Facts About Public-Sector Pensions in Minnesota

December 2016

- We've deferred our wages for a pension that allows us to retire with dignity. That pension is a contract between workers and their employer.
- Public pensions are modest, ranging from $1,200 to $2,300 a month. A typical AFSCME retiree has pension benefits of about $14,000 a year.
- Pension income ripples through the economy as a retiree's spending becomes another person's income. Expenditures from state and local pensions supported 41,839 jobs that paid $2.1 billion in wages and generated $1.4 billion in federal, state and local tax revenues in Minnesota in 2014.
- State and local taxes collected on our pensions exceed public employer pension contributions by $80 million a year.
- Every dollar invested by Minnesota taxpayers in public pensions supports $9.98 in economic activity throughout the state.
- 90% of retired public workers stay in Minnesota. Our money stays here and keeps us off of public assistance.
- More than 20% of senior citizens are living in poverty with only Social Security.
- Minnesota taxpayers pay for only 15 cents of every dollar in public pension benefits; the remaining 85 cents comes from employee contributions and investment returns.
- Most private pensions are 100% employer paid. Our members pay for half of theirs.
- Defined benefit focuses on how much is paid to the retired worker. That's "money for life." Defined contribution focuses on how much goes into the plan. That means your "money runs out."
- Defined benefit plans cost half of what defined contribution plans cost to deliver the same benefit due to superior investment management and pooling of longevity risk.
- While sometimes painful, AFSCME members have supported every comprehensive pension reform over the last decade. We did that by increasing our employee contributions and capping our benefit increases. Our responsible actions resulted in $8 billion of savings to ensure there are sufficient funds to pay promised benefits.
- Pension reforms and strong investment returns have stabilized our pension funds. The three systems (MSRS, PERA and TRA) have $63 billion in assets, so there's no need to panic.

Source: Retirement Systems of Minnesota, *"Measuring the Economic Benefits"*