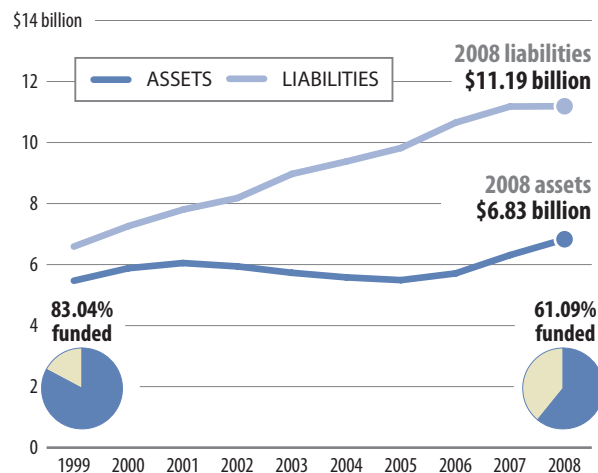


RHODE ISLAND'S management of its long-term pension liability is cause for serious concern and the state needs to improve how it handles its retiree health care and other benefit obligations. To its credit, it has consistently met its actuarially required contribution. However, it has funded only 61 percent of its total pension bill—well below the 80 percent benchmark that the U.S. Government Accountability Office says is preferred by experts. Moreover, the total unfunded pension liability—\$4.4 billion—is almost three times more than its annual payroll. Rhode Island passed legislation in 2009 that raises the retirement age, changes final salary calculations and limits cost-of-living adjustments; this bill is projected to save \$50 million in fiscal year 2010. Finally, like 19 other states, Rhode Island has failed to set aside any assets to cover its long-term liability for retiree health care and other non-pension benefits. The total bill coming due is \$788.2 million.

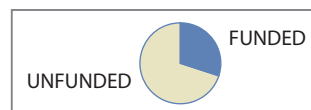
PENSIONS, 1999 – 2008

Rhode Island's pension liabilities grew 70 percent between 1999 and 2008, outpacing assets, which grew 25 percent in that period.

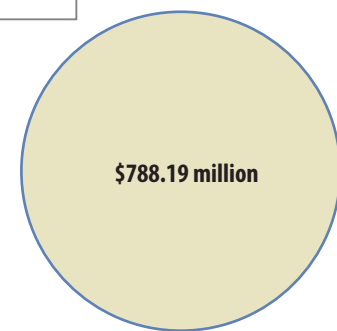


HEALTH CARE & OTHER BENEFITS, 2007

Retiree health care and other benefits are 7 percent of Rhode Island's total retirement bill but are 15 percent of the state's retirement funding shortfall.



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



Total Bill Coming Due:	\$11,188,813
Portion Unfunded:	\$4,353,892
Annual Required Contribution (ARC):	\$219,864
Percentage ARC Funded:	100.00%

Note: In thousands



PENSIONS: **SERIOUS CONCERNS**

Total Bill Coming Due:	\$788,189
Portion Unfunded:	\$788,189
Annual Required Contribution (ARC):	\$46,125
Percentage ARC Funded:	61.52%

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.