

SOUTH DAKOTA

Key Findings

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

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 2020, expenditures stemming from state and local pensions supported...

5,087 jobs that paid \$268.4 million in wages and salaries

\$827.8 million in total economic output

\$88.4 million in federal, state, and local tax revenues

... in the state of South Dakota.

Each dollar paid out in pension benefits supported \$1.30 in total economic activity in South Dakota.

Each dollar "invested" by South Dakota taxpayers in these pension plans supported \$10.62 in total economic activity in the state.

Pensionomics 2023:

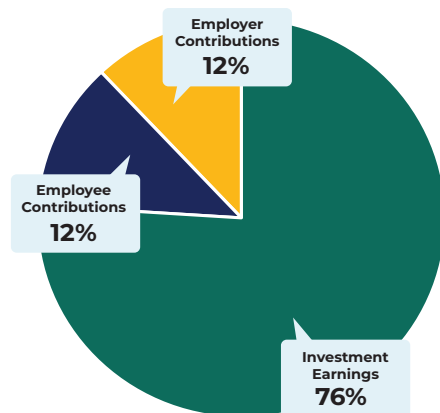
Measuring the Economic Impact of DB Pension Expenditures



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Overview

Expenditures made by retirees of state and local government provide a steady economic stimulus to South Dakota communities and the state economy. In 2020, 31,026 residents of South Dakota received a total of \$635.9 million in pension benefits from state and local pension plans.



The average pension benefit received was \$1,708 per month or \$20,495 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 2020, 12% of South Dakota's pension fund receipts came from employer contributions, 12% from employee contributions, and 76% 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 5,087 jobs in the state. The total income to state residents supported by pension expenditures was \$268.4 million.

To put these employment impacts in perspective, in 2020 South Dakota's unemployment rate was 4.3%. The fact that DB pension expenditures supported 5,087 jobs is significant, as it represents 1.1 percentage points in South Dakota's labor force.

Economic Impact

State and local pension funds in South Dakota and other states paid a total of \$635.9 million in benefits to South Dakota residents in 2020. Retirees' expenditures from these benefits supported a total of \$827.8 million in total economic output in the state, and \$470.0 million in value added in the state.

Impact on Tax Revenues

State and local pension payments made to South Dakota residents supported a total of \$88.4 million in revenue to federal, state, and local governments. Taxes paid by retirees and beneficiaries directly out of pension payments totaled \$7.0 million. Taxes attributable to pension expenditures in the local economy accounted for \$81.4 million in tax revenue.

Federal Tax	\$24.7 million
State/Local Tax	\$63.7 million
Total	\$88.4 million

Occupation Category	Wage and Salary Employment	Wage and Salary Income	Supplements to Wages and Salaries	Employee Compensation
Food Preparation and Serving Related Occupations	573	\$10,746,993	\$1,930,647	\$12,677,640
Sales and Related Occupations	493	\$16,966,193	\$3,200,353	\$20,166,547
Healthcare Practitioners and Technical Occupations	488	\$46,741,094	\$10,174,082	\$56,915,177
Office and Administrative Support Occupations	477	\$20,284,180	\$4,166,937	\$24,451,118
Transportation and Material Moving Occupations	278	\$10,043,296	\$2,030,993	\$12,074,290