassed actuarially required contribution levels, and it has funded more than 87 percent of its total pension bill, surpassing the 80 percent benchmark that the U.S. Government Accountability Office says is preferred by experts. The current funding level represents a positive jump from 2005, when Arkansas was less than 82 percent funded. In 2009, the state merged the assets of the State Police Retirement System with the larger and better funded Public Employees' Retirement System, allowing the larger plan to handle investing the State Police plan's assets. Outside of pensions, Arkansas—like 19 other states—has failed to set aside any assets to cover its \$1.8 billion bill coming due for health care and other benefits.

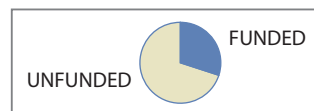
PENSIONS, 1999 – 2008

Arkansas's pension liabilities grew 90 percent between 1999 and 2008, outpacing assets, which grew only 63 percent in that period.

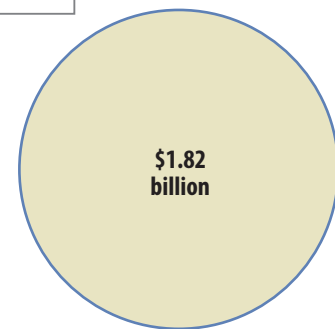


HEALTH CARE & OTHER BENEFITS, 2008

Retiree health care and other benefit liabilities are 8 percent of Arkansas' total retirement bill but are 40 percent of the state's retirement funding shortfall.



Arkansas' health care and other post-employment benefit programs are **unfunded**.



| | |
|-------------------------------------|--------------|
| Total Bill Coming Due: | \$21,551,547 |
| Portion Unfunded: | \$2,752,546 |
| Annual Required Contribution (ARC): | \$555,147 |
| Percentage ARC Funded: | 100.29% |

Note: In thousands



PENSIONS: SOLID PERFORMER

| | |
|-------------------------------------|-------------|
| Total Bill Coming Due: | \$1,822,241 |
| Portion Unfunded: | \$1,822,241 |
| Annual Required Contribution (ARC): | \$170,177 |
| Percentage ARC Funded: | 22.40% |

Note: In thousands



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.