

2016



**ECONOMIC
IMPACT STUDY**





IMRF Helps Illinois

Benefit payments positively impact economies across the state.
Retirees' pension payments support their local communities.





IMRF Helps Illinois

IMRF serves approximately 3,000 units of local government and about 400,000 active, inactive, and retired municipal employees. IMRF members provide vital community services including educational support, road maintenance, and public safety.

The economic impact of IMRF reaches far beyond just those municipal workers who are earning or have earned retirement benefits in the system. After all, IMRF retirees are also consumers and taxpayers.

In 2016, IMRF paid \$1.6 billion to retirees in Illinois. Those benefit payments ripple through the economy as retirees spend those payments in their local communities, creating income for other households, firms, and even various levels of government.

The income received by these households, firms, and governments is, in turn, spent, thus creating additional income effects for other households and firms. Each successive “round” of spending creates additional economic impacts which can be estimated.

This study measures the economic “footprint” of pension benefits paid by IMRF in the state’s economy. Using an input-output model, it analyzes how pension payments made by IMRF to retirees ripple throughout the state.



Pension Payments

Positively impacting every county in Illinois

The secure income provided to IMRF retirees is recycled in local economies, as a stable source of revenue for local businesses and various levels of government.

Public pension plans like IMRF must be recognized for the important role they play in the state's financial health.

Retired workers avoid becoming dependent on public assistance, and spend their benefit payments in their local communities. Those payments ripple through the economy, creating income for our neighbors, statewide.





Quick Facts

In 2016, IMRF paid **\$1.6 billion to retirees** in Illinois. Statewide, IMRF pension benefits helped create more than **16,843 jobs** and supported **\$645.2 million in additional salaries**. These pension benefits also supported the generation of approximately **\$2.34 billion in total output**.



86%
OF IMRF RETIREES
LIVE IN ILLINOIS



\$1.60
BILLION
OF PENSION IS PAID
TO RETIREES IN 2016



RETIREES
SPEND MONEY
GENERATING JOBS AND INCOME



16,843
JOBS CREATED



\$645.2 MILLION
IN ADDITIONAL EARNINGS



\$2.34 BILLION
IN TOTAL ECONOMIC OUTPUT



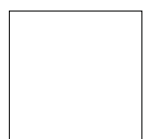
\$1.38 BILLION
ADDED TO ILLINOIS GDP



County Counts

IMRF's 2016 benefit payments

\$ in millions



\$0-\$2.0 million



\$2.1-\$5.0 million



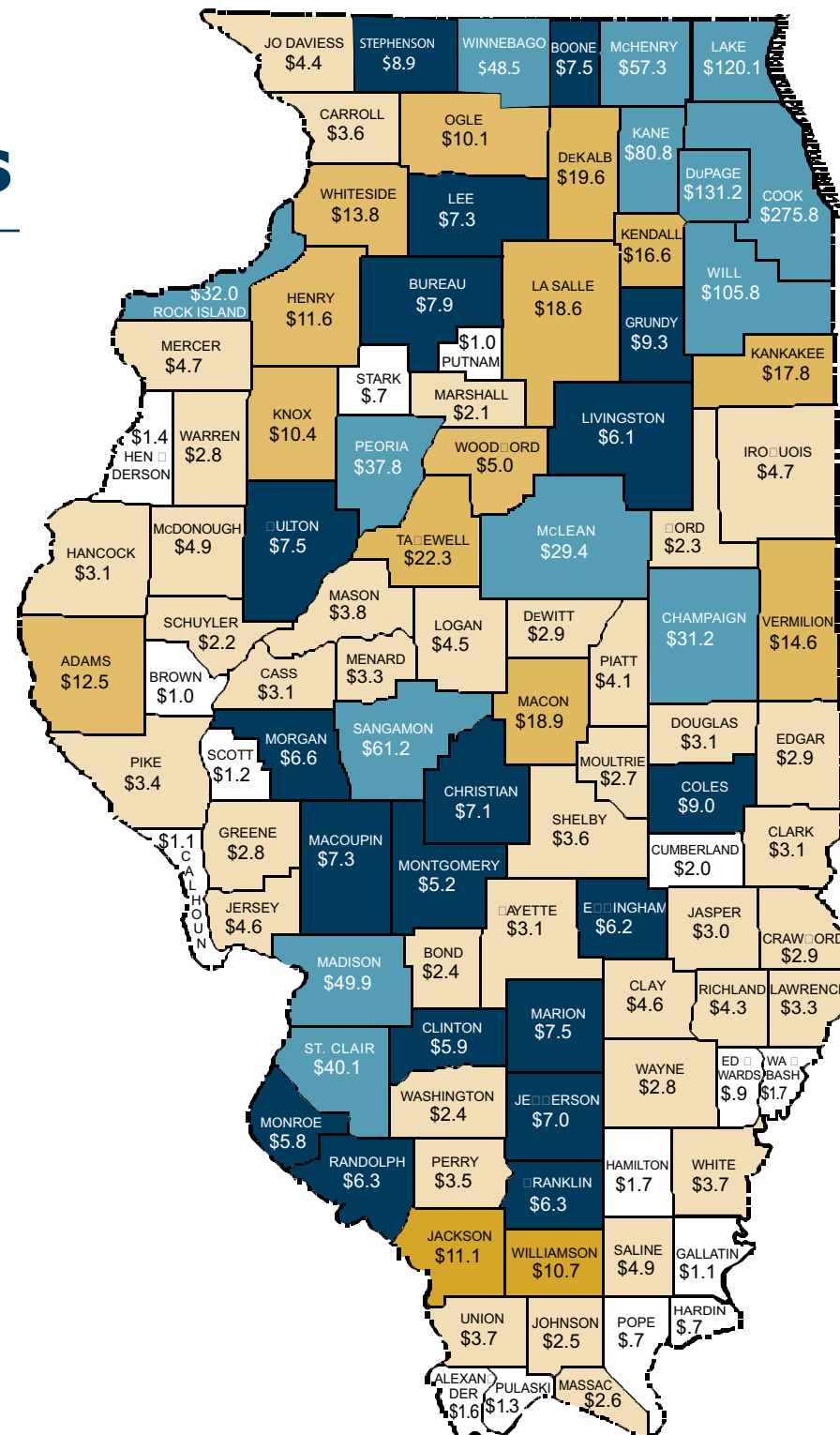
\$5.1-\$10.0 million



\$10.1-\$20.0 million



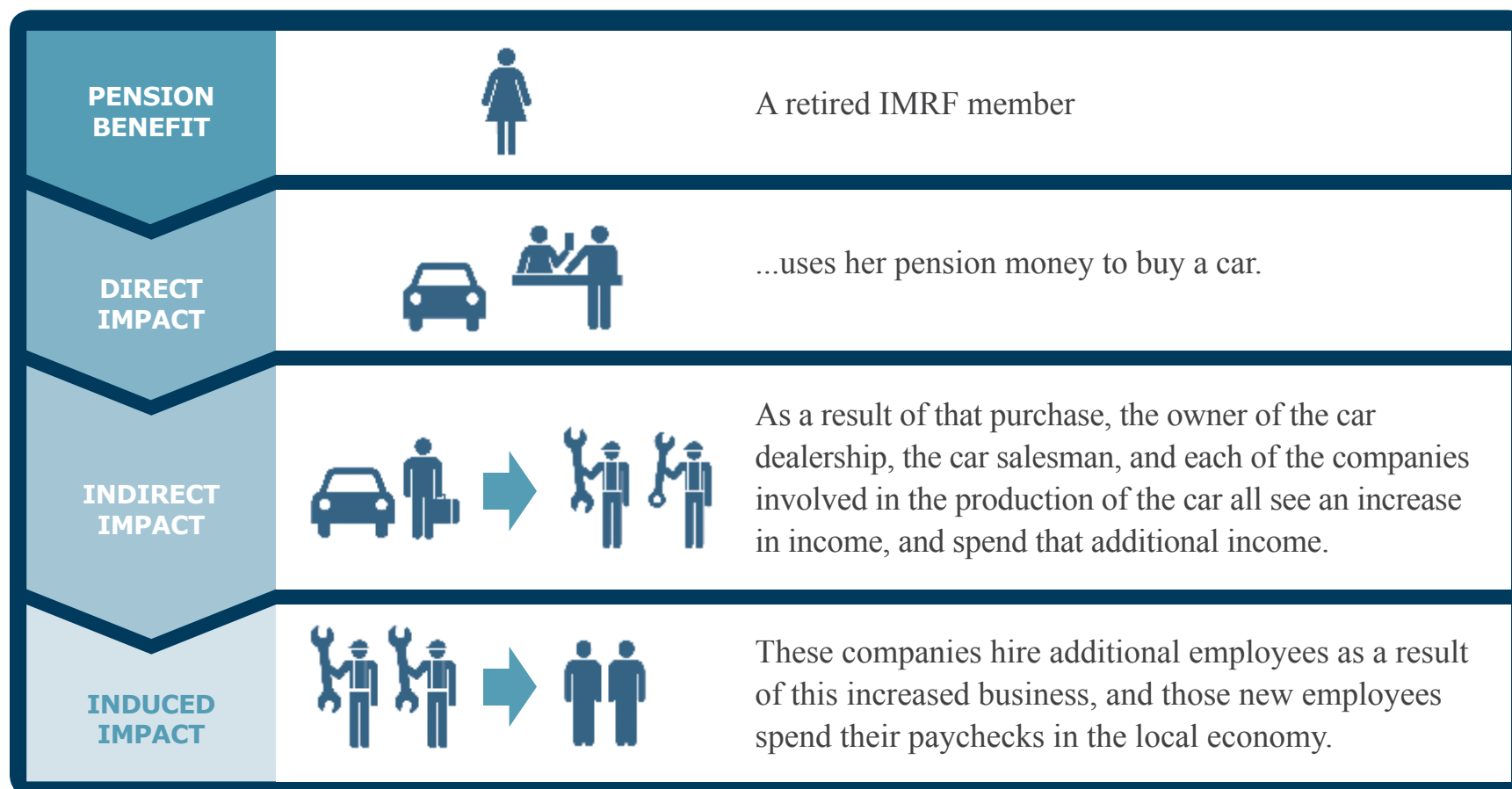
\$20.1 million+





The Multiplier Effect

How spending ripples through the economy, supporting jobs and incomes in the process



from the National Institute on Retirement Security study: *Pensionomics: Measuring the Economic Impact of State and Local Pension Plans*



Impact: Multiplied

IMRF payments make a positive impact on the Illinois economy.

The economic multipliers used in this report are from the Bureau of Economic Analysis, U.S. Department of Commerce.

- Region: Illinois
- Industry: Households





Value added: \$1.38 Billion

The definition of “value added” equals the amount added to the Illinois Gross Domestic Product (total value of new goods and services produced within Illinois borders) which is due to IMRF benefit payments.

The “value added” amount is based on IMRF benefit payments times the Value Added Multiplier of 0.8611.



Total output: \$2.34 Billion

The definition of “economic activity” includes:

- IMRF benefit payments
- All additional economic activity in Illinois generated by those payments

Total output is based on IMRF benefit payments, times the U.S. Bureau of Economic Analysis Total Output Multiplier of 1.4628.

IMRF’s total output exceeds the value of coal mined in Illinois (almost \$1 billion).

(Source: Illinois Department of Commerce and Economic Opportunity)



Earnings: \$645.2 Million

The definition of “earnings” includes additional salaries earned by persons employed in Illinois jobs that are due to IMRF benefit payments.

Earnings are also based on IMRF benefit payments, times the U.S. Bureau of Economic Analysis Earnings Multiplier of 0.4033.

- The average annual salary for new jobs equals \$34,865 (full-time).
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Jobs created: 16,843

The definition of “jobs created” means additional Illinois jobs that are due to IMRF benefit payments.

The “jobs created” figure is based on IMRF benefit payments in millions of dollars times the U.S. Bureau of Economic Analysis Jobs Multiplier of 10.5272.

The number of jobs created is greater than the number of persons employed by:

- McDonald’s: 9,000 (in IL)
- Allstate Insurance Company: 10,000 (in IL)

(Source: Illinois Department of Employment Security, Dun & Bradstreet)

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Locally funded, financially sound.