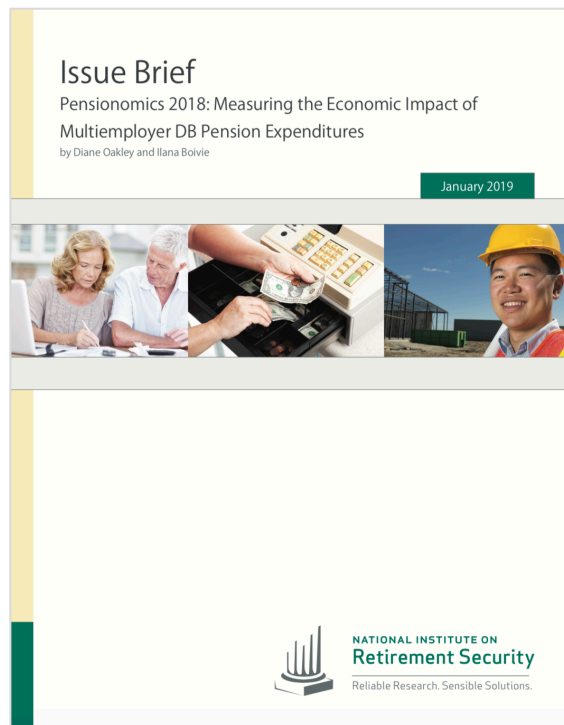


# Pensionomics 2018: Measuring the Economic Impact of Multiemployer Pension Expenditures



**Webinar**  
**May 29, 2019**



**NATIONAL INSTITUTE ON  
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# Agenda

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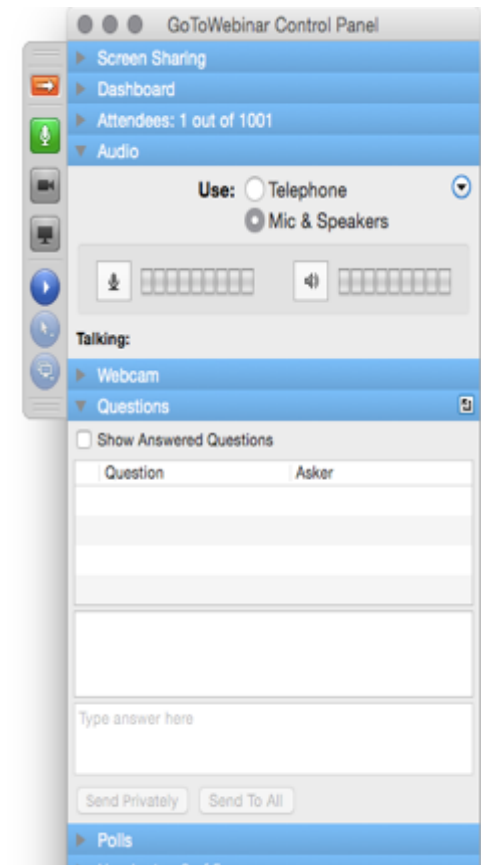
- Introductions
- Research Review
- Q&A



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# Webinar Logistics

- Attendees in listen only mode.
- Questions welcome. Type question using “Question” function on control panel, and we will answer.
- Audio, technical issues during webinar, call GoToWebinar at 1-800-263-6317.
- Webinar replay will be available.



# Speakers

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**Dan Doonan**  
NIRS Executive Director



**Diane Oakley**  
Report Co-Author



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# What is a Multiemployer Pension?

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- There are two major types of private sector pension plans: multiemployer plans and single employer plans.
- Single employer plans generally cover the workforce at a single company.
- Multiemployer plans, also called “Taft-Hartley” plans, cover multiple employers whose workers are covered by a collective bargaining contract, usually within the same industry or geographic region.
- Multiemployer plans are jointly governed by management and the labor union(s) representing covered workers.



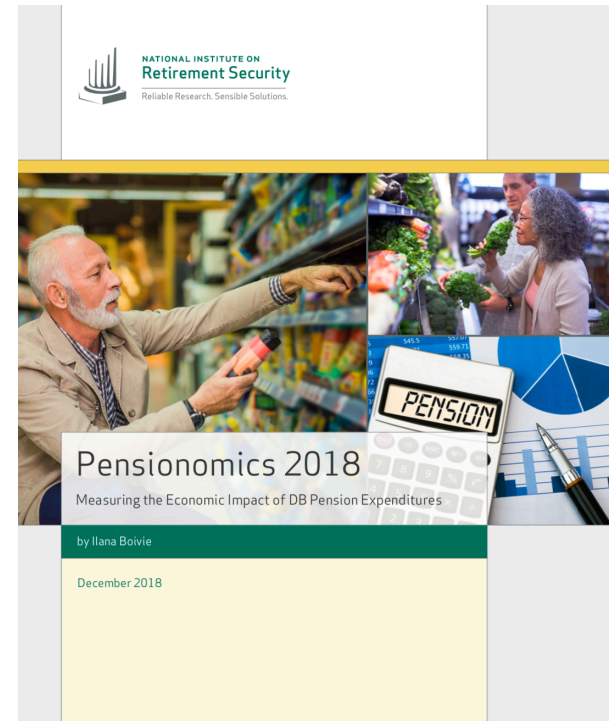
# Key Differences Between Private Sector Single & Multiemployer Pensions

	Single Employer Plan	Multiemployer Plan
Who administers and oversees the plan?	The sponsoring company	A third party administrator. The plan is governed by a joint labor-management board of trustees
Who is covered by the plan?	Typically, all or most of the workers at a single company	The workers covered by the union(s) that represent them
Who is responsible for pension contributions?	The sponsoring company	All employers participating in the plan. Trustees can choose to sue a participating employer that fails to pay its contributions on time
Is the pension portable when the employee changes jobs?	Rarely	Yes, if the worker is moving from one company to another that is also covered by the plan
What is the maximum PBGC benefit guarantee in 2019?*	\$67,295 per year	\$12,870 per year

\*For a single-life annuity at age 65, based on “basic benefits” only. Multiemployer benefit maximum is based on 30 years of covered work experience.

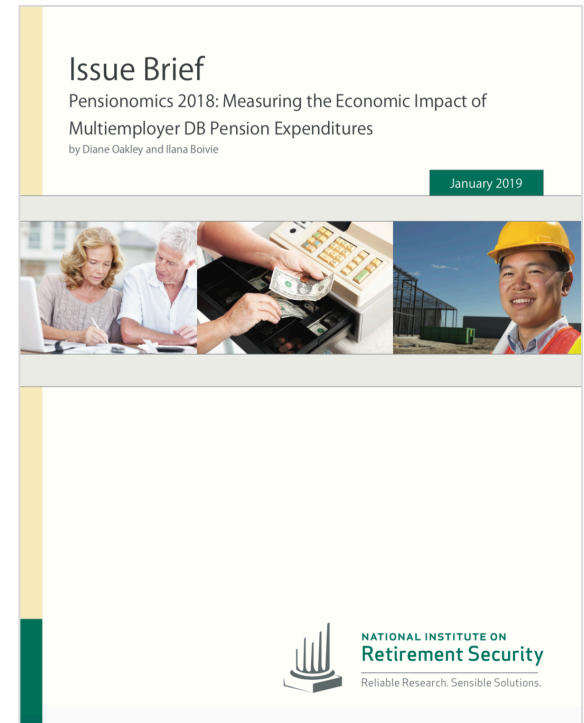
# Why This Study

- Every two years, NIRS updates its *Pensionomics* analysis measuring the economic impact of payments from public and private sector defined benefit pensions.
- For first time, added economic impact of **multiemployer pensions** thanks to a grant from The Retirement Research Foundation.
- Retirees with reliable pension income can maintain spending throughout retirement - regardless of economic ups and downs - acting as an economic stabilizer for families and the broader economy.



# Multiemployer 2018 *Pensionomics* Analysis Found

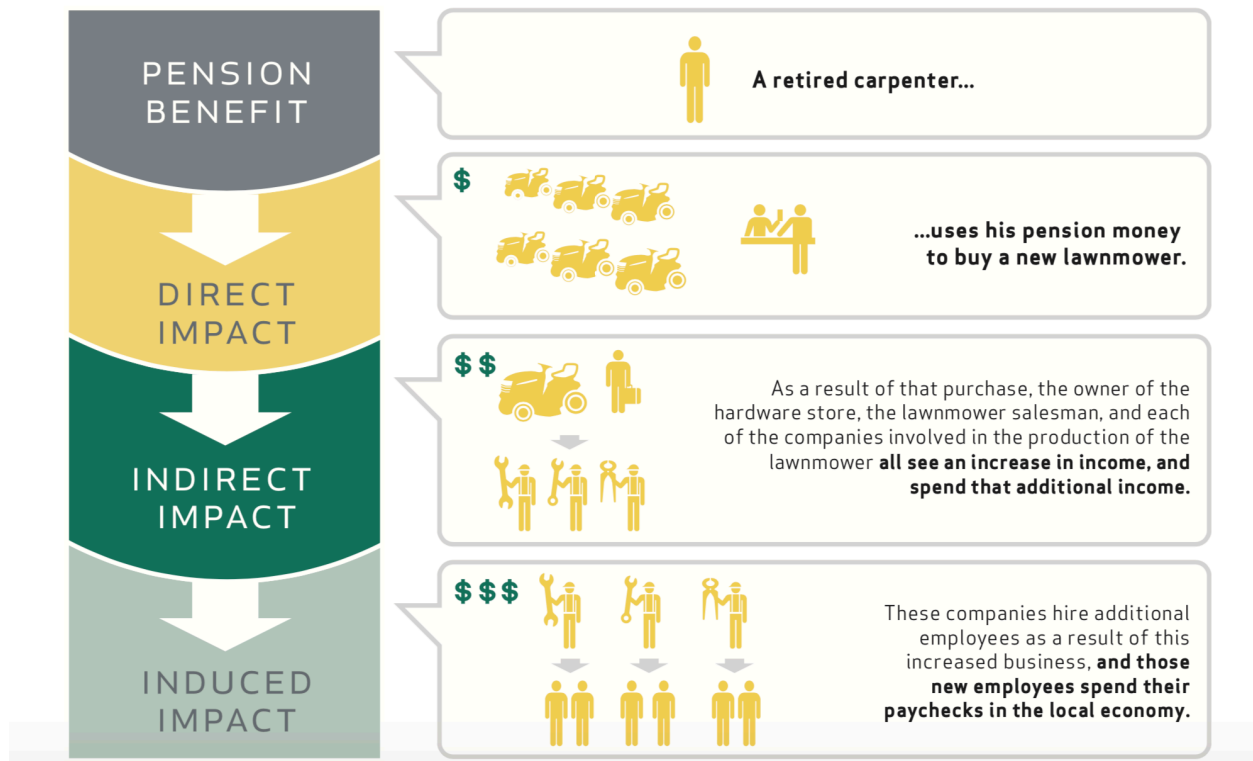
- In 2016, **\$41.8 billion** in pension benefits were paid to **3.5 million retired Americans** covered by multiemployer plans.
- The **average benefit** paid to retirees covered by these plans was **\$11,935 per year**.





# Pension Expenditures Have a Ripple Effect on the Economy Impact

The Multiplier Effect: How Spending by Retirees Covered by Multiemployer Plans Ripples Through the Economy, Supporting Jobs and Incomes in the Process



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# Types of Economic Impact

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**DIRECT** - Businesses gain revenue from retiree spending.

**INDIRECT**- Dollars flow up the supply chain to transport and manufacturers.

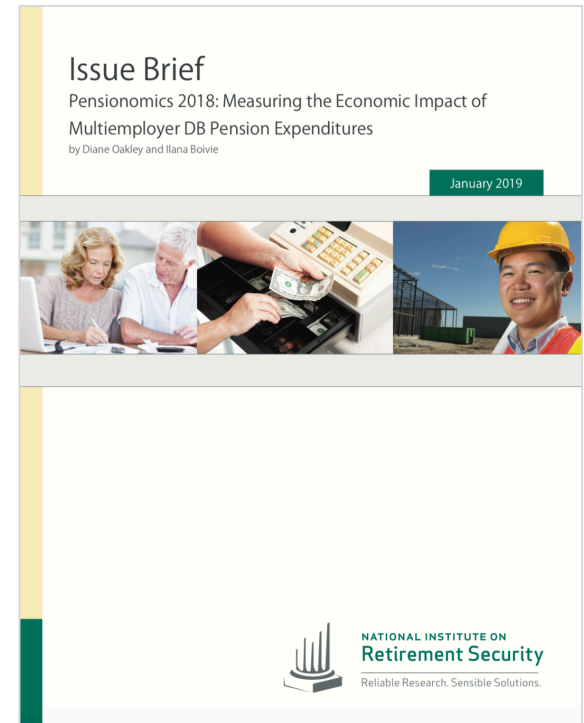
**INDUCED** – Those affected business owners and employees spend their earnings



# Multiemployer 2018 *Pensionomics* Analysis Found

Expenditures made out of those pension payments collectively supported:

- Nearly **543,000** American jobs that paid nearly **\$28 billion** in labor income;
- **\$89 billion** in total economic output nationwide;
- **\$50 billion** in value added (GDP); and
- **\$14.7 billion** in federal, state, local tax revenue.



# Multiemployer 2018 *Pensionomics* Analysis Found (continued)

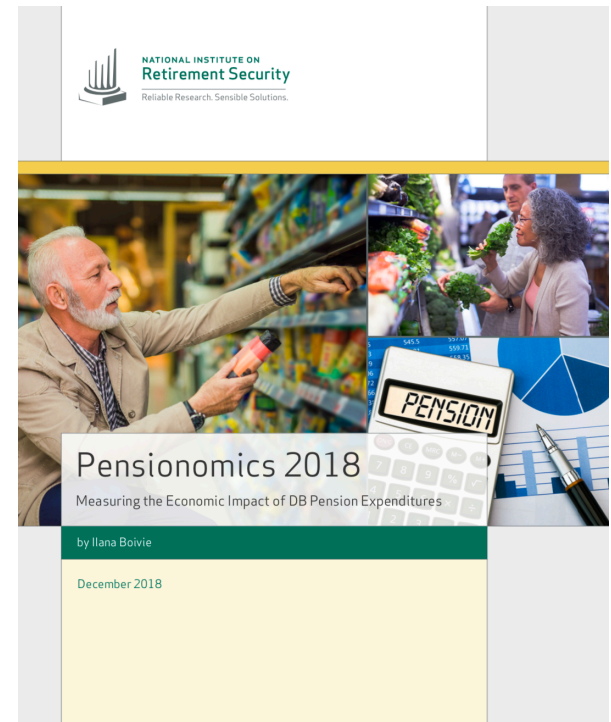
The largest employment impacts occurred in these industries:

- real estate
- food services
- health care
- retail trade



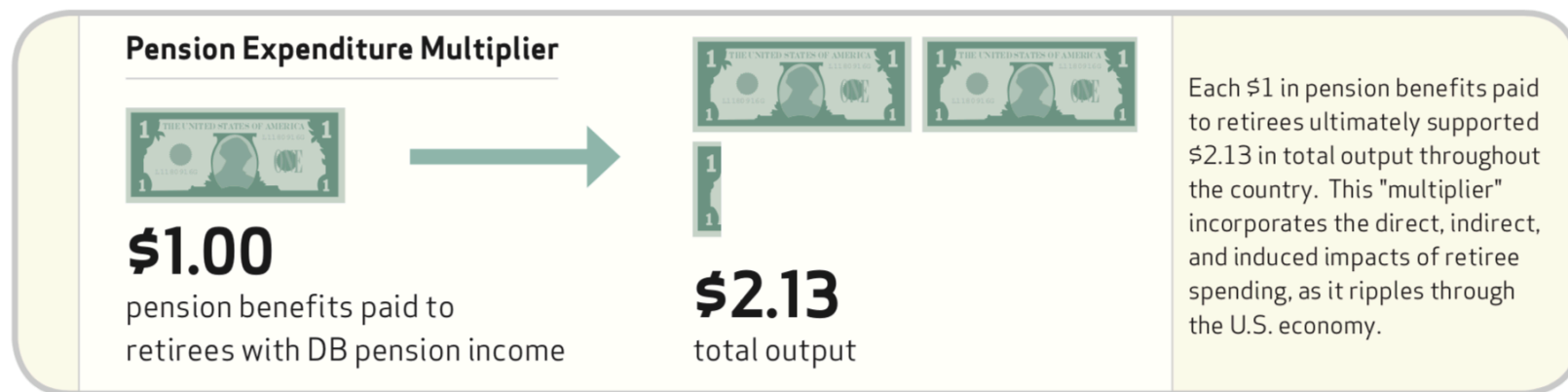
# For Comparison, Broader *2018 Pensionomics Study Found*

- In 2016, expenditures from public and private pension benefits supported:
  - **\$1.2 trillion** in economic output nationwide
  - **7.5 million jobs** that paid **\$386.7 billion** in income
  - **\$685 billion** in value added nationally
  - **\$202.6 billion** in federal, state, and local tax revenue



# Pensions Have a Multiplier Effect

For every dollar in pension benefits paid out in 2016, \$2.13 in total economic output was supported throughout the U.S.



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# Jobs, Labor Income Impacts of Multiemployer Pensions

**Table 2. Multiemployer DB Pensions Support 543,000 Jobs and \$28 Billion in Labor Income**

	<b>Jobs Supported</b>	<b>Labor Income Supported</b>
Direct Impact	246,324	\$11.3 billion
Indirect Impact	122,978	\$7.7 billion
Induced Impact	173,566	\$9.0 billion
<b>Total Impact</b>	<b>542,868</b>	<b>\$27.9 billion</b>

\* Totals may not add up exactly due to rounding.

# GDP Impacts of Multiemployer Pensions

**Table 3. Multiemployer DB Pensions Support \$89 Billion in Total Output and \$50 Billion in Value Added (GDP)**

	Total Output	Value Added
Direct Impact	\$35.7 billion	\$20.4 billion
Indirect Impact	\$24.9 billion	\$13.1 billion
Induced Impact	\$28.5 billion	\$15.9 billion
<b>Total Impact</b>	<b>\$89.0 billion</b>	<b>\$49.5 billion</b>

\* Totals may not add up exactly due to rounding.



# Tax Revenue of Multiemployer Pensions

**Table 4. Multiemployer DB Pensions Support \$14.7 Billion in Federal, State, and Local Tax Revenue**

	<b>Federal</b>	<b>State and Local</b>
Taxes paid by beneficiaries on their benefits	\$1.5 billion	\$1.7 billion
Tax revenue resulting from retiree expenditures	\$6.9 billion	\$4.6 billion
<b>Total Tax Revenue</b>	<b>\$8.4 billion</b>	<b>\$6.3 billion</b>

\* Totals may not add up exactly due to rounding.



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# Industries with Most Jobs Supported from Multiemployer Pension Expenditures

Industry	# Jobs Supported
Real estate	30,181
Full-service restaurants	20,961
Nursing and community care facilities	20,121
Limited-service restaurants	19,530
Hospitals	19,073
Wholesale trade	16,072
Retail - General merchandise stores	13,483
Retail - Food and beverage stores	12,752
Individual and family services	12,365
Offices of physicians	11,847



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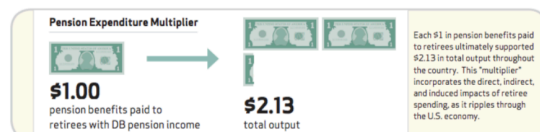
# Short Summary Also Available

## Pensionomics 2018: Measuring the Economic Impact of Multiemployer DB Pension Expenditures



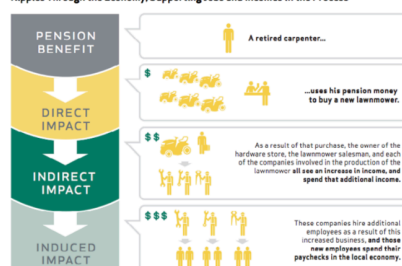
### Key Findings

Defined benefit (DB) pension plans not only provide a secure source of income for many retired Americans, they also contribute substantially to the national and local economies. Nationally, each dollar paid out in pension benefits supported \$2.13 in total economic output in 2016.



Our economy benefits from the spending from pension checks. When a retiree receives a pension benefit, s/he spends it on goods and services in the local community. These expenditures have a "ripple effect" in the economy, as one person's expenditures become another person's income.

#### The Multiplier Effect: How Spending by Retirees Covered by Multiemployer Plans Ripples Through the Economy, Supporting Jobs and Incomes in the Process



In 2016, \$41.8 billion in multiemployer plan benefits were paid to 3.5 million retired Americans covered by multiemployer plans. The average benefit paid to retirees covered by these plans was \$11,935 per year.

Expenditures made out of those pension payments collectively supported:

- Nearly 543,000 American jobs that paid nearly \$28 billion in labor income
- \$89 billion in total economic output nationwide
- \$50 billion in value added (GDP)
- \$14.7 billion in federal, state and local tax revenue

The largest employment impacts occurred in the real estate, food services, health care, and retail trade sectors.

Table 4. Multiemployer DB Pensions Support \$14.7 Billion in Federal, State, and Local Tax Revenue

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Table 5. Industries with the Most Jobs Supported from Multiemployer Pension Expenditures

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Retirees with DB pensions have less worry about economic conditions in contrast to other retirees who may be reluctant to spend out of their 401(k)-type accounts if their savings declines due to market downturns. DB pensions act as a stabilizer for middle-class families, as well as the broader economy, similar to Social Security.

NIRS' Pensionomics 2018 Issue Brief can be found at: <https://www.nirsonline.org/wp-content/uploads/2019/05/Multiemployer2018-Pensionomics21.pdf>

This research was made possible by a generous grant from The Retirement Research Foundation.



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# Methodology

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- The data used for analysis comes primarily from two sources: the U.S. Census and IMPLAN.
- Data on private pension benefits comes from the Census Bureau and Bureau of Labor Statistics' Current Population Survey Annual Social and Economic Supplement (CPS ASEC).
- Data on multiemployer pension benefits come from the authors' analysis of the IRS 5500 forms for 2016.
- To measure the economic impacts of retiree expenditures made out of benefits paid by pension plans, the input-output modeling software, IMPLAN, was used.
- Detailed information on the data and methodology and further discussion can be found in the Technical Appendix of *Pensionomics 2018*.



# What is IMPLAN

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- 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.



# Questions

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