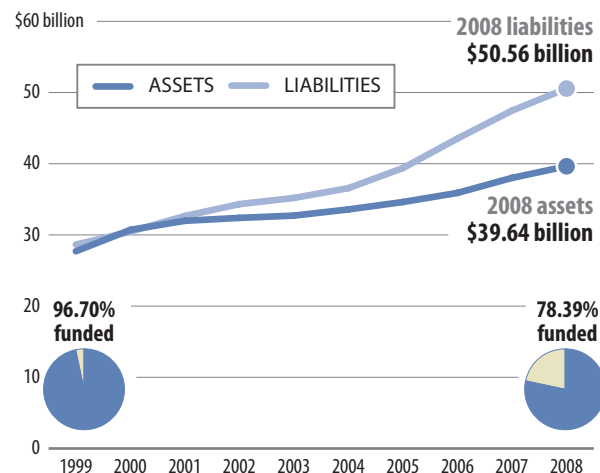


MARYLAND's management of its long-term pension liability is cause for serious concern and the state needs to improve how it handles its retiree health care and other benefit obligations. As recently as 2000, 101 percent of the total pension liability was funded—well beyond the 80 percent benchmark that the U.S. Government Accountability Office says is preferred by experts. But at the end of fiscal year 2008, the Old Line State had dropped to a 78 percent funding level. The sharp decline coincides with a drop in the state's annual contributions, falling to just over 81 percent of the actuarially required amount in 2007. Contributions began to rise in 2008 but still failed to exceed 90 percent of the required amount. Meanwhile, Maryland has a \$14.8 billion bill coming due for retiree health care and other benefits. The state is one of 29 with any assets set aside to cover this long-term cost, but only \$118.9 million—less than 1 percent of the total—has been funded.

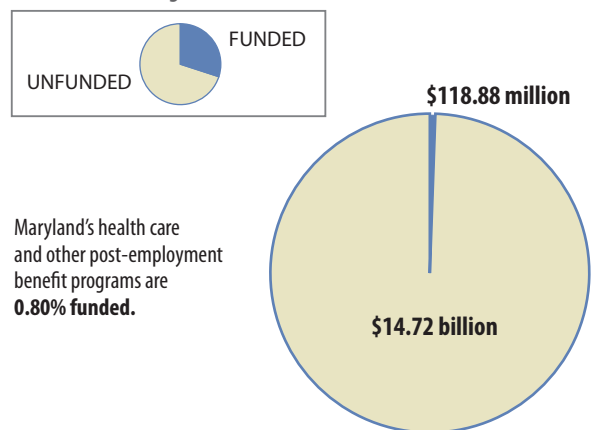
### PENSIONS, 1999 – 2008

Maryland's pension liabilities grew 77 percent between 1999 and 2008, outpacing assets, which grew only 43 percent in that period.



### HEALTH CARE & OTHER BENEFITS, 2008

Retiree health care and other benefit liabilities are 23 percent of Maryland's total retirement bill but are 57 percent of the state's retirement funding shortfall.



Maryland's health care and other post-employment benefit programs are **0.80% funded**.

Total Bill Coming Due:	\$50,561,824
Portion Unfunded:	\$10,926,099
Annual Required Contribution (ARC):	\$1,208,497
Percentage ARC Funded:	89.18%

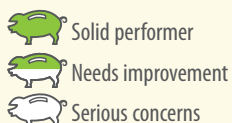
Note: In thousands

 PENSIONS: SERIOUS CONCERNS

Total Bill Coming Due:	\$14,842,304
Portion Unfunded:	\$14,723,420
Annual Required Contribution (ARC):	\$1,086,240
Percentage ARC Funded:	35.93%

Note: In thousands

 HEALTH CARE & OTHER BENEFITS: NEEDS IMPROVEMENT



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](http://www.pewcenteronthestates.org/TrillionDollarGap).