Assessing the Economic Impacts of Pension-Income Spending in British Columbia

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Prepared by URBAN FUTURES Strategic Research to Manage Change

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I Introduction & Overview

Urban Futures has been commissioned by the British Columbia Pension Corporation (BCPC) on behalf of the BC Municipal Pension Plan to empirically measure a range of economic impacts associated with spending out of incomes paid by BCPC-administered pensions. While other pension plans and benefit programs—the Canada Pension Plan, Old Age Security, university pension plans, and private pension plans, to name a few—provide income to British Columbians and thus can be associated with a wide range of economic impacts, any references to "pensions" or "pension income" in this report relate specifically and exclusively to the five pension funds administered by BCPC: the College Pension Plan, the Public Service Pension Plan, the Teachers' Pension Plan, the Municipal Pension Plan, and WorkSafeBC.

When measuring the impacts of pension-income spending in BC, consideration is given to both the direct and indirect effects on BC's gross domestic product (GDP), employment, and government tax revenue. The *direct effects* are the most immediate impacts imparted on a particular economic dimension (GDP, employment, or tax revenue) in relation to a transaction. For example, the direct impacts of the purchase of a cup of coffee at a local cafe would be measured in terms of the jobs supported at the cafe, the sales tax revenue generated, and the marginal contribution to GDP associated with the transaction itself. *Indirect effects*, in contrast, are the upstream supply-chain impacts associated with a transaction. In the local cafe example, not only does the purchase of a cup of coffee help to support jobs at the cafe, but also jobs in other sectors that played a role in bringing that cup of coffee to the customer including, possibly, transportation, manufacturing, and agriculture. In this example, the indirect impacts of the purchase on GDP, employment, and tax revenue comprise the cumulative contribution to each of these dimensions that each upstream stage of production makes in relation to the cup of coffee purchased by the customer.

The purpose of this report is to both detail the data and methodological approach utilized in the economic impact analysis, and also present key findings associated with the research.

1 Key Findings

- In 2014, \$3.324 billion was paid to pension-income recipients from BCPC-administered pension funds.
- Of the 163,988 total recipients of BCPC-administered pension payouts, 97 percent (158,393) were residents of BC.
- The spending associated with the \$3.245 billion paid to BC residents generated \$1.662 billion in provincial GDP, 31,099 jobs, and \$310 million in total government tax revenue.
- Recipients living in the Vancouver CMA were paid \$1.320 billion from BCPC-administered pension funds in 2014 (representing 41 percent of the total paid to all BC residents). The pension-income spending on the part of these recipients in turn accounted for 39 percent of the total GDP, as well as 40 percent of the jobs and tax revenue, generated in BC through pension-income spending.

2 Report Structure

This report has four sections. Following this, Section II describes the sources of data used in the analysis of the economic impacts of pension-income spending. As part of this, a number of tables are presented to illustrate the nature of the data that was utilized.

In Section III, a detailed description of the methodological approach used in the analysis is presented, followed by consideration of some of the limitations associated with both the analysis and the interpretation of its results. The output from the analysis is presented in Section IV and is accompanied by additional data that help to provide context for pension-income-related spending impacts in BC.

The report concludes with Section V, which summarizes the spending impacts associated with BCPCadministered pension incomes in two BC communities: Kamloops and Cranbrook.

II Data

In order to assess the range of economic impacts that the spending associated with pension incomes has in British Columbia, data from three separate sources were used.

1 Pension Income

- **Data:** Annual pension income for individuals, described by their age, mailing address postal code, and plan type, 2014
- Source: BC Pension Corporation

BC Pension Corporation supplied data on the value of pension income paid from each of the five plans it administers by individuals living in BC, throughout the rest of Canada, and abroad (a snapshot of the original dataset is shown in Table 1, below¹).

Table 1

	Α	В	С	D	E	F	G	н	1	J	K	L	M
1	plan	GROSS_PAY	UNIQUE_ID	UNIQUE_ADDRESS_ID	POSTAL_CODE	AGE	PC_1	PC_2	PC_3	PC_4	PC_5	Province	Region
2	01PSPP	48,472.20	3	addr-30750	хххууу	60 to 64.99	x	xx	xxx	ххху	хххуу	BC	Vancouver CMA
3	01PSPP	32,705.52	5	addr-33260	хххууу	65 to 69.99	x	xx	xxx	ххху	хххуу	BC	Vancouver CMA
4	01PSPP	27,008.16	10	addr-10	хххууу	49.99 and under	x	xx	xxx	ххху	хххуу	BC	non-CMA BC
5	01PSPP	22,878.24	17	addr-17	хххууу	65 to 69.99	x	xx	xxx	ххху	хххуу	BC	non-CMA BC
6	01PSPP	101,003.04	18	addr-43191	хххууу	75 to 79.99	х	xx	xxx	ххху	хххуу	BC	Victoria CMA
	01PSPP	18,914.16	21	addr-21		65 to 69.99							Victoria CMA

2 Spending by Category

- **Data:** Annual household spending by category, age of the primary household maintainer, and region of residence in British Columbia, 2013
- Source: Statistics Canada's Survey of Household Spending

A custom tabulation of household spending was configured by Urban Futures and purchased from Statistics Canada (a snapshot of which is shown in Table 2 on the following page). The data, from the 2013 Survey of Household Spending, detail annual spending on goods and services in 324 categories and subcategories for households in British Columbia with a primary household maintainer² who was 55 years of age or older. The tabulation presented these data for households living in each of three broad subregions in the province: the Vancouver Census Metropolitan Area (CMA), the aggregate of all other CMAs in BC (Abbotsford-Mission, Kelowna, and Victoria³), and the aggregate of all other non-CMA parts of the province.

¹ Notes on Table 1: GROSS_PAY is the sum of tax slip amounts for the most recent 2014 T4A; POSTAL_CODE is based on recipients' physical address as at December 31, 2014 and has been masked here for confidentiality reasons; AGE is as at December 31, 2014 and collapsed into five-year age categories; and both UNIQUE_ID and UNIQUE_ADDRESS_ID were encrypted prior to the analysis being undertaken.

² Refers to the person who is primarily responsible for their household's finances.

³ If the SHS data had been tabulated individually for each of the Abbotsford-Mission, Kelowna, and Victoria CMAs, much of it would have been suppressed by Statistics Canada due to concerns about privacy and confidentiality. As such, and in order to limit the prevalence of any suppressed data, these three CMAs were combined into a single aggregate geography representing a larger sample of households from which to derive a spending profile.

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	А	В	С	F	G	Н	l. I	J	K
13				British (Columbia	British C	olumbia	British C	Columbia
14				Colombie-	Britannique	Colombie-I	Britannique	Colombie-I	Britannique
15				All Age	Classes	Less t	han 55	55 an	d over
55				Average	Aggregate	Average	Aggregate	Average	Aggregate
56				expenditure	expenditure	expenditure	expenditure	expenditure	expenditure
57				per	('000)	per	('000)	per	('000)
58				household		household		household	
63	10100-23150	Total expenditure	Avg\$/Year	78,414	145,642,465	85,376	91,625,883	68,880	54,016,582
64									
65	10140-22310	Total current consumption	Avg\$/Year	61,008	113,312,093	67,426	72,328,065	52,221	40,984,028
66									
67	10140-13000	Food expenditures	Avg\$/Year	8,084	15,014,244	8,844	9,430,015	7,059	5,584,230
68	10140-12950	Food purchased from stores	Avg\$/Year	5,687	10,562,916	6,083	6,486,132	5,154	4,076,784
69	10140-10250	Bakery products	Avg\$/Year	547	1,015,415	584	622,454	497	392,961
70	10280-10420	Cereal grains and cereal products	Avg\$/Year	330	612,005	374	399,305	269	212,700
71	10430-10880	Fruit, fruit preparations and nuts	Avg\$/Year	651	1,208,946	674	718,750	620	490,196
72	10910-11380	Vegetables and vegetable preparations	Avg\$/Year	718	1,333,212	770	820,946	648	512,266
73	11410-11730	Dairy products and eggs	Avg\$/Year	944	1,752,922	1,007	1,073,489	859	679,433
74	11750-12020	Meat	Avg\$/Year	929	1,726,143	1,012	1,079,029	818	647,114
75	11750-11840	Meat (except processed meat)	Avg\$/Year	618	1,147,253	660	703,217	561	444,036
76	11870-12020	Processed meat	Avg\$/Year	312	578,890	352	375,812	257	203,078
77	12050-12210	Fish and seafood	Avg\$/Year	179	331,550	159	169,877	204	161,672
78	12240-12920	Non-alcoholic beverages and other food products	Avg\$/Year	1,391	2,582,724	1,503	1,602,282	1,239	980,442
79	12970-13000	Food purchased from restaurants	Avg\$/Year	2,397	4,451,328	2,761	2,943,883	1,906	1,507,445
80	12970-12990	Restaurant meals	Avg\$/Year	2,128	3,952,450	2,449	2,611,403	1,695	1,341,046
81	13000	Restaurant snacks and beverages	Avg\$/Year	269	498,878	312	332,480	210	166,399
82									
83	14000-14380	Shelter	Avg\$/Year	18,766	34,855,274	21,228	22,821,408	15,383	12,033,867
84	14000-14270	Principal accommodation	Avg\$/Year	16,681	30,983,255	19,478	20,939,162	12,839	10,044,093
	14000-14040	Rented living quarters	Avg\$/Year	3,861	7,170,808	4,890	5,256,662	2,447	1,914,146

3 Economic Multipliers

- **Data:** Industry-specific economic multipliers for GDP, employment, and government tax revenue, 2008
- Source: BC Stats

Economic multipliers, described by 25 individual industry sectors, were obtained from BC Stats (see Table 3, below). The data are detailed for GDP, employment, and government tax revenue, describing both the direct and indirect impacts of spending within various sectors of the economy. The impact of spending on GDP (GDPF/OUTPUT in the table) and taxes (TOTAL TAXES) can be estimated by multiplying the dollar-value of spending by the relevant values in the table to determine the total dollar-value of the impact. Using CROP AND ANIMAL PRODUCTION in row 5 in the table below as an example, \$1 of spending in this sector would directly generate \$0.40 in GDP and indirectly generate another \$0.29, for a total GDP impact

Table 3

Table 2

	В	С	D	E	F	G	Н	1	J	К	L	М	N	0	Р	Q	R
2		OUTPUT		GDPF/OUT	PUT		EMPLOYM	ENT (JOBS	/\$M)	FEDERAL T	AXES	PROVINCI	AL TAXES	MUNICIPA	L TAXES	TOTAL TAX	(ES
3		OWN	TOTAL		OWN	TOTAL		OWN	TOTAL		TOTAL		TOTAL		TOTAL		TOTAL
4	Industry	INDR	INDR	DIRECT	INDR	INDR	DIRECT	INDR	INDR	DIRECT	INDR	DIRECT	INDR	DIRECT	INDR	DIRECT	INDR
5	CROP AND ANIMAL PRODUCTION	0.130	0.690	0.400	0.060	0.290	7.510	1.410	5.320	0.006	0.013	0.012	0.016	0.007	0.005	0.025	0.034
6	FORESTRY AND LOGGING	0.070	0.710	0.430	0.030	0.220	4.820	0.350	3.480	0.033	0.014	0.031	0.015	0.007	0.004	0.071	0.033
7	FISHING HUNTING AND TRAPPING	0.000	0.560	0.330	0.000	0.180	4.120	0.010	2.690	0.019	0.010	0.035	0.011	0.006	0.003	0.060	0.024
8	SUPPORT ACTIVITIES FOR AG AND FOR	0.000	0.420	0.570	0.000	0.140	12.770	0.010	2.270	0.029	0.008	0.036	0.009	0.004	0.002	0.069	0.019
9	MINING AND OIL AND GAS EXTRACTION	0.030	0.400	0.630	0.010	0.130	1.390	0.180	2.140	0.011	0.009	0.035	0.009	0.005	0.002	0.051	0.020
10	UTILS	0.000	0.290	0.670	0.000	0.140	2.220	0.000	1.460	0.016	0.006	0.068	0.009	0.032	0.002	0.116	0.017
11	CONSTRUCTION	0.000	0.570	0.350	0.000	0.240	6.370	0.030	4.030	0.023	0.015	0.046	0.014	0.006	0.003	0.075	0.032
12	MANUFACTURING	0.150	0.680	0.340	0.050	0.250	4.090	0.570	3.490	0.018	0.015	0.019	0.017	0.004	0.004	0.041	0.036
13	WHOLESALE TRADE	0.020	0.490	0.580	0.010	0.200	9.550	0.180	3.350	0.037	0.012	0.037	0.014	0.008	0.005	0.082	0.031
14	RETAIL TRADE	0.010	0.480	0.600	0.010	0.200	17.800	0.170	3.330	0.029	0.012	0.032	0.015	0.011	0.006	0.072	0.033
15	TRANSPORT AND WAREHOUSING	0.150	0.520	0.500	0.070	0.220	7.250	1.080	3.630	0.023	0.013	0.025	0.016	0.009	0.004	0.057	0.033
16	INFO AND CULTURAL INDUSTRIES	0.080	0.460	0.550	0.040	0.180	6.670	0.480	2.970	0.024	0.009	0.033	0.010	0.011	0.003	0.068	0.022
17	FIRE AND RENTING & LEASING	0.140	0.430	0.600	0.070	0.180	3.020	0.750	3.080	0.024	0.012	0.059	0.013	0.040	0.004	0.123	0.029
18	PRO, SCI, AND TECH SERVICES	0.070	0.560	0.570	0.040	0.200	12.690	0.900	3.500	0.031	0.011	0.023	0.013	0.003	0.005	0.057	0.029
19	ADMIN AND OTHER SUPPORT SERVICES	0.020	0.540	0.580	0.010	0.210	17.760	0.340	3.450	0.030	0.011	0.028	0.015	0.004	0.006	0.062	0.032
20	EDUCATION	0.000	0.460	0.660	0.000	0.180	30.900	0.060	2.660	0.027	0.009	0.023	0.015	0.008	0.008	0.058	0.032

of \$0.69 for that original \$1 having been spent. (The tax-related impacts are calculated in the same way.⁴) For employment, the multipliers indicate the number of jobs supported by \$1 million in spending in an industry; again using CROP AND ANIMAL PRODUCTION as the example, \$1 million in spending in this sector would directly support 7.51 jobs and indirectly support another 5.32 jobs, for a total of 12.83 jobs supported for every \$1 million spent in this industry.

⁴ Readers will note that the magnitude of the indirect tax multipliers in relation to the magnitude of the direct tax multipliers is much greater than the indirect/direct multiplier ratios for either GDP or employment. This is due to the marginal impact that value-added taxes have on each stage of production, with the result being that the cumulative indirect tax impacts associated with each dollar of spending are closer in magnitude to the direct tax impacts than for GDP or employment.

III Methodological Approach

As noted previously, the approach used to quantify the economic impacts associated with spending from pension incomes in British Columbia relies on data from three primary sources: BC Pension Corporation, Statistics Canada's Survey of Household Spending (SHS), and BC Stats' economic multipliers.

The first step in the analysis was to use the postal codes of pension income recipients (provided as part of the pension income tabulation by BCPC) to identify how many of them currently reside in BC (versus elsewhere in Canada and abroad) and, more specifically, to identify where within BC they live. For those living in BC, their places of residence were grouped into one of three broad regions: the Vancouver CMA, all other CMAs in BC (as an aggregate), and all other parts of the province not situated within one of the province's CMAs.

Of the 163,988 recipients, 158,393 (97 percent) were identified as living in BC in 2014. Within the province, 39 percent live in the Vancouver CMA, 38 percent live in one of the Abbotsford-Mission, Kelowna, or Victoria CMAs, and the remaining 24 percent live in non-CMA parts of BC.

The next step in the analysis, which focussed on the household spending data from Statistics Canada, was twofold. First, it was necessary to convert each of the dollar-value spending amounts, described by category, to the corresponding proportion of household income it represented. For example, households with a primary household maintainer aged 55-plus, whose income averaged \$78,186 in 2013, spent an average of \$3,325 on health care in that same year; thus, health care spending accounted for 4.3 percent of household incomes for this group.

Next, it was necessary to achieve a correspondence between the categories contained in the detailed household spending tabulation and those in the economic multipliers table. This was done by considering the most detailed spending categories that contained non-suppressed data⁵ for each of the regions

lable 4			heine envidend (DC the)/energy CNAA
SHS Catego	ry-Industry Multiplier Sector Corresponde	ence Table	being considered (BC, the vancouver CIVIA,
	,,		all other CMAs in BC, and the non-CMA parts
SHS Code	SHS Category	Industry Multiplier Sector	
10140-13000	Food expenditures	ACCOMMODATION AND FOOD SERVICES	of BC). This resulted in 28 categories—which
14000-14040	Rented living quarters	FIRE AND RENTING & LEASING	represented the remaining 206 spending sub-
14070-14190	Owned living quarters	FIRE AND RENTING & LEASING	represented the remaining 250 spending sub-
14210-14270	Water, fuel and electricity for principal accommodation	UTILS	categories and, importantly, still accounted for
14300-14380	Other accommodation	FIRE AND RENTING & LEASING	
15120-15170	Communications	INFO AND CULTURAL INDUSTRIES	100 percent of household spending—from the
15180	Domestic and other custodial services (excluding child care)	OTHER SERVICES (EXCEPT PUBLIC ADMIN)	SHS boing assigned to one of ton (out of 2E)
15200-15220	Pet expenses	ACCOMMODATION AND FOOD SERVICES	Shis being assigned to one of ten (out of 25)
15240-15260	Household cleaning supplies and equipment	RETAIL TRADE	industry sectors in the multipliers table. The
15280-15300	Paper, plastic and foil supplies	RETAIL TRADE	
15320-15340	Garden supplies and services	RETAIL TRADE	final spending categories, and corresponding
15350	Other household supplies	RETAIL TRADE	multiplice contains used in the englysic and
15400-15440	Child care	HEALTH CARE AND SOCIAL ASSISTANCE	multiplier sectors, used in the analysis are
15500-15870	Household furnishings and equipment	RETAIL TRADE	shown in Table /
40094-45040	Clothing and accessories	RETAIL TRADE	Shown in Table 4.
16100-16530	Transportation	TRANSPORT AND WAREHOUSING	
17060-17250	Health care	HEALTH CARE AND SOCIAL ASSISTANCE	
18020-18115	Personal care	RETAIL TRADE	The product of this process was a table that
19050-19770	Recreation	RETAIL TRADE	described the perceptage distribution of
19800-19871	Education	EDUCATION	described the percentage distribution of
20010-20050	Reading materials and other printed matter	RETAIL TRADE	spending by industry sector that could then be
21000-21050	Tobacco products and alcoholic beverages	RETAIL TRADE	spending by industry sector that could then be
22010-22040	Games of chance	ACCOMMODATION AND FOOD SERVICES	applied to the pension income data provided
22070-22100	Financial services	FIRE AND RENTING & LEASING	by DCDC to optimate dellaryative energing
22150-22310	Other miscellaneous goods and services	OTHER SERVICES (EXCEPT PUBLIC ADMIN)	by BCPC to estimate donar-value spending
	Income taxes	GOVERNMENT SECTOR	amounts by industry that were consistent with
23020-23070	Personal insurance payments and pension contributions	FIRE AND RENTING & LEASING	anounts by moustry that were consistent with
23100-23150	Gifts of money, support payments and charitable contributions	OTHER SERVICES (EXCEPT PUBLIC ADMIN)	the value of pension income paid.

Finally, the spending estimates—now consistent with both the income amounts provided by BCPC and the industries for which the economic multipliers are published by BC Stats—were then applied

5 Because the SHS considers only a sample of all households, it is not possible for Statistics Canada to publish certain data due to confidentiality concerns. (This is most often seen in detailed custom tabulations such as the one used in this research.)

Table 4

to the economic multipliers to determine the aggregate impact of pension-income spending on GDP, employment, and tax revenue in BC. The numerical output from this process, and a discussion of key findings emerging from the analysis, is presented in Section IV.

Limitations

It is important to acknowledge two broad limitations that exist in regards to this research. The first relates to the data used to derive the economic impacts associated with pension-income spending in BC, while the second relates to the interpretation of the findings. Each of these is explained in further detail below.

The primary limitation related to the approach used to estimate the economic impacts of pension-income spending in BC is rooted in the data from the Survey of Household Spending. Specifically, while detailed age data have been provided by BCPC in regards to pension income recipients, the custom tabulation of household spending provides an expenditure profile for only those households with primary household maintainers aged 55-plus. As such, it is not possible to differentiate between the spending patterns of households with maintainers in their 50s and those in their 60s or 70s, or 80s (or older). Furthermore, for the purposes of this analysis, it is necessary to assume that all other members of a household are the same age as the primary household maintainer (that is, 55-plus). While this would certainly be the case in many (or most) instances, the household spending data would also reflect the spending of younger spouses (those under the age of 55), as well as that of any children who still live at home.

In addition to this, the SHS data do not permit consideration of household spending patterns that vary by income source (i.e. a specific pension plan or another source of income, such as wages) or by income level. Instead, the SHS data provide a snapshot of the average profile of spending by households.

In regards to the interpretation of the results, care is needed when attempting to draw conclusions about the spatial impacts of pension-income spending. For example, while economic impacts can be estimated in a quantifiable way, they cannot be assigned to particular regions within the province. This is due to the nature of the multipliers themselves, which neither distinguish between the impacts of a dollar spent in Fort St. John versus a dollar spent in Sooke, nor indicate where the impacts of spending in a particular part of the province ultimately accrue. Using the cafe example from the introduction of this report, while it is logical to assume that the spending on the part of a resident of Vancouver on a cup of coffee at a cafe around the corner from her home would see the direct economic impacts accrue locally, it is not possible (using the BC Stats' multipliers) to assign the indirect impacts (in transportation, manufacturing, or other sectors) to any particular part of the province.

Furthermore, the impacts of spending (measured in dollar or employment terms) cannot be viewed as net impacts, or net benefits, in the sense that no consideration is given to the opportunity cost of existing spending patterns versus alternative ones. For example, while \$1 spent at the cafe would support \$0.69 in BC's GDP, that same dollar, if spent in the health care sector, would support \$0.89 (or only \$0.51 if spent in fishing, hunting, and trapping).

As a final note, the analysis presented in this report is concerned only with the direct and indirect impacts of pension-income spending. As such, no consideration is given to any induced impacts, which are those that can be attributed to the spending on the part of individuals who are employed in sectors that are involved in a particular transaction. (To once again use the cafe example, the induced impacts associated with the purchase of a cup of coffee would be those generated by the spending of the person who sold the coffee and whose employment and income was marginally supported by the coffee purchase itself.) This approach to the analysis treats personal spending by wage-earners as exogenous, and thus it never leads to contradictions or inconsistent results when interpreting the impacts of spending. As noted by BC Stats in their report titled *British Columbia Provincial Economic Multipliers and How to Use Them*, the

inclusion and interpretation of induced impacts as part of an economic impact analysis can at times be problematic. As such, with the aim of providing a clear and concise approach to, and assessment of, the economic impacts of pension-income spending in BC, no induced effects have been estimated.

158.393

IV Analysis & Output

Table 5

1 Pension Income: BCPC-Administered Plans

2014 Summary of BCPC-Administered Pension Amounts

Provinces	Total Ann. Payout	No. Recipients	Avg. Ann. payout
British Columbia	\$3,244,620,008	158,393	\$20,485
Alberta	\$30,257,269	2,250	\$13,448
Saskatchewan	\$6,751,390	508	\$13,290
Manitoba	\$3,959,848	328	\$12,073
Ontario	\$20,899,721	1,377	\$15,178
Quebec	\$3,034,627	186	\$16,315
NB	\$2,335,663	147	\$15,889
Nova Scotia	\$5,914,763	364	\$16,249
PEI	\$1,313,710	77	\$17,061
NL	\$905,131	82	\$11,038
Yukon	\$156,752	8	\$19,594
NWT	\$883,838	45	\$19,641
Nunavut	\$73,805	7	\$10,544
Outside Canada	\$3,402,973	216	\$15,755
Total	\$3,324,509,497	163,988	\$20,273
PC 9 Decienc	Total Ann. Dovout	No.	Avg. Ann.
DC & Regions	Total Ann. Payout	Recipients	payout
Abbotsford-Mission CMA	\$92,549,876	4,691	\$19,729
Kelowna CMA	\$185,415,109	9,614	\$19,286
Vancouver CMA	\$1,319,604,884	61,154	\$21,578
Victoria CMA	\$498,311,158	23,113	\$21,560
non-CMA BC	\$1,148,738,981	59,821	\$19,203
British Columbia Total	\$3,244,620,008	158,393	\$20,485

Number of BCPC-administered Pension Recipients, 2014 Logarithmic Scale



In total, \$3.325 billion was paid from BCPCadministered pension plans to 163,988 individual recipients⁶ in 2014, for an average payout of \$20,273 (Table 5).

Of these 163,988 payouts, almost all were within Canada, with only 216 paid to people living abroad. In total, these payouts to recipients living outside of Canada were valued at \$3.4 million, for an average payout of \$15,755.

For the 163,772 payouts that were made to recipients living in Canada, the average value was \$20,279.

Not surprisingly, a great majority of the 163,988 total payouts were made to residents of British Columbia (158,393, or 97 percent of the all payouts), with an average payout of \$20,485. In aggregate, therefore, \$3.245 billion was paid to residents of BC in 2014. In comparison, the average value of payouts to the 5,379 recipients living elsewhere in Canada was only \$14,219.

Following BC, Alberta was home to the largest number and greatest aggregate value of BCPCadministered pension plan payouts, with 2,250 payouts totalling \$30.3 million in 2014 (for an average value of \$13,448). This was followed by Ontario (\$20.9 million paid to 1,377 recipients, for an average value of \$15,178) and Saskatchewan (\$6.8 million paid to 508 recipients, for an average value of \$13,290). Interestingly, Nova Scotia accounted for both the fourth-greatest number of recipients and the fourth-largest aggregate payout in Canada outside of BC, ahead of even Manitoba and Quebec. More specifically, \$5.9 million was paid to 364 recipients in Nova Scotia in 2014, for an average payout of \$16,249.

6 Some recipients received income from multiple BCPC-administered pension plans.

While not accounting for a significant number of payouts or aggregate value of BCPC-administered pension income, the highest average payouts in Canada outside of BC were to recipients living in the Northwest Territories (\$19,641) and the Yukon (\$19,594).

Within BC, 39 percent (61,154) of the 158,393 BCPC-administered pension plan payouts were made to residents of the Vancouver CMA; in comparison, 47 percent of BC's 55-plus population resided in the Vancouver CMA in 2014. British Columbia's non-metropolitan communities, which are home to 36 percent of the province's 55-plus population, accounted for the next-largest share of total BCPC-administered pension plan income payouts, at 38 percent (59,821 payouts in total). The Victoria CMA, long considered a destination for retirees, accounted for 15 percent (23,113) of all payouts, which was significantly above the region's share of BC's 55-plus population (nine percent). Finally, the Kelowna CMA accounted for six percent of all payouts in 2014 (9,614), while the Abbotsford-Mission CMA accounted for three percent (4,691). As a point of comparison, these regions' respective shares of the provincial population aged 55-plus were five percent and three percent.

The spread in the average value of payouts to recipients living in each of BC's five sub-regions was not significant, with the highest average payout (\$21,578 to residents of the Vancouver CMA) being 12 percent above the lowest average payout (\$19,203 paid to those living in the non-CMA parts of the province). The average payout made to recipients living in the Victoria CMA was not far behind that made to residents of the Vancouver CMA, at \$21,560; similarly, the average payouts made to recipients in the Kelowna CMA (\$19,286) and the Abbotsford-Mission CMA (\$19,729) were not substantially different from that made to residents living in the non-metropolitan parts of BC.

A detailed summary of the BCPC-administered pension plan incomes paid to residents of BC and its regions, described by the age of recipient and specific pension plan, is presented in Table 6 on the following page.

	A Plans	Avg Ann. s Pavout	\$20.485	\$11,622	\$19,978	\$27.619	\$20,231	\$18,772	\$16,965	\$14,693	¢19 729	\$10.484	\$19,021	\$24,813	\$27,731	\$19,877	\$16.014	\$13,614	\$13,447	¢19.286	59 967	\$17,981	\$22,279	\$26,773	C10'01¢	\$16,193	\$13,389 \$13 307	\$21,578	\$12,735	\$26,064	\$29,289	\$21,519	\$18,118 \$18,118	\$16,349	\$15,526	\$21,560	\$11,349	\$18,531 \$27 150	\$28,665	\$21,255	\$19,807	\$17,463 \$14 766	\$16,128	\$19.203	\$10.526	\$15,457	\$22,810	\$25,805 \$18,780	\$17,596	\$15,793	0/0.010
	dministeret	No. Recipient	158.393	394	632	32.020	40,801	28,791	17,943	13,262	4.691	12	24	318	878	1,185	833 562	431	448	9.614	19	31	675	1,979	1,779	1,146	823	61,154	179	4,016	11,619	15,905	7,040	5,279	5,473	23,113	58	1 823	4,889	5,755	3,815	2,439	2,311	59.821	126	201	4,660	12,655	10,993	6,756	
	All BCPC-A	Total Ann. Pavout	\$3.244.620.008	\$4,579,244	\$12,625,924	\$884.348.187	\$825,438,491	\$540,461,564	\$304,396,039	\$194,855,482 \$194,855,482	\$97.549.876	\$125.812	\$456,503	\$7,890,539	\$24,347,871	\$23,554,691	824,282,414	\$5,867,458	\$6,024,444	\$185.415.109	\$189.372	\$557,421	\$15,038,127	\$52,984,659 ¢45 033 030	\$31,508,614	\$18,557,492	\$11,019,367 \$0 776 170	\$1,319,604,884	\$2,279,574	\$104,673,255	\$340,311,363	\$342,262,359	\$127,547,606	\$86,304,848	\$84,972,658	\$498,311,158	\$658,223	\$1,927,215 \$40 404 166	\$140,143,514	\$122,321,842	\$75,565,436	\$42,591,587 ¢20 236 305	\$37,272,869	\$1.148.738.981	\$1.326.262	\$3,106,759	\$106,292,302	\$326,560,780 \$291.465,671	\$193,429,861	\$106,699,256	
		Avg Ann. Pavout	\$20.821	\$10,229	\$12,685	\$23,950	\$22,707	\$22,260	\$19,178	\$11,287	\$22,106		\$2,905	\$12,711	\$32,080	\$26,090	\$18.741 \$18.741	\$12.256	\$6,554	\$20.654	\$27.269	\$25,262	\$14,774	\$23,199 ¢21 E12	\$23,571	\$19,464	\$13,269 ¢10 846	Ş21,521	\$6,959	\$16,597	\$23,505	\$24,198	\$20,437	\$15,148	\$11,803	\$21,237		\$6,745 \$15.690	\$25,549	\$21,929	\$23,387	\$22,032	\$10,468	\$19,890	\$6.500	\$13,107	\$15,215	\$23,670 \$21,352	\$20,999	\$16,548	222 222
	ollege	No. Recipients	5.796	12	17	1.060	1,720	1,382	612	30/ 320	128	2	1	9	21	44	10	-	10	468	~	2	21	100	107	54	34 26	2,357	~ '	91	387	669	262	171	153	679		4 36	123	198	153	75	41	2.164		4	152	429 657	512	211	
I	U	Total Ann. Pavout	\$120.680.991	\$122,750	\$215,639	\$25.386.738	\$39,056,428	\$30,763,334	\$11,737,044 6r 043 063	\$3,611,778	\$2,829,567		\$2,905	\$76,267	\$673,675	\$1,147,951	\$187.411	\$85.795	\$65,537	\$9.665 908	\$54 538	\$50,523	\$310,251	52,319,947 52,53470	\$2,522,047	\$1,051,036	\$451,135 ¢2¢2 002	\$50,724,381	\$48,712	\$1,510,305	\$9,096,393	\$16,914,166	55,354,530	\$2,590,335	\$1,805,834	\$14,420,210		\$26,981 ¢56.4 8.78	\$3,142,466	\$4,341,896	\$3,578,265	\$1,652,384 ¢60A 247	\$429,173	\$43.040.925	\$19.500	\$52,429	\$2,312,667	\$10,154,257 \$14.027,988	\$10,751,690	53,491,682	
		Avg Ann. Pavout	\$24.896	\$10,653	\$15,557	\$33.737	\$24,397	\$23,141	\$18,138	\$17,188	\$21.144			\$30,708	\$39,382	\$27,833	\$16.218 \$16.218	\$12.245	\$13,334	\$27,198	00000		\$35,947	532,643 6 76 40 7	\$28,874	\$21,519	\$12,993 \$14 512	\$25,373	\$10,653	\$32,265	\$35,265	\$24,488	\$17,499	\$16,764	\$18,245	\$23,988		\$30,068 \$30,860	\$32,776	\$23,472	\$20,562	\$21,744 \$16.241	\$15,481	\$23.903	non in the	\$20,482	\$28,347	\$30,960 \$24.104	\$20,944	\$18,451	
	cSafeBC	No. Recipients	1.555	1	00 [345	429	261	147	111 136	77	i		2	m	ы,	4 4	4	ŝ	59	8		00	17	AT ~	9	mυ	950		7 19	202	262	60 F	72	92	95		2	61	62	13	× 0	0 1	418	ļ	4	34	104	89	43	VC.
	Wor	Total Ann. Pavout	\$38.713.715	\$10,653	\$124,455	\$11,639.129	\$10,466,256	\$6,039,784	\$2,666,244	\$2,337,570	\$570.894			\$61,416	\$118,146	\$139,163	564.873 564.873	548.980	\$66,668	\$1,767,900			\$287,580	\$554,924 ¢ 407 620	\$202,118	\$129,112	\$38,979 \$73 EEE	\$24,104,473	\$10,653	\$2,064,979	\$7,123,516	\$6,415,965	\$1,504,906	\$1,207,016	\$1,678,531	\$2,278,853		\$18,136 \$277 7AD	\$622,753	\$680,681	\$267,300	\$1/3,953 ¢170.075	\$108,367	\$9.991.594		\$81,928	\$963,811	\$3,219,790 \$2.747.817	\$1,424,203	\$793,401	000 0702
		Avg Ann. Pavout	\$29.943	\$14,977	\$13,522	\$36.653	\$29,319	\$28,657	\$28,818 625 520	\$23,563	\$29,649	\$7.074	\$7,000	\$31,580	\$38,590	\$29,180	\$25,865	\$23,473	\$23,365	\$30.075	\$5 904	\$20,801	\$31,045	537,345 620 E26	\$29,094	\$29,199	\$24,370 ¢22,380	\$31,501	\$17,810	\$30,596	\$38,323	\$31,068	\$31,173	\$27,545	\$25,200	\$28,176	\$19,268	\$11,961 \$20.415	\$34,383	\$27,790	\$27,993	527,997 522,066	\$22,883	\$28.925	\$13.421	\$14,994	\$30,678	\$35,423 \$28.165	\$27,397	\$27,049	100 000
	chers'	No. tecipients	33.025	56	53	6.788	9,333	6,434	3,606	2,528	1.065		2	48	210	284	121	96	102	2.114		2	135	480	404	226	147	12,786	24	609	2,551	3,663	1,377	1,028	1,022	3,347	4	8	611	953	630	379	368	13.713	22	21	860	2,936 3.875	2,709	1,503	010
I	Tea	Total Ann. Pavout F	\$988.876.423	\$838,705	\$716,665	\$248.802.043	\$273,633,812	\$184,379,487	\$103,918,521	\$59,568,278	\$31.575.99 8	\$21.222	\$14,000	\$1,515,859	\$8,103,848	\$8,287,201	\$3.129.719	\$2.253.448	\$2,383,223	\$63.578.577	\$17 712	\$41,603	\$4,191,033	\$17,925,648 646 033 367	\$11,754,047	\$6,598,889	\$3,582,455 ¢3 542 874	\$402,776,232	\$427,438	\$18,633,121	\$97,762,706	\$113,801,478	\$42,924,971	\$28,316,686	\$25,754,309	\$94,303,956	\$77,071	\$95,691 ¢4 206 257	\$21,008,200	\$26,484,327	\$17,635,733	\$10,610,909 cc 764 cco	\$8,421,098	\$396,641.711	\$295.263	\$314,865	\$26,383,170	\$104,001,641 \$109.137,539	\$74,217,212	\$40,654,033	ALC CT1 CC2
lumbia		Avg Ann. Pavout	\$16.540	\$10,782	\$25,123	\$23.306	\$15,491	\$14,061	\$12,967	\$11,814 \$11,936	¢15,596	\$12.862	\$29,081	\$23,476	\$22,618	\$14,597	\$12,249	\$10.039	\$9,657	\$14.665	\$7977	\$16,541	\$18,394	\$21,194 \$12.052	\$12,582	\$11,524	\$10,443 \$10.362	\$18,348	\$12,019	\$25,526	\$26,110	\$17,386	\$14,260	\$13,402	\$13,414	\$17,719	\$11,445	\$26,253 \$25,000	\$24,182	\$16,631	\$15,533	\$14,026	\$12,563	\$14.557	\$8.716	\$17,912	\$19,176	\$20,623 \$13.379	\$12,394	\$11,493	0100
British Co	nicipal	No. Recipients	76.479	190	364	15.607	19,838	13,901	8,894	6,116 5,728	2.366	9	11	182	451	608	424 292	198	194	5.013	9	18	359	1,016	939 939	585	430	31,975	92	2,359	6,148	8,356 r 010	3,751	2,608	2,663	8,676	25	49 653	1,872	2,127	1,477	984	756	28.449	61	- 86	2,288	6,120 7.415	5,251	3,282	CV F C
nsion Amounts,	Mur	Total Ann. Pavout F	\$1.264.948.179	\$2,048,562	\$9,144,784	\$363.741.478	\$307,312,896	\$195,457,151	\$115,325,918	\$68,372,002	\$36 900 664	\$77.175	\$319,886	\$4,272,569	\$10,200,607	\$8,874,682	53.576.645	\$1.987.656	\$1,873,464	\$73 513 919	\$47.861	\$297,729	\$6,603,317	\$21,533,586 ¢10 E0E AE2	\$11,814,953	\$6,741,551	\$4,490,690 \$3 300 170	\$586,665,887	\$1,105,748 6r 40r 200	\$60,214,767	\$160,525,004	\$145,273,635 600 000 314	\$53,487,845	\$34,952,020	\$35,721,134	\$153,730,831	\$286,125	\$1,286,420 \$16 275 0.48	\$45,269,382	\$35,373,712	\$22,942,023	\$13,801,474 ¢0 0AD 106	\$9,497,462	\$414.136.878	\$531.653	\$1,755,370	\$43,875,641	\$126,212,899 \$99.205.814	\$65,081,842	\$37,718,403	0.0 0.0
stered Pei		Avg Ann. Pavout	\$20.015	\$11,545	\$12,760	\$28.562	\$20,564	\$18,174	\$15,104	\$13,299	\$18.708	\$9.139	\$11,971	\$24,555	\$27,210	\$20,925	\$15,122	\$11.838	\$11,938	¢18.879	SR 658	\$18,618	\$23,986	\$29,100 \$20,202	\$16,197	\$14,680	\$11,752 ¢11.676	\$19,512	\$12,491	\$24,916	\$28,230	\$20,464	\$15,521	\$13,742	\$12,970	\$22,642	\$10,173	\$12,195 \$28.636	\$30,963	\$22,648	\$20,196	\$16,468 ¢14 E00	\$16,520	\$18.898	\$11.996	\$12,191	\$24,704	\$27,062 \$19.181	\$17,104	\$14,002	1000
C-Adminis	Service	No. Tecipients	41.538	135	190	8.220	9,481	6,813	4,684	4,032 4,550	1.105	3	10	80	193	244	135	126	137	1 954	8	6	152	366	322	275	209	13,086	55	893	2,331	2,925	1,564	1,400	1,543	10,316	29	41	2,264	2,448	1,542	993	0/0 1,139	15.077	40	74	1,326	3,066 3.459	2,453	1,717	. A1G
ummary of BCP	Public	Total Ann. Pavout R	\$831.400.700	\$1,558,574	\$2,424,380	\$234.778.799	\$194,969,100	\$123,821,808	\$70,748,311	\$60,965,853	\$20,672,753	\$27.416	\$119,712	\$1,964,429	\$5,251,595	\$5,105,693	\$2,041.451	\$1.491.580	\$1,635,552	\$36,888,855	\$69.262	\$167,566	\$3,645,947	\$10,650,554 \$0.210 EED	\$5,215,450	\$4,036,903	\$2,456,108 \$2,428,515	\$255,333,911	\$687,023	\$22,250,084	\$65,803,744	\$59,857,116	\$24,275,353	\$19,238,792	\$20,012,849	\$233,577,308	\$295,028	\$499,988 \$28.120.103	\$70,100,713	\$55,441,227	\$31,142,115	\$16,352,867 ¢12 000 400	\$18,816,770	\$284.927.872	\$479.846	\$902,169	\$32,757,014	\$82,972,193 \$66.346.513	\$41,954,914	\$24,041,737	000 100 1 2 2 0
2014 Detailed St	Plan >	BC & Region by Age Group	British Columbia	<50	50-54	60-64	65-69	70-74	75-79	80-84	Ahh-Miss CMA	<50	50-54	55-59	60-64	65-69	75-79	80-84	85+	Kelowna CMA	<50	50-54	55-59	60-64 cr co	70-74	75-79	80-84 85±	Vancouver CMA	<50	55-59	60-64	65-69	75-79	80-84	85+	Victoria CMA	<50	50-54	60-64	65-69	70-74	75-79 on-o.4	85+	non-CMA BC	<50	50-54	55-59	60-64 65-69	70-74	75-79	W1.VA

2 Income Sources in British Columbia

2012 Income by Source, Population Aged 55+, British Columbia

Before considering the range of economic impacts associated with the above-described pension incomes, it is useful to consider the role that pension plans (and other sources) play in generating income for people aged 55-plus in BC.

The most recent data from Statistics Canada⁷ (see Table 7, below) show that 1.28 million BC residents aged 55-plus earned some form of income in 2012, totalling \$55.026 billion. As such, the average income earned (for those earning an income) was \$42,824.

Table 7

	British	Columbia	Kelowi	na CMA	Abbo Missio	tsford- on CMA	Vancou	ver CMA	Victor	ia CMA	non-C	CMA BC
	No. Seniors	Income x \$1000	No. Seniors	Income x \$1000	No. Seniors	Income x \$1000	No. Seniors	Income x \$1000	No. Seniors	Income x \$1000	No. Seniors	Income x \$1000
Total income	1,284,950	\$55,026,920	59,370	\$2,511,060	43,450	\$1,600,630	606,290	\$27,404,410	112,730	\$5,413,835	463,110	\$18,096,985
Total employment income	661,650	\$23,821,000	29,300	\$939,560	22,340	\$712,430	307,410	\$12,952,405	62,330	\$2,022,800	240,270	\$7,193,805
Wages, salaries and commissions	565,920	\$21,816,335	24,830	\$860,630	19,200	\$656,330	264,120	\$11,817,880	54,100	\$1,844,390	203,670	\$6,637,105
Self-employment	151,240	\$2,004,665	6,950	\$78,930	4,990	\$56,105	67,340	\$1,134,530	13,570	\$178,410	58,390	\$556,690
Investment income	675,120	\$6,133,480	33,440	\$320,780	19,280	\$136,635	323,170	\$3,466,035	66,320	\$693,905	232,910	\$1,516,125
Total government transfers	1,022,480	\$12,337,080	48,960	\$615,050	35,600	\$436,785	466,390	\$5,415,330	89,750	\$1,096,850	381,780	\$4,773,065
Employment Insurance	53,030	\$299,265	2,390	\$13,110	3,360	\$18,620	22,750	\$121,115	2,810	\$14,820	21,720	\$131,600
OAS & net federal supplements	686,070	\$5,265,305	34,840	\$253,655	23,600	\$187,695	306,270	\$2,463,260	62,850	\$447,020	258,510	\$1,913,675
CPP & QPP	817,820	\$5,604,790	43,010	\$303,715	28,470	\$185,960	342,350	\$2,286,015	77,420	\$556,890	326,570	\$2,272,210
Canada Child Tax Benefit	13,140	\$32,545	470	\$1,110	420	\$1,065	6,560	\$14,575	960	\$2,070	4,730	\$13,725
GST & HST Credit	433,570	\$161,900	18,100	\$6,590	15,870	\$6,055	216,280	\$82,665	31,830	\$11,220	151,490	\$55,370
Workers' Compensation	39,290	\$403,000	1,660	\$15,855	1,640	\$16,310	15,210	\$151,590	2,780	\$26,555	18,000	\$192,690
Social Assistance	52,490	\$255,495	1,370	\$8,635	1,770	\$8,625	31,920	\$127,895	3,140	\$19,775	14,290	\$90,565
Prov. Refundable Tax Credits & Family Benefits	465,580	\$290,420	19,540	\$11,720	17,380	\$11,520	232,040	\$152,530	32,550	\$17,320	164,070	\$97,330
Other government transfers	29,450	\$24,365	890	\$665	1,240	\$930	18,210	\$15,675	1,530	\$1,190	7,580	\$5,905
Private pensions	520,960	\$10,075,055	27,760	\$517,605	16,060	\$261,165	209,290	\$4,147,465	57,230	\$1,317,365	210,620	\$3,831,455
RRSP	60,480	\$592,010	3,110	\$29,750	1,940	\$14,940	26,080	\$278,165	6,770	\$65,590	22,580	\$203,565
Other income	371,660	\$2,068,300	19,350	\$88,310	9,540	\$38,670	174,340	\$1,145,010	40,630	\$217,320	127,800	\$578,990

Personal Income by Source, British Columbia, 2012



Kelowna CMA Abbs-Miss CMA Vancouver CMA Victoria CMA non-CMA BC BC Total

Not surprisingly, the single largest source of earnings was employment income, averaging \$36,002 for British Columbians aged 55-plus. Next was private pensions-which include pension benefits other than Old Age Security (OAS), Canada Pension Plan (CPP), and Quebec Pension Plan (QPP), such as those from BCPC-administered pension plans and private sector pension planswhich paid \$10.075 billion to 520,960 recipients in 2012, for an average payout of \$19,339. This was followed by the average of \$12,066 earned by 1.02 million people through government transfers such as Workers' Compensation, Old Age Security, and the CPP/QPP, among others. Next, RRSPs paid 60,480 people aged 55-plus an average of \$9,789, which was followed by income earned from investments (\$9,085 paid to 675,120 people) and,

finally, \$5,565 paid to 371,660 residents aged 55-plus from other sources (such as gifts).

If income from all pensions is considered together (including CPP, QPP, and private pensions), the data show that an average of \$11,712 was paid to 1.4 million recipients aged 55-plus in BC in 2012.⁸

⁷ CANSIM Table 111-0035.

⁸ As with the pension income data provided by BCPC, the income by source data published by Statistics Canada indicates the number of people earning income from a range of sources. As such, it is not possible to identify how many, and which, people earned income from more than one source using these data.

When considered regionally within BC, the general pattern of the sources from which residents aged 55plus earn income is similar, with employment being the single-largest contributor to incomes. This ranges from the \$42,134 earned from employment in the Vancouver CMA to the \$29,941 earned by those living in the non-CMA parts of the province. For those earning income from private pensions, the largest average payout to residents aged 55-plus in 2012 was \$23,019 in the Victoria CMA; this was followed by \$19,817 paid to those living in the Vancouver CMA, ranging to a low of \$16,262 being paid, on average, to residents aged 55-plus living in the Abbotsford-Mission CMA.

Following employment income and income earned from private pensions, the third-largest average value of income by source was government transfers. Relative uniformity was seen in these average payouts to 55-year-old BC residents, ranging from a high of \$12,562 in the Kelowna CMA to a low of \$11,611 in the Vancouver CMA.

A range was seen in the average value of Investment income earned within BC, from \$10,725 in the Vancouver CMA to only \$6,509 in BC's non-metropolitan communities. Similarly, RRSP payments averaged a high of \$10,666 in the Vancouver CMA, compared to only \$7,701 in the Abbotsford-Mission CMA. Finally, income from other sources had the lowest average value of any of the broad income sources considered here, averaging between \$6,568 (in the Vancouver CMA) and \$4,530 (in the non-CMA parts of the province).

URBAN FUTURES

Strategic Research to Manage Change

3 The Economic Impacts of Pension-income spending in BC

on GDP, employment, and government tax revenue.

The assessment of the economic impacts associated with BCPC-administered pension-income spending shows that spending related to the aggregate income paid from the College Pension Plan, the Public Service Pension Plan, the Teachers' Pension Plan, the Municipal Pension Plan, and WorkSafeBC contributes significantly to BC's economy.

More specifically, Table 8 provides a summary of the impacts that pension-income-related spending has

Table 8

	Economi	c Impacts E	of Pension	Income Spe	nding*	
Pension Income Reci	pient Region of R	esidence	Vancouver CMA	All Other CMAs in BC	Non-CMA BC	BC Total
Aggregate Annua	al Pension Income	e Paid	\$1,319,604,884	\$776,276,144	\$1,148,738,981	\$3,244,620,008
	GDP	Direct Indirect Total	\$619,089,480 \$37,174,799 \$656,264,279	\$376,863,631 \$24,326,332 \$401,189,963	\$571,067,940 \$33,572,513 \$604,640,453	\$1,567,021,051 \$95,073,643 \$1,662,094,694
Economic Impacts	Employment	Direct Indirect Total	11,802 501 12,303	6,848 323 7,171	11,160 465 11,625	29,809 1,289 31,099
	Tax Revenue	Direct Indirect Total	\$91,116,898 \$31,752,569 \$122,869,467	\$55,768,889 \$19,269,541 \$75,038,430	\$82,052,479 \$29,565,099 \$111,617,578	\$228,938,265 \$80,587,209 \$309,525,475

to the <u>places of residence</u> of pension income recipients; it should therefore not be assumed that the impacts associated with each subprovincial region necessarily accrued to that same region (although some certainly would have).

Economic Impacts of Pension Income Spending



Assessing the Economic Impacts of Pension-Income Spending in British Columbia

Overall, the \$3.245 billion in BCPC-administered pension income paid in 2014 generated \$1.662 billion in provincial GDP, as well as 31,099 jobs, and generated almost \$310 million in government taxes.

Of the \$1.662 billion in generated GDP in 2014, 94 percent was accounted for through direct impacts (\$1.567 billion), with the remaining six percent generated through upstream, indirect impacts (\$95 million). Similarly, 96 percent of the employment impacts are estimated to be direct in nature (29,809 direct jobs generated), with four percent of the employment impacts associated with pension-income spending being indirect in nature (1,289 jobs). The share of the tax revenue generated as a direct result of pension-income spending is estimated to be much lower than the similar direct measures of GDP and employment, at 74 percent (\$229 million), with the indirect impacts of spending generating the remaining 26 percent (\$81 million).

URBAN FUTURES

Putting The Impacts Into Context

In order to better assess the relative impact that pension-income spending has in BC, it is useful to consider the magnitude of the economic impacts in a provincial context.⁹ For example, considered against BC's 2014 GDP¹⁰ of \$203 billion, the aggregate value of GDP generated through pension-income spending represents 0.8 percent of this total. When considered on an industry-by-industry basis, however, the role that pension incomes play in provincial economic activity can be viewed in a different light. More specifically, the aggregate value of the impact on BC's GDP of pension-income spending in 2014 was greater than the value of each of forestry and logging (\$1.654 billion), crop and animal production (\$1.161 billion), and paper manufacturing (\$1.152 billion), to name a few.

Similarly, while the 31,099 jobs generated by the spending of pension income recipients in BC represents 1.4 percent of all jobs in the province (in 2014), this is greater than the number of people working in each of mining, quarrying, and oil and gas extraction (28,700 jobs), agriculture (24,300 jobs), and utilities (13,700).

The Regional Breakdown

The spatial distribution of the economic impacts associated with pension-income spending closely follows that of the total pension income paid. For example, the spending of Vancouver CMA residents, who received 41 percent of the total income paid in British Columbia by BCPC-administered pension plans in 2014, accounted for 39 percent of the total impact on provincial GDP (\$656 million), 40 percent of the



Regional Shares of Total Economic Impacts

impact on employment (12,303 jobs generated), and 40 percent of the total tax revenue (\$123 million) associated with pension-income spending in BC.

Spending on the part of residents in the non-CMA parts of the province, who received \$1.149 billion in BCPC-administered pension income in 2014 (35 percent of the BC-wide total), generated 36 percent (\$605 million) of the aggregate value of provincial GDP, 37 percent of the jobs (11,625), and 36 percent of the tax revenue (\$112 million) generated through pension-income spending.

Finally, the combined Victoria/Abbotsford-Mission/Kelowna region accounted for 24 percent (\$776 million) of the total BCPC-administered pension income paid in the province in 2014.

Accordingly, the spending on the part of residents of these metropolitan areas generated 24 percent (\$401 million) of the total value of GDP, 23 percent of all jobs (7,171), and 24 percent of the total tax revenue generated through pension-income spending in BC.

⁹ Due to the fact that the tax impacts associated with pension-income spending in BC combine those at three levels of government—municipal, provincial, and federal—it is not possible to provide a relevant comparison here. 10 Gross domestic product at basic prices; chained 2007 dollars.

V Appendix: Community-level Impacts

In this final section of the report, the economic impacts associated with spending on the part of BCPCadministered pension income recipients is considered for two specific communities in BC: Kamloops and Cranbrook.

1 Kamloops

Kamloops, located in south-central BC (in the non-CMA part of the province), was home to 89,417 people in 2014. According to the most recent Census (from 2011), 29 percent of the city's population was 55 years of age or older (compared to 30 percent in BC as a whole).

In 2014, \$151.4 million was paid from BCPC-administered pension plans to 7,803 recipients living in Kamloops. As such, an average of \$19,409 was paid to each recipient, which was five percent below the BC-wide average of \$20,485.

Economic Impacts of Pension Income Spending



In total, the \$151.4 million paid to pension-income recipients in Kamloops generated \$79.1 million in provincial GDP; of this, 94 percent (\$75.3 million) was through the direct impacts associated with pension-income spending, with the remaining four percent (\$4.4 million) the result of indirect impacts. A total of 1,533 jobs were also generated (1,471 direct and 61 indirect), along with \$14.7 million in government tax revenue (\$10.8 million direct and \$3.9 million indirect).

2 Cranbrook

Cranbrook is located in the Kootenay region, in southeastern BC (also in the non-CMA part of the province). In 2014 there were 19,785 people living in the city, with 33 percent of the municipal population aged 55-plus (according to the 2011 Census). This compares to Kamloops' 29 percent and BC's 30 percent.

BCPC-administered pension plans paid a total of \$44.5 million to 2,408 recipients living in Cranbrook in 2014, for an average payout of \$18,547. This was four percent below the average for Kamloops and nine percent below the average paid to all BC residents.



In total, the \$44.7 million paid to pension-income recipients in Cranbrook generated \$23.5 million in provincial GDP; of this, 94 percent (\$22.2 million) was through the direct impacts associated with pension-income spending, with the remaining four percent (\$1.3 million) the result of indirect impacts. A total of 452 jobs were also generated (434 direct and 18 indirect), along with \$4.3 million in government tax revenue (\$3.2 million direct and \$1.1 million indirect).