

Retirement: WA Public Sector Employees

Retired Public Employees Council of Washington
(RPEC)

www.rpecwa.org

1-800-562-6097



"Our Strength is Your Retirement Security!"

Who makes up public sector in WA?

8.9% of all adults in WA are employees or retirees of State, Cities, or Counties

Public Pension Systems	# of Participants	Average Annual Pension	Plan Type
Department of Retirement Systems (DRS)	465,048 (95%)	\$22,187 (DB only)	DB (80%) & Hybrid (20%)
City of Seattle	16,892	\$25,848	DB
City of Tacoma	5,051	\$30,277	DB
City of Spokane	2,821	\$18,991	DB

*2015 DATA from Valuation Reports DRS, and cities of Seattle, Spokane, and Tacoma



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Core elements of pension promote retirement security:

- Mandatory participation ✓
- Benefit adequacy ✓
- Pooled assets invested by professionals ✓
- Lifetime benefits ✓
- Employee-employer cost-sharing ✓

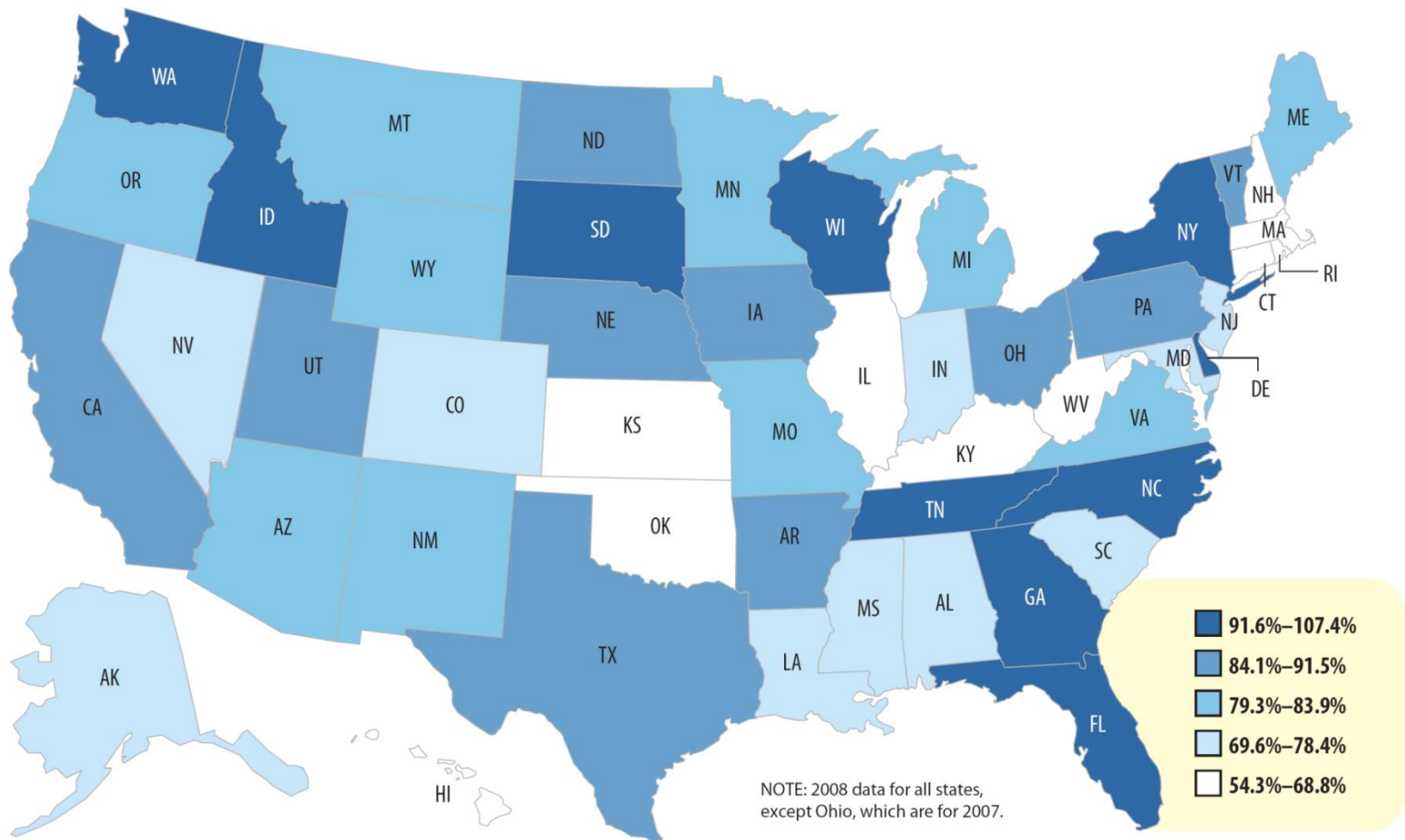
-but...employers haven't always made their contributions

Source: NASRA, *The State Landscape on Pensions*



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Exhibit 1 STATE PENSION FUNDING LEVELS



WA DRS in top 10 Funded State Systems

In the latest Moody's Credit Opinion dated June 17, 2016, they state as a credit strength for Washington, "Healthy pension funding levels"

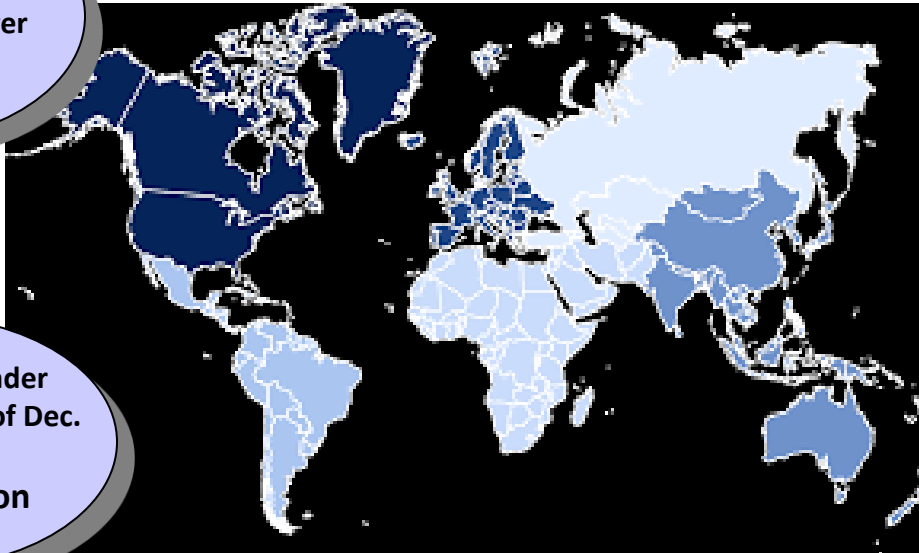


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Why so well funded?

They are Defined Benefit Pensions where assets are pooled and invested by professionals

WSIB Invests in 74 countries within 49 currencies with over 12,000 holdings



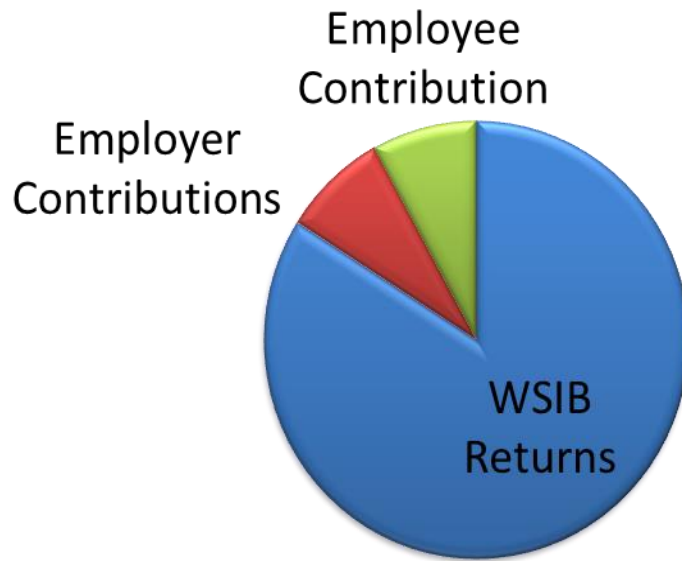
Total Assets Under Management as of Dec. 2015
\$104.9 Billion

International benchmarking studies have consistently ranked WSIB as one of the lowest cost, highest performing investors in the world
~www.sib.wa.gov



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Because assets are pooled and invested by professional...they produce great returns



WSIB Earns 84 Cents of Every Pension Dollar

Great returns EQUAL lower cost to the system



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Pensionomics: 2016

- Measure the economic “ripple effect” of defined benefit (DB) pension plans.
- Retirees with a reliable pension can maintain spending throughout their retirement years, regardless of economic ups and downs acting as an economic stabilizer.



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Impact of Pension Payments to Washington Public Retirees

Expenditures by public sector retirees provide steady economic stream to Washington and its communities.

Direct Impact = initial expenditures

Indirect Impact = businesses purchased additional goods and services

Induced Impact = when workers employed by businesses make expenditures as a result of DI & II



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Impact of Pension Payments to Washington Public Retirees ...

Economic Multipliers

Taxpayer Contribution Factor*



\$1.00

contributed by taxpayers to Washington pensions over 30 years



\$8.95
total output

Each \$1 in taxpayer contributions to Washington's state and local pension plans supported \$8.95 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.

Pension Benefit Multiplier



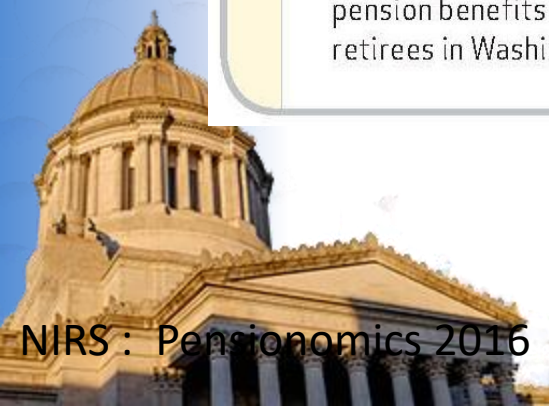
\$1.00

pension benefits paid to retirees in Washington



\$1.47
total output

Each \$1 in state and local pension benefits paid to Washington residents ultimately supported \$1.47 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.



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Economic Impact by Industry

The economic impact of state and local pension benefits

Industry	Employment Impact (# Jobs)	Labor Income Impact	Value Added Impact	Output Impact
Real Estate	1,749	\$44,475,495	\$303,505,265	\$393,818,746
Full-Service Restaurants	1,371	\$35,448,934	\$40,972,140	\$68,654,511
Hospitals	1,352	\$116,368,956	\$129,924,318	\$213,998,863
Limited-Service Restaurants	1,240	\$25,294,161	\$69,292,538	\$112,653,150
Individual and Family Services	1,012	\$20,404,040	\$19,521,619	\$30,708,534
Nursing and Community Care Facilities	972	\$38,799,528	\$41,446,347	\$65,026,301
Offices of Physicians	935	\$91,600,384	\$88,713,462	\$132,228,095
Retail - Food and Beverage Stores	885	\$31,967,497	\$46,583,775	\$65,596,411
Wholesale Trade	857	\$72,098,364	\$139,312,025	\$212,980,993
Retail - General Merchandise Stores	787	\$27,299,331	\$46,621,770	\$66,261,044

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.



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Washington has healthy public pensions that clearly work to create retirement security for participants while also being an economic driver.

We need to **maintain** them and **incorporate the lessons** they have taught to help establish **retirement security for ALL**

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