



Communications Office

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## Illinois Pension Fund Retiree Spending Provides \$17 Billion in Statewide Economic Impact

*CTPF Releases Annual 2016 Economic Impact Study showing 12,949  
Illinois jobs supported by Chicago teachers' pensions*

**CHICAGO – October 6, 2016** – Nearly \$17 billion in new economic activity in Illinois was generated last year by pension benefits paid annually to retired Illinois teachers and government workers according to a new report produced by a collective of reciprocal Illinois pension funds.

Details of the positive effect public pensions have on the Illinois economy are outlined in a new report released by the leaders of eight Illinois public retirement systems that together have a membership exceeding 876,000 state taxpayers – or nearly 9 percent of Illinois' adult population.

“Chicago Teachers’ Pension Fund has been producing a report like this for a number of years using CTPF data alone,” said Jay C. Rehak, CTPF President of the Board of Trustees. “We know from our report that Chicago teachers’ pensions make an impact everywhere in the state. It was time to look at the larger picture. This is one way to help people understand the bigger influence pension benefits have on the Illinois economy.”

The Chicago Teachers’ Pension Fund (CTPF) initiated the establishment of an Illinois Reciprocal Roundtable in early 2015 as a venue for discussing issues impacting Illinois pension funds. As a result of these discussions, the fund leaders began to see the collective strength and economic impact their members have on Illinois.

“For too long the common belief has been that pensions paid to retired teachers and government workers is money that just disappears into the atmosphere, and that’s completely inaccurate,” said Chuck Burbridge, Executive Director of the Chicago Teachers’ Pension Fund. “The reality is every single person in these reports collects a pension every month and turns around and spends those dollars right here in Illinois.”

In fact, about 85 percent of CTPF’s retired members stay in Illinois and half of them in Chicago where they are active, supportive, contributing, taxpaying members of the community. The 2016 CTPF Economic Impact Survey, *The Buck Stays Here*, shows a \$1.7 billion impact on the Illinois economy supporting 12,949 jobs in the state, 6,613 in Chicago alone. The combined report from the eight reciprocal funds increases those numbers to 126,212 Illinois jobs supported by pension funds.

“This new report is a snapshot of how important pensions are, not just for the recipient, but for the entire state,” said Rehak. “Pension members live in every single legislative district in Illinois and they eat at local diners, shop at local retailers, and ultimately, put their hard-earned retirement dollars back into the state’s economy.”

The \$11.6 billion paid in direct benefits to retirees of these funds alone are re-circulated in every one of Illinois’ 102 counties. Every corner of Illinois is impacted by pension dollars that are spent on food, clothing, entertainment, home improvements, in-state travel, utilities, taxes, etc.

“The numbers are really astounding,” said Burbridge. “The most important thing to remember is that the economic stimulus created by these pensions is continual. Pension payments are not affected by a negative turn in the economy.”

In fact, public employees represent 10 percent (or more) of the local population in 14 Illinois House districts. Six (6) Illinois Senate districts have percentages in the double digits. This percentage doesn’t take into account family members who depend on the pension member for financial security.

The numbers go even higher according to the National Institute on Retirement Security’s *Pensionomics 2016: Measuring the Economic Impact of DB Pension Expenditures*, released in September. Their study considered “the specific economic impacts of state and local pension benefit expenditures within each state, accounting for cross-state economic impacts and migration.”

The national report revealed that Illinois state and local pensions support 223,182 jobs in Illinois and a \$24.17 billion impact on the economy. Even in a state such as Illinois where pension funding has fallen far behind actuarial requirements due to a failure by the state and the employer to make payments at the time they were owed, pension dollars have a driving economic influence.

Every \$1 in public and private pension benefits state paid to Illinois workers ultimately supports \$1.54 in total output in the state. Each \$1 in taxpayer contributions to Illinois pension plans supported \$5.01 in total output. This reflects the fact that taxpayer contributions are a minor source of financing for retirement benefits— the bulk of DB pension benefits come from investment earnings and employee contributions. This “multiplier” incorporates the direct, indirect, and induced impacts of retiree spending, as it ripples through the state’s economy, according to the National Institute on Retirement Security.

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#### **ABOUT CTPF**

Established by the Illinois state legislature in 1895, the Chicago Teachers’ Pension Fund manages members’ assets and administers benefits. The \$10.7 billion pension fund serves approximately 63,000 active and retired educators.

**NOTE:** The economic effect of pensions paid is calculated by aggregating the total number of retirees and their benefit payments and applying standard economic multipliers created by the U.S. Department of Commerce. Individually calculated multipliers by district as calculated in the report are not available, so the total economic impact of benefit payments by district is *intended to be illustrative only*.