MASSACHUSETTS

Key Findings

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

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...

57,750 jobs that paid $4.4 billion in wages and salaries

$12.2 billion in total economic output

$1.9 billion in federal, state, and local tax revenues

... in the state of Massachusetts.

Each dollar paid out in pension benefits supported $1.35 in total economic activity in Massachusetts.

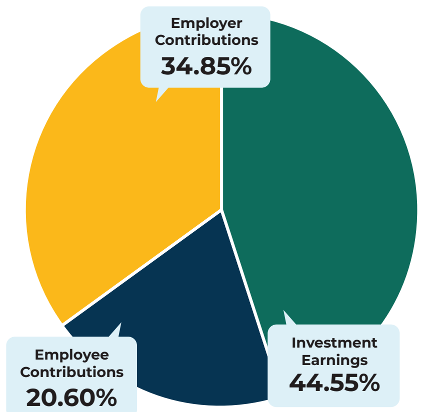
Each dollar "invested" by Massachusetts taxpayers in these pension plans supported $3.88 in total economic activity in the state.

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 Massachusetts communities and the state economy. In 2022, 244,939 residents of Massachusetts received a total of $9.0 billion in pension benefits from state and local pension plans.



The average pension benefit received was $3,065 per month or $36,774 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, 34.85% of Massachusetts's pension fund receipts came from employer contributions, 20.60% from employee contributions, and 44.55% 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 57,750 jobs in the state. The total income to state residents supported by pension expenditures was $4.4 billion.

To put these employment impacts in perspective, in 2022 Massachusetts's unemployment rate was 3.7%. The fact that DB pension expenditures supported 57,750 jobs is significant, as it represents 1.5 percentage points in Massachusetts's labor force.

Economic Impact

State and local pension funds in Massachusetts and other states paid a total of $9.0 billion in benefits to Massachusetts residents in 2022. Retirees' expenditures from these benefits supported a total of $12.2 billion in total economic output in the state, and $7.8 billion in value added in the state.

Impact on Tax Revenues

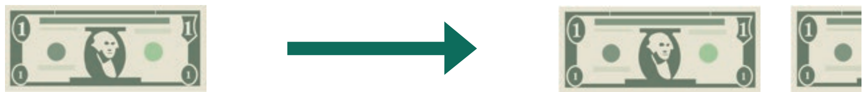
State and local pension payments made to Massachusetts residents supported a total of $1.9 billion in revenue to federal, state, and local governments. Taxes paid by retirees and beneficiaries directly out of pension payments totaled $88.3 million. Taxes attributable to pension expenditures in the local economy accounted for $1.8 billion in tax revenue.

Federal Tax	$1.2 billion
State/Local Tax	$696.6 million
Total	$1.9 billion

Totals may not add up due to rounding. For data and methodology, see Boivie, I. and Doonan, D., 2025, *Pensionomics 2025: Measuring the Economic Impact of DB Pension Expenditures*, National Institute on Retirement Security, Washington, DC, www.nirsonline.org. Results not directly comparable to previous *Pensionomics* due to methodological refinements.

Economic Multipliers

Pension Benefit Multiplier

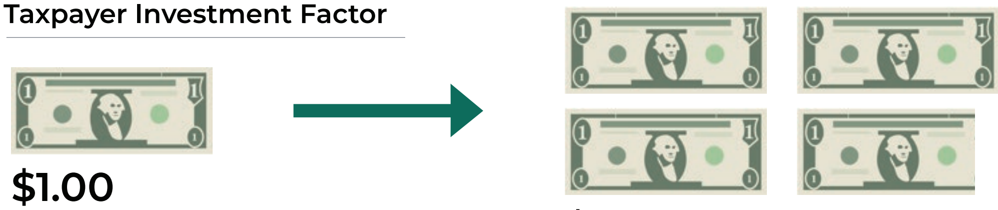


$1.00
pension benefits paid to retirees in Massachusetts

$1.35
total output

Each $1 in state and local pension benefits paid to Massachusetts residents ultimately supported $1.35 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



$1.00
contributed by taxpayers to Massachusetts pensions over 30 years

$3.88
total output

Each $1 in taxpayer contributions to Massachusetts's state and local pension plans supported $3.88 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.

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

Economic Impacts by Industry Sector

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

Industry	Employment Impact (# Jobs)
Hospitals	4,546
Full-service restaurants	2,538
Limited-service restaurants	2,334
Offices of physicians	1,893
Nursing and community care facilities	1,818

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 Massachusetts supported jobs in every civilian job category, as shown in the table below.

Occupation Category	Wage and Salary Employment	Wage and Salary Income	Supplements to Wages and Salaries	Employee Compensation
Office and Administrative Support Occupations	6,046	$360,341,363	$70,232,684	$430,574,046
Food Preparation and Serving Related Occupations	5,683	$155,843,663	$27,958,926	$183,802,588
Sales and Related Occupations	5,663	$301,696,875	$54,742,830	$356,439,704
Healthcare Practitioners and Technical Occupations	5,431	$583,426,336	$126,509,538	$709,935,874
Healthcare Support Occupations	4,209	$144,386,405	$31,320,191	$175,706,595