



Delaware

DELAWARE'S PENSIONS SYSTEM is in very good shape. Its bill coming due for retiree health care and other non-pension benefits is large for the state's size—\$4.4 billion—but as of the end of 2006, Delaware was one of only 13 states with any assets set aside for those liabilities. Following the work of a retirement study commission, which examined the state's options, Delaware has attempted to save money through improved management—for example, concentrating on prevention and more aggressive collection of drug rebates—and has begun to pre-fund a portion of its long-term obligation. Consistently making its required contribution toward its non-pension bill coming due would be smart fiscal policy for Delaware—its \$4.4 billion liability would be reduced to \$3.2 billion, based on the higher interest rates that its actuaries would be able to assume on money invested for the long term in a qualified irrevocable trust.

PENSIONS

TOTAL BILL COMING DUE: **\$6.4 billion**¹

FUNDS SET ASIDE: **\$6.2 billion**

PORTION UNFUNDED: **\$200 million**

PERCENT FUNDED: **97 as of 2006**²

TEN YEAR FUNDING HIGH: **108% in 2000**

TEN YEAR FUNDING LOW: **97% in 1997**

HOW IS THE STATE DOING IN PAYING ITS ANNUAL BILL? 

ASSUMPTIONS: Delaware assumed 8% interest on its pension investments as of 2006, right at the 50-state median. It uses a five-year smoothing period to calculate the actuarial value of its assets, similar to most states. The amortization period conforms to accounting standards.

¹ The public employees retirement system includes state employees, new state police, judicial employees and the closed state police plan.

² 50-state mean was 82%.


OTHER BENEFITS

TOTAL BILL COMING DUE: **\$4.435 billion**

FUNDS SET ASIDE: **\$25 million**¹

PORTION UNFUNDED: **\$4.41 billion**²

PERCENT FUNDED: **1 as of 2006**

HOW IS THE STATE DOING IN MANAGING THIS BILL? 

¹ As of 2006; as of mid-2007, the state had increased this amount to \$65 million.

² As of 2006; 267% of covered payroll, compared to a national median of 135%.

REFORMS: An irrevocable trust for non-pension benefits was established in July 2007. The state also has set up a dedicated rate of payroll, with the proceeds to go to the non-pensions trust fund. State officials expect this to generate an additional \$10 million for fiscal year 2008.

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.



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