

# VERMONT

## Key Findings

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

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 2018, expenditures stemming from state and local pensions supported...

- 4,280 jobs that paid \$208.6 million in wages and salaries
- \$670.3 million in total economic output
- \$133.0 million in federal, state, and local tax revenues

... in the state of Vermont.

Each dollar paid out in pension benefits supported \$1.28 in total economic activity in Vermont.

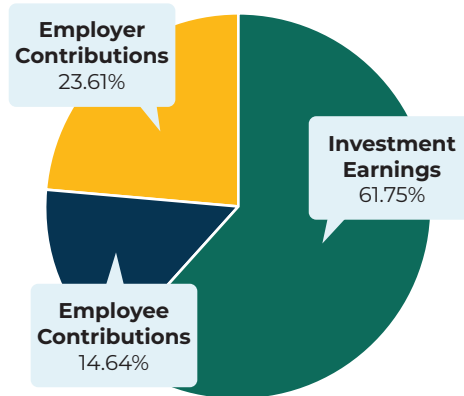
Each dollar "invested" by Vermont taxpayers in these pension plans supported \$5.41 in total economic activity in the state.

## Pensionomics 2021:

### Measuring the Economic Impact of DB Pension Expenditures

#### Overview

Expenditures made by retirees of state and local government provide a steady economic stimulus to Vermont communities and the state economy. In 2018, 26,354 residents of Vermont received a total of \$524.4 million in pension benefits from state and local pension plans.



The average pension benefit received was \$1,658 per month or \$19,900 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 2018, 23.61% of Vermont's pension fund receipts came from employer contributions, 14.64% from employee contributions, and 61.75% 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 4,280 jobs in the state. The total income to state residents supported by pension expenditures was \$208.6 million.

To put these employment impacts in perspective, in 2018 Vermont's unemployment rate was 2.5%. The fact that DB pension expenditures supported 4,280 jobs is significant, as it represents 1.36 percentage points in Vermont's labor force.

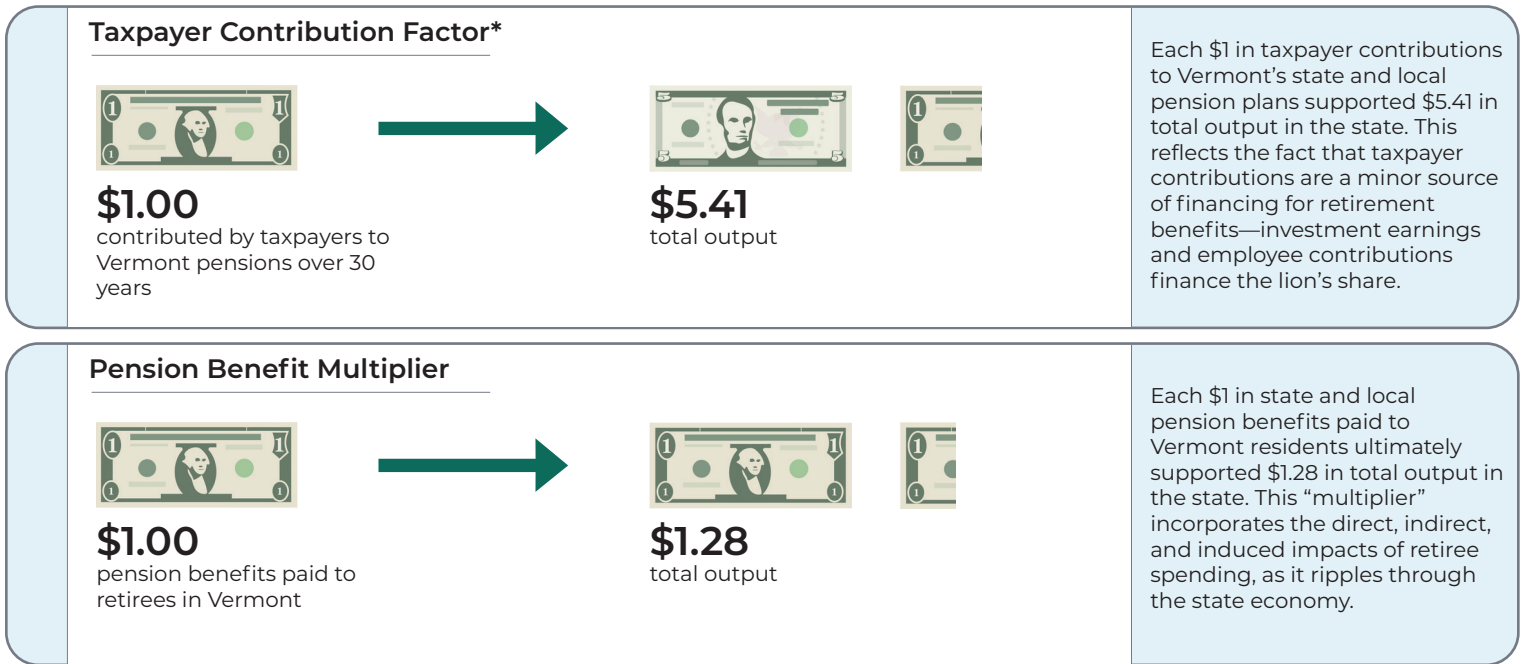
#### Economic Impact

State and local pension funds in Vermont and other states paid a total of \$524.4 million in benefits to Vermont residents in 2018. Retirees' expenditures from these benefits supported a total of \$670.3 million in total economic output in the state, and \$366.7 million in value added in the state.

\$324.9 million in direct economic impacts were supported by retirees' initial expenditures. An additional \$186.2 million in indirect impact resulted when these businesses purchased additional goods and services. \$159.1 million in induced impacts occurred when workers employed by businesses as a result of the direct and indirect impacts made expenditures.



## Economic Multipliers



\*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 Vermont residents supported a total of \$133.0 million in revenue to federal, state, and local governments. Taxes paid by retirees and beneficiaries directly out of pension payments totaled \$47.4 million. Taxes attributable to direct, indirect, and induced impacts accounted for \$85.7 million in tax revenue.

Federal Tax	\$60.2 million
State/Local Tax	\$72.8 million
<b>Total</b>	<b>\$133.0 million</b>

## Economic Impacts by Industry Sector

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

Industry	Employment Impact (# Jobs)	Labor Income Impact	Value Added Impact	Output Impact
Hospitals	265.70	\$21,619,229	\$24,987,208	\$47,256,611
Full-service restaurants	192.80	\$5,248,578	\$7,602,788	\$13,240,384
Limited-service restaurants	145.00	\$3,745,268	\$5,806,528	\$11,888,657
Individual and family services	134.30	\$3,603,844	\$3,210,127	\$5,046,953
Retail - Food and beverage stores	125.60	\$4,151,017	\$5,549,494	\$9,191,873
Offices of physicians	123.20	\$13,640,378	\$16,232,966	\$23,567,327
Other real estate	121.60	\$2,295,107	\$9,538,562	\$23,805,884
Nursing and community care facilities	109.20	\$5,305,780	\$5,763,103	\$9,500,845
Offices of other health practitioners	92.30	\$5,015,096	\$4,740,357	\$6,892,206
All other food and drinking places	79.30	\$2,625,079	\$4,054,970	\$5,820,189

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.