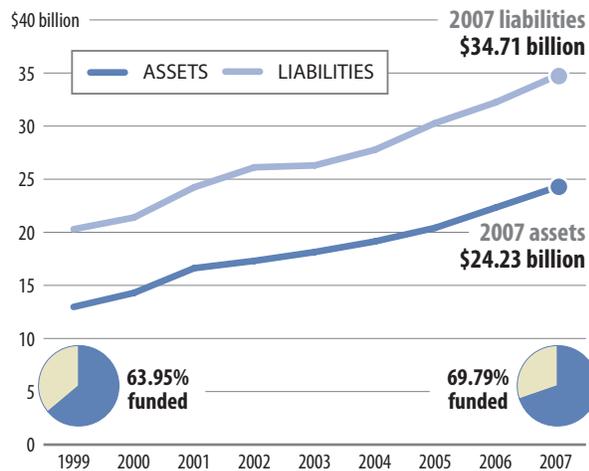


**INDIANA'S** management of its long-term pension liability is cause for serious concern and the state needs to improve how it handles its retiree health care and other benefit obligations. It has funded only 70 percent of its total pension bill—well below the 80 percent benchmark that the U.S. Government Accountability Office says is preferred by experts—and the total unfunded pension liability is \$10.5 billion. The Indiana State Teachers' Retirement Fund is responsible for much of the state's funding shortfall, covering only 48 percent of its \$18.75 billion obligation. Although Indiana has very limited long-term retiree health care and other benefit liabilities, with a \$442.3 million bill coming due, it—like 19 other states—has failed to sock away any money to cover these costs.

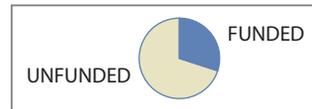
### PENSIONS, 1999 – 2007

Indiana's pension liabilities grew 76 percent between 1999 and 2008—outpaced by assets, which increased by 99 percent.

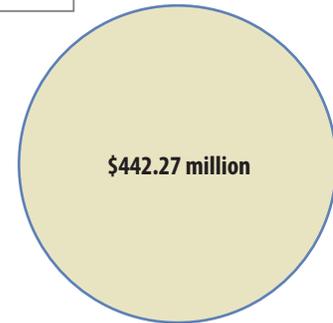


### HEALTH CARE & OTHER BENEFITS, 2008

Retiree health care and other benefit liabilities are 1 percent of Indiana's total retirement bill but are 4 percent of the state's retirement funding shortfall.



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



Total Bill Coming Due:	\$35,640,073
Portion Unfunded:	\$9,825,830
Annual Required Contribution (ARC):	\$1,232,347
Percentage ARC Funded:	103.48%

Note: In thousands



PENSIONS: **SERIOUS CONCERNS**

Total Bill Coming Due:	\$442,268
Portion Unfunded:	\$442,268
Annual Required Contribution (ARC):	\$45,963
Percentage ARC Funded:	22.23%

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](http://www.pewcenteronthestates.org/TrillionDollarGap).