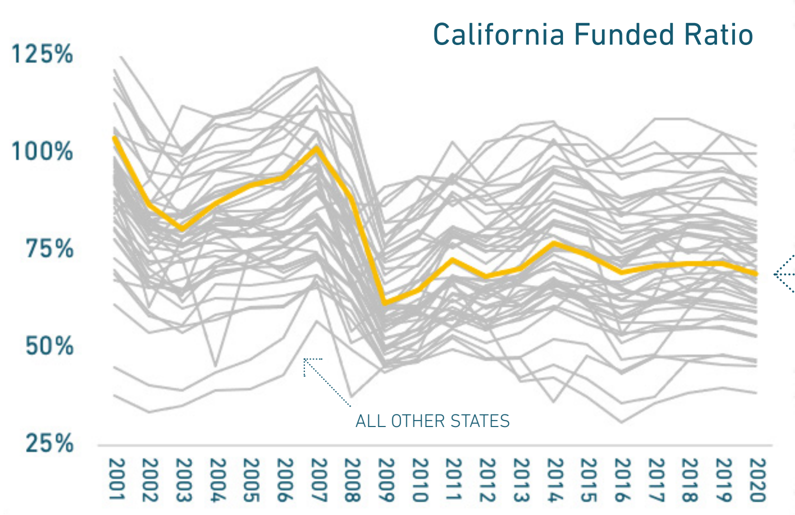
EQUABLE

STATE FUNDED RATIO HISTORIES, 2001 - 2020

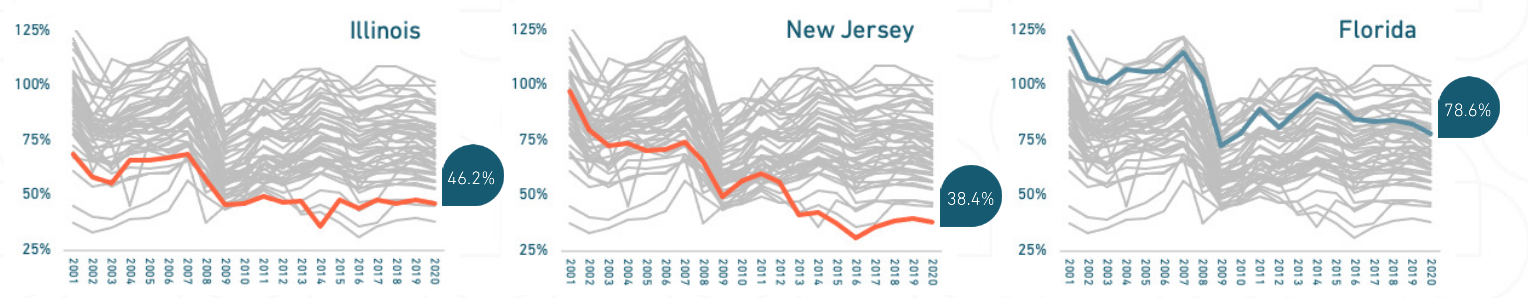
SOME STATES HAVE FIGURED OUT PENSION MANAGEMENT, MOST STATES HAVE STRUGGLED

Nationally, state pension funds have struggled to meaningfully improve their funded ratios in recent years. This isn't the only way to measure the health of a pension fund, but it is a common benchmark to compare states against each other. Funded ratio trendlines for select states over the past two decades are below.

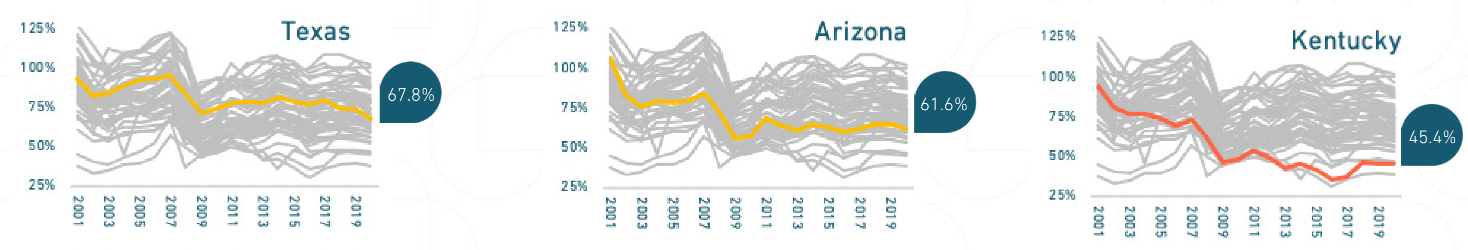


California and its large pension funds are a bellweather for the country as a whole. At the turn of the century its statewide retirement systems were reportedly 100% funded. But over the past decade they've struggled at around 70% funded.

Other large states have struggled for deacdes, while some were hit hard by the 2008 financial crisis and never returned to their pre-Great Recession status.

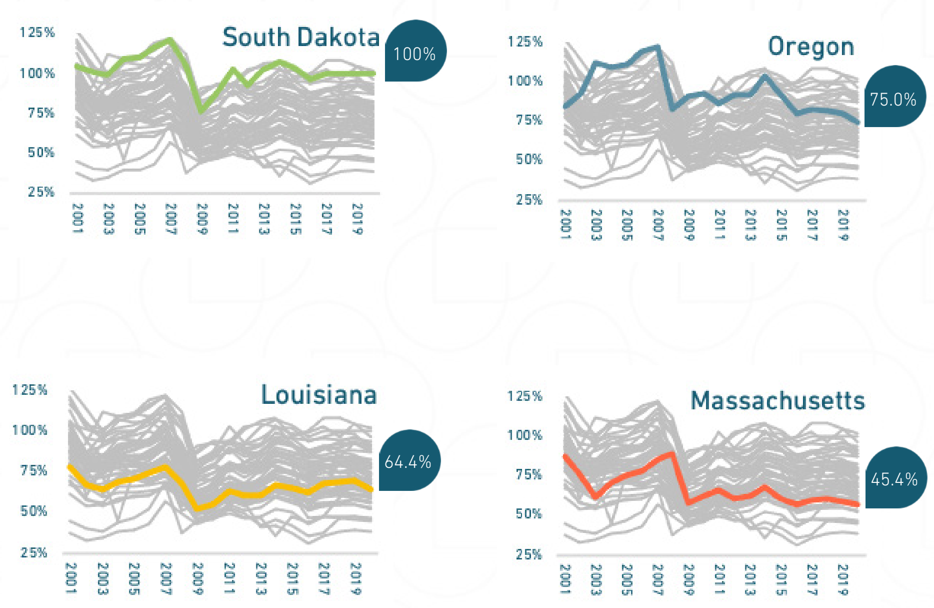


Some states have witnessed steady erosion of pension funding status since 2001 (TX, AZ, KY, OR), other states have had persistently low funded ratios for a long time (LA, MA), and still others have maintained a consistently strong funded ratio or were able to bounce back quickly from the financial crisis of 2008 (SD).



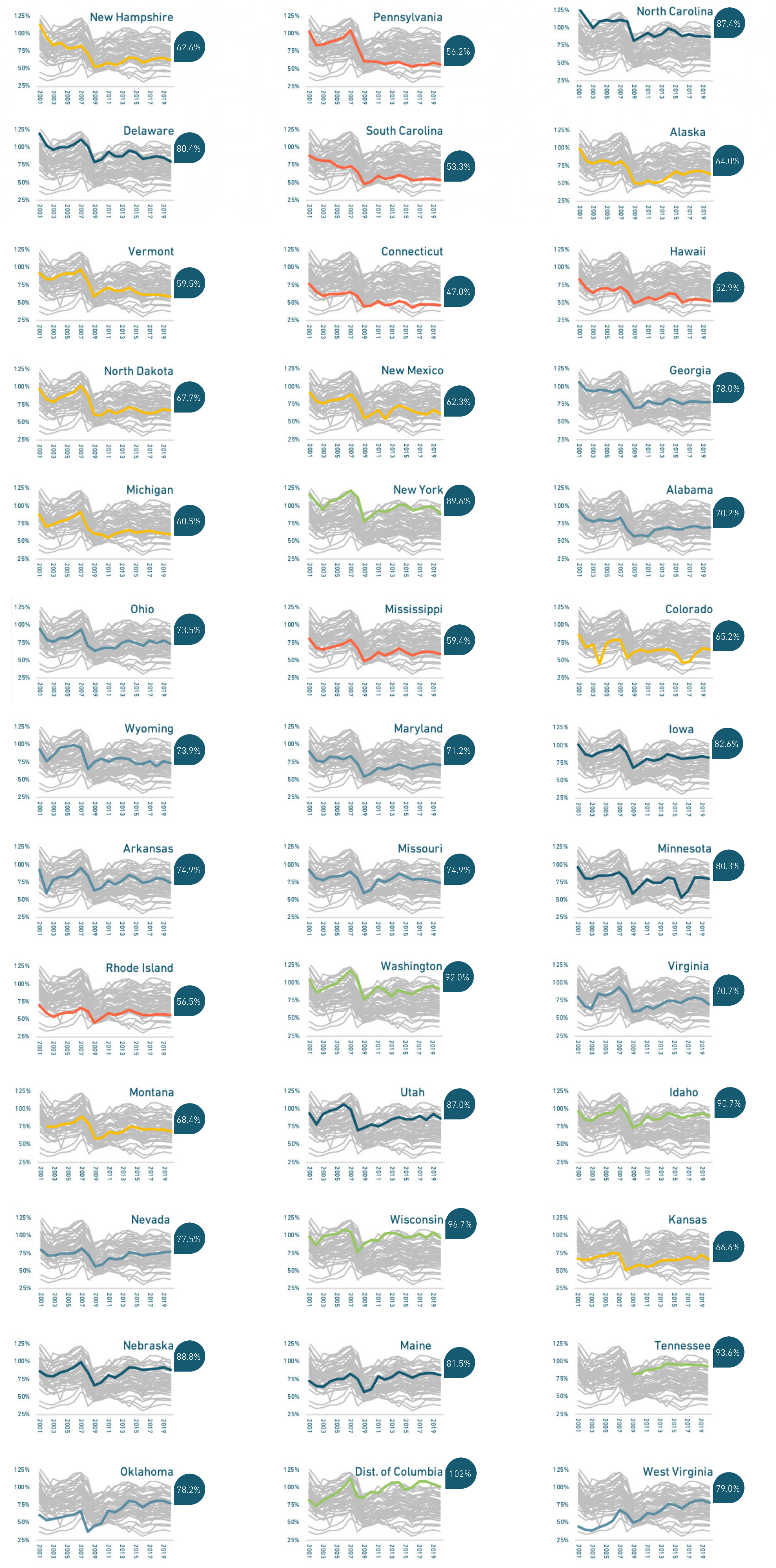
Why "Funded Ratios" Matter:

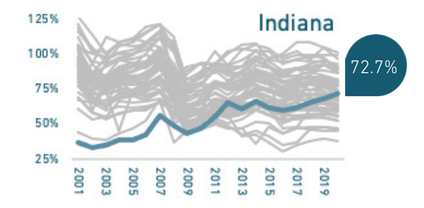
When a state pension plan's funded ratio is below 100%, that means additional money is needed to ensure all promised benefits can be paid out in the future. Pension plans count on having a certain amont of money under management that they can use to generate investment returns, which are a critical resource of revenue for paying the retirement checks promised by states. The longer a pension fund remains below the 100% mark, the more expensive it can be for a state to get all of the "pension debt" owed to the retirement system paid off, like interest accruing on a mortgage.



States shown below are ordered by largest to smallest absolute change in funded ratio between 2001 and 2020. The line color corresponds with Equable's estimate for the states aggregate 2020 funded ratio.

90% - 100% | 80% - 90% | 70% - 80% | 60% - 70% | Less than 60%





These graphics originally appeared in the December Update of State of Pensions 2020. Read the report at Equable.org/stateofpensions.

Individual state graphics are available for download here.