

# INVESTMENTS AND PENSIONS OVERSIGHT COMMITTEE

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Santa Fe

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# New Mexico's Longevity Economy

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# New Mexico's Longevity Economy Report

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❖ The following report takes a look at New Mexico's Longevity Economy, the sum of all economy activity that is supported by the consumer spending of households headed by someone age 50+

## New Mexico



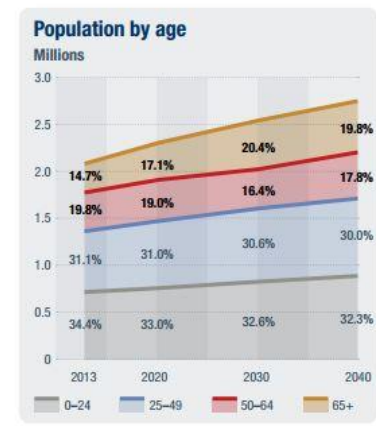
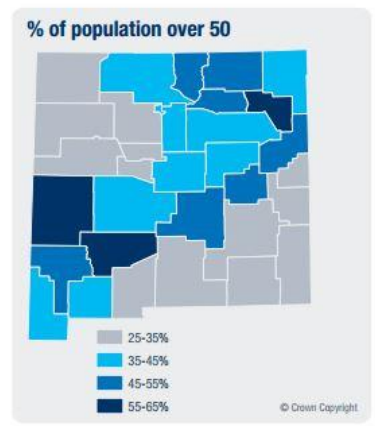
The Longevity Economy is the sum of all economic activity in New Mexico that is supported by the consumer spending of households headed by someone age 50 or older—both in New Mexico, as well as spending on exports from New Mexico to other states. This includes the direct, indirect (supply chain), and induced economic effects of this spending. (The induced impact involves the ripple effects from the spending of those employed either directly or indirectly.)

People over 50 contribute to the economy in a positive, outside proportion to their share of the population. Despite being 34% of New Mexico's population in 2013 (expected to grow to 38% by 2040), the total economic contribution of the Longevity Economy accounted for 35% of New Mexico's GDP (\$32 billion). This supported 45% of New Mexico's jobs (0.5 million), 38% of employee compensation (\$18 billion), and 48% of state taxes (\$3 billion). The greatest number of jobs supported by

the Longevity Economy were in health care (104,000), retail trade (90,000), and accommodation & food services (55,000).

This \$32 billion impact of the Longevity Economy was driven by \$32 billion in consumer spending by over-50 households in New Mexico, or 56% of total comparable consumer spending. The categories where Longevity Economy spending accounted for the largest share of total consumer spending were health care (68%), other nondurables (61%), and financial services (60%).

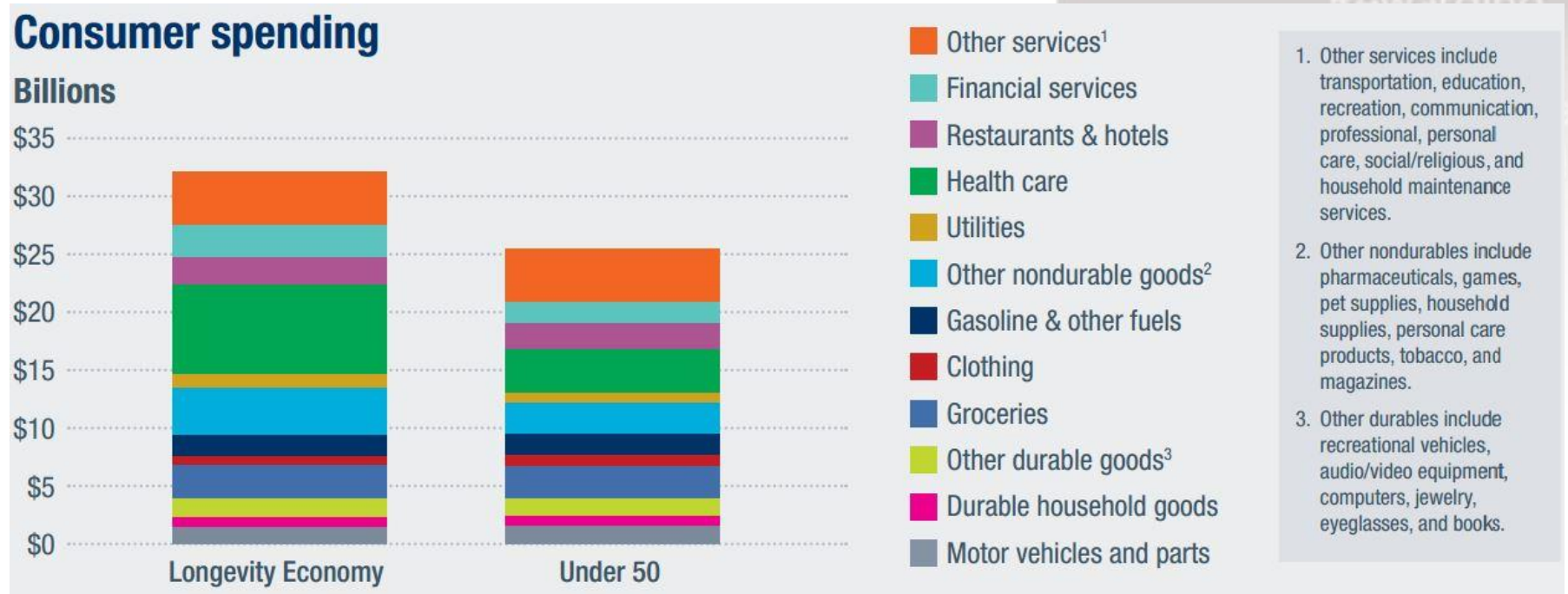
People over 50 also make a significant contribution to New Mexico's workforce, with 61% of people 50-64 employed, compared to 72% of people 25-49. Overall, people over 50 represent 34% of New Mexico's workforce. Among employed people, 14% of those 50-64 are self-employed entrepreneurs, compared with 8% of those 25-49. Additionally, 46% of those 50-64 work in professional occupations, compared to 43% 25-49.



**Sources**  
 Total population by age is from the Census 2013 population estimates. Population forecasts are from the Welton Cooper Center for Public Service. County-level age distribution, labor force status, and occupation are from the 2012 American Community Survey. Consumer spending by age group is calculated for 2013 by Oxford Economics based on data from BEA Personal Consumption Expenditures, the BEA experimental state-level PCE series, and the U.S. Consumer Expenditure Survey. The economic contribution of the Longevity Economy for 2013 is calculated by Oxford Economics using IMPLAN software. Benchmark statistics totals are from IMPLAN and relevant BEA AHP tables.



# New Mexico's Longevity Economy – Consumer Spending



❖ The total economic contribution of the longevity economy accounted for **35%** of New Mexico's GDP.

# New Mexico's Longevity Economy – Economic Contribution

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Relaxing  
Reform  
Reform

## Economic contribution of the Longevity Economy

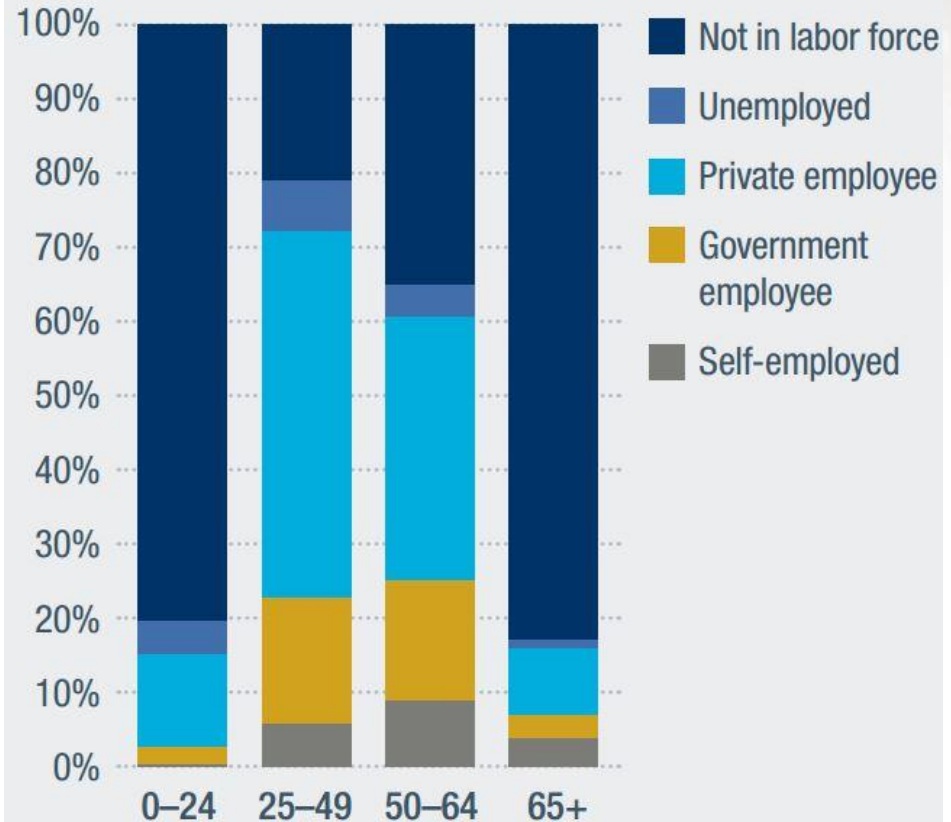
<b>GDP</b>	<b>\$32 billion</b>	<b>35%</b>
<b>Jobs</b>	<b>488,000</b>	<b>45%</b>
<b>Employee compensation</b>	<b>\$17.5 billion</b>	<b>38%</b>
<b>State &amp; local tax</b>	<b>\$3.3 billion</b>	<b>48%</b>

# New Mexico's Longevity Economy – Labor Force

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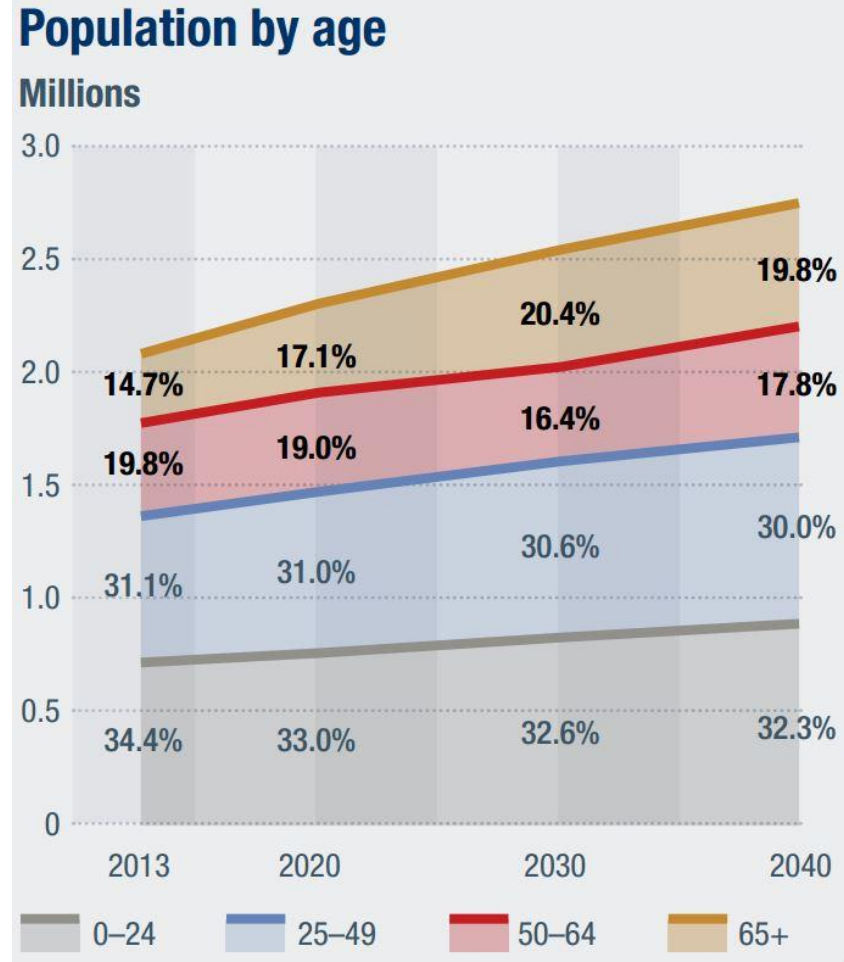
- ❖ **61%** of people 50+ are employed, compared to 72% of people 25-49

## Labor force status by age



# New Mexico's Longevity Economy – Population by Age

- ❖ Despite being 34% of New Mexico's population in 2013, the 50+ population is expected to grow to nearly **40%** by 2040



# New Mexico – Workforce, Population, and Income/Poverty

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	2009	2015	2016 M07 <sup>P</sup>
<b>Civilian Labor Force</b>	940,352	919,889	928,917
<b>Employed</b>	869,491	859,242	863,247
<b>Unemployed</b>	70,861	60,647	65,670
<b>Unemployment Rate (%)</b>	7.5	6.6	7.1
<b>QCEW</b>	<b>2009</b>	<b>2015</b>	<b>2016 Q1</b>
<b>Establishments</b>	53,846	56,912	57,937
<b>Average Employment</b>	791,517	806,776	799,832
<b>Average Weekly Wage (\$)</b>	741	818	792
<b>Employment By Industry</b>			
<b>Total Private</b>	602,047	626,638	617,523
Agriculture	10,703	11,416	9,645
Mining	17,581	25,508	20,901
Utilities	4,613	4,383	4,398
Construction	47,717	43,496	43,302
Manufacturing	30,030	27,788	26,611
Wholesale Trade	21,682	21,457	21,443
Retail Trade	91,638	93,513	91,776
Transport & Warehousing	16,324	18,163	17,613
Information	14,721	12,685	12,155
Finance & Insurance	22,144	21,931	22,026
Real Estate	9,980	10,097	10,143
Prof. & Tech. Services	56,147	53,610	53,633
Mgm of Comp. & Ent.	5,080	5,172	5,280
Admin. & Waste	41,394	41,135	40,011
Educational	7,330	9,391	9,540
Health Care	99,357	113,056	116,356
Entertainment & Rec.	8,609	9,416	9,068
Food Services	75,558	83,963	83,909
Other Services	21,413	20,457	19,712

## Population Statistics

	2000	2010	2015
<b>Total Population</b>	1,819,046	2,059,179	2,085,109
<b>Under 18</b>	508,574	518,672	496,908
<b>Over 65</b>	212,225	272,255	330,405
<b>Median Age (Years)</b>	34.6	36.7	37.3
<b>Households</b>		902,142	914,952

## Income & Poverty

	2004	2010	2014
<b>Med. Household Income (\$)</b>	37,838	42,186	44,905
<b>Persons in Poverty</b>	316,088	400,779	420,388
<b>(%)</b>	16.7	19.8	20.6

Source: UNM Bureau of Business and Economic Research



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# Economic Pressures Facing Future Retirees



# Analysis of Economic Pressures Facing Future Retirees

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- ❖ The following report takes a look at the Financial Security Scorecard, which ranks each of the 50 states in three sources of potential economic pressures for future retirees.

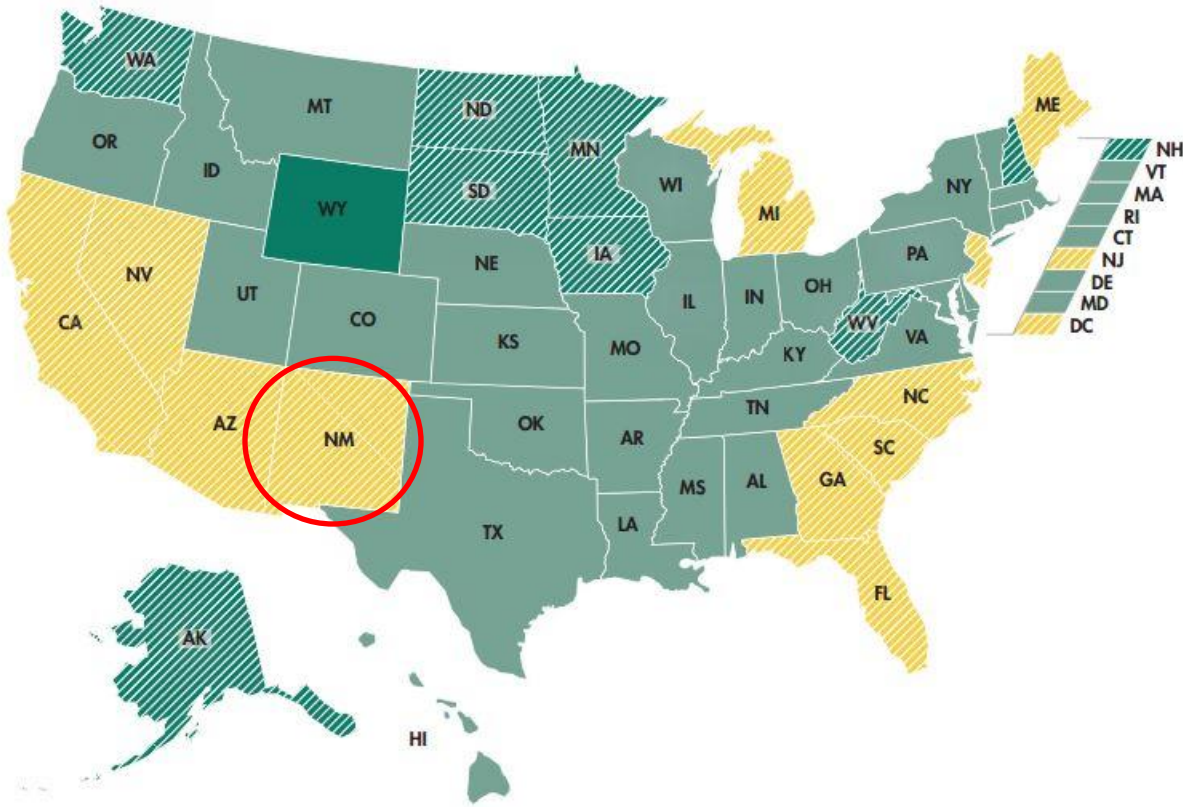


Source: NIRS "Financial Security Scorecard: A State-by-State Analysis of Economic Pressures Facing Future Retirees"



# New Mexico's Financial Security Scorecard Ranking

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Rock 'n' Roll  
Relaxing



❖ In relation to other states, New Mexico scored **worse than average** on potential economic pressures facing future retirees.

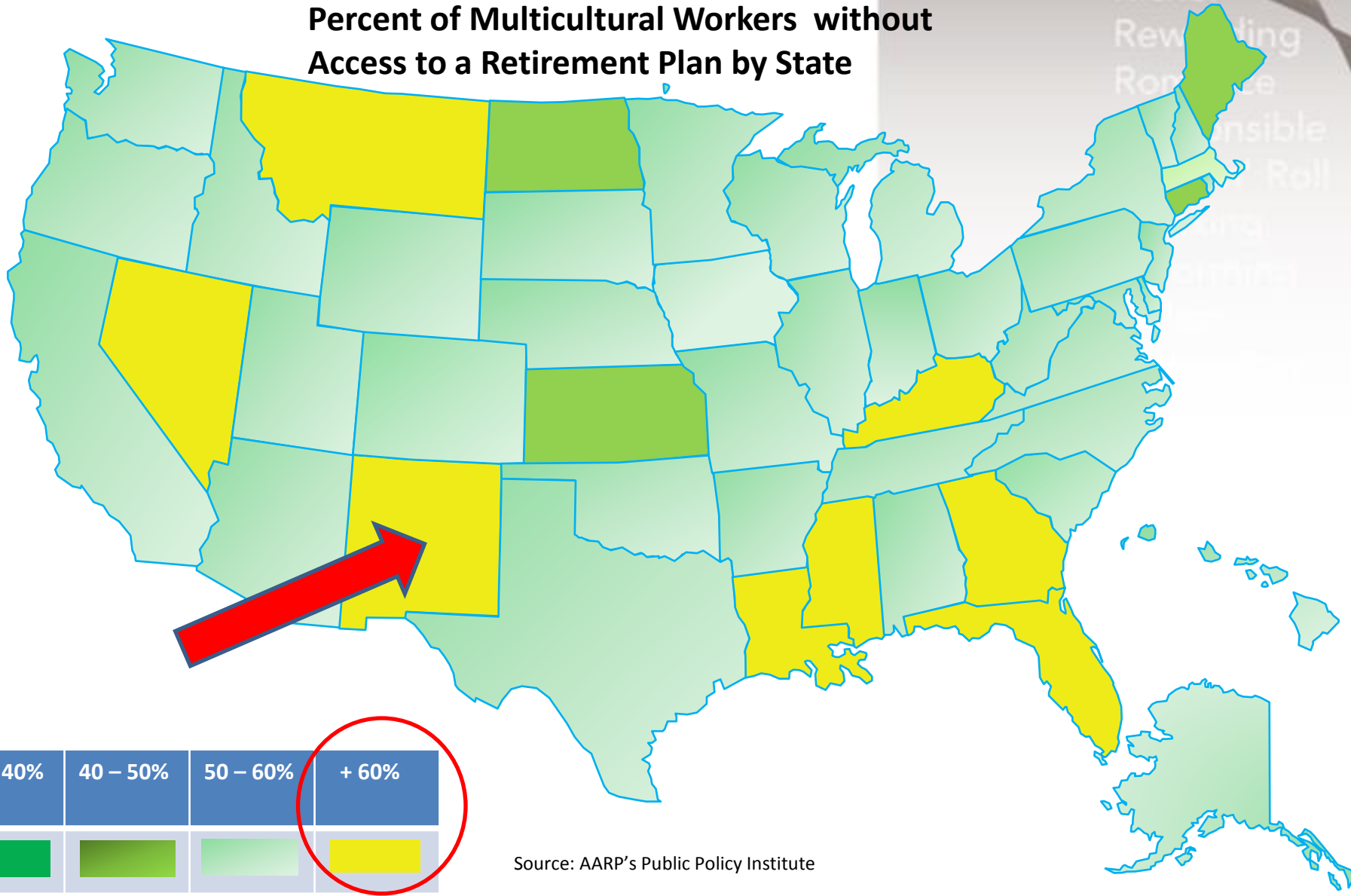
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# Diverse States Facing Greater Retirement Insecurity

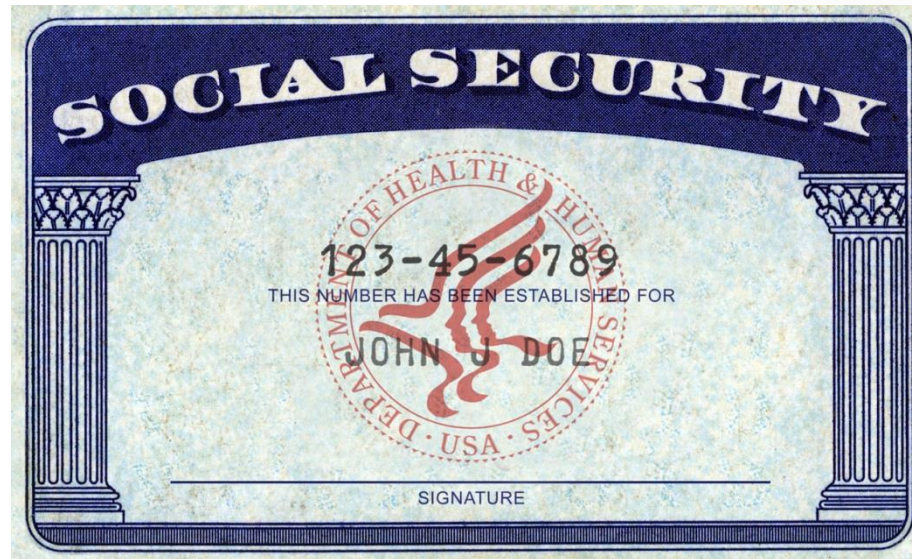
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Risky  
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## Percent of Multicultural Workers without Access to a Retirement Plan by State



# Average Social Security Benefit in New Mexico

# \$1,160 per month



# New Mexicans NOT Covered by a Workplace Retirement Plan – Age

Percentage and number of private wage and salary workers ages 18–64 whose employer does not offer a retirement plan

Item	Group	%	Number
All	All	61%	336,385
Age	18-34 years	71.8%	162,276
	35-44 years	58.1%	71,644
	45-54 years	52.3%	54,102
	55-64 years	51.9%	48,363

# New Mexicans NOT Covered by a Workplace Retirement Plan – Race and Ethnicity

Percentage and number of private wage and salary workers ages 18–64 whose employer does not offer a retirement plan

Item	Group	%	Number
All	All	61%	336,385
Race & Ethnicity	Hispanic	68.1%	181,552
	Asian(non-Hispanic)	81.6%	5,833
	Black(non-Hispanic)	53.2%	6,253
	White	53.0%	115,734



# New Mexicans NOT Covered by a Workplace Retirement Plan – Education

Percentage and number of private wage and salary workers ages 18–64 whose employer does not offer a retirement plan

Item	Group	%	Number
All	All	61%	336,385
Education	Less than high school	73.6%	55,236
	High school	68.1%	111,750
	Some college	60.2%	117,051
	Bachelor's or higher	49.3%	52,348

# New Mexicans NOT Covered by a Workplace Retirement Plan – Gender

Percentage and number of private wage and salary workers ages 18–64 whose employer does not offer a retirement plan

Item	Group	%	Number
All	All	61%	336,385
Gender	Male	57.7%	165,999
	Female	65.9%	170,387

# New Mexicans NOT Covered by a Workplace Retirement Plan – Earnings Quintile

Percentage and number of private wage and salary workers ages 18–64 whose employer does not offer a retirement plan

Item	Group	%	Number
All	All	61%	336,385
Earnings Quintile	\$14,000 or less	85.6%	121,655
	\$14,001 to \$25,000	72.6%	94,735
	\$25,001 to \$40,000	51.7%	52,657
	\$40,001 to \$63,500	41.9%	34,017
	Over \$63,500	36.9%	33,322

# New Mexicans NOT Covered by a Workplace Retirement Plan – Employer Size

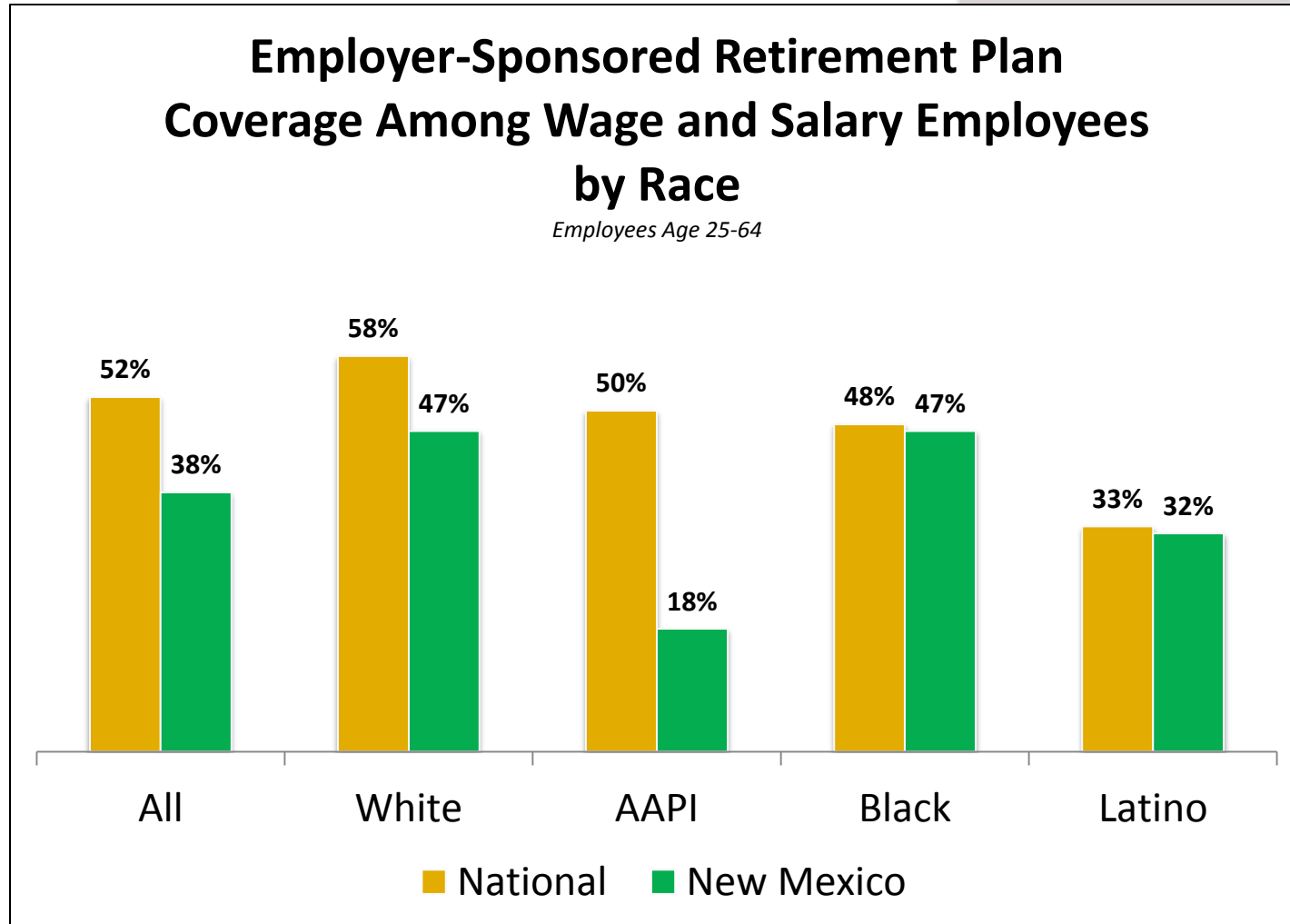
Percentage and number of private wage and salary workers ages 18–64 whose employer does not offer a retirement plan

Item	Group	%	Number
All	All	61%	336,385
Employer Size	Under 10	82.9%	90,778
	10-49	73.5%	81,790
	50-99	68.2%	31,079
	100-499	54.9%	44,933
	500-999	49.8%	12,297
	1,000+	43.7%	75,508

# National vs. New Mexico - Access

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Source: Data compiled from NIRS, Analysis of the Annual Social and Economic Supplement of the Current Population Survey Microdata from the IPUMS and from AARP's Public Policy Institute.

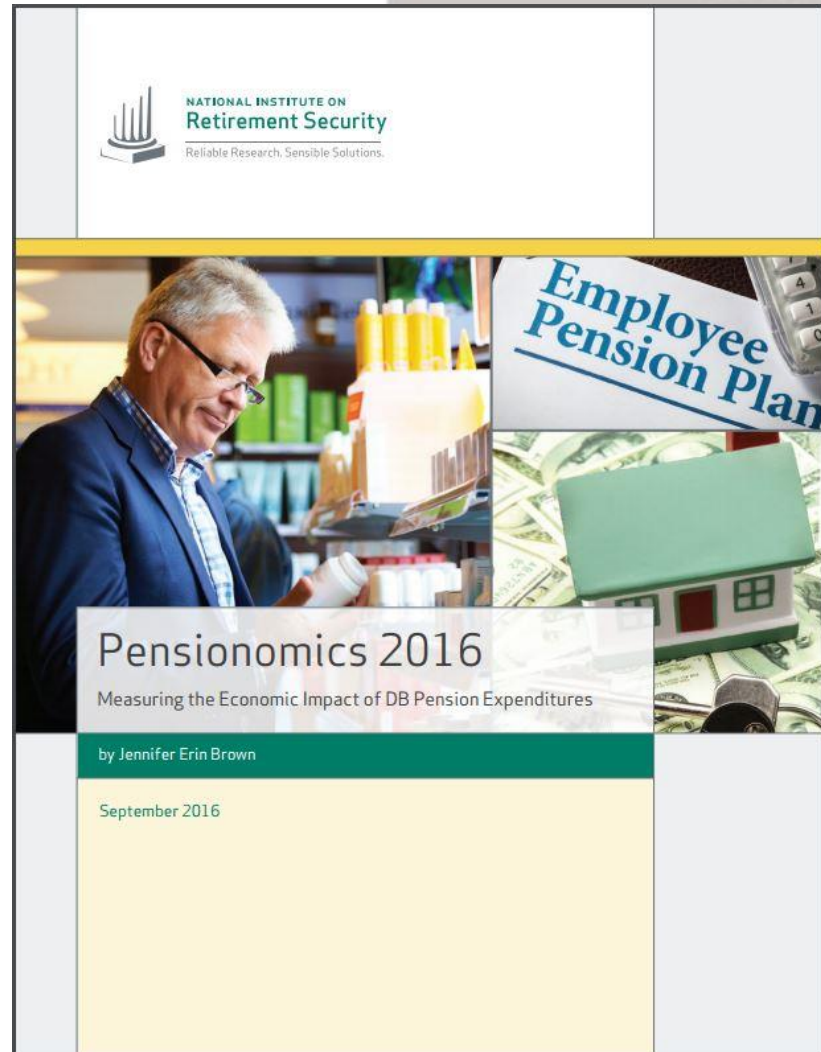
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# Impacts of State and Local Pension Benefits



# Measuring the Economic Impact of DB Pension Expenditures

- ❖ The following report analyzes data on DB pension plans in both the public and private sectors to assess the impacts at the state and national level of benefits paid by these plans to retirees.



Source: NIRS "Measuring the Economic Impact of DB Pension Expenditures"

# Impacts of Pension Benefits on New Mexico

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- ❖ New Mexico gained substantial economic benefit from state and local DB pension payments.
  - **16,049 jobs, \$2.3 billion in output, and \$1.2 billion in value added.**



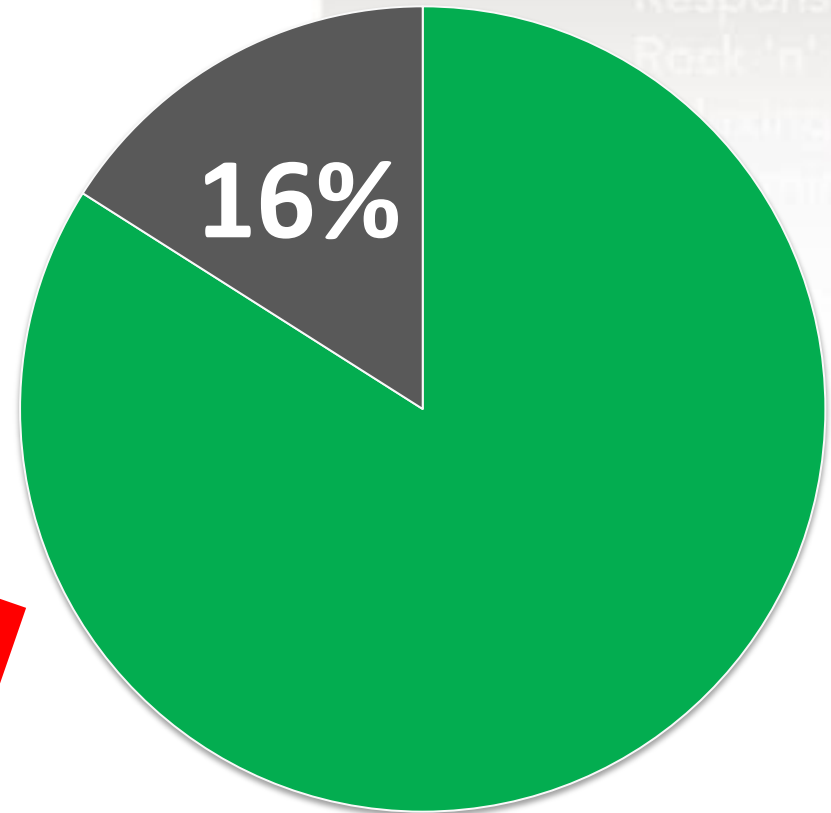
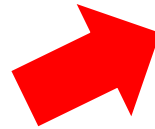


# Contingent Workforce

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# The Contingent Workforce

- ❖ The Contingent workforce is diverse and includes gig workers (e.g., Uber drivers), temps, freelancers, day laborers, and other workers without a traditional employer-employee relationship.
- ❖ Made up about **16%** of the workforce in 2015, according to Krueger and Katz (2016)



# The Contingent Workforce – Retirement Insecurity

- ❖ These workers are less advantaged than those with traditional jobs. More likely to be young, uneducated, low income, female, and/or Hispanic. More likely to work only part-time and/or to hold multiple jobs.
- ❖ Tend to lack access to employer-sponsored retirement plans (e.g., 401(k)s) unless they hold a full-time traditional job in addition to their contingent work.
  - Could save in an IRA, but most people don't

**1 in 3**

are mainly concerned about  
the lack of benefits

# The Contingent Workforce – Potential Saving Vehicles

- ❖ State-sponsored retirement savings plans and similar group plans have the potential to provide the contingent workforce with retirement saving vehicles
  - Automatic IRA, MEPs
  - MyRA
- ❖ Employer-facilitated accounts
  - Universal: For all individuals, including all contingent workers
  - Portable: Like Social Security, the account would follow workers from job-to-job throughout their career regardless of type of employee relationship
  - Contribution Level: Contingent workers would be able to adjust how much they would contribute