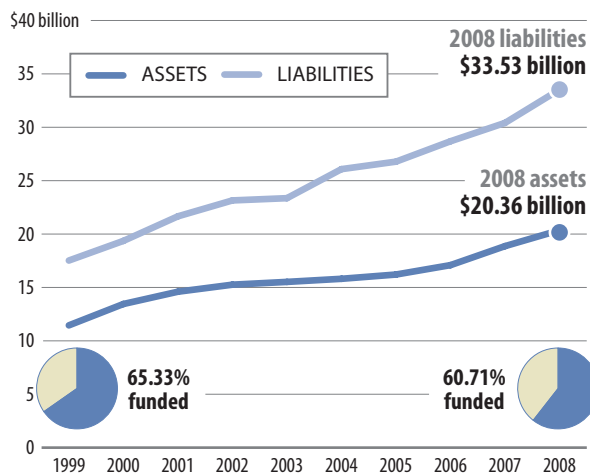


OKLAHOMA'S management of its long-term pension liability is cause for serious concern and the state needs to improve how it handles its retiree health care and other benefit obligations. The Sooner State conducts its actuarial valuations on December 31 (rather than on June 30, the end of the fiscal year for most states). At the end of calendar year 2008, Oklahoma's pension plans were only 61 percent funded—well below the 80 percent benchmark that the U.S. Government Accountability Office says is preferred by experts—reflecting the full decline in investment returns that calendar year. However, the system has been in poor condition since at least 1997. The state has consistently failed to meet its actuarially required contributions, paying no more than 81 percent of the annual bill in any of the past 12 years. Meanwhile, Oklahoma has relatively limited long-term liabilities—about \$359.8 million—for retiree health care and other benefits. But, like 19 other states, it has failed to set aside any assets to cover these obligations.

PENSIONS, 1999 – 2008

Oklahoma's pension liabilities grew 91 percent between 1999 and 2008, outpacing assets, which grew only 78 percent in that period.



Total Bill Coming Due:	\$33,527,899
Portion Unfunded:	\$13,172,407
Annual Required Contribution (ARC):	\$1,245,646
Percentage ARC Funded:	79.17%



PENSIONS: **SERIOUS CONCERNS**

Note: In thousands



Solid performer



Needs improvement



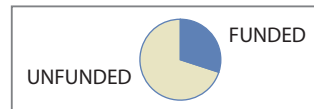
Serious concerns

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.

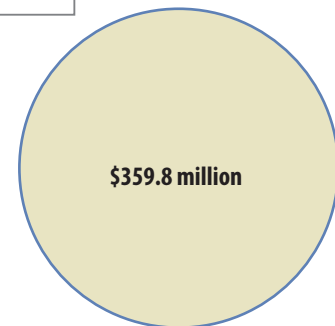
For more details, read the full report at www.pewcenteronthestates.org/TrillionDollarGap.

HEALTH CARE & OTHER BENEFITS, 2007

Retiree health care and other benefits are 1 percent of Oklahoma's total retirement bill but are 3 percent of the state's retirement funding shortfall.



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



Total Bill Coming Due:	\$359,800
Portion Unfunded:	\$359,800
Annual Required Contribution (ARC):	\$48,200
Percentage ARC Funded:	0.00%



HEALTH CARE & OTHER BENEFITS: **NEEDS IMPROVEMENT**

Note: In thousands