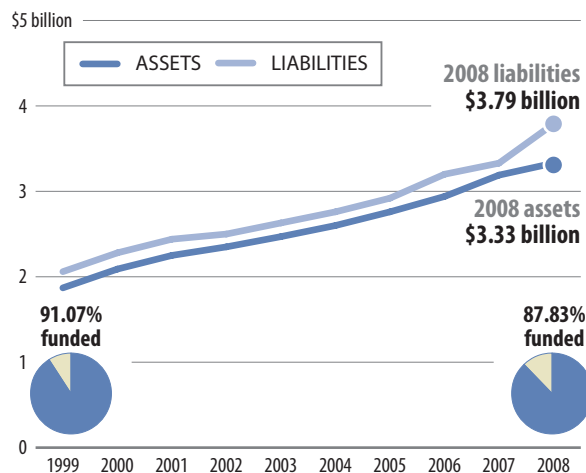


**VERMONT** needs to improve how it is managing its long-term liabilities for both pensions and retiree health care and other benefits. The Green Mountain State has funded 88 percent of its total pension bill—above the 80 percent benchmark that the U.S. Government Accountability Office says is preferred by experts—and has \$461.6 million in unfunded liabilities. From 2003 to 2006 the state fell behind in paying its actuarially required contribution each year; however, it recently has gotten back on track. In hopes of boosting assets, Vermont passed legislation in 2008 that increased the rate of employees’ contributions through July 1, 2019. The state also raised the retirement age and tweaked early retirement penalties and cost-of-living adjustments. Meanwhile, Vermont has set aside only \$3.7 million—less than 1 percent—of its total \$1.6 billion bill coming due for retiree health care and other benefits. In 2008, the state increased eligibility requirements for retiree health care subsidies and the minimum age for normal retirement.

### PENSIONS, 1999 – 2008

Vermont’s pension liabilities grew 84 percent between 1999 and 2008, outpacing assets, which grew only 78 percent in that period.



Total Bill Coming Due:	\$3,792,854
Portion Unfunded:	\$461,551
Annual Required Contribution (ARC):	\$83,579
Percentage ARC Funded:	94.21%



PENSIONS: NEEDS IMPROVEMENT



Solid performer



Needs improvement



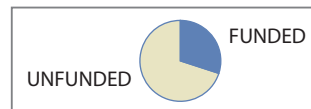
Serious concerns

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.

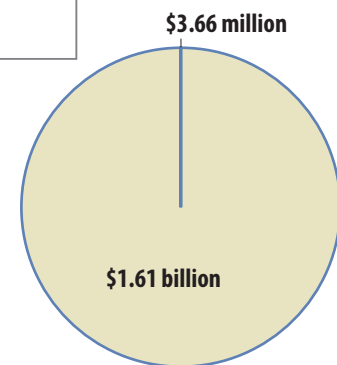
For more details, read the full report at [www.pewcenteronthestates.org/TrillionDollarGap](http://www.pewcenteronthestates.org/TrillionDollarGap).

### HEALTH CARE & OTHER BENEFITS, 2008

Retiree health care and other benefits are 30 percent of Vermont’s total retirement bill but are 78 percent of the state’s retirement funding shortfall.



Vermont’s health care and other post-employment benefit programs are **0.23% funded**.



Total Bill Coming Due:	\$1,618,245
Portion Unfunded:	\$1,614,581
Annual Required Contribution (ARC):	\$107,506
Percentage ARC Funded:	16.54%



HEALTH CARE & OTHER BENEFITS: NEEDS IMPROVEMENT