

HAWAII

Key Findings

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

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...

11,604 jobs that paid \$656.0 million in wages and salaries

\$2.1 billion in total economic output

\$277.0 million in federal, state, and local tax revenues

... in the state of Hawaii.

Each dollar paid out in pension benefits supported \$1.35 in total economic activity in Hawaii.

Each dollar "invested" by Hawaii taxpayers in these pension plans supported \$4.08 in total economic activity in the state.

Pensionomics 2023:

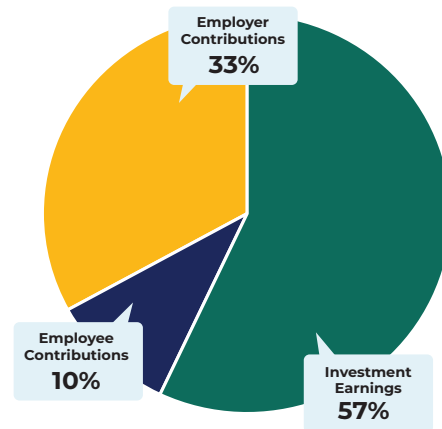
Measuring the Economic Impact of DB Pension Expenditures



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Overview

Expenditures made by retirees of state and local government provide a steady economic stimulus to Hawaii communities and the state economy. In 2020, 51,153 residents of Hawaii received a total of \$1.5 billion in pension benefits from state and local pension plans.



The average pension benefit received was \$2,518 per month or \$30,215 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, 33% of Hawaii's pension fund receipts came from employer contributions, 10% from employee contributions, and 57% 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 11,604 jobs in the state. The total income to state residents supported by pension expenditures was \$656 million.

To put these employment impacts in perspective, in 2020 Hawaii's unemployment rate was 12%. The fact that DB pension expenditures supported 11,604 jobs is significant, as it represents 1.8% percentage points in Hawaii's labor force.

Economic Impact

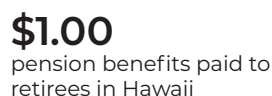
State and local pension funds in Hawaii and other states paid a total of \$1.5 billion in benefits to Hawaii residents in 2020. Retirees' expenditures from these benefits supported a total of \$2.1 billion in total economic output in the state, and \$1.3 billion in value added in the state.

Impact on Tax Revenues

State and local pension payments made to Hawaii residents supported a total of \$277.0 million in revenue to federal, state, and local governments. Taxes paid by retirees and beneficiaries directly out of pension payments totaled \$19.1 million. Taxes attributable to pension expenditures in the local economy accounted for \$257.9 million in tax revenue.

Federal Tax	\$60.3 million
State/Local Tax	\$216.7 million
Total	\$277 million

Pension Benefit Multiplier



\$1.35
total output

Each \$1 in state and local pension benefits paid to Hawaii residents ultimately supported \$1.35 in total output in the state. This “multiplier” incorporates multiple rounds of impacts of retiree spending, as each purchase ripples through the state economy.

\$1.00
contributed by taxpayers to
Hawaii pensions over 30
years



\$4.08
total output

Each \$1 in taxpayer contributions to Hawaii's state and local pension plans supported \$4.08 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 Hawaii. The five industry sectors with the largest employment impacts are presented in the table to the side.

Industry	Employment Impact (# Jobs)
Limited-service restaurants	649
Hospitals	623
Full-service restaurants	387
Other real estate	385
Offices of physicians	376

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 Hawaii 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	1,125	\$27,966,207	\$5,045,838	\$33,012,045
Sales and Related Occupations	1,113	\$45,364,821	\$8,607,581	\$53,972,402
Office and Administrative Support Occupations	1,041	\$51,229,153	\$10,421,685	\$61,650,838
Healthcare Practitioners and Technical Occupations	808	\$88,456,680	\$19,038,739	\$107,495,420
Transportation and Material Moving Occupations	732	\$31,450,155	\$6,758,117	\$38,208,272