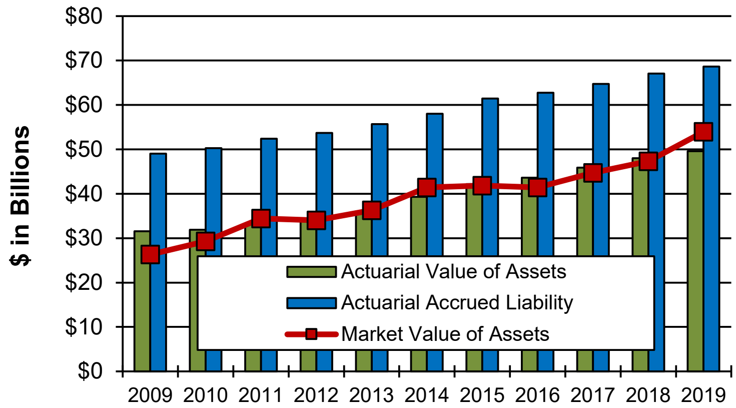
State Plans' Pension Assets, Liabilities, and Market Value: Fiscal 2009-2019



• The difference between the actuarial value of assets and the actuarial accrued liability each year is the unfunded actuarial liability.

• In fiscal 2009, the gap was $17.5 billion, a funded status of 64%. By 2019, the gap had grown to $19.1 billion, but slower growth of liabilities relative to assets resulted in a funded status of 72.3%.

• The end of fiscal 2019 valuation indicated that the funded status would reach 80% by fiscal 2026. In fiscal 2019, the funded ratio is 72.3%.

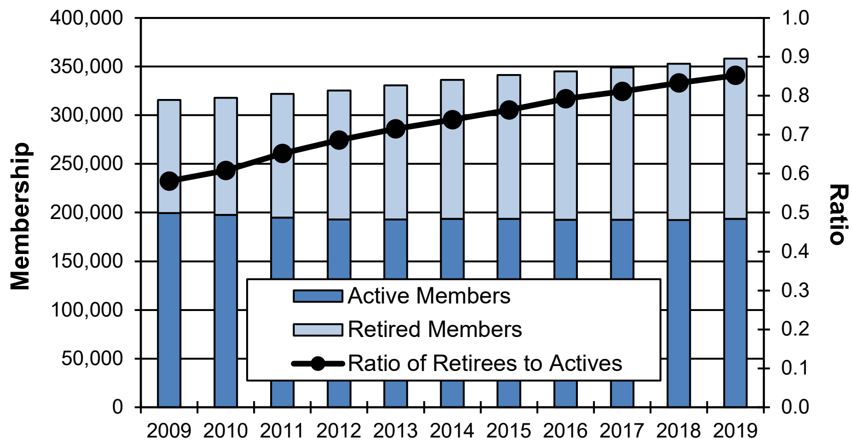
Pension System Membership: Fiscal 2009-2019

• The membership of the State pension system is maturing.

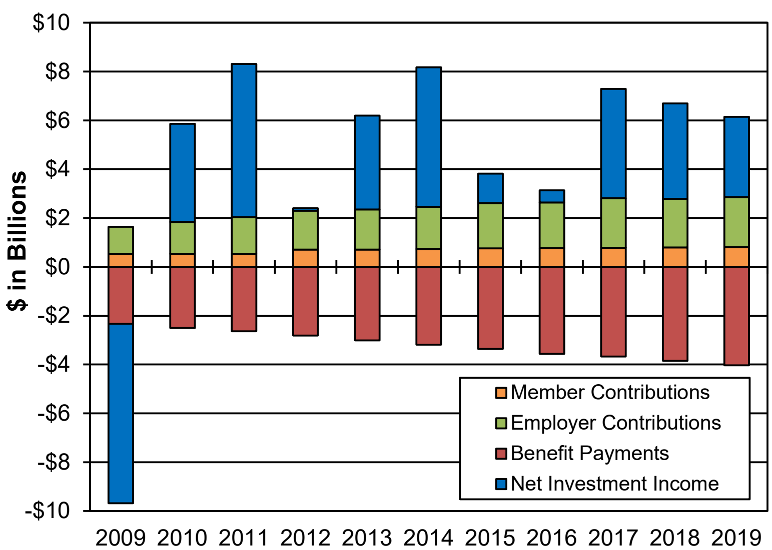
• In fiscal 2009, there were approximately 58 retirees for every 100 active employees contributing into the system. In fiscal 2019, there were 85 retirees for every 100 actives.

• This trend means an increasing amount of money will be paid out of the retirement trust fund in the form of benefits as compared to member contributions.

• Consequently, the system's investment holdings will need to be able to provide increasing liquidity in coming years.



Pension Trust Cash Flow: Fiscal 2009-2019



• The three predictable pieces of the cash flow puzzle – State employer contributions, employee contributions, and retiree benefit payments – all have increased steadily since fiscal 2009.

- State employer contributions increased from $1,110 million in fiscal 2009 to $2,054 million in fiscal 2019.
- Employee contributions grew from $532 million in fiscal 2009 to $807 million in fiscal 2019. Required contributions for employees gradually increased from 3% in fiscal 2007 to 7% in fiscal 2012.
- Benefit payments to retirees increased from $2.3 billion to $3.9 billion, as the number of retirees grew.

• The unstable portion has been investment income (or loss). When not achieving the assumed return, this amount is covered by increased but smoothed State employer contributions as has been the case since the combined fiscal 2008 and 2009 losses of $8.7 billion.

Note: Membership and cash flow graphs include State and municipal plans.

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