



MISSOURI HAS DONE A GOOD JOB keeping up with the required contributions to its state employees' pension plan, but has fallen a bit short in recent years in doing the same with its school funds. On the non-pension side, the state has a moderate level of retiree health benefits and has made a strong effort at containing the growth in the costs of those benefits, providing a consolidated health plan for state and local governments that was able to limit the increase in medical spending to 1.7% from 2005 to 2006. Missouri did not have funds set aside for non-pension benefit obligations as of 2006, but the Missouri legislature has appropriated about \$15 million for 2008.

PENSIONS

TOTAL BILL COMING DUE: **\$43.8 billion**¹


FUNDS SET ASIDE: **\$35.4 billion**

PORTION UNFUNDED: **\$8.4 billion**

PERCENT FUNDED: **81 as of 2006**²

TEN YEAR FUNDING HIGH: **100% in 2000**

TEN YEAR FUNDING LOW: **80% in 2004**

HOW IS THE STATE DOING IN PAYING ITS ANNUAL BILL? 

ASSUMPTIONS: Missouri assumes an interest rate of 8.5% for its state employee pension, above the 50-state median of 8%, which Missouri uses in its school plans. It uses a five-year smoothing period for the state employee plan, similar to the majority of states. (The public school plans use a three-year period.) The amortization period conforms to accounting standards.

¹ Pension funds include state employees, teachers, school employees, state patrol employees and judges.

² 50-state mean was 82%.


OTHER BENEFITS

TOTAL BILL COMING DUE: **\$2.2 billion**

FUNDS SET ASIDE: **\$0**¹

PORTION UNFUNDED: **\$2.2 billion**²

PERCENT FUNDED: **0 as of 2006**

HOW IS THE STATE DOING IN MANAGING THIS BILL? 

¹ As of 2006; the Missouri legislature appropriated about \$15 million for 2008.

² 135% of covered payroll, compared to a national median of 135%.

REFORMS: A 2007 Missouri law prevents pension plans in the state from increasing benefits if they are less than 80% funded. A new law also cracks down on local pension funds that are substantially underfunded and seeks to improve pension governance practices throughout the state. Another 2007 change caps the percent of increase that can be reflected in final salary calculations for teachers and other school employees. The Missouri State Retirement System Board has been required to establish retiree medical benefit trusts.

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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