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Getting Better About Funding Pensions.

U.S. pension plans got healthier over the past year as governments got better about putting in the payments to keep the plans financially healthy. The average percentage of required contribution paid by governments in 2014 was 88 percent, according to a new report released this week by the Boston College Center for Retirement Research. It's not perfect, of course, but it's a big jump from the roughly 82 percent average of the past few years. The required contribution amounts are determined by pension fund actuaries and reflect what governments should be paying in each year to keep the plan 100 percent funded. While some governments are very good about putting in the full amount or close to it every year, many pay in varying amounts each year and some recently put in little-to-none of what's recommended.

About three-quarters of the governments surveyed paid between 60 percent and 99 percent of the required contribution last year. A few — 6 percent — paid their full contribution while the remaining fifth paid about half their payment or less. "Hopefully, this trend will continue as the economy improves," the CRR analysis said, "mirroring the pattern of decline and recovery evident in the wake of the bursting of the dot.com bubble at the turn of the century."

These funding habits play a major role in the overall health of a pension plan, even more than swings in the stock market and investment returns, as Governing reported in an analysis late last year. Pension plans' overall funded status is also improving and inched up from 72 percent to 74 percent of the money needed to pay out promised pensions to retirees and current employees.

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