



GEORGIA IS A NATIONAL LEADER in keeping up with its pension funding. It also is a model for other states because before pension benefits can be changed, Georgia evaluates how much the proposed change is going to cost and whether the state can afford it. The healthy status of its pension system enables leaders to focus on the state's unfunded liability for retiree health and other non-pension benefits. A 2005 valuation put Georgia's unfunded liability at \$15 billion—\$5 billion for state employees alone and \$10 billion for teachers and other school employees. The state employee portion is nearly twice the small, unfunded bill for the state's entire pension system. (In many states, non-pension benefits for teachers are calculated at the school district level and not reflected in overall state figures.)

PENSIONS

TOTAL BILL COMING DUE: **\$66 billion**¹


FUNDS SET ASIDE: **\$63.4 billion**

PORTION UNFUNDED: **\$2.6 billion**

PERCENT FUNDED: **96 as of 2006**²

TEN YEAR FUNDING HIGH: **103% in 2001**

TEN YEAR FUNDING LOW: **90% in 1997**

HOW IS THE STATE DOING IN PAYING ITS ANNUAL BILL? 

ASSUMPTIONS: Georgia assumed 7.5% interest on pension investments as of 2006, somewhat below the 8% median for the 50 states, but up from the conservative 7% level assumed for its state employee and public school plans prior to 2003. It uses a five-year smoothing period to calculate the actuarial value of assets, similar to most states. The amortization period conforms to accounting standards.

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


OTHER BENEFITS

TOTAL BILL COMING DUE: **\$5 billion**

FUNDS SET ASIDE: **\$0**¹

PORTION UNFUNDED: **\$5 billion**²

PERCENT FUNDED: **0 as of 2006**

HOW IS THE STATE DOING IN MANAGING THIS BILL? 

¹ As of 2006; the state appropriated \$100 million in fiscal year 2008 to begin pre-funding its own actuarial liability.
² For state employees; 192% of covered payroll, compared to a national median of 135%.

REFORMS: Georgia passed legislation in 2007 to allow its governments to set up trust funds for retiree health benefits, and the state appropriated \$100 million in fiscal year 2008 to begin pre-funding its own actuarial liability. In 2005, the legislature enhanced the pension board's ability to request information from employees with disability pensions about other jobs they've taken and to discontinue benefits if this information isn't provided. The state also been careful to make sure that any proposed changes to pension benefits—either on an individual employee basis or for the system as a whole—are carefully computed so as not to cause surprises. A Georgia law requiring rigorous analysis of the long-term cost of proposed benefit increases has been in effect about eight years and was recently emulated by Oklahoma.

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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