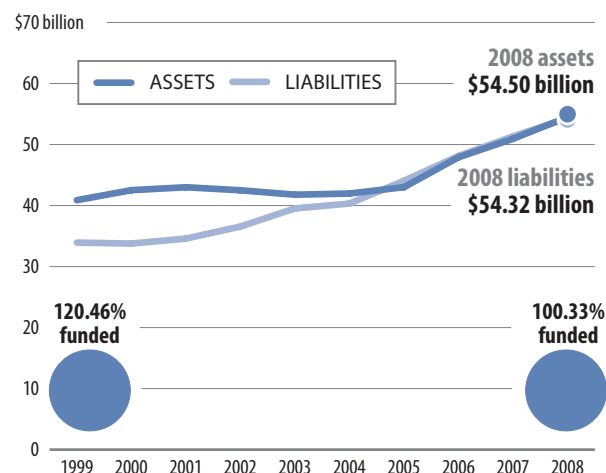


**WASHINGTON** needs to improve how it manages its long-term liabilities for both pensions and retiree health care and other benefits. The state has failed to meet its actuarially required contributions since 2001. And while the level still exceeds the 80 percent benchmark that the U.S. Government Accountability Office says is preferred by experts, the percentage of its liabilities that is funded has declined from a high of 126 percent in 2000 to 100 percent in 2008. Washington conducts its actuarial valuations on December 31, so the state's most recent data reflect more of the pension fund investment losses of the 2008 calendar year than states with valuations on June 30. In 2006, Washington created a pension funding stabilization account with an initial appropriation of \$350 million. That same year, the state increased employer contribution rates for various retirement plans. Meanwhile, as of 2007, Washington had failed to set aside any assets to cover its \$7.9 billion long-term liability for retiree health care and other benefits.

### PENSIONS, 1999 – 2008

Washington's pension liabilities grew 60 percent between 1999 and 2008, outpacing assets, which grew 33 percent in that period.



Total Bill Coming Due:	\$54,322,900
Portion Unfunded:	-\$179,100
Annual Required Contribution (ARC):	\$1,545,600
Percentage ARC Funded:	62.62%



PENSIONS: **NEEDS IMPROVEMENT**



Solid performer



Needs improvement



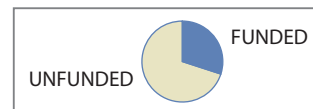
Serious concerns

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.

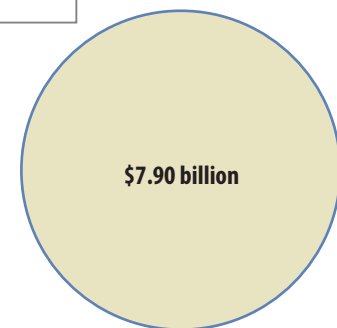
For more details, read the full report at [www.pewcenteronthestates.org/TrillionDollarGap](http://www.pewcenteronthestates.org/TrillionDollarGap).

### HEALTH CARE & OTHER BENEFITS, 2007

Retiree health care and other benefits are 13 percent of Washington's total retirement bill but are all of the state's retirement funding shortfall.



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



Total Bill Coming Due:	\$7,901,610
Portion Unfunded:	\$7,901,610
Annual Required Contribution (ARC):	\$682,797
Percentage ARC Funded:	22.89%



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