



OREGON CURRENTLY HAS THE BEST-FUNDED pension system in the country, and it is one of just six states on track to fund its modest retiree health benefits as well. On the pension side, Oregon's strong performance is partially due to the state's use of bonds to finance its liabilities following a significant drop in pension funding levels in 2002. The state also substantially reorganized its pension system in 2003, shifting to a hybrid plan that has both defined contribution and defined benefit elements. Oregon's non-pension, retiree health benefits are extremely modest, but the state was on track to fully fund those obligations at the end of fiscal year 2006. (In fact, it was one of only 13 states with any assets set aside for non-pension benefits as of 2006.) If Oregon continues on this path, its total non-pension liability will be reduced from \$832 million to \$238 million, based on the higher interest rate the state can assume if it consistently sets funding aside in an irrevocable qualified trust.

PENSIONS

TOTAL BILL COMING DUE: **\$51.2 billion**¹


FUNDS SET ASIDE: **\$56.6 billion**

PORTION UNFUNDED: **\$0**

PERCENT FUNDED: **110 as of 2006**²

TEN YEAR FUNDING HIGH: **110% in 2006**

TEN YEAR FUNDING LOW: **91% in 2002**

HOW IS THE STATE DOING IN PAYING ITS ANNUAL BILL? 

ASSUMPTIONS: Oregon assumes 8% investment returns, which is the 50-state median. It's one of a handful of states that values its assets on a fair market basis rather than smoothing out gains and losses over time. This means that a downturn or upswing in the stock market will be reflected in its pension funding levels immediately (as occurred in 2002 when the pension funding level dropped to 91% from 106.7% the previous year).

1 Consolidated public employees retirement fund.
2 50-state mean was 82%.

OTHER BENEFITS

TOTAL BILL COMING DUE: **\$832 million**¹

FUNDS SET ASIDE: **\$187 million**


PORTION UNFUNDED: **\$645 million**²

PERCENT FUNDED: **22 as of 2006**

HOW IS THE STATE DOING IN MANAGING THIS BILL? 

1 About \$415 million for state employees.
2 10% of covered payroll, compared to a national median of 135%.

REFORMS: Oregon significantly reorganized its pension systems in 2003, with a hybrid defined contribution/defined benefit plan put in place that the state believes has resulted in substantial savings. The state also restructured the retirement system board at the time and instituted a number of changes to its actuarial practices.

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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