

**Economic Impact Study
Oregon Public Employees Retirement System (PERS)**

April 2009



Oregon PERS covers approximately 95 percent of public workers in Oregon including all state and school district employees and most local government employees.



ECONOMIC BENEFITS OF PERS

PERS benefit payments have a significant, positive impact on Oregon's economy.

\$2.5 billion in annual benefit payments to PERS retirees living in Oregon provides \$3.3 billion in total value to Oregon's economy.

PERS benefit payments support an estimated 30,678 Oregon jobs.

Of the jobs supported, PERS benefit payments add approximately \$900 million in wages to Oregon's economy.**

The state of Oregon collects an estimated \$110 million annually in taxes from PERS retiree benefit payments.

Purpose of Study

Oregon PERS paid nearly \$2.5 billion* in benefits to PERS retirees living in Oregon in 2008.

Funding for these benefits came mostly from investment earnings on contributions previously paid by members and public employers. These retirees spent a significant portion of this money on goods and services in Oregon, which helped support local businesses. These businesses then purchased goods, in part, from other local vendors adding to the Oregon workforce and economy.

This study quantifies the total effect of these benefit payments on Oregon's economy based on the following measures:

- Economic value of PERS benefits to Oregon,
- Jobs created and related wages, and
- Tax receipts.

Study Findings

PERS benefits paid to Oregon retirees have a significant impact on Oregon's economy. The \$2.5 billion in annual benefit payments multiply to \$3.3 billion in economic value to Oregon when the full financial impact of these dollars spent in local communities is considered.

These benefit payments sustain an estimated 30,678 Oregon jobs, and add approximately \$900 million** in wages to Oregon's economy.

Additionally, the state of Oregon collected an estimated \$110 million in income taxes on PERS retiree benefits during 2008.

Investment income has provided 67 percent of total pension revenues since 1970. Member contributions equaled 8 percent, with employer contributions providing 25 percent of pension revenues over the past 39 years.

* Additional benefit payments of \$46 million from the Individual Account Program (IAP) were not used in this study.

** The \$900 million in wages is included as a component of the \$3.3 billion in economic activity.

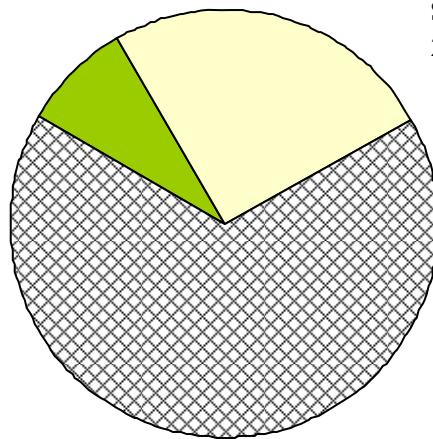
Summary of Findings for 2008

- PERS benefits paid to Oregonians: \$2,460 million
- Total increase in Oregon economic output: \$3,265 million
- Oregon jobs supported: 30,678
- Wages of Oregon jobs supported: \$900 million
- Taxes paid by PERS retirees in Oregon: \$110 million
- Benefit funding sources (since 1970)
 - Investment income: 67 percent
 - Member contributions: 8 percent
 - Employer (taxpayer) contributions: 25 percent

Oregon PERS Revenue by Source (1970-2008)*

**MEMBER
CONTRIBUTIONS
\$6,364M
8%**

**EMPLOYER
CONTRIBUTIONS
\$19,188M
25%**



**INVESTMENT
INCOME
\$50,681M
67%**

*** Oregon PERS Comprehensive
Annual Financial Reports**

2008 Benefit Payments by Oregon County

County	Benefit Recipients	2008 Benefit Payments	Average 2008 Payment	% of Total*
Baker	713	\$14,560,121	\$20,421	0.59%
Benton	3,278	\$97,309,349	\$29,686	3.95%
Clackamas	9,656	\$259,218,324	\$26,845	10.53%
Clatsop	1,132	\$26,783,200	\$23,660	1.09%
Columbia	1,640	\$42,397,063	\$25,852	1.72%
Coos	2,094	\$46,405,629	\$22,161	1.89%
Crook	638	\$14,091,171	\$22,086	0.57%
Curry	512	\$10,094,496	\$19,716	0.41%
Deschutes	3,878	\$97,733,770	\$25,202	3.97%
Douglas	3,021	\$66,036,163	\$21,859	2.68%
Gilliam	76	\$1,455,129	\$19,146	0.06%
Grant	297	\$6,232,691	\$20,985	0.25%
Harney	277	\$5,247,268	\$18,943	0.21%
Hood River	517	\$11,107,143	\$21,484	0.45%
Jackson	4,252	\$100,641,271	\$23,669	4.09%
Jefferson	454	\$9,998,698	\$22,024	0.41%
Josephine	1,662	\$35,586,888	\$21,412	1.45%
Klamath	1,546	\$34,022,156	\$22,007	1.38%
Lake	270	\$4,746,785	\$17,581	0.19%
Lane	10,393	\$273,266,220	\$26,293	11.10%
Lincoln	1,473	\$33,374,552	\$22,658	1.36%
Linn	3,614	\$78,517,368	\$21,726	3.19%
Malheur	797	\$18,770,299	\$23,551	0.76%
Marion	14,187	\$373,199,867	\$26,306	15.16%
Morrow	218	\$3,661,324	\$16,795	0.15%
Multnomah	13,845	\$353,782,893	\$25,553	14.38%
Polk	1,896	\$46,106,951	\$24,318	1.87%
Sherman	68	\$1,060,812	\$15,600	0.04%
Tillamook	898	\$22,562,209	\$25,125	0.92%
Umatilla	1,952	\$43,344,971	\$22,205	1.76%
Union	873	\$20,402,331	\$23,370	0.83%
Wallowa	307	\$7,209,503	\$23,484	0.29%
Wasco	772	\$16,711,384	\$21,647	0.68%
Washington	9,192	\$234,760,077	\$25,540	9.54%
Wheeler	67	\$1,197,259	\$17,870	0.05%
Yamhill	2,129	\$49,368,759	\$23,189	2.01%
Total	98,594	\$2,460,964,095	\$24,961	100.00%

*Percent of total 2008 benefits paid per county.

Methods

- This study is based upon economic multipliers provided by the U.S. Department of Commerce’s Bureau of Economic Analysis (BEA). The multipliers come from BEA’s Regional Input-Output Modeling System.
 - Region: Oregon
 - Industry: Households

- The BEA’s multipliers are designed so they can be multiplied by the annual benefit payments made to PERS retirees living in the state of Oregon. The values for total change in economic output, jobs supported, and related wages is based upon each county’s proportion of benefit payments to the total.

The Oregon Department of Revenue provided the average tax rate paid on retiree benefits for the most recent year available (2006).

Pension revenues were summarized from Oregon PERS’ audited annual financial statements.

Calculation Detail

Multiplier	Impact on Oregon’s Economy
<p>Total output Measure of the overall estimated increase in economic activity resulting from PERS benefit payments. - Multiplier: 1.3268 per benefit dollar</p>	<p>Total benefit payments x total output multiplier $\\$2,460,964,095 \times 1.3268 = \mathbf{\\$3,265,207,161}$</p>
<p>Jobs Supported Estimated number of Oregon jobs supported by PERS benefit payments. - Multiplier: 12.4708 jobs per \$1 million in benefit payments</p>	<p>(Total benefit payments /1 million) x jobs created multiplier $\\$2,460,964,095/1,000,000 \sim 2,460$ $2,460 \times 12.4708 = \mathbf{30,678 \text{ jobs}}$</p>
<p>Supported Job Wages Estimated wages earned by workers in jobs supported by PERS benefit payments. - Multiplier: 0.3659 per benefit dollar</p>	<p>Total benefit payments x additional earnings multiplier $\\$2,460,964,095 \times 0.3659 = \mathbf{\\$900,466,726}$</p>
<p>Oregon taxes paid Oregon income tax revenue from PERS benefits paid to state residents. Average rate: 0.045 (4.50 percent) per benefit dollar</p>	<p>Total benefit payments x percent of average retirement benefit income tax rate $\\$2,460,964,095 \times 0.045 = \mathbf{\\$110,473,384}$</p>

Oregon Public Employees Retirement System

11410 SW 68th Parkway

Tigard, OR 97223

503-598-7377 or toll free 888-320-7377

<http://oregon.gov/PERS>