# **NEBRASKA**

# Pensionomics 2025:

NATIONAL INSTITUTE ON Retirement Security

Reliable Research, Sensible Solutions.

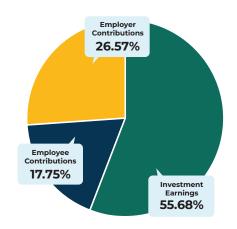
Measuring the Economic Impact of DB Pension Expenditures

# Overview

Expenditures made by retirees of state and local government provide a steady economic stimulus to Nebraska communities and the state economy. In 2022, 47,564 residents of Nebraska received a total of \$1.4 billion in pension benefits from state and local pension plans.

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

**Key Findings** 



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.

The average pension benefit received was \$2,427 per month or \$29,128 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.

In 2022, expenditures stemming from state and local pensions supported... Between 1993 and 2022, 26.57% of Nebraska's pension fund receipts came from employer contributions, 17.75% from employee contributions, and 55.68% from investment earnings.\* Earnings on investments and employee contributions—not taxpayer based contributions—have historically made up the bulk of pension fund receipts.

10,849 jobs that paid \$583.4 million in wages and salaries

# Impact on Jobs and Incomes

\$2.0 billion in total economic output

Retiree expenditures stemming from state and local pension plan benefits supported 10,849 jobs in the state. The total income to state residents supported by pension expenditures was \$583.4 million.

\$315.4 million in federal, state, and local tax revenues

To put these employment impacts in perspective, in 2022 Nebraska's unemployment rate was 2.2%. The fact that DB pension expenditures supported 10,849 jobs is significant, as it represents 1.0 percentage points in Nebraska's labor force.

... in the state of Nebraska.

### **Economic Impact**

Each dollar paid out in pension benefits supported \$1.42 in total economic activity in Nebraska.

State and local pension funds in Nebraska and other states paid a total of \$1.4 billion in benefits to Nebraska residents in 2022. Retirees' expenditures from these benefits supported a total of \$2.0 billion in total economic output in the state, and \$1.1 billion in value added in the state.

Each dollar "invested" by Nebraska taxpayers in these pension plans supported \$5.35 in total economic activity in the state.

#### **Impact on Tax Revenues**

State and local pension payments made to Nebraska residents supported a total of \$315.4 million in revenue to federal, state, and local governments. Taxes paid by retirees and beneficiaries directly out of pension payments totaled \$72.6 million. Taxes attributable to pension expenditures in the local economy accounted for \$242.8 million in tax revenue.

Federal Tax	\$157.4 million		
State/Local Tax	\$158.0 million		
Total	\$315.4 million		

## **Economic Multipliers**

#### Pension Benefit Multiplier





retirees in Nebraska







Each \$1 in state and local pension benefits paid to Nebraska residents ultimately supported \$1.42 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 Nebraska's state and local pension plans supported \$5.35 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 Nebraska. The five industry sectors with the largest employment impacts are presented in the table to the side.

Industry	Employment Impact (# Jobs)
Hospitals	771
Limited-service restaurants	627
Full-service restaurants	443
Retail - Food and beverage stores	367
Offices of physicians	361

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 Nebraska 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
Sales and Related Occupations	1,037	\$36,309,071	\$6,760,463	\$43,069,534
Food Preparation and Serving Related Occupations	1,031	\$19,186,606	\$3,443,765	\$22,630,371
Office and Administrative Support Occupations	1,019	\$43,751,203	\$8,694,030	\$52,445,233
Healthcare Practitioners and Technical Occupations	812	\$72,173,148	\$15,520,575	\$87,693,722
Transportation and Material Moving Occupations	625	\$23,234,334	\$4,692,412	\$27,926,746

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