GEORGIA

Pensionomics 2023:

NATIONAL INSTITUTE ON Retirement Security Reliable Research, Sensible Solutions.

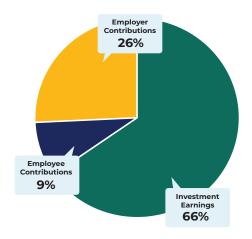
Measuring the Economic Impact of DB Pension Expenditures

Overview

Expenditures made by retirees of state and local government provide a steady economic stimulus to Georgia communities and the state economy. In 2020, 276,666 residents of Georgia received a total of \$10.0 billion in pension benefits from state and local pension plans.

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

Key Findings



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.

The average pension benefit received was \$3,015 per month or \$36,179 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.

In 2020, expenditures stemming from state and local pensions supported... Between 1993 and 2020, 26% of Georgia's pension fund receipts came from employer contributions, 9% from employee contributions, and 66% from investment earnings.* Earnings on investments and employee contributions—not taxpayer based contributions—have historically made up the bulk of pension fund receipts.

85,673 jobs that paid \$4.3 billion in wages and salaries

Impact on Jobs and Incomes

\$13.9 billion in total economic output

Retiree expenditures stemming from state and local pension plan benefits supported 85,673 jobs in the state. The total income to state residents supported by pension expenditures was \$4.3 billion.

\$1.5 billion in federal, state, and local tax revenues

To put these employment impacts in perspective, in 2020 Georgia's unemployment rate was 6.5%. The fact that DB pension expenditures supported 85,673 jobs is significant, as it represents 1.7 percentage points in Georgia's labor force.

... in the state of Georgia.

Economic Impact

Each dollar paid out in pension benefits supported \$1.39 in total economic activity in Georgia.

State and local pension funds in Georgia and other states paid a total of \$10.0 billion in benefits to Georgia residents in 2020. Retirees' expenditures from these benefits supported a total of \$13.9 billion in total economic output in the state, and \$8.2 billion in value added in the state.

Each dollar "invested" by Georgia taxpayers in these pension plans supported \$5.44 in total economic activity in the state.

Impact on Tax Revenues

State and local pension payments made to Georgia residents supported a total of \$1.5 billion in revenue to federal, state, and local governments. Taxes paid by retirees and beneficiaries directly out of pension payments totaled \$100.0 million. Taxes attributable to pension expenditures in the local economy accounted for \$1.4 billion in tax revenue.

Federal Tax	\$658.2 million		
State/Local Tax	\$887.9 million		
Total	\$1.5 billion		

Economic Multipliers

Pension Benefit Multiplier



\$1.00 pension benefits paid to retirees in Georgia



\$1.39 total output



Each \$1 in state and local pension benefits paid to Georgia residents ultimately supported \$1.39 in total output in the state. This "multiplier" incorporates multiple rounds of impacts of retiree spending, as each purchase ripples through the state economy.

Taxpayer Investment Factor









Each \$1 in taxpayer contributions to Georgia's state and local pension plans supported \$5.44 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.

Economic Impacts by Industry Sector

The economic impact of state and local pension benefits was broadly felt across various industry sectors in Georgia. The five industry sectors with the largest employment impacts are presented in the table to the side.

Industry	Employment Impact (# Jobs)
Limited-service restaurants	5,508
Hospitals	4,892
Full-service restaurants	3,697
Offices of physicians	3,020
Other real estate	2,855

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.

Economic Impacts by Occupation Category

The pension benefits in Georgia supported jobs in every civilian job category, as shown in the table below.

Occupation Category	Wage and Salary Employment	Wage and Salary Income	Supplements to Wages and Salaries	Employee Compensation
Food Preparation and Serving Related Occupations	9,490	\$189,466,389	\$33,437,928	\$222,904,317
Sales and Related Occupations	8,580	\$343,410,326	\$63,549,681	\$406,960,007
Office and Administrative Support Occupations	7,631	\$363,556,466	\$71,736,184	\$435,292,651
Transportation and Material Moving Occupations	5,929	\$237,334,696	\$48,187,356	\$285,522,053
Healthcare Practitioners and Technical Occupations	5,775	\$511,960,212	\$109,823,268	\$621,783,481

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