Key Findings

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

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 2012, expenditures stemming from state and local pensions supported...

- 273,015 jobs that paid $16.9 billion in wages and salaries
- $44.3 billion in total economic output
- $7.4 billion in federal, state, and local tax revenues

... in the state of New York.

Each dollar paid out in pension benefits supported $1.69 in total economic activity in New York.

Each dollar “invested” by New York taxpayers in these plans supported $7.00 in total economic activity in the state.

Impact on Jobs and Incomes

Retiree expenditures stemming from state and local pension plan benefits supported 273,015 jobs in the state. The total income to state residents supported by pension expenditures was $16.9 billion.

To put these employment impacts in perspective, in 2012 New York's unemployment rate was 8.5%. The fact that DB pension expenditures supported 273,015 jobs is significant, as it represents 2.8 percentage points in New York's labor force.

Economic Impact

State and local pension funds in New York and other states paid a total of $26.2 billion in benefits to New York residents in 2012. Retirees’ expenditures from these benefits supported a total of $44.3 billion in total economic output in the state, and $28.8 billion in value added in the state.

$23.5 billion in direct economic impacts were supported by retirees’ initial expenditures. An additional $10.8 billion in indirect impact resulted when these businesses purchased additional goods and services. $10.0 billion in induced impacts occurred when workers employed by businesses as a result of the direct and indirect impacts made expenditures.

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**Total Economic Impact**

$44.3 billion

**Direct Impact**

$23.5 billion

**Indirect Impact**

$10.8 billion

**Induced Impact**

$10.0 billion

Economic Multipliers

**Taxpayer Contribution Factor**

$1.00 contributed by taxpayers to New York pensions over 30 years

$7.00 total output

Each $1 in taxpayer contributions to New York's state and local pension plans supported $7.00 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.

**Pension Benefit Multiplier**

$1.00 pension benefits paid to retirees in New York

$1.69 total output

Each $1 in state and local pension benefits paid to New York residents ultimately supported $1.69 in total output in the state. This “multiplier” incorporates the direct, indirect, and induced impacts of retiree spending, as it ripples through the state economy.

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

Impact on Tax Revenues

State and local pension payments made to New York residents supported a total of $7.4 billion in revenue to federal, state, and local governments. Taxes paid by retirees and beneficiaries directly out of pension payments totaled $211.3 million. Taxes attributable to direct, indirect and induced impacts accounted for $7.2 billion in tax revenue.

<table>
<thead>
<tr>
<th></th>
<th>Federal Tax</th>
<th>State/Local Tax</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$4.0 billion</td>
<td>$3.5 billion</td>
<td>$7.4 billion</td>
</tr>
</tbody>
</table>

Economic Impacts by Industry Sector

The economic impact of state and local pension benefits was broadly felt across various industry sectors in New York. The ten industry sectors with the largest employment impacts are presented in the table below.

<table>
<thead>
<tr>
<th></th>
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<th></th>
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<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Food Services and Drinking Places</td>
<td>23,398</td>
<td>$668,833,784</td>
<td>$1,017,855,183</td>
<td>$1,600,175,935</td>
</tr>
<tr>
<td>Physicians, Dentists, and other Health Practitioners</td>
<td>15,099</td>
<td>$1,263,537,084</td>
<td>$1,292,651,769</td>
<td>$1,907,402,702</td>
</tr>
<tr>
<td>Real Estate Establishments</td>
<td>15,044</td>
<td>$468,396,502</td>
<td>$2,199,283,221</td>
<td>$2,619,617,011</td>
</tr>
<tr>
<td>Private Hospitals</td>
<td>14,627</td>
<td>$1,211,637,100</td>
<td>$1,321,487,883</td>
<td>$2,171,583,730</td>
</tr>
<tr>
<td>Nursing and Residential Care Facilities</td>
<td>9,375</td>
<td>$397,270,003</td>
<td>$453,148,787</td>
<td>$625,638,491</td>
</tr>
<tr>
<td>Wholesale Trade Businesses</td>
<td>8,851</td>
<td>$825,057,758</td>
<td>$1,492,128,917</td>
<td>$2,129,252,164</td>
</tr>
<tr>
<td>Retail Stores - Food and Beverage</td>
<td>7,890</td>
<td>$265,947,210</td>
<td>$361,861,524</td>
<td>$492,190,115</td>
</tr>
<tr>
<td>Retail Stores - General Merchandise</td>
<td>7,649</td>
<td>$231,558,882</td>
<td>$377,680,421</td>
<td>$464,581,987</td>
</tr>
<tr>
<td>Individual and Family Services</td>
<td>5,261</td>
<td>$144,182,991</td>
<td>$141,890,032</td>
<td>$207,297,474</td>
</tr>
<tr>
<td>Home Health Care Services</td>
<td>4,966</td>
<td>$181,830,732</td>
<td>$192,324,093</td>
<td>$256,082,829</td>
</tr>
</tbody>
</table>

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.