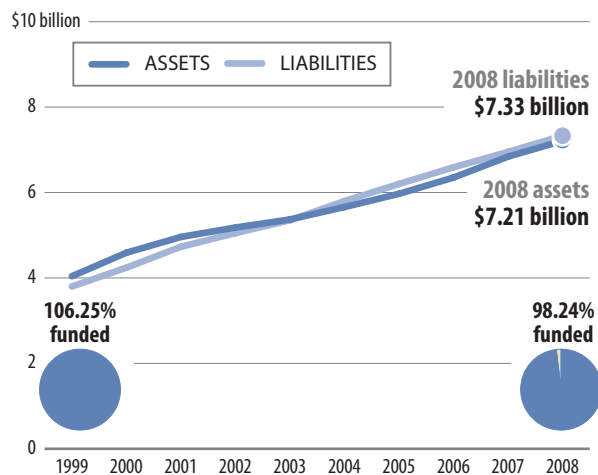


DELAWARE is a top performer when it comes to managing its long-term liability for pensions, but it needs to improve how it handles the bill coming due for retiree health care and other benefits. Since 2001, the state has steadily increased its annual funding of the actuarially required contribution, and in 2002 it enacted legislation aimed at restricting annual salary increases to inflate benefits. As of fiscal year 2008, the First State had funded 98 percent of its total pension bill, well above the 80 percent benchmark that the U.S. Government Accountability Office says is preferred by experts. Most of Delaware's unfunded liability is associated with the closed State Police Retirement System. Meanwhile, Delaware has set aside about \$79 million to cover a total long-term liability of \$5.4 billion for retiree health care and other benefits, a funding level of about 1.5 percent.

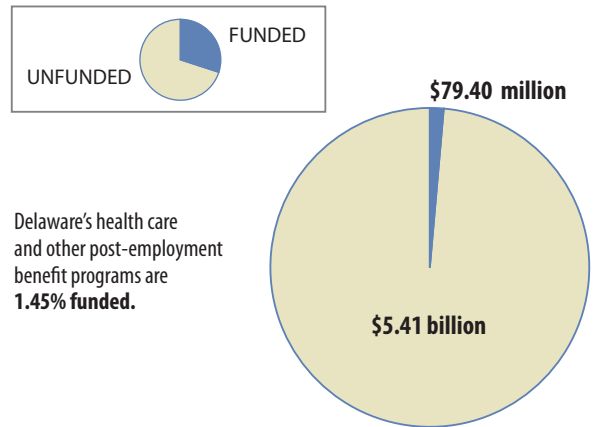
PENSIONS, 1999 – 2008

Delaware's pension liabilities grew 93 percent between 1999 and 2008, outpacing assets, which grew only 79 percent in that period.



HEALTH CARE & OTHER BENEFITS, 2008

Retiree health care and other benefit liabilities are 43 percent of Delaware's total retirement bill but are 98 percent of the state's retirement funding shortfall.



Total Bill Coming Due:	\$7,334,478
Portion Unfunded:	\$129,359
Annual Required Contribution (ARC):	\$149,614
Percentage ARC Funded:	96.49%

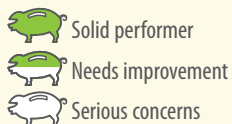
Note: In thousands

 **PENSIONS: SOLID PERFORMER**

Total Bill Coming Due:	\$5,489,000
Portion Unfunded:	\$5,409,600
Annual Required Contribution (ARC):	\$464,600
Percentage ARC Funded:	38.00%

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.