

# THE ECONOMIC BENEFIT OF DEFINED BENEFIT PENSIONS

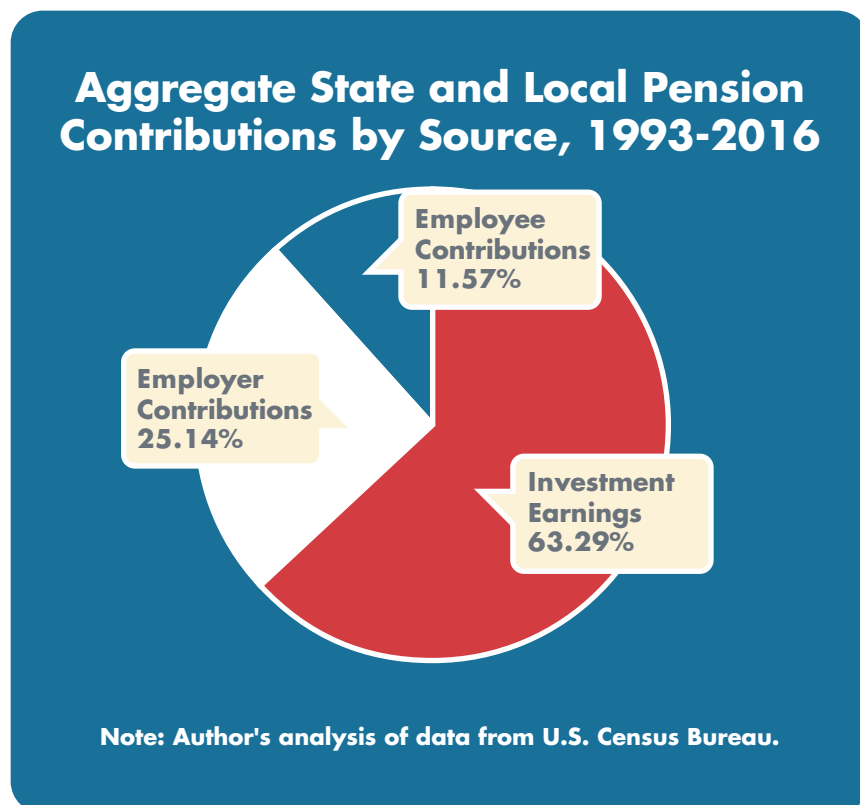
**Defined benefit pensions are the most reliable path to a secure retirement for working families.** They are also powerful economic engines for local communities. The spending of pension benefits by retirees supports local businesses through purchases of food, medicine, gas, and other essential items.

In 2016, the spending of pension benefits:

- Generated **\$1.2 trillion** in economic activity nationwide
- Supported **7.5 million jobs** that paid nearly **\$386.7 billion** in income

Each dollar paid out in pension benefits creates **\$2.13** in total national economic output.

Public pensions are a great investment for taxpayers. Nationally, each dollar invested by taxpayers in public pensions supports **\$8.48** in economic activity.



Public pension plans create more tax revenue than what is contributed to the plan by the taxpayer. 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**.

# STATE FACTS

**California, Florida, Illinois, New York, Ohio, Pennsylvania,** and **Texas** each saw more than 100,000 jobs supported by public pension spending.

In **Arizona**, public pensions generated more than \$477 million in state and local tax revenue beyond the initial taxpayer contribution to the pension plans.

Payments from PERA, **Colorado**'s statewide pension system, are critical for rural parts of the state and helped alleviate the worst impacts of the Great Recession.

One in ten Iowans is an IPERS member. Each year, IPERS pays \$1.8 billion in benefits which stay in **Iowa**. This supports the economy of every county in the state.

In 2016, public pension plans in **Kansas** paid a total of \$1.9 billion in benefits which supported more than \$2.7 billion in economic output in the state.

**Kentucky** saw more than 37,000 jobs supported by public pensions and more than \$5 billion in economic activity attributable to public pensions in 2016.

In some rural parishes in **Louisiana**, pensions account for as much as 2.5 percent to 4 percent of all personal income.

Every dollar contributed by taxpayers to public pensions in **New Hampshire** ultimately supports \$6.19 in economic output.

In 2016, the spending of public pension benefits supported \$3.5 billion of economic activity in **Oklahoma**.

Public pensions in **Oregon** generate more than \$2 billion in state and local tax revenue beyond the initial taxpayer contribution to the pension plans.

About 79 percent of benefits paid by the Wyoming Retirement System stay in **Wyoming**, amounting to more than \$479 million in 2017.