



**NATIONAL ASSOCIATION OF STATE RETIREMENT ADMINISTRATORS
NATIONAL COUNCIL ON TEACHER RETIREMENT
PRESS STATEMENT**

FOR IMMEDIATE RELEASE

**CONTACT:
KEITH BRAINARD
NASRA RESEARCH DIRECTOR
512-868-2774**

NASRA, NCTR ISSUE STATEMENT ON PEW RETIREMENT REPORT

***Pew Study Touts Responsible States' Pension Funding, Finding 84% of Future Costs Have Been "Socked Away;"
But, Coupling Pensions and Retiree Healthcare Financing is Confusing***

Washington, DC, 18 February 2010 – The National Association of State Retirement Administrators (NASRA) and the National Council on Teacher Retirement (NCTR) today issued the following statement regarding a new report issued by The Pew Center on the States:

NASRA and NCTR commend the Pew Center on the States for examining the retirement benefit programs for some 20 million workers and retirees across the country, especially given the severe economic stress facing American households, businesses, and governments.

The study finds that, "In fiscal year 2008, states' pension plans had \$2.8 trillion in long-term liabilities, with more than \$2.3 trillion socked away to cover these costs. In aggregate, states' systems were 84% funded – a relatively positive outcome, because most experts advise at least an 80% funding."

Pew's decision, however, to couple retiree healthcare with pension liabilities distracts from the issues States face with these very different benefits. When properly dissected, it is clear that the vast majority of the "financing gap" is not attributable to pensions, but rather to health care programs that until recently were funded primarily on a pay-as-you-go basis. In contrast to the assets currently held in trust to pay pensions, States currently have set aside just five percent of their future retiree healthcare obligations. Retiree health care cost containment options, financing structures and benefit protections are entirely different from those of pensions, and are mired in a debate over the nation's healthcare system.

NASRA and NCTR commend state and local governments, their pension plans and their employees for proactively engaging in a process to examine benefit levels and financing structures in order to rebuild reserves in the wake of the financial crisis. The Pew report affirms these actions, indicating that "states are taking action to change how retirement benefits are set, how they are funded and how costs are managed."

NCTR and NASRA believe the report provides an important contribution to ongoing discussions concerning ways in which the public pension process can be improved to the benefit of public pension plan sponsors, their participants and beneficiaries, and taxpayers.

Public pension funds distribute more than \$165 billion in benefits annually to more than 7.5 million Americans, paying an average yearly benefit of some \$22,000. We are pleased that Pew recognizes that public sector retirement benefits “provide a reliable source of post-employment income for government workers, and they help public employers retain qualified personnel to deliver essential public services.” These benefit payments provide an important source of economic stimulus that reaches every city and town of every state, and are estimated to support 2.5 million jobs and to add more than \$350 billion annually in economic output.

The National Association of State Retirement Administrators (www.nasra.org) is a non-profit association whose members are the directors of the nation’s state, territorial, and largest statewide public retirement systems. NASRA was established in 1955 and its 82 members oversee retirement systems that hold more than \$2 trillion in assets and that provide pension and other benefits to more than two-thirds of all state and local government employees.

The National Council on Teacher Retirement (www.nctr.org) is dedicated to safeguarding the integrity of public retirement systems in the United States and its territories to which teachers belong and to promote the rights and benefits of the members, present or future, of the systems. NCTR had its beginnings in 1924; became affiliated with the National Education Association in 1937; and became an independent association in 1971. NCTR membership includes 69 state, territorial, local, and university pension systems. These systems serve more than 18 million active and retired teachers, non-teaching personnel, and other public employees, and have combined assets of more than \$2 trillion in their trust funds.

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