

Govt. retiree health benefits to cost big

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The future health benefits of retiring state and local government employees could slam taxpayers with a bill exceeding \$1 trillion, reports USA Today.

The report says state and local governments have a \$2.5 trillion fund to pay pensions to about 19 million civil servants and 7 million retirees, but no such provision has been made for retiree medical benefits.

"Taxpayers will revolt when they realize the enormous cost of this," Minnesota State Auditor Pat Anderson told the newspaper. She warned these governments may be forced to put pressure on the federal government to nationalize healthcare.

Under new accounting rules, these governments must start costing retiree medical benefits beginning next year.

"It's no exaggeration to say that elected officials are shocked, absolutely shocked, by the size of these liabilities," an insurance actuary told the newspaper.

The federal government also has a \$2.3 trillion unfunded liability for retiree medical and disability benefits for civil and military personnel. That compares with Medicare's unfunded liability of \$33.4 trillion and Social Security's \$4.6 trillion shortfall, the report said.

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