

Pensionomics 2018:

Measuring the Economic Impact of Multiemployer DB Pension Expenditures

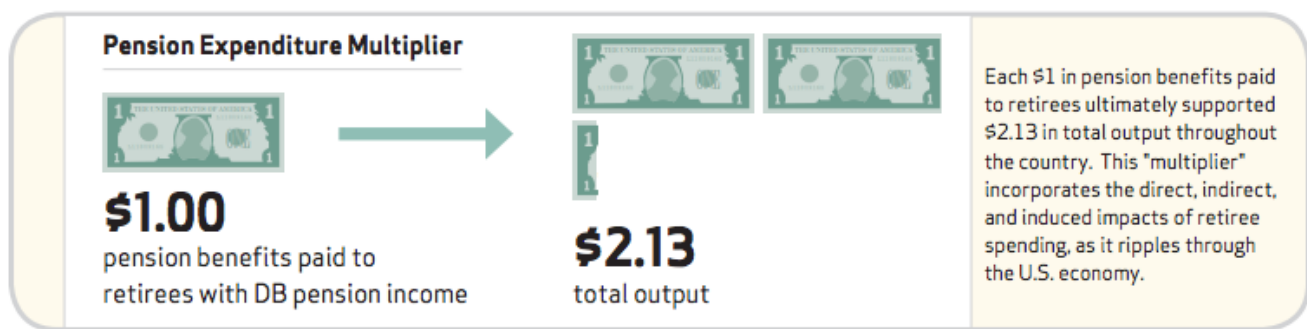


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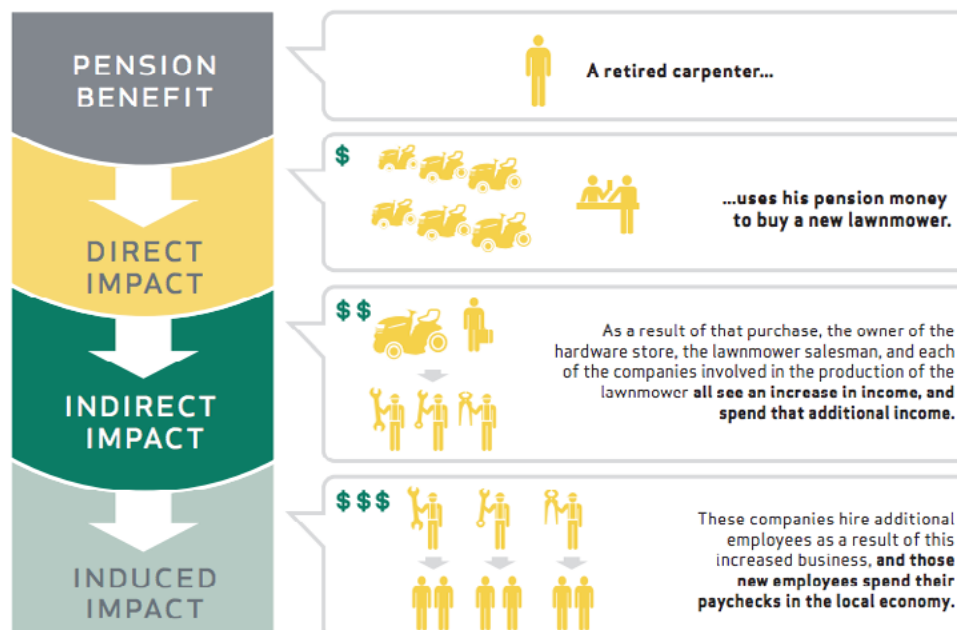
Key Findings

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

	Federal	State and Local
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
Total Tax Revenue	\$8.4 billion	\$6.3 billion

* Totals may not add up exactly due to rounding.

Table 5. Industries with the 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

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

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