



UTAH IS A NATIONAL LEADER in managing the bill coming due for its long-term public sector pension promises. The state has an excellent record of making its full annual required contributions to its pension systems, which have stayed at a very healthy funding level during the past 10 years. On the non-pensions side, Utah was aware of its long-term liabilities for retiree health benefits long before most states. It has set up an irrevocable trust for its payments, and while it had not set aside any funds for its non-pension benefits as of 2006, it is moving on a path toward fully funding that obligation—the state appropriated its full amount of about \$47 million for both 2007 and 2008. If Utah consistently and fully funds its non-pension obligations, the long-term bill for state employees will drop from \$749 million to \$488 million. This is because the interest the state is likely to earn when it invests more money over the long term can be applied to paying down the bill. Utah also is pulling back substantially on its retiree health benefits, a move the Utah Public Employees Association has fought.

PENSIONS

TOTAL BILL COMING DUE: **\$18.8 billion**¹

FUNDS SET ASIDE: **\$18.1 billion**

PORTION UNFUNDED: **\$700 million**

PERCENT FUNDED: **96 as of 2006**²

TEN YEAR FUNDING HIGH: **105% in 2000**

TEN YEAR FUNDING LOW: **91% in 1997**


HOW IS THE STATE DOING IN PAYING ITS ANNUAL BILL? 

ASSUMPTIONS: Utah assumed 8% interest on its pension investments as of 2006, the same as 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 Pension funds include public employees, contributory and non-contributory, firefighters, public safety personnel, judges, governors and elected officials.

² 50-state mean was 82%.

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.

OTHER BENEFITS

TOTAL BILL COMING DUE: **\$749 million**

FUNDS SET ASIDE: **\$0**¹

PORTION UNFUNDED: **\$749 million**²

PERCENT FUNDED: **0 as of 2006**

HOW IS THE STATE DOING IN MANAGING THIS BILL? 

¹ As of 2006; \$47 million each for 2007 and 2008.

² 20% of covered payroll, compared to a national median of 135%.

REFORMS: In 2007, Utah established a trust for non-pension benefits, as well as an oversight structure and policies for investment. It defined policies and practices for similar trusts at the local level as well. The state has taken a variety of actions to restructure retiree health coverage; it also has changed its approach to the way sick leave is treated on retirement, providing for the conversion of a portion of accumulated sick leave, earned after January 1, 2006, to individual health care accounts.



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