

SOUTH CAROLINA

Key Findings

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

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...

- 35,307 jobs that paid \$1.5 billion in wages and salaries
- \$5.3 billion in total economic output
- \$964.5 million in federal, state, and local tax revenues

... in the state of South Carolina.

Each dollar paid out in pension benefits supported \$1.31 in total economic activity in South Carolina.

Each dollar "invested" by South Carolina taxpayers in these pension plans supported \$4.86 in total economic activity in the state.

Pensionomics 2021:

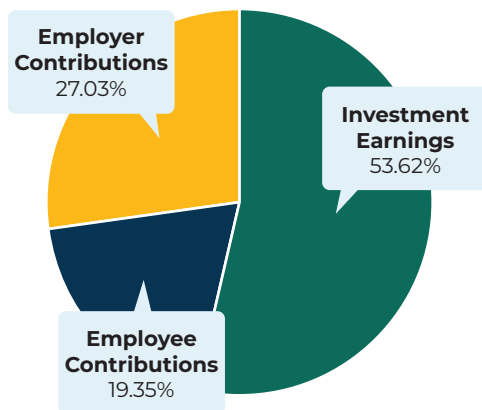
Measuring the Economic Impact of DB Pension Expenditures



NATIONAL INSTITUTE ON
Retirement Security
Reliable Research. Sensible Solutions.

Overview

Expenditures made by retirees of state and local government provide a steady economic stimulus to South Carolina communities and the state economy. In 2018, 172,131 residents of South Carolina received a total of \$4.1 billion in pension benefits from state and local pension plans.



The average pension benefit received was \$1,969 per month or \$23,627 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, 27.03% of South Carolina's pension fund receipts came from employer contributions, 19.35% from employee contributions, and 53.62% 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 35,307 jobs in the state. The total income to state residents supported by pension expenditures was \$1.5 billion.

To put these employment impacts in perspective, in 2018 South Carolina's unemployment rate was 3.5%. The fact that DB pension expenditures supported 35,307 jobs is significant, as it represents 1.65 percentage points in South Carolina's labor force.

Economic Impact

State and local pension funds in South Carolina and other states paid a total of \$4.1 billion in benefits to South Carolina residents in 2018. Retirees' expenditures from these benefits supported a total of \$5.3 billion in total economic output in the state, and \$2.8 billion in value added in the state.

\$2.5 billion in direct economic impacts were supported by retirees' initial expenditures. An additional \$1.7 billion in indirect impact resulted when these businesses purchased additional goods and services. \$1.1 billion in induced impacts occurred when workers employed by businesses as a result of the direct and indirect impacts made expenditures.

Total Economic Impact **\$5.3 billion**

DIRECT IMPACT
\$2.5 billion

INDIRECT IMPACT
\$1.7 billion

INDUCED IMPACT
\$1.1 billion

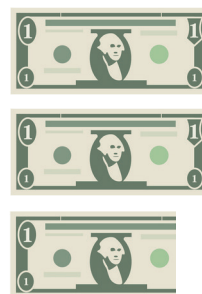
Taxpayer Contribution Factor*



contributed by taxpayers to South Carolina pensions over 30 years



\$4.86
total output



Each \$1 in taxpayer contributions to South Carolina's state and local pension plans supported \$4.86 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.

\$1.00

pension benefits paid to retirees in South Carolina



\$1.31
total output



Each \$1 in state and local pension benefits paid to South Carolina residents ultimately supported \$1.31 in total output in the state. This “multiplier” incorporates the direct, indirect, and induced impacts of retiree spending, as it ripples through the state economy.

Impact on Tax Revenues

State and local pension payments made to South Carolina residents supported a total of \$964.5 million in revenue to federal, state, and local governments. Taxes paid by retirees and beneficiaries directly out of pension payments totaled \$346.9 million. Taxes attributable to direct, indirect, and induced impacts accounted for \$617.6 million in tax revenue.

Federal Tax	\$460.4 million
State/Local Tax	\$504.1 million
Total	\$964.5 million

The economic impact of state and local pension benefits was broadly felt across various industry sectors in South Carolina. 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
Limited-service restaurants	2,198.70	\$41,424,512	\$65,653,765	\$157,508,638
Full-service restaurants	1,964.90	\$44,206,404	\$64,754,493	\$122,007,313
Offices of physicians	1,154.00	\$121,848,872	\$145,830,824	\$214,570,194
Other real estate	1,134.40	\$26,677,886	\$73,540,122	\$206,738,107
Retail - General merchandise stores	1,086.20	\$31,656,912	\$46,273,127	\$76,039,405
Hospitals	1,061.40	\$74,353,326	\$91,989,085	\$180,967,569
Retail - Food and beverage stores	1,033.00	\$29,672,932	\$43,360,826	\$73,320,802
Nursing and community care facilities	781.90	\$29,115,086	\$35,279,518	\$62,002,444
All other food and drinking places	709.70	\$19,915,917	\$28,096,223	\$43,752,189
Retail - Miscellaneous store retailers	618.30	\$11,834,936	\$14,960,527	\$26,593,869

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.