The Price of Promises and Sustainability

Carolina Asphalt Pavement Association
Pinehurst, North Carolina
April 5, 2018
“...more attention [needs to] be paid to how states calculate their employee-pension funding and health-care obligations. ‘These budgets are way out of whack,’ Mr. Gates said. ‘They've used accounting gimmicks and lot [of] things that are truly extreme.’

“...rising state health-care costs and flawed pension accounting hamper the ability of states to pay for education.”

(Microsoft CEO Bill Gates, Wall Street Journal – March 2, 2011)
1958 - 2017
Assumed Returns Have Become Much Harder to Meet
While Benefits Have Increased

Minimum Retirement Age: 65
Minimum Ret. Age: 62
Minimum Retirement Age: None

LGERS Accrual Rate

TSERS Rate of Return Assumption

Long-Term Treasury Bond Return


1.00%  1.25%  6.9%  3.9%

4.00%  6.0%  7.20%  2.6%

13.5%  7.50%  9.0%

4.1%  1.71%  1.85%