



Public Employee Pensions in Missouri: A Looming Crisis

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Missouri and around the country, elected officials, taxpayers, and financial markets have expressed concerns about the financial health of defined benefit pension plans for state and local government workers. Public employees also are concerned, as many rely heavily upon these plans for income in retirement.

These pension plans have come under increased scrutiny as funding levels have dropped and required contributions have risen. According to standard actuarial accounting, the average public pension funding fell to about 75 percent in 2011, versus 103 percent in 2000. The Annual Required Contributions that state and local governments make to public pensions have more than doubled in nominal terms since 2001, a period in which prices rose by only about 25 percent. Public sector pensions, as of mid-2011, were underfunded by approximately \$885 billion, based on accounting rules that the Governmental Accounting Standards Board established and applied to a large sample of plans from the Public Plans Database.

A similar pattern holds for the Missouri public employee pensions, which serve state and local government employees. Annual required contributions have risen and measured funding health has declined. Most Missouri public employees participate in one of five

retirement plans . . .

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Mission Statement

Advancing liberty with responsibility by promoting market solutions for Missouri public policy.

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