# NORTH CAROLINA

## **Key Findings**

Benefits paid by state and local pension plans support a significant amount of economic activity in the state of North Carolina.

Pension benefits received by retirees are spent in the local community. This spending ripples through the economy, as one person's spending becomes another person's income, creating a multiplier effect.

In 2022, expenditures stemming from state and local pensions supported...

48,148 jobs that paid \$2.7 billion in wages and salaries

\$8.9 billion in total economic output

\$1.5 billion in federal, state, and local tax revenues

... in the state of North Carolina.

Each dollar paid out in pension benefits supported \$1.27 in total economic activity in North Carolina.

Each dollar "invested" by North Carolina taxpayers in these pension plans supported \$7.47 in total economic activity in the state.

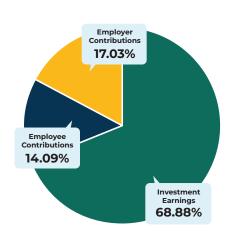
## Pensionomics 2025:



Measuring the Economic Impact of DB Pension Expenditures

#### Overview

Expenditures made by retirees of state and local government provide a steady economic stimulus to North Carolina communities and the state economy. In 2022, 341,619 residents of North Carolina received a total of \$7.0 billion in pension benefits from state and local pension plans.



The average pension benefit received was \$1,712 per month or \$20,538 per year. These modest benefits provide retired teachers, public safety personnel, and others who served the public during their working careers income to meet basic needs in retirement.

Between 1993 and 2022, 17.03% of North Carolina's pension fund receipts came from employer contributions, 14.09% from employee contributions, and 68.88% from investment earnings.\* Earnings on investments and employee contributions—not taxpayer based contributions—have historically made up the bulk of pension fund receipts.

### Impact on Jobs and Incomes

Retiree expenditures stemming from state and local pension plan benefits supported 48,148 jobs in the state. The total income to state residents supported by pension expenditures was \$2.7 billion.

To put these employment impacts in perspective, in 2022 North Carolina's unemployment rate was 3.7%. The fact that DB pension expenditures supported 48,148 jobs is significant, as it represents 0.9 percentage points in North Carolina's labor force.

## **Economic Impact**

State and local pension funds in North Carolina and other states paid a total of \$7.0 billion in benefits to North Carolina residents in 2022. Retirees' expenditures from these benefits supported a total of \$8.9 billion in total economic output in the state, and \$5.2 billion in value added in the state.

### **Impact on Tax Revenues**

State and local pension payments made to North Carolina residents supported a total of \$1.5 billion in revenue to federal, state, and local governments. Taxes paid by retirees and beneficiaries directly out of pension payments totaled \$361.4 million. Taxes attributable to pension expenditures in the local economy accounted for \$1.2 billion in tax revenue.

| Federal Tax     | \$744.8 million |  |
|-----------------|-----------------|--|
| State/Local Tax | \$785.1 million |  |
| Total           | \$1.5 billion   |  |

### **Economic Multipliers**

#### Pension Benefit Multiplier









pension benefits paid to retirees in North Carolina

\$1.27 total output

Each \$1 in state and local pension benefits paid to North Carolina residents ultimately supported \$1.27 in total output in the state. This "multiplier" incorporates multiple rounds of impacts of retiree spending, as each purchase ripples through the state economy.

#### **Taxpayer Investment Factor**

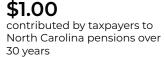












**\$7.47** total output

Each \$1 in taxpayer contributions to North Carolina's state and local pension plans supported \$7.47 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.

### **Economic Impacts by Industry Sector**

The economic impact of state and local pension benefits was broadly felt across various industry sectors in North Carolina. The five industry sectors with the largest employment impacts are presented in the table to the side.

| Industry                    | Employment<br>Impact (# Jobs) |
|-----------------------------|-------------------------------|
| Limited-service restaurants | 3,187                         |
| Full-service restaurants    | 2,486                         |
| Hospitals                   | 2,062                         |
| Other real estate           | 1,689                         |
| Offices of physicians       | 1,676                         |

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.

### **Economic Impacts by Occupation Category**

The pension benefits in North Carolina supported jobs in every civilian job category, as shown in the table below.

| Occupation Category                                   | Wage and<br>Salary<br>Employment | Wage and<br>Salary Income | Supplements<br>to Wages and<br>Salaries | Employee Compensation |
|---|----------------------------------|---------------------------|---|-----------------------|
| Food Preparation and Serving<br>Related Occupations   | 5,879                            | \$114,007,374             | \$20,252,888                            | \$134,260,262         |
| Sales and Related Occupations                         | 5,722                            | \$214,061,440             | \$39,676,412                            | \$253,737,852         |
| Office and Administrative<br>Support Occupations      | 4,681                            | \$216,595,914             | \$43,041,667                            | \$259,637,582         |
| Transportation and Material Moving Occupations        | 3,694                            | \$137,945,759             | \$27,764,335                            | \$165,710,094         |
| Healthcare Practitioners and<br>Technical Occupations | 3,290                            | \$298,659,869             | \$63,550,652                            | \$362,210,521         |

<sup>\*</sup>Caution should be used in interpreting these numbers. See the Technical Appendix of the full Pensionomics report for details.