



Resources Representing the Florida Pension Community

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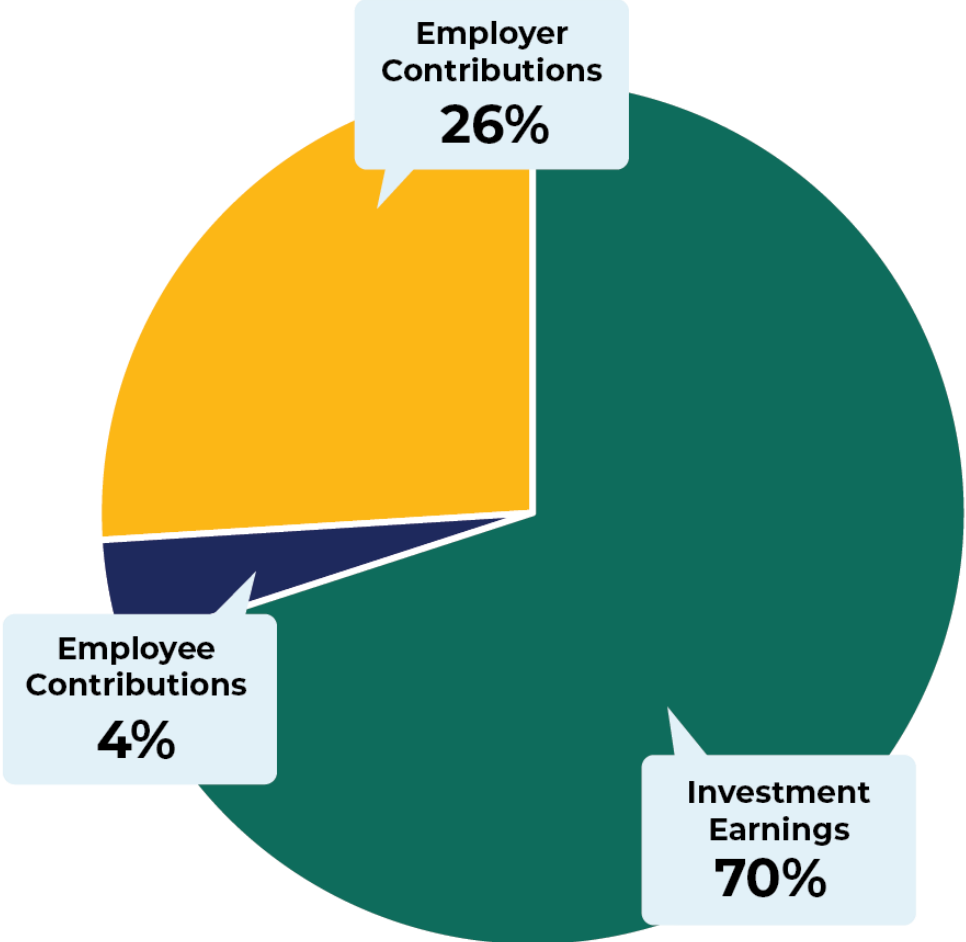
June 26, 2023



NATIONAL INSTITUTE ON
Retirement Security

Reliable Research. Sensible Solutions.

Sources of Pension Plan Income: Florida



Pension Benefit Multiplier: Florida

Pension Benefit Multiplier



\$1.00

pension benefits paid to
retirees in Florida



\$1.40

total output



Each \$1 in state and local pension benefits paid to Florida residents ultimately supported \$1.40 in total output in the state. This “multiplier” incorporates multiple rounds of impacts of retiree spending, as each purchase ripples through the state economy.

Taxpayer Investment Factor: Florida

Taxpayer Investment Factor



\$1.00

contributed by taxpayers to Florida pensions over 30 years



\$5.34

total output



Each \$1 in taxpayer contributions to Florida's state and local pension plans supported \$5.34 in total output in the state. This reflects the fact that taxpayer contributions are a minor source of financing for retirement benefits—investment earnings and employee contributions finance the lion's share.

Florida Pensionomics Fact Sheet

FLORIDA

Key Findings

Benefits paid by state and local pension plans support a significant amount of economic activity in the state of Florida.

Pension benefits received by retirees are spent in the local community. This spending ripples through the economy, as one person's spending becomes another person's income, creating a multiplier effect.

In 2020, expenditures stemming from state and local pensions supported...

116,497 jobs that paid \$5.9 billion in wages and salaries

\$19.1 billion in total economic output

\$2.2 billion in federal, state, and local tax revenues

... in the state of Florida.

Each dollar paid out in pension benefits supported \$1.40 in total economic activity in Florida.

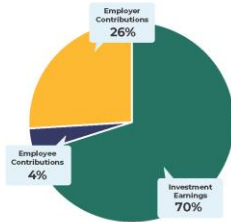
Each dollar "invested" by Florida taxpayers in these pension plans supported \$5.34 in total economic activity in the state.

Pensionomics 2023:

Measuring the Economic Impact of DB Pension Expenditures

Overview

Expenditures made by retirees of state and local government provide a steady economic stimulus to Florida communities and the state economy. In 2020, 531,107 residents of Florida received a total of \$13.6 billion in pension benefits from state and local pension plans.



The average pension benefit received was \$2,141 per month or \$25,693 per year. These modest benefits provide retired teachers, public safety personnel, and others who served the public during their working careers income to meet basic needs in retirement.

Between 1993 and 2020, 26% of Florida's pension fund receipts came from employer contributions, 4% from employee contributions, and 70% from investment earnings.* Earnings on investments and employee contributions—not taxpayer based contributions—have historically made up the bulk of pension fund receipts.

Impact on Jobs and Incomes

Retiree expenditures stemming from state and local pension plan benefits supported 116,497 jobs in the state. The total income to state residents supported by pension expenditures was \$5.9 billion.

To put these employment impacts in perspective, in 2020 Florida's unemployment rate was 8.2%. The fact that DB pension expenditures supported 116,497 jobs is significant, as it represents 1.2 percentage points in Florida's labor force.

Economic Impact

State and local pension funds in Florida and other states paid a total of \$13.6 billion in benefits to Florida residents in 2020. Retirees' expenditures from these benefits supported a total of \$19.1 billion in total economic output in the state, and \$10.8 billion in value added in the state.

Impact on Tax Revenues

State and local pension payments made to Florida residents supported a total of \$2.2 billion in revenue to federal, state, and local governments. Taxes paid by retirees and beneficiaries directly out of pension payments totaled \$130.0 million. Taxes attributable to pension expenditures in the local economy accounted for \$2.1 billion in tax revenue.

Federal Tax	\$907.8 million
State/Local Tax	\$1.3 billion
Total	\$2.2 billion



Totals may not add up due to rounding. For data and methodology, see Issue 1, 2021, Pensionomics 2021: Measuring the Economic Impact of DB Pension Expenditures, National Institute on Retirement Security, Washington, DC, www.nirs.org. Results not directly comparable to previous Pensionomics due to methodological refinements.

National Institute on Retirement Security
Pensionomics 2023: Measuring the Economic Impact of DB Pension Expenditures

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Economic Multipliers

Pension Benefit Multiplier



Each \$1 in state and local pension benefits paid to Florida residents ultimately supported \$1.40 in total output in the state. This "multiplier" incorporates multiple rounds of impacts of retiree spending, as each purchase ripples through the state economy.

Taxpayer Investment Factor



Each \$1 in taxpayer contributions to Florida's state and local pension plans supported \$5.34 in total output in the state. This reflects the fact that taxpayer contributions are a minor source of financing for retirement benefits—investment earnings and employee contributions finance the lion's share.

*Caution should be used in interpreting these numbers. See the Technical Appendix of the full Pensionomics report for details.

Economic Impacts by Industry Sector

The economic impact of state and local pension benefits was broadly felt across various industry sectors in Florida. The five industry sectors with the largest employment impacts are presented in the table to the side.

Industry	Employment Impact (# Jobs)
Hospitals	6,264
Limited-service restaurants	6,204
Full-service restaurants	5,014
Other real estate	4,549
Offices of physicians	4,228

Industry totals include the first round of impacts from pension payments to state residents, and do not account for recaptured "leakage" to or from other states.

Economic Impacts by Occupation Category

The pension benefits in Florida supported jobs in every civilian job category, as shown in the table below.

Occupation Category	Wage and Salary Employment	Wage and Salary Income	Supplements to Wages and Salaries	Employee Compensation
Food Preparation and Serving Related Occupations	3,058	\$57,153,156	\$10,208,160	\$67,361,316
Sales and Related Occupations	2,897	\$97,736,370	\$18,436,334	\$116,172,704
Office and Administrative Support Occupations	2,424	\$100,796,557	\$20,400,416	\$121,196,973
Transportation and Material Moving Occupations	1,763	\$63,960,226	\$13,195,462	\$77,155,688
Healthcare Practitioners and Technical Occupations	1,721	\$147,697,223	\$31,207,717	\$178,904,940

Fortifying Main Street

Type of County	Number of Counties	Average Population Density	% of Population Receiving	Benefits as Share of GDP	Benefits as Share of Personal Income
Capital	45	544.21	2.60%	1.29%	1.64%
Independent City	9	1350.97	N/A	0.67%	0.75%
Metropolitan	822	281.44	1.87%	1.13%	1.15%
Micropolitan	1365	28.59	2.58%	1.86%	1.79%
Rural	681	5.01	3.02%	1.13%	1.76%
Total	2922	103.49	2.02%	1.20%	1.25%

Florida: Share of GDP

Figure A13. Florida County Type

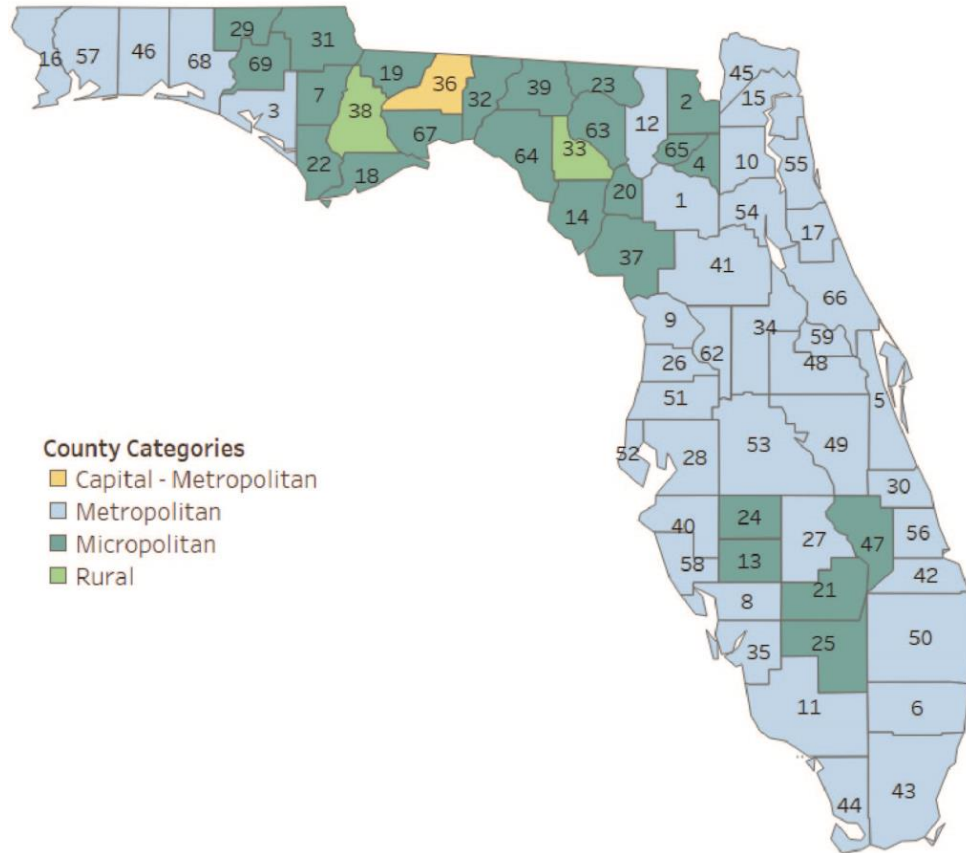
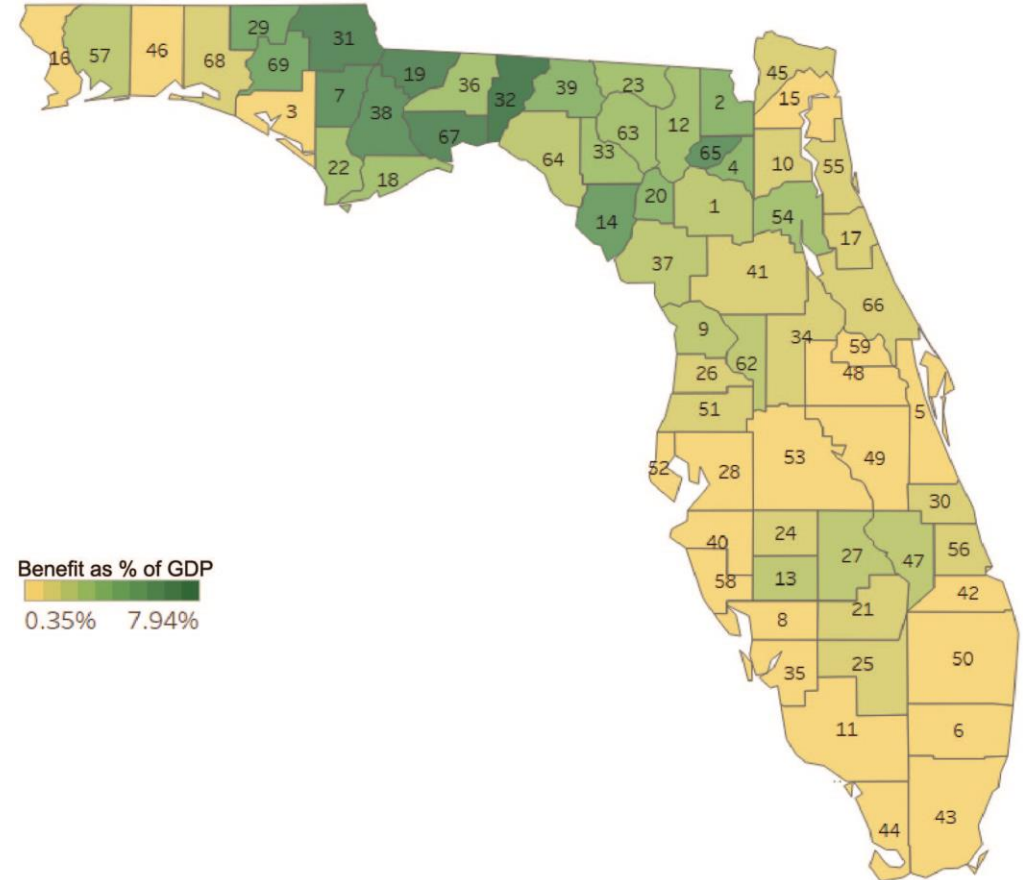


Figure A14. Florida Pension Benefit Dollars as Share of County GDP



Florida: Share of Personal Income

Figure A13. Florida County Type

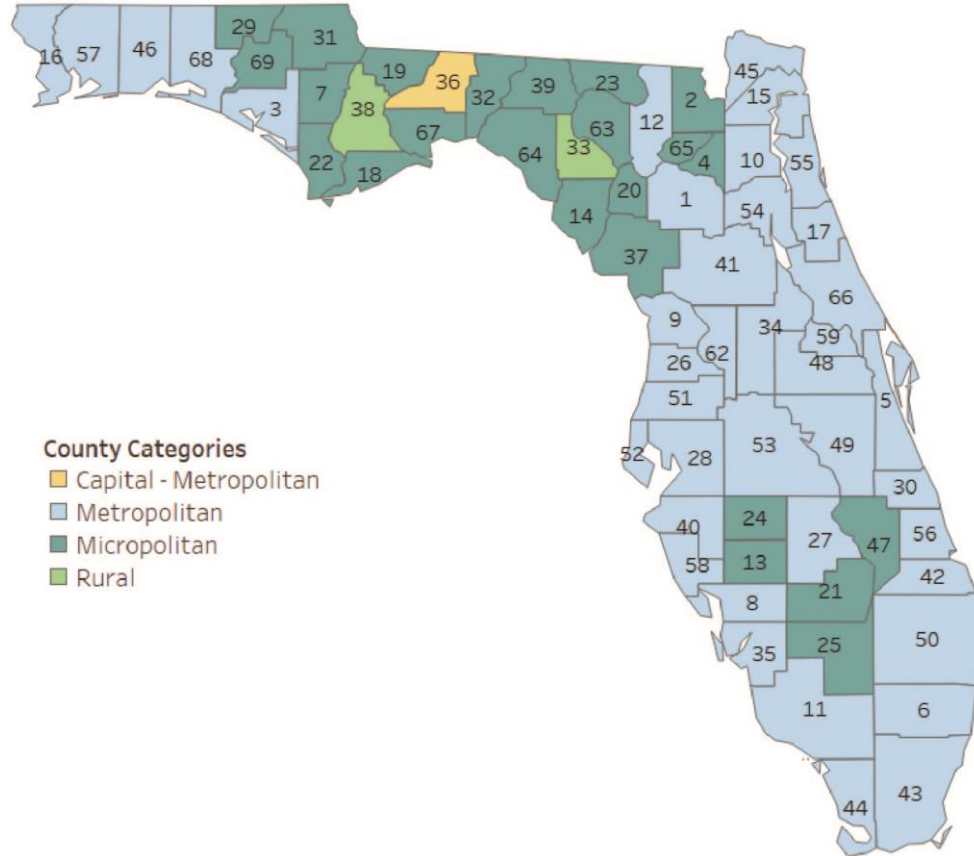
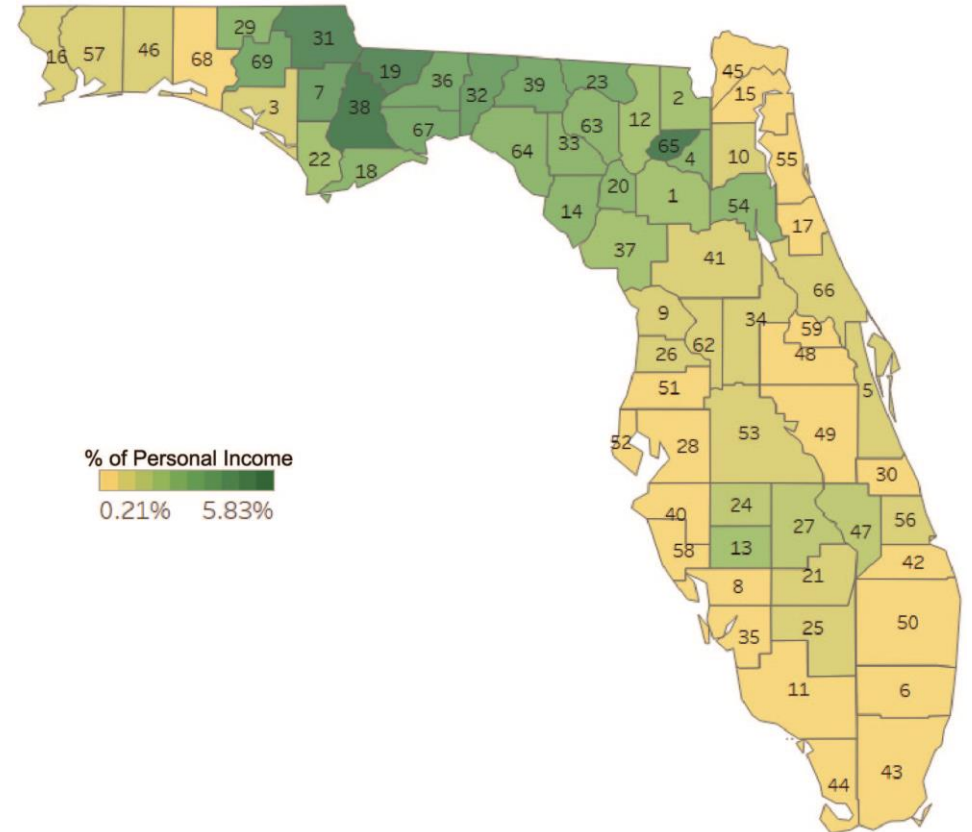


Figure A15. Florida Pension Benefit Dollars as Share of County Total Personal Income



Florida Fortifying Main Street Fact Sheet

FLORIDA

Key Findings

Average percent of Gross Domestic Product (GDP) for each county type in the state:

- Capital: 3.3%
- Metropolitan: 0.8%
- Micropolitan: 3.7%
- Rural: 4.6%

Total average percent of GDP in the state: 0.9%

Average percent of Total Personal Income (TPI) for each county type in the state:

- Capital: 3.6%
- Metropolitan: 0.7%
- Micropolitan: 3.0%
- Rural: 4.4%

Total average percent of TPI in the state: 0.7%



Fortifying Main Street:

The Economic Benefit of Public Pension Dollars in Rural America

Table A5. Florida County Data

No.	County Name	County Type	2018 Pension Benefits	Benefits as a % of GDP	Benefits as a % of Total Personal Income	Population Change (2000 vs 2018)
1	Alachua	Metropolitan	\$248,366,993.18	2.00%	2.07%	23.86%
2	Baker	Micropolitan	\$22,168,807.06	3.72%	2.42%	27.39%
3	Bay	Metropolitan	\$84,253,114.54	1.11%	1.05%	25.01%
4	Bradford	Micropolitan	\$27,362,334.48	4.15%	2.94%	6.30%
5	Brevard	Metropolitan	\$217,983,832.00	0.93%	0.80%	25.33%
6	Broward	Metropolitan	\$619,838,691.22	0.64%	0.63%	20.22%
7	Calhoun	Micropolitan	\$14,908,853.46	5.96%	3.80%	12.06%
8	Charlotte	Metropolitan	\$51,292,508.37	1.10%	0.67%	30.62%
9	Citrus	Metropolitan	\$71,861,283.47	2.05%	1.28%	25.27%
10	Clay	Metropolitan	\$76,224,724.49	1.69%	0.82%	53.44%
11	Collier	Metropolitan	\$71,971,846.41	0.46%	0.21%	50.57%
12	Columbia	Metropolitan	\$58,867,365.75	2.78%	2.38%	24.76%
13	Desoto	Micropolitan	\$20,832,218.41	2.51%	2.35%	16.39%
14	Dixie	Micropolitan	\$13,750,569.07	5.00%	2.95%	20.78%
15	Duval	Metropolitan	\$276,124,612.13	0.47%	0.63%	21.99%
16	Escambia	Metropolitan	\$155,923,036.00	1.10%	1.16%	7.18%
17	Flagler	Metropolitan	\$33,735,771.76	1.56%	0.65%	124.89%
18	Franklin	Micropolitan	\$11,083,162.94	3.27%	2.62%	6.14%
19	Gadsden	Micropolitan	\$79,854,394.09	6.60%	4.95%	1.79%
20	Gilchrist	Micropolitan	\$15,520,490.61	4.03%	2.52%	26.45%
21	Glades	Micropolitan	\$3,192,363.28	1.18%	0.95%	29.77%
22	Gulf	Micropolitan	\$12,594,918.91	3.34%	2.18%	21.24%
23	Hamilton	Micropolitan	\$12,332,079.71	3.14%	3.31%	7.38%
24	Hardee	Micropolitan	\$13,848,507.62	1.24%	1.80%	1.14%
25	Hendry	Micropolitan	\$14,958,909.23	1.23%	1.16%	14.76%
26	Hernando	Metropolitan	\$63,018,710.65	1.65%	0.90%	45.92%
27	Highlands	Metropolitan	\$56,184,101.51	2.21%	1.59%	20.67%
28	Hillsborough	Metropolitan	\$506,493,582.65	0.63%	0.75%	43.84%
29	Holmes	Micropolitan	\$15,738,440.08	4.86%	2.65%	4.92%
30	Indian River	Metropolitan	\$60,799,802.53	1.14%	0.51%	39.37%
31	Jackson	Micropolitan	\$80,430,223.31	6.71%	5.19%	3.32%
32	Jefferson	Micropolitan	\$24,046,412.38	7.94%	4.13%	10.74%
33	Lafayette	Rural	\$6,273,589.28	3.00%	2.98%	24.35%
34	Lake	Metropolitan	\$136,830,314.73	1.65%	0.91%	69.33%

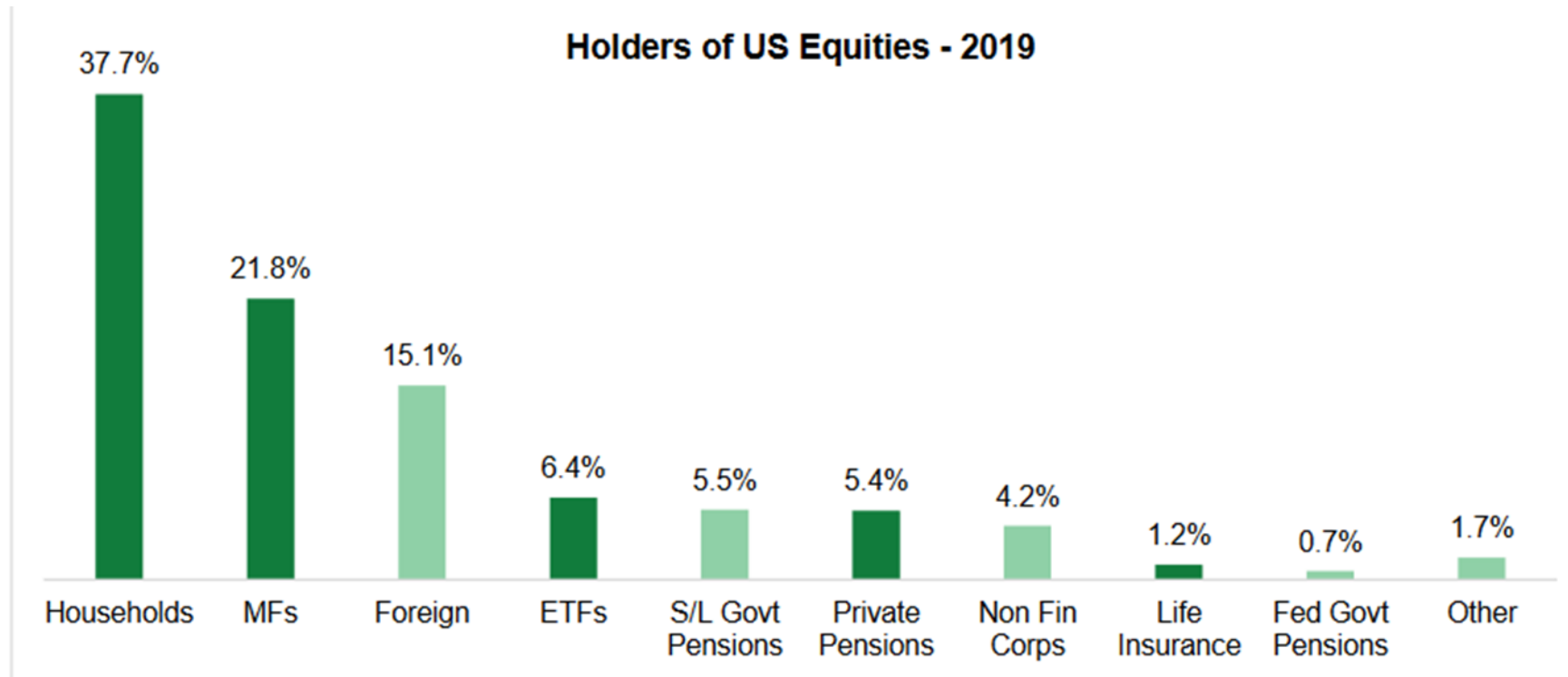
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Table A5. Florida County Data (continued)

No.	County Name	County Type	2018 Pension Benefits	Benefits as a % of GDP	Benefits as a % of Total Personal Income	Population Change (2000 vs 2018)
35	Lee	Metropolitan	\$174,605,255.10	0.65%	0.45%	71.16%
36	Leon (Capital)	Metropolitan	\$462,110,136.45	3.26%	3.55%	22.15%
37	Levy	Micropolitan	\$28,728,209.78	2.61%	2.00%	18.35%
38	Liberty	Rural	\$11,632,576.27	6.39%	5.83%	20.45%
39	Madison	Micropolitan	\$18,858,718.07	3.85%	3.21%	-1.09%
40	Manatee	Metropolitan	\$127,616,310.80	1.01%	0.68%	49.57%
41	Marion	Metropolitan	\$147,812,914.34	1.60%	1.11%	39.03%
42	Martin	Metropolitan	\$69,263,469.24	1.00%	0.51%	26.97%
43	Miami-Dade	Metropolitan	\$836,668,274.00	0.57%	0.61%	22.55%
44	Monroe	Metropolitan	\$35,674,411.14	0.84%	0.52%	-5.73%
45	Nassau	Metropolitan	\$35,308,662.67	1.60%	0.71%	48.85%
46	Okaloosa	Metropolitan	\$83,717,653.12	0.80%	0.83%	21.57%
47	Okeechobee	Micropolitan	\$23,239,081.24	2.02%	1.82%	15.67%
48	Orange	Metropolitan	\$308,955,743.00	0.35%	0.50%	54.03%
49	Osceola	Metropolitan	\$53,201,854.00	0.64%	0.43%	113.34%
50	Palm Beach	Metropolitan	\$440,549,718.76	0.61%	0.37%	31.36%
51	Pasco	Metropolitan	\$154,838,632.11	1.38%	0.71%	56.52%
52	Pinellas	Metropolitan	\$354,038,213.00	0.75%	0.68%	5.84%
53	Polk	Metropolitan	\$236,564,660.07	1.05%	0.94%	46.31%
54	Putnam	Metropolitan	\$59,190,193.11	2.95%	2.51%	5.31%
55	St. Johns	Metropolitan	\$105,160,402.23	1.43%	0.61%	106.49%
56	St. Lucie	Metropolitan	\$102,459,691.35	1.23%	0.81%	66.65%
57	Santa Rosa	Metropolitan	\$74,366,224.44	1.94%	0.93%	52.32%
58	Sarasota	Metropolitan	\$127,098,511.00	0.71%	0.46%	30.91%
59	Seminole	Metropolitan	\$153,993,049.00	0.78%	0.67%	28.10%
62	Sumter	Metropolitan	\$55,250,423.50	2.22%	0.93%	141.36%
63	Suwannee	Micropolitan	\$36,873,534.32	3.38%	2.52%	26.83%
64	Taylor	Micropolitan	\$17,943,667.00	2.10%	2.73%	12.29%
65	Union	Micropolitan	\$17,962,299.88	6.00%	5.41%	11.14%
66	Volusia	Metropolitan	\$256,985,554.86	1.56%	1.11%	23.50%
67	Wakulla	Micropolitan	\$42,947,212.69	7.09%	3.57%	41.98%
68	Walton	Metropolitan	\$29,549,848.95	1.18%	0.69%	75.80%
69	Washington	Micropolitan	\$23,473,417.88	4.77%	3.21%	18.63%

Pension Plans Own U.S. Public Equities



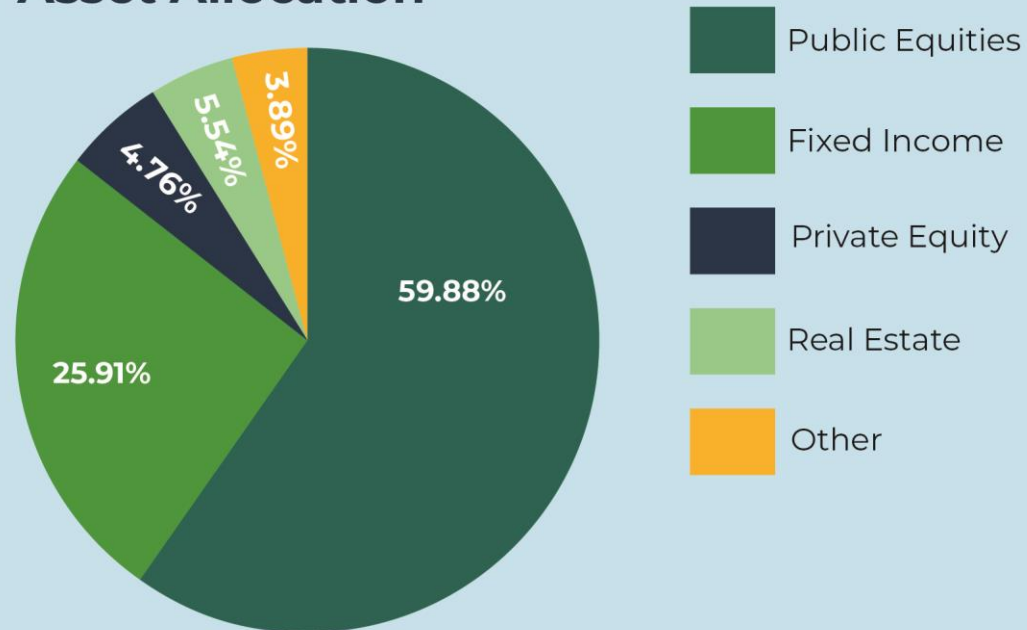
Source: The Federal Reserve - Financial Accounts of the United States

Note: Households include non-profit organizations. Other contains foreign banking offices in the U.S. and funding corporations

Source: SIFMA Insights, "Who Owns Stocks in America"

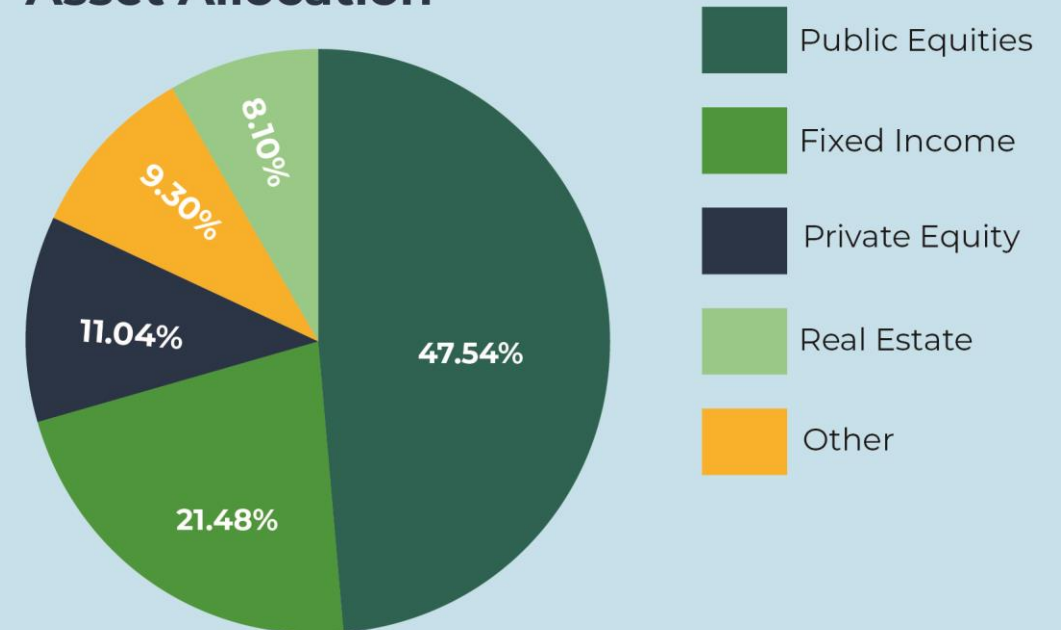
DB Plans Actively Rebalance

Figure 17A: FY 2007 Aggregate Asset Allocation



Source: Public Plans Database

Figure 17B: FY 2021 Aggregate Asset Allocation



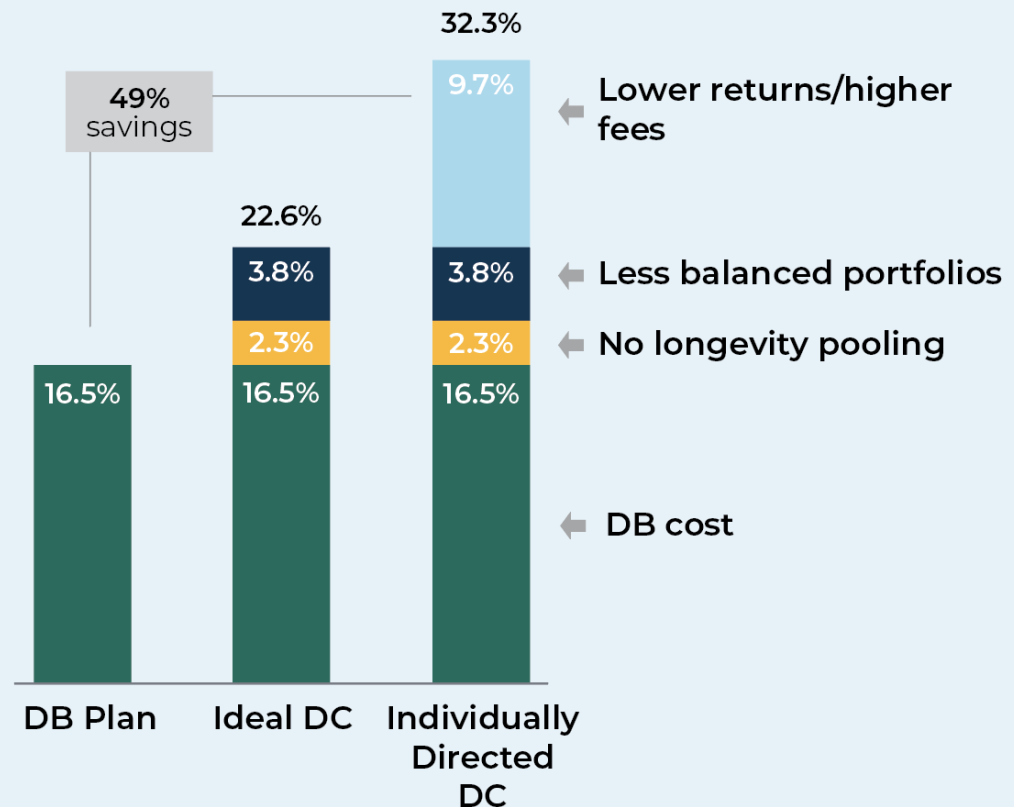
Source: Public Plans Database

DB Plans Are More Economically Efficient Than DC Plans

DB pension plans can provide a given level of benefits at half the cost of DC plans:

- Longevity Pooling
- Optimally Balanced Investment Portfolios
- Professional Investment Management

Figure 1A: Cost of DB and DC Plan as Percentage of Payroll, Baseline Scenario

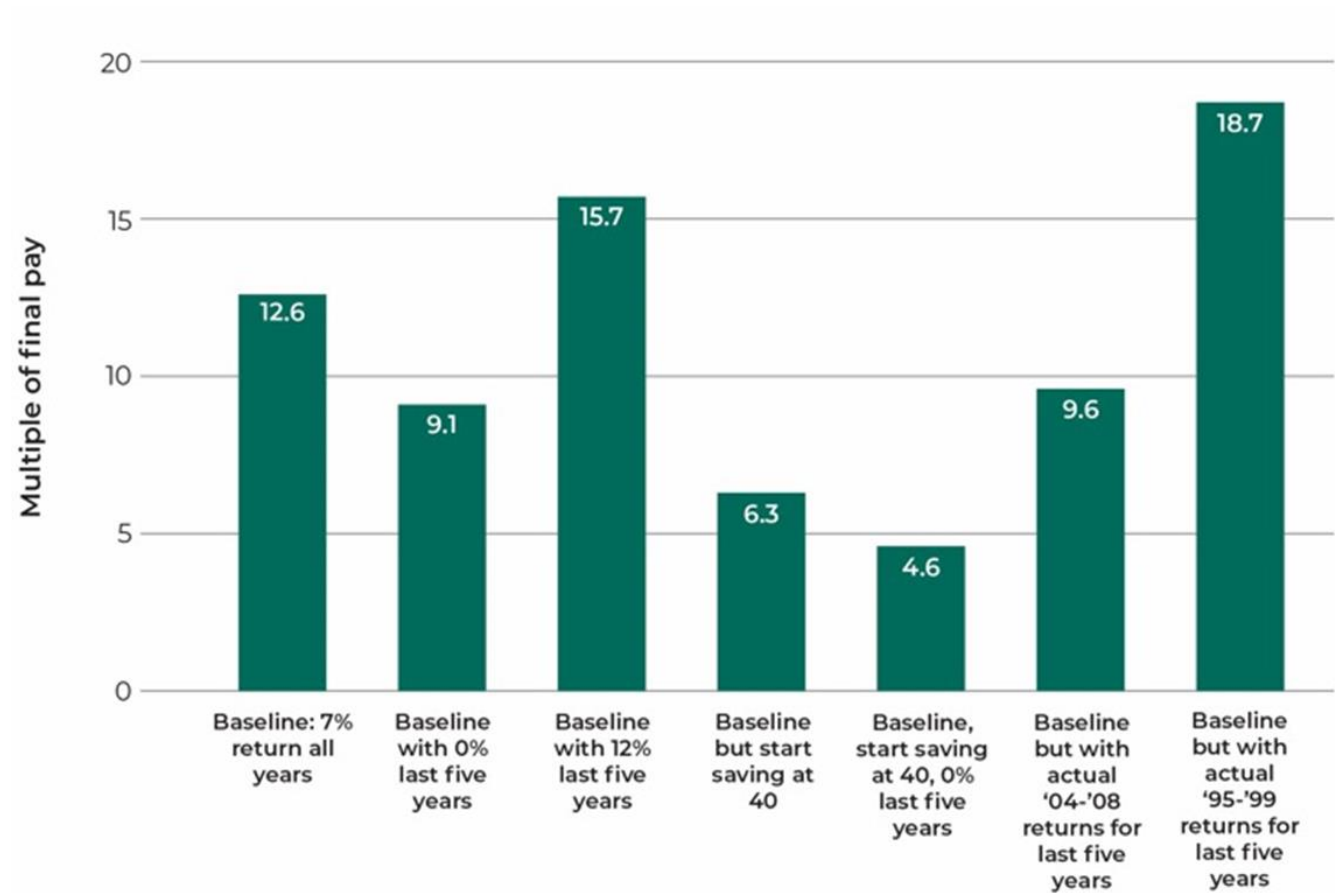


DB Plans Are More Economically Efficient Than DC Plans (Continued)

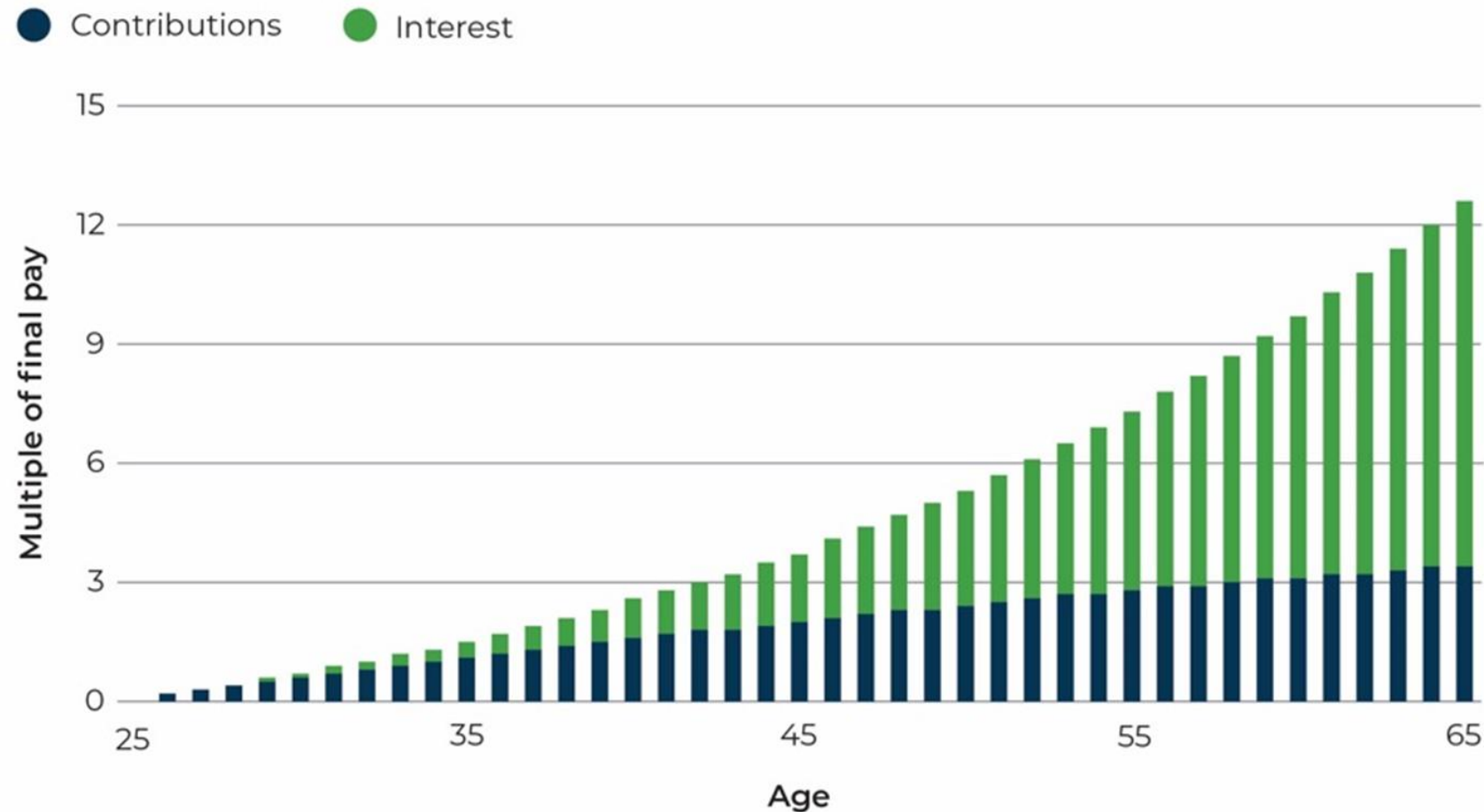
Table 2: DC Plan Efficiency Gap

	Baseline Scenario	Mid-Career Hire	Low Return Environment
Post-Retirement Inefficiency	40%	40%	45%
Pre-Retirement Inefficiency	9%	6%	7%
Total Inefficiency	49%	46%	52%

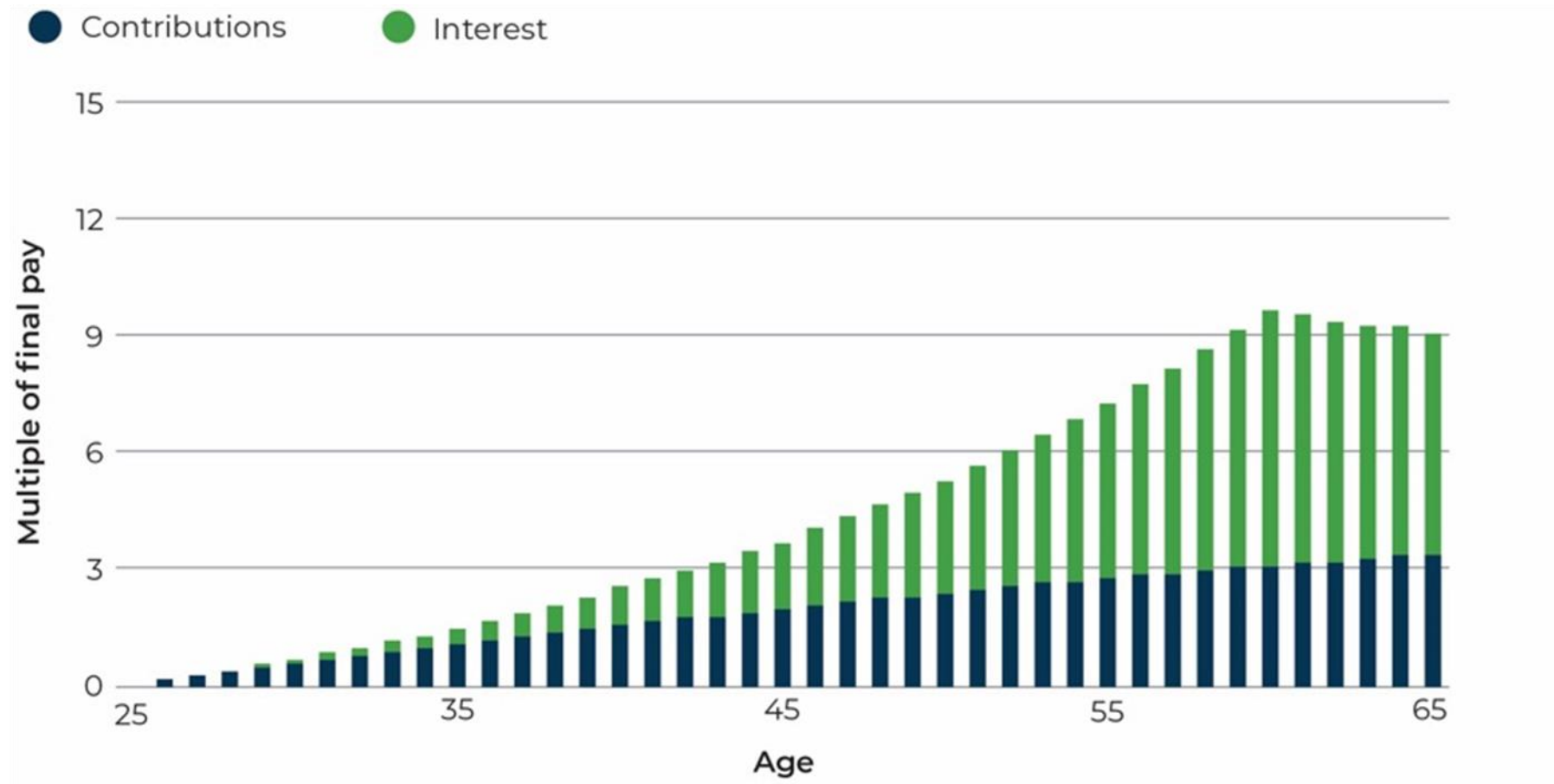
DC Savings Can Vary Greatly Due to Timing



Interest Earnings Account for Much of the Late Growth in DC Plan Assets...



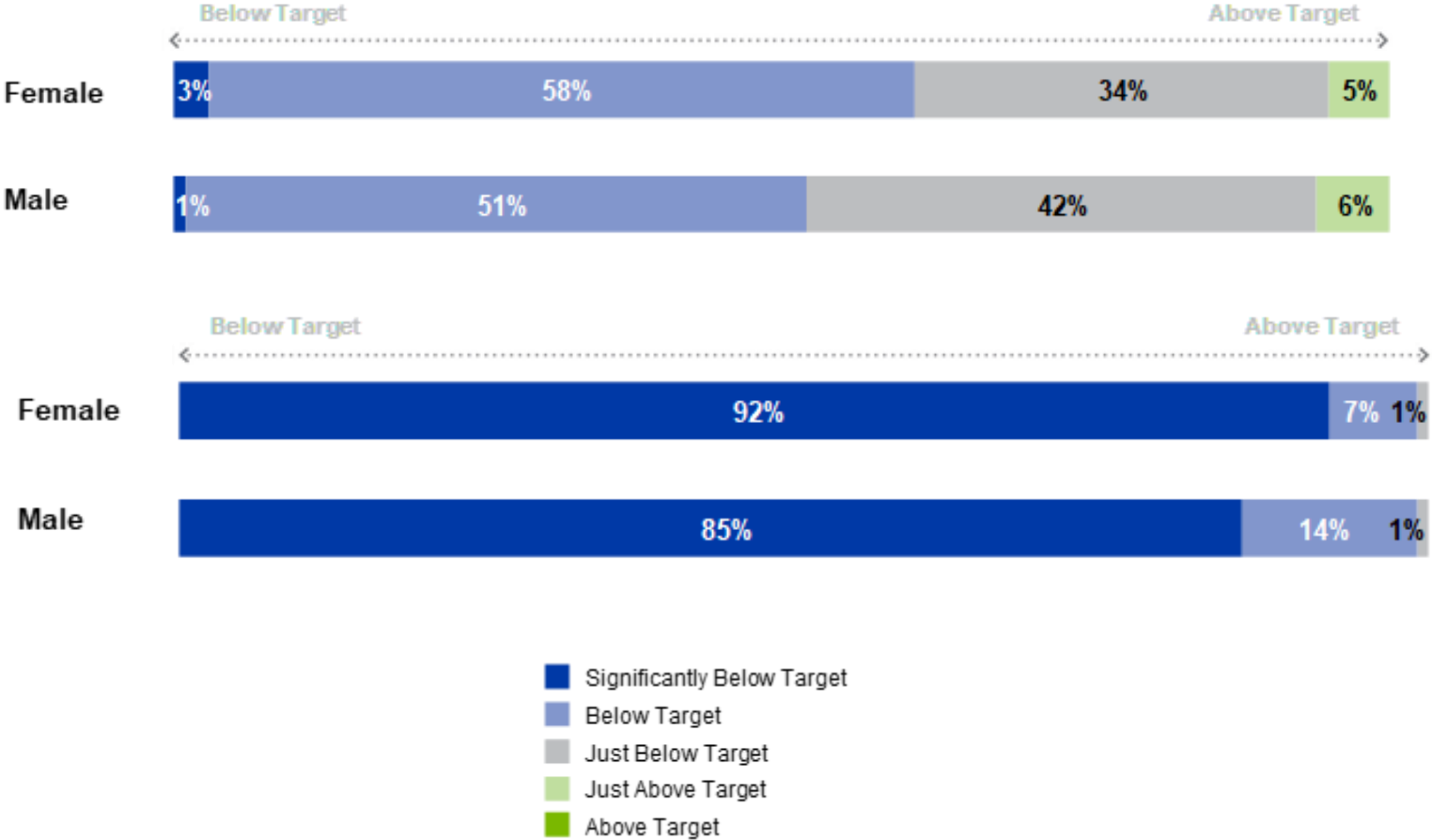
...But That Makes Them Vulnerable to Market Downturns



DB Plans Meet Needs Better Than DC Plans



DB Plans Provide More Resources for Women in Retirement

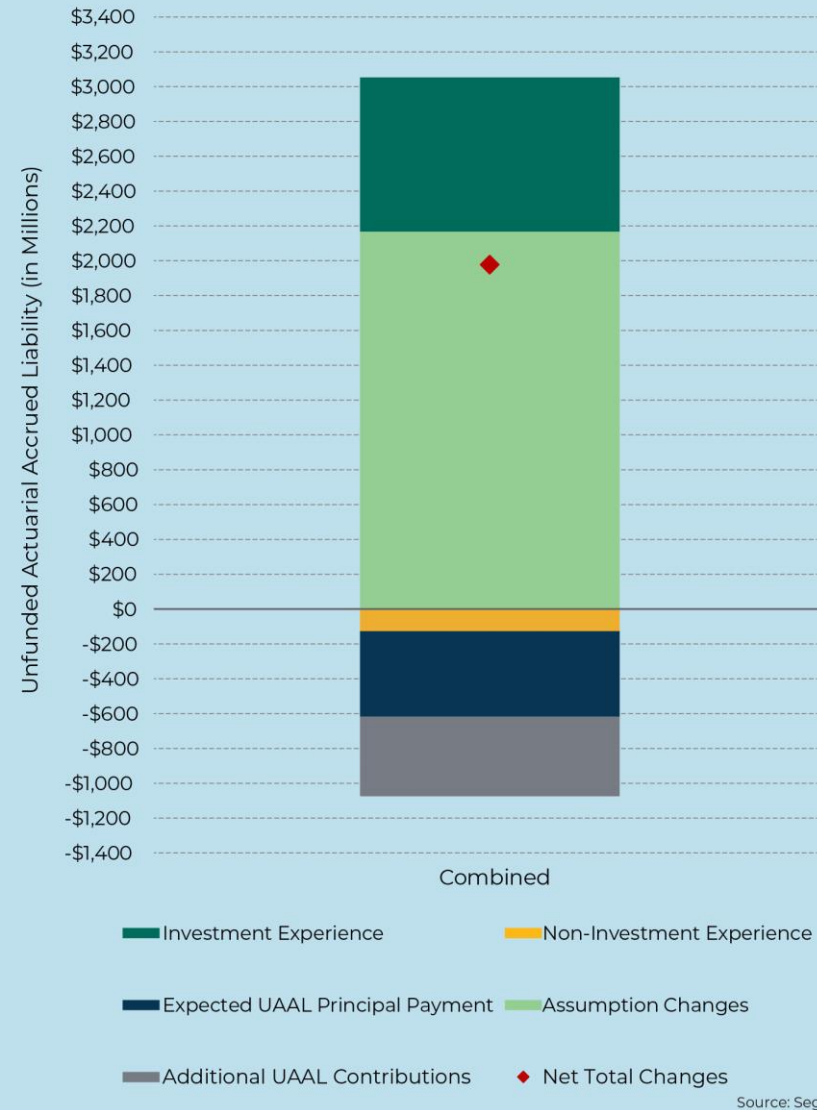


Pensions Are More Transparent About the Costs of Retirement

Assumption changes accounted for all of the increase in Unfunded Actuarial Accrued Liability (UAAL) in the example plan. All of the other factors offset each other.

Source: *Examining the Experiences of Public Pension Plans Since the Great Recession*

Figure 11: Factors that Changed UAAL from 2008 to 2021 Valuations, All Sources - Plan A (in Millions)



What's Next at NIRS?

- Generation X and Retirement Security
 - Update of *Enduring Challenges*
 - The Role of Public Pension Plans in Financial Markets, i.e., pensions as long-term investors
 - Public Opinion Research
 - Police and Fire Pension Retention Study
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