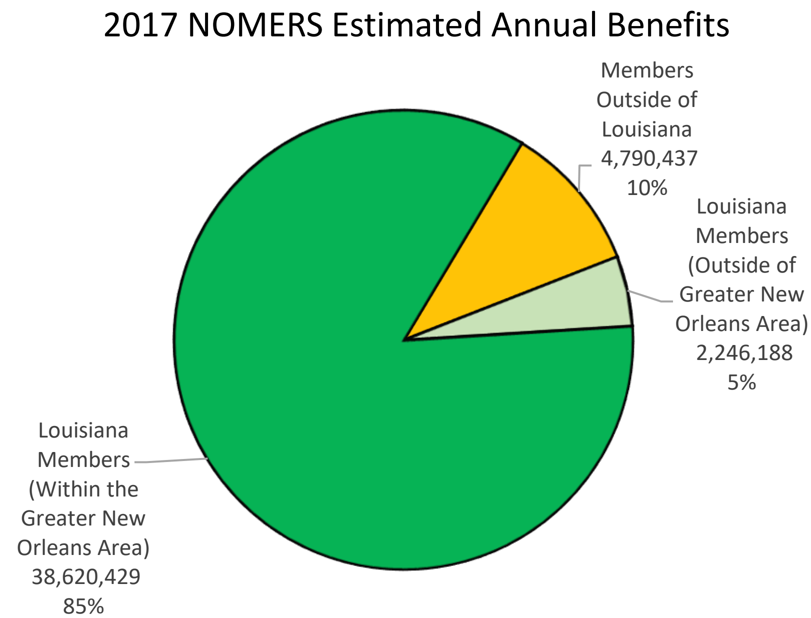
NOMERS Economic Talking Points

Roughly 90% of NOMERS retirement benefits are associated with members within Louisiana. About 85% are in the New Orleans Metropolitan Statistical Area (MSA) consisting of Orleans and surrounding parishes.



Over $38M in annual NOMERS benefits are paid to members inside the New Orleans MSA with over $40M inside the state. To the extent these dollars are spent locally, they benefit the city's economy by providing a permanent, steady source of spending that supports local jobs and income. Unlike a defined contribution plan, it is expected that a defined benefit plan helps stabilize the economy during downturns as spending reacts more slowly to changes in the market. According to the National Institute of Retirement Security, the most impacted industries are food services, real estate, health care and retail, all of which contribute to the tax base of the city.

A pension expenditure multiplier estimates the increased economic activity derived from each benefit dollar spent. According to results of the IMPLAN model, Louisiana's pension expenditure multiplier is 1.35, which would attribute $52.1M in gross economic activity annually in the New Orleans MSA to NOMERS retirees. Any impact from the NOMERS contribution pool being invested locally would be in addition to this amount. Assuming an effective tax rate of 10% across direct, indirect and induced output, retirees would generate about $5.2M annually in local tax revenue.

Even with an attractive aggregate benefit to the economy, the payments are spread across a large number of recipients. The average NOMERS payment is about $24,000 per year. Any reduction to the retirement calculation could have an extreme impact on those households dependent upon their pension payments to make ends meet.

Retirees are targeted by numerous states due to the desirable aspects of their demographic: settled, financial and civic responsibility, good stewards of the area's resources. To the extent that outside incentives exceed the benefit of remaining in the area, retirees will migrate. Unlike employees that leave, retirees will not be replaced by another jobseeker, resulting in a permanent loss to the economy.