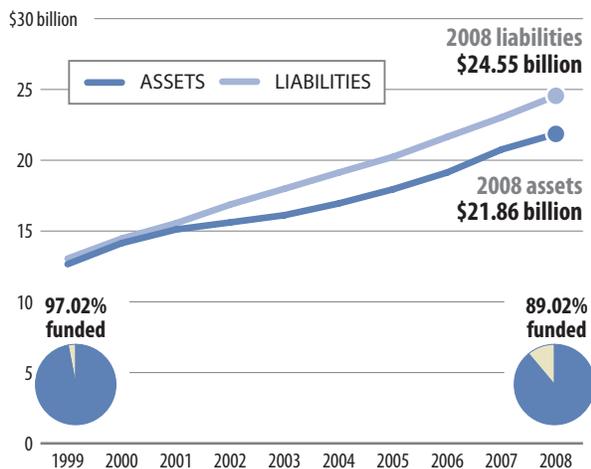


IOWA needs to improve how it is managing its long-term liabilities for both pensions and retiree health care and other benefits. In 1999, Iowa's pension system was 97 percent funded—well above the 80 percent benchmark that the U.S. Government Accountability Office says is preferred by experts. But since 2004, the state has consistently failed to make its actuarially required contributions. The pension system is now 89 percent funded, with an unfunded liability of \$2.7 billion. Starting in July 2007, Iowa began upping both its employee and employer contribution rates for the Public Employees' Retirement System. Meanwhile, while Iowa has very limited long-term liabilities for retiree health care and other benefits—with a bill coming due of \$404.3 million—the state has failed to put away any funds to cover these costs.

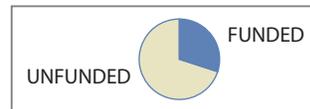
### PENSIONS, 1999 – 2008

Iowa's pension liabilities grew 88 percent between 1999 and 2008, outpacing assets, which grew only 73 percent in that period.

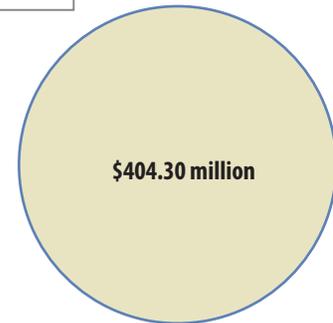


### HEALTH CARE & OTHER BENEFITS, 2008

Retiree health care and other benefit liabilities are 2 percent of Iowa's total retirement bill but are 13 percent of the state's retirement funding shortfall.



Iowa's health care and other post-employment benefit programs are unfunded.



Total Bill Coming Due:	\$24,552,217
Portion Unfunded:	\$2,694,794
Annual Required Contribution (ARC):	\$453,980
Percentage ARC Funded:	85.81%

Note: In thousands



PENSIONS: NEEDS IMPROVEMENT

Total Bill Coming Due:	\$404,300
Portion Unfunded:	\$404,300
Annual Required Contribution (ARC):	\$42,991
Percentage ARC Funded:	38.64%

Note: In thousands



HEALTH CARE & OTHER BENEFITS: NEEDS IMPROVEMENT



Solid performer



Needs improvement



Serious concerns

Our grades assess states on how well they manage their retirement obligations. Each state can earn up to four points for its pension plans: two points for a funding ratio of at least 80 percent; one for an unfunded liability below covered payroll; and one for paying an average of at least 90 percent of the ARC during the past five years. Solid Performer = 4 points. Needs Improvement = 2–3 points. Serious Concerns = 0–1 points. Grading for health care and other benefits is simpler because most states have only recently begun to fund and collect data on these liabilities. States are solid performers if they have set aside assets equal to at least 7.1 percent of their liabilities (the 50-state average), or they need improvement if they have contributed less.

For more details, read the full report at [www.pewcenteronthestates.org/TrillionDollarGap](http://www.pewcenteronthestates.org/TrillionDollarGap).