



WISCONSIN STANDS OUT in how it has managed the bill coming due for its public sector pension obligations. In fact, the state's pension system has had a remarkably steady ride over the last 10 years. Wisconsin has an excellent record of making its full annual required contribution. It issued \$729 million in pension bonds in 2003, and at that time became the first state to issue bonds for non-pension benefits as well, to the tune of \$600 million. This makes it the only state in the country that has just about fully funded these liabilities. This is not as tall an order as in many states, because the benefits are very modest. Wisconsin's long-term retiree health care costs stem from a subsidy that allows retirees to participate in the same plan as younger and healthier active employees. It also allows unused sick leave of departing employees to be converted to health care accounts.

PENSIONS

TOTAL BILL COMING DUE: **\$73.7 billion**¹


FUNDS SET ASIDE: **\$73.4 billion**

PORTION UNFUNDED: **\$320 million**

PERCENT FUNDED: **99.6 as of 2006**²

TEN YEAR FUNDING HIGH: **99.6% in 2006**

TEN YEAR FUNDING LOW: **95% in 1997**

HOW IS THE STATE DOING IN PAYING ITS ANNUAL BILL? 

ASSUMPTIONS: Wisconsin assumed 7.8% interest on its pension investments as of 2006, slightly under the 50-state median of 8%. It uses a five-year smoothing period, similar to the majority of the states. The amortization period conforms to accounting standards.

¹ Wisconsin Retirement System.
² 50-state mean was 82%.


OTHER BENEFITS

TOTAL BILL COMING DUE: **\$1.823 billion**

FUNDS SET ASIDE: **\$1.806 billion**

PORTION UNFUNDED: **\$17 million**¹


PERCENT FUNDED: **99 as of 2006**²

HOW IS THE STATE DOING IN MANAGING THIS BILL? 

¹ Less than half a percent of covered payroll, compared to a national median of 135%.

² Wisconsin had the highest funding ratio for non-pension benefits as of 2006, due to its decision to bond out much of its modest obligation. Only 12 other states had any assets at all set aside at this time.

REFORMS: Wisconsin has not had substantial pension reform in recent years. The biggest news was its 2003 bond issuance to help keep up with pension and retiree health liabilities (see above). In 2005, the state transferred responsibilities of the Legislature's Retirement Research Committee to the Legislative Council. Every two years it produces an excellent report comparing pension systems in the 50 states; the new one is due out in December 2007.

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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