

ARKANSAS

Key Findings

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

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...

- 17,883 jobs that paid \$792.7 million in wages and salaries
- \$2.9 billion in total economic output
- \$447.4 million in federal, state, and local tax revenues

... in the state of Arkansas.

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

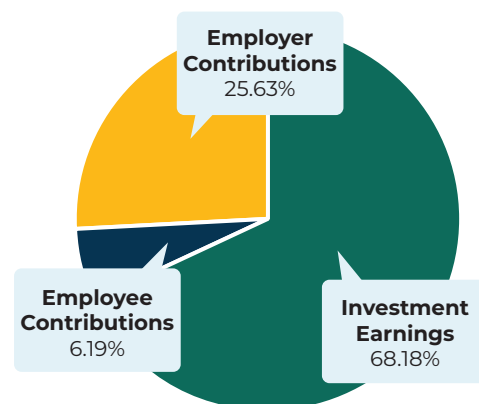
Each dollar "invested" by Arkansas taxpayers in these pension plans supported \$5.25 in total economic activity in the state.

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 Arkansas communities and the state economy. In 2018, 107,326 residents of Arkansas received a total of \$2.1 billion in pension benefits from state and local pension plans.



The average pension benefit received was \$1,645 per month or \$19,742 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, 25.63% of Arkansas's pension fund receipts came from employer contributions, 6.19% from employee contributions, and 68.18% 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 17,883 jobs in the state. The total income to state residents supported by pension expenditures was \$792.7 million.

To put these employment impacts in perspective, in 2018 Arkansas's unemployment rate was 3.6%. The fact that DB pension expenditures supported 17,883 jobs is significant, as it represents 1.42 percentage points in Arkansas's labor force.

Economic Impact

State and local pension funds in Arkansas and other states paid a total of \$2.1 billion in benefits to Arkansas residents in 2018. Retirees' expenditures from these benefits supported a total of \$2.9 billion in total economic output in the state, and \$1.5 billion in value added in the state.

\$1.3 billion in direct economic impacts were supported by retirees' initial expenditures. An additional \$925.0 million in indirect impact resulted when these businesses purchased additional goods and services. \$597.7 million in induced impacts occurred when workers employed by businesses as a result of the direct and indirect impacts made expenditures.



Economic Multipliers

