

JUST THE FACTS: *The Economic Impact of Nevada PERS*

Overview

In 1947, the Nevada Public Employees Retirement System was created by the state legislature to ensure Nevada can recruit, retain, and retire a qualified workforce to provide essential taxpayer services – policing the streets, fighting fires, and educating children. The system serves more than 220,000 Nevada workers and retirees.

The retirement system is particularly important because Nevada’s public workers are not eligible for Social Security. The system is pre-funded and employees regularly contribute a portion of their wages to PERS. This shared responsibility and advanced funding model mean investment earnings and employees do much of the work to finance the benefits rather than Nevada taxpayers. In 2007, investments and employee contributions accounted for more than 80% of system revenues.

But Nevada PERS does more than provide fiscally responsible retirement benefits. It creates an economic “multiplier effect” that stimulates Nevada’s economy and supports job creation. How? Each month, retirees spend their retirement income across the state to buy everything from food to clothing to cars to medicine. When retirees purchase goods and services, Nevada businesses benefit. These businesses then can spend and create jobs for households across the state.

This stimulus is particularly important today as Nevada and the nation face a severe economic downturn. Nevada’s retired public servants know they have a stable monthly income and can continue spending on basic needs during these tough times. In the end, this benefits all Nevadans.

The Economic Impact of Nevada PERS analyzes how pension payments made by the system ripple through the state economy. For the first time, we can quantify the economic impact of Nevada PERS and how it touches virtually every county and industry in the state.

Key Findings

- Nevada PERS paid more than \$981 million in pension benefits in 2008.
- Expenditures from pension payments supported more than \$390 million in income for non-PERS state residents.
- More than 5,700 jobs statewide can be attributed to Nevada PERS pension payments.
- PERS supported more than \$1 billion in total state economic output and more than \$433 million in value added.
- Payments made to Nevada PERS retirees supported more than \$196 million in federal, state, and local tax revenue.
- Each benefit dollar paid to PERS retirees residing in the state supports \$1.28 in total economic output in Nevada.
- Each dollar in taxpayer contributions to Nevada PERS supported \$6.21 in total economic output in Nevada.

By The Numbers

\$1 Billion

Economic output supported by PERS for citizens of Nevada.

\$196 Million

Annual federal, state and local tax revenue supported by PERS benefits.

5,721

The number of Nevada jobs supported by PERS benefit payments.

\$6.21

Total economic impact of each dollar contributed by Nevada taxpayers to PERS.

The Taxpayer Pension Investment Multiplier Effect

\$1.00

Contributed by taxpayers to Nevada PERS

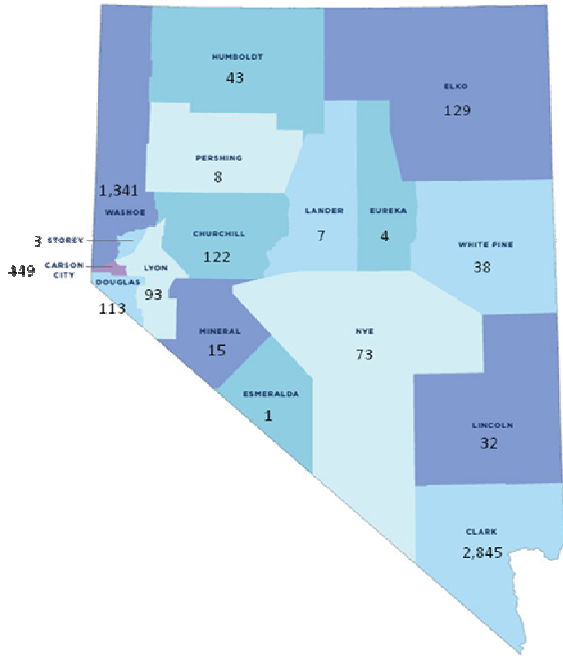


\$6.21

in total output in the State of Nevada

Employment Impact. Nevada PERS supported more than 5,700 jobs across the state in virtually every industry.

Figure 1: Total Jobs Supported by Nevada PERS Pension Benefit Payments, 2007



Job Facts

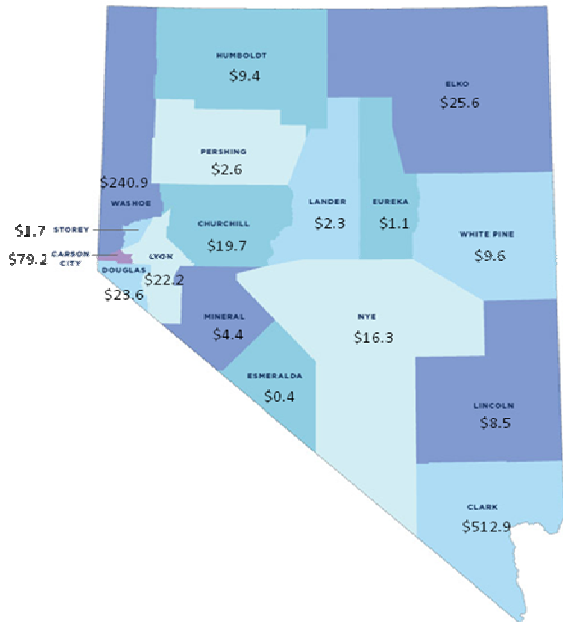
5,721 jobs supported by Nevada PERS – more than the state utility industry.

Clark County accounted for the largest number of jobs - **2,845** full and part-time positions supported by PERS.

Retail trade had the largest employment impact - **1,264** jobs supported by PERS.

Economic Stimulus. Nevada PERS supported over \$1.017 billion in overall output for the Nevada economy.

Figure 2: Total Output Supported by Nevada PERS Pension Benefit Payments (in millions), 2007



Economic Stimulus Facts

\$1.017 Billion in overall economic output was supported by Nevada PERS.

Clark County accounted for the largest impact among counties, with **\$513 million** in total output attributable to PERS benefit payments.

Retail trade realized the largest impact among industries, with some **\$93.5 million** of total output supported by PERS.

Methodology & Data. The analysis was conducted by the National Institute on Retirement Security using two sources. First, Nevada PERS provided aggregated data on benefit payments and tax withholdings, and data on employer contributions, employee contributions, and investment earnings for PERS. The second source is IMPLAN, an input-output modeling software widely used by industry and governments analysts for economic impact analysis.