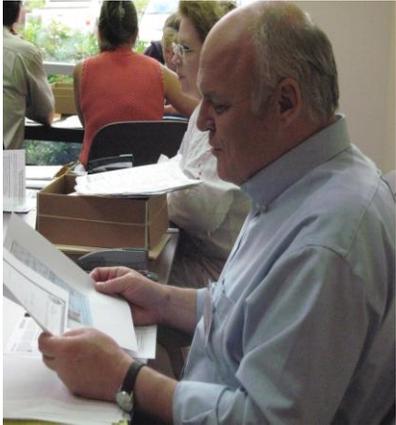


**Economic Impact Study
Oregon Public Employees Retirement System (PERS)**

June 2014



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.

\$3.2 billion in annual benefit payments to PERS retirees living in Oregon provides \$3.8 billion in total value to Oregon's economy.

PERS benefit payments support an estimated 34,712 Oregon jobs.

Of the jobs supported, PERS benefit payments add approximately \$1.07 billion in wages to Oregon's economy.**

The state of Oregon collects an estimated \$159 million annually in taxes from PERS retiree benefit payments.

Purpose of Study

Oregon PERS paid approximately \$3.2 billion* in benefits to PERS retirees living in Oregon in 2013. 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 \$3.2 billion in annual benefit payments multiply to \$3.8 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 34,712 Oregon jobs, and add approximately \$1.07 billion** in wages to Oregon's economy.

Additionally, the state of Oregon collected an estimated \$159 million in income taxes on PERS retiree benefits during 2013.

Investment income has provided 73 percent of total pension revenues since 1970. Member contributions equaled 6 percent, with employer contributions providing 21 percent of pension revenues over the past 44 years.

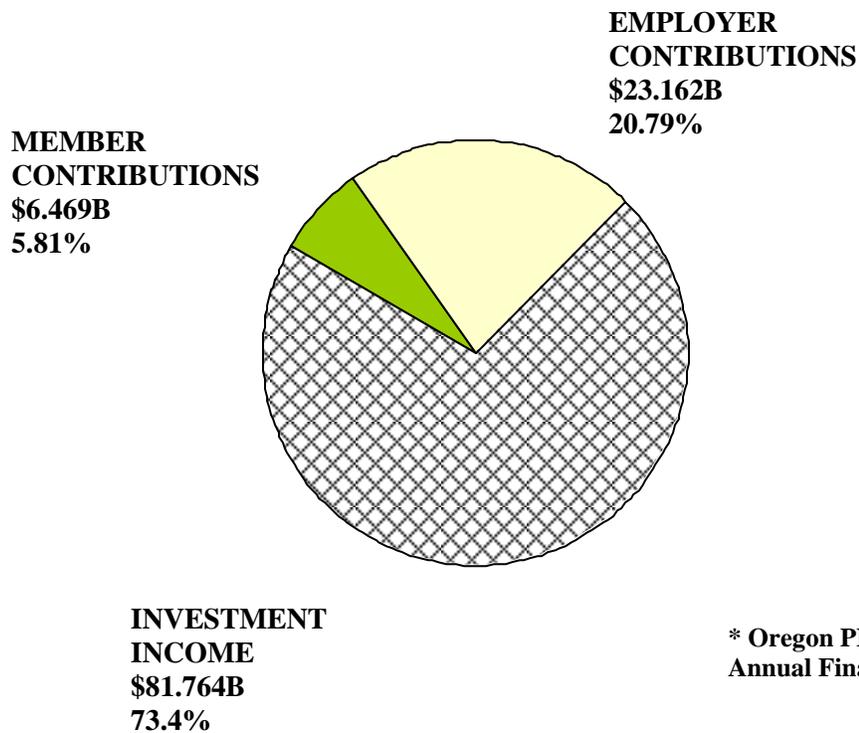
* Additional benefit payments from the Individual Account Program (IAP) were not used in this study.

** The \$1.07 billion in wages is included as a component of the \$3.8 billion in economic activity.

Summary of Findings for 2013

- PERS benefits paid to Oregonians: \$3.184 billion
- Total increase in Oregon economic output: \$3.780 billion
- Oregon jobs supported: 34,712
- Wages of Oregon jobs supported: \$1.067 billion
- Taxes paid by PERS retirees in Oregon: \$159 million
- Benefit funding sources (since 1970)
 - Investment income: 73.4 percent
 - Member contributions: 5.81 percent
 - Employer (taxpayer) contributions: 20.79 percent

Oregon PERS Revenue by Source (1970-2013)*



* Oregon PERS Comprehensive Annual Financial Reports

2013 PERS Benefit Payments by Oregon County

County	#	\$	AVG	%
Baker	737	\$17,752,356	\$24,087	0.56%
Benton	3,532	\$119,066,491	\$33,711	3.74%
Clackamas	11,142	\$349,198,261	\$31,341	10.97%
Clatsop	1,169	\$31,108,124	\$26,611	0.98%
Columbia	1,330	\$39,446,810	\$29,659	1.24%
Coos	1,931	\$47,416,318	\$24,555	1.49%
Crook	720	\$18,449,942	\$25,625	0.58%
Curry	525	\$11,837,809	\$22,548	0.37%
Deschutes	4,340	\$128,835,435	\$29,686	4.05%
Douglas	3,291	\$85,332,472	\$25,929	2.68%
Gilliam	82	\$1,660,754	\$20,253	0.05%
Grant	310	\$7,217,102	\$23,281	0.23%
Harney	306	\$6,549,859	\$21,405	0.21%
Hood River	577	\$16,215,028	\$28,102	0.51%
Jackson	4,847	\$133,903,178	\$27,626	4.21%
Jefferson	830	\$21,302,028	\$25,665	0.67%
Josephine	1,856	\$42,970,664	\$23,152	1.35%
Klamath	1,661	\$40,938,452	\$24,647	1.29%
Lake	266	\$5,898,061	\$22,173	0.19%
Lane	11,643	\$356,636,712	\$30,631	11.20%
Lincoln	1,521	\$39,673,836	\$26,084	1.25%
Linn	3,962	\$101,498,136	\$25,618	3.19%
Malheur	777	\$19,520,058	\$25,122	0.61%
Marion	13,778	\$408,916,649	\$29,679	12.84%
Morrow	243	\$5,504,620	\$22,653	0.17%
Multnomah	15,582	\$488,189,826	\$31,330	15.33%
Polk	3,916	\$119,543,463	\$30,527	3.75%
Sherman	82	\$1,872,462	\$22,835	0.06%
Tillamook	995	\$26,223,083	\$26,355	0.82%
Umatilla	2,191	\$58,343,017	\$26,628	1.83%
Union	972	\$27,296,860	\$28,083	0.86%
Wallowa	304	\$8,198,823	\$26,970	0.26%
Wasco	798	\$21,083,096	\$26,420	0.66%
Washington	10,164	\$310,430,500	\$30,542	9.75%
Wheeler	68	\$1,378,670	\$20,275	0.04%
Yamhill	2,408	\$64,388,103	\$26,739	2.02%
Total	108,856	\$3,183,797,058	\$29,248	100%

*Percent of total 2013 PERS 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
 - Year: Purchased in 2013 (2010 national annual input-output data and 2010 regional data)

- 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 (2012).

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: 1.1873 per benefit dollar</p>	<p>Total benefit payments x total output multiplier $\\$3,183,797,055 \times 1.1873 = \mathbf{\\$3,780,122,244}$</p>
<p>Jobs Supported Estimated number of Oregon jobs supported by PERS benefit payments. - Multiplier: 10.9028 jobs per \$1 million in benefit payments</p>	<p>(Total benefit payments /1 million) x jobs created multiplier $\\$3,183,797,055 / 1,000,000 \sim 3,183$ $3,183 \times 10.9028 = \mathbf{34,712 \text{ jobs}}$</p>
<p>Supported Job Wages Estimated wages earned by workers in jobs supported by PERS benefit payments. - Multiplier: 0.3352 per benefit dollar</p>	<p>Total benefit payments x additional earnings multiplier $\\$3,183,797,055 \times 0.3352 = \mathbf{\\$1,067,208,772}$</p>
<p>Oregon taxes paid Oregon income tax revenue from PERS benefits paid to state residents. Average rate: 0.05 (5.00 percent) per benefit dollar</p>	<p>Total benefit payments x percent of average retirement benefit income tax rate $\\$3,183,797,055 \times 0.05 = \mathbf{\\$159,189,852.76}$</p>

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