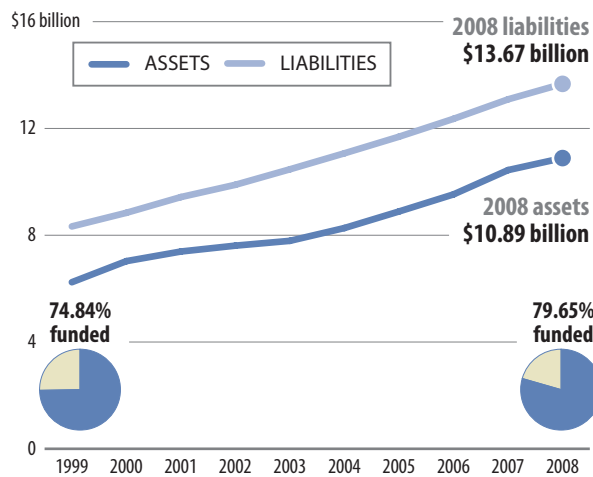


MAINE is managing its long-term pension liability well, but needs to improve how it handles the bill coming due for its retiree health care and other benefits. The state's pension obligations were only 63 percent funded in 1997 but by 2008 were 80 percent covered—the minimum benchmark that the U.S. Government Accountability Office says is preferred by experts—by consistently keeping up with its actuarially required contributions. In 2002, Maine passed a law mandating that the annual rate of payment made to the State Retirement System cannot be less than the amount paid in the preceding year. Meanwhile, Maine has a \$4.4 billion bill coming due for its retiree health care and other benefits. While the state is one of 29 with any assets set aside to cover these long-term costs, only 1.2 percent of this total is funded.

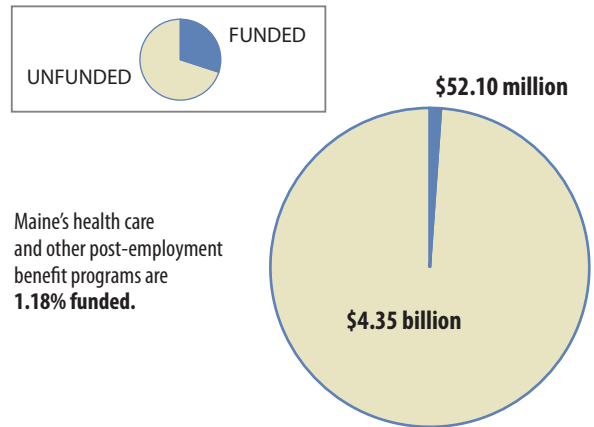
PENSIONS, 1999 – 2008

Maine's pension liabilities grew 64 percent between 1999 and 2008—outpaced by assets, which increased by 75 percent.



HEALTH CARE & OTHER BENEFITS, 2008

Retiree health care and other benefit liabilities are 24 percent of Maine's total retirement bill but are 61 percent of the state's retirement funding shortfall.



Maine's health care and other post-employment benefit programs are **1.18% funded**.

Total Bill Coming Due:	\$13,674,901
Portion Unfunded:	\$2,782,173
Annual Required Contribution (ARC):	\$305,361
Percentage ARC Funded:	100.00%

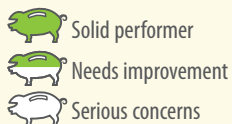
Note: In thousands

 **PENSIONS: SOLID PERFORMER**

Total Bill Coming Due:	\$4,399,800
Portion Unfunded:	\$4,347,702
Annual Required Contribution (ARC):	\$164,045
Percentage ARC Funded:	119.51%

Note: In thousands

 **HEALTH CARE & OTHER BENEFITS: NEEDS IMPROVEMENT**



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.