The retirement gap is not 5.6 to 1. Split it properly and it is 20 to 1.

Government employers spend 5.6 times what private employers spend on retirement. That headline hides the actual finding: on *pensions* the ratio is more than twenty to one, and on 401(k)-type plans the private sector spends nearly twice as much. These are two different retirement systems, not one system funded at two levels.

What this page is and is not. These are employer *costs per hour worked*, averaged across all workers in each sector. A large share of the public figure is not the cost of benefits being earned today — it is debt service on promises made decades ago. That distinction gets its own section, because leaving it out is the most common way this comparison is abused.

THE REAL RATIO

20.6×

What a state or local government employer spends per hour on **defined-benefit pensions**, against what a private employer spends. $8.22 versus $0.40.

RETIREMENT COST PER HOUR WORKED, MARCH 2026	PRIVATE	STATE & LOCAL	RATIO
Defined benefit — a pension 12.4% of public compensation; 0.9% of private	$0.40	$8.22	20.6×
Defined contribution — a 401(k)-type plan The private sector spends nearly twice as much here	$1.16	$0.60	0.52×
Retirement and savings, total The headline number, and the one that hides the split	$1.57	$8.83	5.62×

Source: BLS, *Employer Costs for Employee Compensation*, March 2026, table 1.

AT THE KITCHEN TABLE

Your employer is not underfunding your pension. In all likelihood **you do not have one**. Only **14%** of private-sector workers can even get access to a defined-benefit plan.

What you have instead is a 401(k), which your employer funds slightly better than a government funds its own — and which carries every risk the pension used to absorb.

IN THE COMMITTEE ROOM

The two sectors did not diverge on generosity. They diverged on **who carries the investment and longevity risk**. Private employers moved it onto the worker; government employers kept it.

Every dollar of that $8.22 is a promise with a legal claim behind it. Every dollar of the private $1.16 is a contribution with no promise attached at all.

ACCESS, BEFORE YOU EVEN REACH COST

Half the private workforce is not in a retirement plan of any kind.

PRIVATE WORKERS WITH RETIREMENT ACCESS	PRIVATE ACCESS TO A PENSION	FULL-TIME PUBLIC WORKERS WITH ACCESS	PARTICIPATION GAP
72 %	14 %	99 %	35 pts
only 53% participate	70% can reach a 401(k)-type plan	88% participate	53% private vs 88% public

Source: BLS, *Employee Benefits in the United States*, March 2025, table 1 and news release. Private-industry retirement access 72 %, participation 53 %; state and local 92 % and 81 % across all workers, 99 % and 88 % among full-time workers.

THE HONEST COUNTERWEIGHT

Most of that $8.22 is not buying today's worker a pension.

This is the part that has to be said before the ratio is used as an argument. Public employer contributions are the sum of two very different things: the *normal cost* of benefits being earned right now, and the *amortisation* of promises made to earlier generations that were never fully funded. The second has grown enormously faster than the first.

Payments toward normal cost, 2001–2024 The cost of pensions being earned today	+159 %
Payments toward unfunded liabilities, 2001–2024 Debt service on past promises	+2,541 %
Aggregate funded ratio, 2025 Up from 78.0% in 2024	82.5 %
Total unfunded liability, 2025 Down from $1.54 trillion in 2024	$1.27 T
Average employer contribution Across all 50 states and DC	31.65 % of payroll

Source: Equable Institute, *State of Pensions 2025*. Equable does not publish a 2025 normal-cost/amortisation split, so the growth figures above are the strongest honest statement available — unfunded-liability payments grew roughly sixteen times faster than normal cost over the period.

AT THE KITCHEN TABLE

A large part of what a city spends on pensions is paying for people who retired years ago, not enriching the person at the counter today. The clerk you are talking to may well be on a reduced tier that earlier hires were not.

IN THE COMMITTEE ROOM

Quoting $8.22 as the cost of a current public employee overstates it, possibly by a wide margin. The defensible claim is narrower and still damning: the public sector **kept a system** the private sector abandoned, and is now paying for both the benefit and the shortfall.

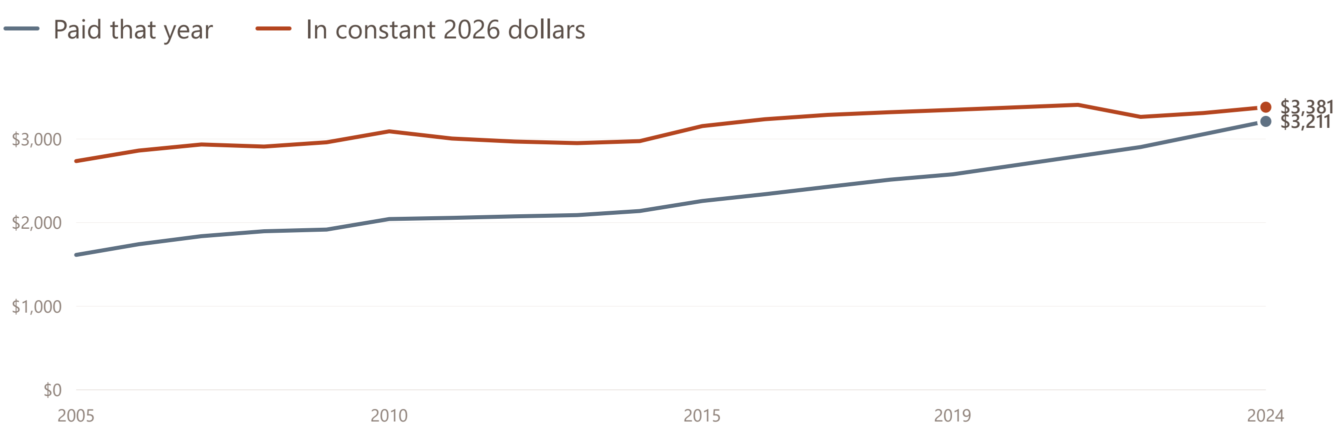
WHO PAYS FOR IT

The same worker funds the better system and does not get it.

Private-sector workers are on both sides of this ledger. They hold the weaker retirement arrangement, and through state and local taxes — property tax above all — they help fund the stronger one.

Median property tax paid, before and after inflation

Owner-occupied households. Nominal has doubled; in constant 2026 dollars it is up about a quarter. 2020 is missing because the pandemic suspended the survey.



Source: US Census Bureau, American Community Survey 1-year estimates, table B25103, median real estate taxes paid, 2005–2024.

MEDIAN PROPERTY TAX, 2024	NOMINAL INCREASE SINCE 2005	AFTER INFLATION	PENSIONS AS A SHARE OF STATE & LOCAL SPENDING
$3,211	**1.99×**	**1.24×**	**5.16 %**
$1,614 in 2005	almost exactly doubled	real wages rose 1.17×	range 1.75% to 13.3% by state

AT THE KITCHEN TABLE

Property tax did outrun wages, but modestly: **+24 % real** since 2005 against **+17 %** for the average wage. It went from 4.37 % of an average wage to 4.60 %.

Applying the national average, roughly **$166** of a $3,211 tax bill goes to public pensions. The grievance is not really the size of that cheque — it is what it buys compared with what you have.

IN THE COMMITTEE ROOM

The asymmetry is the point, not the amount. A worker with a **14 %** chance of access to any pension is contributing to a system where **99 %** of full-time staff have one.

That is a defensible policy choice, but it is a choice, and it has never been put to the people funding it in those terms.

SOURCES — EVERY FIGURE ON THIS PAGE

BLS — *Employer Costs for Employee Compensation, March 2026*, table 1. Private industry: defined benefit $0.40, defined contribution $1.16, retirement total $1.57. State and local: $8.22, $0.60, $8.83.

BLS — *Employee Benefits in the United States, March 2025*. Private retirement access 72 %, participation 53 %; 70 % access to defined contribution and 14 % to defined benefit. State and local full-time: 99 % access, 88 % participation.

Equable Institute — *State of Pensions 2025*. Funded ratio 82.5 % (from 78.0 %), unfunded liabilities $1.27 trillion (from $1.54 trillion), average employer contribution 31.65 % of payroll; 2001–2024 growth of 159 % in normal-cost payments against 2,541 % in unfunded-liability payments.

NASRA — *State and Local Government Spending on Public Employee Retirement Systems*: 5.16 % of all state and local government spending excluding federal funds went to pensions in FY23, down from 5.34 % in FY22; state range 1.75 % to 13.3 %.

US Census Bureau — American Community Survey 1-year estimates, table B25103, median real estate taxes paid, 2005–2024. No 2020 estimate was published.

Wages and inflation — SSA national Average Wage Index; the CPI series underlying the 2026 OASDI Trustees Report.

BLS costs are averages per hour worked across all workers in a sector, so the gap reflects coverage rates as well as plan design; it is not a like-for-like comparison of two identical workers. The $166 figure applies the national average pension share of state and local spending to a median property tax bill — it is an illustration of scale, not an accounting of any particular jurisdiction, and property tax is only one of several taxes funding state and local government. Roughly a quarter of state and local employees are outside Social Security, so for some of them the pension substitutes for a benefit private workers receive separately. This is analysis of public data, not financial, tax, or retirement advice.