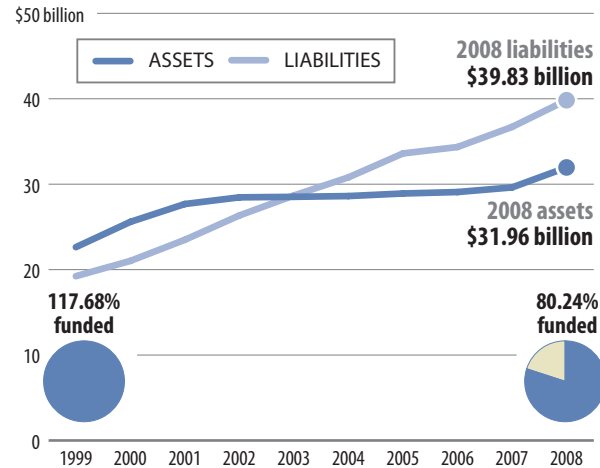


ARIZONA is a national leader in managing its long-term liabilities for both pensions and retiree health care and other benefits. It has funded 80 percent of its total pension bill, right at the minimum benchmark that the U.S. Government Accountability Office says is preferred by experts. In 2008, the state increased the employee contribution for the Corrections Officer Retirement Plan. Arizona leads the nation in funding its retiree health care and non-pension benefits, with 65 percent of this liability accounted for. The Grand Canyon State is one of only two states—along with Alaska—that have pre-funded more than half of this long-term bill coming due.

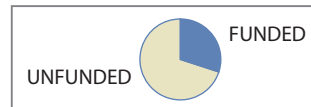
PENSIONS, 1999 – 2008

Arizona's pension liabilities grew 107 percent between 1999 and 2008, outpacing assets, which grew only 41 percent in that period.

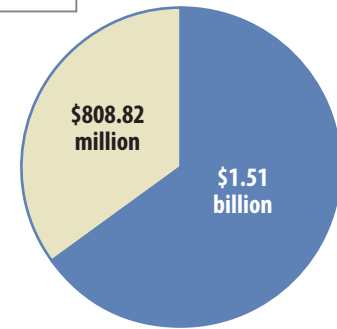


HEALTH CARE & OTHER BENEFITS, 2008

Retiree health care and other benefit liabilities are 6 percent of Arizona's total retirement bill but are 9 percent of the state's retirement funding shortfall.



Arizona's health care and other post-employment benefit programs are **65.18% funded**.



Total Bill Coming Due:	\$39,831,327
Portion Unfunded:	\$7,871,120
Annual Required Contribution (ARC):	\$1,023,337
Percentage ARC Funded:	101.19%

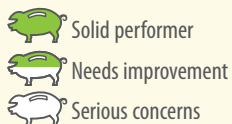
Note: In thousands

 **PENSIONS: SOLID PERFORMER**

Total Bill Coming Due:	\$2,322,720
Portion Unfunded:	\$808,818
Annual Required Contribution (ARC):	\$146,198
Percentage ARC Funded:	100.00%

Note: In thousands

 **HEALTH CARE & OTHER BENEFITS: SOLID PERFORMER**



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.