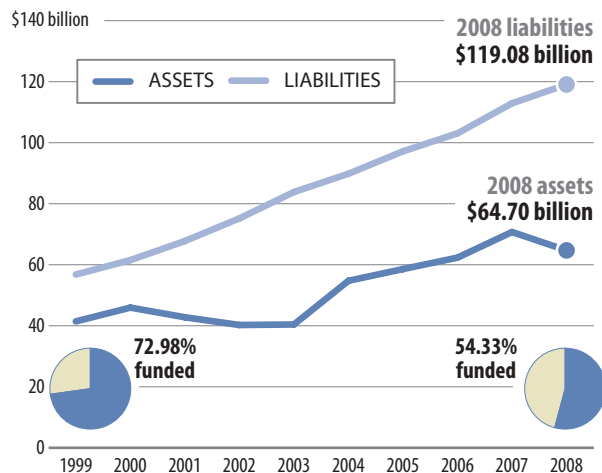


ILLINOIS' management of its long-term pension liability is cause for serious concern and the state needs to improve how it handles the bill coming due for retiree health care and other benefits. With only 54 percent of the state's pension liability funded—well below the 80 percent benchmark that the U.S. Government Accountability Office says is preferred by experts—Illinois ranks last in the country in terms of what it has set aside to fund this bill coming due. The total unfunded pension liability—\$54.4 billion—is more than three times as large as the payroll for members of the state's pension plans. The Prairie State has consistently failed to meet the annual actuarially required contribution, paying less than 60 percent of the required amount in each year since 2005. In 2009, Illinois issued \$3.5 billion in bonds to pay for its 2010 actuarially required contribution. Meanwhile, the state has set aside less than 1 percent of the total \$40 billion required to cover the long-term bill for its retiree health care and other benefits.

PENSIONS, 1999 – 2008

Illinois' pension liabilities grew 110 percent between 1999 and 2008, outpacing assets, which grew only 56 percent in that period.



Total Bill Coming Due:	\$119,084,440
Portion Unfunded:	\$54,383,939
Annual Required Contribution (ARC):	\$3,729,181
Percentage ARC Funded:	57.82%



PENSIONS: SERIOUS CONCERNS

Note: In thousands



Solid performer



Needs improvement



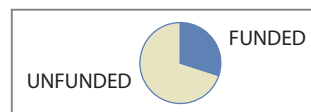
Serious concerns

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.

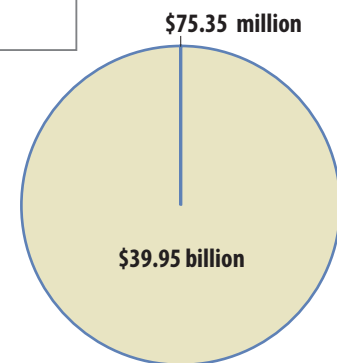
For more details, read the full report at www.pewcenteronthestates.org/TrillionDollarGap.

HEALTH CARE & OTHER BENEFITS, 2007

Retiree health care and other benefit liabilities are 25 percent of Illinois' total retirement bill but are 42 percent of the state's retirement funding shortfall.



Illinois' health care and other post-employment benefit programs are **0.19% funded**.



Total Bill Coming Due:	\$40,022,030
Portion Unfunded:	\$39,946,678
Annual Required Contribution (ARC):	\$1,192,336
Percentage ARC Funded:	13.40%



HEALTH CARE & OTHER BENEFITS: NEEDS IMPROVEMENT

Note: In thousands