The Economic Benefit of Defined Benefit Pensions in Arizona

Defined benefit pensions are the most reliable path to a secure retirement for working families. They are also powerful economic engines for local communities. The spending of pension benefits by retirees supports local businesses through purchases of food, medicine, gas, and other staple items.

In 2016, the spending of pension benefits in Arizona:
- Generated $7.1 billion in economic activity
- Supported 49,020 jobs that paid nearly $2.2 billion in income

Each dollar paid out in pension benefits creates $1.54 in total economic output in Arizona.

Public pensions are a great investment for taxpayers. Each dollar invested by Arizona taxpayers in public pensions supports $6.39 in economic activity.

Public pension plans earn the majority of their revenue from investment earnings:
- Investment Earnings 55.31%
- Employee Contributions 20.56%
- Employer Contributions 24.13%

Public pension plans create more tax revenue than what is contributed to the plan by the taxpayer. Nationally in 2016, taxpayers saw $277.6 billion in state and local tax revenue because of pension asset investment and the spending of pension benefits. Since taxpayers only contributed $140.3 billion into these funds, taxpayers saw a return of $137.3 billion. In Arizona, public pension plans create $477 million more in tax revenue than what is contributed to the plan by the taxpayer.

Information provided by NIRS. For full reports, go to protectpensions.org/pensionsonmainstreet.