



Pensionomics 2025

Measuring the Economic Impact of DB Pension Expenditures

FPPTA Trustee School

January 27, 2025



**NATIONAL INSTITUTE ON
Retirement Security**

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Why This Report

- NIRS updates every two years its *Pensionomics* analysis that measures the economic “ripple effect” of payments from defined benefit (DB) pension plans.
- Retirees with a reliable pension can maintain spending throughout their retirement years, regardless of economic ups and downs, acting as an economic stabilizer.
- This report quantifies the economic impact of pension spending on the U.S. economy that will be constrained as the population ages.

Key Findings

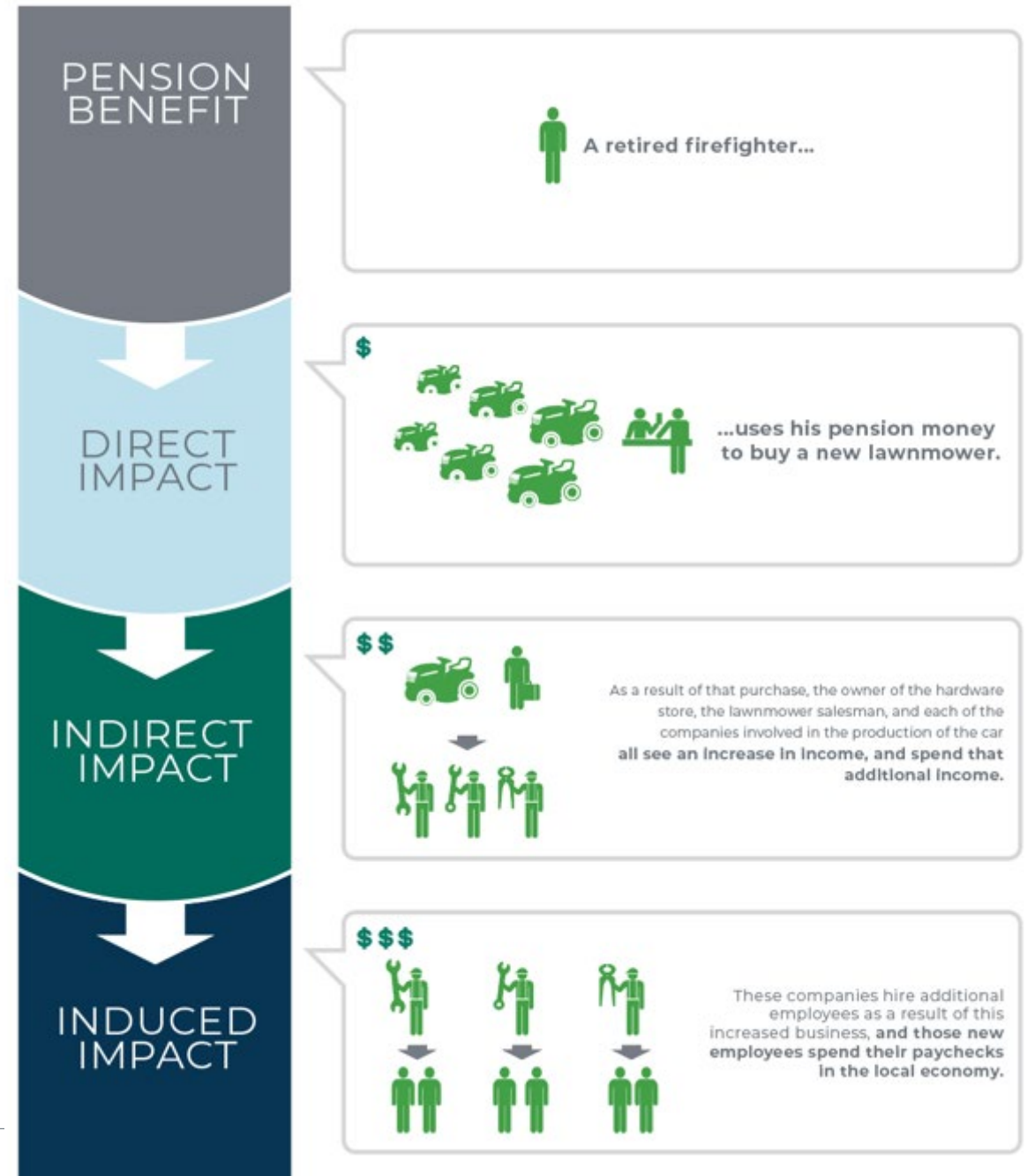
- In 2022, expenditures from public and private pension benefits supported:
 - **\$1.5 trillion** in economic output nationwide
 - **7.1 million jobs** that paid **\$466.2 billion** in labor income
 - **\$871 billion** in value added (GDP) nationally
 - **\$224.3 billion** in federal, state, and local tax revenue

Pension Plans' Economic Impact

- Pension plans can support economic activity through several channels, for example...
 - **Benefit channel** – retirees' expenditures create incomes for others in the economy.
 - **Investment channel** – the investment of pension assets provides capital to businesses to develop products, invest in new technologies, and create jobs.
- This study focuses on the benefit channel.

The Multiplier Effect:

How spending ripples through the economy, supporting jobs and incomes in the process



Methodology

- **Began with benefit payment data** from the Census Bureau on state & local plans, the CPS, PBGC and 5500's for private plans, and OPM for federal plans.
- **Estimated taxes paid out of benefits** using data from CBO, BEA, and NCSL.
- **Adjusted benefit payment data** to account for migration of retirees from one state to another based upon the American Community Survey.
- **Estimated the economic and tax impacts of retiree expenditures**, using IMPLAN input-output modeling software and data package.

What is IMPLAN?

- Used to estimate impacts on: jobs, income, value added, total output, and tax revenue.
- An input-output modeling software and data package developed for a USDA Forest Service project, now used for many types of analysis.
- Represents relationships among various sectors in the economy as a matrix & estimates how an initial event reverberates through the economy.

Public and Private Sector Pension Benefits, 2022

Table 1: Public and Private Sector Pension Benefits, 2022

	State and Local	Federal	Private Sector		Total*
			Single Employer Plans	Multiemployer Plans	
Beneficiaries	12.0 million	2.7 million	7.4 million	4.1 million	26.3 million
Average Benefit	\$31,031	\$33,436	\$22,259	\$12,635	\$25,923
Total Benefits	\$371.6 billion	\$91.5 billion	\$165.6 billion	\$51.8 billion	\$680.6 billion

Note: Author's analysis of the Annual Survey of Public Pensions, US OPM, U.S. Census Bureau, Pension Benefit Guaranty Corporation, and IRS Form 5500 data.

* Totals may not add up exactly due to rounding.

**Total average benefit represents a weighted average of public and private sector benefits.

Pension Benefits More Than Double Their Impact

Pension Benefit Multiplier



\$1.00

pension benefits paid to
retirees in Florida



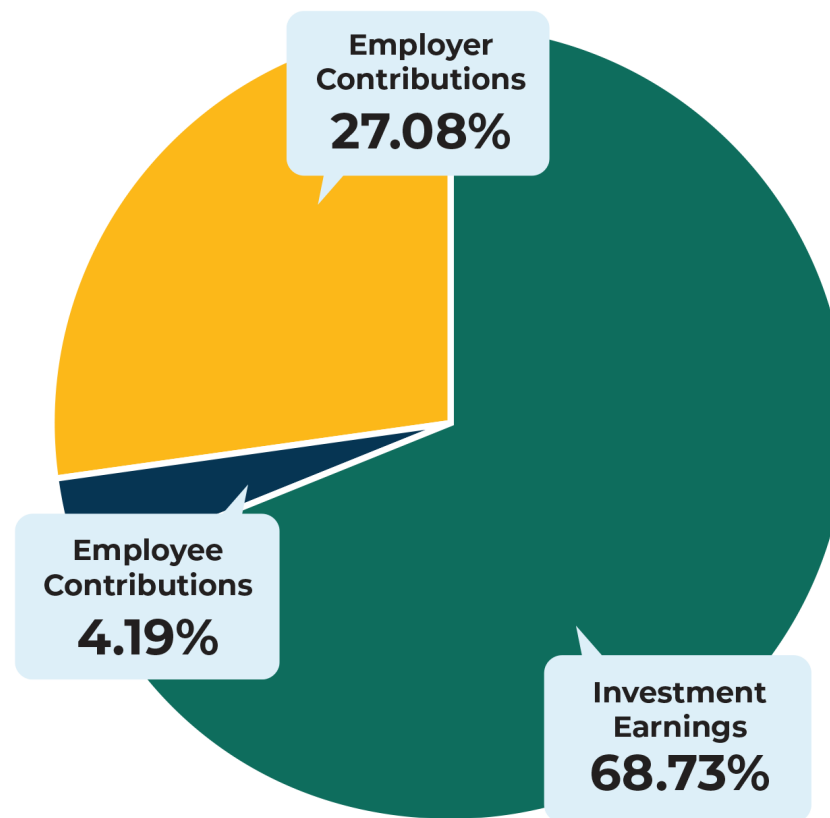
\$1.41

total output



Each \$1 in state and local pension benefits paid to Florida residents ultimately supported \$1.41 in total output in the state. This “multiplier” incorporates multiple rounds of impacts of retiree spending, as each purchase ripples through the state economy.

Investment Earnings Accounted for More Than 2/3 of Public Pension Revenues in Florida



Taxpayer Dollars Generate a Significant Return on Investment in Florida

Taxpayer Investment Factor



\$1.00

contributed by taxpayers to
Florida pensions over 30
years



\$5.19

total output



Each \$1 in taxpayer contributions to Florida's state and local pension plans supported \$5.19 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.

DB Pensions Support 7.1 Million American Jobs

Table 2: DB Pensions Support 7.1 Million American Jobs That Pay \$466.2 Billion in Labor Income

		Employment	Labor Income
Governmental Plans	State and Local Government	3,880,233	\$254,573,526,928
	Federal Government	955,897	\$62,714,262,676
Private Sector Plans	Multiemployer	540,866	\$35,485,024,982
	Single Employer	1,729,251	\$113,452,331,243
Total Impact	All Plans	7,106,247	\$466,225,145,829

* Totals may not add up exactly due to rounding.

DB Pensions Support \$1.5 Trillion in Total Economic Activity

Table 3: DB Pensions Support \$1.5 Trillion in Economic Activity and \$871.0 Billion in Value Added

		Output	Value Added
Governmental Plans	State and Local Government	\$845,949,547,291	\$475,596,172,442
	Federal Government	\$208,399,917,932	\$117,163,255,921
Private Sector Plans	Multiemployer	\$117,916,977,390	\$66,293,389,827
	Single Employer	\$377,002,862,052	\$211,952,496,181
Total Impact	All Plans	\$1,549,269,304,665	\$871,005,314,371

* Totals may not add up exactly due to rounding.

Pension Expenditures Have an Impact Across Multiple Industries

Table 6: Top Fifteen Industries by National Employment Impact	
Industry	Total # Jobs Supported
Limited-service restaurants	342,057
Hospitals	335,783
Full-service restaurants	282,231
Other real estate	233,991
Offices of physicians	202,266

Pension Expenditures Have an Impact on Workers in Multiple Occupations

Table 7: Top Fifteen Occupation Categories by National Employment Impact

Occupation Category	Wage and Salary Employment	Wage and Salary Income	Supplements to Wages and Salaries	Total Employee Compensation	Hours Worked
Retail Sales Workers	370,468	\$10,804,142,122	\$2,020,802,355	\$12,824,944,477	488,860,321
Food and Beverage Serving Workers	366,060	\$8,259,418,427	\$1,128,446,438	\$9,387,864,865	402,166,242
Material Moving Workers	336,873	\$13,611,406,036	\$2,541,921,077	\$16,153,327,114	543,983,150
Healthcare Diagnosing or Treating Practitioners	296,092	\$36,941,824,015	\$7,532,503,474	\$44,474,327,488	549,900,972
Home Health and Personal Care Aides; and Nursing Assistants, Orderlies, and Psychiatric Aides	246,134	\$7,112,027,186	\$1,432,245,494	\$8,544,272,680	388,024,199

DB Pensions Support \$125.5B in Federal Tax Revenue

Table 4: DB Pensions Support \$125.5 Billion in Federal Tax Revenue

	State and Local Pensions	Federal Pensions	Private Pensions		Total Federal Tax Revenue*
			Single Employer	Multiemployer	
Taxes Paid by Beneficiaries on Benefits	\$3.7 billion	\$915.5 million	\$518.0 million	\$1.7 billion	\$6.8 billion
Tax Revenue Resulting from Retiree Expenditures	\$16.0 billion	\$28.9 billion	\$9.0 billion	\$64.8 billion	\$118.7 billion
Total Federal Tax Revenue Impact	\$19.7 billion	\$29.8 billion	\$9.5 billion	\$66.5 billion	\$125.5 billion

* Totals may not add up exactly due to rounding.

DB Pensions Support \$98.8 Billion in State and Local Tax Revenue

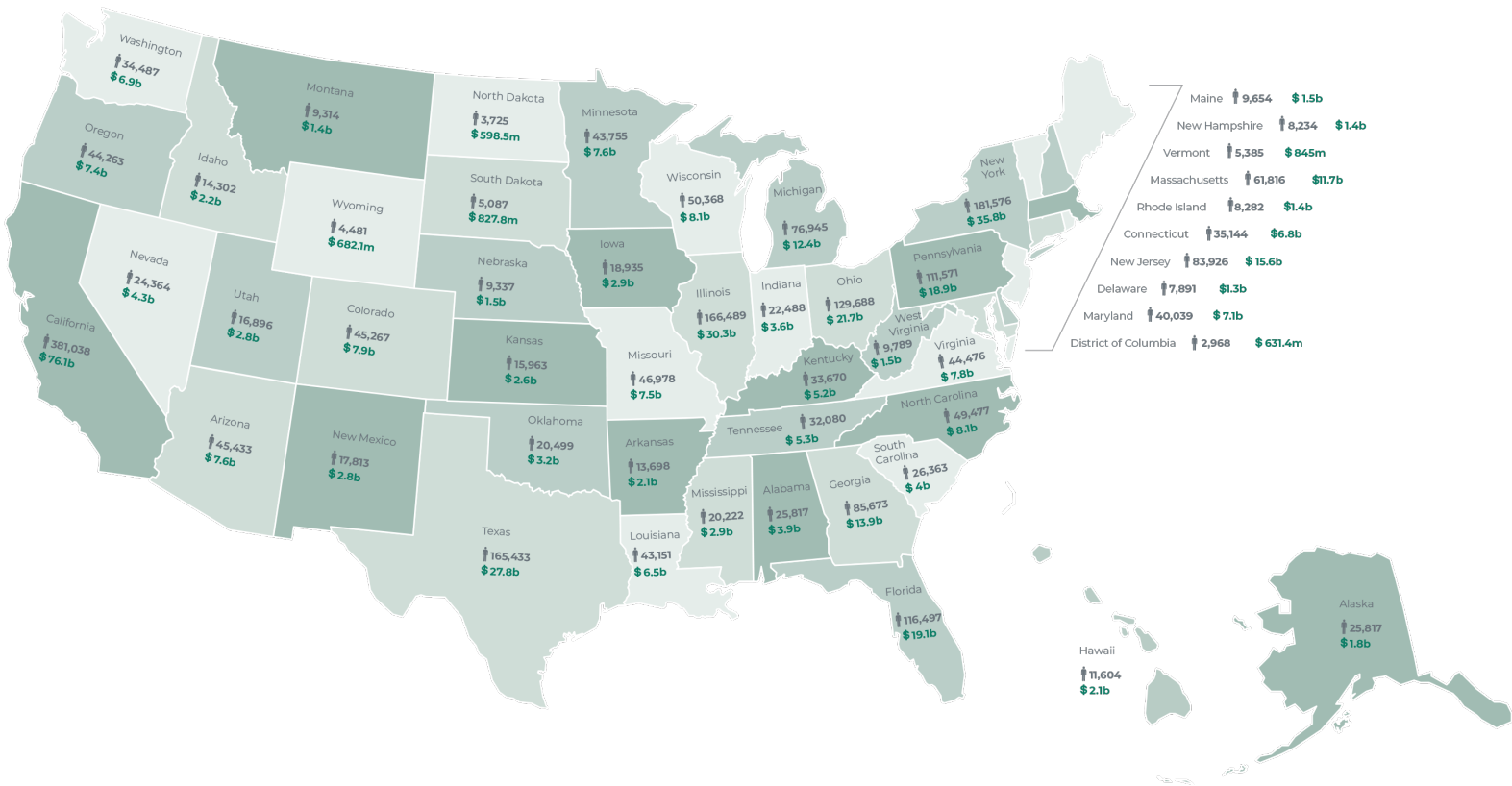
Table 5: DB Pensions Support \$98.8 Billion in State and Local Tax Revenue

	State and Local Pensions	Federal Pensions	Private Pensions		Total Federal Tax Revenue*
			Multiemployer	Single Employer	
Taxes Paid by Beneficiaries on Benefits	\$5.0 billion	\$1.2 billion	\$697.5 million	\$2.2 billion	\$9.1 billion
Tax Revenue Resulting from Retiree Expenditures	\$12.1 billion	\$21.8 billion	\$6.8 billion	\$49.0 billion	\$89.7 billion
Total State and Local Tax Revenue Impact	\$17.1 billion	\$23.0 billion	\$7.5 billion	\$51.2 billion	\$98.8 billion

* Totals may not add up exactly due to rounding.

State-By-State Pension Impacts

Figure 3: Employment and Economic Output Impacts by State



State Factsheets available at: <https://www.nirsonline.org/resources/pensionomics-state-data/>

Fact Sheets Highlight State-Specific Findings

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 2022, expenditures stemming from state and local pensions supported...

111,905 jobs that paid \$6.2 billion in wages and salaries

\$21.0 billion in total economic output

\$3.0 billion in federal, state, and local tax revenues

... in the state of Florida.

Each dollar paid out in pension benefits supported \$1.41 in total economic activity in Florida.

Each dollar "invested" by Florida taxpayers in these pension plans supported \$5.19 in total economic activity in the state.

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Pensionomics 2025:

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 2022, 565,788 residents of Florida received a total of \$14.9 billion in pension benefits from state and local pension plans.

Employer Contributions
27.08%

Employee Contributions
4.19%

Investment Earnings
68.73%

The average pension benefit received was \$2,197 per month or \$26,358 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 2022, 27.08% of Florida's pension fund receipts came from employer contributions, 4.19% from employee contributions, and 68.73% 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 111,905 jobs in the state. The total income to state residents supported by pension expenditures was \$6.2 billion.

To put these employment impacts in perspective, in 2022 Florida's unemployment rate was 3.0%. The fact that DB pension expenditures supported 111,905 jobs is significant, as it represents 1.0 percentage points in Florida's labor force.

Economic Impact

State and local pension funds in Florida and other states paid a total of \$14.9 billion in benefits to Florida residents in 2022. Retirees' expenditures from these benefits supported a total of \$21.0 billion in total economic output in the state, and \$12.1 billion in value added in the state.

Impact on Tax Revenues

State and local pension payments made to Florida residents supported a total of \$3.0 billion in revenue to federal, state, and local governments. Taxes paid by retirees and beneficiaries directly out of pension payments totaled \$142.7 million. Taxes attributable to pension expenditures in the local economy accounted for \$2.9 billion in tax revenue.

Federal Tax	\$1.9 billion
State/Local Tax	\$1.2 billion
Total	\$3.0 billion

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Pensionomics 2025: Measuring the Economic Impact of DB Pension Expenditures

FLORIDA

Economic Multipliers

Pension Benefit Multiplier

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pension benefits paid to retirees in Florida

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total output

Each \$1 in state and local pension benefits paid to Florida residents ultimately supported \$1.41 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

\$1.00

contributed by taxpayers to Florida pensions over 30 years

\$5.19

total output

Each \$1 in taxpayer contributions to Florida's state and local pension plans supported \$5.19 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.

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)
Limited-service restaurants	5,883
Hospitals	5,530
Full-service restaurants	5,262
Offices of physicians	4,660
Other real estate	4,213

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	11,913	\$265,468,247	\$47,309,449	\$312,777,695
Sales and Related Occupations	11,732	\$478,374,990	\$88,392,605	\$566,767,594
Office and Administrative Support Occupations	10,956	\$513,926,640	\$100,815,176	\$614,741,817
Healthcare Practitioners and Technical Occupations	7,765	\$693,751,139	\$148,286,880	\$842,038,019
Transportation and Material Moving Occupations	7,577	\$311,151,032	\$63,969,001	\$375,120,033

Totals may not add up due to rounding. For data and methodology, see Bohns, L. and Dorman, D., 2025, Pensionomics 2025: Measuring the Economic Impact of DB Pension Expenditures, National Institute on Retirement Security, Washington, DC, www.nirsonline.org. Results not directly comparable to previous Pensionomics due to methodological refinements.

State Factsheets available at: <https://www.nirsonline.org/resources/pensionomics-state-data/>

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Questions

