



# Connecticut

**CONNECTICUT HAS DOUBLE THE TROUBLE** of most states: a severely underfunded pension system and some of the steepest bills in the country coming due for retirement health and other non-pension benefits. The state funded its pension bill at 100% in 2006, but has often fallen short of funding its whole annual contribution. The state’s actuaries have calculated the non-pension bill at \$21.7 billion—a figure that does not include benefits for teachers. No money has been set aside yet for this liability, which amounts to about \$6,186 per capita, based on the population of the state. That figure is larger than that faced by any other state and far higher than the \$774 median for the country. Non-pension benefits for state employees are based on labor negotiations that occurred in the late 1990s—an agreement that is in place until 2017, according to the Connecticut comptroller’s office. To move toward full funding of this obligation, the state’s annual contribution would be \$1.6 billion—four times more than the \$393 million in non-pension benefits that it paid for current retirees in 2006.

## PENSIONS

TOTAL BILL COMING DUE: **\$34 billion**<sup>1</sup>


FUNDS SET ASIDE: **\$19 billion**

PORTION UNFUNDED: **\$15 billion**

PERCENT FUNDED: **56 as of 2006**<sup>2</sup>

TEN YEAR FUNDING HIGH: **72% in 2001**

TEN YEAR FUNDING LOW: **56% in 2006**

HOW IS THE STATE DOING IN PAYING ITS ANNUAL BILL? 

**ASSUMPTIONS:** Connecticut assumed 8.5% on its pension investments in 2006, compared to the 8% median for the 50 states. But its 5% inflation assumption for the public employee pension was also high relative to other states—which means the “real rate of return” its actuaries expect is on the lower side. It uses a five-year smoothing period to calculate the actuarial value of assets, similar to the majority of states. The amortization period conforms to accounting standards.

1 Pension funds include state and judicial employees and teachers.  
2 50-state mean was 82%.


## OTHER BENEFITS

TOTAL BILL COMING DUE: **\$21.7 billion**

FUNDS SET ASIDE: **\$0**

PORTION UNFUNDED: **\$21.7 billion**<sup>1</sup>

PERCENT FUNDED: **0 as of 2006**

HOW IS THE STATE DOING IN MANAGING THIS BILL? 

1 690% of covered payroll, compared to a national median of 135%.

**REFORMS:** Connecticut is working on improving the funding situation of its very underfunded teachers’ pension plan. The General Assembly authorized \$2 billion in pension obligation bonds in 2007, and appropriated an additional \$300 million for the fund for fiscal years 2008 and 2009. It also committed the state to making its annual required contribution to the teachers’ fund while the bonds are outstanding.

KEY:  Top Performer  Needs Improvement  Below Par  Non-Pension Benefits are Minimal

This fact sheet stems from a 50-state analysis of states’ retiree benefit obligations by Pew’s Center on the States. The full report and 50 state fact sheets can be found at [www.pewcenteronthestates.org](http://www.pewcenteronthestates.org).



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