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ABSTRACT

This publication is a compilation of summaries of the major legal provisions of state and local retirement systems to which public school teachers belong. The individual summaries were prepared by state and local retirement administrators in accordance with a topical and explanatory outline developed by the National Council on Teacher Retirement. The summaries describe the major provisions of the laws under which the retirement systems operate and give information on financing, administration, social security coverage, examples of retirement benefits paid, and selected statistical data. Although an effort was made to present the data in consistent form, some respondents described the provisions of their system more fully than others. Therefore, readers who wish to compare provisions beyond the general statements provided in the summaries should consult the statutes governing each system. Altogether, summaries are included for 44 state retirement systems and 11 local systems. (Author/JG)

TEACHER RETIREMENT SYSTEMS

A Summary of the 1975 Legal Provisions for Retirement Systems to Which Teachers Belong

NATIONAL EDUCATION ASSOCIATION

TEACHER RETIREMENT SYSTEMS

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CONTENTS

BACKGROUND AND PROCEDURES

This is a compilation of summaries of the major legal provisions of state and local retirement systems of which public-school teachers are members. The retirement systems for which reports are available have been grouped into six series as follows:

Series 1—State-wide Teachers Systems (Without Social Security)

Series 2—State-wide Teachers Systems (With Social Security)

Series 3—State-wide Public Employees Systems to Which Teachers Belong (Without Social Security)

Series 4—State-wide Public Employees Systems to Which Teachers Belong (With Social Security)

Series 5—Local Teachers Systems (Without Social Security)

Series 6—Local Teachers Systems (With Social Security)

The state systems are listed in Table 1, and the local systems in Table 2.

These summaries were prepared by the state and local retirement administrators in accordance with a topical and explanatory outline developed by the National Council on Teacher Retirement. NEA Research supplied editing services and reproduced the material.

The summaries describe the major provisions of the laws under which the retirement systems operate and give information on financing, administration, social security coverage, examples of retirement benefits paid, and selected statistical data.

An effort was made to present the data in a consistent form. Some systems described their provisions more fully than others. Therefore, the absence of detail under certain topics in some of the summaries does not mean their absence from the governing statutes. Users of this material who may wish to compare provisions beyond the general statements provided should consult the statutes.

To maintain the retirement summaries on a current basis, biennial revisions are made at the conclusion of the state legislative sessions in odd-numbered years. The next revision will incorporate the changes that have occurred since the 1975 legislative year. State and local retirement systems not appearing in this publication did not respond to the questionnaire.

TABLE 1.–TYPES OF STATE RETIREMENT SYSTEMS FOR TEACHERS

System	State-wide teachers systems		State-wide public employees systems to which teachers belong	
	Series 1–without social security	Series 2–with social security	Series 3–without social security	Series 4–with social security
Alabama		X		
Alaska	X			
Arkansas		X		
California	X			
Colorado			X	
Connecticut	X			
Georgia		X		
Hawaii				X
Idaho				X
Illinois	X			
Indiana		X		
Iowa				X
Kansas				X
Kentucky	X			
Maine			X	
Maryland		X		
Michigan		X		
Minnesota		X		
Mississippi				X
Missouri	X			
Montana		X		
Nebraska		X		
Nevada			X	
New Hampshire				X
New Jersey		X		
New Mexico		X		
New York		X		
North Carolina				X
North Dakota		X		
Ohio	X			
Oklahoma		X		
Oregon				X
Pennsylvania		X		
Puerto Rico	X			
Rhode Island			X	
South Carolina				X
Tennessee				X
Texas		X		
Utah				X
Vermont		X		
Virginia				X
Washington		X		
West Virginia		X		
Wisconsin		X		

TABLE 2.–TYPES OF LOCAL RETIREMENT SYSTEMS FOR TEACHERS

System	Series 5–without social security	Series 6–with social security
Colorado		
–Denver	X	
Illinois		
–Chicago	X	
Iowa		
–Des Moines		X
Minnesota		
–Duluth		X
–Minneapolis	X	
–St. Paul	X	
Missouri		
–Kansas City		X
Nebraska		
–Omaha		X
Oregon		
–Portland		X
Tennessee		
–Knoxville		X
Wisconsin		
–Milwaukee		X

TEACHERS' RETIREMENT SYSTEM OF ALABAMA

The system was established September 1, 1941. The law has been amended several times since then. In 1965, a new benefit formula was provided, to be effective September 1, 1965, but benefits computed under the former money-purchase plan are still payable if such benefits are greater. The last amendatory legislation was enacted in 1975. Statutory citation: *Code of Alabama* (Recompiled 1958), Title 52, secs. 362-372.

Membership

Membership comprises all full-time employees in public education, teachers, principals, supervisors, college professors, administrative officers, professors, clerks, school lunchroom managers employed in any public school or public college within the state, mechanics, bus drivers, maintenance men, and regular employees of the state department of education, the Alabama Education Association, and the Teachers' Retirement System. Teachers in state institutions of higher learning may participate in TIAA-CREF in addition to the statutory retirement system.

Membership is *compulsory*. After October 1, 1963, no person who has attained age 61 shall become a member unless he was previously a member of either this system or the Employees' Retirement System.

As of June 30, 1975, the system had 69,000 active members.

Creditable Service

Prior service is creditable for all service before September 1, 1941, without cost to the members.

Military service is creditable for full-time military service in the Armed Forces of the United States exclusive of service in a Reserve or National Guard component of any branch of the Armed Forces for a member who has not received credit toward retirement status in the TRS of Alabama. The member may be granted service credit for such service provided that the member pays to TRS in a lump sum within one year after the first day of the pay period in which the first TRS deduction is made after having been honorably discharged, an amount equal to 4 percent of the average compensation paid to a teacher during each claimed year plus 8 percent interest compounded from the last date of such claimed service. No member shall receive more than four years of service credit and no member shall be granted credit if such member is receiving military service retirement benefits other than disability allowance benefits.

Service as a regular state employee under most circumstances is creditable or transferable. Reciprocity is provided between the teachers' system and the employees' system.

Withdrawals and Refunds

A member who permanently terminates employment in any state-supported educational institution in Alabama may withdraw his contributions and they are automatically refunded when he is out of service more than five years in any six-year period unless he is in deferred status. A fraction of the accumulated interest is refunded after three years of service and ranges progressively from 50 percent to 80 percent for 26 or more years of service.

Provisions for Members' Borrowing

None.

Vesting and Deferred Allowance

Benefits vest at age 55, if in service, with 10 years of service, or at any age with 15 years of service. The vested retirement benefit is payable at age 60 and in the same manner as normal retirement.

Retirement Requirements and Benefit Formulas

Normal retirement is at age 60 with 10 years of service for those enrolling after October 1, 1963. State matching contributions cease at age 65 for the money-purchase plan. Benefits are payable on the basis of the highest amount computed as follows: (a) money-purchase plan; or (b) 2.0125 percent times years of service times highest five-year average salary out of the last 10 years not to exceed 80 percent of salary; or (c) $6.00 per month for each year of service to a maximum of 25 years for members who were enrolled prior to October 1, 1971.

Teachers who have not less than 30 years of creditable service may retire with full benefits without regard to age.

Disability retirement is provided at any age after 10 years of service. The annuity is based on the member's accumulated contributions and a pension which shall be equal to 75 percent of the pension that would have been payable if he had continued in service to age 60. The 2.0125 percent formula is applicable to disability retirement with a reduction of 1/4 of 1 percent for each month from age of retirement to age 60 to a maximum reduction of 25 percent. If a disability retirant resumes service in the public schools before age 50, he again becomes an active member of the system.

The retirement law provides for *compulsory retirement* at age 70.

Post-Retirement Adjustment

There is no provision for automatic post-retirement adjustment. However, in 1975 the legislature enacted the 2.0125 percent formula and a 15 percent cost of living for those not on the formula. There was a recalculation of all retirement benefits on the basis of 2.0125 percent formula as of October 1, 1975, and a Special Act providing that no retired teacher receives less than a 15 percent increase on retirement benefits.

The 1973 Legislature provided a minimum retirement benefit as a cost-of-living increase for certain members who retired prior to October 1, 1971, to be effective October 1, 1973, as follows:

1. For those retiring prior to January 1, 1956.

a. *Service Retirement* — No less than $11.00 per month for each year of service up to 30 years of service.

b. *Disability Retirement* — No less than $8.25 per month for each year up to 30 years of service.

2. For those retiring after January 1, 1956, but before October 1, 1971.

a. *Service Retirement* — No less than $10.00 per month for each year of service up to 25 years of service.

b. *Disability Retirement* — No less than $7.50 per month for each year of service up to 25 years of service.

3. For those retiring after 1971 but who became members before October 1, 1971

a. *Service Retirement* - No less than $6.00 per month for each year of service up to 25 years of service.

b. *Disability Retirement* - No less than $4.50 per month for each year of service up to 25 years of service.

Work Restrictions After Retirement

All retirants may earn up to $2,100 or the base allowed by Social Security without affecting their retirement benefits (currently $2,520), provided the teacher is not employed in a full-time capacity nor replaces a full-time teacher.

If a service retirant or disability retirant over age 50 resumes service in the public schools, his benefits are suspended; he does not again become a member of the system. His benefits are frozen until subsequent retirement. If reemployment continues for at least five years, he may petition to be reinstated as a member with additional service credit. There are no restrictions on employment in other states.

Death Benefits

1. Death of a member elibible for service retirement - surviving spouse receives automatic Option 3 as if the member had retired immediately prior to death.

2. If a member with 25 years of creditable service dies before becoming eligible for service retirement, his surviving spouse may elect to receive his contributions and interest plus an amount, up to $5,000, in lieu of 50 percent survivorship under disability. If the member dies after becoming eligible for service retirement, the spouse receives 50 percent survivorship. At retirement members may elect plans actuarially equivalent to single life annuity.

3. If neither one nor two applies, the accumulated contributions plus a matching amount from the state up to $5,000 will be paid to the estate or designated beneficiary.

Survivor Benefits

Members at retirement may elect to provide survivor benefits in any form actuarially equivalent to single life annuity.

Financing

Benefits are financed *jointly* by member contributions and public revenue. *Members* contribute 4 percent of total salary. At retirement, members may make an additional deposit for the purchase of an annuity which, when combined with the prospective retirement allowance, will not exceed one-half of the average final compensation at retirement age.

All of the public share of the financing is by the *state* appropriations. The normal contribution rate as of June 30, 1975, is 5.35 percent of payroll. The accrued liability rate is 5.59 percent of payroll. The employer's percentage of payroll is estimated at approximately 15 percent for 1975-76. The employer's share is allotted quarterly and paid monthly to the retirement system, and such funds are properly credited among the funds and invested. The appropriation for the fiscal year beginning October 1, 1975, is $95,285,590.80.

Interest on members' contributions is credited at the rate of 4 percent compounded annually on the preceding year's balance. The interest rate is fixed by the retirement law, but may be changed by the Board of Control.

Tax-Sheltered annuities

Not available from the system.

Investments

As of September 30, 1975, total investments were $579,935,500.00. Investments may be in such classes of bonds, mortgages, common and preferred stocks, shares of investment companies or mutual funds, or other investments, as the Board of Control may from time to time approve, subject to all the terms, conditions, limitations, and restrictions imposed by the laws of Alabama upon domestic life insurance companies in the making of their investments. The Board of Control through its secretary-treasurer has full power to invest funds, and to hold, purchase, sell, assign, transfer, and dispose of any such investments. Investments in common and preferred stock cannot exceed 20 percent of the total book value of all investments.

The Board of Contral elects from its membership a three-member investment committee. This committee considers all investment recommendations made by the secretary-treasurer and approves or disapproves the same. The Board of Control may appoint and employ as consultant a bank which has its principal office in Alabama, which qualifies and which has an organized investment department. The secretary-treasurer has the authority and it shall be his duty to carry out the investment policies fixed by the Board of Control.

Current investments comprise federal securities, 7 percent; common and preferred stock, 5 percent; corporate bonds, 70 percent; and mortages, 18 percent.

Administration

The Board of Control consits of 11 members as follows: the state superintendent of education, the state treasurer, the state director of finance, and the executive secretary of the Alabama Education Association, all ex officio and seven others who must be members of the retirement system, one of whom must be a superintendent of education, one a principal, one from post- secondary education, one retired member, and three teachers from K-12. These seven members are elected for three-year staggered terms by members of the retirement system.

Social Security Coverage

Social security was adopted by referendum in 1954 and became effective January 1, 1955. Coverage is state-wide. The employer's share of the social security tax is paid by the state. Benefits are entirely supplemental to retirement allowance.

Number of Retirants and Benefits Paid

As of June 30, 1975, a total of 12,247 retirants and survivor beneficiaries were receiving benefits, including 390 disability retirants. The approximate annual allowance for all retirants was $3,494.04.

During the last retirement year, 999 members retired on service retirement with an average annual benefit of $4,239.48. In addition, 49 members retired with disability at an average annual benefit of $2,535.12. The average number of years of creditable service for members retiring on service retirement was 30.5.

Verified by Dr. David G. Bronner, Secretary-Treasurer, Teachers' Retirement System of Alabama, c/o State Capitol, Montgomery, Alabama 36130.

TEACHERS' RETIREMENT SYSTEM OF ALASKA

The system was established in 1945. The 1945 act was repealed in 1955, and a new joint contributory system then established on the basis of the present law. The last amendatory legislation was enacted in 1975. Statutory citation: *Alaska Statutes*, Title 14, Ch. 25.

Membership

Membership includes certified school nurses, principals, supervisors, and superintendents employed on a full-time or part-time basis in a position normally having duties which require a full year of service; the commissioner of education and professional supervisors within the department of education; and full-time resident professional and administrative staff of the University of Alaska.

Membership is *compulsory* for public-school professional personnel. However, a teacher entering or re-entering Alaska service must be able to complete eight years of Alaska service by July 1 following his 65th birthday to be eligible for membership in the system.

As of June 30, 1975, the system had approximately 8,247 members.

Creditable Service

Prior service credit is granted for all Alaska service prior to July 1, 1955 (including service rendered before the establishment of the system in 1945), provided the teacher was employed for at least 140 days during the school year on a full-time basis. Partial credit is granted for at least 20 days of Alaska service after July 1, 1960. Effective July 1, 1969, credit is given for each day of service up to 172 days, a full year for retirement purposes.

Military service is creditable to a maximum of five years for active duty in the Armed Forces of the United States on or after January 1, 1940, provided the person entered the Armed Forces immediately after service as a teacher in a public school and returned to teaching in a public school within one year following discharge. If entry into the Armed Forces was immediately preceded by membership service, Alaska credit will be granted for military service. If entry was not from membership service, it must have been an interruption of education. Credit is granted as out-of-state service. Arrearage indebtedness is computed on Alaska military service. Leave without pay indebtedness is computed on outside military service subject to 10-year maximum outside credit.

Out-of-state service for public-school teaching in an out-of-state nonpublic school which is state approved or accredited is creditable to a maximum of 10 years. In addition, up to five years of Bureau of Indian Affairs teaching in Alaska is credited as out-of-state service. The member must contribute for the out-of-state credit at his mandatory contribution rate of base salary at the time he enters membership service for each year of creditable service plus interest at the prescribed rate compounded annually on outstanding arrearage indebtedness, from July 1, 1963, or date of employment, whichever is later, to date of payment.

Credit for sabbatical leave is granted in accordance with the provisions of the state sabbatical leave act. An authorized leave of absence without pay is creditable if the teacher agrees to pay all contributions. Service rendered as an exchange teacher is creditable contributions are made.

Withdrawals and Refunds

A member who terminates teaching service in Alaska may withdraw his contributions at any time following the date of termination. A member who withdraws receives his total contributions plus the interest credited to his account. There are no *service charges*.

Provisions for Members' Borrowing

None.

Vesting and Deferred Allowances

Benefits vest after eight years of membership service, or 15 years of creditable service, the last five which are in Alaska for those who entered before June 30, 1975, and eight years for those entering after July 1, 1975, and attained age and credited service total at least 75 at the time of termination of Alaska service. The deferred benefit is payable at age 55 or later, but the teacher is not entitled to the benefit if he applies for it after reaching age 70. The retirement allowance is calculated as for normal retirement.

Retirement Requirements and Benefit Formulas

Normal retirement is at age 50 or with 25 years of creditable service, or with 20 years of Alaska service. Contributions continue as long as the member remains in service. The benefit formula is 2.0 percent of average base salary (the highest average base salary of any three years of the last 10 years of membership service) times total years of service.

Early retirement is provided at age 50 with at least 15 years of credited service, the last five years of which are in

Alaska membership service and eight years for those who entered after July 1, 1975. The benefit formula is the same as for normal retirement, but the annual annuity is reduced by ½ of 1 percent per month for each month under age 55.

Disability retirement for permanent disability is provided at any age to members with at least five years of membership service. Up to 10 years of out-of-state service may be credited for disability retirement, but this credit cannot exceed the number of years of credited membership service. The disability retirement of a teacher who becomes disabled after July 1, 1966, is 50 percent of his base salary immediately prior to becoming disabled plus 10 percent for each minor child, to a maximum of four children. A retired disabled teacher is eligible for the normal retirement allowance upon attaining age 55. The benefit is recomputed as if the teacher had been in membership service while on disability.

Retirement is not mandatory at any specific age. The retirement law states that a teacher shall be retired at age 65 unless he is retained by the employing school board.

Post-retirement Adjustment

A post-retirement pension adjustment is payable to a retired teacher when the administrator determines that the cost of living has increased and the financial condition of the fund permits payments of the adjustment. The amount of the increase shall not exceed 3 percent compounded for each year of retirement.

A retired teacher who resides in Alaska subsequent to retirement is entitled to receive a cost-of-living allowance of 10 percent of his annual retirement salary, in addition to his retirement benefit.

Work Restrictions After Retirement

A retired teacher may do substitute teaching in the state, or teach in the private schools in Alaska, without affecting the retirement benefit. There are no restrictions on teaching in other states.

Death and Survivor Benefits

Before retirement—The beneficiary of each member who has never made supplemental contributions or whose supplemental contributions were made for less than a year shall receive a benefit of $1,000 plus $100 multiplied by the number of completed school years of membership service plus $500 if survived by one or more minor children. However, in no case will the lump-sum benefit exceed $3,000. This benefit is in addition to the return of the teacher's contributions. If a teacher has made the supplemental contributions for a full year and dies while in membership or while receiving a disability retirement salary and leaves a minor child or children, a continuing benefit is paid to the surviving spouse. For the spouse the amount of the benefit is 35 percent of the teacher's salary immediately prior to death plus 10 percent for each minor child up to a maximum of four. Neither the remarriage of the spouse nor the adoption of a minor child keeps the minor child from receiving the benefit. If there is no surviving spouse, the guardian of the children receives 10 percent of the teacher's salary.

If the teacher has made supplemental contributions, but is not survived by an eligible beneficiary, a lump-sum benefit is paid. If the teacher has 20 or more years of membership service, the beneficiary receives the full amount of the lump-sum benefit paid above. If the teacher had less than 20 years of membership service, the beneficiary receives three-fourths of the lump-sum benefit.

After retirement—If a retired teacher has not elected supplemental contributions and has not received benefits equal to the amount the teacher contributed to the retirement fund, the retired teacher's designated beneficiary will receive a lump-sum payment equal to the payments in the account (contributions minus benefits).

If the teacher has submitted supplemental contributions and is survived by a spouse, the surviving spouse upon attainment of age 60 will receive one-half of the retired teacher's benefit. However, if the retired person's spouse is totally disabled prior to age 60, the spouse's pension will be paid upon disability or upon the employee's death, whichever is later.

Financing

Benefits are financed *jointly* by member contributions and public revenue.

Members contribute at the rate of 7 percent of base salary, defined as actual salary earned for the year. This contribution is deducted by the employer on the basis of the number of days taught.

A teacher who is married or who has a minor child or children may elect to participate in the optional survivor benefits program by making supplemental contributions of 1 percent of base salary. This contribution is not refundable except when a member dies within the first years of participation.

The public share of the contribution comes from the *employer and the state.* Each contributes an amount equal to one-half of the required contribution. Currently these contributions are 13.64 percent of payroll. This matching public share is not credited to the individual member's account.

Interest on the member's accumulated contributions is credited at the close of every year thereafter at a rate by regulation. Currently this rate is 4.5 percent per year.

Other Programs

Elected survivor's benefit—If a teacher who has made supplemental contributions for the optional survivor benefits program for at least one year before death, dies either while in membership service or while receiving disability benefits and is survived by minor children, his living spouse is entitled to 35 percent of his base salary immediately prior to death or becoming disabled, plus 10 percent for each minor child to a maximum of four children. The children's benefit is payable until the last child attains majority. The spouse's portion terminates upon remarriage, or majority of the children, whichever occurs first.

Elected spouse's pension—If a teacher who has made supplemental contributions dies while in membership service or while receiving an allowance, the spouse is eligible to receive a retirement benefit. A benefit equal to 50 percent of the teacher's retirement benefit will be paid to the spouse at age 55 or upon the teacher's death, whichever is later. If the spouse is disabled prior to age 55, payment will begin immediately.

Tax-Sheltered Annuities

Not available to members from the system.

Investments

Funds may be invested in bonds or other interest-bearing obligations and securities of the United States, a state thereof, or a political subdivision of any state of the United States, with a population of 30,000 at the last federal census preceding the investment, except that tnis population limit does not apply to Alaska; in first lien real estate mortgage securities insured by FHA or held by the Veterans' Affairs Division of the Alaska Department of Commerce; and in corporate bonds, and preferred and common stocks; first lien real estate mortgages held by the Agriculture Loan Fund of the Department of Natural Resources; share of federally chartered savings and loan associations in Alaska; deposits with mutual savings banks in Alaska and with state and national banks in Alaska.

Not more than 25 percent of the surplus may be invested in mortgage securities of the Alaska Department of Commerce, and the state shall appropriate sufficient money from the general fund to make good any losses as a result of failure of the obligees to pay on the notes.

The Commissioner of Revenue is the treasurer of the system and the official custodian of the funds. The Commissioner of Administration, the Commissioner of Revenue, and the Commissioner of Commerce guide the investment program. The First National Bank of Anchorage is used for advisory investment services.

As of June 30, 1975, total investments were $105,000,000. Current investments comprise federal securities, 36 percent; common and preferred stock, 21 percent; corporate bonds, 12 percent; mortgages, 26 percent; and other, 5 percent.

Administration

The Commissioner of Administration is responsible for the administration of the retirement system. The system is administered by the Retirement Section of the Department of Administration. A five-member appeal and recommendation board is appointed by the governor for 3-year overlapping terms.

Social Security Coverage

None.

Number of Retirants and Benefits Paid

As of June 30, 1975, a total of 586 retirants and survivor beneficiaries were receiving benefits, including 35 disability retirants.

During the last retirement year, a total of 100 members retired on service retirement with an average monthly benefit of $875. In addition, 10 members retired with disability at an average monthly benefit of $800. The average number of years' creditable service for members retiring on service retirement was approximately 21.

Verified by the Teachers' Retirement System of Alaska, Juneau, Alaska 99801.

THE TEACHER RETIREMENT SYSTEM OF ARKANSAS

The Teacher Retirement System of Arkansas was established in 1937. The law was amended several times, and in 1957 was completely rewritten, with amendmen.s in each session of the legislature through 1969. In 1961, social security was added. In 1971, the law was completely rewritten, with amendatory legislation enacted in 1973 and 1975. Statutory citation: *Arkansas Laws 1973*, Act 427, as amended by Act 878 of 1973 and Act 549 of 1975.

Membership

Membership comprises instructional staff, including supervisors, principals, and superintendents; any other person employed by a school in a regular or special position; employees of state institutions of higher learning who do not choose TIAA-CREF; and employees of certain other state agencies.

Membership is *compulsory* except for those persons employed before July 1, 1971, who had optional membership. Part-time teachers, teacher aides, and foreign-exchange teachers may exclude themselves from membership. Janitors, bus drivers, and cafeteria workers are ineligible for membership. Membership is closed to incoming teachers after age 62 who could not attain the minimum of 10 years of service by the end of the fiscal year in which they reach age 72.

As of June 30, 1975, the system had 31,105 active members.

Creditable Service

After June 30, 1959, no *prior service* credit for service before 1937 is granted. A member who re-enters teaching in Arkansas, who had received a refund of contributions, may repurchase his refunded service. His service repurchased shall be restored to his credit one year subsequent to his re-entrance.

If an active member enters compulsory *military service,* such military service rendered shall be credited to total not more than five years, provided he again becomes a teacher within two years after his military service. Credit is also available for compulsory military service rendered before July 1, 1955, by a member who was not an active member at the time of entry into such armed forces but was an active member at the time proof of service was filed and who completes 10 years of credited teaching service.

Out-of-state service is creditable to a maximum of 10 years for active members who already have 10 years of Arkansas service credit and who agree to purchase this service. For each year of service credit being purchased, the *mem oer* shall pay a certain percentage of the highest annual salary received by him for Arkansas teaching service to and including the fiscal year in which he so contracts to purchase. Such percentage shall be the total of the member contribution percentage in effect during such fiscal school year, plus the employer contribution percentage necessary to meet the financial objective of the act, as determined by the actuary's most recent actuarial valuation.

Withdrawals and Refunds

Any member leaving the profession who does not plan to re-enter may request a refund of his contributions plus earned interest to be paid within six months following the date he files his application. A member's refund shall be his contributions plus the actuarial equivalent of 2½ percent interest compounded annually beginning with the sixth year of contributions. There is no *service charge.*

Provisions for Members' Borrowing

None.

Vesting and Deferred Allowances

Benefits vest at any age with 10 years of credited service and are payable at age 60 or after. The formula for deferred retirement is the same as for normal or disability retirement.

A member of this system who accepts employment in a position covered by the Arkansas Highway Employees Retirement System or the Public Employees Retirement System of Arkansas and continues such employment until he qualifies for retirement in one of these systems may qualify for benefits from the Teacher Retirement System based upon years of service he had thereunder. The preceding reciprocal system excludes payment of minimum benefits.

Retirement Requirements and Benefit Formulas

Normal retirement is at age 60 with 10 years of Arkansas credited service for members. The benefit formula is 1.59 percent of the first $6,600 of his final average salary (average of the best five years producing the highest annual average) times credited service rendered prior to July 1, 1969, but not less than benefits in accordance with provisions in force before July 1, 1971; plus 1.59 percent of his full final average salary times credited service rendered after June 30, 1969; provided, for a member contributing on only the first $7,800 of each annual salary after June 30, 1969, each annual salary used in computing his final average salary shall be limited to a maximum of $7,800. The basic formula is supplemented by a 13.2 percent increase for retirees and those who retire during the 1975-77 biennium.

In the event a covered member, who was an active member June 30, 1961, proves to the board that at retirement he has not acquired fully insured social security status, his straight life annuity shall be computed to equal the sum of 2 percent of the first $3,500 of his final average salary times credited service rendered prior to July 1, 1957; plus 2 percent of the first $5,000 of his final average salary times credited service rendered after June 30, 1957.

Early retirement is available without a reduction in annuity for an active member who has 35 or more years of credited service regardless of age. Early retirement for active members (before age 60) is also available with 25 years of credited service with a reduction of approximately 5 percent from normal retirement benefits for each year the member is either younger than age 60 *or* is lacking in reaching a total of 35 years of service, whichever is less.

Disability retirement is available to an active member with 10 or more years of Arkansas credited service. If a member retired on disability resumes service full time, he again becomes a member of the system and may increase his service credit with benefits to be recomputed when he later applies for retirement. The benefit formula is the same as for normal retirement.

The retirement law provides for compulsory retirement at age 72.

Post-retirement Adjustment

For a monthly benefit effective before July 1, 1977, beginning with the monthly payment, if any, for the month of July 1975, the amount of the monthly benefit shall be increased by 13.2 percent of the July 1974 benefit or, if later, the first full monthly benefit. Beginning July 1, 1976, all retirants who have been on the roll 12 months shall receive a 1.5 percent increase July 1 of each year while on the benefit rolls.

Members retiring after July 1, 1965, are to receive not less than $780 annually. Retirants who were not fully insured under social security on June 30, 1973, are to receive not less than $1,200 annually.

Work Restrictions After Retirement

A retirant may be employed part time in any position covered by the system and earn a maximum of $2,700 without penalty. A disability retirant who returns to a full-time position shall have his annuity terminated. Superannuation retirants who return to teaching part time or full time are not permitted to make further contributions to the system, and the benefits already established are not affected.

Death Benefits

Lump-sum death benefits of the deceased member's contributions plus interest are payable to the beneficiary if no survivor benefits are payable. If the spouse is qualified for survivor benefits, a request may be made for the lump-sum payment in place of benefits, provided there are no dependent children.

Survivor Benefits

Survivor benefits are payable upon the death of an active member with five or more years of credited service including credited service for the year immediately preceding his death to certain survivors as follows:

A. *Spouse*—Must be married to member at least two years immediately preceding death. The annuity shall be the greater of Option A, 10 percent of the deceased member's covered salary or $50 per month, and shall begin: (a) with 5 to 14 years of service at age 62 or older; (b) with 15 to 19 years of service at age 50 or older; (c) with 20 or more years of service at any age; or (d) with 10 or more years at any age provided the member was age 60 or older. These benefits are payable until the earlier of remarriage or death.

B. *Dependent Children*—For each dependent child, an annuity of the greater of (a) 10 percent of member's covered salary at time of death or (b) $50 monthly. When there are three or more children, each child shall receive an annuity of an equal share of the greater of (a) 25 percent of the covered salary, or (b) $125 monthly. Such benefits shall be terminated upon death, marriage, failure to attend an accredited secondary school or institution of higher learning or at age 23, whichever comes earliest. As long as the spouse has the care of the dependent children receiving an annuity, a spouse annuity of not less than (a) 10 percent of the covered salary or (b) $50 monthly shall be paid at the same time. An annuity is payable to a physically or mentally incompetent child regardless of age.

C. *Dependent Parents*—If there is no spouse or dependent children, each dependent parent shall receive an annuity of the greater of (a) 10 percent of covered salary, or (b) $50 monthly provided each parent was dependent on the member for at least 50 percent of his financial support.

If survivor benefits are terminated before there has been paid a total amount equal to the member's accumulated contributions to the system at the time of death, the difference between his total contributions and amount paid in benefits shall be paid to the beneficiary, if living, otherwise refund will be made to the member's estate.

When a member makes application for retirement benefits, he has a choice of straight life annuity payments or an option to lower his straight life to provide for his beneficiary after death.

Financing

Benefits are financed *jointly* by member contributions and public revenue. Effective July 1, 1969, *members* contribute 6 percent of salary. Members may make a choice to contribute on either a maximum salary of $7,800 or full salary retroactive to July 1, 1969. The member's contributions are credited to the individual member's account. No contributions are permitted for supplemental benefits or other provisions.

The state's employer contributions to the System for members whose positions are financed by the State Public School Fund shall be in accordance with the following schedule: for the fiscal year begining July 1, 1975, $22,116,950; for the fiscal year beginning July 1, 1976, $22,471,072; for the fiscal year beginning July 1, 1977, 13.46 percent of active member payroll; and for the fiscal year beginning July 1, 1978, 14.29 percent of active member payroll. For each fiscal year beginning July 1, 1978 or later, such state employer contribution rate, expressed as a percent of active member payroll, shall be increased by 1.0 percent of active member payroll until the financial objective of this act is met, as measured by the most recent actuarial valuation of the entire System made by the Board's actuary. The employer contribution rate for those employers not covered by the Public School Fund is 9.7 percent of assessable salaries for the year beginning July 1, 1975.

Tax Sheltered Annuities

Not available to members of the system.

Investments

Funds may be invested in state and federal obligations, including FHA, VA, and insured conventional mortgages, and corporate bonds which are rated A or better by at least two reputable rating agencies; and in common and preferred stocks and convertible bonds. The investment authority is in the board of trustees. The board has employed investment counsel. Considerable freedom for investment policy is given to the executive director and the investment counsel. As of June 30, 1975, total investments were $212,640,618. The Retirement Board is responsible for investments and the state treasurer serves as custodian of the funds. Investments are handled by system staff although investment counsel is employed in an advisory capacity.

Current investments comprise federal securities, 5.5 percent; common and preferred stock, 14.8 percent; corporate bonds, 57.4 percent; mortgages, 22.0 percent; and, other, 0.3 percent.

Administration

The board of trustees consists of 10 members: the state banking commissioner, the state treasurer, and the state commissioner of education, all ex officio; six active members of the retirement system elected by the active members of the system for a five-year period, four of which are to be elected from each of the four congressional districts of the state, one elected by the Department of Classroom Teachers of the Arkansas Education Association, and one other than a Caucasian to be elected by the Arkansas Education Association; and one retirant trustee to be elected by the Arkansas Retired Teachers Association for a three-year period.

Social Security Coverage

Social security was adopted in 1961, and became effective July 1, 1961. Coverage is state-wide. The employer's share of the social security tax is paid by the local school district. Social security is on a coordinated basis.

Number of Retirants and Benefits Paid

As of June 30, 1975, a total of 6,663 retirants and survivor beneficiaries were receiving benefits, including 628 disability retirants. The approximate annual allowance for all retirants was $17,918,721.24.

During the last retirement year, 498 members retired on service retirement with an average annual benefit of $2,860. In addition, 55 members retired with disability at an average annual benefit of $2,455.80. The average number of years of creditable service for members retiring on service retirement was approximately 29.

Verified by Joe Hudson, Executive Director, The Teacher Retirement System of Arkansas, Education Annex, State Capitol Grounds, Little Rock, Arkansas 72201.

STATE TEACHERS' RETIREMENT SYSTEM, STATE OF CALIFORNIA

In 1895, an enabling act was passed, permitting the organization of local retirement and annuity associations. Three local associations were formed and two continued in existence until a 1913 act was passed to provide a state-wide system for payment of retirement salaries to public-school teachers in California, and a Public School Teachers' Retirement Salary Fund was established. This legislation repealed the earlier enabling act of 1895.

Substantial revisions in the system were made in 1935, 1944, 1956, and 1971. Major amendments to the law have been made at almost every succeeding session of the legislature.

Membership

Membership, with certain exceptions, comprises all teachers employed in the public schools of the state; certificated librarians and librarian-teachers in elementary or secondary schools or community colleges; all other certificated employees in the public schools of the state who are employed for the major part of the school month in work authorized by their credentials; counselors, coordinators, and research directors in the public schools or in the county superintendents' offices; persons who are members on account of previous eligible employment and who are employed by the state department of education to perform services of an educational nature, unless they elect not to be members; persons currently members by virtue of previous creditable service who may be currently employed in a position not requiring membership if employed in a school district or in the office of a county superintendent of schools, unless the individual specifically elects membership in the Public Employee' Retirement System; county superintendents, their deputies, and certificated employees under the direction of county superintendents.

Membership is *compulsory* except where noted above and for certain teachers in the San Francisco public schools. The San Francisco teachers were given a one-time irrevocable election to be covered only by the STRS or the San Francisco City and County Employees' Retirement System. About 73 percent opted for membership in STRS. All new teachers in San Francisco will be members of STRS solely.

As of June 30, 1974, the system had 332,000 active members.

Creditable Service

Prior-service credit is provided for service performed before the establishment of the retirement system on June 16, 1913. Member contributions are required for prior-service credit, but no interest is charged.

Military service is creditable for active military service of the United States or of the state of California, including active service in any uniformed auxiliary of such service, during war or national emergency or if drafted during peace time, provided the member was employed in a status requiring membership or credit in the system within one year prior to entering service. Time in military service is considered as being in the state in which the member was last employed before entering the armed forces. A member who requests or agrees to an extension of his original term of service shall not receive credit for time served in military or allied services after January 1, 1958, or after expiration of six months following the date of termination of the original service, whichever is later. No member may receive credit for more than four years of military service performed after July 1, 1968.

Full-time paid service in the American Red Cross is creditable if performed prior to September 10, 1957, during war or national emergency, provided the member was employed in a position requiring membership in the system within one year prior to the date of entrance on such service.

A person entitled to receive credit for military service shall be excused from payment of contributions under certain circumstances.

Teaching in *overseas dependents schools* is not creditable.

All service performed in California in a position requiring membership is creditable.

Out-of-state service is not creditable except to those who were members of the system on June 30, 1944, and then only for service performed prior to that time; it is paid for by the member.

Withdrawals and Refunds

Refund of the member's total contributions, plus credited interest at the current rate paid by the system after July 1, 1935, is available at any time he is no longer employed in a position requiring membership. *Service charges* are 4 percent of the contributions and interest, but not to exceed $25.

Provisions for Members' Borrowing

None.

Vesting and Deferred Allowances

Benefits vest after five years of credited California service. There is no requirement that the minimum must have been served at any particular time prior to application for retirement. The benefit formula for deferred benefits is the same as for normal retirement.

Retirement Requirements and Benefit Formulas

Normal retirement is at age 60, with five years of credited California service. The benefit formula is 2 percent of final compensation for each year of credited service. Final compensation is the average salary earnable for the highest three consecutive years of credited California service. Any member on June 30, 1972, who on that date had not less than five years' credited service and who had attained age 55 shall, at time of retirement, have the option to retire under the percentage of final compensation in effect on June 30, 1972 or under the current program formula.

Early retirement is at age 55 with five years' credited California service. The normal retirement benefit is reduced 1-1/2 percent for each month the member is less than age 60.

Disability benefits are available at any age below age 60, with five years of credited California service. Disability, physical or mental, must be permanent or of uncertain duration. There are no temporary disability benefits, and no waiver of contributions is involved.

The disability retirement benefit is 50 percent of the highest earned salary during any 12 consecutive months within the 36 months preceding the effective date of disability, PLUS 10 percent for each eligible child up to four children (90 percent maximum) LESS disability benefits payable under social security and other public plans to age 60. This benefit will be further reduced by $.50 for each $1.00 earned.

At age 60, the disability benefit shall be recomputed to be equal to the smaller of the disability benefit including the benefit improvement factor OR the normal retirement benefit which would have been payable based on his projected service and projected earned salary to age 60. The payment shall be deferred until there is no eligible child.

Compulsory retirement is not required by the retirement law. Other state law ends tenure at age 65. Employment on a year-to-year contract basis beyond that point is at the discretion of the school district.

Post-Retirement Adjustments,

Each September 1 following the first anniversary of the date the retirement benefit began to accrue, a 2 percent increase is provided.

Work Restrictions After Retirement

Retirants on service retirement may serve in a certificated position and earn a maximum of $4,000 per year. This amount may be earned without suspension of benefits. Retirants employed in excess of these maximums may not receive compensation for the service, and must repay any compensation to the employing district. There are no limitations on employment in public schools outside California, or in private schools either within or without the state.

Disabilitants may be employed in any certificated position in the California public schools or in public schools outside this state or in private schools either within or without the state; however, the disability allowance is reduced by $.50 for each $1 earned.

Retirants or disabilitants may not be employed in a classified (noncertificated) position in the California public school system.

Death Benefits

Upon the death of an active teacher member, a lump-sum benefit of $2,000 plus the member's contributions with interest less any benefits paid, other than the lump-sum death benefit, are payable to a beneficiary. If death occurs after retirement, a lump-sum benefit of $2,000 is payable to a beneficiary plus if the retirant had elected one of the Joint and Survivor annuities, the named beneficiary would, after death of retirant, receive a lifetime annuity of either the retirant's reduced allowance or one-half of the retirant's reduced allowance; or if no option had been elected, the balance, if any, remaining in the member's account is payable.

On the death of a disabilitant, death benefits will be payable to eligible beneficiaries on the same basis as if the disabilitant had died while currently employed.

Survivor Benefits

On the death of a member who is currently employed, who has more than one year of service credit and who has an eligible child, the spouse shall receive a family benefit of 40 percent of the highest earned salary during any 12 consecutive months within the 36 months immediately preceding death plus 10 percent for each eligible child up to five. If there is no spouse or if the spouse remarries, each eligible child up to five shall receive a 10 percent benefit. All benefits will be reduced by social security and other public benefits. Payment of the family benefit shall cease on the first of the month following the date there is no longer a child eligible for benefits.

On the death of a member who is currently employed and who has more than one year of credited service, a surviving spouse shall, on the later of attaining age 60 or the date of ceasing to be eligible for a family benefit, receive 50 percent of the modified retirement benefit the member would have received had he elected Option 3 at age 60. The allowance will be based on the member's projected service to age 60, member's projected earned salary to the date spouse is eligible to receive the benefit, and spouse's age at date member would have been age 60.

The surviving spouse may elect to receive the member's accumulated contributions, less any benefit payments, other than the lump-sum payment, on account of the member's death or disability, in lieu of the pension payable at age 60.

Payment of, or eligibility for, a surviving spouse benefit shall cease on the earlier of remarriage or death.

If there is no eligible surviving spouse, the dependent parent may qualify for the benefit. In the event more than one dependent parent is currently eligible to receive a benefit, the benefit shall be divided equally between eligible parents.

Financing

Benefits are financed jointly by member contributions and public contributions.

Members contribute a flat rate of 8 percent of salary. The school districts are graded in by 0.8 percent per year from 3.2 percent in 1972-73 to 8 percent in 1978-79. A limited permissive tax is authorized to provide funds for payment of retirement contributions. The superintendent of public instruction will add $40 per ADA to various foundation programs graded in from $16 in 1972-73 and increased $4 per year to a maximum of $40 in 1978-79.

Credited *interest* is paid at the current rate of 5 percent compounded annually on members' contributions on deposit for the entire fiscal year. The rate is set annually by the retirement board. Interest is credited up to the effective date of retirement or, in the case of a refund or death, to the date payment is made.

Tax-Sheltered Annuities

Tax-sheltered annuities are available to members through the retirement system.

Investments

The retirement law limits the retirement system's investments to those prescribed for savings banks incorporated in the state of California. Investments bonds of privately owned corporations or the United States Government and its instrumentalities, other states, municipalities, public utilities, mortgages, and corporate shares.

As of June 30, 1975, total investments were $3,605,189,213.18 at cost. Current investments comprise federal securities, 4.6 percent; common and preferred stock, 5.2 percent; corporate bonds, 74.1 percent; mortgages, 13.5 percent; and, others, 2.6 percent.

Investments are authorized through the Teachers' Retirement Board. The Board delegates authority for the selection, purchase, and sale of securities to the chief executive officer of the retirement system, who may make purchases from prior established lists of authorized security-issuing government units and private organizations.

Administration

The system is administered by a board consisting of the superintendent of public instruction; the director of finance; the state controller; one member who at the time of appointment is a member of the governing board of a school district; three members of the retirement system, at least two of whom are classroom teachers (kindergarten through 14) at the time of appointment; one official of a life insurance company, appointed for a term of four years; and one official of a bank, appointed for a period of four years. Members of the board, except the ex-officio members, are appointed by the governor. The bank and insurance company representative are appointed by the governor with the consent of the state senate.

Social Security Coverage

None. Certain school employees of San Francisco who belong to the San Francisco City and County Retirement System are covered by social security. Some school districts provide Social Security for service not covered by the system, i.e., overtime and summer session.

Number of Retirants and Benefits Paid

As of June 30, 1975, a total of 62,245 retirants and survivor beneficiaries were receiving benefits, including 1,889 disability reitrants prior to June 1, 1973, and 1,004 disabilitants after June 30, 1972. The approximate annual allowance for all retirants was $5,355.

During the last retirement year, a total of 4,442 members retired on service retirement with an average annual benefit of $6,535. In addition, 339 members retired with disability at an average annual benefit of $9,731. The average number of years' creditable service for members retiring on service retirement was approximately 22.6.

Verified by Michael N. Thome, Chief Executive Officer, State Teachers' Retirement System, State of California, 1416 Ninth Street, Sacramento, California 95814.

COLORADO

Series 3—State-wide Public Systems
to Which Teachers Belong
(Without Social Security)

THE PUBLIC EMPLOYEES' RETIREMENT ASSOCIATION OF COLORADO

In 1943, school districts in Colorado were authorized by the legislature to join the state employees' retirement system; in 1952, participation was made mandatory except for Denver which has its separate public-school retirement plan. The state employees' retirement system had been established in 1931; the name of the system was changed in 1944 to the Public Employees' Retirement Association of Colorado. The last amendatory legislation was enacted in 1975. Statutory citation: *Colorado Revised Statutes, 1973*, Title 24, Article 51.

Membership

Membership in the school division of the retirement system comprises all school district employees, except in Denver. Other divisions of the retirement system include state employees, municipal employees, and judges. The provisions and statistics summarized here apply to school employees. Membership is *compulsory*.

As of May 31, 1975, the school division of the retirement system had 51,847 members, including those retired.

Creditable Service

No *prior-service* credit is provided for service rendered before the establishment of the retirement system (1944, for school employees). However, by state legislation apart from the retirement law, a teacher emeritus fund provides for prior-service credit with a maximum allowance of $200 per month.

Military service is creditable when a member is inducted into active military service with the National Guard, U.S. Army or Navy, or other branch of service engaged in the national defense. Contributions equal to the amount which would have been made had the member remained in service are required unless the compensation received is less than the last rate of salary while in public service.

Credit for public-school teaching service is transferable among school, state, and municipal divisions *within the state*.

Withdrawals and Refunds

A member not under contract may withdraw his accumulated contributions without interest. A withdrawn member who returns to service may after one year repay the amount withdrawn with interest. Although such repayment entitles the member to receive credit for the period of his former service, he does not obtain credit for the period out of service. There is no *service charge* except the retention of the original $5 membership fee.

Provisions for Members' Borrowing

None.

Vesting and Deferred Allowances

Benefits vest after five or more years of coverage, and a deferred allowance is payable at age 65. The benefit formula is 2½ percent of final average salary multiplied by number of years of credited service, not to exceed 20 years. Additionally, for any service rendered after July 1, 1969, a benefit of 1 percent of final average salary is given for each year of service beyond 20 years up to 40 years (maximum, 70 percent). These annuities may be paid before age 65 on a reduced basis. If the member has 20 or more years' service, the deferred allowance is payable at age 60 without any reduction.

Retirement Requirements and Benefit Formulas

Normal retirement is at age 60 with 20 years or more of covered service or at age 55 with 35 years of covered service. Contributions continue as long as the member continues in active service. The benefit formula is 2½ percent of final average salary (average of the highest five consecutive years of the member's career) multiplied by the number of years of service not to exceed 20 years. Additionally, for any service rendered after July 1, 1969, a benefit of 1 percent of final average salary is given for each year of service beyond 20 years up to 40 years, providing a maximum benefit of 70 percent of final average salary. For service in excess of 10 years rendered before July 1, 1969, a special supplement of approximately 3/10 of 1 percent for each year of service over 20 is granted. Annuities are provided under the normal benefit formula to a school employee retiring at age 65 with five or more years of covered service.

Early retirement is provided at (a) age 55 with 20 years of service or (b) age 60 with 5 years of service. Benefits are determined by first applying the normal retirement formula and then applying the following reduction in (a) 6 percent for each year the member is under age 60 or in (b) 6 percent for each year the member is under age 65.

Disability retirement is available at any age to members with 5 years of covered service since last date of employment, who are permanently unable to carry on regular employment duties, whether the disability is service-incurred or not. The disability benefit is the percentage factor of final average salary the member would have received had he remained in active covered service until age 65 or 50 percent of final average salary, whichever is less.

Four optional plans of payment are available for age and service, and disability annuities.

Compulsory retirement is not required by the retirement law. Other state legislation ends tenure at age 65.

Post-retirement Adjustments

Each May 1, annuities are redetermined. The annuitant receives the smaller of (a) a 3 percent increase for each full year of retirement after May 1, 1969, or (b) the percentage increase or decrease in the Consumer Price Index (CPI) computed on the average CPI for the year preceding retirement (1968 for those retiring before May 1, 1969) and the average CPI for the year preceding redetermination.

The law provides that annuities cannot be reduced below the original formula amount.

In the first years of operation under this formula, annuitants have been receiving annual 3 percent increases.

Work Restrictions After Retirement

Retirants are eligible for employment in any position not covered by the state retirement system without affecting their retirement benefits. If a retirant returns to work under a covered position, benefits are suspended in some cases. A retired teacher may work for a school district or other PERA-affiliated employer up to 90 calendar days per year without suspension or reduction of the annuity. Daily work of two hours or less for up to 360 hours per calendar year is also permitted.

Death Benefits

A lump-sum payment of the member's accumulated contributions is made to the beneficiary if a member dies in active service and no survivor benefits are payable.

Survivor Benefits

Following are the survivor benefits payable and eligible survivors:

1. Widow(er) with children under 18: 50 percent of final average salary, if caring for two or more children; 40 percent of final average salary, if caring for one child.

2. Widow(er) without children under 18: 25 percent of final average salary. A higher percentage is paid if the deceased member had over 20 years' service. This benefit is payable in addition to, but not concurrent with 1 above. Minimum age requirements for the beneficiary are as follows: age 60, if the deceased member had 1-10 years' service; age 55, with 10-15 years' service; age 50 with 15 or more years' service; and at any age, if the widow(er) is disabled.

3. Children under 18 (no widow(er) or widow(er) remarries): 25 percent of final average salary for one child; 20 percent for each of two children; or an equal share of 50 percent for three or more children.

4. Dependent parents: if no benefit is payable under 1, 2, or 3—25 percent of final average salary is payable to one dependent parent; or, 40 percent of final average salary is payable to both dependent parents.

For survivors to qualify, the member must have had at least one year of service. For service-incurred death, there is no service requirement. Children may continue receiving benefits until age 23 if unmarried and enrolled in an accredited school. Widowers receive the same treatment as widows. Remarriage stops widow(er) benefits. The law provides that no benefit may be smaller than allowed by the 1969 law.

Financing

Benefits are financed *jointly* by member contributions and public revenue.

Members contribute 7.75 percent of regular salary. There is no provision for voluntary supplementary benefits except the survivor's insurance described below.

The *local employer* pays 11.25 percent of the employee's gross salary in 1975, to be increased to 12.10 percent in 1976 and thereafter. Employer contributions are not credited to members' accounts. They are held in the members' retirement reserve account until retirement and then are transferred to the annuitants' retirement reserve.

No *interest* is credited on members' accumulated contributions.

Tax-Sheltered Annuities

Not available to members from the system.

Other Programs Available

The retirement board maintains two group life decreasing term insurance programs to provide additional survivor benefits for members who choose to utilize them. Payments are made only by the employee. One provides coverage from $1,000 to $25,000, depending on age, for $5 per month by payroll deduction. This plan also provides paid-up insurance after retirement, and some dependent coverage.

The other plan provides coverage from $1,000 to $20,000, depending on age, and in addition, provides accidental death and dismemberment insurance from $1,000 to $50,000, also depending upon age. Premiums are $6 per month by payroll deduction. This plan also provides some dependent coverage.

Investments

The retirement board, as trustee of the funds, has full power and authority to invest and reinvest the funds of the association and is charged with the responsibility for investing the funds in a prudent and discretionary manner. The retirement law permits a wide range of investment alternatives and does not set limitations in amounts invested except for corporate stocks which may not exceed 30 percent of the book value of the portfolio.

As of June 30, 1975, total investments were $528,499,058. The retirement board is responsible for investments and the state treasurer serves as custodian of the funds. Investments are handled by system staff which uses outside investment counsel.

Current investments comprise common and preferred stock, 15.5 percent; corporate bonds, 61.2 percent; mortgages, 13.9 percent; and, other, 9.4 percent.

Administration

All divisions of the system are administered by a single retirement board consisting of the state auditor and the state treasurer as ex-officio members, and four state employee members, five school employee members, two municipal employee members, and one retired member. Employee members are elected by the membership for four-year terms. Members of the board serve without compensation but are reimbursed for necessary expenses. The board appoints an administrative secretary and other employees.

Social Security Coverage

None.

Number of Retirants and Benefits Paid

As of June 30, 1975, a total of 5,461 retirants and survivor beneficiaries were receiving benefits. The number of disability retirants is not available. The approximate average annual allowance for all retirants was $2,640.

During the last retirement year, a total of 597 members retired on service retirement with an average annual benefit of $3,492. In addition, 82 members retired with disability at an average annual benefit of $3,960. The average number of years' creditable service for members retiring on service retirement was not available.

Verified by Jack E. Kennedy, Executive Secretary, The Public Employees' Retirement Association of Colorado, 1390 Logan, 4th Floor, Denver, Colorado 80203.

Series 1–State-wide Teachers Systems
(Without Social Security)

CONNECTICUT TEACHERS' RETIREMENT SYSTEM

The Connecticut Teachers' Retirement System was established in 1917; a survivorship/dependency program was added to the system effective January 1, 1958. The last amendatory legislation, liberalizing the benefit formula, was enacted in 1967. Statutory citation: *Connecticut General Statutes,* revised to 1975, Ch. 167, secs. 10-160 through 10-183a.

Membership

Membership includes teachers, principals, supervisors, and superintendents, and excludes any person entering or re-entering after July 1, 1961, who is employed as a substitute teacher for a period of less than one school year or who is employed as a regular teacher for less than an average of one-half of a school day.

Membership is *compulsory.* Teachers employed by the State Board of Education, the Commission for Higher Education, or any state institution requiring the teacher to hold a teacher's certificate covering the position to which he has been assigned may elect membership in either the Teachers' Retirement System or the State Employees Retirement System.

As of June 30, 1975, the system had a total of 48,704 members including those whose accounts are inactive.

Creditable Service

Prior-service credit without cost to the member was automatically available to those members who rendered Connecticut service before September 1, 1917.

Military service rendered "in time of war" is creditable if purchased by the member provided the member is not receiving nor is entitled to receive any retirement allowance based on such service from any other governmental unit.

Credit for teaching in schools for military dependents located in a foreign country to a maximum of 10 years may be purchased provided payment is made within five years and provided the member is not receiving or entitled to receive credit for such service from another state.

Credit may be purchased for absence due to illness, and for a leave of absence to a maximum of 10 months in any five-year period.

Credit may be purchased to a maximum of 10 years for service as a state employee or for University of Connecticut service.

Out-of-state service credit to a maximum of 10 years may be purchased provided the member is not receiving or entitled to receive credit for such service from another state, and provided each state, territory, or possession in which such service was rendered makes similar provision for former Connecticut teachers. Members pay 5 percent of first Connecticut teaching salary, plus 5 percent interest, for each year of service.

Withdrawals and Refunds

Members may withdraw their compulsory contributions and all voluntary contributions, with interest. Members who withdraw with less than five years of service are required to forfeit the 1 percent compulsory contribution for which they had survivorship coverage during their membership. Members who withdraw with five or more years of service are required to forfeit the interest credited to the 1 percent contributions only.

Provisions for Members' Borrowing

None.

Vesting and Deferred Allowances

Benefits vest after 10 years of Connecticut service, and are payable at age 60. The benefit is the actuarial equivalent of the normal allowance. For members completing 10 years of service after reaching age 60, benefits are payable at age 65.

Retirement Requirements and Benefit Formulas

Normal retirement is at age 60 with 20 years of service in the public schools of Connecticut, or at any age with 35 years of service, of which 25 years shall have been rendered in Connecticut including the last five years.

The benefit formula is 2 percent of the average of the highest three years of Connecticut teaching salary, to a maximum of 75 percent.

Members who retired after October 1, 1943, and before July 1, 1965, are entitled to a monthly amount which, when added to the basic retirement allowance, shall make a payment of \$140 per month. Members who retired before October 1, 1943, receive \$100 per month in addition to the allowance received at the time of retirement.

As of July 1, 1971, the allowances of members retired on a regular allowance prior to July 1, 1967, have been recomputed to equal 2 percent of the average annual salary on which the member's allowance had been figured previously for each year of service up to a maximum of 75 percent; for those retired on an actuarially reduced allowance benefits were recomputed on the basis of the mortality tables adopted by the board effective July 1, 1967.

There are four options for payment of benefits.

Early retirement is available at any age with 25 years of service (at least 20 shall have been rendered in Connecticut). The benefit is the actuarial equivalent of the normal allowance. Members who retire between the ages of 60 and 70 who do not qualify for a regular allowance, may retire on a proratable allowance. The benefit varies from 1 percent to 1.9 percent of the best three-year average salary according to attained age and years of service.

Disability retirement is permitted after 10 years of Connecticut service provided the member becomes permanently incapable of rendering satisfactory service as a teacher. The member must submit to five annual examinations and subsequent examinations as the board may require. The allowance is equal to 1/65 of the best three-year average salary times years of service. A member who retires on disability after October 1, 1943, receives $75 per month in addition to the allowance he was entitled to at time of retirement, plus the same cost-of-living allowance paid age/service retirants.

Compulsory retirement is required at age 70 by the retirement law; board regulation permits the member to complete the school year in which he reaches age 70.

Post-Retirement Adjustment

Effective July 1, 1967, each teacher retired on or before June 30, 1967, and each elected beneficiary received a cost-of-living computed on a schedule of percentages ranging from 6.5 percent to 74 percent depending on the fiscal year of the member's retirement. Each succeeding year saw new legislation affecting percentage of increase and definition of eligibility. Effective July 1, 1975, retired teachers and any elected beneficiary are eligible for annual 3 percent cost-of-living allowance commencing on the first anniversary date (July 1 or January 1) following the completion of nine months in retirement.

All additional payments are made from General Fund Appropriations.

Work Restrictions After Retirement

A retirant employed as a teacher in the public schools of Connecticut may earn $3,600 in any one fiscal year as a substitute or teaching specialist without suspension of benefits.

The board may, upon certification by the secretary of the State Board of Education or the Commission for Higher Education that an emergency exists, authorize a local board of education or the board of trustees of a constituent unit of the Commission for Higher Education to re-employ a teacher who has been retired. The pension portion of the allowance terminates on the first day of re-employment until the end of the month after such retired member ceases to be a regular teacher.

There are no restrictions on other types of service or on public-school service outside the state.

Death Benefits

A. Death *before* a member qualifies for regular retirement allowance.

A lump-sum death benefit is payable to a widow or widower, if any, otherwise to the individual paying the funeral expenses in the sum of $500 if the member had five years or less of Connecticut service, plus $100 for each additional year of service to a maximum of $1,000.

B. Death *after* a member qualifies for regular retirement allowance, or before co-participant designation becomes effective.

Spouse may elect:

1. To receive a monthly retirement allowance equal to 50 percent of the allowance the member would have been entitled to if he had elected co-participant designation
2. To withdraw the deceased member's funds in one lump sum
3. If there are children entitled to benefits, to receive survivorship benefits as outlined below.

Survivor Benefits

If a deceased member leaves a widow, the widow is entitled to $125 per month for life or until remarriage; a surviving child is entitled to $125 per month until the month previous to that in which he reaches age 18; each of two children receives $100 per month; each of three children receives $93.33 per month. If there are two or more children, the monthly benefits are reallocated among the remaining children as each child reaches age 18.

A surviving dependent widower or dependent parent receives $125 per month. The maximum family benefit is $300.

A surviving widow who is the member's sole designated beneficiary may elect monthly payments of $125 or may withdraw the member's contributions in one sum.

If a deceased member has no survivors or dependents eligible for monthly benefits, his accumulated contributions plus interest are payable to his designated beneficiary or to his estate.

Financing

Benefits are financed *jointly* by member contributions and public revenue.

Members contribute 6 percent of salary, 1 percent of which is to finance survivor benefits. Members may voluntarily contribute additional amounts at rates of not less than 1 percent of salary. The additional contributions will be paid in a lump sum or supplemental annuities at retirement.

At the time of retirement, a reserve is drawn from *state* appropriations which, when invested, will pay the pension portion of the retirement allowance for the retirant's lifetime. Average state cost in 1974-75 was $83,852 per retirant. The total state appropriation required for 1974-75 was $52,990,797.

Survivor benefits are financed by member contributions, forfeiting of 1 percent contributions and interest by withdrawing members, and by state appropriations.

Interest is credited to members' accounts annually at a rate determined by the board and is based on earnings of investments during the calendar year. The 1974 interest rate was 5-1/4 percent.

Tax-Sheltered Annuities

Not available to members through the system.

Investments

All funds of the system are in the custody of the state treasurer who, with the advice of the Investment Advisory Council (which includes a representative of the Teachers' Retirement Board appointed by the Governor) invests such funds as are not required for current disbursements.

Investments are limited by law to those legal for savings banks in Connecticut, and include United States, state, municipal, Canadian, and International Bank obligations, public utility and railroad bonds, and bank stock; not more than 50 percent of the book value of each fund may be invested in common stock.

Legislation enacted in 1971 provides that the state's obligation to the pension reserve fund shall be delayed until the first month of the fiscal year next following such certification by the board.

As of June 30, 1975, funds in custody of Teachers' Retirement Board totaled $722,570,054 (Annuity Fund, $412,016,593; Survivorship Dependency Fund, $2,550,-944; Pension Fund, $308,002,517).

Administration

The system is administered by a board of five members including the Bank Commissioner, Insurance Commissioner, and Commissioner of Education who serve ex officio, and two teacher representatives, elected by the membership, who serve for overlapping four-year terms. The executive secretary is appointed by the board according to merit system law. Board members serve without compensation but are reimbursed for necessary expenses in connection with their attendance at meetings.

Social Security Coverage

None.

Number of Retirants and Benefits Paid

As of June 30, 1975, a total of 7,005 retirants and survivor beneficiaries were receiving benefits, including 198 disability retirants. During the last retirement year, 583 members retired on service retirement with an average annual benefit of $7,577. In addition, 31 members retired with disability at an average annual benefit of $4,135. The average number of years of creditable service for members retiring on service retirement was approximately 29.2.

Verified by Tracy O. Page, Acting Executive Secretary, Connecticut Teachers' Retirement System, 165 Capitol Avenue, Hartford, Connecticut 06115.

TEACHERS RETIREMENT SYSTEM OF GEORGIA

The system was established January 1, 1945. The last amendatory legislation was enacted in 1975. Statutory citation: *Georgia Code,* sec. 32-29.

Membership

Membership includes teachers in state-supported public schools, colleges and universities, clerks, supervisors, regional and county librarians, all personnel of the Agricultural Extension Service, employees of the Georgia Association of Educators, the Georgia High School Association, the Georgia School Boards Association who request membership, teacher aides, and para-professional personnel. Janitors, bus drivers and lunchroom operators and workers, except those who instruct, are excluded from membership from this system but are members of the Public School Employees' Retirement System. Emergency and temporary employees are excluded from membership. Teachers with the City of Atlanta and Fulton County School Systems are covered under local retirement systems and, therefore, are ineligible for membership with the state system.

As of June 30, 1975, the system had approximately 90,000 active members.

Creditable Service

Prior-service credit is available to teachers who rendered service in Georgia public schools or the State University System prior to January 1, 1945, the date the system was established. Members qualify for prior service credit by having taught in the public schools or colleges of Georgia a certain amount of time during the period from January 1, 1940, to January 1, 1948, or at least five years currently.

Military service credit for military service rendered since January 1, 1945, may be purchased by the member under certain conditions. The retroactive contributions are at the regular member contribution rates that the member would have made had he been teaching plus the accrued interest at the rate of 4½ percent compounded annually. Members may establish credit for military service rendered prior to January 1, 1945, if allowable. Maximum service allowable for military service is five years.

Out-of-state teaching service is creditable to a maximum of 10 years. If the state where the service was rendered allows credit for Georgia service, the cost is 8 percent of the salary earned by the member in the other state plus accrued interest. For service rendered in states that do not allow credit for out-of-state service and for all members who joined the system after April 1, 1966, the cost for out-of-state service is the total of the applicable member and employer contributions plus accrued interest. Members who establish credit for out-of-state service pay the required contributions and interest in order to establish credit for the service. Neither the state nor the local boards of education make any payments directly to the retirement system when members establish credit for out-of-state service.

Members are permitted to establish credit for a maximum of 10 years of service in American Dependents' schools both in the United States and overseas. The member must pay the member contributions and employer contributions and accrued interest on this service. The contributions are based upon the actual salary earned during the year or years being established. Members are limited to a total of 10 years of teaching service rendered outside Georgia.

Members may re-establish credit for Georgia service forfeited when contributions were withdrawn by paying an amount equal to the contributions withdrawn and the accrued interest on the amount withdrawn.

Teachers who elected non-membership in 1945 may establish credit for their Georgia prior service and membership service by paying the member contributions and accrued interest on all contract salary earned since January 1, 1945. Either the local boards of education or the members must pay the employer contributions and interest on salary paid in addition to the amount paid by the state.

Members of the system who withdrew contributions from the State Employees' Retirement System may establish credit for that service with the Teachers' System and vice versa, upon paying the contributions withdrawn and accrued interest and the difference in the employer contributions and interest transferred.

Withdrawals and Refunds

A member who ceases school service may withdraw his accumulated contributions plus all interest credited to his account. The current rate of interest is 4½ percent.

Provision for Members' Borrowing

None.

Vesting and Deferred Allowance

Service retirement benefits vest after 10 years of service, and a deferred allowance is payable at age 60. The benefit formula is the same as for early retirement.

Retirement Requirements and Benefit Formulas

Normal retirement is at age 62 with 10 or more years of service. Service is counted to a maximum of 40 years. A member at age 65 with 40 years of service ceases to contribute to the system, unless he elects to continue to contribute. The benefit formula for retirement at age 62 is 1.76 percent of average salary for the best five consecutive years times the number of years of creditable service not to exceed 40 years.

Early retirement is permissable with 30 or more years of creditable service or at age 60 with 10 or more years of creditable service. Members 60 years of age or older, but less than 62 who have less than 30 years of service, must accept a reduction in their benefits of ¼ of 1 percent for each month of age under 62.

Disability retirement is available at any age below 60 with 10 or more years of creditable service. Disabled members 60 years of age or older who have 10 or more years of creditable service may elect to retire on disability or service retirement. The mental or physical disability must be permanent. The disability allowance is 1.76 percent of average salary for the best five consecutive years times number of years of creditable service not to exceed 40 years. There is no reduction because of the age of the member at the time of retirement for disability.

The retirement law provides for *compulsory* retirement at age 70.

Post-Retirement Adjustment

Cost-of-living increases based upon increases in the price index published by the Bureau of Labor Statistics are granted to eligible retirees who are 62 years of age or older prior to the 6-month period being reviewed. Increases are limited to 1½ percent each 6 months. The Board of Trustees may grant additional cost-of-living increases if funds are available. An additional increase of 2 percent was granted during 1974.

Retirees are guaranteed a minimum benefit of $9.00 per month per year of credited service (maximum 40 years).

Work Restrictions After Retirement

Retired teachers may engage in substitute teaching in Georgia without suspension or reduction of the retirement benefit. The retirement law sets no limit on the number of substitute days allowed. *Out-of-state* public-school teaching and teaching in private schools do not affect the retirement benefit.

Death Benefits

Upon death of an active member who had less than 10 years of creditable service prior to retirement, a lump-sum refund of the member's contributions and interest is paid to the beneficiary. If the deceased member had 10 or more years of creditable service, a choice of a lump-sum refund or a lifetime monthly benefit is available to the beneficiary.

Survivors' Benefits

A member retiring on service retirement or disability retirement has a choice of three plans if he wishes to provide a monthly benefit for his survivor. Under the maximum plan, the balance of the member's contribution is refunded in a lump-sum payment after consideration of the total monthly benefits paid to the retired member. A lump-sum payment of the balance of the member's contributions and interest may be provided under Option 1. A monthly survivor allowance may be provided under Option 2, Option 3, or Option 4. Option 2 provides a 100 percent survivorship allowance, Option 3 provides a 50 percent survivorship allowance, and the amount of the allowance to the beneficiary is chosen by the retiring member under Option 4.

Financing

Benefits are financed *jointly* by member contributions and public revenue. Members contribute 6 percent of total salary. There is no provision for additional voluntary contributions for supplementary benefits.

The public share of the contributions is paid by *both the state and the local employer.* The state pays the employer contributions on the state portion of the salary and the local employer pays the employer contribution on the local portion of the state salary and any supplementary salary paid.

The contribution rate of the employee matching fund currently is 8.936 percent of total salary. The 1974-75 state appropriation to the retirement system was $50,606,000.

Interest is credited annually to members' accounts at the end of the fiscal period. The rate is 4½ percent compounded annually. The rate is set by the retirement board.

Tax-Sheltered Annuities

Not available to members from the system.

Investment

Investments are subject to the limitations imposed upon domestic life insurance companies. Funds may be invested in United States Government bonds, tax-exempt bonds, corporate bonds, preferred and common stocks, and mortgages.

As of June 30, 1975, total investments, exclusive of cash, were $910,848,913; cash on hand was $225,852.89.

Current investments include federal securities, 4.70 percent; common and preferred stock, 40.93 percent; corporate bonds, 45.38 percent; and mortgages, 8.95 percent.

Administration

The system is administered by a board of ten trustees consisting of the state auditor, the state insurance commissioner, the executive secretary and the associate executive secretary of the Georgia Association of Educators, all ex officio, and a school superintendent or a school principal, an employee of the Board of Regents, a classroom teacher, one member appointed by the governor for a term of three years, a retired member of the system, and a financial advisor not a member of the retirement system. The member who is either a school administrator or a school principal and the classroom teacher member are elected for three-year terms by the assembly of the Georgia Association of Educators.

An executive secretary and an actuary are employed by the board, and the attorney general is the legal advisor to the board. A medical board of three doctors appointed by the board passes on medical examinations in connection with applications for disability retirement.

Social Security Coverage

Social security coverage was adopted on a divisional-local option basis in 1956, effective July 1, 1956. Coverage is on a county or independent school system basis; 181 school systems have social security coverage. The local school system pays the employer's share of the social security tax. Social security benefits are entirely supplemental to retirement allowances.

Number of Retirants and Benefits Paid

As of June 30, 1975, a total of 11,200 retirants and survivor beneficiaries were receiving benefits, including 754 disability retirants. The approximate annual allowance for all retirants was $47,261,687.52, an average of $4,219.79 per individual.

During the last retirement year, a total of 1,205 members retired on service retirement with an average annual benefit of $5,148.84. In addition, 114 members retired with disability at an average annual benefit of $3,335.16. The average number of years of creditable service for members retiring on service retirement was 30.35.

Verified by Wesley H. Rucker, Executive Secretary-Treasurer, Teachers' Retirement System of Georgia, 254 Washington Street, S.W., Atlanta, Georgia 30334.

HAWAII

Series 4—State-wide Public Employee
Systems to Which Teachers Belong
(With Social Security)

EMPLOYEES' RETIREMENT SYSTEM, STATE OF HAWAII

The system was established January 1, 1926. The last amendatory legislation was enacted in 1973. Statutory citation: *Hawaii Revised Statutes,* Chapter 88.

Membership

Membership comprises all employees of the state of Hawaii and its political subdivisions.

Membership is *compulsory* for all such employees and is optional for elected officials.

As of June 30, 1973, the system had 44,471 members.

Creditable Service

Prior-service credit is granted for service before January 1, 1926, at no cost to the member.

Military service is creditable at no cost to the member if the member goes directly from his position to military duty and returns to his position within three months after his military discharge. Military service may be purchased by members who were employed by the state or its political subdivisions between 1941 and 1949 at the current salary and contribution rate.

Teaching service in *overseas dependents schools* and *out-of-state teaching service* are not creditable.

Withdrawals and Refunds

A member who leaves covered employment may withdraw his contributions, plus 4½ percent interest. There is no *service charge.*

Provisions for Members' Borrowing

None.

Vesting and Deferred Allowances

Benefits vest after five years of creditable service, and the deferred benefit formula is that in effect when the deferred status was acquired.

Retirement Requirements and Benefit Formulas

Normal retirement is at age 55 with five years of service. The benefit formula is 2 percent of average final compensation for each year of service. Average final compensation is the average annual salary for the three highest years. The minimum allowance is $50 per month, with 10 years of service.

Early retirement is available with 25 years of service at any age. The allowance is the same as for normal retirement, actuarially reduced for any age below 55.

Service-connected disability retirement is available upon certification by the Medical Board that the member is incapable of continuing in his present position. The allowance for total disability is 2/3 of average final compensation for life. The service-connected disability allowance is paid for a maximum of three years when it is reduced to 1/3 of final average salary unless, upon re-examination by the Medical Board, the retirant is found to be totally disabled.

Nonservice-connected disability retirement is available after 10 years of service when certified by the Medical Board. The allowance is 25 percent of salary for life plus 1 percent for each year of service over 15.

The retirement law provides for *compulsory retirement* at age 70.

Post-retirement Adjustment

After retirement, the initial retirement allowance is automatically increased 2½ percent on July 1 each year. Members pay 1-8/10 percent per year on gross salary for such increases.

Work Restrictions After Retirement

Retirants may not be re-employed by state or local government, but per-diem substitute teaching is permitted with no reduction in benefits.

Death Benefits

For ordinary death before retirement, the following is returned: contributions plus 50 percent of compensation during the 12 months preceding death for service up to 10 years, plus 5 percent additional for each full year of service above 10 to a maximum of 100 percent of 12 months' salary. For accidental death before retirement, contributions are returned to the beneficiary plus a pension of ½ average final compensation to widow until she remarries or to the children until age 18.

After retirement, if the member has elected to receive the full allowance, the balance of contributions is returned to the beneficiary. Other options provide an allowance for the survivor.

Survivor Benefits

Accidental death before retirement provides a benefit equal to ½ average final compensation to the widow until remarriage or the children until age 18.

After retirement options available provide continuation of the pension or ½ of the pension or an amount dependent on the specifications of the members own plan.

Other Programs

Medical insurance (individual and family) is paid for by the government and the employee while in active service. After retirement the government pays the total cost.

The government pays up to $2.25 per month toward a group life insurance policy.

Dental coverage is available to dependents of members age 19 at no cost to the member.

Financing

Benefits are financed *jointly* by member contributions and public revenue. Members contribute 6 percent of salary, plus 1-8/10 percent of salary to the post-retirement fund for automatic annual increases of 2½ percent in the retirement allowance. There is no provision for voluntary contributions for supplemental benefits.

The *state and counties* make the employer's contributions in an amount determined by the actuary to provide adequate funding required by law. The state and counties contribute 2½ percent of the members' gross salaries to the post-retirement fund.

Interest at 4½ percent is credited monthly to the members' accounts.

Tax-Sheltered Annuities

Not available to members through the system.

Investments

Investment authority is vested in the Board of Trustees. Investments in government bonds, U.S. corporate bonds and equities, and real estate mortgages on property within the state are permitted.

As of June 30, 1975, total investments were $593,993,867. The Board of Trustees is responsible for investments and the state finance director serves as custodian of the funds. Three investment counsellors are employed to manage stock and bond investments, while mortgage investments are handled by staff.

Current investments comprise government securities, 3.78 percent; corporate bonds, 11.84 percent; common and preferred stocks, 35.18 percent; mortgages, 28.66 percent; and other, 20.5 percent.

Administration

The system is administered by a board of trustees consisting of the state finance officer (ex officio), three members appointed by the governor, and three members elected by the members (one of whom must be a teacher) for rotating six-year terms.

Social Security

Social security coverage was adopted in 1957, retroactive to January 1, 1956, on a divisional basis. The employer's share of the social security tax is paid by the government (state or county as the case may be).

Social security benefits were partly offset until June 30, 1965. From July 1, 1965, they have been fully supplemental.

Number of Retirants and Benefits Paid

As of June 30, 1975, a total of 8,647 retirants and survivor beneficiaries were receiving benefits, including 700 disability retirants. The approximate annual allowance of all retirants was $3,252.

During the last retirement year, 555 members retired on service retirement with an annual benefit of $4,615. In addition, 44 members retired with disability at an average benefit of $3,600.

Verified by Kim Tet Lee, Executive Secretary, Employees' Retirement System, State of Hawaii, 888 Mililani Street, Honolulu, Hawaii 96813.

IDAHO

Series 4—State-wide Public Employee
Systems to Which Teachers Belong
(With Social Security)

PUBLIC EMPLOYEE RETIREMENT SYSTEM OF IDAHO

The Public Employee Retirement System of Idaho was established July 1, 1965. On June 30, 1967, the Teacher's Retirement System of Idaho, which had covered instructors, supervisors, and administrators of Idaho's public schools since 1946, was abolished and its assets, liabilities, and obligations, and the rights and equities of its members were transferred to the Public Employee Retirement System. Each person who was an active member of the Teacher's Retirement System on June 30, 1967, received a refund of all contributions and interest credited to his account prior to July 1, 1965, and was granted prior-service credit for all public employment in Idaho prior to that date. All other active school employees, including teachers who were not members of the Teacher's Retirement System, likewise were granted prior-service credit for all public employment in Idaho prior to July 1, 1965.

The 1967 law which effected the merger, provided specifically that "benefits paid teacher members who become eligible for benefits under the employee system shall never be less than the benefits such teacher members would have received from the teacher's system if the systems had not been integrated."

The last amendatory legislation was enacted in 1974. Statutory citation: *Idaho Code*, Title 59, Chapter 13.

Membership

Membership in the system is *compulsory* for all public-school employees of Idaho who normally are employed in excess of 20 hours per week and five months per year. It is compulsory also for all employees of the state of Idaho (including the state educational institutions) and for employees of subdivisions of state government which are covered in the retirement system by contracts.

As of June 30, 1975, the system had 35,462 active members.

Creditable Service

Prior-service credit is granted to each person who was an Idaho public employee on July 1, 1965, or on the date of establishment of his employer, for service rendered in the public schools, the state, or any political subdivision of Idaho prior to July 1, 1965.

Supplemental service credit is granted to persons who were active members of the Teacher's Retirement System during the two-year period, July 1, 1965, to July 1, 1967, in return for which the Public Employee Retirement System retains the contributions and interest credited to such members during the period. These two years are "lost" to public-school employees who were not members of the Teacher's Retirement System on July 1, 1967.

Military service credit is granted for service in the Armed Forces of the United States if the member enters such military service within 90 days after termination of service as an employee, and becomes again an employee within 90 days after discharge or after release from active duty of the military component of which he may be a member. Military service does not include any period ended by dishonorable discharge, nor any period following which, option of termination of service is granted but not accepted.

Membership service credit is granted for service in the public schools or other covered public employment for Idaho after the date of entry into the system.

Withdrawals and Refunds

A "separation benefit" consisting of the member's total contributions plus interest, becomes payable to any member who ceases to be an employee before becoming eligible for a retirement benefit. Should the individual again become an employee within 10 years, he may redeposit the separation benefit received, and restore his previous membership status. There is no *service charge*.

Provision for Members' Borrowing

None.

Vesting and Deferred Allowances

Benefits vest after five years of membership service and a deferred benefit is payable at age 55. The benefit is the actuarial equivalent of the normal retirement allowance. Vested or early retirement may be deferred until age 65.

Retirement Requirements and Benefit Formulas

The annual amount of service retirement allowance is equal to the sum of prior-service allowance, disabled service allowance, military service allowance, and membership service allowance.

Six Months' Contributions Required—Six months of contributing membership service is a qualification for benefits under the Public Employee Retirement System. Persons who have already attained age 65 or were totally and permanently disabled on the date of establishment were privileged to make a lump-sum payment of six months' contributions in lieu of six months of contributing membership.

Normal (service) retirement is at age 65 after five years of creditable service, including six months of contributing membership service.

The annual benefit for supplemental service during the period, July 1, 1965, to July 1, 1967, is available only to persons who were active members of the Teacher's Retirement System on July 1, 1967.

The annual benefit for retiring teachers is an amount equal to the greater of (1) 1-2/3 percent of average monthly salary (high 60 months) times years of service, and (2) $5.00 multiplied by months of credited service and the cost-of-living factor.

Early retirement benefits are available at age 60 with 30 years of credited service with the benefit equal to the accrued portion of the service retirement allowance or at age 55 after five years of creditable service. The latter benefit is the actuarial equivalent of the normal allowance.

Disability retirement benefits are available at any age after 10 years of creditable service, including six months of contributing membership service, and upon submission to the retirement board of proper medical proof that the member is totally and permanently disabled. Benefits become payable six months after eligibility or upon termination of temporary disability benefits, in an amount which the disabled member would receive as a service retirement benefit were his service to continue to age 65 on the salary being paid at time of disability, less any amount payable under any workmen's compensation law because of the same disability.

Compulsory retirement at age 70 is provided by the retirement law if the member is eligible for service retirement. Retirement at age 65 may be postponed upon request of the employer and upon the employer's certification that such postponement is in the public interest. Postponement may be allowed on an annual basis, but not beyond the July 1 next following attainment of age 70.

Post-retirement Adjustment

A two-phase post-retirement adjustment program providing cost-of-living adjustments, not to exceed 3 percent in any calendar year became effective July 1, 1969. All retired members and annuitants of the Teacher's Retirement System received an adjustment of benefits from the date of retirement through 1968. The retirement board is authorized to provide future adjustments based on the financial ability of the system to fund the cost.

Work Restrictions After Retirement

A retired member on normal retirement who has been retired one month or more may be re-employed as a casual employee provided the period is less than 5 months in a calendar year, if the employer certifies to the satisfaction of the retirement board that an emergency exists and that such re-employment is in the public interest. Retirement benefits are payable during the time in which such service is rendered as a casual employee.

Death Benefits

Upon death of a member prior to retirement, his accumulated contributions and interest are payable to his designated beneficiary. If no beneficiary has been designated, payment will be made to the spouse, if living, if not, to the estate.

If the deceased was a member of the Teacher's Retirement System on June 30, 1967, and was an employee at time of death, an amount from public contributions also would become payable, equal to 50 percent of his average salary for retirement purposes.

If a retirant who elects no options dies before having received benefits equal to his accumulated contributions and interest at time of retirement, the remainder is payable to his designated beneficiary.

Survivor Benefits

A member may elect one of three options available: (a) reduced benefit so long as the member lives, with the same amount continued to the designated contingent annuitant, if living, until death of the contingent annuitant; (b) reduced benefit so long as the member lives, with one-half of that amount continued to the contingent annuitant, if living, until death of the contingent annuitant; and (c) on early retirement, a greater benefit until the retired member attains age 65, and a lesser benefit thereafter, to produce a "level benefit" from the date of retirement.

The spouse of a deceased active member, or an inactive member eligible to receive a retirement allowance, or a disabled member who had 10 years of creditable service, may elect to receive a reduced lifetime monthly allowance in lieu of the lump-sum refund death benefit.

Financing

Benefits are financed *jointly* by member contributions and employer contributions.

Members contribute 4.5 percent of monthly salary. Members are permitted to make voluntary contributions of up to 10 percent of salary for the purchase of a supplemental straight life annuity.

Employers contribute 7 percent of the total salaries of eligible employees. This includes 0.20 percent of salary for administrative costs.

Interest is credited to members' accounts each month on the balance of the previous month; the current interest rate is 6 percent.

Tax-Sheltered Annuities

Not available to members from the system.

Investments

Funds not required for benefits or administration are invested by four banks and two insurance companies, the system's funding agents. The funding agents are governed by a statutory prudent man rule. The retirement board, in its sole discretion, may designate the types, kinds, and amounts of such investments.

As of June 30, 1975, the total investments, exclusive of cash, were $136,855,057.74 by market value. Current investments comprise common and preferred stock, 70 percent; corporate bonds, 19 percent; mortgages, 1 percent; and, other, 10 percent.

Administration

The system is administered by a retirement board of five members, appointed by the governor, as follows: (a) two members appointed from the active members of the retirement system who have not less than 10 years of creditable service; and, (b) three members appointed from among Idaho citizens who are not members of the system. Terms are five years, except that initial appointees serve staggered terms.

The retirement board appoints an executive director to serve at its pleasure, and is authorized to create whatever staff it deems necessary for the sound and economical operation of the system and to arrange for such actuarial, legal, and medical services as are necessary. Employees of the retirement board are selected from a list of eligibles certified by the Idaho Personnel Commission.

Social Security Coverage

Social security was adopted December 31, 1957, retroactive to January 1, 1956, for public-school employees.

The employer's share of the social security tax is paid from proceeds of the 3 percent state sales tax. Social security benefits are supplemental to benefits paid by the retirement system.

Number of Retirants and Benefits Paid

As of June 30, 1975, a total of 7,057 retirants and survivor beneficiaries were receiving benefits, including 263 disability retirants. The approximate annual allowance for all retirants was $14,613,019.36.

During the last retirement year, a total of 930 members retired on service retirement. In addition, 45 members retired with disability.

Verified by T. F. Terrell, Executive Director, Public Employee Retirement System of Idaho, State House, Boise, Idaho 83720.

TEACHERS' RETIREMENT SYSTEM OF THE STATE OF ILLINOIS

The Teachers' Retirement System of the State of Illinois was established July 1, 1939. The last amendatory legislation was enacted in 1975. Statutory citation: *Illinois Pension Code*, Art. 16.

Membership

Membership is *compulsory*, and includes all teachers in the elementary and secondary schools of the state outside the City of Chicago; teachers employed in state institutions; and certified employees of the State Department of Education. Higher education employees participate in the State Universities Retirement System. All teachers and state employees participate in a state-wide reciprocal program.

As of June 30, 1975, the system had approximately 134,000 members.

Creditable Service

Prior-service credit is provided for service before the system was established.

Military service before June 30, 1963, is fully creditable. Subsequent military service is creditable to a maximum of five years.

Teaching in *overseas dependents schools* is creditable as out-of-state service.

Out-of-state service is creditable to a maximum of 10 years. The credit is granted at a ratio of two years outside the state for each three years in Illinois, and the last five years of service must be completed in Illinois. The member makes the employee contribution only. The employer contribution is assumed by the state of Illinois.

Withdrawals and Refunds

A member may withdraw his contributions without interest (exclusive of the 1-percent contribution for survivor benefits) upon application not prior to four months following official separation from teaching service. There is no service charge.

Provisions for Members' Borrowing

None.

Vesting and Deferred Allowances

Benefits vest after five years of service. With five or more but less than 10 years of service the greater of a money purchase or formula annuity is payable following attainment of age 62. With 10 or more but less than 20 years of service the greater of a money purchase or formula annuity is payable following attainment of age 60. With 20 years of service, retirement may occur following attainment of age 55 with an annuity calculated under the normal retirement formula, with a reduction of 6 percent for each year under age 60. There is no reduction for a person retiring prior to age 60 with 35 years of credit.

Retirement Requirements and Benefit Formulas

Normal retirement is at age 60 with 20 years of service. The benefit formula is either 1-1/2 percent times years of service times the average salary for the highest four consecutive years out of the last 10, plus $7.50 per year for each year of creditable service not to exceed $150; *or* 1.67 percent of such average salary for each of the first 10 years of creditable service, plus 1.90 percent for each year in excess of 10 but not exceeding 20, plus 2.10 percent for each year in excess of 20 but not exceeding 30, and 2.30 percent for each year in excess of 30, whichever is greater. The maximum annuity shall be 75 percent of final average salary. The minimum annuity effective September following age 60 shall be $10.00 per month per year of credit to $300 per month for 30 or more years.

Early retirement is provided at age 55 with 20 years of service under the normal retirement formula, with a 6 percent reduction for each year under age 60. Exception: A person retiring between ages 55 and 60 with 35 years of service will not be reduced.

Disability retirement is provided at any age under 65, provided the member is not eligible for a normal retirement allowance. *Permanent* disability benefits are available to members with at least 10 years of credited service. The benefit is calculated as follows: (a) If disability occurs *prior to attainment of age 55* and subsequent to August 20, 1965, the benefit shall be the greater of 35 percent of current salary or an amount computed under the formula used for age retirement with a reduction of one-half of one percent for each month the member is less than age 55; or (b) If disability occurs *after attainment of age 55*, the benefits shall be calculated under the formula used for normal retirement. A member retired on permanent disability may engage in gainful employment outside teaching, and may earn income equal to but not in excess of the difference between his disability benefit and his final regular salary; if his earnings exceed this limit, the disability benefit is reduced accordingly.

A *temporary* disability benefit is payable to a member with three years or more of creditable state service who temporarily is mentally or physically incapacitated to perform the duties of a teacher. The allowance is 40 percent of the member's salary at the time the disability occurred, and is payable until one of the following events occurs: the disability ceases; age 65 is reached; the aggregate period for which the temporary disability payments made to the member during his entire period of service become equal to one-fourth of the total period of his creditable service, excluding the period during which he received temporary disability benefits; or the member is gainfully employed.

Accidental disability benefits equal to 60 percent of salary, are available to members under age 65 if disability is duty-connected or occupational and is compensable under the terms of the Illinois Workmen's Compensation or Occupational Diseases Act, or with an insurance carrier with which the employer has a Workmen's Compensation insurance policy. The accidental disability benefit shall be reduced by any amount payable under either the Workmen's Compensation or Occupational Diseases Acts, or under Workmen's Compensation insurance policy provided by the employer.

Compulsory retirement is not required.

Post-retirement Adjustment

An automatic annual increase of 1½ percent of the base pension for periods prior to January 1, 1972, and 2 percent for periods thereafter is provided for those with creditable service after July 1, 1969. The initial increase is effective *the later of* January 1 following the first anniversary in retirement, *or* January 1 following attainment of age 61. For those with no creditable service after July 1, 1969, a similar post-retirement increase is provided, effective September following attainment of age 65.

Work Restrictions After Retirement

Retirants may engage in teaching for 75 days or 375 hours within one school term without suspension of benefits. There are no restrictions on employment other than teaching, or for teaching outside Illinois.

Death Benefits

Lump-sum death benefits of 1/6 of the current salary rate at time of death, times the number of completed years of service, up to but not to exceed the annual salary rate (the minimum is 1/6 of current salary), plus accumulated contributions are payable to the beneficiary of members who die in active service.

Survivor Benefits

In addition to a refund of accumulated contributions, dependent beneficiaries may elect in lieu of death benefits to receive survivor benefits of $1,000 plus monthly benefits equal to a percentage of average salary for each dependent beneficiary. The widow's, widower's, or child's maximum benefit is $300 per month; and the maximum family benefit, $500 per month. *Exception:* The following minimum shall be paid if a larger benefit results. The minimum total survivors' annuity payable shall be 50 percent of the member's earned retirement allowance payable as of age 60 or later if death occurs prior to retirement, or 50 percent of the original retirement allowance if death occurs after retirement.

Financing

Benefits are financed *jointly* by member contributions and public revenue. *Members* contribute 8 percent on total salary, 6-1/2 percent for the retirement program and 1 percent (not refundable) for the survivor insurance program, and 1/2 percent for the automatic annual increase in base pension. There is no provision for voluntary supplemental contributions. The public share is financed by *state* appropriations and by a 10-1/2 percent employer contribution based on all salaries paid directly or indirectly from trust or federal funds. The state appropriations for 1974-75 were $8,400,000 from the General Revenue Fund for payment of supplemental and minimum benefits to retired teachers during the current year, and $123,000,000 from the Common School Fund. This represents approximately 9.1 percent of members' salary (member contributions totaled $108,355,000 for the current year).

Interest is credited on members' contributions at the rate of 3 percent compounded annually prior to July 1, 1971, and 4 percent thereafter as required by the retirement law.

Tax-Sheltered Annuities

Not available to members from the system.

Investments

Funds may be invested in government securities, real estate, FHA, corporates, and common and preferred stock to a maximum of 40 percent of portfolio. The Retirement Board is responsible for investments, and the State Treasurer serves as custodian of the funds. The Board employs investment counsel. As of June 30, 1975, total investments were $1,212,826,872 (book value) which is distributed as follows: federal securities, 4 percent; common and preferred stock, 39 percent; coporate bonds, notes, and debentures, 52 percent; and mortgages, 5 percent.

Administration

The system is administered by a board of trustees consisting of nine members: the state superintendent of public instruction, four members elected by teacher-members, and four members appointed by the governor of the state. Each serves four years.

Social Security Coverage

None.

Number of Retirants and Benefits Paid

As of June 30, 1975, a total of 26,985 retirants and survivor beneficiaries were receiving benefits, including 499 disability retirants. The total annual allowance for all retirants was approximately $127,000,000.

During the last retirement year, 1,889 members retired on service retirement with an average annual benefit of $6,414. In addition, 60 members retired with disability at an average annual benefit of $4,598. The average number of years of creditable service for members retiring on service retirement was 26.15.

Verified by Roy A. Baker, Director, Teachers' Retirement System of the State of Illinois, 450 Iles Park Place, Springfield, Illinois 62706.

INDIANA

Series 2—State-wide Teachers Systems
(With Social Security)

INDIANA STATE TEACHERS' RETIREMENT FUND

Indiana had legislation providing for teacher retirement on a local basis as early as 1915. The 1921 law provided for a state-wide system with a maximum benefit of $700 for 40 years of service. In 1955, the General Assembly passed two retirement laws for teachers. One provided for a new basic system to be supplemented by social security. The new supplemental system became effective January 1, 1956, after a referendum in which teachers voted 2 to 1 to accept the new plan. The last amendatory legislation was enacted in 1973. Statutory citation: *Public Law.*

Membership

Membership includes all teachers who serve under contract in the public schools or in the state teachers colleges. Membership is *compulsory*.

As of June 30, 1973, the system had approximately 65,000 active members.

Creditable Service

Prior-service credit is available for service rendered before the establishment of the system. A teacher becoming active in the teaching profession in Indiana after a period of inactivity is entitled to receive service credit for all prior Indiana service. Creditable service is also granted for service rendered in a school position which did not but now requires a license.

Military service is creditable provided the teacher qualified for a teacher's license before entering the service.

Teaching in *overseas dependents schools* is creditable.

The Fund may receive contributions from the federal government as the state's share for teachers who are on leave of absence to work in federally supported educational projects.

Out-of-state service is creditable to a maximum of eight years for teaching in public schools or state teachers colleges. More than eight years' out-of-state service may be credited if the ratio of one year of out-of-state service for each three years of Indiana service will equal more than eight years; after April 1, 1965, 10 years of actual teaching in Indiana is required before out-of-state teaching credit may be claimed.

A teacher may be granted a leave of absence for study, professional improvement, or temporary disability for not more than one-seventh of the years of service claimed for retirement.

Withdrawals and Refunds

A member who is not under contract and who is not eligible for retirement benefits may withdraw his contributions plus interest.

Provisions for Members' Borrowing

None.

Vesting and Deferred Allowances

Benefits vest at age 50 with 15 years of service or at age 65 with 10 years of service. The benefit formula is the same as for early retirement.

Retirement Requirements and Benefit Formulas

Normal retirement is at age 65 with 10 years of service. A teacher may receive service credit for 45 years or until age 70, whichever is later. The benefit formula for normal retirement is 1.1 percent of the average salary of the best five years of any years of teaching service, times years of service, plus the member's total contributions and interest times a factor determined by age.

Early retirement is available to those under 65, with 15 years of service. The normal benefit is reduced 1/10 of 1 percent for each month of early retirement between ages 60 and 65, and 5/12 of 1 percent for each month of early retirement between the ages of 50 and 60.

Disability retirement is available to any member with five years of Indiana service in active teaching. The disability must cover a period of more than six continuous months.

The disability benefit is $100 per month plus $1 per month for each year of service above five years.

Post-retirement Adjustment

All retirement teachers, age 65 or older, receiving benefits from the Indiana State Teachers' Retirement Fund but who are not eligible to receive social security benefits from any source received a $200 a month increase in their pension. Retirees 65 or older receiving less than $200 social security benefits per month received the difference between what they received and the $200. The retired teacher was also allowed to include up to $2,000 of retirement bonus salary in the actual salary figures used to compute the average annual salary of the last five years.

Work Restrictions After Retirement

Retirants may earn up to $3,000 as substitute teachers in any school year (July 1 to June 30) without loss of benefits. There is no restriction on teaching outside Indiana.

Death and Survivor Benefits

A lump-sum payment of contributions and interest is made to beneficiaries or the estate of members who die in active service with less than 15 years of service.

The spouse, if married three or more years, who is the designated beneficiary of a member who dies in active service with 15 years of service may elect a lump-sum settlement of contributions and interest or a monthly benefit for life. The same benefit is available to the spouse, if married three or more years, if no beneficiary designation is on file at the time of the member's death. A designated beneficiary not the spouse receives the lump-sum payment. If no beneficiary is designated by an unmarried member, the lump sum is payable to the estate.

Survivor benefits of retired members are payable according to the option selected by the member.

Financing

Benefits are financed *jointly* by member contributions and public revenue. *Members* contribute 3 percent of salary. Members may contribute additional amounts to provide a supplemental annuity.

The *state* appropriates a normal contribution for membership service and an accrued liability contribution sufficient to pay benefits due each month. The state appropriation for the 1974-75 fiscal year was $41,000,000.

Interest is credited on members' contributions at the current rate of 5.45 percent. The rate is set by the retirement board in its discretion.

Tax-Sheltered Annuities

Not available to members from the system.

Investments

Funds may be invested in U. S. Government securities, FHA and VA mortgages, state and municipal bonds, preferred and common stocks, corporate bonds (industrial and public utility) and mutual funds. Investments in each of the categories, with the exception of the governments and preferred and common stocks are limited to 10 percent of the total portfolio. There is no limitation on U. S. Government securities. The Fund is permitted a 20 percent investment in preferred stock and a 20 percent investment in common stock. The Fund retains investment counsel and the representatives of the investment counseling firm work with the executive secretary and a three-member Investment Committee which has been appointed by the Board of Trustees from its membership.

As of June 30, 1975, total investments were $262,455,898.

Current investments comprise federal securities, 30 percent; common and preferred stock, 12 percent; corporate bonds, 40 percent; mortgages, 2 percent; and, other, 10 percent.

Administration

The system is administered by a board consisting of five members appointed by the governor, at least two of whom must be teachers. The members serve for four years.

Social Security Coverage

Social security was provided in 1955, and coverage was made retroactive to January 1, 1955. Employers' social security contributions for teachers are paid by the state. Social security is on a coordinated basis and is designed to provide retirement benefits equal to one-half to two-thirds of the average annual salary of the last 10 years of service.

Number of Retirants and Benefits Paid

As of June 30, 1975, a total of 19,000 retirants and survivor beneficiaries were receiving benefits, including 311 disability retirants. The approximate annual allowance for all retirants was $2,925.

During the last retirement year, a total of 1,376 members retired on service retirement with an average annual benefit of $4,430. In addition, 32 members retired with disability at an average annual benefit of $1,332. The average number of years' creditable service for members retiring on service retirement was approximately 30.

Verified by J. M. Miller, Executive Secretary, Indiana State Teachers' Retirement Fund, 506 State Office Building, 100 North Senate Avenue, Indianapolis, Indiana 46204.

Series 4—State-wide Public Employee Systems
to Which Teachers Belong
(With Social Security)

IOWA PUBLIC EMPLOYEES RETIREMENT SYSTEM

In 1946, Iowa established a state old age and survivors insurance system patterned after the federal program then in effect. In 1953, the legislature repealed the 1946 law, placed employees under federal social security, and enacted a new retirement system. Social security coverage was made retroactive to January 1, 1951, the new state retirement system beginning July 4, 1953. Contributions for retroactive social security coverage of members of the abolished state social security plan were made out of their contributions to the abolished system, and the balance was transferred to the new retirement system at the option of the members who could request refund of the balance in lieu of credit for past service. Those who were not in service at the time were refunded 75 percent of their contributions, the other 25 percent being retained to pay for the insurance which had been provided. Employer's costs of social security coverage were paid out of retirement funds.

Legislation enacted in 1967 converted the system from a money-purchase system to a formula benefit for each year of service after 1953, based on career average covered pay. The salary subject to contributions was increased to $10,800, effective January 1, 1973. Salary subject to contributions increases to $20,000, effective January 1, 1976.

Membership

Membership comprises all public employees of the state and its political subdivisions, including public school districts, unless the employees are members of another tax-supported system (such as the Des Moines Teachers' Retirement System).

As of June 30, 1975, the system had 120,000 active members, including 63,202 members actively engaged in school employment of which 32,603 were teachers.

Creditable Service

Prior service before October 1, 1953, is creditable for those who were members of the abolished system and who transferred their accounts to the new system. The prior-service contributions are included in the member's accumulated contributions in the event of refund but not in the computation of his membership-service retirement allowance. The separate prior-service pension equals 1.1 percent of the monthly wages up to $3,000 a year earned in the highest 12 consecutive months during his prior service, multiplied by the number of years of prior service credited. Special benefits are payable to those who have 30 years of service before July 1, 1947, but are not eligible for prior-service credit, as defined.

For a one-year period starting July 1, 1973, those individuals who did not elect prior service in 1953 may now elect a buy-back of prior service by refunding the amount withdrawn together with interest to date of refund. The buy-back period has been extended to members who were not in public employment on July 1, 1953, for a one-year period, January 1, 1976, to December 31, 1976.

Out-of-state service is not creditable.

Withdrawals and Refunds

A member who withdraws from the system and is not employed by another participating employer within 90 days may receive a refund of his contributions plus interest. There is *no service charge.*

Provisions for Members' Borrowing

None.

Vesting and Deferred Allowances

After July 1, 1973, benefits vest at any age with at least four years of service or at age 55 regardless of years of service. A deferred allowance is available starting with age 55. Members who terminate service with less than four years of service are entitled to a money-purchase annuity based on the member's and employer's contribution plus interest.

Retirement Requirements and Benefit Formulas

Normal retirement is at age 65 with no service requirement. A member continues to contribute to age 70.

Effective January 1, 1976, the benefit formula is the greater of 1.57 percent of the member's average annual covered salary for all years after July 1953 times the years of service plus prior-service benefit, if any, and 40 percent of the average of the highest five consecutive years of covered salary not in excess of $20,000 based on 30 years of service or a fractional amount for service under 30 years. Years of prior service count toward the 30-year requirement. A member employed on July 4, 1953, who elected prior-service credit qualifies for a prior-service benefit of 1.1 percent per year of prior service times annual salary during the year of prior service that his wages were the highest to a maximum of $3,000.

A member who served 30 years before July 1, 1947, but is not eligible for a prior-service pension, shall be paid for prior service an amount not in excess of $900 nor less than $600 a year.

Early retirement is provided at age 55 with no service requirement. The benefit formula is the same as for normal retirement except that if the member retires between the ages of 55 and 65, the allowance is actuarially reduced.

There is no provision for *disability retirement*. However, disability benefits are generally provided through the local school district.

Several retirement options are available for normal and early retirement.

Compulsory retirement at age 65 is required by the retirement law, but the member may continue in employment beyond age 65 with the approval of his employer on a year-to-year basis.

Post-Retirement Adjustments

Effective July 1, 1973, benefits were increased 8.2 percent. Effective January 1, 1976, benefits will be increased 10 percent for the first year of retirement plus 5 percent for each additional year of retirement up to a maximum of 100 percent.

Work Restrictions After Retirement

A retirant between ages 55 and 65 may earn a maximum of $2,100 each calendar year in covered employment without affecting benefits. After the $2,100 earnings limit for the year is reached, the retirement allowance is suspended for any remaining month in the calendar year in which the retirant has earnings in covered employment. Retirants may be employed in temporary service with a governmental unit in Iowa to a maximum of six months in any calendar year without a suspension of benefits. Private employment, or any employment in another state, does not affect the retirement benefit. A public employee who is age 65 or older may receive full benefits regardless of earnings.

Death Benefits

If a member dies while in active service, the death benefit is a refund of the member's contributions plus the employer's matching contributions plus interest, payable to his beneficiary or to his estate; or monthly life benefits for the beneficiary or monthly life benefits for the beneficiary with a 10-year guarantee, based on the actuarial equivalent of the lump-sum payment. If the monthly benefit is under $10, a lump-sum payment will be made.

The active member may specify how death benefits are to be paid to the beneficiary, and this decision cannot be changed by the beneficiary. The beneficiary may choose the method of payment if the active member has not specified which death benefit payment he desires.

If death occurs after retirement before the retirant receives benefits equal to the total amount of his accumulated contributions, the excess is payable to the beneficiary, unless the member has selected a survivor benefit option.

Survivor Benefits

A member may elect an option which provides that if he dies before having received benefits equal to his contributions plus his employer's matching contributions, the excess is payable to his beneficiary.

At the time of retirement, a member may elect an option to take a reduced monthly payment with the provision that upon his death the monthly payment or a portion thereof shall be continued to the named survivor-beneficiary.

Financing

Benefits are financed *jointly* by member contributions and public revenue.

Members contribute 3-1/2 percent on the first $20,000 beginning January 1, 1976. The employer contribution rate is 4.75 on the first $20,000 effective January 1, 1976. There is no provision for additional voluntary contributions to provide supplemental benefits.

The employer's contributions are made by the political entity employing the member, such as the *school district*, the city, county, or state agency.

Interest is credited on the members' and employer's contributions at the rate of 2 percent per year, plus an interest dividend to cover the total interest earnings of the fund in excess of 2 percent, less 0.0025 percent for a contingency reserve fund. The rate for 1974 was 6.4 percent.

Tax-Sheltered Annuities

Not available to members from the system; available through the school system.

Investments

As of June 30, 1975, total investments, exclusive of cash, were $624,957,246. The Commission through the Retirement Division is responsible for investments and the State Treasurer serves as custodian of the funds. Investments are handled by staff and investment counsel.

Current investments comprise federal securities, 6.6 percent; Canadian municipal securities, 5.5 percent; common and preferred stock, 6.1 percent; corporate bonds, 25.6 percent; utilities, 38.1 percent; railroad securities, 8.5 percent; commercial paper, 1.6 percent; and other, 8.0 percent.

Administration

The system is administered by the Iowa Employment Security Commission, consisting of three members appointed by the governor and confirmed by the Senate. One member represents labor; one, industry; and the third, the public. The term of office is six years. Administrative costs are paid out of the retirement fund.

Social Security Coverage

Social security coverage was adopted in July 1953, retroactive to January 1, 1951. The coverage is state-wide and covers all employees of the state of Iowa and its political subdivisions, including *school districts*. Each political entity pays the employer's share of the social security tax. Social security benefits are in addition to the retirement allowances.

Number of Retirants and Benefits Paid

As of June 30, 1975, a total of 24,806 retirants and survivor beneficiaries were receiving benefits; there were no disability retirants. The approximate annual allowance for all retirants was $24,117,143.

During the last retirement year, a total of 3,115 members retired on service retirement with an average annual benefit of $1,272. (Average retirement benefit for next year expected to increase to approximately $2,100, based on legislation enacted in 1975.)

Verified by Ed. R. Longnecker, Director, Iowa Public Employees Retirement System, 1000 E. Grand Avenue, Des Moines, Iowa 50319.

KANSAS PUBLIC EMPLOYEES' RETIREMENT SYSTEM

The Kansas School Retirement System (KSRS) was merged into the Kansas Public Employees' Retirement System (KPERS) effective January 1, 1971. Statutory citation: *Kansas Statutes Annotated*, 74-7901 et seq. and 74-4932 et seq.

Membership

Each employee of a participating employer not covered by another retirement system, other than social security, is eligible for coverage, if the position to which the employee is assigned is not seasonal or temporary and requires 1,000 hours of work per year. Membership commences on the first day of the payroll period coinciding with or following employment. Membership is *compulsory* for all eligible employees.

As of June 1975, KPERS-school had 43,125 members actively engaged in school employment, and 3,150 vested members who had stopped school service but not yet applied for the annuity to which eligible upon reaching retirement age.

Creditable Service

All *prior service* is creditable at no cost to the employee.

Military service is creditable if the individual was a member with a participating employer immediately prior to military duty and returned to employment with a participating employer on or before the beginning of the school year following the completion of military service. Previously uncreditable military service may be purchased by member.

Teaching in *overseas dependents schools* is not creditable.

All years of service with participating employers are creditable.

Out-of-state Service is creditable for up to 10 years of service, with the entire cost paid by the member.

Withdrawals and Refunds

A member who stops school service and is not employed by another participating employer within 120 days may withdraw his accumulated contributions, plus interest, 120 days after termination of service. There is no *service charge*.

Provisions for Members' Borrowing

None.

Vesting and Deferred Allowance

Benefits vest after 10 years of credited service. The benefit formula for deferred retirants, at age 60, is the same as for early retirement.

Retirement Requirements and Benefit Formulas

Normal retirement is at age 65. There is no minimum service requirement for this type of retirement. The benefit is a pension which is determined by total years of credited service and compensation during specified periods. The credited service is the total of prior-service credit plus participating service credit. The benefits are computed as follows: the prior service credit is equal to the sum of 1.0 percent times prior annual salary times the years of service credited under KSRS and 0.75 percent times the prior annual salary times the years of service not credited under KSRS. (Prior annual salary is the highest annual salary earned in any one of three calendar years preceding January 1, 1971, except for vested but inactive members, when the last school year credited under KSRS is used.) The participating service credit is calculated as 1.25 percent f.a.s. (the final average salary for the five highest of the last 10 years of salaried participating service credit) multiplied by the years of participating service credit. The total of the prior-service benefits and participating service benefit is the annual retirement benefit.

Early retirement is provided at age 60 with 10 years of credited service. The normal retirement benefit is actuarially reduced for each year the member is under age 65.

The retirement law provides for *compulsory retirement* at age 70.

All active members under age 65 receive group insurance coverage for death and long-term disability.

Disability Retirement

The long-term insured disability coverage covers members who become disabled from almost any cause and continues until they recover, retire, or attain age 65. If a member is prevented from working as a result of sickness or injury for 180 days, an annual insured disability benefit equal to 50 percent of the annual rate of compensation may be payable less what the member is eligible to receive as disability benefits from primary Social Security, one-half of Workmen's Compensation, or any other employer provided disability benefits. In no event will the monthly benefit be reduced to less than $50 per month. If members qualify for insured disability benefits, they will receive participating service credit for the entire period of disability or until retirement or attainment of age 65, whichever is earlier. Group life insurance coverage continues at no cost for as long as the member qualifies for this benefit.

Post-Retirement Adjustments

On July 1, 1972, benefits for all retirants under the old KSRS system were increased by 5 percent.

On July 1, 1973, benefits for all retirants under the old KSRS system were increased to provide annuities equal to $6.50 per month times the number of years of credited service for those with 10 or more years of service credit to a maximum of 35 years.

Work Restrictions After Retirement

Retirants are eligible for employment in any position except with an employer who is a participant in the KPERS. Retirants may be employed in temporary service with a governmental unit in Kansas to a maximum of 90 days in any calendar year without a suspension of benefits. With the exception of restrictions on work for a governmental unit in Kansas, there are no work restrictions on retirants for other employment or on the income they may earn while retired. If the monthly benefit is less than $100 per month, there are no restrictions. If the position does not exceed $2,400 per annum for public officials, there are no restrictions.

Death Benefits

If a member dies before retirement, the accumulated contributions are payable in a lump sum to the designated beneficiary.

The death benefit from insurance is a lump-sum amount equal to 65 percent of the member's annual rate of compensation. Insurance coverage ceases at age 65.

Survivor Benefits

If a member dies before retiring, but after becoming eligible for *early or normal retirement,* the spouse, if the sole beneficiary, may elect to receive a monthly benefit for life as a joint annuitant or the member's accumulated contributions in a lump sum. The same provision applies for all members whose benefits are vested.

If a member dies as a result of an on-the-job accident, the spouse may be eligible to receive the accidental death benefit. The accidental death benefit is equal to one-half the member's final average salary. It is payable to the spouse until death or remarriage, and thereafter, the benefit is payable to the member's children until they reach age 18. The benefit is reduced by the value of any Workmen's Compensation benefits to which the beneficiaries may be entitled. If there is no surviving spouse or dependent children, benefits are payable to the member's dependent parents. The full benefit is payable regardless of the member's length of service. This benefit is payable in addition to the insured death benefit and the return of the member's accumulated contributions.

Financing

Benefits are financed *jointly* by members' and employers' contributions. Members contribute 4 percent of their annual gross compensation. The state contributes at present an amount equivalent to 5.80 percent of the employees' compensation. The cost of service-connected death benefits and insured benefits is also paid out of employer contributions. *Interest* on members' accumulated contributions is credited annually at a rate fixed at the discretion of the retirement board. The current rate is 4½ percent.

Tax-Sheltered Annuities

Not available from the system.

Investments

As of June 30, 1975, total investments were $362,710,134.83. The Board of Trustees has contracted with seven investment managers to perform the investment function. The Board of Trustees has contracted with two banks to serve as custodians of the investments managed by the seven investment managers. In addition to the investments of the investment managers, the state treasurer is custodian for $9,396,199.15 of small business administration guaranteed loans.

Investments of the fund are controlled by the "prudent man" rule. Not more than 50 percent of the book value of the fund may be invested in common stock.

Administration

The system is administered by a seven-member Board of Trustees. These trustees are appointed by the governor with the approval of the state senate. An executive secretary appointed by the board manages the operation of the system. The board retains an actuary to serve as technical advisor. Each employer, who is a member of the system, has an agent through which records, finances, and other matters are handled.

The cost of administering the retirement system is paid out of employer contributions.

Social Security Coverage

Social security was adopted on January 1, 1955, for all school employees. Social security benefits are fully supplemental to the retirement allowance.

Number of Retirants and Benefits

As of June 30, 1975, a total of 5,365 retirants and survivor beneficiaries were receiving benefits. The approximate annual allowance for all retirants was $1,772.76.

During the last retirement year, 977 members retired on service retirement with an average annual benefit of $1,800. The average number of years of creditable service for members retiring on service retirement was approximately 30.

Verified by Marshall Crowther, Attorney, Kansas Public Employees Retirement System, 400 First National Bank Tower, One Townsite Plaza, Topeka, Kansas 66603. All information is current as of July 1, 1975.

KENTUCKY

Series 1—State-wide Teachers Systems
(Without Social Security)

TEACHERS' RETIREMENT SYSTEM OF THE STATE OF KENTUCKY

The retirement system was established in 1940. The last amendatory legislation was enacted in 1974. Statutory citation: *Kentucky Revised Statutes*, sec. 161.220-710, 61.552, and 61.680.

Membership

Membership comprises full-time regular or special teachers, principals, supervisors, superintendents, assistant superintendents, librarians, attendance officers, and other full-time members of the teaching or professional staff engaged in the service of the public elementary or secondary schools for whom certification is required as a condition of employment; all members of the instructional and administrative staffs of Eastern Kentucky University, Western Kentucky University, Murray State University, Morehead State University, Kentucky State College, Kentucky School for the Deaf, Kentucky School for the Blind, and state and area vocational schools who are regularly employed by a board of education, board of regents, or board of trustees for a full term for which school is maintained; the superintendent of public instruction and the division heads and other professional staff members of the state department of education; members of a local retirement system who became members of the state retirement system according to the provisions of a 1938 act, and such members of the administrative staff of the retirement system as the board of trustees may designate by regulation.

Membership is also provided for the professional staffs of the Kentucky Education Association, the Kentucky Association of School Administrators, and the Kentucky High School Athletic Association if they were members of the Teacher Retirement System at the time of employment.

Membership is *compulsory* for all persons for whom certification is required as a condition of employment. However, teachers in the University of Kentucky and the University of Louisville may belong to TIAA/CREF.

As of June 30, 1975, the system had 46,985 active members.

Creditable Service

Prior-service credit to a maximum of 30 years is provided for teaching in Kentucky performed before July 1, 1941, without cost to the member.

Military service is creditable under designated circumstances. A maximum of four years of prior-service credit may be received for service in World War I, without cost. For military service after 1940, credit is provided upon payment by the member of contributions and interest. Credit is limited to a maximum of six years.

Teaching in *overseas dependents schools* is creditable on the same basis as out-of-state service.

Credit is allowed for a leave of up to three years out of a 10-year period.

A member may receive a maximum of 16 years of *out-of-state service* credit. Of this limit, up to eight years' credit is allowed for out-of-state service rendered after 1940, provided the member pays for it. Service on which benefits are or will be received from another system cannot be transferred.

Members of the system entering employment covered by another public system in the state may elect to remain in the public teachers' system.

Withdrawals and Refunds

A member who withdraws from service before he is qualified for immediate retirement is entitled to a refund of his accumulated contributions plus interest. There are no *service charges*. The current rate of interest is 3 percent.

Provisions for Members' Borrowing

None.

Vesting and Deferred Allowances

Benefits vest after five years of Kentucky service after July 1941. The deferred allowance is payable at age 60. It is calculated under the normal retirement benefit formula.

Retirement Requirements and Benefit Formulas

Normal retirement is at age 60 (or at any age with 30 years' service effective in 1974). Members contribute for as long as they remain in service. The benefit formula is 2 percent of the average annual salary for all years after July 1, 1941, plus $40 for each year of prior service. Average annual salary is the average of the salaries for the highest five years. The total allowance for members retiring before age 55 is reduced 3 percent per year. The minimum is $60 for each year of credited service, or $55 per month, whichever is larger.

Early retirement is provided at any age with 30 years of service. A member with 30 years of service who leaves the system has the right to continue making the normal contributions until age 65. The benefit is calculated under the normal retirement formula.

Members retired for age or service may select an optional benefit approved by the retirement board, except that no option shall provide for a benefit with an actuarial value at age of retirement greater than that provided under the formulas described above.

Disability retirement is available at any age to members with eight years of Kentucky service, one of which immediately precedes retirement. The disability allowance is one-half of the last annual compensation. A member earns "eligibility credit" for disability retirement at the rate of one year of credit for each four years taught. Minimum credit is five years. Members retiring for disability continue to earn service credit as if employed. When "eligibility credits" have been exhausted, the annuity is recalculated as if for service retirement and includes the service credited during the disability retirement. The benefit is calculated at age 60 if the member is under age 60.

The retirement law provides for *compulsory retirement* at age 70.

Post-retirement Adjustment

A flat 1 percent annual increment based on monthly benefit at time of retirement, or July 1, 1970, whichever is later, is provided for all benefit recipients. Additionally, ad hoc increases of 5 to 11 percent were granted for 1974 and 1975.

Work Restrictions

Retirants may do substitute teaching to a maximum of 75 days per year in a covered position without suspension of the benefit. Retirants are eligible for any other employment in or outside Kentucky, and may teach full time in other states without affecting the benefit. A retirant under age 70 may waive the benefit and teach in a covered position. During such employment he does not again become a member of the retirement system.

Teachers retired for disability may not teach in any capacity anywhere. They may have other gainful employment, but the income plus the retirement benefit cannot exceed the last annual compensation or $9,000, whichever is the larger amount. If this limit is exceeded, the benefit is reduced but not below $55 per month.

Death Benefits

A $2,000 death benefit is payable to the estate of both active and retired members. In the event of death of an active member, his accumulated contributions are refunded. In lieu of the refund, survivor benefits are available.

Survivor Benefits

Persons eligible for survivor benefits are widows, dependent widowers, minor unmarried children under age 18, or age 23 if a full-time student in a recognized educational program beyond the high-school level, dependent parents, dependent brother or sister, and incompetent or physically handicapped adult children.

A widow's benefit ceases at remarriage but otherwise is for life. The monthly benefit for a widow or dependent widower is $160; for one child, $130; for two children, $235; for three children, $290, and for four or more children, $320. The benefit for an incompetent adult child is $160 per month. A widow (or dependent widower), dependent minor children, and an incompetent adult are eligible for benefits at the same time, the maximum total allowance being $640 per month. If there is no surviving spouse or dependent child, a dependent parent receives $160 per month; for two such parents the total benefit is $220 per month. If no dependent parent survives, a dependent brother or sister receives $130 per month.

A guaranteed annuity is payable to the surviving spouse or legal dependent of a member eligible to retire who dies while in contributing service. The annuity is actuarially equivalent to that payable to the member as if retired on the day before death. The beneficiary may elect either straight life or 10-year certain and life thereafter options.

Other Benefits

Retired teachers age 55 and over and those retired by reason of disability are covered by a comprehensive medical insurance program. Spouses and minor children are covered. Coverage to the spouse and minor children is continued without cost after death of the retired teacher. The program is paid for by ¼ percent of active member contributions matched by the state.

The plan covers most medical expenses with a few specific exceptions. There is no deductible applying against hospital expenses; there is a $25 annual calendar year deductible for other expenses. Coverage is provided on an 80-20 coinsurance basis.

The system is empowered to self-insure or contract with a private carrier. Currently the system contracts with a private carrier to underwrite the program on a retention basis.

Financing

Benefits are financed *jointly* by member contributions and public revenue.

Members contribute 7.7 percent of gross salary, which includes 1/2 of 1 percent to finance the death, survivors', and medical benefits programs. There are provisions for additional voluntary contributions at the rate of 2 percent or more of salary, but no contribution of less than $20 per month is accepted. The benefit is the same as for regular retirement. Voluntary contributions may be made monthly, quarterly, or annually, but not with the regular contribution.

The *state* matches the 7.7 percent contribution of the member on a current basis by appropriation, and in addition contributes an annual amount sufficient to underwrite the unfunded liability in 25 years.

The state's contribution is credited to the employees at time of retirement.

The biennial appropriation for 1974-1976 totalled $82,033,600. It consisted of matching contributions, and $903,800 for administrative expenses, $6,611,400 for ad hoc increases, and $12,150,300 for unfunded liabilities.

Interest on the member's normal accumulated contributions is credited and compounded annually. The rate of interest on the member's voluntary contributions varies, but cannot be less than 3 percent nor more than the yield on the investment portfolio in the previous year. The current rate is 5.50 percent. The rate is set annually by the trustees. The interest rate on the mandatory contribution is set by statute at 3 percent.

Tax-Sheltered Annuities

Tax-sheltered annuities are available to members from the system. Accounts of participating members are segregated. Interest is set annually by the board. Current rate is 5.50 percent. There is no loading cost to members.

Investments

Investment may be made in the categories and with the portfolio limits as follows: securities of U. S. Government and obligations of its agencies in unlimited amounts; corporate bonds, rated A or better by one major rating service, limited to 60 percent; common and preferred stocks, up to 40 percent; real estate investments, up to 6 percent; school building revenue bonds, limited to Kentucky school districts and to 25 percent of the portfolio; public utility revenue bonds of Kentucky municipalities and counties, up to 25 percent; industrial revenue bonds issued by Kentucky municipalities, up to 6 percent; and obligations of the Commonwealth of Kentucky and its agencies, limited to 25 percent of the portfolio.

Investment authority is vested in the board of trustees. The board designates an investment committee consisting of the executive secretary and two board members to make investments, subject to later approval by the full board.

As of June 30, 1975, total investments, were $474,003,925.

Current investments comprise federal securities, 18.9 percent; state and local government securities, 0.3 percent; common and preferred stock, 18.4 percent; corporate bonds, 48.2 percent; mortgages, 11.2 percent; and, other, 3.0 percent.

Administration

The nine-member board of trustees is composed of the state treasurer, the attorney general, and the superintendent of public instruction, all ex officio, and six members elected for four-year terms by the membership. Four of these six must be members of the system, and one must be a retired teacher; the sixth elected must be a layman. Ex-officio members serve four-year terms and are not eligible to succeed themselves. A chairman and vice-chairman are elected annually by the board members.

Social Security

Social security coverage was extended in 1956, *only* to teachers in state universities and colleges.

Number of Retirants and Benefits Paid

As of June 30, 1975, a total of 10,764 retirants and survivor beneficiaries were receiving benefits, including 618 disability retirants. The approximate annual allowance for all retirants was $3,587.

During the last retirement year, a total of 1,296 members retired on service retirement with an average annual benefit of $4,996. In addition, 51 members retired with disability at an average annual benefit of $4,508. The average number of years' creditable service for members retiring on service retirement was approximately 32.

Verified by Ted L. Crosthwait, Executive Secretary, Teachers' Retirement System of the State of Kentucky, 216 W. Main Street, Frankfort, Kentucky 40601.

Series 3—State-wide Public Employee Systems
to which Teachers Belong
(Without Social Security)

MAINE STATE RETIREMENT SYSTEM

The retirement system for state and local employees in Maine was established on July 1, 1942, and in 1947 the teachers became affiliated and were absorbed into this system. The last amendatory legislation was enacted in 1975. Statutory citation: *Maine Revised Statutes Annotated,* Title 5.

Membership

Membership includes all state employees, all teachers and the employees of covered political subdivisions. Membership is *compulsory* except for elected officers or appointees for fixed terms who may elect membership. There is no age limitation. As of June 30, 1975, the system had 54,062 active members.

Creditable Service

Prior service is creditable for all service prior to July 1, 1942, for state employees and prior to July 1, 1947, for teachers.

Military service is creditable at no cost to the member who enters the service from his position and returns to his position within 90 days after his military discharge.

Other military service is creditable up to four years by the payment of the normal contribution for each year of military service at the rate of contributions in effect when the military service was performed. As of January 1, 1976, this type of creditable service will be available only to persons who were members prior to that date.

Out-of-state service and teaching service in *overseas dependents schools* are creditable. As of January 1, 1976, this type of creditable service will be available only to persons who were members prior to that date.

Withdrawals and Refunds

Upon separation from employment a member may withdraw contributions and all interest granted. There is no *service charge*. After January 1, 1976, refunds will not be made earlier than 60 days after the date of termination.

Provisions for Members' Borrowing

None.

Vesting and Deferred Allowances

Benefits vest at any age with 10 years of service, and a deferred benefit is payable at age 60. The benefit formula is the same as for normal retirement.

Retirement Requirements and Benefit Formulas

Normal retirement is at age 60 regardless of number of years of service. Contributions continue as long as the member remains in active service. The benefit formula is the average of the three highest years of service, divided by 50, times the number of years of creditable service, after July 1, 1942, and divided by 60 times the number of years of creditable service prior to July 1, 1942.

Early retirement is at any age with 25 years of service. The allowance is the actuarial equivalent of the normal retirement allowance.

Disability retirement is available at any age under 60 with 10 years of service. The formula is the same as for normal retirement with a 10 percent reduction, except that there is a minimum guarantee of 25 percent of the highest average salary. If the member has between 25 and 30 years of creditable service, the years until age 60 are added into the benefit; and if the member has 30 or more years of creditable service, there is no reduction for age. Service connected disability is available at any age, regardless of years of service. The allowance is 66-2/3 percent of highest average salary.

The retirement law provides for *compulsory retirement* at age 70. On and after July 1, 1977, a member who is in service and is under age 60 or has not reached mandatory retirement age, if earlier, may retire, regardless of age and regardless of whether or not the disability is service connected, and receive a disability retirement allowance equal to 66-2/3 percent of the average of his highest three years of compensation.

Other Benefit Payment Provisions

Cost-of-living increases are granted at the same average percentage received by active state employees in general salary adjustments.

Work Restrictions After Retirement

Retirants may be employed in a covered position after retirement and may earn monthly up to the difference between 1/12 of highest average salary and monthly retirement benefit.

Death Benefits

The state provides coverage by group life insurance up to double the annual salary at a cost of 15 cents per week per $1,000. Double indemnity protection under accidental death, and protection under dismemberment clauses is provided. Coverage continues after retirement and the employer pays the premium. The amount of coverage after retirement is on a reducing basis to a minimum of 25 percent of the amount held at retirement.

Survivor Benefits

Members are protected under survivor benefits upon completion of 18 months of creditable service (no minimum number of years or months is required if the death occurs through a service-incurred accident) which provides payments of $100 to $300 a month to survivors. The 18 months of creditable service required will be discontinued as of July 1, 1976.

Financing

Benefits are financed jointly by members' contributions and public revenue. *Members* contribute 6.5 percent of salary, including maintenance, if any, effective October 3, 1973.

The employer pays an amount sufficient with members' contributions to pay the cost of the retirement allowances and the administrative costs.

Tax-Sheltered Annuities

Not available to members from the system.

Investments

Investments are made by three money managers under the "prudent man" theory.

As of June 30, 1975, total investments, exclusive of cash, were $188,397,103; cash balances totaled $2,281,229. The Board of Trustees is responsible for investments and employs investment managers who have discretion under guidelines established by the Board and contracts with a bank as custodian to receive and service securities.

Current investments comprise federal securities, 2.0 percent; state and local government securities, 0.04 percent; common and preferred stock, 54.6 percent; corporate bonds, 28.3 percent; mortgages, 6.3 percent; and other, 8.76 percent.

Administration

The system is administered by a Board of Trustees comprised of seven members, three of whom are appointed by the governor, one representing municipalities, one representing teachers, one representing state employees, and one representing retired persons. Members serve three-year terms. After January 1, 1976, one of the Trustees appointed by the Governor will be a retired teacher.

Social Security

None.

Number of Retirants and Benefits Paid

As of June 30, 1975, a total of 12,697 retirants and survivor beneficiaries were receiving benefits, including 267 disability retirants. The approximate annual allowance for all retirants was $45,982,878.62.

During the last retirement year, 1,080 members retired on service retirement and 26 members retired with disability.

Verified by W. G. Blodgett, Executive Director, Maine State Retirement System, State Office Building, Augusta, Maine 04333.

TEACHERS' RETIREMENT SYSTEM OF THE STATE OF MARYLAND

The system was established on August 1, 1927. The law has been amended several times since 1927 to provide additional benefits. The last amendatory legislation was enacted in 1975. Statutory citation: *Annotated Code of Maryland*, Art. 77.

Membership

Membership comprises all teachers, helping teachers, principals, supervisors, superintendents, attendance officers, and clerks employed in a public day school within the state or in any state educational institution supported or controlled by the state. Teachers who are 68½ years of age or over at time of employment are not eligible for membership.

Membership is *compulsory*. As of June 30, 1975, the system had 66,800 active members.

Creditable Service

Prior-service credit is available without cost to those teachers enrolled during the first year of operation of the system.

Military service is creditable to a maximum of five years for members who were teachers when they entered military service, and who again became teachers upon separation from military service. A member with at least 10 years of creditable service, may receive military service credit under certain conditions. It is provided at no cost to the member.

Membership service is service rendered after August 1, 1927, and comprises state service only. Teachers on leave of absence for personal illness, study, maternity, or for service sponsored or subsidized by the federal government, including teaching in *overseas dependents schools*, receive credit for the period of absence provided contributions are made. Beginning in 1963, members may purchase back credit lost through previous termination of membership.

Out-of-state service up to 10 years is creditable for out-of-state teaching service and federal or out-of-state municipal service; purchase may be at retirement with cost calculated by purchase for all accumulated reserves and paid by the member.

Withdrawals and Refunds

A member who stops teaching may withdraw his contributions plus interest. There is no *service charge*. Members who leave contributions in the system receive *interest* at the annual rate of 3 percent for five years.

Provisions for Members' Borrowing

None.

Vesting and Deferred Allowances

Benefits vest after five years of service with payments commencing at age 60. The benefit formula for deferred retirants at age 60 is the same as for normal retirement.

Retirement Requirement and Benefit Formulas

Normal retirement is at age 60 regardless of years of service, or at any age with 30 years of service. The allowance is composed of annuity which is the actuarial equivalent of the member's accumulated contributions, and a pension of 1/110 of average final compensation (average of three highest years of service) for each year of *membership* service, and 1/55 of average final compensation for each year of *prior* service, with a minimum allowance of 1/55 of average final compensation for each year of creditable service guaranteed.

Early retirement is at any age under 60 with 25 years of service. The allowance is reduced by 1/2 of 1 percent for each month under age 60 or 30 years of service.

A disability retirement allowance is available at any age with five years of service provided the disability, mental or physical, is permanent. The benefit formula is 1/55 of average final compensation for each year of creditable service with a minimum of 1/4 of average final compensation. In case of job-incurred disability, the allowance is equal to 2/3 of average final compensation plus annuity, the total not to exceed 100 percent of average final compensation.

The allowance is adjusted annually to reflect increases in Consumer Price Index since retirement.

The retirement law provides for *compulsory retirement* at age 70.

Post-Retirement Adjustment

Beginning on July 1, 1971, retirement allowances will be adjusted based on the change in the CPI from July to July. The allowance, however, will never be reduced below that paid at retirement. The beginning index will be that for 1967. The amount appropriated for fiscal 1976 is $9,573,029.

At retirement, a month credit for each 22 days of unused sick leave is used in the computation of the retirement allowance.

Work Restrictions After Retirement

Retirants are eligible for employment in any position, except Maryland teaching, without suspension or reduction of benefits. Retirants may accept state teaching employment, provided the retirement allowance receivable without optional modification plus the annual salary for the position does not exceed in amount the average final compensation upon which the retirement allowance is based. Retirants who have been retired more than 10 years may teach in the state without affecting their benefits.

Death Benefits

Lump-sum death benefits of accumulated contributions plus interest and 100 percent of current salary are paid to the estate or designated beneficiary of a member with one year of service who dies in active service.

If a member who is eligible to retire or is age 55 with 15 years of service dies while in active service and had designated his spouse as primary beneficiary, a lump-sum option may be taken in lieu of the survivor benefit.

After retirement the member may receive a reduced allowance to provide the beneficiary with a lump-sum balance of the pension and annuity reserve.

Survivor Benefits

If a member age 55 with 15 years' service dies in service, the spouse receives a joint-life allowance.

At retirement joint-life, 50 percent survivor benefit, or joint benefit for member and beneficiary is actuarially determined by the Board of Trustees.

Financing

Benefits are financed *jointly* by member contributions and public revenue.

Effective July 1, 1973, members contribute at 5 percent of salary except that no present member's rate shall be increased.

A member may add to his contributions by a lump-sum payment or by contributing at an increased percentage rate, provided the additional contributions do not increase his total allowance to more than 2/3 of his average final compensation. These additional contributions are not matched by public funds.

All public financing is by the *state* and is an amount equal to a certain percentage of the earnable compensation of each member. The rate and amount for the year ending June 30, 1976, are 5.67 percent and $60,248,144. The accrued liability for prior-service credit has been liquidated. However, an accrued liability of $188,099,960 was created as a result of improvements in benefits since 1969. Lump-sum death benefits are paid from the state's contributions.

Interest at 4 percent is credited to the member's account annually on June 30. The interest rate is set by law for members enrolled before July 1, 1955. The board determines the rate for those enrolled after July 1, 1955, within statutory limitations.

Tax-Sheltered Annuities

Beginning with July 1, 1965, tax-sheltered annuities have been available to members. Interest at the rate of 4 percent will be credited annually to these voluntary contributions. Investment earnings in excess of 4 percent will be used to cover the cost of administration of the TSA program.

Investments

Investments are subject to all the terms, conditions, limitations, and restrictions imposed by the law upon life insurance company investments, except that the board of trustees may invest 50 percent of funds in common stocks. The board of trustees has full power to invest within these limits, and is advised on investments by the Advisory Investment Committee appointed by the Board of Public Works. The Division of Investments within the retirement system office is headed by a full-time investment administrator, who administers the investment policy of the board. The policy of the board is to hold all bonds to maturity and common stocks for long-term growth; to invest in "AA" or better rated corporates, including public utilities and industrial corporations, as rated by Moody, and Standard and Poor's rating services; to limit the dollar amount invested in each bond issue to $1 million and to limit the dollar amount invested in any one company to 2 percent of the carrying value of the bond portfolio, excluding issues of the U. S. Treasury and of the American Telephone and Telegraph Company System, subject to revision as assets increase; to invest in common stock not to exceed 1 percent in any one stock of any one company, and the total investment in stocks not to exceed 50 percent of the total assets of the system; to invest in mortgages; and to invest in special situations as directed by the board. As of June 30, 1975, total investments were $884,951,526. Current investments comprise federal securities, 2 percent; common and preferred stock, 29.6 percent; corporate bonds, 57.4 percent; mortgages, 4.7 percent; and, other, 6.3 percent.

Administration

The system is administered by a board of trustees consisting of five members as follows: the state superintendent of schools, the state comptroller, and the state treasurer, all ex officio, and two teacher-members elected by the members for a term of four years. The system has been placed within the State Department of Personnel, but its basic structure and autonomy have been preserved.

Social Security

Social security was adopted, effective July 1, 1956. All system members are covered. The state pays the employer's share. Benefits are fully supplemental to the retirement allowance.

Number of Retirants and Benefits Paid

As of June 30, 1975, a total of 8,638 retirants and survivor beneficiaries were receiving benefits, including 526 disability retirants. The approximate annual allowance for all retirants was $5,996.

During the last retirement year, a total of 928 members retired on service retirement with an average annual benefit of $6,454. In addition, 70 members retired with disability at an average annual benefit of $6,846.

Verified by Christ G. Christis, Assistant Secretary of Personnel for Retirement Systems, Teachers' Retirement System of the State of Maryland, 301 West Preston Street, Baltimore, Maryland 21201.

MICHIGAN

Series 2—State-wide Teachers Systems
(With Social Security)

MICHIGAN PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM

The system was first established in 1915 as a Teachers' Retirement System. A nonteaching employees system was established in 1941. The two were combined into the Michigan Public School Employees' Retirement System in 1945.

The last major amendments were in 1974 when, among major benefit improvements, a noncontributory plan was adopted. The nonctributory plan is on a phase-in basis, and becomes mandatory for all members by July 1, 1977.

Membership

Membership comprises all public-school employees (except in Detroit which has a local retirement system), employees of intermediate school districts, employees of certain state colleges and universities, employees of community colleges, and certificated employees of the high-school athletic association.

Membership is *compulsory*.

As of June 30, 1975, the system had approximately 275,000 full- and part-time active members, including non-educational personnel.

Creditable Service

Prior-service credit is allowed for service before the establishment of the system in 1916, without cost to the member.

Military service is creditable to a maximum of 6 years at no cost to the member provided the member left Michigan public-school service to enter military service, returned to Michigan public-school work within 24 months of discharge or relief from active duty, and will not be entitled to military service credit under any other federal, state, or local retirement system.

Teaching in *overseas dependents schools* is creditable as out-of-state service if the member left Michigan public-school service for this purpose and returned within 24 months after termination of overseas service. The service must be as an employee of the U. S. Government in the teaching of U. S. nationals in an elementary or secondary public school. The credit is purchasable at twice the amount required had the service been performed in Michigan public schools, plus 2-1/2 percent simple interest from the time the service was performed until payment is made. The overseas teaching service must be followed by five years of teaching under the Michigan system.

Credit without limit is allowed for all Michigan public-school service under this system.

Out-of-system service includes public-school work in other states, the United States or its territorial possessions, the public schools of the school district of the City of Detroit, the University of Michigan, Michigan State University, Wayne State University, Grand Valley State College, Oakland University, Saginaw Valley College, a juvenile training school operated by a county, and as a state employee. Out-of-system service is not creditable toward retirement if the member is or will be receiving a retirement allowance from another governmental unit for the same years of service.

Service outside the system, including in-state service and out-of-state service, is creditable to a maximum of 15 years, but no more than matching years of service under this system unless application has been made on the basis of payment before July 1, 1974. An exception is service in the Detroit Public Schools and the state of Michigan, which is without limit.

Payment by the member for out-of-system service performed prior to July 1, 1974, is made at the rate which was in effect under this system at the time of the service, plus 2½ percent per year simple interest from the time the service was performed to the time payment is made. Payment for out-of-system service performed after July 1, 1974, is 5 percent of full-time or equated full-time compensation for the fiscal year in which payment is made, multiplied by the years of service the member elects to purchase up to the maximum provided. Payment may be made at any time prior to actual retirement. Service outside the system must be followed by five years of service under this system, but cannot take the place of the minimum of 10 years required for benefits under this system.

Withdrawals and Refunds

A member who withdraws from the system prior to qualifying for a retirement allowance is entitled to a refund of 75 percent of his contributions before July 1, 1945, without interest; and all his accumulated contributions after July 1, 1945, with interest compounded at 2-1/2 percent annually. There are no *service charges*.

A withdrawn member who returns to Michigan public-school service after an absence of more than five years may repay the amount withdrawn with interest at 2½ percent compounded annually for the time the money was out of the system, and reinstate his previous service by returning to service under this system for five years. If the absence is five years or less, a one-year return is required, plus repayment.

Provisions for Members' Borrowing

None.

Vesting and Deferred Benefits

Prior to August 1, 1974, a person who terminated public-school employment under this system before age 60, had 10 or more years of creditable service and left his contributions on deposit, is entitled to a deferred retirement allowance at age 60 if he met the requirements for qualification provided in the law in effect at the time of termination of service.

Persons who terminate their employment on or after August 1, 1974, leave their accumulated contributions on deposit, and have 10 or more years of service are vested to receive benefits upon attainment of age 60.

Retirement Requirements and Benefit Formulas

Normal retirement is at age 60 with 10 years of creditable service or at age 55 with 30 or more years of creditable service. Contributions continue as long as the member remains in active service, whether employee-paid or employer-paid. The benefit formula is 1½ percent of average salary for the best five consecutive years occurring anywhere in Michigan service multiplied by total years and fractions of a year of service to the nearest 1/10 of a year.

Disability retirement is available at any age to members with a minimum of 10 years of Michigan public-school service, for total and permanent disability. The benefit is computed on the same basis as the normal benefit. Total disability is defined as inability to work, and *permanent* disability as reasonable certainty that the disability will continue for at least six months after application for the disability allowance. Application must be made within 36 months after the applicant ceases to be a public-school employee.

Compulsory retirement is not required by the retirement law, but by local option many school districts set a compulsory retirement age. Some districts set no age limits; others have age limits, but permit year-to-year extension on the basis of the school district's needs and the capabilities of the individual.

Post-retirement Adjustment

For persons who retired prior to July 1, 1956, without benefit of social security coverage, the minimum retirement allowance is $125 per year of service. For individuals retiring after July 1, 1956, but prior to July 1, 1973, a 1 percent increase for each year retired was provided up to a 17 percent maximum.

Work Restrictions After Retirement

For retirees with annual allowances exceeding $2,500, employment is limited to the amount permitted under social security in any tax-supported school or public educational agency of this state, or as an employee of this state in the classified or unclassified service. Retirees whose annual allowances are less than $2,500 may earn an additional $1,500 annually in addition to the amount permitted by social security in the same type of employment. There is no restriction on earnings from work performed in private or parochial schools or private industry or in any tax-supported schools outside the state of Michigan.

Persons receiving a disability allowance from this system may not do any work that is related to the type of work they were doing prior to receiving retirement allowances unless they have prior Retirement Board approval. If they are able to engage in other gainful employment, they may not earn more than the difference between 90 percent of their final average compensation and their retirement allowance payments. This 90 percent factor is increased by 2 percent for each year retired, up to 100 percent as a maximum.

Death Benefits

No death benefits are provided. If an active member dies before he is eligible for retirement, and he has less than 15 years of service credit, his accumulated contributions are refundable to his beneficiary or legal representative.

Survivor Benefits

If an active member dies with 15 or more years of service credit or after he becomes eligible for retirement, instead of a lump-sum refund of the member's contributions, a monthly allowance is paid to his designated beneficiary (who is dependent upon him for at least half of his support) in an amount equal to the amount that would have been payable had the member retired on the day preceding his death and chosen a joint and last survivorship option paying the same allowance to his beneficiary as he himself would have received had he retired.

If there is no named beneficiary, the surviving widow or surviving dependent widower receives a retirement allowance computed in the same manner until the surviving spouse remarries or dies; except that if either of these events occurs before the receipt of the total contributed by the deceased member to the retirement system, the balance is paid to the legal representative. If there is no surviving spouse who qualifies, payment up to $1,200 per annum is made to a surviving child or children under age 18 until attainment of that age.

Financing

Benefits are financed *jointly* by member or school agency contributions and public revenue. Contributions are 5 percent of gross salary in each calendar year for retirement. The member's social security tax is in addition to this requirement.

There is no provision for members' voluntary contributions for supplementary benefits.

The *employer* contributes at the actuarial percentage of wages and salaries paid to employees for current service costs. This rate includes the employer's share of the social security tax, and additional amounts for unfunded accrued liabilities. The employer's share of the contributions to the system is made by the state from the school aid fund before distribution to the school districts. Employee contributions under the noncontributory plan are paid by the school districts. The state also pays an appropriation from its General Fund for the employers' share for members employed in community colleges, colleges, and universities.

Community colleges, colleges, and universities which receive federal grants are required to pay the employer's contribution from these grants. Community colleges, colleges, and universities which maintain local funds from which they pay salaries and wages are required to pay the employer's share from the local funds from which the wages are paid. The employer's share is an annual appropriation, one-fourth of the allotment being made available to the retirement system each quarter during the year. Employers' contributions for K-12 employees during the 1974-75 year totaled $213,550,000.

Interest is credited to each member's account at the rate of 2½ percent, posted as of July 1 each year, and compounded annually. The rate is set by the retirement board within the 3 percent limit fixed by law.

Tax-Sheltered Annuities

Not available to members from the system.

Investments

As of June 30, 1975, total investments were $1,644,568,224. The state treasurer has the investment authority for the funds.

Current investments comprise federal securities, 3.4%; common and preferred stock, 20.5%; corporate bonds, 37.7%; mortgages, 15.7%; and other, 22.7%.

Administration

The retirement board consists of eight members: the superintendent of public instruction and seven members who are appointed by the governor, subject to Senate approval. At least one member shall be a woman teacher and at least one shall be a nonteaching public-school employee. At least one member shall be a retired public-school employee receiving an allowance under this chapter, and at least one member shall be a public member with experience in the insurance, actuarial, or institutional investment field and neither a public-school employee nor a member of the retirement system. One member shall be a member or retirant of the Detroit Public School Employees Retirement System. Appointments are staggered, one each year, for six-year terms, except that the term of members appointed after July 1, 1974, shall be for four years. The term of office begins March 1 of the year of appointment.

Social Security Coverage

Social security was adopted in 1956, retroactive to January 1, 1955. Coverage is state-wide, and includes all members of the system.

The retirement system is designated by statute to pay the employer's social security tax from the Pension Fund for all Michigan public-school employees. Social security was originally adopted on a coordinated basis.

Number of Retirants and Benefits Paid

As of June 30, 1975, a total of 30,013 retirants and survivor beneficiaries were receiving benefits, including 1,005 disability retirants. The approximate annual allowance for all retirants was $3,143.49.

During the last retirement year, 2,534 members retired on service retirement with an average annual benefit of $3,999.24. In addition, 234 members retired with disability at an average annual benefit of $1,816.20. The average number of years of creditable service for members retiring on service retirement was approximately 20.

Verified by Norvel A. Hansen, Executive Director, Michigan Public School Employees' Retirement System, Mason Building, Lansing, Michigan 48913.

MINNESOTA STATE TEACHERS' RETIREMENT ASSOCIATION

The retirement system was established in 1931. Substantial improvements have been made through the enactment of the "Teachers Retirement Improvement Act of 1969" and through amendatory legislation which was enacted in 1973 and 1974.

Membership

Membership in the Association is restricted to the professional school staff in public schools situated outside the corporate limits of cities of the first class, in the state community colleges, and state institutions. Membership is *compulsory.*

There are two systems of membership in the Association, coordinated and basic. Coordinated system members have social security coverage through their Association-covered employment and basic system members do not. Since December 31, 1959, all new members of the Association are required to belong to the coordinated system.

As of June 30, 1974, there were 55,203 active coordinated system members and 4,325 active basic system members.

Creditable Service

Prior-service credit was permitted, provided arrangements for payment were made before July 1, 1961. Payments must have been completed by June 30, 1973.

Military service is creditable under certain conditions, provided the member purchases the credit. The deadline for making this purchase was June 30, 1974, or within five years from the date of discharge, whichever is later.

Allowable *service credit for sabbatical leaves of absence* may be purchased by eligible members. Payment for this credit must be made by June 30 of the fiscal year following the fiscal year in which the sabbatical leave terminates. No more than three years of credit in any 10 consecutive years may be established.

Withdrawals and Refunds

Members who cease to render teaching service in schools to which the Association's laws apply are entitled to refunds of their contributions. Refunds to members who are covered under the Association's High-5 Formula Program or Combined High-5 Formula Program do not include interest unless the members are age 65 or older and have less than 10 years of allowable service cr... Refunds to members who are covered under the Variable Annuity Program are for the value of the members' accounts. The value of a Variable Annuity account includes any gains or losses on the member's contributions.

Refunds may be repaid by members after they complete two years of allowable service credit in a position of employment covered by the Association or in a position covered by one of several other Minnesota public retirement funds, except that refunds from the Variable Annuity Program may not be repaid. Refund payments must include interest at an annual rate of 6 percent from the date of withdrawal to the date of payment.

Provisions for Members' Borrowing

None.

Vesting and Deferred Allowances

Members become vested upon completing 10 years of allowable service credit with the Association. They also become vested upon completing a combination of 10 years of allowable service credit with the Association and with one or more of several other public retirement funds maintained by the state.

Vested members who are (a) younger than age 55, (b) have less than 30 years of allowable service credit, and (c) terminate covered employment may have their retirement benefits deferred until they attain age 55. They may defer beyond age 55 if they wish.

Deferred benefits are augmented by interest during the deferral period.

Retirement Requirements and Benefit Formulas and Benefit Formulas

The normal retirement age for vested members with less than 30 years of allowable service credit is age 65; for members with 30 or more years of allowable service credit, it is age 62. Nonvested members are eligible for retirement benefits if they have at least three years of allowable service credit and are required to terminate their employment because of the state's mandatory retirement law.

Early retirement benefits are available to vested members with less than 30 years of allowable service credit at age 55. Early retirement benefits are also available upon completing 30 years of allowable service credit, regardless of age.

There are two different retirement programs for active members. The two programs are:

1. High-5 Formula Program

2. Combined High-5 Formula and Variable Annuity Program (½ High-5 Formula and ½ Variable Annuity)

Only members who elected the Variable Annuity are participating in the Combined High-5 Formula and Variable Annuity Program. All other active members are participating in the High-5 Formula Program. The provision which allowed members to elect the Variable Annuity was removed from the Association's laws on July 1, 1974. All new members since June 30, 1974, therefore, are assigned to the High-5 Formula Program. Also, members who take refunds of their contributions and return to covered employment after June 30, 1974 are assigned to the High-5 Formula Program, regardless of previous program elections.

Under the High-5 Formula Program, the annual retirement benefit (at the normal retirement age) is a percentage of the highest average annual salary over five successive years of formula service credit. The formula for determining this benefit is as follows:

High-5 average annual salary	x	Percent	=	Annual benefit

The following schedule determines the percentage used in the formula above.

Years of formula service credit	Basic system	Coordinated system[a]
First 10 years	2% per year	1% per year
Subsequent years.....	2½% per year	1½% per year

[a]Social security benefits are in addition to the coordinated system benefits.

Under the Combined High-5 Formula and Variable Annuity Program, contributions are invested one-half in the Association's regular fund and one-half in the Minnesota Variable Annuity Fund (MVA Fund). Contributions to the Association's regular fund help finance the Combined High-5 Formula benefits and contributions to the MVA Fund help finance the Variable Annuity benefits. State matching funds are also invested in the same ratio to help finance these benefits.

Under the Combined High-5 Formula and Variable Annuity Program, the Combined High-5 Formula annual retirement benefit (at the normal retirement age) is also a percentage of the highest average annual salary over five successive years of formula service credit. The formula used to calculate this benefit is the same as the one described above, except that the percentage received for years of formula service credit is necessarily lower because the contributions to support benefits from the Combined High-5 Formula portion of the Combined Program are only one-half that of the High-5 Formula program. The following schedule determines the percentage used in calculating this annual retirement benefit.

Years of formula service credit	Basic system	Coordinated system[a]
First 10 years	1% per year	½% per year
Subsequent years.....	1¼% per year	¾% per year

[a]Social security benefits are in addition to the coordinated system benefits.

In addition to the Combined High-5 Formula benefit under the Combined High-5 Formula and Variable Annuity program, there is the Variable Annuity benefit. Contributions to support this benefit are made to the Minnesota Variable Annuity Fund. Up to 100 percent of the assests of this fund may be invested in common stocks. This fund provides its participants with the opportunity to invest retirement dollars in equity type investments. Historically the value of such investments has generally followed the cost-of-living pattern. Members who participate in the fund assume the risk of the fund's investments.

Retirement benefits derived from this fund are based on the member's accumulated contributions, and the compounded return on both the member's and state's matching contributions. The total amount of money available to provide the retirement benefit is applied to an appropriate 5 percent table of annuity rates based on the mortality experience of the fund as recommended by the Association's actuary.

As pointed out earlier in this section, early retirement benefits may be applied for by eligible members. These benefits are reduced. Variable Annuity retirement benefits are based on an appropriate annuity rate for a given age. High-5 Formula and Combined High-5 Formula benefits are reduced as follows:

For members retiring prior to age 65 with less than 30 years of allowable service, retirement benefits are reduced by ½ percent per month for each month they are under the age of 65 and by ¼ percent per month for each month they are under the age of 60.

For members retiring prior to age 62 with 30 or more years of allowable service, retirement benefits are reduced by ½ percent per month for each month they are under the age of 62 and by ¼ percent per month for each month they are under the age of 60.

Disability retirement is available to members under age 50 with 10 or more years of allowable service credit and to members age 50 or over with five or more years of allowable service credit. The benefit formula for disability retirement is the same as for normal retirement with no actuarial reduction for ages under 65. In the basic system, an additional fixed benefit is payable. The disability benefit is automatically converted to a retirement benefit at age 65.

Under provisions of the Association's laws, compulsory retirement is required at the end of the academic year in which a member attains the age of 65. The academic year is from September 1 through August 31.

Post-Retirement Adjustments

Members who retire under the High-5 Formula Program receive their retirement benefit payments from the Minnesota Adjustable Fixed Benefit Fund (MAFB Fund). Members who retire under the Combined High-5 Formula and Variable Annuity Program receive their Combined High-5

Formula benefit payments from the MAFB Fund or from the Minnesota Variable Annuity Fund (MVA Fund). The required dollar reserves to fully fund retirement benefits under the High-5 Formula and the Combined High-5 Formula are transferred from the Association's regular fund to the MAFB Fund at the time of retirement. The required dollar reserves to fund retirement benefits under the Variable Annuity may either be left in the MVA Fund or may be transferred to the MAFB Fund at the time of retirement.

The MAFB Fund was established by the 1969 Minnesota State Legislature. The main purpose for establishing the MAFB Fund was to provide a means to periodically increase retirement benefit payments. A fund with a balanced investment program of high-grade common stocks and bonds should do this. With this investment objective in mind, the legislature set the common stock limit at 50 percent of the MAFB Fund's assests.

Retirement benefits paid from the MAFB Fund are guaranteed for the original amount as determined at the time of retirement and are guaranteed for the life of the retired member. This guarantee assumes that the required dollar reserves which finance these benefits will earn interest at the annual rate of 5 percent.

If the investment yield of the fund on June 30 is such that it causes the value of the fund to exceed the value of the required dollar reserves by 2 percent or more, benefit payments will be increased proportionately. If the investment yield is such that it causes the value of the fund to be less than the value of the required dollar reserves by 2 percent or more, benefit payments will be decreased proportionately, but never below the original guaranteed amount. If a deficit is created in the fund by losses on investments, guaranteed payments will continue as though the investments were yielding 5 percent. This deficit will be carried by the fund until it is offset by future gains. It is hoped that the investment performance of the MAFB Fund will provide earnings for periodic benefit increases that will partially offset any increases in the cost of living.

The MVA Fund was also established by the 1969 Minnesota State Legislature. Up to 100 percent of the fund's assets may be invested in high-grade common stocks. This fund was created by the legislature for members of the Association who believe that equity investments could provide a greater return over a long period of time than fixed-dollar investments.

Retirement benefits paid from the MVA Fund are subject to annual adjustments depending upon the investment experience of the fund. One basic difference exists, however, between benefit adjustments in the MVA Fund and benefit adjustmemts in the MAFB Fund; MVA Fund benefits can be reduced below the original amount but MAFB Fund benefits cannot. No guaranteed minimum benefit is payable from the MVA Fund.

Whenever the June 30 value of the MVA Fund required dollar reserves exceed or fall short of the present value of all variable benefits in force by at least 2 percent, benefits shall be increased or decreased proportionately.

Work Restrictions

Retirants under the age of 72 may earn a maximum of $800 per quarter in Minnesota Schools to which the Association's laws apply without reduction of benefits. Retirants age 72 or over are not subject to any earning restrictions. Retirants may earn any amount in private schools or private employment in the state, or in any employment outside the state, without affecting the retirement benefits.

Death Beneftis

Separate death and survivor benefit provisions apply to the Association's two systems of membership.

If a coordinated system member dies before retirement and is covered under the High-5 Formula Program, his accumulated contributions plus interest at the rate of 3½ percent compounded annually is paid to his beneficiary or estate. If a coordinated member under the Combined High-5 Formula and Variable Annuity Program dies before retirement, his accumulated contributions plus interest in the Combined High-5 Formula and the value of his Variable Annuity account is paid to his beneficiary or estate. The value of his Variable Annuity account includes any gains or losses on his contributions.

If a basic system member dies before retirement and none of the Association's survivor benefit provisions apply, death benefits are payable as outlined above for coordinated system members.

Survivor Benefits

The Association does not have any survivor benefit provisions for coordinated system members. Any survivor benefits payable by social security to survivors of coordinated system members are in addition to the lump-sum death benefit as described above.

If an active basic system member with at least 18 months of allowable service credit dies before retirement and has a dependent spouse and/or dependent children, survivor benefits are payable according to the following schedule:

Surviving dependent spouse, 30 percent of the member's monthly average salary paid in the last full fiscal year preceding death

Each dependent child, 10 percent of the member's monthly average salary paid in the last full fiscal year preceding death

Maximum family benefit, $450 per month.

If an active basic system member under the Combined High-5 Formula and Variable Annuity Program dies before retirement, the value of his account in the Variable Annuity shall be paid to a beneficiary in addion to the survivor benefits as described above. The value of his account includes any gains or losses on his contributions.

Members of either the basic or coordinated systems who have attained the age of 55 with 20 years of allowable service credit or members who have 30 years of allowable service credit, regardless of age, have the option of electing a joint and survivor annuity. The joint and survivor annuity is applicable only to a spouse.

Financing

Benefits are financed jointly by member contributions and public revenue. The employer matching contributions for both the Teachers Retirement Association and the social security system are provided by the state of Minnesota.

Members in the basic system contribute 8 percent of total salary and members in the coordinated system contribute 4 percent of total salary.

There are no provisions for voluntary contributions.

The state's contribution rate is 8 percent of total salary for members in the basic system and is 4 percent of total salary for members in the coordinated system. In addition, the state contributes an amount equal to 2½ percent of the total salary of each member for the purpose of amortizing the unfunded liabilities of the fund. The state's contributions are appropriated on a monthly basis, but are not credited to members' accounts until the time of retirement. The state's total contribution for the 1973-74 fiscal year for payment of the retirement annuity was $36,242,756. Disability benefits, survivor benefits, and administrative expenses are paid from state contributions that are retained by the Association when members withdraw their accumulated contributions.

For members in the Variable Annuity Program account balances are increased or decreased on June 30 of each year. Rates of return (increment or decrement) are set by the retirement board.

Tax-Sheltered Annuities

Not available through the Association.

Investments

Retirement system funds may be invested in a wide variety of securities, including corporate obligations and stocks. In the Association's regular fund, common stock investments are limited to 50 percent of the fund's total assests and in the Minnesota Variable Annuity Fund, up to 100 percent of the fund's assets may be invested in common stock. Investments are made by a separate state investment board, whose members are the governor, the state auditor, the state treasurer, the attorney general, and the secretary of state.

As of June 30, 1974, total investments, exclusive of cash, were $510,614,183; cash on hand was $346,980.

Administration

The board of trustees consists of seven members. Four are elected by the Association's membership (two in odd-numbered years) for terms of four years each. The three ex-officio members are the commissioner of education, the commissioner of finance, and the commissioner of insurance. The state treasurer is ex-officio treasurer of the fund.

Social Security Coverage

Social security was adopted for teachers in state colleges in 1957 by a majority vote. Social security for all other members was adopted on an individual basis on January 1, 1960. All new teachers in the public schools covered by the Association, are required to become members of the coordinated system with social security. Members employed on December 31, 1959, who did not voluntarily elect to be covered under social security remain in the Association's basic system without social security coverage; these members constitute a closed system to which new teachers are not eligible for membership.

The employer's share of the social security tax is paid by the state. Social security is on a coordinated basis, with social security benefits entirely supplemental to teachers' retirement allowances.

Number of Retirants and Benefits Paid

As of June 30, 1974, a total of 5,899 retirants were receiving benefits. During the last retirement year, 1,142 members retired, 380 from the basic system with a median monthly retirement allowance of $485, and 762 from the coordinated system, with a median monthly retirement allowance of $266.

Verified by Harvey W. Schmidt, Executive Secretary, Minnesota State Teachers' Retirement Association, 302 Capital Square Building, 550 Cedar St., St. Paul, Minnesota 55101.

MISSISSIPPI PUBLIC EMPLOYEES' RETIREMENT SYSTEM

The system was established April 15, 1952. The last amendatory legislation was enacted in 1975. Statutory citation: *Mississippi Code of 1972*, section 25-11-1.

Membership

Membership comprises all teachers and employees of the public schools, state employees, the staff and employees of publicly supported institutions of higher learning, and the employees of counties, municipalities, and other political subdivisions of the state. Membership is *compulsory*.

As of March 31, 1975, the system had 103,619 active members, of which 43,890 were school personnel and 14,447 were junior and senior college personnel.

Creditable Service

Prior-service credit is provided for services rendered prior to the establishment of the system at no cost to the member.

Military service rendered in time of war to a maximum of four years, is fully creditable at no cost to the member.

Teaching in *overseas dependents schools* and *out-of-state* teaching service are not creditable.

Withdrawals and Refunds

A member who leaves covered employment may withdraw his accumulated contributions with current interest at 1 percent. There is no *service charge*.

Provisions for Members' Borrowing

None.

Vesting and Deferred Allowances

Benefits vest fully after 15 years of service, and a deferred retirement allowance is payable at age 60.

Retirement Requirements and Benefit Formulas

Normal retirement is at age 65 with at least 10 years of service. Contributions continue as long as the member remains in service. The retirement allowance consists of an annuity based on the member's contributions plus interest, and a pension calculated under a benefit formula of 1-5/8 percent times number of years of creditable service times average annual earnings for the five highest consecutive years.

Early retirement is at any age with 30 years or more of service. The allowance is calculated as for normal retirement, with full benefits.

Disability retirement is available at any age up to age 60 to members with 10 years of service. The disability formula is 1-5/8 percent times years of service plus those years that would have been obtained if the employee had continued work to age 60 times gross average annual salary for the five highest consecutive years times 85 percent times 75 percent.

The retirement law provides for *compulsory retirement* at age 65, but a member may be continued in service for one year at a time until age 70.

Post-retirement Adjustment

All retirants receive a 13th retirement check based on 1½ percent times years retired, times annual retirement allowance.

Work Restrictions After Retirement

Retirants are eligible for employment in positions not covered by the system with no effect on benefits. Retirants may work in covered employment for 60 days in any fiscal year without loss of benefits.

Death and Survivor Benefits

The member's accumulated contributions plus accumulated interest at 1 percent are refunded to the named beneficiary or to the estate of a member who dies in active service unless he has filed an Advanced Application for Optional Settlement benefits, or unless he had at least 20 years of service or was age 60 with 10 years of creditable service, or qualified for benefits at time of death in which event a monthly payment based on Option 2 is available to the spouse for life.

Upon retirement a member may elect to receive a straight life annuity with all payments to cease at his death or one of several options that provide for payments to a survivor beneficiary.

Financing

Benefits are financed *jointly* by member contributions and public revenue.

Members contribute at the rate of 5.0 percent on earnings up to $35,000 per year. Additional voluntary contributions for supplemental benefits may be made.

Employers contribute 5.85 percent on total salary up to a maximum of $35,000 per year.

Interest reserve is calculated at the rate of 5.5 percent. The rate is set by the retirement board.

Tax-Sheltered Annuities

Deferred compensation plan, state-wide for public employees, 100 percent of salary in life insurance, fixed or variable annuities, bonds, or common stock fund.

Investments

As of June 30, 1975, total investments were $386,033,893.

Current investments comprise federal securities, 3.36 percent; corporate bonds, 73.96 percent; mortgages, 1.96 percent; and, other, 20.72 percent.

Administration

The system is administered by a 10-member board consisting of the state superintendent of education, the state treasurer, the chairman of the House Appropriations Committee, the chairman of the Senate Finance Committee, all of whom serve ex officio; an investment banker and a classroom teacher, both appointed by the governor, who serve four-year terms; two members elected by state employees, one member elected by city employees, all of whom serve for a term of six years.

Social Security Coverage

Social security was adopted effective July 1, 1952, retroactive to March 1, 1951. All school employees are covered. The school district pays the employer's share of the social security tax. Political subdivisions may become members of the system for social security coverage only or for both social security and Supplemental State Annuity at their pleasure.

The retirement system and social security are coordinated. The social security benefit is in addition to the retirement allowance from the retirement system.

Number of Retirants and Benefits Paid

As of June 30, 1975, a total of 15,363 retirants and survivor beneficiaries were receiving benefits, including 988 disability retirants. The approximate annual allowance for all retirants was $34,817,369 plus cost-of-living payment of $2,053,317.

During the last retirement year, a total of 1,277 members retired on service retirement with an average annual benefit of $2,883. In addition, 74 members retired with disability at an average annual benefit of $2,412. The average number of years' creditable service for members retiring on service retirement was approximately 25.5. The average age was 62.9 years.

Verified by F. M. Walker, Executive Secretary, Mississippi Public Employees' Retirement System, 1704 Walter Sillers State Office Bldg., Jackson, Mississippi 39201.

THE PUBLIC SCHOOL RETIREMENT SYSTEM OF MISSOURI

The system was established in 1946, and the law has been amended many times. The last amendatory legislation was enacted in 1975. Statutory citation: *Revised Statutes of Missouri,* secs. 169.010 to 169.130, 196.560, and 169.570.

Membership

Membership comprises full-time teachers, supervisors, principals, superintendents, and other certificated employees of the public schools (except in St. Louis and Kansas City, which have local retirement systems), state colleges or universities other than the University of Missouri and Lincoln University, the state commissioner of education and full-time certificated personnel in the state department of education, and full-time certificated employees of this retirement system. Membership is *compulsory.*

As of June 30, 1975, the system had 56,700 active members.

Creditable Service

Prior-service credit to a maximum of 30 years is allowed for teaching services in Missouri prior to July 1, 1946, without cost to the member.

Military-service credit is allowed if the member was employed as a teacher in a district in the retirement system at the time of his induction and served without voluntary reenlistment, and returned to teaching following the military service.

Credit for teaching in *overseas dependents schools* to a maximum of 10 years may be purchased.

Out-of-state teaching credit is allowable to a maximum of 10 years. The member must pay for such service and the service purchased cannot exceed his Missouri service subsequent to the purchase.

There is no limit on the years of creditable service allowable for teaching services within the system.

Withdrawals and Refunds

A member who ceases to be employed may withdraw his contributions. He receives interest if he contributed for more than five years prior to the withdrawal. Membership is terminated and the member's contributions are refunded if he is under age 60 with less than 10 years of creditable service, and he is not employed in teaching service covered under the retirement system for more than four of any five consecutive years.

Provisions for Members' Borrowing

None.

Vesting and Deferred Allowances

Benefits vest after 10 years of creditable service. Deferred benefits are payable at age 60. The deferred retirement allowance is calculated under the normal retirement formula.

Retirement Requirements and Benefit Formulas

Normal retirement is at age 60 with five years of service. The benefit formula is 2 percent of final average salary for each year of membership service plus 6/10 of the amount payable for a year of membership service for each year of prior service not exceeding 30 years. Final average salary is 1/60 of total earnings for best five consecutive years of creditable service.

Early retirement is available to a member regardless of age with 30 or more years of creditable service. If retirement occurs before age 60, the retirement allowance is the actuarial equivalent of the amount which would have been paid for retirement at age 60 with the same creditable service.

Disability retirement is available at any age prior to 60 to a member with eight or more years of service in the system who is permanently disabled. The disability benefit is 90 percent of the allowance which would be paid if the member were retiring at age 60 with the same creditable service, or 50 percent of 1/12 of the annual salary rate for the last complete year of service prior to disability, whichever is the greater

Compulsory retirement is required under the retirement law as of July 1 next following the attainment of age 70.

Post-retirement Adjustment

If the board of trustees determines there has been an increase in the cost of living, a post-retirement cost-of-living increment not to exceed 2 percent will be provided at the fourth January 1 following retirement, and for each of the next four years. The maximum total increment is 10 percent.

Work Restrictions After Retirement

A retirant may serve as a temporary substitute teacher for an employer included in the retirement system, or as a part-time teacher to a maximum of 360 hours in a school year without a reduction or suspension of benefits. Retirants are eligible for employment other than with an employer included in the system, without affecting benefits.

Death Benefits

The beneficiary of a member who dies prior to retirement is entitled to receive the member's total accumulated contributions plus interest.

Survivor Benefits

Certain qualified survivors of members who die before retirement may elect to receive monthly survivor benefits in lieu of the accumulated contributions and interest. A spouse age 60, receives $250 per month until remarriage or death; a spouse with a dependent unmarried child under age 18 receives $250 per month, plus $125 for each additional child, to a maximum of $625. The benefits for surviving dependent children are not discontinued because of the remarriage of the surviving spouse. Upon death of the spouse, or if there is no surviving spouse, the dependent unmarried children under age 18 are entitled to $200 per month per child to a maximum of $600. The benefit for a surviving dependent child continues to age 22 if the child is a full-time student. A continuing benefit is provided for a surviving child who becomes physically or mentally disabled prior to attainment of age 18.

Where no spouse or dependent children survive, but dependent parents age 65 are living, each receives a benefit of $150 per month, until death or remarriage. Survivors' benefits are determined by law in effect at death of member.

Financing

Benefits are financed *jointly* by member contributions and public revenue.

Members now contribute 8 percent of the annual salary rate. The Board of Trustees is empowered to increase the rate, but it is not to exceed 9-1/2 percent of the annual salary rate.

Members may make voluntary deposits up to 10 percent of annual salary for supplementary benefits.

The *local employer* (school district) matches the contributions of members. The contributions of employers are not credited to members' accounts, but are credited to a reserve account for the purpose of paying benefits to members and beneficiaries who may qualify for such benefits.

Interest is credited on members' accumulated contributions at the end of each fiscal year.

The current rate is 5 percent and is determined by the Board of Trustees.

Tax-Sheltered Annuities

Tax-sheltered annuities are available to members through the retirement system.

Investments

Funds of the system may be invested in any securities which are legal for investment by life or casualty insurance companies operating in Missouri. These include any types of securities after the first $200,000 is in cash, bonds of the U.S. Government or securities of an agency of the U.S. Government. The funds are invested in agencies of the U.S. Government FHA-insured loans, corporation bonds, and common stock.

The board of trustees is responsible for the investment of funds.

As of June 30, 1975, total investments were $725,363,045. Current investments comprise federal securities, 1 percent; common and preferred stock, 30 percent; corporate bonds, 57 percent; mortgages, 7 percent; and other, 5 percent.

Administration

The system is administered by a board of trustees composed of five members: two selected by the members of the system and two appointed by the state board of education. The commissioner of education is an ex-officio member.

Social Security Coverage

Coverage has *not* been extended *to any school district*.

A plan to cover state college employees was adopted in 1956, effective January 1, 1956. By referendum, social security was extended only to the five state colleges, and subsequently to a few state employees. The employer's share of the social security tax is paid by the state.

Social security is co-ordinated with the retirement system. The contribution rates to the retirement system and the retirement benefits for those with social security coverage are only two-thirds of the amounts for other members.

Number of Retirants and Benefits Paid

As of June 30, 1975, a total of 10,004 retirants and survivor beneficiaries were receiving benefits, including 406 disability retirants. The approximate total annual allowance for all retirants was $33,400,000.

During the last retirement year, 939 members retired on service retirement with an average annual benefit of $4,980. In addition, 59 members retired with disability at an average annual benefit of $4,860.

Verified by Warren M. Black, Executive Secretary, The Public School Retirement System of Missouri, P.O. Box 268, Jefferson City, Missouri 65101.

THE TEACHERS RETIREMENT SYSTEM OF THE STATE OF MONTANA

The system was established in 1937. The last amendatory legislation was enacted in 1975. Statutory citation: *Revised Code of Montana*, Ch. 26, Session Laws of 1975.

Membership

Membership comprises the instructional staff of the public schools, local superintendents, school librarians, school nurses, instructional staff of public institutions of higher learning, certain administrative employees of such institutions, county superintendents, and state department of education staff with supervisory status. Membership is *compulsory*. As of June 30, 1973, the system had 15,506 active members.

Creditable Service

Prior service is creditable for all Montana service prior to September 1, 1937, without cost to the member.

Military service credit is granted for military service rendered during World War II or the Korean War. Up to two years of other military service may be purchased if the member pays an amount equal to the combined employer-employee contribution of his first year's salary following the military service for each year purchased.

Out-of-state service is creditable to a maximum of five years if the member pays an amount equal to the employer contribution on his first year's salary in Montana following the out-of-state service for each year purchased.

Credit for service while on *leave of absence* up to two years may be purchased by paying an amount equal to the combined employer-employee contribution on his first year's salary following the leave for each year purchased.

Withdrawals and Refunds

A member who ceases teaching in Montana may withdraw his accumulated contributions plus interest. There is no *service charge*.

Provisions for Members' Borrowing

None.

Vesting and Deferred Allowances

Benefits vest after five years of service, and a deferred allowance is payable at age 60. The benefit is calculated as for normal retirement.

Retirement Requirements and Benefit Formulas

Normal retirement is at age 60 with five years of Montana service after 1937. A member who has reached age 60 with 30 years of service may cease contributions to the retirement system. The retirement allowance is 1/60 of the average salary for each year of service. The average salary is the average of the three highest consecutive years on which the contributions were paid. A member may retire at half his final average salary after 30 years of service.

Early retirement may be as early as age 55 with a reduction of ½ of 1 percent for each month retired prior to attaining age 60 or 30 years of service.

Disability retirement is available at any age to a member with five or more years of service credit, if he is mentally or physically incapacitated from further duty and the incapacity is likely to be permanent. The disability allowance is 25 percent of the member's average salary of the three highest consecutive years for service up to 15 years, plus a percentage increase for each additional year of service.

The retirement law provides for *compulsory retirement* at age 70.

Post-Retirement Adjustment

On July 1, 1975, and July 1, 1976, every beneficiary receiving a retirement allowance will receive an increase of one-fourth of 1 percent multiplied by the number of months of retirement during the preceding fiscal year.

Work Restrictions After Retirement

Retirants may teach in public schools in Montana and earn up to one-fourth of the average salary upon which their retirement benefit is based without suspension or reduction of the retirement benefit. There are no restrictions on teaching in private schools or in other types of employment in Montana, or on employment in other states.

Death and Survivor Benefits

If a member dies before completing five years of service, his contributions plus interest are refunded to his beneficiary. If death occurs after five years of service, the beneficiary has a choice of a lump-sum refund of the contributions or a monthly benefit based on the member's years of teaching, his average salary, contributions, and the beneficiary's age. Each minor child will be paid $100 a month until he reaches his 18th birthday. In the event of death of a member after retirement, a death benefit of $500 will be payable to the designated beneficiary. In addition, for a member with five or more years of active service and who was an active member within one year of death, the designated beneficiary will receive a $500 death benefit.

Financing

Benefits are financed *jointly* by member contributions and public revenue.

Members contribute 6-1/8 percent of total compensation.

The public share of the contribution is paid by the *school districts* out of local funds for members in elementary and high schools, and by the *state* for members in the university system. The employer's contribution rate is 6-1/4 percent of the total compensation.

Interest on the member's accumulated contributions is credited at the rate set by the retirement board. The current rate is 5-1/2 percent.

Tax-Sheltered Annuities

Tax-sheltered annuities are available to members from the system.

Investment

Investments may be made in FHA and conventional mortgages, U.S. Government bonds, state and municipal bonds, corporate bonds, and railroad trust certificates rated A or better, and common stocks up to 20 percent of the portfolio may be purchased. As of June 30,1975, investments, exclusive of cash, were $103,081,281. Current investments comprise federal securities, 2.1 percent; common and preferred stock, 6.1 percent; corporate bonds, 67.1 percent; mortgages, 20.6 percent; and other, 4.1 percent.

Administration

The retirement board consists of five members: the state superintendent of public instruction, two teacher-members, and two representatives of the public appointed by the governor for four-year terms.

Social Security Coverage

Social security coverage was adopted on a local-option basis in 1955, and became effective January 1955. Ninety percent of the school districts now are covered. The school district pays the employer's share of the social security tax for employees in the elementary and high schools, and the state pays the employer's share of the social security tax for the university system.

The social security benefits are entirely supplemental to the retirement allowances.

Number of Retirants and Benefits Paid

As of June 30, 1975, a total of 3,532 retirants and survivor beneficiaries were receiving benefits, including 30 disability retirants. The approximate annual allowance for all retirants was $2,828.76.

During the last retirement year, 229 members retired on service retirement with an average annual benefit of $3,931.44. In addition, 10 members retired with disability at an average annual benefit of $3,069.24. The average number of years' creditable service for members retiring on service retirement was approximately 25.34.

Verified by Owen L. Morris, Jr., Executive Secretary, The Teachers Retirement System of the State of Montana, 1500 6th Avenue, Helena, Montana 59601.

NEBRASKA SCHOOL EMPLOYEES RETIREMENT SYSTEM

The system was established in 1945, and the law has been amended a number of times since, with the last major change made in 1973. Statutory citation: *Revised Statutes of Nebraska 1943* (Reissue of 1966, *Revised Statutes Supplement 1969*, and amended 1973), secs. 79–1501 to 79–1557.

Membership

Membership includes all public-school employees employed one-half time or more except for those employed in the Omaha School System which has its own retirement system; instructional and administrative staffs of public institutions of higher learning, except the University of Nebraska and state colleges; county school superintendents and staff; the state school superintendent, the state department of education staff, the professional staff of state vocational education board, employees of educational service units, and employees of state schools for special instruction.

Membership is *compulsory* for certificated personnel between the ages of 21 and 65, and is voluntary for noncertified employees, for state and county school officials and their professional staff, and for professional staff members of educational service units. Those who have reached their 65th birthday by the last July 1, are not eligible for membership.

As of June 30, 1975, the system had 19,298 active members.

Creditable Service

Prior-service credit is provided only to those who were members by September 30, 1951. Service before July 1, 1945, is creditable provided the member had been employed (a) 18 of the 25 years immediately preceding July 1, 1945, and two of the last five years immediately preceding this date; or (b) four of the last five years before July 1, 1945; or (c) four of the five years immediately following July 1, 1945. The credit is provided without cost to the member. No distinction is made in computing the benefit payable on membership and on prior service.

Military service is creditable without cost to the member if he was a school employee before entering the Armed Forces and returns to school service within three years after separation.

Credit for *out-of-state* teaching service is granted to a maximum of 10 years, but may not exceed the number of years of service rendered in Nebraska. To be eligible, the member must be employed as a "school employee" in Nebraska at retirement. The member must pay for the credit on the same basis as he would have paid had the service been in Nebraska. No interest is charged. The payment must be made within three years of entry into the system.

Withdrawals and Refunds

Contributions plus interest are refundable to the member when employment ceases. There is a six-month waiting period. If a withdrawn member is re-employed within three years, and returns the amount withdrawn plus 3 percent interest, all prior-service credit is re-established.

Provisions for Members' Borrowing

None.

Vesting and Deferred Allowances

Benefits vest after five years or more of covered service, and a deferred allowance is payable at age 65 under the normal benefit formula.

Retirement Requirements and Benefit Formulas

Normal retirement is at age 65 with a minimum of five years of service.

The retirement benefit consists of an annuity which is the actuarial equivalent of the member's accumulated contributions and interest, based on sex and age at retirement, and a pension from the state called a service annuity, which equals $3.00 per month for each year of service.

In lieu of the normal type of annuity for service after July 1, 1968, a formula annuity based on final average compensation is available. The monthly formula annuity is determined by multiplying the number of years of service after July 1, 1968, for which the member would otherwise receive the service annuity provided by law, by 1.25 percent of his final average compensation. The final average compensation is the average monthly salary during the five fiscal years following July 1, 1968, in which compensation was highest. If the member has such compensation for less than five years, the final average compensation is the average monthly salary for such years.

Early retirement is provided at any age with 35 years of service or age 60 with five years under the normal retirement formula.

Several optional plans of payment are available for age and service annuities.

Disability retirement is available at any age regardless of years of service. Member must apply withi . one year of disability. The disability allowance is computed as if the member was 65 and the member receives a (a) service annuity of $36/year times years of service plus (b) a savings annuity provided by member's contributions plus interest; or (c) a formula annuity (1.25 percent of average of the five highest years of service times years of service) or a combination of the three.

The retirement law provides for *compulsory retirement* at age 65, but employment of the member may be continued on a year-to-year basis to age 72 with the approval of the employer. No contributions are made, and no additional credit is gained in the retirement system after age 65.

Post-Retirement Adjustments

The 1973 legislature provided that the .state service annuity, for those retiring prior to July 1, 1973, be adjusted by the increase in the cost-of-living as determined by the difference between the Consumer Price Index from the date the service annuity commenced and July 1, 1973. The service annuity, as adjusted, cannot exceed $3.00 per month for each year of service.

Work Restrictions After Retirement

Retirants may do substitute teaching to a maximum of 90 days per year without reduction of benefits. Retiree may return to employment on a less than half-time basis and continue to receive his benefits.

Death and Survivor Benefits

If a member dies before retirement with not less than 20 years of creditable service and the member had attained the age of 55, or with not less than 30 years of creditable service regardless of age and leaves a surviving spouse, there shall be paid to such surviving spouse a monthly life annuity, joint and survivorship basis. If a member does not qualify in the situations above, the amount of the member's accumulated contributions will be paid to the beneficiary if application is made within five years.

Survivor benefits are provided only for beneficiaries of retirants who have selected one of the available options at time of retirement.

Financing

Benefits are financed *jointly* by member contributions and public revenue.

Members contribute 3½ percent of all salary. Contributions cease at age 65.

The *state* contribution currently consists of a legislative appropriation from the state's General Fund.

Commencing July 1, 1968, employers and school districts were required to contribute a variable percentage of the school employee contributions for the purpose of providing funds for formula annuities. The rate for the 1973-74 fiscal year was 20 percent; the rate for the 1974-75 fiscal year is also 20 percent.

Each June, *interest* is credited on the member's contributions based on the balance of the previous June. The rate is determined by the retirement board. Interest at the rate of 7.5 percent was credited on June 30, 1974, balances.

Tax-Sheltered Annuities

Not available to members from the system.

Investments

1971 legislation places the investment management responsibility for the fund with the Nebraska Investment Council. Total investments as of June 30, 1975, were $70,571,282. Current investments comprise federal securities, 37 percent; common and preferred stock, 1 percent; corporate bonds, 55 percent; and other, 7 percent.

Administration

The retirement system is administered by the Public Employees Retirement Board which was created by the 1971 legislature. The board consists of six members appointed for a three-year term by the governor. Administrative costs are provided from the investment income earned by the Retirement Fund.

Social Security Coverage

Social security was adopted in 1955, effective January 1, 1955. Coverage is state-wide. The local school district pays the employer's share of the social security tax. Social security is entirely supplemental to the retirement allowance.

Number of Retirants and
Benefits Paid

As of June 30, 1975, a total of 3,821 retirants and survivor beneficiaries were receving benefits, including 87 disability retirants. The approximate annual allowance for all retirants was $1,196.23.

During the last retirement year, 448 members retired on service retirement with an average annual benefit of $1,234.48. In addition, three members retired with disability at an average annual benefit of $1,397.44. The average number of years of creditable service for members retiring on service retirement was approximately 34.

The retirement allowance depends on the sex and age of the member at time of retirement, the number of years of credited service at time of retirement, the member's accumulated contributions plus interest, and for members with years of creditable service after July 1, 1968, final average compensation.

Verified by Kenneth D. Steinmiller, Director, Nebraska School Employees Retirement System, 1232-42 High Street, Lincoln, Nebraska 68502.

PUBLIC EMPLOYEES RETIREMENT SYSTEM OF THE STATE OF NEVADA

The retirement system for state and local employees in Nevada was established in 1948; in 1949 the state-wide teachers' system, after a two-third vote of the active and retired members, was absorbed into the public employees' retirement system. Contributions of members of the teachers' retirement system were refunded unless their benefits had already accrued. The state's contributions to the teachers' system were retained by the state department of education to be used in paying employer contributions to the public employees' retirement system.

The last amendatory legislation was enacted in 1975. Statutory citation: *Nevada Revised Statutes,* sec. 286.020 to 286.100.

Membership

Employees of public employers shall be required to be members from first day of employment as follows:

(a) Those employed prior to July 1, 1971, in positions requiring 1,200 or more hours of employment per year and paying a salary of at least $150 per month.

(b) Those employed prior to July 1, 1971, pursuant to a school contract requiring 800 or more hours of employment per year and paying a salary of at least $150 per month.

(c) Those employed after July 1, 1971, in positions requiring half-time or more and paying a salary of at least $3,600 per year.

(d) Those employed after July 1, 1975, who are under age 55 at time of employment and work at least 40 hours within a given month; a person age 55 or over at time of employment may become a member at his option; and

(e) Elected officials or persons appointed to elective positions who are elected or appointed after July 1, 1975, except to boards or commissions.

Membership is optional for the following:

(a) Any elected official or person appointed to an elective office who had the option of joining the system prior to July 1, 1975, but elected not to do so.

(b) Any person employed prior to July 1, 1975, who was prohibited by law from membership at time of employment but currently qualifies may join the system on or after July 1, 1975, but is not required to do so;

(c)) The volunteers of a regularly organized and recognized fire department may, by the joint application of a majority of such volunteers, addressed to the Board, become members of the system;

(d) Civilian employees of the National Guard have option of membership if not covered by federal retirement plan;

(e) Excluded or new public agencies may obtain membership status by making written request to the Board for actuarial study at their expense, by holding election among all eligible employees in which a majority elect membership, by paying full costs for previous service granted, and by receiving Board approval;

(f) The professional staff, except federal employees, of the University of Nevada may elect membership in the Public Employees Retirement System or to participate in the optional program provided by the University, but may not participate in both.

(g) any Justice of the Supreme Court and any district judge may become a member of the system.

Creditable Service

Members may purchase all previous creditable service with any public employer in Nevada if no longer creditable in another system; previous service with present public employer if service was performed prior to the enrollment of the public employer in the system even if service is still credited elsewhere; up to five years' credit with another public retirement system to include federal and military provided the service is no longer creditable in the system and the member has at least five years' credit in the Nevada system. Service may be purchased immediately by paying the system's actuary for an actuarial computation and the cost as determined by the actuary. The system will require a notarized statement estimating date of retirement, average compensation upon retirement, and fact that member agrees to provisional purchase with final computation to be made upon retirement. Alternate method of purchase will be to submit validation of service and pay current employee and employer contributions times final average compensation upon retirement, without interest.

Withdrawals and Refunds

Members may apply for and receive a refund of member contributions upon termination. Refunds of member contributions shall be paid by the retirement system upon receipt of completed application for refund and notice of termination and receipt of all contributions. A total refund may be paid after termination and prior to receipt of all member contributions upon optional and voluntary certification by public employer liaison officer as to the amount of contribution withheld and not reported and that public employer will assume responsibility for full payment of said contributions on the next payroll report.

A person who received a refund and returns to membership and remains a contributing member for 6 months may:

(a) Make repayment in a lump sum plus 6 percent simple interest per annum, from the date he withdrew his contributions to the date of repayment; or

(b) With the approval of the executive officer, enter into an agreement containing a schedule of payments to repay the withdrawn contributions plus interest at 6 percent per annum from the date of withdrawal to the date of repayment. Payments shall not be less than $10 per month.

Provisions for Members' Borrowing

None.

Vesting

As of July 1, 1975, Deferred Protection may no longer be elected.

A vested right is a benefit earned by a member which cannot be removed or reduced by the legislature or a court of law. However, a vested right does not prohibit the increase or improvement of a benefit. Our members currently have a vested right after they have attained 10 years of service.

Retirement Requirements and
Benefit Formulas

Members who are policemen or firemen are eligible to retire with 10 years of service at age 55 or with 20 years of service at age 50. The police officer or fireman must have served at least 10 full years in a position covered under the early retirement provisions for police officers or firemen to be eligible to retire at age 55 or at least 20 years in said categories to be eligible to retire at age 50. All other members are eligible to retire with 10 or more years of service at age 60 or with 30 years of service at age 55. The retirement formula shall be a member's average compensation times years of service. A member receives 2½ percent of average compensation for the 1st through 20th year and an additional 1½ percent for the 21st through 30th year with a maximum of 65 percent of average compensation. Portions of a year are prorated.

A member shall be eligible to apply for disability retirement if he has 5 years of service and is totally unable to work owing to injury or illness, and:

(a) He is in the employment of a public employer at the time of and at least 6 months prior to disability and the disability is not job related.

(b) He is in the employment of a public employer at the time the disability occurs and the disability is job related.

Such disability retirement allowance shall be calculated in the same manner and under the same conditions as provided for service retirement calculations except that age is not a condition of eligibility.

Prospective retirees may elect one of the following:

(a) Unmodified retirement allowance which pays full monthly benefit to retiree for life but provides no protection for beneficiary.

(b) Option 2: actuarially reduced allowance for lifetime of retiree, and after retiree's death, same allowance to continue for lifetime of beneficiary.

(c) Option 3: actuarially reduced allowance for lifetime of retiree, and after retiree's death, 50 percent of allowance to continue for lifetime of beneficiary.

(d) Option 4: actuarially reduced allowance for lifetime of retiree, and after retiree's death and when beneficiary reaches age 60, allowance to continue for lifetime of beneficiary.

(e) Option 5: actuarially reduced allowance for lifetime of retiree, and after retiree's death and when beneficiary reaches age 60, 50 percent of allowance to continue for lifetime of beneficiary.

Post-Retirement Increase

Disability retirees and retirees under regular retirement shall receive 1.50 percent per year increase in original base benefit up to June 30, 1975, to be paid each July 1 for those retirees who were drawing benefits the previous December. Beginning July 1, 1975, a post-retirement increase shall be paid from the Public Employees Retirement Fund and the Police and Firemen's Retirement Fund to each person who receives monthly service retirement, disability, or survivor benefit allowances as follows: July 1 to December 31, 1963, 5 percent, in the calendar year 1964, 4.75 percent, decreasing ¼ percent each calendar year to 1975. Beginning on July 1, 1976, a post-retirement increase of 2 percent shall be paid to every such member who began receiving benefits during the calendar year 1975.

Work Restrictions After Retirement

Retiree must be absent from employment with the state or political subdivision at least one calendar month in each fiscal year before returning to employment with a public employer. Retiree may be re-employed by state or political subdivision until earnings amount to $3,600 without affecting allowance. Retiree must provide written notification to the retirement system within 10 days of re-employment or benefits will be suspended. Should a retiree return to employment with the state or a political subdivision and earn over $3,600 in a fiscal year, his retirement benefit shall be suspended from the day he earns above $3,600 for the duration of said employment even if it continues into a new fiscal year. Retiree and public employer must provide written notification to the retirement system of the termination of employment before retirement benefits may be reinstated.

Survivor Benefits

Eligible survivors shall receive survivor benefits if a member had 2 years of contributing service in 2½ years immediately preceding death and 6 months contributing service in 7 months preceding death. If death of such member resulted from a mental or physical condition which required him to leave the employ of a participating public employer, his eligibility pursuant to the provisions listed above shall extend for 18 months after such termination. If the death of a member occurs while he is on leave of absence granted by his employer for further training, and if he met the requirements listed above at the time such leave began, certain of his dependents are eligible for payments. Benefits to eligible survivors shall be as follows:

(a) $150 per month for each surviving minor or incapacitated child to aggregate maximum of $450 for three children or more. These benefits may be extended from age 18 up to age 23 if the child remains a full-time student in a bona fide high school, vocational technical school, college, or university.

(b) The spouse of a deceased member who was fully eligible to retire but had not retired is entitled to receive a monthly allowance equivalent to that provided by Option 3.

(c) The spouse of a deceased member is entitled to receive the sum of $200 per month. Such benefits shall cease upon the death or remarriage of such spouse.

(d)) The dependent parent of a deceased member is entitled to receive $150 per month, and if there are two such dependent parents, each is entitled to receive $150 per month.

Financing

Beginning July 1, 1975, contributions are paid by members on compensation as follows:

(a) Members enrolled prior to July 1, 1973, regardless of age at time of employment shall pay 8 percent, or members employed after July 1, 1973, who are under age 36 at time of employment shall pay 8 percent.

(b) Members enrolled after July 1, 1973, who are age 36 through 45 at time of employment shall pay an additional 2 percent.

(c) Members enrolled after July 1, 1973, who are age 46 and older at time of employment shall pay an additional 4 percent.

Member and public employer shall contribute $.80 monthly for administrative fee for each employment with a separate public employer which shall be used solely for the administratove expenses of the retirement system. The employer matches the member's contributions and the administrative fee. No interest is credited on member's contributions.

Any participating public employer may pay on behalf of its employees the basic employee contributions required above. The State Board of Examiners shall elect on behalf of all state agencies which have employees within the classified service of the state, whether to pay such contributions. Payment of employee contributions shall be (a) made in lieu of equivalent basic salary increases or cost-of-living increases or both, or (b) counterbalanced by equivalent reductions in employee salaries.

For the purpose of adjusting salary increases and cost-of-living increases or of salary reduction, the total contribution shall be equally divided between employer and employee. An election by an employer to begin or to discontinue paying the basic contribution on behalf of its employees becomes effective at the beginning of a fiscal year after such election is received by the board.

Tax-Sheltered Annuities

Not available to members from the system.

Investments

Investments are made under the "prudent man rule," enacted by the 1973 Legislature. A four-man Investment Committee provides guidance and direction. The Board shall employ investment counsel. It may also employ investment monitoring services, trust audit services and other related investment services which it deems necessary to effectively invest and safeguard the moneys in the system's funds.

As of June 30, 1975, total investments were $289,893,423.52. Current investments comprise federal securities, 1½ percent; common and preferred stock, 37 percent; corporate bonds, 57 percent; mortgages, 2 percent; and, other, 2½ percent.

Administration

The system is administered by a retirement board of seven members appointed by the governor. Two Board members shall be citizens who have resided in the state for 2 years immediately preceding their appointment to the Board, are not employees of a public employer during their term of office on the board and have not been such employees for two years immediately preceding appointment to the Board. Three Board members shall be persons who have had at least 10 years of service as employees of the State of Nevada or its political subdivisions, are active members of the system, have retired pursuant to the provisions of this chapter, or are receiving a disability allowance pursuant to the provisions of this chapter. Two Board members shall be appointed from a panel of 10 persons selected pursuant to this section. Each of the following classes of public servants shall nominate two persons to be members of the panel:

(a) Employees of the state and the University of Nevada System

(b) The academic staff of school districts, including principals and administrators

(c) Employees of cities, excluding Carson City

(d) Employees of counties, including Carson City and excluding employees of county hospitals

(e) Employees of county hospitals, public utilities, power districts, sanitation districts, classified school employees and employees of other districts as determined by the Board.

A member of the Board shall serve for 4 years and until his successor is appointed and takes office. Each member of the Board shall have the same qualifications and be appointed in the same manner as this chapter prescribes for his predecessor.

Social Security Coverage

None.

Number of Retirants and Benefits Paid

As of June 30, 1975, a total of 3,535 retirants and survivor beneficiaries were receiving benefits, including 147 disability retirants. The approximate annual allowance for all retirants was $12,895,069.19.

During the last retirement year, 331 members retired on service retirement with an average annual benefit of $4,509.12. In addition, 16 members retired with disability at an average annual benefit of $5,363.76.

Verified by Vernon Bennett, Executive Officer, Public Employees Retirement System of the State of Nevada, P.O. Box 1569, Carson City, Nevada 89701.

NEW HAMPSHIRE RETIREMENT SYSTEM

This retirement system was established in 1967, effective July 1, 1967. It combined the New Hampshire Teachers' Retirement System, the New Hampshire State Employees' System, the New Hampshire Policemen's Retirement System, and the New Hampshire Permanent Firemen's Retirement System into the one system to be known as the New Hampshire Retirement System. Statutory Citation: *New Hampshire Revised Statutes Annotated,* Ch. 134, sec. 100-A.

Membership

The system consists of Group I members, composed of state employees and teachers, and Group II members composed of permanent policemen and permanent firemen. This summary is limited to Group I members.

Membership comprises regular or special teachers, principals, supervisors, administrators, librarians, and other members of the teaching or professional staff engaged in the service of the public elementary and secondary schools located within the state and supported by and under the control of the state, the local school district, or other employers of teachers eligible for membership in the system; also, any regular classified or unclassified officer or employee of the state or any department, commission, institution, or agency of the state government by which an employee is paid through the office of the state treasurer, except members and attaches of the general court or members of the executive council; and any employee of any of the groups authorized to participate in the state employees' retirement system.

Membership is *compulsory* for any person who became an employee or teacher after July 1, 1967.

Membership is optional to those who were members of predecessor systems immediately preceding July 1, 1967.

As of June 30, 1975, the new teachers retirement system had 12,293 active members.

Creditable Service

Prior-service credit is provided for those who elected to become members of the retirement system as of January 1, 1968, July 1, 1968, June 30, 1970, or July 1, 1973, for all service credited under the terms of the predecessor systems, if membership continues unbroken until retirement.

Military service credit is provided members who enter military service of the United States for the period of such service if not in excess of three years, provided the member again becomes employed within a year after termination of such military service. If service is in excess of three years, military service credit is granted provided he again becomes employed within one year and provided all assessments for the period of service are paid within a period of time equal to twice the length of time of such military service.

Teaching in *overseas dependents schools* is not creditable.

No *out-of-state teaching credit* is allowed.

Withdrawals and Refunds

A member who ceases teaching for reasons other than for retirement or death and who has not elected a vested deferred allowance receives a refund of his accumulated contributions, plus 4 percent interest within three months after his written request. He may leave his contributions in the system for six years in any period of seven consecutive years and retain his membership. There is no *service charge.*

Provisions for Members' Borrowing

None.

Vesting and Deferred Allowances

Benefits vest at any age after 10 years' service.

Deferred benefits are payable at age 60, in accordance with the service retirement formula.

Retirement Requirements and Benefit Formulas

Normal retirement is at age 60 with no service requirement. Contributions continue as long as the member remains in active service.

The retirement allowance for a teacher member of Group I consists of an annuity, which is the actuarial equivalent of the member's contributions at time of retirement and a state annuity payable prior to age 65, which combined with the member's annuity is equal to 1/60 of his average final compensation (average of highest 3 years) multiplied by the number of years of his creditable service. After age 65 his state annuity is reduced by the sum of 1/120 of his average final compensation not in excess of the applicable social security breakpoint for each year of creditable service; provided that no such reduction shall be made in respect to any teacher for years of creditable service between July 1, 1945, and July 1, 1950, and for those years of creditable service between July 1, 1950, and July

1, 1957, with respect to which the member did not elect a refund of past contributions; such reduced retirement allowance, together with his primary social security amount, shall not be less than 1/60 of the member's average final compensation for each year of creditable service.

The social security breakpoint means $4,200 with respect to each year of prior service and the maximum amount of taxable wages under the Federal Insurance Contributions Act that is in effect with respect to each year of membership service.

Retirement at age 55 is permitted for members who meet vesting requirements at actuarially reduced amounts of 5/9 of 1 percent for each month a member is under age 60.

Disability retirement is available at any age with 10 years of creditable service provided there is a certification by physicians designated by the board of trustees that the member is mentally or physically incapacitated for the further performance of duty and that such incapacity is likely to be permanent. The disability retirement allowance is 90 percent of the normal benefit, except for those age 60 who receive the normal allowance.

A member in service who has been totally and permanently incapacitated for duty as the natural and proximate result of an accident occurring while in the actual performance of duty without willful negligence on his part may be retired. If the member has attained age 60, the accidental disability retirement allowance is the same as for normal retirement; a member under age 60 receives (a) a member annuity which is the actuarial equivalent of accumulated contributions at the time of retirement; and (b) a state annuity payable until he is eligible for an unreduced benefit under the Social Security Act which, together with the member annuity, is equal to 50 percent of average final compensation; and, (c) a state annuity payable after he is eligible for an unreduced benefit under social security which, together with the member annuity, is equal to the normal retirement allowance that would be payable after attainment of age 65 on the basis of average final compensation at the time of his disability retirement and 30 years of creditable service.

The retirement law requires *compulsory retirement* at the end of the next ensuing school year in which the member reaches age 65, but on request of the member and on the recommendation of the superintendent of schools and approval of the state board of education, he may be granted extensions year to year. No extensions are permitted beyond the end of the school year during which the member attains age 70.

Post-Retirement Adjustment

Not provided.

Work Restrictions After Retirement

Retirants may teach in an emergency up to 60 school days in any school year or earn up to the allowable earnings provisions under social security as from time to time are in effect, whichever is greater.

There are no restrictions on the amount retirants may earn within or outside the state.

If the board of trustees finds that any disability beneficiary is engaged in or is able to engage in a gainful occupation paying more than the difference between his retirement allowance and his average final compensation at retirement, his state annuity is reduced to an amount which, together with his member annuity and the amount earnable by him, equals his average final compensation at retirement. If his earning capacity is later changed, his state annuity may be modified.

Death Benefits

If a Group I member dies while in active service, and death was not the result of an accident while in the performance of duty, there shall be payable to his surviving widow, to continue during her widowhood, provided that the time of his death the member was eligible for service retirement, an allowance equal to 50 percent of the service retirement allowance that would have been payable to the member had he retired immediately prior to his death, based on his average final compensation and creditable at that time, or a lump-sum payment equal to the deceased member's annual earnable compensation to a person or persons nominated by the member, if living, otherwise to the member's estate. If at the time of death the Group I member in service was not eligible for service retirement or, being so eligible, was not survived by a widow, there shall be paid to the person or persons nominated by the member, if living, otherwise to the member's estate, in addition to the refund of accumulated contributions, a lump sum equal to the greater of (a) $3,600, or (b) an amount which is equal to the deceased member's annual earnable compensation at the time of his death.

Survivor Benefits

If a member dies accidentally while in the performance of duty, benefits are payable to his widow during her widowhood; or if there is no widow, or if the widow dies or remarries before the youngest child of the deceased member has attained age 18, then to his child or children under such age; or if there is no widow or child under age 18 living at the death of the member, then to his dependent father or mother to continue for life. Options available at retirement are 100 percent survivorship, 50 percent survivorship, and 100 percent survivorship with reversion benefit if the beneficiary predeceases the member, and 50 percent if the member predeceases the beneficiary.

Financing

Benefits are financed *jointly* by member contributions and public revenue.

Members contribute at various rates depending on age and sex on date of entry into the system. There are provisions for voluntary contributions for supplementary benefits in the form of a money purchase plan.

The public share of the contributions is paid by the *state and school districts* and consists of a percentage of the earnable compensation of the members known as the "normal contribution" and an additional amount to be known as the "accrued liability contribution." The school districts pay three-fifths of these contributions and the state pays two-fifths. The rates of the contributions are fixed on the basis of the liabilities of the system as shown by actuarial valuation.

Interest on the member's accumulated contributions is credited annually at the rate of 4 percent. The rate is set by the retirement board.

Tax-Sheltered Annuities

Not available to members from the system.

Investments

Retirement system funds may be invested in obligations of the U.S. Government and its agencies, World Bank bonds, savings bank deposits, and Canadian bonds; industrial, public utilities, telephone, and railroad bonds; preferred and common corporate stocks; stocks of bank and trust companies, insurance companies and investment trusts; and shares of cooperative banks, building and loan associations existing under the laws of and located in New Hampshire.

The state treasurer is custodian of the funds of the retirement system and upon recommendation of the board of trustees has full power to invest and re-invest the funds of the system, subject to the state laws governing investments of domestic life insurance companies.

The board of trustees has authority to hire investment counsel.

As of June 30, 1975, total investments were $103,759,423.

Current investments include federal securities, 3.08 percent; common and preferred stock, 39.9 percent; corporate bonds, 41.7 percent; mortgages, 10.9 percent; and other, 4.6 percent.

Administration

The retirement system is administered by a board of 11 trustees. Three are the state treasurer, the bank commissioner, and the comptroller. The treasurer serves as chairman of the board of trustees and as chairman of each subcommittee. The remaining eight members of the board consist of two employees, two teachers, two permanent policemen, and two permanent firemen.

The New Hampshire State Employees' Association, the New Hampshire Education Association, the New Hampshire Police Association, and the New Hampshire State Permanent Firemen's Association each annually nominates from its members a panel of five persons, all of whom shall be members of the retirement system, or one of the four predecessor systems. The governor, with the approval of council, originally appointed two persons from each panel and thereafter one annually to the board. Terms are for two years, except that the original appointment of one of the persons from each panel was for a term of one year.

Social Security Coverage

Social Security coverage for teachers on a state-wide basis was adopted in 1957, effective July 1, 1957.

The school districts pay the employer's share of the social security tax.

Social security coverage was adopted on a coordinated basis.

Number of Retirants and Benefits Paid

As of June 30, 1975, a total of 984 retirants and survivor beneficiaries were receiving benefits, including 60 disability retirants. The approximate annual allowance for all retirants was $2,743.

During the last retirement year, a total of 147 members retired on service retirement with an average annual benefit of $3,707. In addition, five members retired with disability at an average annual benefit of $2,804. The average number of years' creditable service for members retiring on service retirement was approximately 22.6

Verified by Harry M. Descoteau, Secretary, New Hampshire Retirement System, State House Annex, Concord, New Hampshire 03301.

TEACHERS' PENSION AND ANNUITY FUND OF NEW JERSEY

The Fund was established in 1919 and became effective September 1, 1919. The last amendatory legislation was enacted in 1973. Statutory citation: *New Jersey Statutes Annotated,* Title 18A, secs. 66-1 to 66-93.

Membership

Membership comprises all regular public-school professional staff employees. Substitute or temporary employees are not eligible for membership.

Membership is *compulsory* for all employees under age 70.

As of June 30, 1973, the Fund had 107,000 active members.

Creditable Service

An active member may purchase credit for (a) all *prior* full-time New Jersey public-school service; (b) former membership service; (c) full-time and continuous substitute or temporary teaching service, provided such service was immediately followed by an appointment to a regular full-time teaching position, credit for such service may be purchased within the initial year of membership; (d) up to a maximum of two years if member is on leave without pay owing to personal illness or maternity; credit for such leave may be purchased within one year following return to active service; (e) a sabbatical or sick leave where the member receives not less than one-half pay.

Military service is creditable only if the member is granted a military leave of absence in which event the employer is obligated by law to pay the member's regular pension contributions to his account in the Fund for the period of leave.

Out-of-state public-school service up to a maximum of 10 years is purchasable, provided the member will not qualify for retirement benefits on such service from another retirement system. The member must pay one-half of the actuarial cost of such credit.

Credit established in any of the other New Jersey State operated pension funds may be transferred to the teachers' fund.

Withdrawals and Refunds

A member who separates from school service may withdraw his contributions. Interest is payable provided the employee had been a contributing member for a minimum of three years. There is no *service charge.*

Provisions for Members' Borrowing

Employees under age 60, who have been contributing members for more than three years may borrow up to 50 percent of the total contributions credited to their account in the Fund. Loans must be repaid before age 60 or before retirement if a member elects to retire before age 60. Loans are scheduled for repayment through payroll deductions.

Vesting and Deferred Allowances

Benefits are vested after 15 or more years of service, and a deferred allowance is payable at age 60. The benefit formula is the same as for normal retirement.

Retirement Requirements and Benefit Formulas

Normal retirement is at age 60 regardless of years of service. Contributions continue as long as the member remains in active service. For *Class A* members (those who enrolled before January 1, 1956, and elected to continue to contribute at lower rates) the benefit formula is 1/70 of final average salary times years of service. For *Class B* members (all new enrollees after January 1, 1956, and all who were members on that date but elected to contribute at higher rates) the benefit formula is 1/60 of final average salary times years of service. Final average salary is the average annual salary received during the member's last three years of service or highest three fiscal years of membership.

A war veteran who was engaged in public employment in New Jersey on January 1, 1955, may retire at age 60 on an allowance equal to one-half of the salary he received in his final year of service provided he has a minimum of 20 years of New Jersey public employment and is engaged in New Jersey public employment when he attains age 60. War veterans entering New Jersey public employment after January 1, 1955, may qualify for the same benefit by continuing in employment until age 62.

Early retirement is available at any age to members who have 25 or more years of service credit. The allowance is computed as for the normal retirement, reduced by 1/4 of 1 percent for each month the member is under age 55.

Disability retirement for nonservice-connected disability is available to any member under age 60 who has credit in the Fund for 10 or more years and becomes totally and permanently incapacitated for further employment. The disability allowance is 1-1/2 percent of final average salary for each year of service credit. The minimum allowance is 40 percent of final average salary, except that the allowance may not exceed 90 percent of the allowance which the member would have received had he remained in service to age 60.

Accidental service-connected disability retirement is provided regardless of years of service if a member becomes totally and permanently incapacitated for further employment before attaining age 65 as a direct result of a traumatic event (accident) occurring during and as a result of the performance of his regular duties. The disability retirement allowance is equal to two-thirds of the salary the member was receiving on the date of the accident.

Workmen's Compensation—Any member who is awarded periodic benefits under Workmen's Compensation is considered to have the same status as that of an active employee for the duration of such benefits. The employer is obligated by law to pay the member's regular retirement contributions until such periodic benefits terminate or the member retires. A member may make application for retirement before his Workmen's Compensation benefits terminate, in which event his pension will be reduced by the actuarial equivalent of the remaining value of his unpaid periodic Workmen's Compensation benefits.

The retirement law provides for *compulsory retirement* in the member's 70th year of age and no later than the first of the month preceding his 71st birthday.

Post-Retirement Adjustment

Legislation was enacted in September 1969 for automatic post-retirement adjustments for present and future retirants and their beneficiaries based on annual changes in the federal Consumer Price Index. Adjustments are to be made initially three years after the member retires and each year thereafter if there has been a movement (upward or downward) in the CPI. The adjustment in the retirement allowance is, basically, one-half of the difference between the percentage change in the CPI for the latest calendar year and the CPI in the calendar year in which the member retired. In no event shall the amount of the original retirement allowance be decreased.

Work Restrictions After Retirement

There are no employment or earning restrictions after retirement, provided the retirant does not accept a teaching position subject to coverage by the Fund. If the retirant accepts such a teaching position, his retirement allowance is cancelled and he must re-enroll in the Fund for the period of re-employment.

Death and Survivor Benefits

If a member dies in service before retirement, his accumulated retirement contributions plus interest are returned in a lump sum to his beneficiary or his estate.

In addition, all members (with the exception of certain optional enrollees) are insured under the Fund's Noncontributory Group Life Insurance Plan, which is financed entirely by the state. Also during the first year of membership in the Fund, a member is required by statute to participate in the Fund's Contributory Group Life Insurance Plan. Thereafter he may terminate his Contributory Plan coverage if he wishes. The current premium for contributory insurance is 1/2 of 1 percent of salary.

For active members who die in service before reaching age 70 the death benefit is 1-1/2 times final salary (in last year of creditable service) if insured under the noncontributory insurance plan and 3-1/2 times final salary if insured under both the noncontributory and contributory insurance plans; if death occurs at age 70 or later, the death benefit under the noncontributory plan is 3/16 of final year's salary; for such member insured under both plans, the benefit is 7/16 of final salary.

If a retired member, insured under the noncontributory plan, dies at age 60 or older after normal, early, or deferred retirement, the death benefit is 3/16 of final salary; on disability retirement, the death benefit is 1-1/2 times final salary if the retired member dies before age 60, and 3/16 of salary if he dies at age 60 or older. For retired members insured under both the noncontributory and contributory insurance plans who die at age 60 or older, the death benefit is 7/16 percent of salary; the death benefit for disability retirants who die before age 60 is 1-3/4 times salary; and for early retirants who die before age 60, the benefit is 7/16 of final salary.

Members who enroll after July 1, 1971, and who retire for any reason other than disability, will not be covered for group life insurance after retirement if they have less than 10 years of service credit in the Fund at the time of retirement.

If the death of a member is employment-connected, a pension in addition to the insurance death benefits, is payable to the member's dependent widow or widower, surviving children under age 18 or dependent parents. The pension is 50 percent of the member's final compensation for a dependent widow or widower. If no surviving widow or widower, 20 percent for one child; 35 percent in equal shares for two children; 50 percent in equal shares for three or more children. If no widow, widower, or children, 25 percent for one dependent parent; 40 percent in equal shares to two dependent parents. The pension continues during widowhood. If the widow or widower dies before the youngest child is 18, the pension is continued to the child or children until the youngest child attains age 18. The pension continues to a dependent parent until death.

A retiring member has a choice of four option plans to provide a reduced retirement allowance during his lifetime and, upon his death, to provide to his designated beneficiary or his estate either a lump-sum payment of the unused balance of the initial reserve established for him, or the continuation of payments to the survivor beneficiary.

Financing

Retirement benefits are financed *jointly* by member contributions and state appropriations.

Members contribute at a rate based upon their sex and nearest attained age at enrollment. The rates for *Class B* members (members enrolled before January 1, 1956, who elected to contribute at rates set for this group and all persons enrolling after January 1, 1956) range from 5.25 percent to 9.51 percent for women and from 4.80 percent to 8.45 percent for men. *Class A* members (those who were enrolled before January 1, 1956, and did not agree to transfer to *Class B* status) contribute at lower rates. For purposes of social security credit each member's retirement contribution rate is discounted 2 percent until his earnings for the calendar year reach the maximum wages covered by Social Security—$10,800 in 1973 and $12,600 in 1974; for the balance of the year he contributes to the Fund at his full rate.

Members may make additional voluntary contributions up to 10 percent of salary for the purchase of a supplemental variable annuity under a state-administered plan entitled "Supplemental Annuity Collective Trust of New Jersey."

The *state* contributes the public share at a rate determined annually by the Fund's actuary to be sufficient, with members' contributions, to pay the costs of the retirement allowances as they accrue.

Interest is credited to members' accounts at the rate of 4 percent compounded annually.

Tax-Sheltered Annuities

A tax-sheltered annuity program is available to members of the Fund. It is a variable annuity program and is administered by the state under a plan entitled the "Supplemental Annuity Collective Trust of New Jersey." Up to 10 percent of the member's salary is acceptable for participation.

Investments

Investments are permitted in corporate bonds, common and preferred stocks; in VA and FHA mortgages, Capeharts, municipal bonds, obligations of the state of New Jersey, commercial paper, finance companies (senior debt), obligations of the International Bank, Farmers Home Administration, U. S. Treasury issues, and U. S. Government agencies.

The Fund is serviced by a central State Investment Division, established for the express purpose of investing the monies released for investment by the Secretary of the Fund. The Investment Division performs under the direction of a State Investment Council (nonsalaried) consisting of one trustee from each of the major state retirement systems and appointees of the governor.

As of June 30, 1975, total investments were $1,688,951,897. Current investments comprise federal securities, 1.0 percent; common and preferred stock, 11.7 percent; corporate bonds, 71.2 percent; mortgages, 5.8 percent; and other, 10.3 percent.

Administration

The Fund is a part of the Division of Pensions of the Department of the Treasury, State of New Jersey. The general responsibility for the operation of the Fund is vested in a seven-member board of trustees consisting of three elected members of the Fund, the State Treasurer, two appointees of the governor and the seventh trustee chosen by the other trustees.

The chief of the Office of Secretarial Services of the Division of Pensions serves as Secretary of the Board.

Social Security Coverage

Social security coverage was adopted in 1955 on a state-wide basis retroactive to January 1, 1955. Originally, the Fund was integrated on a divisional basis, with the pension portion of the retirement allowance reduced in accordance with the amount of social security benefits earned as a member of the Fund. In 1966, legislation was enacted repealing the offset and providing full supplementation at the time of retirement.

The employer's share of social security taxes for members of the Fund is paid by the *state*.

Number of Retirants and Benefits Paid

As of June 30, 1975, a total of 19,888 retirants and survivor beneficiaries were receiving benefits. A total of 1,680 members retired during the year ended June 30, 1975. For this group the average annual allowance was $8,000.

Verified by A. Steven LaBrutte, Secretary, Teachers' Pension and Annuity Fund of New Jersey, 20 West Front Street, P.O. Box 2058, Trenton, New Jersey 08625.

NEW MEXICO EDUCATIONAL RETIREMENT BOARD

The system was established in 1939 as a noncontributory program. It was completely revised in 1957 as a joint contributory plan, and placed on an actuarial reserve basis. Revisions have been made in each biennium. The last amendatory legislation was enacted in 1975. Statutory citation: *New Mexico Statutes Annotated,* 1953 compilation, secs. 77-9-1 through 77-9-45 and the Retirement Reciprocity Act, secs. 5-11-1 thru 5-11-5.

Membership

Membership comprises all educational employees, including employees of public institutions of higher learning. Membership is *compulsory* for all school employees.

As of June 30, 1975, the system had 34,671 active members.

Creditable Service

Military service credit is allowable at no cost for up to five years if the member terminated New Mexico school service to enter military service, and returned to New Mexico school service within 18 months after honorable discharge. Additionally, members who do not qualify for free military credit may purchase up to five years of such credit. The cost is 10-½ percent of the member's average salary, for all of his years in New Mexico public schools, for each year purchased.

Out-of-state school service is creditable to a maximum of five years, provided the member purchases it. The cost is 12 percent of the member's annual salary at the time of purchase for each year purchased.

The aggregate credit for both military and out-of-state service cannot exceed 10 years (up to five years for each type), and the credit cannot be used as part of the minimum New Mexico service requirement to be eligible to retire. A member is eligible to retire when his age and his number of years of service add up to 75, or at age 65 with five years of service.

Withdrawals and Refunds

The member's accumulated contributions, with interest on deposits made after June 30, 1971, are refunded if his employment terminates before he is eligible to retire. There is *no service charge.*

Provisions for Members' Borrowing

None.

Vesting and Deferred Allowances

Benefits vest with the commencement date being that point in time when the member's age and years of New Mexico service add up to 75, or at age 65 with five years of service. The minimum service requirement is also five years.

Retirement Requirements and Benefit Formulas

Normal retirement is at age 60, or at any earlier age with 35 years of service. The benefit formula is 2 percent of the average annual salary multiplied by number of years of service credited after July 1, 1957, plus 1-½ percent of the average annual salary multiplied by years of service credited before July 1, 1957. Average annual salary is the average of the last five years of coverage under the system or any other consecutive five-year period after June 30, 1957.

Early retirement is provided under the "rule of 75" under the normal retirement formula, except that it is reduced if the age at retirement is less than 60 and if the member has less than 35 years of service. The reduction is 1.2 percent for each calendar quarter of age less than 60.

Disability retirement is provided at any age to a member with 10 years or more of service who is unable to continue in employment. The disability allowance is determined on a 1-½ percent formula for all service credit as though the member were age 60. If the benefit does not equal one-third of the member's average salary (last five years or any other consecutive five years), years of service are added from the date of the member's disability to age 60, as though the member had worked, to bring the benefit up to not more than one-third of the average salary.

There is no *compulsory* age in the retirement law. Application for retirement may be made only by the member.

Post-Retirement Adjustments

Are not provided.

Work Restrictions After Retirement

A retirant may engage in substitute employment in New Mexico public schools for a maximum of 60 days per year without suspension or reduction of benefits. If the retirant returns to regular service in the state, his retired status is cancelled and he again becomes a contributing member with rights to a new retirement allowance upon termination of the re-employment.

Retirants may engage in noneducational employment in the state or in any employment outside the state without affecting the benefits.

Death Benefits

Upon death of a member in active service, his contributions plus interest at the rate earned by the Fund during the preceding year are refunded to his named beneficiary or to his estate.

Survivor Benefits

When eligible to retire, or after 15 years of New Mexico service, a member may elect a reduced annuity, based upon age and sex of the member and beneficiary to provide for monthly survivor benefits following the death of the member. No other survivor benefits are available.

Financing

Benefits are financed *jointly* by member contributions and public revenue.

Members contribute 5-1/2 percent of total salary.

There is no provision for additional voluntary contributions for supplemental benefits.

The *local school district* contributes 6-1/2 percent of total salaries. Employer contributions are not credited to members' accounts.

Interest is paid on members' accumulated contributions deposited after June 30, 1971.

Tax-Sheltered Annuities

Not available from the system.

Investments

The educational retirement board is the trustee of the retirement fund and has the power to invest and reinvest the money as follows: in bonds, notes, and other obligations of the United States, or those guaranteed by the U.S. Government; in bonds, debentures, or obligations of a municipal or political subdivision of New Mexico; in bonds, debentures, or other obligations (a) issued by a federal land bank or by a federal intermediate credit bank under the Federal Farm Land Act of 1916, as amended; and (b) issued by any national mortgage association under the National Housing Act of 1934, as amended; in NHA- and FHLA-insured real estate mortgages.

Investments are also permitted in bonds, notes, debentures, car-trust certificates, and preferred and common stocks of any corporation organized and operating in the United States, provided the corporation has minimum assets of $10 million, and its securities are listed on one or more national stock exchanges. No more than 75 percent of the total of the retirement fund at any one time may be invested in securities of this class. The retirement fund may hold no more than 10 percent of the voting stock of a company.

As of June 30, 1975, total investments were $200,000,000. Current investments comprise federal securities, 30 percent (including government guaranteed mortgages); common and preferred stock, 15 percent; and corporate bonds, 55 percent.

Administration

The system is administered by a seven-member retirement board composed as follows: three ex-officio members, the state superintendent of public instruction, the state treasurer, and the chief of public-school finance who serve on the board for as long as they hold their public offices; one member elected by the New Mexico Education Association for a four-year term; one member elected by the New Mexico members of the American Assocation of University Professors for a four-year term; and two members appointed by the governor from the citizenry at large, who serve for four years.

The director of Educational Retirement serves at the pleasure of the board.

Social Security Coverage

Social security coverage for teachers is on a local option and divisional basis. Where social security coverage exists, the local school district pays the employer's cost of the tax. Social security benefits are entirely supplemental to the retirement allowances.

Number of Retirants and Benefits Paid

As of June 30, 1975, a total of 4,800 retirants and survivor beneficiaries were receiving benefits, including 277 disability retirants. The approximate annual allowance for all retirants was $3,145.64.

During the last retirement year, a total of 608 members retired on service retirement with an average annual benefit of $4,403.68. In addition, 32 members retired with disability at an average annual benefit of $2,510.49.

Verified by Kenneth A. Davis, Director of Educational Retirement, New Mexico Educational Retirement Board, P.O. Box 1029, Santa Fe, New Mexico 87501.

THE NEW YORK STATE TEACHERS' RETIREMENT SYSTEM

The first state-wide retirement system for public-school teachers in New York State, exclusive of New York City, known as the New York State Teachers Retirement Fund was established as of August 1, 1911. It was a matching (employee-employer) cash disbursal system with no provisions for reserves.

The New York State Teachers' Retirement System, as it is now known and organized, was established by state law in 1920 and became effective on August 1, 1921. It operates fiscally on an actuarial reserve plan. The last amendatory legislation was enacted in 1975. Statutory citation: *New York State Education Law*, secs. 501-535, as amended to August 11, 1975.

Membership

Membership in the system is confined to *teachers* as defined in the Education Law: any regular teacher, special teacher, including any school librarian or physical training teacher, principal, vice-principal, supervisor, supervisory principal, director, superintendent, city superintendent, assistant city superintendent, district superintendent, and other members of the teaching or professional staff of any class, public school, vocational school, truant reformatory school, or parental school within the state of New York, and, under certain conditions, persons or teachers employed on Indian reservations, in the state education department, the state university system, and in community colleges. New York City teachers are covered under a separate local retirement system.

Membership is *compulsory* for all full-time teachers and is voluntary for part-time teachers.

As of June 30, 1975, the system had 227,038 active members.

Creditable Service

A member may claim *New York State prior service* upon completion of two years of teaching membership.

Military service is creditable if the member left teaching in the public schools of New York State to enter the armed forces and after discharge or completion of studies under the Servicemen's Readjustment Act returned to teaching in such schools. Under certain conditions credit was granted cost-free for military service rendered during World War II, the Korean Conflict, and the Berlin Emergency if the member was recalled to active duty. In other cases and periods of military service, if the member has been granted a military leave of absence or is under contract to teach in the public schools of New York State, he must contribute for the credit based on the salary which he would have received had he been teaching and must make payment within five years after his return to teaching in the public schools of New York State following his discharge. If the member resigns his teaching position or if his contract expires prior to entering the military service, the member must make the contribution based on the salary he would have received had he continued teaching together with the employer's contributions, within five years after his return to teaching following discharge. Prior-service credit for military service is cost-free if the military service was previously credited under former membership, provided, however, that such credit will not be allowed until the teacher claims and pays for all prior teaching service credited to him at the time of his termination of membership in the New York State Teachers' Retirement System.

Teaching in *overseas dependents schools* is not creditable.

Out-of-state prior-service credit up to a maximum of 10 years is purchasable on a year-for-year basis with credited New York State service. The member may make the claim after two years of membership and pay for the credit within the number of years being claimed. The member pays 4 percent of the salary received for the years claimed. No employer contribution is charged. There is no credit for out-of-state teaching service while membership in this system is valid.

All service performed *within the state* by teachers as defined above is creditable. Under certain conditions credit is provided for exchange teachers, those on sabbatical and sick leave, and for summer-school service. Credit from the New York State Employees Retirement System, the New York City Teachers Retirement System, and the New York City Employees Retirement System may be transferred to the New York State Teachers' Retirement System and vice versa.

Withdrawals and Refunds

A member who leaves teaching service may withdraw his contributions together with interest.

Provisions for Members' Borrowing

Any member in active service may borrow against his accumulated contributions once during each six-month period, if he has at least one year of credited service.

The minimum loan is $300 (in multiples of $25) and the maximum is three-fourths of the member's accumulated contributions. Other technical limitations apply with regard to maximum amounts which may be borrowed based on salary and repayment schedules related to his age.

Simple interest, computed monthly is charged at the rate of 5 percent per annum on the unpaid balance. There is a service charge of $15 on each loan.

Each loan is insured against the death of the member in an amount equal to the amount of the loan outstanding at any given time as follows: 0-30 days, no insurance; 30-60 days, 25 percent of unpaid balance; 61-90 days, 50 percent of unpaid balance; after 91 days, 100 percent of unpaid balance. The current insurance premium is 1/4 of 1 percent. Loan repayments may be paid directly or by payroll deduction.

Vesting and Deferred Allowances

Benefits vest after 10 years of teaching service rendered in the state. A deferred retirement allowance is payable at the time the individual would first be eligible for retirement had he remained in service, but in no case before age 55.

The deferred retirement allowance is calculated as for normal retirement, as explained below.

Retirement Requirements and Benefit Formulas

A member is eligible for *service retirement* upon meeting one of the following qualifications: (a) 35 years of total service credit, regardless of age; (b) attainment of age 55 or over, with at least 10 years of service credit; at least two rendered after June 30, 1967, and after last date of membership; or (c) attainment of age 55 or over and credit for two or more years of service rendered subsequent to June 30, 1967, and at least two years rendered subsequent to attainment of age 53 and subsequent to the date last joined the retirement system.

Eligibility provisions for *normal retirement* and for *early retirement* are the same.

A member under age 55 is eligible for *disability retirement* upon completion of 10 years of total credited state service, if permanently incapacitated for school work.

The *retirement allowance* is derived from a pension stemming from employer's contributions, and an annuity based on the member's contributions.

The pension is calculated as follows for members retiring with 20 or more years of New York State service: (a) 2 percent of final average salary for each year of service after June 30, 1959, plus (b) 1.2 percent of final average salary for each year of service before July 1, 1959, plus (c) 1 percent of final average salary for each year of out-of-state service (except such service is limited so that total service does not exceed 35 years), plus (d) an "added pension" on New York State service only. Final average salary is the average of a member's three highest consecutive years of salary, exclusive of any lump-sum payments for sick leave, annual leave, or other termination pay; any 12 months of salary used may not exceed 20 percent of the previous 12 months.

The pension for members retiring with less than 20 years of service is a percentage calculated as above except the "added pension" feature does not apply. The percentage is reduced by 5 percent for each year of service under 20 to a minimum of 50 percent.

All contributions made by a member, whether before or after July 1, 1959, and whether required or voluntary, will provide the annuity portion of the retirement allowance on the same basis as previously.

The "added pension" innovation, applicable to members retiring with 20 or more years of credited New York state service, provides that eligible members retiring through June 30, 1976, will receive an additional percentage of their pension allowance. This percentage is computed at the rate of 16 percent of the maximum pension allowance for retirements which occurred during July 1968, and is reduced by 1/6 of 1 percent for retirements occurring in successive months. Thus, the added pension for a member retiring in July 1973 is 6 percent. The reduction each year in the "added pension" percentage is balanced by the additional year of service used in computing the member's retirement allowance under the new formula. However, the "added pension" would remain constant throughout the individual's retirement years.

In *disability* cases, the pension is 1/60 of the final average salary for service after June 30, 1959, plus 1/70 of final average salary for service before June 30, 1959, plus 1/120 of final average salary for out-of-state credit. The minimum guarantee in most cases is 33-1/3 of final average salary.

Post-retirement Adjustment

A service retirant age 62 or older may receive an additional supplemental pension each year based on the federal Consumer Price Index, if there has been a variation of at least 3 percent. Disability retirants are eligible regardless of age. The supplemental pension is available only to members who retired before 1969.

No *compulsory retirement age* is fixed by the retirement law, but a local board of education may request retirement at age 70.

Work Restrictions After Retirement

A retirant, other than one retired for disability, may teach in the public schools or units of the State University, or work in other forms of public service in New York State and receive full retirement allowance in the following circumstances:

(a) The retirant may earn $2,520 per year regardless of the amount of his retirement allowance without approval.

(b) If the retirant returns to work for any employer by whom he was paid during the two years preceding his retirement, he may earn the difference between his retirement allowance (including the $2,520 earnable under (a)) and his final salary, figured to the next higher $500, provided the employer receives permission from the State Commissioner of Education, or the President of the State University, or the State Civil Service Commission, whichever is appropriate.

(c) If the retirant goes to work for a public employer other than those mentioned in (b), he may earn any amount, provided the employer receives permission from the State Civil Service Commission, or the State Commissioner of Education, or the President of the State University.

There are no restrictions on the amount a retirant may earn in private employment or in out-of-state employment in any capacity.

A disability retirant is allowed to earn in any capacity the difference between his disability retirement allowance and his final average salary, or the salary he would have been receiving had he continued in service, whichever is greater. However, if he is able to hold a full-time position, his disability allowance may be discontinued.

Death Benefits

Upon the death of a member before retirement or withdrawal, his accumulated contributions (deposits with interest) are payable to his beneficiary. In addition a *death benefit* is payable if the member had credit of at least three months of New York State service, was on a school payroll and was paid a salary within 12 months prior to death, and was not otherwise gainfully employed. The death benefit amounts to 1/12 of the compensation earnable by the teacher during the last 12 months of service while a member, for each year, not to exceed 36, of New York State service to his credit in the retirement system, or the lesser of $20,000 or three times annual salary (reduced if death occurs at age 51 or later), whichever is greater. If the member was eligible for early or normal retirement, the beneficiary receives the regular death benefit or the reserve to pay the pension portion of the maximum allowance, whichever is greater.

Survivor Benefits

One or more persons may be designated as beneficiaries to receive the accumulated contributions and/or the death benefit in a lump sum. Beneficiaries may elect to receive two types of annuities in lieu of a lump-sum payment.

At time of retirement, a member may elect to take a smaller retirement allowance and name a beneficiary under one of the following cash refund or joint and survivor options: (a) an option which insures both the pension and annuity reserves of the retirant; (b) an option which insures only the annuity reserve; (c) an option under which the beneficiary receives the same allowance as the retirant or one-half or one-fourth of the amount; or (d) an option under which the beneficiary would receive the same allowance as the retirant or one-half or one-fourth of the amount; but if the beneficiary predeceases the retirant, the retirant's allowance reverts to what the member would have had if he had chosen the maximum allowance; or (e) an option under which the beneficiary receives the same allowance as the retirant for the balance of 5- or 10-year period, if the retirant dies within 5 or 10 years of his date of retirement.

Financing

The retirement plan which became effective July 1, 1968, established a *member non-contributory program.* Under this plan, the *employer* makes all the required contributions.

Members who joined the system prior to July 1, 1970, may augment their annuity amount by making voluntary annual contributions of 4 percent of their prior year's salary. Members who joined after July 1, 1970, may make contributions only to purchase prior service or military service.

The *public* share of the contributions is paid by the local school districts and the state. A rate is actuarially determined to cover the costs of operation of the system and benefits provided. For 1975-76 the employer's rate was established at 19.40 percent on the 1974-75 salaries of the members. Payments are made to the retirement system either directly from the employer or through deductions made in the state-aid payments to the school districts.

Interest on members' contributions is compounded annually at a guaranteed rate of 4 percent for all members who joined the system before July 1, 1948; for all others, the guaranteed rate is 3 percent, but additional interest is paid at the rate of 1 or 2 percent to bring the total percentage for all members to an amount not to exceed 5 percent provided the earnings of the system are at least equal to that amount.

Tax-Sheltered Annuities

Not available to members from the system.

Investments

At the discretion of the retirement board, investments may be made in the following forms subject to certain statutory conditions: securities of the United States Treasury and of instrumentalities of the United States Government; legal high-grade corporate bonds; municipal bonds of New York State or any of its political subdivisions or authorities; bonds of the Commonwealth of Canada or any of its political subdivisions or authorities; first mortgage loans, preferred stock, common stock, and deposits in savings banks. Both mortgage commitments and stock purchases are subject to the limitations imposed upon investments which may be made by savings banks in New York State.

As of June 30, 1975, total investments were $4,647,122,335. Current investments comprise federal securities, 1.8 percent; common and preferred stock, 31.8 percent; corporate bonds, 39.9 percent; mortgages, 20.2 percent; Canadian securities, 4.4 percent; and other, 1.9 percent.

Administration

The retirement board consists of nine members as follows: three teacher members of the system, one of whom is elected annually at the convention of delegates for a three-year term; three members who are not employees of the state, one of whom must be an executive officer of a bank authorized to do business in this state and the others must be or have been a trustee or member of the board of education of a school district, (at least one of whom shall be or shall have been an executive officer of an insurance company), who are appointed by the State Board of Regents for three-year terms; two members who must be public-school administrators and who are appointed for three-year terms by the commissioner of education; and the comptroller of the state who serves ex officio, or someone appointed by him to serve in his place.

Social Security Coverage

Social security coverage for teachers was adopted in 1957, effective January 1, 1958. The coverage is state-wide on a divisional basis. Each school district had the right to make it retroactive to March 1956. The employer's share of the social security tax is paid by the local school district. Social security benefits are entirely supplemental to retirement allowances.

Number of Retirants and Benefits Paid

As of June 30, 1975, a total of 36,706 retirants and survivor beneficiaries were receiving benefits, including 1,012 disability retirants. The approximate annual allowance for all retirants was $5,779.

During the last retirement year, 2,303 members retired on service retirement with an average annual benefit of $7,362. In addition, 95 members retired with disability at an average annual benefit of $5,996. The average number of years of creditable service for members retiring on service retirement was approximately 25.

The present service retirement plan affecting members who joined before July 1, 1973, is designed to provide a teacher who comes into the retirement system after July 1, 1959, with half pay based on his final average salary after 25 years of state service, and 70 percent pay after 35 years of state service.

NOTE: Provisions Affecting Members who join after June 30, 1973:

By action of the legislature, members joining the system on or after July 1, 1973, are also subject to Article 11, sec. 440-451 of the Retirement and Social Security Law. Some of the provisions affecting such members include:

1. At least five years' service rendered after July 1, 1973, for retirement eligibility
2. Full service retirement allowance payable only at age 55 with 30 years' service credit or age 62 with 20 years' service credit
3. Excluded from death benefits available to members joining before July 1, 1973; choice of two forms of death benefit, payable if death occurs while in service, to be made at time of joining and may not be changed
4. Prior service cannot be purchased until at least five years of service has been credited with restrictions on type of prior service purchasable
5. Option providing for lump-sum payment after retirement of balance of total reserve is no longer available.

Verified by Harold N. Langlitz, Executive Director, New York State Teachers' Retirement System, 143 Washington Avenue, Albany, New York 12210.

TEACHERS' AND STATE EMPLOYEES' RETIREMENT SYSTEM OF NORTH CAROLINA

The North Carolina system was established July 1, 1941. The last amendatory legislation was enacted in 1975. Statutory citation: *General Statutes of North Carolina*, Ch. 135.

Membership

Membership comprises all full-time public-school employees and state employees, higher education employees (except those faculty members who elect an optional retirement plan), state department of education employees, and state education association employees.

Membership is *compulsory*, except that persons employed or re-employed after they have attained age 62 are not eligible for membership.

As of June 30, 1975, the system had 204,546 active teacher and state employee members.

Creditable Service

Prior-service credit is allowed for service prior to July 1, 1941, provided the individual was in service at some time between July 1, 1936, and June 30, 1941, and that he became a member of the system prior to July 1, 1946, provided, further, that notwithstanding the foregoing, any member retiring on or after July 1, 1965, with credit for not less than 10 years of membership service shall file such detailed statement of service rendered by him prior to July 1, 1941, for which he claims credit. This credit is provided to eligible individuals at no cost to the member.

Military-service credit is allowed at no cost to the member for that period of military service up to the time the person was first eligible for release, provided that (a) he was a teacher or state employee when he entered the U.S. armed services, and (b) he returned to state employment within two years after he was first eligible for release or he returned at any time and rendered 10 or more years of membership service thereafter.

If a member is not otherwise allowed credit for military service as indicated above, he may purchase credit only for the initial period and subsequent required periods of active duty up to the time he was first eligible for discharge, provided that:

1. He had completed 10 years of current membership service.

2. His military service is not creditable in any other retirement system (public or private), except the National Guard or any reserve component of the armed forces.

3. He purchases such service credit by paying in a total lump sum an amount based on his salary when he first entered membership and the employee contribution rate at the time, with sufficient interest added to equal one-half the cost of allowing such service, plus a $25 fee to cover the expense of handling payment. Voluntary enlistments following the earliest discharge are not creditable.

4. He purchases the credit within three years from the date he is first eligible.

Credit for teaching in *overseas dependents schools* is allowed on a leave-of-absence basis to a maximum of two years, provided the member and his employer contribute at the regular rate based on salary in effect at the time the leave began and the member returns to state service at the expiration of the leave.

No *out-of-state teaching credit* is allowed. A member is entitled to purchase credit at the rate of one year of out-of-state service for each two years of service in this state with a maximum allowable of 10 years of out-of-state service, provided that:

1. He had completed 10 years of current membership service.

2. He was not vested at time of separation or his service creditable after separation or withdrawal, and no benefit is allowable in another public retirement system as a result of such out-of-state service.

3. He purchases such service by paying in a total lump sum an amount equal to the full cost of providing credit for such service, plus a $25 fee to cover the expense of handling payment.

4. He purchases the credit within three years from the date he is first eligible.

Withdrawals and Refunds

Refund of contributions and allowable interest is provided regardless of age or service. A member receives the full amount of interest credited. There are no *service charges*. Upon return to service, a member may restore credit for a voluntarily withdrawn account(s) provided that:

1. He left membership service prior to July 1, 1974, withdrew his contributions, and has completed 10 years of current membership service since his return.

2. He repays in a total lump sum any and all of the accumulated contributions previously withdrawn with sufficient interest added thereto to cover one-half the cost of providing such additional credit, plus a $25 fee to cover the expense of handling payment.

3. He purchases the credit within three years from the date he is first eligible.

(If a member leaves membership service after June 30, 1974, and subsequently withdraws his contributions, the same stipulations apply except that the full cost of providing such additional credit must be paid by the member.)

Provisions for Members' Borrowing

None.

Vesting and Deferred Allowances

Benefits vest after five years' service. Deferred benefits are payable at age 60 to members who separate from service, except for death or disability, prior to age 60 with five or more years of creditable service, provided total accumulated contributions are left in the system. The allowance is calculated by use of the normal benefit formula on the basis of actual creditable service and the discount factor for age 60.

Retirement Requirements and Benefit Formulas

Normal retirement is at age 65 with unreduced benefits regardless of years of service. Unreduced benefits are also available after 30 years of service regardless of age. Members who continue in active service beyond age 65 continue to contribute, and benefits are not frozen. The benefit formula provides for an annual allowance equal to 1.5 percent of average final compensation multiplied by the number of years of creditable service. Average final compensation is the four consecutive years of service which yield the highest average. A minimum of $840 is payable annually to members who retire with 20 years or more of service.

For the purpose of calculating retirement benefits only, one month of credit is allowed for each 20 days or portion thereof of unused sick leave at time of retirement. However, sick leave shall not be counted in computing creditable srvice for the purpose of determining eligiblity for service retirement, disability retirement, early retirement, or for a vested deferred allowance.

For *earlier retirement*, the normal benefit formula applies, except for members who are between ages 60 and 65 with less than 30 years' service, there is a reduction of 1/4 of 1 percent for each month the retirement date precedes the 65th birthday. Below age 60, the allowance is reduced to the actuarial equivalent of the deferred allowance otherwise payable at age 60. *Earliest retirement* is at age 50 after 20 years of creditable service.

Disability retirement is available to members with at least five years of creditable service. If the member has attained age 65, he receives a service retirement allowance. If the member is under age 65, he receives a disability retirement allowance which is equal to a service retirement allowance on the basis of his average final compensation prior to disability retirement and the creditable service he would have had at age 65 if he had continued in service. The mental or physical incapacity must appear to be permanent, although it need not be service-incurred. If a member retired under disability returns to service prior to age 62, he again becomes a contributing member and his retirement allowance is recalculated upon subsequent retirement.

The retirement law provides for *compulsory retirement* at age 65. Upon approval of the employer, however, the member may continue in service on a year-to-year basis.

Post-Retirement Adjustment

Annual increases are provided and are based on changes in the Consumer Price Index. The adjustment becomes effective July 1 of each year and applies to all who are receiving retirement allowances except those retired in the latest 12 months. The amount of the adjustment is determined by the increase in the CPI during the preceding year, subject to a maximum of 8 percent, for 1975 and 1976.

Work Restrictions After Retirement

If a member who retired on an early or service retirement allowance is restored to North Carolina service after attaining age 62, his retirement allowance will be reduced to the extent necessary (if any) so that the sum of the retirement allowance and earnings from covered employment in the retirement system for any year will not exceed the member's average final compensation. However, the member's retirement allowance will not be reduced below the amount of the annuity produced by his own contributions.

Members retired for disability may earn an amount which, together with their retirement benefits, does not exceed their average final compensation.

Death Benefits

Upon the death in service of a member under age 65 who has at least one full year of membership credit, a death benefit is payable equal to the member's compensation for the preceding calendar year, or the preceding 12 months, whichever is higher, not to exceed $15,000. A member is deemed to be in service at the date of his death if his last day of actual service occurred not more than 90 days before the date of his death, or if his last day of actual service occurred not more than 366 days before the date of his death if such member during said one-year period had applied for and was entitled to receive a disability retirement allowance, provided said disability retirement allowance had not been discontinued or revoked during said one-year period. The Board of Trustees is authorized to purchase a group life insurance contract for this purpose but has not elected to do so as yet.

Survivor Benefits

Any member (approaching retirement) may elect to receive his benefits in a retirement allowance payable throughout life, or he may elect to receive the actuarial equivalent of such retirement allowance in a reduced allowance payable throughout life under one of several options. Upon the death in service of any member who has attained age 55 or has completed 30 years of creditable service, or has attained the age of 50 with 20 years of creditable service, the beneficiary designated to receive a return of his contributions plus interest may elect to receive instead the same monthly benefit for which the deceased member was eligible under the 100 percent joint and survivor option.

Financing

Benefits are financed *jointly* by member contributions and public revenue.

Members contribute at the rate of 6 percent of annual compensation. There is no provision for additional voluntary contributions to provide for voluntary supplemental benefits.

The bulk of the *public share* of the contribution comes from the state, although additional contributions are made by self-supporting agencies, from local-school funds, and from federal grants.

The rate of contribution is 9.12 percent of gross salaries for all employees. Employer contributions are not credited to members' accounts but are included in the calculation of retirement benefits. Appropriations are granted biennially on an annual basis at the rate indicated above. The most recent appropriations are $122,900,000 for the 1974-75 and $136,990,000 for 1975-76.

Interest is credited annually on members' accumulated contributions at the rate of 4 percent. The rate is set by the retirement board, but is subject to statutory limitations of 3 percent minimum and 4 percent maximum.

Tax-Sheltered Annuities

Not available to members from the system.

Investments

Retirement system funds may be invested in obligations of the United States or obligations fully guaranteed both as to principal and interest by the United States; obligations of the Federal Intermediate Credit Banks, Federal Home Loan Banks, Federal National Mortgage Association, Banks for Cooperatives, Federal Land Bank, International Bank for Reconstruction and Development, and Inter-American Development Bank, and Asian Development Bank; obligations of the state of North Carolina; general obligations of other states of the United States; general obligations of cities, counties, and special districts in North Carolina; obligations of any corporation within the United States if such obligations bear one of the three highest ratings of at least one nationally recognized rating service and do not bear a rating below the three highest by any such rating service which rates the particular security; FHA insured notes secured by mortgages on real estate located within the state of North Carolina or debentures which are guaranteed as to principal and interest by the United States or its agencies or by FHA; shares of any building and loan association organized under the laws of this state or of any federal savings and loan association having its principal office in this state, to the extent that such investment is insured by the federal government or any agency thereof; and common and preferred stocks to a maximum of 25 percent of the total value of all invested funds of the system.

The Board of Trustees of the Retirement System has full power to invest and reinvest funds. With respect to investment in stocks, the Chairman of the Board of Trustees appoints an investment committee consisting of five members, three of whom are members of the Board of Trustees and two of whom are not. The committee has such powers and duties as the Board of Trustees may prescribe.

As of June 30, 1975, total investments, exclusive of cash, were $1,833,764,167; cash on hand was $3,447,609. Current investments comprise federal securities, 1.97 percent; state and local government securities, 0.39 percent; common and preferred stock, 16.61 percent; corporate bonds 74.59 percent; mortgages, 0.69 percent; and, other, 5.75 percent.

Administration

The Board of Trustees consists of the state treasurer (chairman) and the superintendent of public instruction, ex officio, and 10 members, eight of whom are appointed for four-year terms by the governor and confirmed by the senate of North Carolina. One of the appointive members is a member of the teaching profession; one, an employee of the Department of Transportation; one, a general state employee; one, a representative of higher education; one, a retired teacher or state employee who is drawing a retirement allowance; and three who are not members of the teaching profession or state employees. The two additional trustees are members of the North Carolina General Assembly; a Senator is appointed by the President of the Senate, and a Representative is appointed by the Speaker of the House of Representatives for terms to run for the duration of their term in office. Trustees are paid at the prevailing rate established for members of the state's boards and commissions.

Social Security Coverage

Social security was adopted in 1956, and became effective as of January 1, 1955. Coverage is state-wide and includes all employees. The bulk of the employer's share of the social security tax comes from the state although additional tax is paid by self-supporting agencies, from local school funds, and from federal grants. Social security benefits are entirely supplemental to the retirement allowance.

Number of Retirants and Benefits Paid

As of June 30, 1975, a total of 25,065 retirants and survivor beneficiaries were receiving benefits, including 2,400 disability retirants. The approximate annual allowance for all retirants was $2,776.

During the last retirement year, a total of 2,591 members retired on service retirement with an average annual benefit of $3,006. In addition, 429 members retired with disability at an average annual benefit of $2,894. The average number of years' creditable service for members retiring on service retirement was approximately 24.39.

Verified by W. H. Hambleton, Director, Teachers' and State Employees' Retirement System of North Carolina, Room 101, Albemarle Building, 325 N. Salisbury Street, Raleigh, North Carolina 27611.

NORTH DAKOTA TEACHERS' FUND FOR RETIREMENT

The retirement system was established in 1913, and has been amended a number of times since then. The last amendatory legislation was enacted in 1975. Statutory citation: *North Dakota Century Code*, Chapter 152.

Membership

Membership comprises instructional staff, superintendents, assistant superintendents, principals, assistant principals, and special teachers employed in any state institution or in the school system of any school district; the superintendent of public instruction; county-school superintendents and their assistants; supervisors of instruction; state school inspectors and supervisors; presidents, deans, school librarians, and registrars of any state institution; the secretary of North Dakota Education Association and any assistant holding at least a first-grade professional certificate; the commissioner of higher education; and the employees of the boards of education.

The 1971 law provides optional membership to persons teaching as lay faculty in a nonpublic school provided such person is not a member of an ecclesiastical order or religious house, or an ordained clergyman.

Membership is *compulsory* for public-school employees, except for teachers who have attained the age of 50 before employment in a covered position in North Dakota for the first time after July 1, 1941. Membership is optional for nonpublic-school employees.

As of June 30, 1975, the system had 11,500 active members.

Creditable Service

After July 1, 1969, a teacher may claim teaching credit for up to three years' attendance (excluding summer sessions) at a North Dakota school of higher learning if he enters school directly from a North Dakota teaching position and immediately following school he teaches at least one year in a public school or institution in North Dakota. The teacher must pay for the full cost which includes assessments and employer's contributions. Minimum college attendance is three consecutive quarters *or* two consecutive semesters.

Military service credit is allowed if at the time of entry into military service the member was teaching in North Dakota or attending school in North Dakota to better his teaching qualifications following teaching service in North Dakota. The member must pay his own and the employer's contributions to obtain the credit plus interest. Credit for military service formerly rejected may be requested when such service together with other credited service aggregates 25 years.

Any and all *out-of-state* service is creditable, provided the member pays his and the school district's matching contributions, plus interest from date of service to date of payment, plus assessment shortages caused by inclusion of out-of-state service, plus interest from shortage to date of payment at the rate paid by the Bank of North Dakota on certificate of deposits. The cost is based on first salary in North Dakota after *resumption* of teaching one full year in North Dakota.

Withdrawals and Refunds

A member may withdraw his accumulated contributions plus interest up to the current year 120 days after last day of service. There is no *service charge* on refunds. If the member returns to service, he has the option to redeposit his contributions and receive credit for his former service, but must teach one full year before eligible to repay refund. Interest is charged from date of warrant to date of payment at the rate paid by the Bank of North Dakota on certificate of deposits.

Provisions for Members' Borrowing

None.

Vesting and Deferred Allowances

Benefits vest after 10 years' teaching credit with a deferred allowance payable at age 65 or an actuarially reduced allowance payable at any age.

Retirement Requirements and Benefit Formulas

Normal retirement is at age 65 with 10 years of service. The monthly benefit is the product of two calculations: (a) 1 percent of the monthly salary for the 1970-71 school year times years of service including 1971 plus (b) 1½ percent of the average monthly salary of the teacher for each year of service after July 1, 1971, times years of creditable service after such date.

Early retirement is available at any age to any teacher with vested rights. The normal benefit at age 65 is reduced ½ of 1 percent for each month or fraction thereof the member is under age 65.

Disability retirement is available at any age to a member with 15 years of service in the state. The allowance is calculated as for normal retirement.

Compulsory retirement is not required by the retirement law. Local school boards may fix the retirement age. Some city systems require retirement at age 65, and some state institutions of higher learning have set age 70 for compulsory retirement.

Post-Retirement Adjustments

Monthly benefit increases were provided for teachers who retired under the 1969, 1967, or prior laws. Elementary and secondary teachers retiring after July 1, 1971, had the option of selecting one or two of the following benefit formula adjustments and higher education staff could select any option:

1. The last "full" salary divided by 12 months times total years' service, to provide a full monthly benefit at age 65. By selecting this option, the retiree would be required to make a one-time payment of the difference between the teacher's share and the employer's share paid on the account. The retired teacher would pay 4 percent of final salary in assessments plus 4 percent of final salary in employer contributions, to a maximum of $500 per year for the employer;
2. A 20 percent increase in the present benefit, with no payment required of the retiree;
3. A $100 per month benefit for retirees with 17 years' creditable service plus $5.00 per month for each "additional year" to a maximum of 25 years with a total maximum benefit of $140 with no payment required of the retiree.

Work Restrictions After Retirement

If a retirant receives an annuity for the summer months immediately following his retirement and returns to classroom teaching in the fall, the benefit must be returned. A retirant may do substitute teaching and earn up to $2,520 in one school term, the maximum allowed under social security without suspension of benefits. The fund follows the Social Security Administration earnings figure and operates on a July 1 to June 30 year. The Social Security Administration operates on a calendar year.

Death and Survivor Benefits

A death benefit in the amount equal to the member's contributions plus a specified interest is payable to the beneficiary or estate of a member who is not vested. The beneficiary of a vested member may elect to receive a reduced life annuity in lieu of the refund. Two options are available to retired members at time of retirement.

Financing

Benefits are financed *jointly* by member contributions and public revenue.

Members contribute 4 percent of salary per year.

The public share of the financing is by the employer. The employer contributes at the rate of 4 percent of the teacher's salary up to a contribution of $500 per year.

Interest is paid on members' accumulated contributions from first date of service up to "current year."

Tax-Sheltered Annuities

Not available to members from the system.

Investments

Investments may be made in U. S. Government bonds, mortgages, or securities; bonds of North Dakota or any other state; certain refunding bonds; and certificates of indebtedness of North Dakota or of any of its political subdivisions; and common stock. All investments must be under supervision of State Investment Board.

As of June 30, 1975, total investments were $45,472,654.54. Current investments comprise federal securities, 5 percent; state and local government securities, 1 percent; common and preferred stock, 16 percent; corporate bonds, 56 percent; mortgages, 18 percent; and other, 4 percent.

Administration

The system is administered by a five-member board of trustees. The state treasurer and the superintendent of public instruction are ex-officio members. The other three members, one of whom shall be a woman, are appointed by the governor from among members of the system. They serve for three years, beginning on the first day of July following appointment.

Social Security Coverage

Social security coverage was adopted in 1955 on a local-option basis. It is estimated that 97 percent of the teachers in the state are under social security. The employer's share of the social security tax is paid by the school district. The social security benefits are entirely supplemental to retirement allowances.

Number of Retirants and Benefits Paid

As of June 30, 1975, a total of 2,800 retirants and survivor beneficiaries were receiving benefits, including 37 disability retirants. The approximate annual allowance for all retirants was $1,848.

During the last retirement year, a total of 139 members retired on service retirement with an average annual benefit of $1,827. In addition, three members retired with disability at an average annual benefit of $2,198. The average number of years' creditable service for members retiring on service retirement was approximately 22.98.

Verified by Margaret Gillen, Executive Secretary, North Dakota Teachers' Fund for Retirement, Box 486, Mandan, North Dakota 58554.

OHIO

Series 1—State-wide Teachers Systems
(Without Social Security)

THE STATE TEACHERS' RETIREMENT SYSTEM OF OHIO

The system began active operation on September 1, 1920. It is a joint contributory system and is financed on an actuarial reserve basis. Legislation in 1973 reduced the number of years for early retirement, liberalized military service credit, broadened the membership of the State Teachers Retirement Board, increased the maximum limits on benefits, and provided for an expanded health services program for retired teachers. In 1974, a three-year final average salary was provided and the transfer of five years of out-of-state teaching service authorized. Transferred service has the same value as Ohio service. Benefits of all persons retired prior to 1971 were increased in amounts ranging from 5 percent to over 100 percent.

Membership

Membership includes teachers and other professional school employees regularly employed in the public schools of Ohio, and faculty members at state universities, community colleges, joint vocational and technical schools, and municipal universities; educational employees of the state department of education; and teachers employed in state institutions. Membership is *mandatory*.

As of June 30, 1975, the system had 205,998 members, 174,647 contributing and 31,351 not currently contributing.

Creditable Service

Prior-service credit is provided at no cost to the member for all service as a teacher rendered before the system was established September 1, 1920.

Military-service credit is granted under two statutory provisions. They are:

1. *Interrupted service.* Credit is allowed for military service for up to 10 years at no cost to the member. The member must enter military service from active teaching service and must return to Ohio public service within two years following discharge and establish one year of service credit before such military service may be credited as the equivalent of prior service. Credit is given whether military service is voluntary or involuntary.

2. *Non-interrupted service.* Members whose military service occurred prior to Ohio public service may purchase credit for such service to a maximum of three years. Payment is made on the basis of the contribution rate in effect in Ohio public service at the time the military service began. Employee contributions are made on the basis of the first salary earned in Ohio public service, subject to any statutory maximums that may have been in effect when such service was rendered. In addition, the member pays compound interest at the rate of 4 percent from the date military service terminated until the date of payment.

Credit is allowed for *Ohio public service* as an employee of an employer who comes within the Ohio Public Employees Retirement System, and/or the Ohio School Employees Retirement System. Service credit is allowed for service which took place prior to 1935 in the Public Employees Retirement System, and prior to 1937 in the case of the School Employees Retirement System. Service after those dates in any system is the basis for joint retirement between two or more of the public employee systems in Ohio.

A year of service credit is granted for regular teaching for 120 days or more during the regular school year in the Ohio public schools. Persons who teach a part of a day for the entire school term also are granted a full year of service credit. Persons employed on an hourly basis are granted a full year of service for 1,000 hours of teaching service.

Credit may be secured for *out-of-state* teaching service or public service rendered in any state, territory, or possession of the United States. Credit also may be purchased for federal civilian service, including teaching in overseas dependents schools.

If such service is used to qualify the member for service retirement only, the cost of the transfer is $100 for each year transferred, the number of years being limited only by the actual number of credit years in the other positions.

A maximum of five years of service as outlined above, may be transferred having the same value as Ohio service for all purposes. The cost for such transfer is based on the contribution rate in effect at the time the teacher entered Ohio service and on the first salary earned in Ohio. To this amount is added interest, compounded annually at the rate of 5 percent. The liability for the employer portion is assumed by the system.

Withdrawals and Refunds

A member not under a teaching contract may withdraw his accumulated contributions, plus interest which was credited annually at various rates through August 31, 1959. The withdrawal is prohibited if the member is also a member of another Ohio public retirement system unless he also withdraws from the other system.

Provisions for Members' Borrowing

None.

Vesting and Deferred Allowances

Deposits of members vest immediately. Employer contributions become vested upon payment of retirement or survivor benefits. A deferred allowance is payable at age 60 with five years of service, or at age 55 with 25 years of service. Service may include credit granted for out-of-state service. The benefit for deferred retirement is computed on the normal benefit formula.

Retirement Requirements and Benefit Formulas

Normal retirement is at age 65 with at least five years of service credit, or at any age with 32 years of service. The benefit formula is 2 percent of average salary for the three highest years, or $86, whichever is greater, for each year of Ohio service.

The minimum allowance is $86 times years of Ohio service credit. The maximum allowance is 90 percent of final average salary.

Earliest retirement is provided at age 55 with 25 years of service. The benefit is 65 percent of the normal retirement formula. The full service benefit is provided at *any age* with 32 years of service credit.

Disability retirement is available to a member at any age under 60 with at least five years of Ohio service. The formula is 2 percent of the average salary for the three highest years times the number of years obtained by adding the member's years of service credit and the years until attainment of age 60, or 75 percent of the average salary whichever is less.

Compulsory retirement: An employer may terminate a member's employment at the end of the contract year in which age 70 is attained.

Post-Retirement Adjustment

If the CPI increases 1.5 percent or more, the allowance is adjusted 1.5 percent with any excess above this amount accumulated for following years. The post-retirement adjustment becomes effective following receipt of retirement benefits for 36 months. Additionally, benefits have been increased in the amount of $2 per month for each year on retirement to a maximum of 25 years, or $50 per month. This increase was granted to all persons who had retired prior to July 1, 1971.

In 1974, benefits of those persons retired prior to 1955 were increased to an amount equal to $140 multiplied by the number of years of service credit with a maximum of 32 years. For persons retired from 1955 to 1971, percentage increases in benefits were granted ranging from 21 percent to 5 percent with the amount depending upon the date of retirement. The intent of this legislation was to increase the benefit of each retired teacher to the equivalent of the current 2 percent formula.

Work Restrictions After Retirement

Service retirants may not teach in Ohio public schools during the first two months after retirement. After the first two months they may do substitute teaching in Ohio public schools to a maximum of 100 days with no contributions and no reduction in benefits. Compensation for this substitute teaching service cannot exceed that normally paid substitute teachers in similar positions in the district or institution. Retirants may teach full-time in Ohio schools following 18 months of retirement and with the approval of the retirement board. During this employment, contributions must be made on total compensation and the employer's portion of the allowance is suspended. If the employee gains five additional years of teaching or more, he may at that time apply for retirement a second time and receive another allowance based on the last period of service. In the event he is employed for less than five years, a lump-sum refund of the account is available. At any time after retirement retirants may be employed in any capacity in Ohio except as indicated above, or in any position outside Ohio without suspension of benefits.

Death Benefits

A death benefit of $500 is payable to the estate of each retired teacher, both current and future retirants, upon application.

Survivor Benefits

Two kinds of survivor benefits are provided. These apply to persons not eligible to retire and those who have qualified for retirement. To qualify in the first category the deceased member must have had 1½ years of Ohio service credit with ¼ year of service in the 2½ years prior to the date of death. Widows, widowers, minor children, mentally incompetent adult children, or dependent parents may qualify for benefits.

Survivors qualify for benefits ranging from 25 percent of the final average salary in the case of one survivor to 60 percent of said salary in the case of five or more survivors, with minimum benefits of $96 to $240 per month depending upon the number of survivors.

Benefits are elected in lieu of refund of the deceased member's account. Payments continue to minor children until age 22 if such children are enrolled in school. Payments to legally incompetent children continue for life.

If at the time of death the member was qualified for retirement, the spouse or a person financially dependent upon the member, if named as the sole beneficiary, may receive a monthly benefit computed as a joint-survivor payment.

Other Benefits

The system provides a broad medical health care program for all retired teachers and pays the cost for the retirants. Coverage for a dependent spouse or minor children is available with premium cost being deducted from the benefit payment. This plan provides broad coverage of hospital and other medical expenses, including surgeons' and physicians' fees, prescription drugs and medicines, and virtually all costs.

To retirants in Cuyahoga County, Ohio (Cleveland), the system offers a dual coverage of either the regular program or coverage under the Kaiser Permanent Health Maintenance Organization which operates in that county.

Financing

Benefits are financed *jointly* by member and employer contributions. *Members* currently contribute at the rate of 8 percent of total compensation. Additional deposits may be made by the member to provide additional income at retirement.

Employer contributions for all local public school districts are collected monthly from State School Foundation program allocations prior to distribution. Employers other than local school districts are billed directly for contributions.

The current employer rate is 12.55 percent of covered payroll. Contributions of employers are not credited to the accounts of active members. At retirement the member's deposits with interest are transferred to the pension reserve fund and additional amounts sufficient to provide the total necessary reserve are transferred from the employers' trust fund.

Current *interest* at varying rates was credited annually to the member's account until August 31, 1959. Since then no such direct credit of current interest has been made annually, but interest is credited at time of retirement. The interest rate is recommended by the actuary and approved by the state teachers retirement board. Currently the interest rate is 5 percent.

Tax-Sheltered Annuities

Since September 1964, tax-sheltered annuities have been available to members through the retirement system. A separate account is maintained for tax-sheltered deposits, and a separate statement is sent to the member at the end of the fiscal year. Such deposits may be refunded prior to retirement or may be used at retirement to purchase an annuity.

Investments

As of June 30, 1975, total investments were $3,041,467,914.37.

Current investments comprise federal securities, 1.9 percent; state and local government securities, 0.7 percent; common and preferred stock, 30.5 percent; corporate bonds, 44.3 percent; mortgages, 7.3 percent; and, other (Canadians, real estate, and short term), 15.3 percent.

Administration

The system is governed by a board consisting of the state superintendent of public instruction, the auditor of state, and the attorney general who serve ex-officio; and four elected teacher members who must be members of the retirement system. The board employs an individual as its Secretary who also serves as the Executive Director of the system.

Annually in May, a teacher member is elected by ballot from among the membership. Candidates are nominated by petition signed by at least 500 members, provided there are signatures of at least 20 members from each of at least 10 counties. Vacancies in the terms of teacher members are filled by the remaining members for the unexpired term. Teacher members serve for four years. Ex-officio members' service is governed by the length of term.

Social Security Coverage

None.

Number of Retirants and Benefits Paid

As of June 30, 1975, a total of 39,075 retirants and survivor beneficiaries were receiving benefits, including 1,398 disability retirants. The approximate annual allowance for all retirants was $4,615.

During the last retirement year, a total of 2,906 members retired on service retirement with an average annual benefit of $6,540. In addition, 265 members retired with disability at an average annual benefit of $5,772. The average number of years' creditable service for members retiring on service retirement was approximately 28.8.

Verified by James L. Sublett, Executive Director, The State Teachers' Retirement System of Ohio, 275 East Broad Street, Columbus, Ohio 43215

TEACHERS' RETIREMENT SYSTEM OF OKLAHOMA

The system was established in 1943. The last amendatory legislation was enacted in June 1975. Statutory citation: *1971 Oklahoma Statutes,* 70 O.S. 17-101.

Membership

Membership includes all employees in the public schools and in state-supported colleges. Membership is *compulsory* for the professional staff and is optional for maintenance and clerical employees, bus drivers, and school lunch employees.

As of June 30, 1973, the system had 42,000 active members.

Creditable Service

Prior service is creditable for service rendered in public schools and in state colleges or universities between November 16, 1907, and July 1, 1943, without cost to the member.

Military service is creditable to members who served during national emergencies in the armed forces as defined by the board of trustees. If the military service was before July 1, 1943, prior-service credit is given. If after 1943, the service is creditable, provided the member pays 5 percent of the salary earned on leaving teaching to enter military service during a national emergency or if not a national emergency, 5 percent of first salary upon returning to teach plus 5 percent interest.

Out-of-state service is creditable to a maximum of five years for teaching in the public schools, state colleges, or universities, provided the member is not receiving or is not eligible to receive retirement benefits for such service from another state. Cost to the member is 5 percent of salary he would have received had he been teaching in Oklahoma plus 5 percent interest, and the member must have two years' creditable in-state service for each year of out-of-state service for a maximum of five years of credit.

Withdrawals and Refunds

A member may withdraw from the system after an absence from teaching for a minimum of four months. A withdrawing member is entitled to a refund of his contributions. Beginning July 1, 1968, no further interest is credited to the member's account. For the years accumulated after July 1, 1968, interest will be paid on withdrawals at the rate of 4½ percent compounded annually according to the following schedule: If termination occurs within seven years from the date membership began, no interest shall be paid; with seven years but less than 16 years of membership, 50 percent of the interest shall be paid; with 16 years but less than 21 years of membership, 60 percent of the interest shall be paid; with 21 years but less than 26 years of membership, 75 percent of the interest shall be paid; with 26 years of membership, 90 percent of the interest shall be paid. There is no *service charge.*

Provisions for Members' Borrowing

None.

Vesting and Deferred Allowances

Benefits vest after 20 years of service, and a deferred allowance is payable at age 60 or later. The benefit formula for deferred retirants is the actuarial equivalent of the normal retirement allowance payable at age 62.

Retirement Requirements and Benefit Formulas

Normal retirement is at age 62 with 10 years of service for members who joined the system after July 1, 1967, and at age 62 with one year of service for members who joined earlier. Contributions continue until the close of the school year in which the member attains age 65. The retirement allowance for a classified member under the Maximum Retirement for Life Plan at age 62 or older is \$6.9875 x years of creditable service or the percentage formula as follows, whichever is greater: 1.70 percent x average of salaries for the five highest years x number of years creditable service ÷ 12 = monthly payment.

The retirement allowance for a nonclassified optional member earning less than \$5,100 under the Maximum Retirement for Life Plan at age 62 or older is \$7.225 x years of creditable service or the percentage formula as follows, whichever is greater: 1.70 percent x average of salaries for the five highest years x number years of creditable service ÷ 12 = monthly payment.

Early retirement is at age 60 with a minimum of 10 years of service, or at any age with 30 years of service. The benefit is calculated as for normal retirement on an actuarial basis.

Disability retirement is available at any age to members with 10 years of creditable service. The member must submit to a medical examination and the Teacher Retirement Medical Board must certify that he is mentally or physically incapacitated for further performance of his duties, and the incapacity is likely to be permanent. The benefit for disability retirement is calculated in the same manner as for regular retirement with no reduction because of age.

Compulsory retirement is not required by the retirement law, but other statutory provisions permit local school boards to adopt mandatory retirement regulations.

Work Restrictions After Retirement

A retirant may be employed other than on a full-time basis in the public schools or state colleges or universities of Oklahoma and earn not more than $2,400 per year without affecting his monthly teacher retirement benefits. There are no restrictions on other employment or on teaching outside the state.

Death Benefits

If a member dies while in active service, the total amount of his contributions and interest is paid to his beneficiary or to his estate.

Survivor Benefits

No survivor benefits are provided for survivors of members who die in active service.

When eligible for retirement, a member may select from among five payment plans an option which on the retirant's death will provide a monthly retirement allowance to his beneficiary.

Financing

Benefits are financed *jointly* by member contributions and public revenue.

Members contribute 5 percent of their total gross annual salaries up to $9,500. The member may make additional voluntary deposits in the Oklahoma Teacher Deposit Fund in multiples of $25 for the purchase of annuity. These deposits are not matched by the employer.

The public share of the contribution is by the *state* through dedicated revenue and appropriations to the teachers' retirement system. The state contributes for approximately 50 percent of the benefit.

Interest is no longer credited to a member's account on his deposits effective June 30, 1968. Interest is credited to the Retirement Benefit Fund from which monthly retirement benefits are paid.

Tax-Sheltered Annuities

Available to members from the retirement system.

Investments

The Board of Trustees has full power to invest and reinvest the teacher retirement funds in any property, real, personal, or mixed, in which an individual may invest his own funds. In making investments, the Board shall exercise the judgment and care in the circumstances then prevailing, which men of prudence, discretion, and intelligence exercise in the management of their own affairs, not in regard to speculation but in regard to the permanent disposition of their funds, considering the probable income as well as the probable safety of their capital.

As of June 30, 1975, total investments, exclusive of cash, were $234,943,293; cash on hand was $296,492. Current investments comprise federal securities, 4.326 percent; common and preferred stock, 6.307 percent; and corporate bonds, 89.367 percent.

Administration

The system is administered by a nine-member board of trustees. There are two ex-officio members, the state superintendent of schools and the state treasurer. The other seven members, all appointed by the governor and confirmed by the senate, are a stockbroker, a representative of the insurance industry and specialist in mortgage investments, an investment counselor active in the trust division of a banking institution, a representative of a school of higher education, an Oklahoma school administrator, an active classroom teacher, and a retired classroom teacher. The first three appointive members serve three-year terms, and the last four serve four-year terms.

Social Security Coverage

The Social Security Enabling Act passed by the state legislature in 1955 permitted local school districts to vote on social security coverage for their employees. To date, 97 percent of all teachers in Oklahoma are covered by social security.

The local school district pays the employer's share of the social security tax. Social security benefits are entirely supplemental to retirement allowances.

Number of Retirants and Benefits Paid

As of July 1, 1975, a total of 11,850 retirants and survivor beneficiaries were receiving benefits. During the last retirement year, 959 members retired. For this group the median monthly retirement allowance was $284.79.

During the last retirement year, a total of 959 members retired on service retirement with an average annual benefit of $3,417.48. The average number of years' creditable service for members retiring on service retirement was approximately 30.7.

Verified by Bill Ware, Executive Secretary, Teachers' Retirement System of Oklahoma, P.O. Box 53524, Oklahoma City, Oklahoma 73105.

PUBLIC EMPLOYEES RETIREMENT SYSTEM OF THE STATE OF OREGON

The system was established in 1946. The last amendatory legislation was enacted in 1975. Statutory citation: *Oregon Revised Statutes,* Ch. 237.

Membership

Membership in the system is *compulsory* for all state government and school district employees other than the professional school employees in the Portland School district which has its teachers' retirement system. After July 1, 1973, all new hires will belong to PERS. Participation in the state system is optional for other local government subdivisions. There is a mandatory waiting period of six months before one becomes a member of the system. Higher education members with academic rank may participate in TIAA-CREF on that portion of salary above $4,800.

Teachers who are employed after reaching age 65 may not establish membership in the system.

As of January 1, 1975, the system had 88,653 active members.

Creditable Service

Prior-service credit to a maximum of 20 years is provided for school district and state employees at no cost to the member. Other political subdivisions may grant prior-service credit to their employees without limit.

Military service is creditable and the member contributes on the basis of the salary at entrance into military service.

Withdrawals and Refunds

A member who withdraws from service before reaching earliest retirement age receives a refund of his accumulated contributions plus interest earned. There is no *service charge.* The current rate of interest is 5.50 percent.

Provisions for Members' Borrowing

None.

Vesting and Deferred Allowances

Benefits vest after five years of service. No minimum number of years of service is required for vesting if the employee is within five years of the earliest retirement age at the time of separation from service. A deferred allowance is payable to all employees starting at age 55. The benefit formula for deferred retirants is the same as for retirement at age 60 actuarially equated according to age at which the benefit starts.

Retirement Requirements and Benefit Formulas

Normal retirement for school employee is at the end of the school year after age 65 is reached.

The benefit formula is a money purchase annuity based on the member's contributions plus a formula pension which is 1.0 percent of final average salary (average of three highest years in the 10 years before reaching compulsory retirement age) times years of membership service plus a prior-service pension if the member is eligible for one.

On January 1, 1970, the Variable Annuity Program became operative. Members may elect to place 25 percent, 50 percent, or 75 percent of their contributions in the account.

Early retirement is provided at age 55 to all. The allowance is computed as for retirement at age 60 and is the actuarial equivalent of what would be due at normal retirement age of 60.

Disability retirement is available to members with 10 years of service, provided the disability occurs prior to attainment of the compulsory retirement age. The 10-year service requirement is waived in cases of service-incurred disability. The disability allowance is equal to the allowance which would be payable had the member worked until the age of 60. The minimum benefit is $100 per month.

The retirement law provides for *compulsory retirement* at age 70.

Post-Retirement Adjustments

Adjustments are made on the basis of the CPI in Portland, Oregon.

Work Restriction After Retirement

Retirants are eligible for 600 hours of emergency employment per calendar year with participating employers without affecting monthly *pension* benefits. No work restrictions apply to employment with any employer outside the plan.

Death Benefits

If the member dies before retirement, his beneficiary receives a basic death benefit of the member's accumulated contributions and interest. In addition, there is payable from employer funds an amount equal to the balance in the decedent's account.

Survivor Benefits

Four optional plans of payment are available to members at retirement. Included are a straight life annuity plan, a refund annuity plan, and two options which permit a member to elect a reduced retirement allowance and guarantee a monthly life income for his beneficiary at the annuitant's death.

Other Benefits

At time of retirement, the teacher is eligible for group hospitalization coverage. The premium is deducted from the monthly benefit check, and the teacher may include his or her spouse in the coverage.

Financing

Benefits are financed *jointly* by member contributions and public revenue.

The member's contribution rates vary according to the monthly salary. The schedule is as follows: If the member's salary for a month is less than $500, the rate is 4 percent. If his salary for a month is $500 or more and less than $1,000, the rate is 5 percent. If his salary for a month is $1,000 or more and less than $1,500, the rate is 6 percent. If his salary for a month is $1,500 or more, the rate is 7 percent.

In the case of school employees, the *employer's* share of the contribution is made by the *school district*. The rate of the employer's contribution is actuarially determined to provide a sufficient amount of funds to provide for a guaranteed pension at time of retirement.

Interest is credited annually to each member's account unless separation, death, or retirement occurs, in which case a pro rata share is credited during the year. The interest rate, which is set by the retirement board, is based on actual net earnings. For the 1974 calendar year, the net rate is 5.50 percent.

Tax-Sheltered Annuities

Not available from the system.

Investments

As of June 30, 1975, total investments were $764,184,000. Current investments include federal securities, 1.41 percent; state and local government securities, .05 percent; common and preferred stock, 29.98 percent; corporate bonds, 52.14 percent; mortgages, 8.36 percent; and, other, 8.06 percent.

Administration

The retirement board is composed of five members who are appointed by the governor for four-year terms. Two members may not be employed by a public employer during their terms of office. The other three members of the board must be employees of participating employers and continue to be so employed throughout the terms of their appointment.

Social Security Coverage for Teachers

Social security coverage for teachers was adopted in April 1953, retroactive to January 1, 1951. All school personnel are covered on a state-wide basis. The school districts pay the employer's share of the social security tax. Social security coverage was adopted on a coordinated basis.

Number of Retirants and Benefits Paid

As of June 30, 1975, a total of 21,062 retirants and survivor beneficiaries were receiving benefits, including 1,666 disability retirants. The total approximate annual allowance for all retirants was $31,272,744.

During the last retirement year, a total of 2,032 members reitred on service retirement with an average annual benefit of $2,001. In addition, 251 members retired with disability at an average annual benefit of $1,651.

Verified by James L. McGoffin, Director, Public Employees Retirement System of the State of Oregon, 1221 S. W. Yamhill Street, 200 Terminal Plaza, Portland, Oregon 97205.

THE PENNSYLVANIA PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM

The system was established in 1917 and became effective July 1, 1919. The last amendatory legislation was Act 261 of 1970 Legislature enacted in 1970. Statutory citation: *Purdon's Pennsylvania Statutes Annotated*, Public School Employes' Retirement Code 24 - P.S. - 3101 6/1/59 PL 350.

Membership

Membership in the system comprises full-time employees of the public schools, public community colleges, the state teachers colleges, the state institutions for the deaf and the blind, certain state-owned schools, and any other full-time employees connected with the public schools of Pennsylvania, and any officer or employee in the Pennsylvania State University with previous membership and service credits in the Pennsylvania Public School Employes' Retirement System. Part-time employees are not eligible for membership.

Membership is *compulsory* unless the employee cannot render at least five years of credited service by the end of the school year during which age 70 is reached.

As of June 30, 1975, the system had 199,442 active members.

Creditable Service

Prior-service credit at no cost to the member is provided for full-time service rendered before July 1, 1919, including military service in World War I, under certain conditions.

Military service is creditable under certain conditions.

Teaching in *overseas dependents schools* is creditable. Credit is provided for exchange teachers, those on sabbatical and sick leave, and for summer-school service under certain conditions.

Credit for teaching in the public schools, the state teachers colleges, the state institutions for the deaf and blind, and in certain state-owned schools is provided. Credit from the state employees retirement system *within the state* may be transferred to the teachers system.

Out-of-state service to a maximum of 12 years, or the number of years of Pennsylvania service if less than 12 years, is creditable, provided the member pays the cost.

Withdrawals and Refunds

A member who separates from school service may withdraw his contributions, plus 4 percent interest. There is no service charge. Upon re-entering school service, the employee may redeposit the exact amount withdrawn anytime after his return to service and prior to retirement and regain credit for former service.

Provisions for Members' Borrowing

None. Members may assign up to $750 to an approved teachers' credit union.

Vesting and Deferred Allowances

Benefits vest after 10 years of service. A deferred allowance is payable at age 62. The benefit is calculated as for normal retirement.

Retirement Requirements and Benefit Formulas

Normal retirement is at age 60 with 30 years of service or at 62 with at least five years of credited service or at any age with 35 years of service. The benefit formula is 2 percent of final average salary times years of credited service. Final average salary is the average annual salary for the three highest years. The minimum allowance is $100 for each year of credited service; this amount excludes social security benefits earned by a member of the system.

At the time of retirement, a member may select one of several options which become payable to his beneficiary and the member then receives a reduced allowance.

Early retirement is provided with 25 but less than 35 years of service for those under age 62. The formula is approximately 1/50 of final salary times years of service multiplied by a factor which is determined by the age of the member when application is made and the age at which the member would be eligible to receive a normal allowance.

Disability retirement is available after 10 years of service to members under age 62 who have not completed 35 years of service and who become mentally or physically incapacitated for service.

The formula is 1/50 of final salary times years of service at the time of disability, but not less than 33-1/3 percent of final salary, provided the allowance shall not exceed 8/9 of the allowance to which the member might have been entitled had retirement been deferred to age 62 or to the age prior thereto when the member would have completed 35 years of service.

Compulsory retirement is at age 70 or at the close of the school year during which age 70 is reached.

Work Restrictions After Retirement

A retirant receiving a superannuation or a withdrawal allowance may render service in any position covered by the retirement system for a maximum of 70 days each school year without reduction or suspension of the benefit. There are no restrictions on employment outside Pennsylvania.

A retirant receiving disability allowance may not be employed in any capacity anywhere in connection with the public schools.

Death and Survivor Benefits

Lump-sum and/or monthly payment death benefits at least twice the amount of the member's contributions plus interest are payable to the estate or beneficiary of a deceased member with 10 years of service. If the member dies before eligibility for death benefits, his contributions plus interest are paid to his estate or beneficiary.

No survivor benefits are provided.

Financing

Benefits are financed *jointly* by member contributions and public revenue.

Members contribute 5-1/2 percent of annual salary. Separate accounts of members' accumulated contributions are maintained.

The *state and local school districts* contribute at a rate determined annually by the system's actuary to be sufficient, with members' contributions, to pay the costs of the retirement allowances as they accrue. The state and the local districts pay the entire cost of the retirement allowance for prior service rendered before July 1, 1919.

Interest is credited to members' accounts at the rate of 4 percent compounded annually, and is fixed by law.

Tax-Sheltered Annuities

Not available to members from the system.

Investments

Investments are permitted in corporate bonds, VA and FHA mortgages, FHA projects, Capeharts, P.O. mortgages, municipals, obligations of the state of Pennsylvania and U. S. Treasury issues, and common stocks.

The retirement board has exclusive control and management of the fund, and full power to invest the fund, subject to limitation provided by law. The Treasurer of the Commonwealth is the custodian of the fund and depository for the safekeeping of all securities, and the attorney general is the legal adviser to the retirement board. The board employs investment counsel.

As of June 30, 1975, total investments were $2,897,659,207. Current investments comprise common and preferred stock, 4.8 percent; corporate bonds, 75.5 percent; mortgages, 15.3 percent; and, other, 4.4 percent.

Administration

The system is administered by a nine (9) member retirement board consisting of the secretary of education, who is chairman, the state treasurer, one member appointed by the governor, three members of the system elected from among the membership, an annuitant, one member, not a public-school employee or employee of the state, elected by the board for a term of one year, and the executive secretary of the Pennsylvania State School Directors' Association. The secretary of education appoints a secretary who serves as executive officer.

Regular meetings of the board are scheduled for the third Friday of each month and special meetings are held as required. All members of the board serve without pay.

Social Security Coverage

Social security coverage was adopted in 1957, retroactive to January 1, 1956.

Originally, the plan was integrated on a divisional basis, with the retirement allowance reduced in accordance with the amount of social security benefits earned as a member of the retirement system. In 1961, legislation permitted full supplementation at the time of retirement and 1963 amendments permit full supplementation on a pay-as-you-go basis effective July 1, 1964.

After July 1, 1964, the membership of the retirement system fell into one of three groups: (a) single coverage group—without social security; (b) joint coverage group—social security offset, with option given the member to elect the full retirement allowance at time of retirement by making a lump-sum payment; (c) dual coverage group—social security supplemental to the retirement allowance, with the member's contributions for the full retirement allowance made on a pay-as-you-go basis.

The employer's portion of the social security tax is shared by the state and the local employer.

Number of Retirants and Benefits Paid

As of June 30, 1975, a total of 48,117 retirants and survivor beneficiaries were receiving benefits, including 17,501 disability retirants. The approximate annual allowance for all retirants was $4,522.

During the last retirement year, a total of 3,349 members retired on service retirement with an average annual benefit of $6,138. In addition, 126 members retired with disability at an average annual benefit of $3,924. The average number of years' creditable service for members retiring on service retirement was approximately 26.732.

Verified by Frank R. Cashman, Secretary, The Pennsylvania Public School Employes' Retirement System, 310 N. 2nd Street, Harrisburg, Pennsylvania 17101.

PUERTO RICO TEACHERS' RETIREMENT SYSTEM

The Puerto Rico Teachers' Pension Fund, created in 1917, was replaced in 1951 when the present Puerto Rico Teachers' Retirement System was established. The law has been amended a number of times since then. The last amendatory legislation was enacted in 1974. Statutory citation: *Laws of Puerto Rico*, Act 12 of 1974 and secs. 44 of act 218 of 1951.

Membership

Membership comprises all teachers in active service and those holding positions on the Retirement Board; all teachers covered under the law who are transferred to administrative positions in the Department of Education or in any department of public education of the government of the capital or of the municipalities, or in any public educational institution in the government, except the University of Puerto Rico; teachers employed by the Puerto Rico Teachers Association; teachers in private institutions accredited by the Department of Education, and members of the Legislative Assembly of the Commonwealth of Puerto Rico holding a valid teaching license.

Membership is *compulsory* for all teachers in active service with the Commonwealth of Puerto Rico and is voluntary for those who work in private schools, in the Puerto Rico Teachers Association, or in the municipalities.

As of June 30, 1975, the system had 32,550 active members.

Creditable Service

Credit is granted to any teacher joining the system as of July 1, 1951, or thereafter for all *prior teaching service* in the public schools of Puerto Rico.

Military service is creditable provided the member is a member of the system, contributes on the basis of the salary he was receiving as a teacher when he entered military service, or if he was not a teacher at date he entered military service, then contributes on the basis of the salary he received while in military service.

Leave of absence for study in advanced university courses of not less than 12 credits per year is creditable after the teacher is reinstated, provided he contributes on the basis of the salary he earned when the leave was granted.

Time served in schools in any foreign country under leave granted a member for this purpose by the Department of Education of Puerto Rico, is creditable provided he contributes his share and the commonwealth's share plus interest at the rate of 4 percent annually from the date he was reinstated to the date he requested such credit. *Out-of-state* teaching service is not creditable under any other circumstances.

Teaching in the private schools of Puerto Rico, supervised by the Department of Education, is creditable provided the member pays on the basis of salary earned, considering current rates of contributions, but not less than on the salary of a public-school teacher in the same category.

Contributions for time served under any commonwealth agency, or municipality, or federal agency in the island, for which no retirement credit was granted, are paid by the member on the basis of the salary received by him at the rates in effect during the period to be credited.

For time spent studying under any Veteran Educational Program under the G.I. Bill of Rights the member must pay his contribution and the employer's contribution based on his first salary as a school teacher at the rates in effect during the period to be credited.

Withdrawals and Refunds

A member who withdraws from service is entitled to a refund of his contributions plus interest minus any debt he may have contracted with the fund. There is no *service charge*.

Provisions for Members' Borrowing

Loans against members' contributions are granted to members of the system who hold permanent or probationary contracts or who are employed on a one-year contract, provided the last contract had been renewed for three consecutive years. The amount of the loan may not exceed 90 percent of the member's contributions and may not be less than $300. The loan is repayable in 34 months and may not be renewed until after 12 months from the date it is granted. The interest rate charged is 7 percent. Loans of not more than two monthly salaries are payable on 12 months and cannot be renewed.

Mortgage loans are granted to teachers holding permanent or probationary contracts, provideed they have contributed to the system during 24 months of service and have attained 21 years of age. The loan cannot exceed the amount which the teacher will be able to pay with 100 percent of his net salary after all lawful deductions are made, nor can it exceed the amount the teacher will be able to pay with the estimated annuity at the optional age of retirement. Interest charged on the mortgage loans has been at the rate of 8-1/4 percent since April 28, 1975.

Vesting and Deferred Allowances

A member who withdraws from service with at least 10 years but less than 25 years of creditable service and leaves his contributions in the system is eligible for a deferred retirement allowance at age 60 or later. A member with 25 years of creditable service at time of separation is eligible for a deferred allowance starting at age 55, or at age 52 with a reduction of 5 percent. The benefit formula is 1.8 percent of the highest average salary for three years, multiplied by the number of years of credited service. The minimum annual benefit for 1975-76 is $2,400.

Retirement Requirements and Benefit Formulas

Normal retirement is at age 55 with 25 years of service, or at age 60 with 10 years of service. The member continues to make contributions as long as he remains in service.

The benefit formula is 1.8 percent of highest average salary for three years, multiplied by the number of years of credited service. With 30 years of service or more and before age 55, the teacher will receive an annuity equivalent to 65 percent of average salary and with 30 years of service at age 55 or more, 75 percent. For each additional year of service in excess of 30, accumulated before July 1, 1973, the teacher receives 2 percent of average salary up to a maximum of 85 percent. The minimum annual allowance for 1975-76 is $2,400.

Early retirement is provided at age 52 and less than 55 with 25 years of service and less than 30 with 95 percent of corresponding annuity.

Disability retirement is available at any age to members with five years of service for nonoccupational disability. There is no service requirement for occupational disability. The disability allowance is calculated as for normal retirement. The minimum annual allowance is the same as for normal retirement.

The retirement law provides for *compulsory retirement* at age 65 for all members except those holding office by popular election. With approval of the Secretary of Education, the employer may retain a teacher beyond age 65 for yearly periods.

Post-Retirement Adjustments

Not provided.

Work Restrictions After Retirement

The retirement allowance stops if a retired teacher holds a remunerated position in the government of Puerto Rico, or in any of its agencies, instrumentalities, or political sub-divisions, or in the Puerto Rico Teachers Association.

The benefit of a disability retirant ceases if he is engaged in any employment earning in excess of $2,400 per annum.

Death and Survivor Benefits

Upon the teacher's death in active service, the beneficiaries receive, in addition to the teacher's contributions and interest, one year's salary if the teacher was contributing to the fund or was on sick leave at the time of death, or on maternity leave and the death was directly related to delivery.

Upon death of a retired teacher, the beneficiaries receive the balance of the teacher's contributions after deduction of all annuities paid. A minimum payment of $300 is provided by law. Also, the surviving widow or widower receives one-half of the retired teacher's life annuity as long as he or she remains unmarried, and disabled children and children under 18 receive the other half of the annuity in equal shares if they are following a regular school program. This annuity terminates when the child reaches age 18. Annuity for disabled children continues as long as the disability exists.

Financing

Benefits are financed *jointly* by member contributions and public revenue. *Members* contribute 7 percent of the total monthly salary. There is no provision for additional voluntary deposits for supplementary benefits.

The public share of the financing for public-school teachers is by the government of Puerto Rico. For 1975-76, the government's contribution rate is 8.50 percent of the total monthly payroll for teachers.

Private schools, municipalities, and the Puerto Rico Teachers Association contribute 8.5 percent of the total monthly salaries.

Interest on member's accumulated contributions is credited annually at the rate of 2 percent. The rate is fixed by the retirement board.

Tax-Sheltered Annuities

Not available to members from the system.

Investments

The retirement board is authorized to invest the funds of the system in United States Government bonds; bonds of evidence of indebtedness secured by the Commonwealth of Puerto Rico or by any state of the United States or by any county or city of the United States with a population of no less than 25,000; revenue bonus or any other obligations which are secured by the Commonwealth of Puerto Rico or any state of the United States; Federal Housing Authority mortgages; Veterans Administration first and junior mortgages; entire first mortgages; personal and mortgage loans to teachers; Puerto Rico Development Government Bank and Puerto Rico Housing Bank mortgages; preferred and common stock.

As of June 30, 1975, total investments, exclusive of cash, were $91,929,788; cash on hand was $403,448. Current investments comprise federal securities, 5.36 percent; state and local government securities, 10.79 percent; common and preferred stock, 13.25 percent; corporate bonds, 0.20 percent; mortgages, 65.15 percent; and other, 5.25 percent.

Administration

The system is administered by a retirement board consisting of five members: Secretary of Education or his representative, Secretary of Finance or his representative, and President of the Puerto Rico Teachers Association or his representative, and two members of the system appointed by the governor with the advice and consent of the Senate, for a term of four years.

Members serve without compensation, but are reimbursed for travel expenses incurred in attending the meetings of the board.

Social Security Coverage

None.

Number of Retirants and Benefits Paid

As of June 30, 1975, a total of 5,680 retirants and survivor beneficiaries were receiving benefits, including 972 disability retirants. The approximate annual allowance for all retirants was $3,960.

During the last retirement year, a total of 396 members retired on service retirement with an average annual benefit of $6,432. In addition, 183 members retired with disability at an average annual benefit of $2,952. The average number of years of creditable service for members retiring on service retirement was approximately 31.

Verified by José A. Gorbea, Executive Secretary, Puerto Rico Teachers' Retirement System, Box 1879, Munoz Rivera Avenue, Hato Rey, Puerto Rico 00919

RHODE ISLAND

Series 3—State-wide Public Employees
Systems to Which Teachers Belong
(Without Social Security)

EMPLOYEES' RETIREMENT SYSTEM OF THE STATE OF RHODE ISLAND

The system became operative on July 1, 1936. The last amendatory legislation was enacted in 1973. Statutory citation: *General Laws of Rhode Island*, Ch. 16 and 17 of Title 16.

Membership

Membership comprises all public-school teachers which includes principals, assistant principals, superintendents, assistant superintendents, nurse teachers, attendance officers, and substitute teachers who serve during three-fourths of the school year, and teachers in state schools of higher education, and state employees. Where the provisions differ for state employees and teachers of the cities and towns, *the provisions summarized here apply only to teachers of the cities and towns.* Membership is *compulsory* for those mentioned above and optional for elected officials of the state. Teachers of state colleges or universities must join the system or participate in the T.I.A.A. program. Membership ceases after 38 years of service.

As of June 30, 1974, the system had 11,184 active teacher-members.

Creditable Service

Prior-service credit for teaching service rendered prior to July 1, 1949, is provided at no cost to the member.

Military service is creditable under certain conditions.

Teaching in *overseas dependents schools* is creditable as part of out-of-state service.

Out-of-state service credit is purchasable by a new member to a maximum of five years, provided it was rendered at least 10 years before retirement.

Withdrawals and Refunds

A member who leaves covered service may withdraw his contributions. There is no *service charge*.

Provisions for Members' Borrowing

None.

Vesting and Deferred Allowances

Benefits vest at any age after 10 years of service, and a deferred retirement allowance is payable at age 60. The benefit is calculated as for normal retirement.

Retirement Requirements and Benefit Formulas

Normal retirement is at age 60 with 10 years of service, at age 55 with 30 years of service, or at any age with 35 years of service. Contributions of members cease after 38 years of service. The benefit formula is 1.7 percent for 10 years of service or less, 1.9 percent for 11-20 years of service, 2.4 percent for 21-37 years of service, 3.2 percent for the 39th year of service to a maximum of 80 percent of final average salary (average of the highest three consecutive years within the last 10) times years of credited service to a maximum of 38 years. A retired teacher with 20 or more years of service is guaranteed a minimum retirement allowance of $2,000 per year.

Early retirement is provided at age 55 with 30 years' service. The allowance is the normal allowance actuarially reduced for ages under 55.

Disability retirement is available at any age to members with seven years of service if the disability is non-duty connected. The member is entitled to 1-2/3 percent of average compensation for each year of service. The minimum allowance is 26.5 percent of average compensation.

If disability is duty-connected, the member, regardless of age or years of service, is entitled to 66-2/3 percent of salary at the time of disability, reduced by workmen's compensation payments.

The retirement law provides for *compulsory retirement* at age 70.

Post-Retirement Adjustments

Three percent per year of original retirement allowance to start three years after retirement. Teachers who retired before age 68 receive 1-1/2 percent, increased to 3 percent in 1971.

Work Restrictions After Retirement

Retired teachers may serve as substitute teachers in the Rhode Island public schools for not more than 75 days without affecting the retirement allowance. There are no restrictions on employment in public schools outside Rhode Island, or on private employment in or outside the state.

Death and Survivor Benefits

The benefit payable upon death of a member owing directly to occupational causes is the refund of the member's contributions plus 50 percent of the member's salary at date of death payable monthly to the widow. If no widow survives or if the widow remarries, the benefit is payable to minor children until their attainment of age 18. If no widow or children survive, the benefit is payable to a dependent father or mother for life.

Death of a member, while in service, from other than occupational causes, results in a refund to his beneficiary of his contributions to the system plus a lump-sum payment equal to $400 per year of credited service to a minimum of $2,000 and a maximum of $8,000 for 20 or more years of service.

Teachers receive continued coverage for ordinary death benefit in amounts reduced 25 percent each year after the first year to a minimum of 25 percent of the full benefit at retirement but not less than $2,000.

Upon the death of a retired member not choosing an option, the beneficiary is entitled to a refund which is the greater of the excess of his contributions over pension benefits received.

If a deceased member has contributed to the survivors' benefit fund for six consecutive months prior to death or retirement and leaves a widow and no children, the widow receives a survivor benefit at age 60 ranging from $144 per month to $320, depending upon the last annual salary of the member. Benefits for widows with children under 18 range from $236 per month to a widow with one child to $574 per month to a widow with two or more children, depending upon the last annual salary of the member. When the youngest child reaches 18, the widow is entitled to receive a widow's annuity at a reduced rate.

Survivor benefits are also available to children under age 18 when there is no widow and to dependent parents when there is no widow or child under 18 and the parents are 60 and not entitled to social security benefits based on their own earnings which are greater or equal to the retirement system's survivor benefit.

If a member dies in active service without leaving dependents eligible for benefits, his contributions to the survivors' benefit fund plus interest are payable to his beneficiary. A member with five years of service who withdraws from the system is entitled to a refund of his contributions to the survivors' fund. There is no refund if service is less than five years.

Financing

Benefits are financed *jointly* by member contributions and public revenue.

Members contribute as follows: teachers in state schools of higher education, 5 percent of total salary; teachers of the cities and towns, 6 percent of total salary, plus 1 percent of salary to $9,600 for survivors' benefits. The cities and towns match the 1 percent contribution for survivor benefits.

There is no provision for additional voluntary deposits for supplementary benefits.

Public contributions for retirement benefits are made by the *state* and the cities and towns on an equal basis. The rate (effective July 1, 1972) is 4.5 percent of payroll by each for a total of 9.0 percent. The state contributes 6.5 percent on behalf of teachers in state schools. The state must appropriate regularly enough in combination with members' contributions and interest on investments to provide the benefits. The state's appropriation for the fiscal year ending June 30, 1974, was $4,918,555.

Interest on accumulated contributions is not credited to members' accounts.

Tax-Sheltered Annuities

Not available to members from the system.

Investments

Investments may be made in any securities or investments in which sinking funds of the state of Rhode Island may be invested or in which deposits in savings banks and participation deposits in banks and trust companies may be legally invested.

The investment authority is vested in the Investment Commission.

Administration

The system is administered by an 11-member board of trustees comprised of the state treasurer, director of business regulation, director of administration, commissioner of education, chairman of the House Finance Committee, and chairman of the Senate Finance Committee, all ex officio, and a member elected by the state employees, a member elected by the teachers, and a member appointed by the governor and two municipal members. The treasurer serves as chairman. Terms are for three years. The director of the system serves as executive secretary to the board.

Social Security Coverage

Teachers of cities and towns are not covered by social security except for some in cities and towns which elected social security. Teachers in state schools of higher education are covered by social security.

Number of Retirants and Benefits Paid

As of June 30, 1972, a total of 2,074 teacher-retirants or their survivor beneficiaries were receiving benefits. During the last retirement year, 287 teachers retired.

Verified by Joseph G. Iannelli, Executive Director, Employees' Retirement System of the State of Rhode Island, 304 State House, Providence, Rhode Island 02903.

SOUTH CAROLINA

Series 4—State-wide Public Employee
Systems to Which Teachers Belong
(With Social Security)

SOUTH CAROLINA RETIREMENT SYSTEM

The system was established in 1945. The last amendatory legislation was enacted in 1975. Statutory citation: *Code of Laws of South Carolina, 1962*, secs. 61-1 to 61-214.

Membership

Membership comprises all teachers and employees of the public schools; the staff and employees of the publicly supported institutions of higher learning; the employees of the state departments; and the employees of counties, municipalities, and other political subdivisions of the state.

Membership is *compulsory*.

As of June 30, 1975, the system had 170,000 active members, with approximately 70,000 teacher members.

Creditable Service

Prior-service credit is provided for all service rendered before the system was established, at no cost to the member.

Military service rendered prior to July 1, 1945, is fully creditable at no cost to the member. Credit is granted for military service rendered after July 1, 1945, provided the member makes regular contributions for the period of such service. Military service is credited not to exceed six years in the ratio of one year of military for each two years of South Carolina service.

Out-of-state service is creditable at no cost to the member for service prior to July 1, 1945. Credit for out-of-state service after July 1, 1945, is provided if the member makes regular contributions for it. The employer annuity granted for this service is in the ratio which the member's South Carolina service bears to twice the number of years of out-of-state service. Member cost for out-of-state service is 10 percent of current salary for each year established.

Withdrawals and Refunds

A member who leaves covered employment may withdraw his accumulated contributions plus interest, which is credited annually at a rate of 4 percent. There is no *service charge*.

Provisions for Members' Borrowing

None.

Vesting and Deferred Allowances

Benefits vest after 15 years or more of coverage, and a deferred allowance is payable at age 60. The member's contributions earn interest at the rate of 4 percent compounded annually. The benefit is based upon the formula using average final compensation calculated as for normal retirement.

Retirement Requirements and Benefit Formulas

Normal retirement is at age 65 with no service requirements or at any age with 30 years of service. The member continues to make contributions for as long as he remains in service.

The benefit formula is 1.25 percent of the average salary of the best three consecutive fiscal years of salary, not in excess of $4,800 plus 1.65 percent of the portion of the average salary over $4,800, multiplied by the number of years of service. The minimum benefit is $150 per month with 20 years of service, plus $1.00 a month for service in excess of 20 years for members who are age 65 or retire on disability.

Early retirement is available at any age with 30 years' service.

Disability retirement is available to members with five years of service. If the member is age 65, he receives a service allowance. If the disabled member is under age 65, the disability benefit is that which would have been payable had he continued in service to age 65 at the same compensation, less the actuarial equivalent of the contributions he would have made during such continued service.

The retirement law specifies *compulsory retirement* at the close of the fiscal year in which the member reaches age 72.

Post Retirement Adjustment

An automatic post retirement provision was enacted in 1970 which provides for an automatic adjustment of 4 percent whenever the Consumer Price Index rises 3 percent or more in one year.

Work Restrictions After Retirement

A retirant may accept a position not covered by this system with no restrictions on earnings. A retired member may earn a maximum of $3,000 per fiscal year in covered employment without affecting benefits.

Death Benefits

The member's accumulated contributions plus accumulated interest are refunded to the beneficiary or to the estate of a member who dies in active service. In addition to this refund, if the deceased active member had at least one full year of membership service, a death benefit equal to the annual earnable compensation of the member at the time of his death is payable to his designated beneficiary. Counties, municipalities, and other political subdivisions are exempt from this preretirement death benefit program, but may elect to participate. Once made the election is irrevocable.

Survivor Benefits

If a member dies before retirement after he reaches age 65, or completes 35 years of service, or reaches age 60 with 20 years of service, the designated beneficiary may apply for a joint and last survivorship annuity as provided by Option 2.

Upon retirement a member may elect to receive a straight life annuity with all payments to cease, except the balance of his contributions and interest, at his death or one of three options to provide for payments to a survivor-beneficiary.

Financing

Benefits are financed *jointly* by member contributions and public revenue.

Members of Class 2 (which includes all school employees) contribute at the rate of 4 percent of annual salary up to $4,800 and at the rate of 6 percent of salary above $4,800. There is no provision for additional voluntary contributions for supplementary benefits.

The employer's contributions for teachers and other employees of the public schools are paid by the *state* in an annual appropriation. The state contributes at the rate of 7.1 percent of salary.

Interest at 4 percent compounded annually is credited on the balance in the member's account at the end of the preceding fiscal year. The rate is set by the retirement board.

Tax-Sheltered Annuities

Not available from system.

Investments

As of June 30, 1975, total investments were $800,000,000.

Current investments comprise federal securities, 21 percent; state and local government securities, 2 percent; and, corporate bonds, 77 percent.

Administration

The system is administered by the State Budget and Control Board composed of the governor, state treasurer, comptroller general, chairman of the Senate Finance Committee, and the chairman of the House Ways and Means Committee.

Social Security Coverage

Social security coverage was adopted in 1955 and became effective July 1, 1955. Coverage is state-wide and includes all employees. The employer's share of the social security tax is paid by the state. Social security coverage was adopted on a coordinated basis.

Number of Retirants and Benefits Paid

As of June 30, 1975, a total of 13,561 retirants and survivor beneficiaries were receiving benefits, including 998 disability retirants. The approximate annual allowance for all retirants was $29,000,000.

During the last retirement year, a total of 1,201 members retired on service retirement with an average annual benefit of $4,000. In addition, 225 members retired with disability at an average annual benefit of $3,000.

Verified by P. W. Collins, Director, South Carolina Retirement System, P.O. Box 11960, Capital Station, Columbia, South Carolina 29211.

TENNESSEE TEACHERS' RETIREMENT SYSTEM

The system was established July 1, 1945. It was significantly changed in 1957, when it was divided for social security coverage. In 1967, a fixed-formula method of computing benefits was added as an alternative to the money-purchase plan for the then existing active members. Effective July 1, 1972, the teacher system became a part of the Tennessee Consolidated Retirement System. Teachers and state employees are now under the improved provisions of the new Tennessee Consolidated Retirement System.

Membership

Membership in the system comprises teachers and other professional personnel in the public school systems, all higher education employees (except the University of Tennessee), and all general state employees. Members of the judiciary and high-risk employees, such as highway patrolmen, are in the same system but in different groups with somewhat different and higher contributions and benefit provisions.

Membership is *compulsory* for all persons entering service after July 1, 1945. The maximum entrance age is 70.

As of June 30, 1975, the total membership in the Tennessee Consolidated Retirement System was 176,501, of which approximately 62,826 were teachers.

Creditable Service

Creditable service consists of three types:

1. *Membership Service*—Active membership service in the Tennessee Teachers' Retirement System or the Ternessee State Employees' Retirement System between July 1, 1945, and June 30, 1972, and active service in the Tennessee Consolidated Retirement System after July 1, 1972.
2. *Prior Service*—Prior service is established Tennessee teacher service rendered prior to July 1, 1945. There is no maximum allowable limit. The state pays all the cost of prior-service credit.
3. *Military Service*—Military service can be established for retirement provided (a) the member has four years' creditable service; (b) the military service was during any period of armed conflict as defined by the Board of Trustees; (c) the member does not receive retirement credit in any other retirement system for his military service; (d) the member was honorably discharged; and (e) the number of years of military service which can be established is limited to four.

There is no time limit within which the military service credit must be established. The state pays the total cost of the retirement on behalf of military service.

Re-establishment of Lost Service Credit

Anyone who is an active member at the date of re-establishment may establish previously lost service. The member repays the withdrawn contributions, plus interest at the rate of 6 percent per year for each year since the withdrawal of funds. A former member who is not now an active member may re-establish previously established service upon repayment of the amount of withdrawn contributions, plus interest at the rate of 6 percent for each year since membership if he had 10 or more years of creditable and/or prior service.

Withdrawal and Refunds

Any member who is out of teaching service at least four months and who has not retired may apply for and receive a refund of his contributions, plus interest. There is no *service charge*.

Provisions for Members' Borrowing

None.

Vesting and Deferred Allowances

Benefits are vested after 10 years of creditable service for teachers below the college level, and after four years for the members in colleges and universities. A deferred allowance is payable at age 60. For members in the public schools, funds are vested after four years of creditable service, but on a percentage of full benefits.

Retirement Requirements and Benefit Formulas

For those members who did not elect to add social security to the reduced retirement system of 1957, the benefit is computed as follows: Determine the average salary for the top five years, then multiply the average by 1-7/8 percent times the total number of years' creditable service. This will produce the annual retirement benefit.

For those members who have social security as a part of the retirement system: Determine the average salary for the top five years; multiply that part up to the social security integration level, which is now $6,000, by 1-1/2 percent; then multiply that part above the social security integration level by 1-3/4 percent. Add these two factors and multiply by the total number of years of creditable service to produce the annual retirement benefits. Social security is totally in addition to this computation.

For those members who did not elect social security in 1957, full benefits under the above-mentioned formula are available at either age 60 or with 30 years of service. For those members with social security as a part of their retirement plan, full benefits are available at age 65 or with 35 years of creditable service; or full benefits of the old Tennessee Teachers' Retirement System are available at age 60 or with 30 years' creditable service, if larger, for those who were members as of June 1, 1972.

Early retirement is available at age 60 or with 30 years of service. For those who retire before age 65 and have less than 35 years of creditable service, the service retirement benefits are reduced by four-tenths of 1 percent multiplied by the lesser of (a) the number of full months younger than age 65, or (b) the number of full months short of having 35 years of creditable service. For those who did not elect social security, there is an annual minimum benefit of $91.92 times the number of years of retirement credit. For those who did elect social security, there is an annual minimum benefit of $84.00 times the number of years of creditable service, plus social security benefits.

Disability retirement is available at any age to a member with at least five years of creditable service. The disability allowance is 90 percent of the regular retirement. If a member has less than 20 years of creditable service, the number of years which could have been earned up to age 65, not to exceed 20, will be used in determining the annual amount of disability retirement. Social security is in addition. Disability benefits for those with only retirement are slightly different.

Retirement is *compulsory* at the end of the school year in which age 65 is attained. The employer may waive this provision each year to the end of the school year in which the member attains age 70.

Post-Retirement Adjustment

There is an automatic post-retirement adjustment. Each year the national cost of living increases by 3 percent or more, the retired member's initial retirement allowance is increased by 3 percent.

Work Restrictions After Retirement

There are no restrictions as to amount of income or type of job which a member can hold after retirement except that he cannot hold any job for which membership in the Tennessee Consolidated Retirement System is available, except as a substitute teacher. A member may do substitute teaching for 90 days or teach in adult education programs not to exceed 420 hours per school year without loss or suspension of benefits.

Death and Survivor Benefits

A member can take an actuarial reduction and choose either a 100 percent joint and survivor or a 50 percent joint and survivor benefit. Modifications can apply to either of these retirement options by the retired member taking an additional reduced benefit and providing that his allowance will revert to the maximum in the event the beneficiary predeceases the member.

For those members who do not have a retirement option in effect at the time of death, there is a provision for a lump-sum death benefit to a beneficiary or estate. This lump-sum death benefit is equal to twice the total accumulated contributions, plus interest, of the member at the time of death. Under any of the retirement provisions, the beneficiary or estate will always receive at least as much as the member contributed, plus accumulated interest.

Financing

Benefits are financed *jointly* by member contributions and public revenue.

Members with social security coverage contribute 4-1/2 percent of social security covered compensation and 5 percent of salary above such compensation. Members without social security contribute 7 percent of full salary.

Tax-Sheltered Annuities

Not available to members from this system.

Investments

The state treasurer, who is chairman of the Board of Trustees of the Tennessee Consolidated Retirement System, shall nominate with the advice and consent of the Board an Investment Advisory Council. It is the duty of the Council to establish the investment policy for the retirement system. However, the investments shall be subject to the approval of the Board of Trustees. The sum invested in common and preferred stocks cannot exceed 50 percent of the total funds of the retirement system. The treasurer is the custodian of the funds of the retirement system.

As of June 30, 1975, total investments were $709,059,904. Current investments comprise federal securities, 5 percent; common and preferred stock, 17 percent; corporate bonds, 61 percent; and, other, 17 percent. Bonds, mortgates, and convertible debentures are reflected at par value, and corporate stocks at book value.

Administration

The system is administered by a 10-member Board of Trustees including as ex-officio members the state treasurer as chairman, the state comptroller, the commissioner of finance and administration, and state attorney general, the chief justice of the state supreme court, two members elected by the Representative Assembly of the Tennessee Education Association.

Social Security Coverage

Social security coverage was adopted on a divisional basis, effective January 1, 1956. All new-entrant members after July 1, 1957, automatically become members of the combined retirement and social security plan.

Social security coverage is state-wide. The state pays the employer's share of the social security tax.

Social security coverage was adopted on a coordinated basis.

Number of Retirants and Benefits Paid

As of June 30, 1975, a total of 21,929 retirants and survivor beneficiaries were receiving benefits, including 1,164 disability retirants. The approximate annual allowance for all retirants was $61,633,115.

During the last retirement year, 1,860 members retired on service retirement with an average annual benefit of $2,196. In addition, 262 members retired with disability at an average annual benefit of $1,200. The average number of years of creditable service for members retiring on service retirement was approximately 23.36.

Verified by Tennessee Teachers' Retirement System, Andrew Jackson State Office Building, Nashville, Tennessee 37219.

TEACHER RETIREMENT SYSTEM OF TEXAS

The retirement system was established in 1937. Numerous revisions have occurred in the retirement law with the last amendatory legislation being enacted in 1975. Statutory citation: *Texas State Constitution,* Art. XVI, sec. 67, and *Texas Education Code,* Chapter 3.

Membership

Membership comprises teachers and all other employees of the public schools, employees of the state-supported colleges and universities, employees of the state board of education and county school boards, and employees of the retirement system. Membership is *compulsory* with these exceptions: (a) teachers who signed waivers in 1937 and auxiliary employees who signed waivers in 1949; (b) persons over age 60 when they first enter covered employment; and (c) teachers in institutions of higher education who choose an optional insurance annuity program. Persons who signed waivers and persons over age 60, as described in a and b, may become members.

As of July 1, 1975, the system had 355,000 active members.

Creditable Service

For teachers and clerical and administrative personnel, *prior-service credit* is provided without cost to the member for all service rendered before September 1, 1937; for auxiliary employees (cafeteria and maintenance employees, bus drivers, etc.) prior-service credit is granted for all service before 1949. Five consecutive years of membership service are required to establish prior-service credit for those not in service at these dates.

Most *military service* may be purchased for retirement credit if the member was called to active duty from covered employment. A member may purchase up to five years of World War II, Korea, or Vietnam military service if first employment in a covered position was not until after the military service.

Teaching in *overseas dependents schools* may be purchased as out-of-state credit.

Credit for eligible *out-of-state* service in public schools or colleges may be obtained at an annual cost of 12 percent of annual salary for the member's first year of service in Texas after the out-of-state service and after September 1, 1956. The maximum cost for one year of out-of-state service is $1,008 if the first year of Texas service after the out-of-state service was before the 1969-70 school year. $3,000 is the maximum cost if the first year of service is after September 1, 1969. Ten years of creditable Texas service is required before the member is eligible to make payment. One year of out-of-state service may be purchased for each year of Texas service to a maximum of 10 years of out-of-state service. A 5 percent fee is charged if payment is not made during the year in which the member becomes eligible to purchase the service.

Transfer of service and funds of teacher members and auxiliary members is permitted between the Teachers Retirement System and the State Employees Retirement System.

Withdrawals and Refunds

Upon termination of his employment in the public schools of the state, a member may withdraw his accumulated contributions with interest. There is no *service charge* for withdrawal, but a $5 membership fee is paid annually by each member.

Absence from covered service for more than five consecutive years terminates membership unless the member has a vested interest. Re-employment in a covered position for a maximum of two consecutive subsequent years and repayment of amount withdrawn plus a 5 percent per year reinstatement fee gives the member credit for service before withdrawal of his account or absence of more than five years.

Provisions for Members' Borrowing

The retirement law expressly prohibits a member from borrowing or assigning his account as collateral.

Vesting and Deferred Allowances

Retirement benefits vest after 10 years of creditable service. A member who leaves covered service within five years of reaching normal retirement age, with at least 10 years of creditable service, is also covered by death and survivor benefits.

The benefit formula for the deferred allowance is the same as for normal retirement.

Retirement Requirements and Benefit Formulas

Normal retirement is at age 60 with 20 years of creditable service or at age 65 with 10 or more years of creditable service. Members contribute as long as they remain in service.

The benefit formula is 1.75 percent of average annual salary for the best five years times years of creditable service. ($25,000 is the maximum salary that can be used.)

This amount is payable to the retired member as a single life annuity. By choosing an option, the member may elect an actuarially equivalent joint and survivor annuity with 100 percent or 50 percent to the survivor, or a guarantee of payments for a minimum of five years or 10 years. In addition to any retirement plan which might be chosen, all retired members are covered under the survivor benefit provisions. Regardless of the retirement plan selected, the beneficiary is guaranteed no less than a return of the member's deposits plus interest less annuity payments which have been made.

The minimum standard retirement benefit for teachers is $6.50 per month ($5 per month for auxiliaries) for each year of creditable service.

Early retirement is at age 55 with 15 years of service. The retirement benefit is figured as for normal retirement except that it is actuarially reduced from age 65 for those retiring with less than 20 years of service, and from age 60 for those with 20 years or more of service. Early retirement is also available at any age with 30 years of service under the normal retirement formula, but the allowance is actuarially reduced from age 60.

Disability retirement is available only for total and permanent disability regardless of age or years of service rendered. With 10 or more years of service the disability benefit is calculated as for normal retirement without reduction. A minimum benefit of $50 per month is guaranteed. With less than 10 years of service, the benefit is $50 per month for the number of months of service. The disability benefit is payable for life to a member with 10 or more years of service. Full death benefits continue for members on disability retirement.

Compulsory retirement is not required by the retirement law. Retirement age is determined by each local school board.

Post-Retirement Adjustment Provisions

The plan does not provide for automatic post-retirement increases. However, the Legislature has approved 10 increases during the history of the System. Most recent increases were voted in 1967, 1969, 1971, and 1975. The 1975 increases amounted to between 5 percent and 18 percent with the large increases going to members who retired before March 1969.

Work Restrictions After Retirement

Retirants may substitute to a maximum of 100 days or teach one-third time in public education institutions without suspension of the retirement benefit. Other regular employment in an agency included in the retirement system forfeits benefits for any month in which the employment occurs. No deposits may be made or credit given for service after retirement, except for retired members who return to regular public-school employment for five consecutive years. These retired members may make the necessary deposits, refund any annuity payments, and re-retire.

Retirants are eligible for employment in other states or in a position not covered by TRS without affecting the retirement benefit.

Death Benefits

Before retirement: (a) A lump-sum payment equal to a member's annual salary but not to exceed $25,000 or (b) a return of accumulated contributions with interest. (c) 60 monthly payments equal to the earned Standard Annuity, or (d) lifetime payments equal to an actuarial equivalent of the Standard Annuity, or (e) in lieu of one of the preceding death benefit payments, the beneficiary may select survivor benefits. A death benefit plan is selected by the beneficiary after the member's death. The member must have been in active service with justifiable cause or within five years of reaching retirement age if the member was absent from service and had a vested interest.

Survivor Benefits

1. In-service death: A $500 lump-sum payment plus: (a) $150 per month to an unremarried widow or dependent widower with children under age 18 with payments ceasing when the youngest child reaches age 18; (b) $75 monthly payments resume at age 65 if the widow or dependent widower remains unremarried; or (c) if the designated beneficiary or beneficiaries are the deceased's dependent children, monthly payments will be $150 if there are two or more children under age 18 and will be reduced to $75 when there is but one child under age 18.

2. Death after retirement: (a) Any beneficiary receives a $500 lump-sum payment and (b) if the beneficiary is the widow or dependent widower, monthly payments of $75 begin at age 65 and continue for life or until remarriage. Monthly benefits will also be provided should there be any dependent children under age 18.

(NOTE: Monthly survivor benefits are reduced by one-third for the beneficiary of an auxiliary member who was earning less than $3,800 per year.)

Financing

Benefits are financed *jointly* by members' contributions and public revenue. *Members* contribute at the rate of 6 percent of annual salary to a maximum of $25,000. There is no provision for voluntary contributions for supplemental benefits.

The *state* matches the member's contributions. The employer's contributions are not credited to the individual member's account. The state appropriation for 1975-76 is estimated to be $175,933,170.

Interest at the rate of 5 percent per year is credited to members' accounts each August 31 on the basis of the average balance in the accounts for the year. The rate is fixed by the retirement law.

Tax-Sheltered Annuities

Not available to members from the system.

Investments

The retirement funds may be invested in U. S. Government or Agency securities and guaranteed loans, state and municipal bonds, corporate debt obligations, and common stocks.

The fund is managed by the 3oard of Trustees through an investment department of the Teacher Retirement System. Professional investment counsel is retained and an investment advisory committee from the Texas financial community advises the Board on policy.

As of June 30, 1975, total investments were $2,615,132,204. Current investments comprise federal securities, 22 percent; common and preferred stock, 30 percent; and corporate bonds, 48 percent.

Administration

The Board of Trustees consists of nine members. Three are appointed by the governor, with the advice and consent of the senate, for six-year terms with one term expiring every two years. Two members are appointed for a six-year term by the state board of education subject to confirmation of two-thirds of the senate. Three members are appointed by the governor from a slate of three teacher-members nominated by the membership of the system by written ballot. One member is appointed by the governor from a slate of three retired teacher members nominated by the retired members.

Social Security Coverage

Social security coverage was adopted in 1956. All employees of senior colleges and universities are covered. The state pays the employer's share. Local school districts operating elementary or secondary schools or junior colleges may cover employees with social security on a local option basis. The local school district pays the employer's portion of the social security tax. Social security benefits are fully supplemental to the retirement benefits.

Number of Retirants and
Benefits Paid

As of June 30, 1975, a total of 53,207 retirants and survivor beneficiaries were receiving benefits, including 2,423 disability retirants. The approximate annual allowance for *all* retirants was $3,252. The average annual benefit for retired *teacher* members was $4,097.

During the last retirement year, 4,303 members retired on service retirement with an average annual benefit of $4,736. Of this number, 3,430 were classified as teacher members and they had an average annual retirement benefit of $5,636. In addition, 462 members retired with disability at an average annual benefit of $1,975. The average number of years of creditable service for members retiring on service retirement was approximately 27.

Verified by Frank M. Jackson, Executive Secretary, Teacher Retirement System of Texas, 1001 Trinity, Austin, Texas 78701.

Series 4—State-wide Public Employee
Systems to Which Teachers Belong
(With Social Security)

UTAH STATE RETIREMENT SYSTEM

A teachers' retirement system was established in 1937 and covered teachers only. In 1945 the law was amended to include all other full-time school employees. In 1953 the legislature repealed the law and placed school employees under social security, retroactive to January 1, 1951. A new state retirement system was established January 1, 1954. Retroactive coverage costs of social security were paid out of members' accumulated contributions and funds that had been contributed by employers to the former retirement system. Remaining assets of the system were transferred to the new system except that members had the choice of electing a refund of their contribution balance in lieu of credit for past service. The 1961 legislature separated the computation of state retirement benefits from social security by eliminating the so-called 70 percent off-set provision. Members are covered by both programs, and upon retirement will receive a benefit from each system. In 1963, legislation was enacted to consolidate the administration of all the Utah retirement systems under a single Utah State Retirement Board.

In 1967 the legislature consolidated the Utah School Employees' Retirement System, described above, and the Utah Public Employees' Retirement System (1961) into one system with identical benefits and largely identical provisions for the two merging groups. The last amendatory legislation was enacted in 1975. Statutory citation: *Utah Code Annotated* 1953, Title 49, Chapter 10.

Membership

Membership comprises all full-time public-school and generally all public employees in the state (including institutions of higher learning) if they are not members of another retirement plan, and employees of the state board of education and of the retirement board. Temporary employees (employed less than four full months) and exchange teachers are excluded from membership. Membership is *compulsory.* Higher education personnel may belong to TIAA-CREF.

As of June 30, 1975, the consolidated system had 62,400 members and retirants. Of this number, the School Division had 32,000 active members and 4,494 retirants.

Creditable Service

Prior service rendered by teachers before July 1, 1937, is creditable at no cost to the employee, provided he was in teaching service in the 1937-38 school year, or he was in teaching service in the 1946-47 school year and had taught in a membership status during any two school years between 1938 and 1944, or he was a member of the system on January 1, 1954, and had not forfeited any service by taking a refund previously and failing to make a redeposit.

Military service may be purchased under designated circumstances. Parochial-school service in Utah rendered before July 1, 1937, is creditable under limited circumstances.

Out-of-state school service and *overseas dependents schools service* are not creditable.

Withdrawals and Refunds

A member who terminates his employment may withdraw his contributions plus 5 percent interest. However, contributions may be left in the system to be credited with the regular annual interest rate.

Upon return to full-time covered service, employees who have withdrawn may redeposit their contributions. This may be done on a monthly basis within 24 months of re-entry, or on a lump-sum basis any time up to four years prior to retirement. Interest is charged from the time of the original refund to the time of redeposit.

Provisions for Members' Borrowing

None.

Vesting and Deferred Allowances

Benefits vest after the member accumulates the required service credits to qualify for retirement as described below. The member need not be in active service at the time the retirement payments start. The benefit formula is the same as that used for a member who has remained in active service up to retirement.

Retirement Requirements and Benefit Formulas

Normal retirement is at age 65, with four years of service or at any age with 30 years of credited service. The benefit formula is 1.1 percent times years of service times final compensation (the average salary of the highest paid five consecutive years in the last 10 years of service) for all service before July 1, 1967 (1.15 percent per year of prior service if final average salary is $500 or less) plus 1.25 percent per year of service between July 1, 1967, and June 30, 1975, plus 2 percent per year of service after July 1, 1975, times final average salary.

Early retirement is at any age with 30 years of service, at age 60-61 with 20 years of service, and at age 62-64 with 10 years of service. The normal allowance is reduced for early retirement at the rate of 3 percent each year from age 60 to age 65.

Disability retirement is available at any age with 10 years of creditable service, provided application is made within two years of the last day of service rendered. The disability must be permanent or of an indefinite duration. The normal disability yearly allowance for a member under age 60 is computed as for service retirement without reduction because of early retirement. After age 60 the benefit is reduced for early retirement. The minimum monthly disability payment is 10 percent of the member's average monthly final compensation.

The retirement law does not provide for *compulsory* retirement although most school districts and other employers do at age 65.

Post-Retirement Adjustments

A 4 percent cost-of-living increase in the normal allowance is granted each year in which the cost of living rises 4 percent or more. If the cost of living decreases, benefits may be reduced but not lower than the original allowance.

Work Restrictions After Retirement

Retirants may earn whatever is permitted by Social Security without penalty in a covered position, without cancellation or suspension of benefits. Additional work beyond the permitted maximum results in the suspension of the pension portion of the allowance during the remainder of the calendar year.

Retirants may accept any type of employment outside the state with no effect on benefits. Employment in a noncovered position in the state is permitted.

After a member has been on retirement for a minimum of one year, he may cancel his retirement and return to full-time public service in Utah. After two years of service or longer, he may again retire and his allowance will be recomputed on the then current formula and his new salary and service records.

Retirants and employers are required to make the normal contributions to the retirement fund on covered post-retirement employment. The retirants' contributions, together with interest earnings are refundable; or if they, together with matching employer contributions will purchase an annuity amounting to $5 or more per month, the retirant may select this in lieu of a refund.

A member receiving disability retirement to age 60 may earn an amount equal to final average salary less his allowance.

Death Benefits

Beneficiaries receive 50 percent (limited to a maximum of $1,000 for each year of service) of final average annual salary with a $600 minimum, plus refund of the member's contributions plus interest. If the beneficiary is not a spouse, dependent child, or handicapped child, the death benefit is the return of all contributions plus interest. Beneficiaries of inactive members receive a refund of contributions and interest only.

A retiring member may also select a lump-sum benefit in units of $500 up to a maximum of $3,000, payable at death. The member bears the cost of this benefit. There is a monthly reduction of $2.26 from the retirement allowance of a male member age 65 for each $500 unit selected; the reduction for the female member is $1.74 per month. The spouse of a retiring member may be covered with a lump-sum death benefit in either a $500 or $1,000 amount. Cost of this benefit is paid by the retiring member.

Survivor Benefits

The spouse of a member who dies after qualifying for retirement but before retiring, is eligible to receive a reduced allowance in lieu of the lump-sum death benefit.

At time of retirement members may elect one of four options for payment of retirement benefits so that their designated beneficiaries will receive payment of a lump-sum or monthly benefit after the retirant's death. Retiring members who select a plan which continues an allowance for a surviving spouse may also select a "pop-up" option which restores the original allowance if the retirant outlives the spouse. Selection of this additional option further reduces the allowance.

Financing

Benefits are financed *jointly* by member contributions and public revenue. *Members* contribute 5 percent of total salary.

Public financing is by the employer (school district, college, or other unit) and is 5 percent of the member's total salary. In addition, effective July 1, 1975, members and employers begin making supplemental contributions in the amount of 1.05 percent each. This rises to 2.10 percent each on July 1, 1976; 3.15 percent each July 1, 1977; and 4.20 percent each on and after July 1, 1978. School districts are reimbursed by the state for their contributions to the retirement system. Members may make unlimited voluntary contributions but no less than $25 per month.

Effective July 1, 1972, employers had the option to pay the employees' contribution; if paid, contributions are posted to members' accounts and are available to members. Employers are not permitted to pay the member's supplemental contribution.

Interest at the rate of 5 percent (effective July 1, 1973) is credited annually to a member's account each June 30 on the basis of the amount in the account the previous July 1. The rate is established by the retirement board.

Salary Deferral Investment Program

A salary deferral investment program received IRS approval for the state of Utah and other political subdivisions for their employees. Enrollment is once yearly, except for newly hired employees, who may apply within 30 days after employment. The program permits employees to enter into an agreement with their employers to defer a portion of their future salaries for later payment. The salaries deferred are channeled into either a stock or income investment program managed by the Retirement Office. The deferred salary is not subject to federal income tax until it is distributed. The salary deferral program will be extended to eligible employers as time and staff permit.

Investments

Investment of retirement funds is permitted in U. S. Treasury obligations, obligations of U. S. agencies, municipal bonds, FHA mortgages, corporate securities, and common stocks rated A or better by one standard rating service.

The Utah State Retirement Board handles the investments for this system, and all other Utah state-wide retirement systems.

As of June 30, 1975, total investments for the combined fund, exclusive of cash, were $311,000,000 (all systems); cash on hand was $21,826. The yield to maturity on the fund was 6.23 percent.

Administration

The State Retirement Office is administered under the general direction of a retirement board of seven members, six of whom are appointed by the governor on a nonpartisan basis. The seventh member is the state treasurer who serves ex officio, with full voting privileges. Three appointments are made from lists of recommended candidates submitted by public employee and employer organizations, provided two are school employees and one is a public employee not engaged in a school service. Two members are appointed from the public as public representatives, one of whom must be experienced in investments and one experienced in banking. One member is appointed as a representative of the employers covered by the various systems. Terms of office are for six years, one term expiring each year.

The executive director is appointed by the retirement board to administer the retirement office. The director, within the limits of the annual budget approved by the board, employs such staff personnel and consultants as deemed necessary to administer the retirement systems and the funds assigned to the retirement office for administration.

Social Security Coverage

Social security coverage was adopted for school employees, effective January 1, 1954, and retroactive to January 1, 1951. School districts pay the employers' share of social security but are reimbursed by the state. Social security is fully supplemental to the Utah State Retirement System.

Number of Retirants and Benefits Paid

As of June 30, 1975, a total of 4,494 school retirants and survivor beneficiaries were receiving benefits. Additional benefits are paid to many retired members but are not considered as part of the basic retirement allowance. During the last retirement year, 346 members retired. For this group the average annual retirement allowance was $1,874.16 for service retirement.

Verified by Leonard W. McDonald, Executive Director, Utah State Retirement Board, 326 South 5th East, Salt Lake City, Utah 84102.

STATE TEACHERS' RETIREMENT SYSTEM OF VERMONT

The original voluntary-membership system established in 1919 was succeeded on July 1, 1947, by the present system in which membership became mandatory on employment; effective July 1, 1972, membership is optional on employment; mandatory at the beginning of the following school year. The last amendatory legislation was enacted in 1972. Statutory citation: *Vermont Statutes Annotated*, secs. 1931-1949.

Membership

Membership comprises teachers, principals, supervisors, and superintendents regularly employed full time or part time in a public day school within the state, or in any nonsectarian nonprofit private school serving as a high school for the town in which located; and persons employed in a teaching capacity in public or quasi-public institutions designated by the Board of Trustees.

Membership is *optional* for teachers after July 1, 1972; and, mandatory at the beginning of the following school year.

As of June 30, 1975, the system had 7,496 active members and 1,490 retired members.

Creditable Service

Prior-service credit is provided at no cost to members who were in the system in 1947-48 for Vermont teaching service rendered prior to July 1, 1947. The maximum credit allowable is 30 years. Any member who was not teaching regularly in 1947-48 and who joined the system on or before June 30, 1963, is entitled to full credit for years of teaching service in Vermont prior to July 1, 1947.

Full credit for *military service* is provided for military or naval service performed prior to July 1, 1947, or during membership in the system. Credit up to three years for military service during nonmembership may be purchased.

Out-of-state school service may be purchased to a maximum of 10 years' credit on a year-to-year basis and, credit for up to 10 years of out-of-state service may be purchased by a member toward the 10 years of service required for eligibility for disability retirement. Cost is determined by average final compensation and age at retirement.

In-state school service—credit lost by withdrawal from previous Vermont membership may be purchased to a maximum of 10 years. Cost is determined by repayment of refund plus interest.

Teaching in *overseas dependents schools* is not creditable.

Full credit is granted to members who are given a leave of absence for professional study or for acceptance of an exchange position.

Withdrawals and Refunds

A member who withdraws from service before retirement receives a refund of his contributions plus full interest. There is no *service charge.*

Provisions for Members' Borrowing

None.

Vesting and Deferred Allowances

Benefits vest after 10 years of creditable service and a deferred allowance is payable at age 60. The benefit formula for deferred benefits is the same as for normal retirement.

Retirement Requirements and Benefit Formulas

Normal retirement is at age 60 regardless of years of service, or in advance of age 60 on completion of 30 or more years of service.

The benefit formula is 1.667 percent of the "consecutive high 5-year salary-average" times years of Vermont service credit to a maximum of 30 years. The minimum annual allowance is $2,600 or at least 50 percent of the "consecutive high 5-year average" for 30 or more years of service, with proportionate reductions for service of less than 30 years.

Early retirement is provided on attainment of age 55, regardless of years' service credit. The benefit formula is the same as for normal retirement, actuarially reduced owing to earlier age at retirement.

Disability retirement is available at any age to members with 10 years of service credit, the last five years of which must be in Vermont teaching service. A member is eligible for disability retirement if mentally or physically disabled for teaching with certification that the disability is "likely to be permanent." The allowance is calculated as if the member had attained age 60, with the return from annuity portion actuarially reduced according to the actual age at time of disability retirement.

The retirement law provides for *compulsory retirement* at the end of the school year in which the member attains age 70.

Post-Retirement Adjustment

An annual adjustment is provided relative to the ratio increase in CPI, with a minimum adjustment of 1 percent and a maximum adjustment of 5 percent.

Work Restrictions After Retirement

Retirants may do substitute teaching up to 60 days in schools covered under the retirement system, or work part time in covered employment and earn up to $3,400 without suspension of benefits. There are no other employment restrictions.

Death and Survivor Benefits

The member's accumulated contributions plus interest are refunded in a lump sum if the member dies in active service. If death occurs at age 60 or over, or if the member had 20 years or more of Vermont service credit, the surviving spouse has the choice of three options for payment of survivor benefits.

Survivor benefits equal to 10 percent of average final compensation, but not less than $50 per month, are payable to dependent children under age 18, extended to age 23 for dependent student, in addition to a cash lump-sum refund of the deceased member's contributions.

Financing

Benefits are financed *jointly* by members' contributions and public revenue. *Members* contribute 5½ percent of total compensation. In addition to the compulsory contribution, a member may make voluntary contributions of up to 5 percent for supplementary benefits. Any member with a potential of less than 30 years of Vermont service credit at age 60 may contribute such additional amount (annually as a percent of salary, or as a lump-sum payment) as is computed to be required to provide a benefit payment equal to 50 percent of his "consecutive high 5-year salary-average" on retirement at age 60.

The public share of the contribution comes from the *state* in annual appropriations. The state's contribution represents the percentage of membership payroll reported by the system's actuary as required to support the system, plus such amounts as may have been appropriated for payment of costs involved in legislation providing added benefits. The total appropriation for 1975-76 is $4,023,868.

The legislature established a new 30-year accrued liability period from July 1, 1971.

Interest on members' accumulated contributions is compounded annually on the balance at the preceding June 30 and is credited to the member's account at 4.80 percent. The rate is set by the Board of Trustees on advice of the system's actuary, within the minimum of 3 percent and the maximum of 5 percent established by law in 1967.

Tax-Sheltered Annuities

Not available to members from the system.

Investments

Investment of funds is limited by law to those that are legal for life insurance companies. Effective July 1, 1967, investment is permitted in common stocks up to 35 percent of total assets. All funds are in the custody of the state treasurer who makes investments after consultation with the Board of Trustees and the system's investment counsel.

As of June 30, 1975, total investments were $81,236,936. Current investments comprise federal securities, 39 percent; common and preferred stock, 18 percent; corporate bonds, 27 percent; mortgages, 11 percent; and other, 5 percent.

Administration

The system is administered by a six-member Board of Trustees composed of the commissioner of education, the state treasurer, the commissioner of banking and insurance, two members of the system elected by the membership for alternating four-year terms, and one retired member of the system elected by the board of directors of the Association of Retired Teachers of Vermont, for a four-year term. The executive secretary is appointed by the Board of Trustees for an indefinite term. The Board members are reimbursed for necessary expenses incurred through their service on the Board.

Social Security Coverage

Social security coverage for teachers was authorized by law on a local option basis effective July 1, 1963.

Where social security coverage exists, the local school district pays the employer's share of the social security tax. Social security benefits are entirely supplemental to the retirement allowance.

Number of Retirants and Benefits Paid

As of June 30, 1975, a total of 1,607 retirants and survivor beneficiaries were receiving benefits, including 24 disability retirants. The approximate average annual allowance for all retirants was $2,674.

During the last retirement year, 171 members retired on service retirement with an average annual benefit of $3,094. In addition, 5 members retired with disability at an average annual benefit of $2,748. The average number of years of creditable service for members retiring on service retirement was approximately 20.

Verified by Edwin C. Gallison, Executive Secretary, State Teachers' Retirement System of Vermont, 133 State Street, Montpelier, Vermont 05602.

VIRGINIA SUPPLEMENTAL RETIREMENT SYSTEM

Although teachers in Virginia had a modest pension plan since 1908, it was not until 1942 that a modern retirement law was enacted; it included state employees and public-school employees. In 1952, the legislature repealed that law, placed public employees under social security, and enacted a new joint-contributory retirement law providing for coordination with social security. The new state retirement system became effective March 1, 1952.

The last amendatory legislation was enacted in 1975. Statutory citation: *Code of Virginia*, Title 51, Ch. 3.2.

Membership

Membership comprises most salaried state employees, political subdivision employees where the plan is adopted, and school employees regularly employed on a salary basis in a position qualifying as professional or clerical. Membership is *compulsory* for those who are under age 60 at the time of employment.

As of June 30, 1975, the system had approximately 180,000 active members, with approximately 75,000 of those being "teacher" members.

Creditable Service

Prior service under the abolished system is creditable if the members transferred their accounts to the new system. Those who were not members of the abolished system may be credited with service prior to July 1, 1942, provided they have five years of credit in the system.

Military service is credited under certain circumstances. Available also to members who rejected membership under the old system and re-entered on leave of absence.

Teaching in *overseas dependents schools* is not creditable.

Credit is given for all full-time, salaried public-school service within the state.

Out-of-state service is not creditable.

Service credit lost by withdrawal of contributions may be re-purchased upon return to service.

Withdrawals and Refunds

A member who ceases school service may withdraw his contributions plus 4 percent interest. There is no service charge.

Provision for Members' Borrowing

None.

Vesting and Deferred Allowances

Benefits vest after five years of service. The benefit formula for a deferred allowance is the same as for normal or early retirement, payable at age 60 or later.

Retirement Requirements and Benefit Formulas

Normal retirement is at age 65, with no service requirement. The benefit formula is 1.65 percent of the average final compensation for each year of service. Average final compensation means the average of the full compensation payable to an employee working the full working time for his covered position which is in excess of $1,200 per annum during his five highest consecutive years (60 months) of creditable service. The following provisions also apply: (a) an additional amount is payable on the excess, if any, of the member's accumulated contributions transferred from the abolished system to the coordinated plan over the amount which would have been in his account with interest had he contributed, prior to repeal, 4 percent of annual salary over $1,200 each year of his membership in the abolished system; and (b) a member who transferred his account from the abolished system shall be paid under the coordinated plan no less, together with social security, than the amount to which he would have been entitled under the abolished system. The minimum allowance shall be an amount which, when added to social security benefits, will equal $20 multiplied by the number of years of creditable service, to a maximum of $600.

Early retirement is provided at age 60. The normal allowance is actuarially reduced if the member has less than 30 years of service. A teacher credited with service prior to July 1, 1942, may, at the completion of 30 years of creditable service as a teacher, retire for service and receive an actuarially reduced allowance upon attaining age 50, if a woman, or 58, if a man. A member retiring prior to age 65, may elect a social security option and receive from the retirement system an increased allowance up to age 65. The allowance from the retirement system is then reduced by the amount of the expected social security benefit and results in a level allowance being received during the entire period of retirement.

Disability retirement is provided at any age with five years of service. The disability formula is the same as for service retirement, except if prior to age 60, the length of credited service used in computing the allowance would be (a) twice the actual period of credited service or (b) the period of service that would have been completed at age 60 if remaining in service to that age, whichever is smaller. The minimum is an amount which, when added to social security benefits, will be $1,000 or 25 percent of final average salary, whichever is larger.

The retirement law provides for *compulsory retirement* at age 70. *Code of Virginia,* sec. 51-111.54.

Post-Retirement Adjustments

Automatic adjustments are made on the basis of the movement of the CPI, but in no case will the benefit be decreased below the basic benefit. No ceiling is attached to increases.

Work Restrictions After Retirement

Retirants may be employed in any position not covered by a state retirement system without affecting benefits. Unlimited per-diem teaching is permitted.

Death Benefits

Lump-sum death benefits of contributions plus 4 percent interest are paid to the beneficiary if the member dies in service under age 60 with less than 30 years' service credit. Group life insurance is also payable at a rate of twice the annual salary at death to age 65 or to service retirement whichever comes earlier; the amount is then reduced 2 percent per month thereafter until reduced to 50 percent of last salary. If a retirant dies prior to receiving his accumulated contributions as benefits, the remainder is paid to his beneficiary or estate if no option has been chosen.

Survivor Benefits

Optional monthly survivor benefits are payable to the spouse or parent, if either is designated beneficiary, in lieu of the lump sum if the member dies in active service after attaining age 60 or after completing 30 or more years of service. Survivor benefits are payable as a result of death in service at any age with any amount of service if death results from a cause compensable under Workmen's Compensation. A second beneficiary may be named if the first predeceases the member provided a further actuarial reduction is taken.

Several options are available at retirement to provide monthly benefits for survivors and are based on actuarial reductions in the basic benefit.

Financing

Benefits are financed *jointly* by member contributions and public revenue as well as yield from investments.

Members contribute 5-1/2 percent of salary above $1,200 per year. Members also purchase a group life insurance policy at a cost of $.60 per month per $1,000 of salary with the state also making a contribution equal to 40 percent of the employee contributions. Members pay no insurance premiums after age 65 or retirement. A school board may elect to pay the employee's portion of the premiums.

Public financing is by the state and the state contributions for teachers are currently 3.32 percent of total compensation. In addition, the state pays employer cost for group life program and social security. The 1974-75 appropriation was $23,236,795 for retirement, $35,032,335 for social security, and $2,049,195 for group insurance.

Interest at 4 percent is credited to members' accounts on June 30 on the balance at the beginning of the fiscal year. The rate is fixed in the retirement law.

Tax-Sheltered Annuities

Not available to members from the system.

Investments

Investments are limited by law to those of domestic life insurance companies, except that up to 35 percent of the fund may be invested in common and preferred stock, 20 percent may be invested in first deeds of trust on residential real property and 5 percent in obligations not otherwise permitted. The investment authority rests with the board of trustees. Stocks are selected by four management houses, bonds by two management houses plus an in-house staff.

As of June 30, 1975, total investments exclusive of cash, were approximately $945,000,000 for the total membership of all systems; teachers comprise about 45 percent of total membership.

Administration

The system is administered by a board of trustees consisting of nine members appointed by the governor, five of whom are subject to confirmation by the legislature. The comptroller, the state treasurer, the auditor of public accounts, and the state tax commissioner serve ex officio. One member is a teacher, one a state employee, and the others are neither teachers nor state employees nor otherwise in the employ of the government. Terms are four years and members may serve only two terms. A nonretirement system member receives, in addition to expenses, $50 a day for each day actually spent in the discharge of his duties, up to a maximum of $1,200 a year. The governor designates the chairman.

The retirement board appoints a medical board of three physicians not eligible to participate in the retirement system. Each physician serves a term of four years.

The secretary of the retirement board and director of the retirement system is the social security administrator.

Social Security Coverage

Social security was adopted in 1952 and coverage was retroactive to January 1, 1951. All school employees are covered.

The state pays the employer's share of social security for state employees and "teachers" as defined. The retirement system and social security are coordinated.

Number of Retirants and Benefits Paid

As of July 1, 1975, a total of approximately 22,185 retirants and survivor beneficiaries were receiving benefits. During the last retirement year approximately 2,711 members retired.

Verified by Glen D. Pond, Assistant Director, Virginia Supplemental Retirement System, P. O. Box 3-X, Richmond, Virginia 23207.

WASHINGTON STATE TEACHERS' RETIREMENT SYSTEM

The first retirement law was passed in 1917, and under it five city school districts established teacher retirement programs. The first state-wide teachers' retirement fund was organized during the 1923-24 school year. On April 1, 1938, the various city funds and the state fund were combined to form the present single system for all public-school teachers of the state. Social security coverage was adopted in 1957.

The last amendatory legislation was enacted in 1975. Statutory citation: *Revised Code of Washington*, Ch. 41.32; Laws of 1975 and First Extraordinary Session.

Membership

Membership comprises full-time instructional, administrative, and supervisory personnel in the public schools, intermediate school districts, city superintendents and their assistants, school nurses and full-time school doctors, and professional staff members of the public junior colleges. The three state colleges and the two state universities have separate retirement programs for their employees.

Membership is *compulsory* for full-time employees. Part-time teachers may become members by serving an equivalent of 90 days in a school year.

As of July 1, 1975, the system had 48,734 active members.

Creditable Service

Prior service rendered in Washington may be credited without limit, provided the member purchases the credit. The cost is $15 per year for the first 10 years of service, $30 per year for the second 10 years, and $45 per year for the third 10 years of service. These payments are not refundable.

Military service up to a maximum of five years is creditable if the member interrupts his Washington public-school service for this purpose and returns to teaching after completing military service.

Out-of-state prior-service credit can no longer be established. Up to four years of membership service credit may be established for out-of-state service by a member of the system who is on official leave of absence from a Washington employer while serving in another state, and provided the member returns to Washington public-school service. Out-of-state service credit established after July 1, 1955, may not be used for benefit payments if such credit is being held for pension purposes in another system. Also, the credit must be matched by an equal amount of in-state service credit for eligibility for pension benefit calculation.

Teaching in *overseas dependents schools* is creditable as part of the four years of out-of-state service, provided the member is on leave of absence and returns to Washington public-school service.

Effective July 1, 1967, all retirees on the rolls at that time as well as future retirees receive a pension based on total years of service credit. Included is credit for periods of sabbatical leave. Up to two years of credit is allowable for professional preparation which follows Washington teaching service.

Withdrawals and Refunds

A member's contributions together with earned interest may be withdrawn at any time after he has terminated Washington public-school employment. There is no *service charge*. Withdrawals may not be made while the member is on leave of absence.

Provision for Members' Borrowing

None.

Vesting and Deferred Allowances

Benefits vest automatically after five years of Washington service rendered after July 1938. A deferred allowance is payable at age 60, provided the member is not then engaged in public-school service in another state or country. The benefit formula for deferred retirement is the same as for normal retirement.

Retirement Requirements and Benefit Formulas

Normal retirement is at age 55 with 25 years of service credit or at age 60 with at least five years of Washington service, or at any age after 30 years' service. Contributions continue as long as the member remains in service. The retirement allowance is a combined pension and annuity service retirement which shall be equal to 2 percent of the average earnable compensation for the highest two consecutive years of service times the total years of creditable service established with the retirement system, to a maximum of 60 percent of such earnable compensation.

Earnable compensation is based on when service is rendered regardless of when payment is made and shall include all such earnable compensation paid for services rendered during the fiscal year from July 1 of a given year until June 30 of the following year.

The minimum pension is $6.50 per month for each year of service credit.

Early retirement is permitted at age 55 with 25 to 30 years' service, with no actuarial reduction in the retirement allowance.

Disability retirement is available to a member who becomes disabled while employed as a full-time teacher; such a teacher may qualify for temporary disability benefits at $180 per month for not more than two years. Temporary disability benefits are paid from a Disability Reserve Fund created through member contributions of $5.50 per year. After receiving temporary disability benefits for two years, a member who is permanently disabled may then qualify for disability retirement, provided he has five or more years of service credit. If it is to the member's advantage, and he is otherwise eligible for disability retirement, he may apply for disability retirement without first applying for temporary disability.

The disability retirement allowance consists of the maximum annuity based on the member's age at retirement and a normal service pension.

Compulsory retirement is not required by the retirement law. Many school districts have policies for compulsory retirement at age 65; some have no policy.

Post-Retirement Adjustments

An adjustment was granted all members in April 1973 and readjusted in September 1973. A 3 percent cost-of-living adjustment was granted July 1, 1974.

Work Restrictions After Retirement

A retirant may accept employment, other than in public education, without limitation. Retirants may serve 75 days in a school year in any type of public educational service in any state or in another country without a reduction in the pension portion of the benefit. There is no limitation on the amount that may be earned.

Death Benefits

Upon the death of a member before retirement, his designated beneficiary is eligible to receive a lump-sum payment of the member's accumulated contributions and interest. A separate death benefit of $600 is payable to the beneficiary of a member who dies while in active full-time service, provided the member had at least one year of full-time Washington service. A death benefit of $400 is payable to the beneficiary upon the death of a retirant or an inactive member, provided the retirant or inactive member had 10 or more years of full-time Washington service credit after July 1938. These death benefits are paid from a separate Death Benefit Fund derived from member contributions of $1.50 per year.

Survivor Benefits

The beneficiary of an active contributing member who dies before retirement may receive a monthly survivor benefit in lieu of a lump-sum payment of the member's accumulated contributions, under the following conditions: (a) If a member had 15 or more years of Washington membership service credit, the widow or dependent widower, without a child under 18 years of age, may elect a payment of $50 per month at age 50, terminable on remarriage. (b) If a member dies after becoming eligible for retirement, or after 10 or more years' credit, the beneficiary, if a spouse or a dependent child or parent, may elect to receive a monthly allowance for life based on a joint-survivor retirement option, which includes both annuity and pension benefits.

Financing

Benefits are financed *jointly* by member contributions and public revenue. *Members* contribute at the rate of 6 percent of annual salary. At time of retirement a member may make an additional lump-sum contribution to his annuity fund in any amount up to, but not exceeding, his accumulated contributions.

Employer contributions are made quarterly by the *state* out of funds appropriated biennially by the state legislature from the state's general fund. Current pension benefits are paid from the state's quarterly contribution, and the balance of such contribution is placed in a pension reserve fund to offset pension liabilities which have accrued and which will accrue in the future. The pension reserve funds are invested to provide additional revenue for the payment of future pension benefits. Employer contributions are not credited to individual member accounts. The rate of the employer's contribution is determined by the board of trustees of the system on the basis of actuarial study. The rate will be a percentage of salaries necessary to fund existing and future pension liabilities over a period of 50 years from July 1, 1964. The amount required as the employer's contributions for a biennium is determined by the board of trustees and must be appropriated by the state legislature before the payments can be made from the state's general fund. The appropriation for the 1975-77 biennium is $99,562,353. Employer contributions for the biennium cannot exceed the amount appropriated by the legislature.

Interest on members' contributions is credited annually on June 30. The current rate is 5¼ percent. The rate is set by the board of trustees.

Tax-Sheltered Annuities

Not available to members from the system.

Investments

The investment authority is in the board of trustees of the system. Retirement funds may be invested in obligations of the United States Government or any corporation wholly owned by the United States Government which are guaranteed as to principal and interest; FHA and VA mortgages; obligations of the state of Washington and its agencies; full faith and credit obligations of any other state and the commonwealth of Puerto Rico, and of the Government of Canada or a Canadian province if the principal and interest are payable in United States funds; obligations of municipal corporations, political subdivisions, or state-supported institutions of higher learning of Washington; municipal obligations of any other state if the city or political subdivision has a population of 10,000 or more, and of any city of Canada with a population of 100,000 or more, provided the principal and interest are payable in United States funds; obligations of the World Bank or the Federal National Mortgage Association, and of a federal land bank or a federal intermediate credit bank under the Federal Farm Loan Act; obligations of a public housing authority or urban redevelopment authority issued pursuant to Washington laws; and state or municipal revenue bonds issued by U. S. corporations; investments in federally insured savings and loan associations operating in Washington; in capital notes or debentures of a national or state bank; equipment trust certificates; in federally insured savings deposits in commercial banks and mutual savings banks; and in common and preferred stocks.

As of June 30, 1974, the total investments were $544,837,617. The retirement board of trustees is responsible for investments and the state treasurer serves as custodian of the funds. The state finance committee handles investment transactions for securities, bonds, and mortgages. Outside investment counsel is retained for stocks.

Current investments comprise federal securities, 5 percent; state and local government securities, 11 percent; common and preferred stock, 13 percent; corporate bonds, 51 percent; mortgages, 12 percent; Canadian bonds, 7 percent; and other, 1 percent.

Administration

The general administration and responsibility for the proper operation of the retirement system are vested in a board of trustees; the members of the board of trustees shall be the state superintendent of public instruction, ex officio; the state insurance commissioner, ex officio; five members of the retirement system to be chosen by the state board of education for a term of three years, and at least three of said members shall be classroom teachers; and two former members of the retirement system who are receiving retirement allowances for service or disability to be chosen by the state board of education, one such former member to serve for a term of two years and one such former member to serve for a term of three years and thereafter each such former member to serve for a term of three years.

Social Security Coverage

Social security coverage was adopted in 1957, retroactive to January 1, 1956. Coverage is state-wide and includes all public-school teachers. The local school district pays the employer's share of the social security tax. Social security benefits are fully supplemental to the retirement allowances.

Number of Retirants and Benefits Paid

As of June 30, 1974, a total of 12,067 retirants and survivor beneficiaries were receiving benefits, including 206 disability retirants. The approximate annual allowance for all retirants was $3,679.

During the last retirement year, a total of 1,215 members retired on service retirement with an average annual benefit of $6,678. In addition, 52 members retired with disability at an average annual benefit of $3,595. The average number of years of creditable service for members retiring on service retirement was 27.49 years.

Verified by Dr. William R. Broadhead, Director, Washington State Teachers' Retirement System, Olympia, Washington 98504.

WEST VIRGINIA TEACHERS RETIREMENT SYSTEM

The system was established July 1, 1941. The last amendatory legislation was enacted in 1973. Statutory citation: *Code of West Virginia*, Art. 7A, Ch. 18.

Membership

Membership comprises all teachers and other employees of the public schools, and all teachers and nonteaching employees of the state-supported colleges including Marshall University and West Virginia University. Membership is *compulsory*. All new employees of state-supported colleges and universities may elect to join the teacher retirement system or TIAA-CREF. All current employees of state-supported colleges and universities must elect by March 6, 1972: (a) to remain as they are, (b) to join TIAA-CREF wholly, or (c) to join the teacher retirement system wholly.

As of July 1, 1975, the system had 45,168 active members.

Creditable Service

Prior-service credit is given for service before July 1, 1941, the date the system was established.

Military service is creditable. The state pays the entire cost of the credit.

Teaching in *overseas dependents schools* is not creditable.

Credit for *out-of-state service* in the public schools in other states is given under the same terms and conditions, if any, which the other states follow in giving credit for service in the public schools of West Virginia. The member may pay part of the cost or all of it, depending upon the state(s) in which the service was rendered.

Withdrawals and Refunds

A member who withdraws from membership receives a refund of his accumulated contributions plus accrued interest. Interest is paid while he is teaching, but interest is not paid during periods of absence. A supplemental fee equal to 1/6 total contributions to a maximum of $20 per year which is imposed on all members is not refundable upon withdrawal.

Provisions for Members' Borrowing

Upon written application, a member may borrow from his individual account subject to these restrictions: (a) Loans shall be made in multiples of $10; the minimum loan allowed is $40 and the maximum is $3,000. (b) The loan shall not exceed one-half the amount in the individual account. (c) Interest charges shall be 6 percent per year, and the minimum interest charge shall be for six months. (d) No member is eligible for more than one loan a year, except in cases of accidents or illness requiring medical or hospital care for himself or a member of his immediate family. (e) If a refund or benefit is payable to the borrower or his beneficiary before he repays the loan with interest, the balance due with interest to date shall be deducted from the benefit or refund. (f) Repayment of the loan plus interest is by payroll deductions in not more than 48 nor less than six months.

The employer transmits the repayments to the retirement board. At the option of the retirement board, loan deductions may be collected as are members' contributions, or through issuance of a warrant by the employer. If the borrower decides to make loan payments while not being paid for service as a teacher, the retirement board must accept such payments.

Vesting and Deferred Allowances

Benefits vest after 20 years or more of service, and a deferred allowance is payable at age 60. The benefit formula is the same as for normal retirement.

If a member has at least five years of service, he may continue to make deposits to his account for each year of absence from service until he attains age 60 and qualifies for a retirement allowance at that time. The deposit for each year is an amount equal to the last annual contribution while in service. The member must make deposits for at least one-half of the number of years of absence.

Retirement Requirements and Benefit Formulas

Normal retirement is at age 60 with five years of service, or at any age with 35 years of service. A normal retirement benefit is available to a former teacher who has served at least 25 years as a teacher prior to July 1, 1941, and who has attained age 65. Contributions continue as long as the member remains in active service. Benefits are in the form of an annuity which is the larger of the amounts provided under *Plan A* and *Plan B*.

Under *Plan A*, the annuity is computed as follows: (a) the actuarial equivalent of the member's normal accumulated contributions, plus regular interest, and a matching contribution by the employer; plus (b) the actuarial equivalent of the member's additional deposits, if any, plus interest; plus (c) a prior-service allowance of 1-1/2 percent of three-fifths of final average salary (but not less than $1,200 nor more than $2,500) multiplied by the number of years of prior-service credit; plus (d) $24 for each year of service credit as a teacher; plus (e) $6 for each year of service credit as a teacher, to a maximum of $192.

Under *Plan B*, the annuity is computed as follows: (a) 2 percent of the member's average annual salary multiplied by his total years of service credit as a teacher (average annual salary means the average of the highest salary of any five years within the last 15 years of service; $4,800 is the maximum salary on which calculations are based for members employed at the West Virginia University or at the other state institutions of higher learning unless the member purchases credit for service from 1963 to 1971, plus (b) the actuarial equivalent of the member's voluntary deposits plus regular interest.

Early retirement is provided at age 55 with 30 years of service under the normal retirement formula, except that the member receives only 90 percent of the prior-service allowance.

Disability retirement for permanent disability is available at any age to members with 10 years of service. The disability allowance is calculated as for normal retirement, except that if the disabled member is under age 50, the portion of the annuity derived from the employer's matching contributions is based on the sum which would have been accumulated had the member been in service until age 50 and contributed at the annual rate of his past actual contributions.

Five optional plans of payment are available for age and service retirement.

Compulsory retirement at age 65 is required by the retirement law unless the employer makes a written request to the retirement board that the service of the member be retained.

Post-Retirement Adjustment

The 1973 legislature enacted a provision whereby those members retiring prior to July 1, 1970, will receive an increase in retirement benefits based on the effective date of retirement, as follows: July 1, 1941-June 30, 1953, 8 percent; July 1, 1953-June 30, 1963, 9.5 percent; July 1, 1963-June 30, 1965, 7 percent; July 1, 1965-June 30, 1966, 5.25 percent; July 1, 1966-June 30, 1968, 4.75 percent; July 1, 1968-June 30, 1969, 3 percent; July 1, 1969-June 30, 1970, 4.50 percent. This legislation covers a two year period with the increases above granted on July 1, 1973, and July 1, 1974.

Work Restrictions After Retirement

A retired teacher may substitute 100 days in West Virginia during the school year without affecting the retirement benefit. A retired teacher who resumes regular employment is not entitled to a monthly benefit during this period of regular employment; however, the portion of the monthly benefit supported by the retirant's accumulated contributions and interest and state matching of this amount accrues to his account and is paid twice a year, in January and July.

Retirants may engage in teaching in other states without reduction or suspension of benefits.

Death and Survivor Benefits

Upon the death of a member in active service, the beneficiary receives the member's contributions plus interest and the state's matching contribution. If a member dies after having attained age 50, with at least 25 years of service, then, instead of this refund his surviving spouse automatically is paid a lifetime allowance, computed on the annuity table for Option C.

Financing

Benefits are financed *jointly* by member contributions and public revenue.

Members contribute 6 percent of annual salaries. Members employed in the state institutions of higher learning who have TIAA coverage contribute at the rate of 6 percent of annual salary to a maximum of $4,800.

Members may make additional contributions in units of $50 for voluntary supplemental benefits.

The *state* matches the annual regular contributions of the members. The matching contributions are maintained separately in the Employers' Accumulation Fund. For 1974-75 the state appropriation was $3,525,000.

Interest on members' accumulated contributions is guaranteed at the rate of 3 percent and may be higher. The interest rate to be credited to members' accounts is set by the retirement board at its discretion.

Tax-Sheltered Annuities

Tax-sheltered annuities are available to members from the system. Accounts of participating members are segregated, but funds are commingled. Interest is credited currently at the rate of 5.5 percent.

Investments

Investments are administered by the state Board of Investments, composed of the governor, the state auditor, and the state treasurer. The investments are limited to bonds and securities of the federal government, FHA-insured loans and bonds of the state of West Virginia and county school districts, county courts, municipalities of the state of West Virginia, and fixed interest debentures or bonds of U. S. corporations.

Administration

The system is administered by a seven-member retirement board consisting of the governor, who is ex-officio chairman, the state school superintendent, the state director of the budget, the state insurance commissioner, and three members elected by the members of the retirement system. The three elected board members must belong to the retirement system. They serve six-year terms.

Social Security Coverage

Social security coverage for teachers was authorized by law in 1956 on a local option basis. Teachers had the opportunity to vote on its adoption. *All school districts* are now covered by social security. The county school districts pay the employer's share of the social security tax. Social security benefits are entirely supplemental to retirement allowances.

Number of Retirants and Benefits Paid

As of June 30, 1975, a total of 14,554 retirants and survivor-beneficiaries were receiving benefits. During the last retirement year, 1,195 members retired. For this group, the median annual retirement allowance was $5,600.

Verified by Willard M. Ansel, Executive Secretary, West Virginia Teachers Retirement System, Bldg. 6, Room B-18, 1900 Washington St., E, Charleston, West Virginia 25305.

WISCONSIN STATE TEACHERS RETIREMENT SYSTEM

The system was established in 1921 to replace the Teachers' Insurance and Retirement Fund which had been created in 1911. The system was originally a money purchase plan with state deposits heavily weighted toward the long-service, low-salaried teacher. The 1947 and 1951 legislatures added formulas which guaranteed minimum benefits to some teachers, again favoring the long-service, low-salaried teacher. In 1957, the system was revised and coordinated with social security on a divisional basis. Approximately 20 percent of the members elected the division without social security. The variable annuity plan was also established in 1957.

The last amendatory legislation, enacted in 1973, included all active members under a new improved formula plan. Statutory citation: *Wisconsin Statutes*, secs. 42.20-42.54.

On July 1, 1973, the system became composed of two groups of members:

1. *Combined group, formula plan*–members under social security coverage, and whose retirement benefits from the system are determined on the formula plan.
2. *Separate group, formula plan*–members who elected not to be included under social security and whose retirement benefits from the system are determined on the formula plan.

All members joining the system after April 5, 1957, automatically become combined group members with social security coverage. The combined group constitutes about 97 percent of the membership.

Membership

Membership comprises any persons employed as teachers or school administrators half time or more in the public schools (except Milwaukee) or the University of Wisconsin System. The City of Milwaukee has a local retirement system.

Membership is *compulsory*. As of June 30, 1975, the system had 69,000 active members.

Creditable Service

Prior service is creditable for service rendered before July 8, 1921, including military service in World War I, without cost to the members.

Military service is creditable. Under certain conditions, credit is given for service with the federal government for time spent in training to teach, and teaching persons in all branches of the Armed Forces, or in the American Field Service during World War II, or after June 25, 1950, during a period of national emergency.

Out-of-state service is not creditable; however, 1973 legislation provides for a program of intra-state reciprocity involving the STRS, the City of Milwaukee Teachers Retirement System, and the Wisconsin Retirement Fund (the system covering nonteaching municipal and state employees).

Withdrawals and Refunds

A member under age 55 who has terminated covered Wisconsin teaching employment may withdraw his total accumulation from the member's deposits and additional deposit accumulations, including all interest credited up to the preceding June 30. The withdrawal constitutes a separation from membership and requires the waiver of any other benefit based on the service to date.

A member over age 55 may be paid the present value of his retirement annuity if the monthly amount is less than $25.

Provisions for Member's Borrowing

None.

Vesting and Deferred Allowances

There is immediate vesting of a deferred retirement allowance. The deferred benefit is calculated as for normal retirement but is actuarially reduced if the allowance is taken before age 65. The allowance is available at age 55.

Death benefits consisting of the employer's cost of a deferred annuity, in the case of death in service, vest at age 60.

Retirement Requirements and Benefit Formulas

Normal retirement is at age 65 regardless of service. The benefit equals 1.3 percent of average earnings for the three highest years, times years of creditable service.

Early retirement is provided at age 55 or over, regardless of years of service. The benefit is calculated as for normal retirement, but is actuarially reduced.

Disability benefits are available, provided the member is (a) under age 65 when disabled, (b) has made required deposits for at least five school years within an 84-month period preceding disability, and (c) is unable to engage in any substantial gainful activity because of physical or mental impairment which can be expected to result in death or to be long-continued or of indefinite duration. The disability annuity is the greater of (a) the amount of the regular retirement annuity (on the assumption that such could be paid at any age) or (b) 1.3 percent of the member's final average compensation multiplied by years of creditable service, including assumed service between the date disability occurred and his 65th birthday, but not to exceed 50 percent of final average compensation.

If a member is disabled only for performance of teaching service, the disability annuity is $25 per month in addition to any other benefit payable to him, provided disability occurred before age 55.

Compulsory retirement is not required by the retirement law. School boards or the University of Wisconsin System may determine compulsory retirement ages.

Post-Retirement Adjustment

Participation in the variable annuity may increase or reduce the amount of the initial formula benefit depending upon the cumulative experiences of the variable program on the date of retirement. Thereafter, annually on July 1, the variable annuity portion of the formula benefit is increased or reduced to reflect the change in asset value of the variable annuity investments.

There is no automatic cost-of-living increase provision in the plan; however, supplemental or adjusted benefits have been provided to some retired members through special legislative enactments. Such benefits are paid from the state general fund.

Work Restrictions After Retirement

A retired member may continue to teach in noncovered schools in Wisconsin or elsewhere, or he may continue to teach in a covered school less than 50 percent of a normal full-time load without affecting his retirement benefit.

If he teaches in a covered position, his retirement benefit terminates when his covered earnings in any fiscal year exceed one-half of his average annual earnings for the three highest years prior to re-entry into service.

Upon reapplication, the formula annuity benefit will include credit for service credited since the previous retirement.

Death and Survivor Benefits

Upon death in service before age 60, the total accumulation from the member's deposits is payable. For members who were in the system before July 1, 1966, the accumulation from employer deposits made prior to July 1, 1973, is also payable. The death benefit may be paid as an annuity or in a lump sum to one or more designated beneficiaries or to the estate of the member. If an active member (other than a former annuitant) dies after attaining age 60, and if the designated beneficiary is a spouse, a child under age 21, a handicapped child regardless of age, or other dependent, the death benefit is equal to the benefit which would have been payable on a joint and survivor annuity (full continuance) as if the member had retired immediately prior to his death and elected to receive his retirement annuity in such optional form. The beneficiary, however, may elect to receive a lump-sum settlement of the accumulation as specified for a member whose death occurs prior to age 60.

Financing

Benefits are financed *jointly* by member contributions and public revenue. The employer contribution for 1975-76 is 7.1 percent of total covered earnings.

The required contribution rate of the member is 5 percent of total covered earnings. Employers may pay all or part of the member's required contribution. Additional voluntary deposits by members are permitted in any amount, except that for the variable annuity, additional deposits are limited to $5,000 per year.

Interest and earnings are determined by the retirement board after administrative and investment expenses have been deducted, and is credited annually to the members' accounts based on the previous June 30 balance. In the variable annuity division, after the rate has been established each year, annuities are adjusted according to the net gain or loss.

For the fiscal year ended June 30, 1975, the accounts in the fixed division were credited with earnings of 6.1 percent. The average credit in the fixed division over the past 17 years is 5.7 percent.

The net gain in the variable division on June 30, 1975, was 23.6 percent. The 17-year average net gain in the variable division is 6.3 percent. Variable annuities in force June 30, 1975, were increased by 13.5 percent. Variable annuities that have been in force for 17 years have had a net increase of 23 percent to date.

Tax-Sheltered Annuities

Tax-sheltered annuities have been available to members through the retirement system since January 1964.

As of June 30, 1974, 168 public school districts were participating in the program with a total of 1,120 depositors. The University of Wisconsin System participated with 680 depositors. The total amount paid in during the school year 1973-74 for tax-sheltered annuities was $3,482,000.

Investments

The retirement board has no control over investments. All funds are invested by the state of Wisconsin Investment Board, a corporate body commissioned with the power and authority to exercise exclusive control over the investment of moneys contained in 23 funds, including the State Teachers Retirement Fund (*Wisconsin Statutes*, sec. 25.17

(1)). Under the provisions of the law, assets of the variable division are invested primarily in equities securities, including common stocks, real estate, and securities converted into common stocks. Assets in the fixed annuity division are invested in preferred stocks, bonds, mortgages, etc. Equity investments in the fixed division are limited to a maximum of 35 percent of assets.

As of June 30, 1975, total investments, exclusive of cash, were $1,160,600,000; cash on hand was $380. The assets of STRS, Milwaukee Teachers Retirement Fund, and the Wisconsin Retirement Fund have been pooled for investment purposes. Pooled assets are in excess of $2,000,000,000. Current investments comprise federal securities, 0.7 percent; state and local government securities, 0.1 percent; common and preferred stock, 41.7 percent; corporate bonds, 49.3 percent; mortgages, 6.3 percent; real estate, 1 percent; and other, 0.9 percent.

Administration

The system is administered by a nine-member retirement board and a director, chosen by the board. Board members are appointed by the governor for five-year terms. The Board consists of the following: four public-school teachers; one VTAE teacher; one University System faculty, doctoral campus; one University System faculty, non-doctoral campus; one University System, academic non-faculty; and one member of School Boards Association. The board elects a chairman, vice-chairman, and secretary. The director is the executive head of the board.

Regular meetings of the retirement board are held monthly. Board members are paid $25 for each day actually devoted to the performance of their duties, and are reimbursed for actual and necessary expenses.

Social Security Coverage

Social security coverage was adopted on a divisional basis in 1957, retroactive to January 1, 1955. All members with social security coverage are in the combined group, which makes up 97 percent of the active membership.

Social security is supplemental; however, the STRS annuity, when added to the *initial* primary social security benefit, may not exceed 80 percent of average salary for the three highest years.

Number of Retirants and Benefits Paid

As of June 30, 1975, a total of 14,300 retirants and survivor beneficiaries were receiving benefits, including 210 disability retirants. The approximate annual allowance for all retirants was $33,941,000. During the last retirement year, 1,160 members retired on service retirement with an average annual benefit of $2,870. In addition, 50 members retired with disability at an average annual benefit of $4,560.

Verified by Philip N. Stephenson, Director, Wisconsin State Teachers Retirement System, 201 East Washington Avenue, Madison, Wisconsin 53702.

THE DENVER PUBLIC SCHOOL EMPLOYEES' PENSION AND BENEFIT ASSOCIATION

The contributory system was established December 1, 1945. The Denver Public Schools had a noncontributory plan from 1905 to 1945 when the present system was established on a joint-contributing basis. Significant amendments were enacted in 1962 when the retirement plan was completely reorganized; in 1965, when a reciprocity agreement with the Colorado Public Employees' Retirement Association was approved, effective March 1, 1965, with respect to survivor benefits; in 1966, when the maximum benefit was raised; in 1967, when approval was given to invest up to 25 percent of employee funds in equities; and in 1969 when the maximum benefit was raised from 58.33 percent to 65 percent, effective January 1, 1970, an unlimited maximum, effective January 1, 1972, an increased minimum benefit and survivor benefits, effective January 1, 1974. Statutory citation: *Colorado Revised Statutes 1953*, Art. 19, Ch. 123.

Membership

Membership comprises teachers, principals, supervisors, and other administrators, and all other noneducational personnel who are employed full time in the Denver Public Schools. Membership of contributing members is limited to full-time employees of the Denver Public Schools. Part-time employees (such as substitute teachers) who have accredited service of at least five years are eligible for affiliate membership. Membership for full-time employees is *compulsory,* except that a full-time employee hired prior to December 1, 1945, may retain his rights under the noncontributing plan previously established. Membership for part-time employees is optional.

As of June 30, 1973, the system had 6,948 active members.

Creditable Service

No *prior-service credit* is provided. An employee who is re-employed in the Denver system receives credit for all previous service in the Denver system, provided he restores all funds he contributed prior to re-employment plus interest at 3 percent per year.

All service in the Denver schools is accredited service provided the individual has made appropriate contributions.

Military service of the member who is on a leave of absence from the Denver schools after July 1, 1962, is creditable, provided he contributes an amount equal to the contributions which he would have made had he remained in the service of the school district. For military leaves granted prior to July 1, 1962, the service is counted as accredited service without the contributing requirement.

Credit for teaching in *overseas dependents schools* is not creditable. Full credit is given for exchangeships.

Service outside Denver is creditable to a maximum of 10 years for employees hired prior to December 1, 1945, whose service continues until retirement, provided the service is of a similar nature in a tax-supported institution. Service outside Denver is not creditable under any other circumstances.

Withdrawals and Refunds

Members who resign from the school system are eligible to receive a refund of contributions plus annual interest of 3 percent.

There is no *service charge* except a pension assessment which may not exceed $5 annually. The charge is made on all members; the amount is determined annually by the Retirement Board.

Provisions for Members' Borrowing

None.

Provisions for Vesting and Deferred Allowances

Benefits vest after 10 or more years of service, and a deferred allowance is payable at age 60 with at least 25 years of service and at age 65 with at least 10 years but less than 25 years of service. The benefit formula for deferred retirement is the same as for normal retirement, except that a member with less than 15 years' accredited service must select either the life annuity or the cash-refund option.

Retirement Requirements and Benefit Formula

Normal retirement is at age 65 with at least 25 years of service. The benefit formula is 1/60 for each year of accredited service times final average salary. There is no maximum limit, effective January 1, 1972. Final average salary is the average annual salary rate of the 60 months of accredited service having the highest rates out of the last 120 months of the member's employment. The minimum benefit is $10 per month per year of service, not to exceed $100, plus $4 per month per year of service in excess of 10 years.

Early retirement is permitted at age 60 with 25 years of active service, including at least 15 years in Denver. Women in district service on December 1, 1945, who have been in service continuously from the date of employment until they apply for retirement may retire for service at age 55, if they meet the service requirement.

Disability retirement is available at any age with five years of active service, provided the disability is total and permanent. There is no provision for temporary disability benefits. The disability benefit formula is 1/60 for each year of accredited service times final average salary. Under disability retirement, there is no choice of settlement options until the member reaches earliest retirement age, age 60 with 25 or more years of service or age 65 with five to 25 years of service. A benefit is paid for life or as long as the disability continues, with a benefit recalculation and option choice at earliest retirement age.

Disability retirants are eligible for the same survivor benefits as active employees until reaching earliest retirement age. At that time, all survivor benefits cease, and benefits are recalculated, depending upon age and service. For example, an individual with 20 years of service who becomes disabled receives one-third pay until such time as he reaches age 65, at which time he receives the service life annuity benefit provided for an individual age 65 with 20 years of service with a choice of other settlement options. While he draws his disability allowance (before age 65), he is eligible for survivor benefits.

Compulsory retirement is not required by the retirement law. However, the tenure law permits and generally the personnel policy of the school district provides for compulsory retirement at age 65. The personnel policy permits a member to complete the semester in which he reaches his 65th birthday, subject to a review of the individual's records to determine if completion of the semester is in the best interest of the school district.

Post-Retirement Adjustments

Increases in annual retirement allowances have been granted for calendar years 1965 through 1973 on a 1 percent per year basis. Effective January 1, 1974, the amount of the increase is 2 percent of the original retirement benefit, times the number of whole calendar years that have elapsed since retirement. Retirements prior to 1953 were adjusted in that year, so years prior to 1953 are not counted in the determination of the increases.

Work Restrictions After Retirement

Retirants are eligible for employment in any position outside the Denver school system without affecting their retirement benefits. A retirant may work in the Denver school system 70 hours per month without suspension of benefits.

Death Benefits

Upon the death of a member in active service there are three types of death benefits: (a) The member's contributions plus interest may be refunded. (b) The beneficiary has an option, in lieu of this refund, to elect the survivor benefits described below. (c) An individual age 60 (55 for some women) with at least 25 years of service may qualify for "automatic retirement." An individual who is qualified for service retirement and has previously elected a survivor refund settlement option is automatically considered to have retired the day before his death. Under such conditions benefits are payable under terms of the selected option.

Survivor Benefits

If a deceased member, with five or more years of covered service leaves a spouse and one or more unmarried children under age 18, the spouse receives survivor benefits of $360 per month until the youngest child reaches age 18. Upon the remarriage or death of the spouse prior to the youngest child's reaching age 18, each child is entitled to $120 per month, not to exceed a total of $360 per month.

The spouse of a deceased member with five but less than 15 years of service with no children under age 18 at the time of the member's death receives $180 per month or 25 percent of the member's final average salary, whichever is smaller, commencing when the spouse is age 60. The spouse of a deceased member with 15 or more years of service receives at age 50, 25 percent of final average salary for life or until remarriage. If the deceased member had more than 25 years of service, the survivor benefit is increased by 1 percent of final average salary for each year in excess of 25.

When no children, or spouse survive, but dependent parents are living, a benefit of $120 per month for each parent may be paid, if the designated beneficiary waives the right to refund of the member's contributions.

There is a reciprocity agreement with the Colorado Public Employees' Retirement Association with respect to survivor benefits.

Financing

Benefits are financed *jointly* by member contributions and public revenue. The *member* contributes 6 percent of salary. There is no provision for voluntary contributions except by those members who would not ordinarily qualify for a full half-pay retirement.

The *employer's* contribution is set by the school board on the tax base of the school district, and is derived from a mill levy upon the assessed valuation and is in an amount determined by the actuary to be sufficient to keep the plan actuarially sound. The plan is funded on a basis of amortizing the prior-service obligation which was accepted in 1945, and will become fully funded December 1, 1988. The employer's appropriation for 1975 is $8,578,919, or 9 percent of salary.

Interest is credited on the member's accumulated contributions annually at the end of a year based upon the balance on hand at the beginning of the year at a rate of 3 percent. The rate is fixed by the retirement plan. It can be amended by the retirement board subject to the approval of the board of education.

Tax-Sheltered Annuities

Not available to members from the retirement system.

Investments

Investments are limited to investments in which men of prudence, discretion, and intelligence would exercise in the management of their own affairs. Investments may be made in the securities of the United States, the state of Colorado, or the bonds of any other state of the United States as well as of any city, town, or school district, except that there are some limitations as to the size of city, town, or school district. Investment is also permitted in the corporate obligation of any AA grade security company, and up to 25 percent of employee funds may be invested in equities.

Investments are handled by an investment officer through an investment committee of five persons, three of whom are members of the board of education and two of whom represent employees. The investment committee functions under the authority of the Retirement board. Investment counsel is employed for equity investments only.

As of June 30, 1975, total investments were $156,007,713. Current investments comprise federal securities, 14.0 percent; common and preferred stock, 2.9 percent; corporate bonds, 57.0 percent; mortgages, 26.0 percent; and other, 0.1 percent.

Administration

The retirement board is composed of 16 persons, 11 of whom are elected by the employees to represent various classifications of employment. Replacements for overlapping four-year terms are elected annually. The five appointees are the executive secretary, appointed by the board of education; the superintendent's representative; a retired employee appointed by the retired employees' association; and two members of the board of education who are appointed by the president of the board.

Social Security Coverage

None.

Number of Retirants and Benefits Paid

As of June 30, 1975, a total of 1,536 retirants and survivor beneficiaries were receiving benefits, including 183 disability retirants. The approximate annual allowance for all retirants was $4,012.

During the last retirement year, 100 members retired on service retirement with an average annual benefit of $5,704. In addition, 21 members retired with disability at an average annual benefit of $2,945. The average number of years of creditable service for members retiring on service retirement was approximately 26.3.

Verified by John W. Smyth, Executive Secretary, The Denver Public School Employees' Pension and Benefit Association, 900 Grant Street, Denver, Colorado 80203.

CHICAGO, ILLINOIS

Series 5—Local Teachers Systems
(Without Social Security)

PUBLIC SCHOOL TEACHERS' PENSION AND RETIREMENT FUND OF CHICAGO

The Public School Teachers' Pension and Retirement Fund of Chicago was established in 1895. The most recent amendatory legislation was enacted in 1975. Statutory citation: *Illinois Pension Code,* Art. 17, secs. 101-159, Chapter 108-1/2, *Illinois Revised Statutes.*

Membership

Membership is limited to professional school employees and staff of the Fund at any age. Except for a short period (1901-1907), membership in the Fund has been *compulsory.*

As of June 30, 1975, the system had approximately 31,543 active members and 8,542 annuitants.

Creditable Service

No *prior-service credit* is provided in view of the age of the system.

Service as a substitute, temporary, or evening-school teacher prior to 1955, as a civil-service librarian in the Chicago Public Schools or the City of Chicago, as a clerk in the Chicago Public Schools, and as a recreational or playground instructor for the City of Chicago Park District is creditable.

Credit for teaching service in other Illinois public schools, and *out-of-state credit* for teaching in the public schools of other states, is purchasable by the member to a maximum of 10 years or 2/5 of the total time, whichever is less, if the last five years are in Chicago or Illinois schools or state colleges and universities.

Military-service credit to a maximum of five years during the pension period is provided.

Teaching in *overseas dependents schools* is creditable as is any teaching under the auspices of the United States.

Certain leaves of absence granted by the Chicago Board of Education are creditable, such as G.I. study leave, sabbatical and sick leaves, and leaves for service to teachers' organizations. Credit for sick leave without salary is limited to 12 months.

A maximum of 90 unused sick days at the time of retirement may be used for additional service credit.

The member makes the employee contribution only. The employer's contribution is absorbed by the Fund.

Withdrawals and Refunds

Four months or more after permanent separation from service, a member may apply for refund of all contributions to the Fund (without interest).

Provisions for Members' Borrowing

None

Vesting and Deferred Allowances

Benefits vest for members after five years of service payable at age 62. Full retirement is at age 60 or over with 20 years of service.

The benefit formula for deferred retirants is the same as for other retirants, except that the pension is discounted 1/2 of 1 percent for each month the member is under age 60 to a minimum age of 55 years. There is no reduction for a person retiring prior to age 60 with 35 years of creditable service. If vested after five years, but under 20 years, pension is deferred to age 62.

Retirement Requirements and Benefit Formulas

Normal retirement is at age 60 with 20 years of service. The benefit formula, based on the average annual rate of salary, is 1.67 percent for each of the first 10 years of service; 1.90 percent for each of the next 10 years of service; 2.10 percent for each year of service in excess of 20 but not exceeding 30; and 2.30 percent for each year of service in excess of 30 (maximum, 45 years). There is no minimum pension, but the maximum is $1,500 per month or 75 percent of average salary, whichever is greater.

Average annual rate of salary is the average of the highest annual salary rates for four consecutive years of validated service within the last 10 years, subject to legal limits (if any) in force when service was rendered.

Pension after five to 20 years' service is payable in full at age 62 or older.

Post-retirement adjustment—The base pension for members is automatically increased 2 percent each year, beginning on the anniversary date of the pension or at age 61, whichever is later.

Earliest retirement may occur after 20 years of service, provided payment of a pension is deferred to age 55. The normal benefit is reduced 1/2 of 1 percent for each month under age 60 to a minimum age of 55.

Disability retirement is provided at any age with 10 years of service and is payable for life if the member is presumably permanently incapacitated for teaching.

The formula for disability retirement after 10 to 20 years' service is 1-2/3 percent of average salary based on the four highest consecutive years in the last 10.

After 20 to 25 years' service, the service retirement pension is payable, but discounted 1/2 of 1 percent for each month under age 55 to age 50 unless a greater pension is produced by the 1-2/3 percent formula (above). The pension at any age is not discounted after 35 years of service.

After 25 years, the disability retirement pension is payable without discount at any age.

Other benefit payment provisions—The Retired Teachers Supplementary Payment Fund is administered by the Board of Trustees. It authorizes a supplementary payment to certain pensioners, age 60 or over, who retired on disability or service retirement pension on or before June 30, 1961. The supplementary payment is an amount equal to the difference between the rates of pension and emeritus salary (if any) and $100 per year of service. It is provided also that the combined disability retirement pension and supplementary payment shall not be less than $1,000 per year.

Compulsory retirement at age 65 is required by the Illinois School Code, not the retirement law, but the Chicago board of education may re-employ a teacher temporarily on an annual basis up to the age of 70, provided he qualifies for a temporary teaching certificate and passes a physical examination.

Work Restrictions After Retirement

A retirant may be employed as a substitute teacher in the public schools of Chicago or in Illinois for a maximum of 75 days in a school year or on an hourly basis, provided his earnings do not exceed pay for 75 days' substitute service. The pension is suspended during employment by all the agencies and instrumentalities of the City of Chicago and the state of Illinois. There are no restrictions on other employment or employment as a public-school teacher outside the state of Illinois.

Death Benefits

On the death of an active member the last month's salary for each year of service, not to exceed six times such salary, or $7,500, whichever is less, is payable, and the member's contributions without interest are refunded. On the death of a retirant, six times his salary for the last month of service or $7,500, whichever is less, is payable, minus 1/5 of the death benefit for each year he received a pension, to a minimum of $1,500 plus the excess of the contributions without interest over total pension payments (including total pensions to survivors).

Survivor Benefits

Survivor benefits are available to surviving spouse and children of members who had a minimum of 1-1/2 years of validated service on date of death, provided death occurred while in active service, on a creditable leave of absence, on a noncreditable leave of absence of no more than one year, during the first year of service under another Illinois reciprocal system, or when an allowance was deferred or pending. Survivor benefits also are available for male retirants whose retirement and death occurred on or after July 17, 1953. All contributors after October 1, 1974, are eligible for survivor benefits for spouse and minor children.

To be eligible for benefits, surviving spouses must be age 50 or older unless they are legally responsible for the care of unmarried children under age 18 and provided the marriage was in force at least 1-1/2 years before death or retirement (whichever occurred first), and was in force on the date of last termination of service. Remarriage terminates pension.

Survivor pensions are based on the average of the four highest years of salary in the last 10 years of service or on the average salary for total service (if less than four years), according to the following percentages: 30 percent of average salary for a spouse over age 50; 60 percent of average salary for a spouse with eligible minor children.

If no eligible surviving spouse survives or the surviving spouse remarries, a survivor pension for minor unmarried children under age 18 shall be paid according to the following percentages: 30 percent of average salary for one child; 60 percent for more than one child.

The minimum benefit is $40 per month. The maximum for a surviving spouse alone is $300 per month, and the maximum for a family is $500 per month.

Financing

Benefits are financed *jointly* by member contributions and public revenue. Members contribute 6-1/2 percent of salary, plus 1/2 of 1 percent for automatic annual increases in pension and an additional 1 percent of salary for survivors' pensions totaling 8 percent of salary.

There is no provision for additional voluntary deposits for supplementary benefits.

Public revenue is derived from a tax levy of an allocation from the state distributive fund and federal funds. The state's allocation is a proportion of the state's appropriation for the Teachers' Retirement System of Illinois, which amounted to approximately $36,495,000 for the year ended June 30, 1975.

Interest on accumulated contributions is not credited to members' accounts.

The rate of interest charged for optionally creditable service is fixed by the Board of Trustees from time to time. The present rate is 5 percent, compounded annually.

Tax-Sheltered Annuities

Not available to members from the system.

Investments

The Fund may invest in bonds, notes, and direct obligations of the United States and its instrumentalities; bonds and other obligations of the state of Illinois; general obligation bonds of Illinois municipalities; revenue bonds of state of Illinois colleges and universities; and in certain general obligation bonds of municipalities of other states.

The Fund may invest up to 10 percent of total investments in certain public utility bonds of municipalities in Illinois and other states. Up to 5 percent may be invested in certain Canadian obligations, and up to 2 percent of Puerto Rico government bonds, provided it invests in only 10 percent of an issue.

Investments may be made in corporate securities (railroad, public utility, industrial, and bank capital notes), provided the investment does not exceed 1 percent of one issue and fulfills prescribed requirements as to quality. Upon approval of two-thirds of the Board of Trustees, up to 33-1/3 percent of total investments may be in high-grade common and preferred stocks. Up to 20 percent of total investments may be in notes secured by federally insured mortgages, or debentures guaranteed by the FHA or agency of the U. S. Government and up to 5 percent of total investments may be in bonds of the International Bank for Reconstruction and Development, Inter-American Development Bank, and any public building commission in Illinois.

As of June 30, 1975, total investments were $405,251,018. Current investments comprise federal securities, 3 percent; common and preferred stock, 24 percent; corporate bonds, 61 percent; short-term investments, 10 percent; and other, 2 percent.

Administration

The Board of Trustees of the Fund consists of nine members, six elected by the contributors for terms of three years each, and three appointed by the Board of Education of the Chicago Public Schools for terms of two years each. The city treasurer, ex officio, is the custodian of the Fund. The duties of the Board include investing reserves, authorizing allowances and other benefits, employing clerical and professional services, and formulating bylaws and rules.

An executive secretary is responsible for the detailed operations incidental to the Fund's administration. The actuary submits an annual report on liabilities and membership, and also serves in an advisory capacity to the trustees.

The attorney for the Fund interprets all legal matters and represents the trustees in any litigation. An investment counselor advises the trustees regarding purchases and sales of the Fund's securities. Certified public accountants make an annual audit of the Fund's financial transactions.

The Department of Insurance of the State of Illinois is required to examine all phases of the Fund's administration. A detailed annual statement is submitted to the Department, as required by law.

Social Security Coverage

None.

Number of Retirants and Benefits Paid

As of June 30, 1975, a total of 8,542 retirants and survivor beneficiaries were receiving benefits, including 211 disability retirants. The approximate annual allowance for all retirants was $53,109,267.

According to August 31, 1974, actuarial statistics, during the last retirement year, a total of 437 members retired on service retirement with an average annual benefit of $9,412. In addition, 11 members retired with disability at an average annual benefit of $8,350. The average number of years of creditable service for members retiring on service retirement was approximately 30.4.

Verified by (Mrs.) Edna C. Hickey, Executive Secretary of the Public School Teachers' Pension and Retirement Fund of Chicago, 228 N. LaSalle Street, Room 1440, Chicago, Illinois, 60601.

DES MOINES TEACHERS RETIREMENT SYSTEM

The Pension and Annuity Retirement System was first established in 1936 under a law passed a year earlier. That system was abolished in 1953 when social security coverage was adopted. The present retirement system came into being in 1953. The last amendatory legislation was enacted in 1973. Statutory citation: *Iowa Code Annotated*, Ch. 294, secs. 294.8—294.13; *Rules of the Des Moines Teachers Retirement System*, as amended to February 6, 1973.

Membership

Membership comprises teachers, including employees required to hold a teacher's certificate, of the Des Moines Independent Community School District. Membership is *compulsory*, unless the teacher is a member of the state public employees retirement system.

As of June 30, 1975, the system had 1,370 members.

Creditable Service

No prior-service credit is provided for service rendered before the system was established.

Credit is granted for leaves of absence aggregating not more than two years, provided the teacher makes contributions during the leave period.

Military service is creditable in full for members who leave the system to participate in any activity connected with national defense and return to the school system after termination of the activity.

Teaching service *outside the Des Moines school district*, inside or outside the state is not creditable.

Withdrawals and Refunds

A member who separates from service receives a refund of his accumulated contributions plus interest at the current rate of 6.6 percent. There is *no service charge.*

Provisions for Members' Borrowing

None.

Vesting and Deferred Allowances

A member age 45 or over, with 20 years of service in the school district, upon withdrawal from service, may leave his contributions with the system and receive a retirement allowance at age 60. The deferred allowance consists of an annuity which is the actuarial equivalent of the member's accumulated contributions plus interest to date he applies for the allowance, plus a pension which is 25 percent of the annuity, if the member was 45 years old at the time of separation from active service; if he was over age 45 but below age 55, the pension is 25 percent of the annuity, plus 7-1/2 percent for each year beyond age 45 at time of separation.

Retirement Requirements and Benefit Formulas

Normal retirement is at age 60 with no minimum service requirement. The member continues to make contributions for as long as he remains in service. The school district's contributions are frozen at age 65. The retirement benefit is an annuity which is the actuarial equivalent of the member's accumulated contributions, and a pension equal to 112 percent of the annuity, except that if retirement occurs after age 65, the pension is 112 percent of the actuarial equivalent of the member's accumulated contributions to age 65, plus interest thereon compounded annually from age 65 to date of retirement.

There is no provision for early retirement.

Disability retirement is provided at any age regardless of years of service if the member is physically or mentally incapacitated for active service. The disability allowance is an annuity based on the member's accumulated contributions to time of retirement for disability; and if the member has at least 10 years of service as an employee with the school district, he receives in addition a pension equal to 112 percent of the annuity. The minimum disability allowance is $2.75 per month times total years of service, not to exceed $55 per month. The disability allowance cannot be more than the amount the member would have received had he remained in active service to age 60 at the salary in effect at the time of retirement for disability.

Three optional plans of payment are available for age and service retirement.

By school-board rule, a member may be continued in service on a yearly basis after age 65, upon taking a physical examination. Retirement is *compulsory* at age 70.

Death Benefits

The beneficiary or the estate of a deceased member who dies in active service receives a lump-sum payment of the members' accumulated contributions plus accumulated interest.

Survivor Benefits

There is no provision for survivor benefits in the event of the death of a member in active service.

At the time of retirement, a member may choose an optional plan of payment whereby the retirant receives a reduced allowance for life, and upon his death, the payments continue to his named beneficiary either for life, or for a stated number of times. If the member elected to receive the full retirement allowance, and on his death a portion of his accumulated contributions remains, the balance is paid to his named beneficiary or to his estate.

Financing

Benefits are financed *jointly* by member contributions and public revenue. There are two contribution plans. Under each, the *member* contributes according to sex and age at time of entry into the system established on July 1, 1953. For Plan A the rate at age 20 for men is 4.31 percent, and for women, 4.72 percent; at age 40, the rate is 5.31 percent for men and 5.97 percent for women. The rates for Plan B are the same as for Plan A for comparable sex and age on salary over $4,000, but are less for salary under $4,000. The rates applicable on the first $4,000 of salary under Plan B are 1.81 percent for men and 2.22 percent for women at age 20, and 2.81 percent for men and and 3.47 percent for women at age 40.

Contributing under Plan A are members who hold membership only in this system. Contributing under Plan B are those who are members of both the Des Moines system and the state public employees retirement system.

The public share of the contribution comes from the school district, and matches the employees' contributions on a monthly basis.

Interest on the member's contribution is credited annually. The current rate is 6.1 percent. It is set by the retirement board based on actual earnings.

Tax-Sheltered Annuities

Tax-sheltered annuities are available to members from the system commencing January 1, 1966.

Investments

Investments of funds are limited to the securities permitted by law to be invested by Iowa life insurance companies, within these portfolio limits: 2 percent in the securities of any one corporation; 50 percent in corporate obligations; 10 percent in preferred and guaranteed stocks; 10 percent in equipment trust obligations; 10 percent in railroad obligations; 5 percent in common stocks; and 2 percent in bonds of the International Bank for Reconstruction and Development.

As of June 30, 1975, total investments, exclusive of cash, were $31,148,410. Current investments include common and preferred stock, 3.2 percent; bonds, 95.4 percent; and short term notes, 1.4 percent.

Administration

The board of education of the school district constitutes the board of trustees of the retirement system.

Social Security Coverage

Social security coverage was adopted on a state-wide basis in 1953. All employees of the school district of Des Moines are covered. The employer's share of the social security tax is paid by the school district. Social security benefits are entirely supplemental to the retirement allowances.

Number of Retirants and Benefits Paid

As of June 30, 1975, a total of 424 retirants and survivor beneficiaries were receiving benefits. During the last retirement year, 35 members retired. For this group, the median annual retirement allowance was $3,100.

Verified by Peter J. Cunningham, Secretary, Des Moines Teachers Retirement System, 1800 Grand Avenue, Des Moines, Iowa 50307.

DULUTH TEACHERS' RETIREMENT FUND ASSOCIATION

Legislation was first enacted in 1909 authorizing the organization and operation of teacher retirement funds in cities of the first class. This system was incorporated June 15, 1910. The last major change occurred in 1957 when social security was adopted on a coordinated basis. The last amendatory legislation was enacted in 1971. Statutory citation: *Minnesota Statutes*, sec. 354.

Membership

Membership comprises all teachers, superintendents, supervisors, principals, and instructors under contract to the Duluth Board of Education, and employees of the Fund, for the district known after August 5, 1969, as the Independent School District No. 709, St. Louis County.

Membership is *compulsory* for those entering the system under age 65.

As of June 30, 1974, the system had 1,201 active members.

Creditable Service

Prior-service credit is no longer a factor because of the age of the system.

Military service and service in *overseas dependents schools* is creditable, provided it is purchased by the member within four years of his return to the system.

Out-of-city and *out-of-state* service is not creditable. However, state law now provides for a combined service annuity which relates final benefits to average salary earned from last public employer in state of Minnesota.

Withdrawals and Refunds

Members may withdraw contributions plus interest (currently 4 percent) upon separation from service. There is no *service charge*.

Provisions for Members' Borrowing

None.

Vesting and Deferred Benefits

A member has full vested rights in his deposits plus interest, and a deferred annuity with 10 or more years of service. The beneficiary of a member with 10 years or more of service who dies while in active service has certain vested rights in employer matching funds. The survivor benefit is a money-purchase plan.

Retirement Requirements and Benefit Formulas

Normal retirement is at age 60, regardless of years of service. The retirement benefit formula is 1.15 percent of final average salary (average of five highest years) times years of service.

Early retirement is at age 55. The benefit formula is the same as for normal retirement actuarially reduced.

Disability retirement is available at any age with 5 years of service. The allowance is the same as for normal retirement.

State law outside the retirement law provides for *compulsory retirement* at age 65.

Work Restrictions After Retirement

Part-time teaching, substituting, and teaching in night school and summer school in Duluth are permissible for retirants without affecting allowances. Retirants also may work full time in another school system with no effect on benefits.

Death and Survivor Benefits

The surviving beneficiary of a member who dies in active service is entitled to an immediate or deferred annuity computed on the total of the member's and employer's contributions plus interest. The survivor of an active member may choose one of several options for payment of the benefit.

When eligible to retire, a member may elect to receive a life annuity or one of several options that provide for payments to a survivor beneficiary.

Financing

Benefits are financed *jointly* by member contributions and public revenue. *Members* contribute 4 percent of total salary.

Additional voluntary contributions may be made for supplemental benefits.

The *local school district* contributes on a matching basis. The current rate is 5.5 percent. The 1974-75 appropriation was $918,000, plus social security. Employee accounts are credited with employee contributions.

Interest is credited to members' accounts at the end of the fiscal year. The current rate is 4 percent. The rate is prescribed in the bylaws.

Tax-Sheltered Annuities

Tax-sheltered annuities are available to members from the retirement system; 15 percent of the membership is in the Fund's plan.

Investments

Investments are made under the *prudent man rule* and include U. S. Treasury bonds, corporate bonds, mortgages, and common stocks. No more than 6 percent of the total assets may be invested in any one corporation. All purchases are authorized by the board of trustees under recommendation of the finance committee of the board.

As of June 30, 1974, total investments, exclusive of cash, were $24,614,314, at market value and $24,112,237 at cost. Current investments include common and preferred stock, 56.5 percent; corporate bonds, 28.8 percent; mortgages, 8.6 percent; and, other, 6.1 percent.

Administration

The system is administered by a board of trustees of 11 members. Seven members are elected for staggered three-year terms from among the members at their annual meeting. The superintendent of schools serves ex officio and three members are appointed by the board of education to serve staggered three-year terms.

Social Security

Social security coverage was adopted in January 1958, effective as of January 1, 1957, on a supplemental basis and extends to all members of the system.

The employer's share of the social security tax is paid by the school district. Social security benefits are entirely supplemental to retirement allowances.

Number of Retirants and Benefits Paid

As of June 30, 1974, a total of 450 retirants and survivor beneficiaries were receiving benefits, including 2 disability retirants. The approximate annual allowance for all retirants was $3,868.

During the last retirement year, a total of 20 members retired on service retirement with an average annual benefit of $3,868. The average number of years of creditable service for members retiring on service retirement was approximately 23.

Verified by E. K. Blanck, Executive Secretary, Duluth Teachers' Retirement Fund Association, 22 East First Street, Duluth, Minnesota 55802.

MINNEAPOLIS TEACHERS' RETIREMENT FUND ASSOCIATION

The system was established through articles of incorporation on September 7, 1909, under laws of the state of Minnesota. The last major legislation, effective June 1, 1953, provided for the calculation of annuity benefits on a formula basis. The last amendatory legislation was enacted in 1973. Statutory citation: *Minnesota Statutes Annotated,* secs. 135.19-135.27.

Membership

Membership comprises certificated employees of the Minneapolis public school system and office employees of the retirement system. Membership is *compulsory* for all regular teachers. Substitute teachers may join the retirement system.

As of December 31, 1974, the system had 4,061 active members.

Creditable Service

Prior-service credit is provided without cost to the member.

All teaching service in the Minneapolis public schools is creditable when the individual becomes a member of the retirement fund, but those joining after July 1, 1967, receive credit only for those years in which contributions were made.

Military service is creditable in full provided the teacher served in the Minneapolis school system prior to his military service and returned to teaching in Minneapolis thereafter. The credit is without cost to the member.

Teaching in *overseas dependents schools* is creditable in full if the member contributes on the basis of salary in the Minneapolis school system.

Teaching service *outside Minneapolis* is not creditable.

Withdrawals and Refunds

A member's contributions plus interest at the current rate of 4-1/2 percent are automatically refunded when he resigns with less than seven years of service. A member with seven years of service who resigns before becoming entitled to a normal retirement benefit may withdraw his contributions plus accumulated interest, or leave the contributions in the system and receive a deferred allowance. There is no *service charge.* A deferred formula annuity is available at age 60 for persons resigning with seven or more years of service but less than 60 years of age. To receive this deferred formula annuity, no withdrawal of money is permitted.

Provisions for Members' Borrowing

None.

Vesting and Deferred Allowances

Benefits vest with seven years of service. A deferred benefit is payable at age 55 with 20 or more years of service, and at age 62 with one to 20 years of service.

Retirement Requirements and Benefit Formulas

Normal retirement is at age 60 with no service requirements, or at any age with 30 years of service. The benefit formula is 1/60 of the average annual salary for any five consecutive years, multiplied by the number of years of service.

Early retirement may begin at any age under the service limitation, and the benefit formula outlined above. A member who resigns from the school system before age 60 or before completing 30 years of teaching in the Minneapolis schools and leaves his contributions in the retirement fund is entitled to a retirement allowance beginning at age 55 with 20 to 29 years of service and at age 62 with less than 20 years of service. This retirement allowance is an annuity based on the member's contributions, plus $2 per month for each year of service, plus increases granted to adjust for changes in cost of living to a maximum of $100 per month. A deferred formula annuity is available at age 60 for persons resigning with seven or more years of service but less than 60 years of age. To receive this deferred formula annuity, no withdrawal of money is permitted.

Disability retirement is available at any age to members with three years of teaching service in the Minneapolis public schools. The disability benefit is a money-purchase annuity, actuarially equated and payable for life. It is based on the member's and employer's contributions in the member's account, projected for 15 years' service or for service to age 65 whichever is less. It is increased by cost-of-living adjustments to a maximum increase of $150 per month.

Compulsory retirement is not required by the retirement law, but other state legislation requires retirement on June 30 after a member reaches age 68.

Post-Retirement Adjustment

Automatic annual increases of 1½ percent compounded are payable to retirants beginning at age 72.

Work Restrictions After Retirement

Retirants may engage in substitute teaching in Minneapolis to a maximum of 60 days in any year with no reduction in benefits. Teaching outside Minneapolis has no effect on benefits.

Death Benefits

A lump-sum payment of accumulated contributions made by the member plus interest are paid to the beneficiary if the member dies before vesting rights. If the death occurs after vesting rights, the beneficiary is entitled to the total contributions of the member and the employer, plus accumulated interest; the benefit may be taken in a lump sum or as an annuity.

Survivor Benefits

Survivors bearing close relationship to the deceased member are entitled to monthly benefits approximating those payable under social security. (For example, a widow and two children are currently entitled to $579.60 per month.) All benefits cease when the youngest child reaches age 18, or age 22 if a full-time student. The widow's benefits cease on remarriage or death, or when her monthly earnings exceed a minimum amount. Payments to the widow do not resume at age 65.

A dependent survivor of a member who dies with 20 years of service may choose the actuarial equivalent of the annuity to which the member would have been entitled had he retired on the date of his death.

Financing

Benefits are financed *jointly* by member contributions and public revenues.

Members contribute 6-1/2 percent of total salary including extra pay.

The public share of the contributions is made by the state of Minnesota. The contribution rate is 6-1/2 percent of total salary paid to teachers, including extra pay. The employer's contribution is credited to the member's account at the end of each year. At retirement, the accumulated contributions of the member and the employer are transferred to a separate account to fund an annuity granted under the formula basis. The unfunded portion of the annuity is paid by the state of Minnesota. Total requirements are levied on an annual basis and periodic payments are made to the retirement fund as taxes are collected. The levy for the calendar year ending December 31, 1974, was $8,855,487.69.

Interest is credited on members' accumulated contributions, including voluntary supplemental contributions, at the end of each year on money which has been on deposit for the entire year. The interest rate varies according to earnings on invested funds, and is set at the discretion of the board of trustees. The current rate is 4-1/2 percent per year.

Tax-Sheltered Annuities

Not available from the system.

Investments

Under the "prudent man law" of Minnesota, the board of trustees is authorized to invest and has invested funds in almost every type of investment, including common stocks and real estate fee interests. The Executive Secretary and a securities analyst are responsible for the administration of investments. As of June 30, 1975, total investments were $91,789,755.34. Current investments include common and preferred stock, 50.7 percent; corporate bonds, 40.8 percent; mortgages, 0.6 percent; and, other, 7.9 percent.

Administration

The board of trustees consists of six members elected by the members and three ex-officio members, the mayor of the city of Minneapolis, a representative appointed by the president of the Minneapolis City Council, and a representative appointed by the chairman of the board of education. The teacher-members are elected for a period of three years. Ex-officio members serve for as long as they hold their elective offices.

Social Security Coverage

None.

Number of Retirants and Benefits Paid

As of June 30, 1975, a total of 2,036 retirants and survivor beneficiaries were receiving benefits, including 42 disability retirants. The approximate annual allowance for all retirants was $3,653.95.

During the last retirement year, a total of 100 members retired on service retirement with an average annual benefit of $7,149.12. In addition, eight members retired with disability at an average annual benefit of $6,470.76. The average number of years of creditable service for members retiring on service retirement was approximately 27.

Verified by Newell Gaasedelen, Executive Secretary, Minneapolis Teachers' Retirement Fund Association, 1670 Northwestern Bank Building, Minneapolis, Minnesota 55402.

ST. PAUL TEACHERS' RETIREMENT FUND ASSOCIATION

The system was established October 1, 1909. The plan was revised many times with a major revision in 1955 to set up a formula plan and reserves. The last amendatory legislation was enacted in 1975. Statutory citation: *Minnesota Statutes 1975,* secs. 354A.01–354A.11.

Membership

Membership consists of the professional staff of the St. Paul public school system holding certificates issued by the State Department of Education. Membership is *compulsory.* As of June 30, 1975, the system had 3,200 active members.

Creditable Service

Credit for *prior service* rendered before the system was established is no longer a factor in view of the age of the system.

Credit is allowed for substitute teaching in the St. Paul schools. All service during membership in the system is creditable.

Military service is creditable provided the member was on a leave of absence from the St. Paul schools for this purpose and returned to teaching in St. Paul thereafter, and provided the member purchases the credit.

Teaching in *overseas dependents schools* is creditable as out-of-state service if performed by the member during a leave of absence from the St. Paul schools, and provided the member purchases the credit.

Any service that the board of education gives credit for in placement on salary schedule is creditable to a maximum of eight years, provided the member purchases the credit. Included in this maximum credit is teaching service under the Fulbright law while the member is on a leave of absence.

Credit is provided for service as an exchange teacher and for teachers on sabbatical leave.

Withdrawals and Refunds

A member's accumulated contributions made after January 1, 1940, are refunded without interest on first three years' contributions and 5 percent compound interest on all contributions after third year if he withdraws from service for any reason before becoming eligible for retirement.

Provisions for Members' Borrowing

None.

Vesting and Deferred Allowance

Benefits vest after 10 years of service. If the member has 25 years of service, the deferred allowance is payable at age 55 or later. The formula for deferred retirants is the same as for normal retirement, but the allowance is reduced 6 percent per year for each year under 60. The deferred allowance is payable at age 65 for members with 10 to 25 years of service.

Retirement Requirements and Benefit Formula

Normal retirement is at age 60 with 25 years of service. Maximum credited service is 40 years. A limited service allowance is provided at age 68 for members with 10 years but less than 25 years of service.

The formula is 1.8 percent times the number of years of accredited service up to 40 years times final average salary. Final average salary is the best five of the latest 10 years of teaching in the St. Paul Public Schools on which dues have been paid. The ceiling on salary was removed January 1, 1970. From July 1, 1967, to December 31, 1969, the ceiling was $12,000, from January 1, 1963, to June 30, 1967, the ceiling was $8,500, and from January 1, 1955, to December 31, 1962, the ceiling was $6,000.

Early retirement is provided at age 55 with 25 years of service. If retirement occurs between the ages of 55 and 60, the retirement allowance is reduced 6 percent per year for each year under age 60.

Disability retirement for total and permanent incapacity is available at any age to members with five years of service in the St. Paul schools. The disability allowance is 75 percent of last year's salary payable to age 65, and then converted to a service pension with years on disability counting in formula.

By state law *compulsory retirement* is in the year a member is 65 years old on August 3, effective 1976.

Post-Retirement Adjustment

Effective July 1, 1973, all retirees who retired prior to 1970 and who are 70 years of age or older received a monthly increase based on the following formula: years of service times years on pension times $0.06, with a maximum increase of $48.00 per month for 40 years' service and 20 years on pension. Retirees who are not age 70, will receive this increase on their 70th birthdays.

Work Restrictions After Retirement

A retirant may work 60 days in a school year in employment in any capacity by the city of St. Paul without loss of benefits; beyond this time, benefits are subject to suspension for each additional day of such employment. Teaching or other employment outside St. Paul has no effect on benefits.

Disability benefits are revoked if the member returns to teaching. Reappointment as a regular teacher restores the member to his original status and the additional credit accumulated for any teaching service is applied to calculate the service allowance upon retirement.

Death Benefits

Preceding retirement the member's accumulated contributions without interest are refunded to the beneficiary and after retirement his contributions less benefits paid.

Survivor Benefits

Survivorship pensions are provided under a joint and last survivor plan based on age and earned pension. Dependent children under age 18, or 21 if students, receive family benefits if the deceased member had three or more years' service. The family benefit is 25 percent of maximum BA salary for each child with maximum of two children plus 15 percent for surviving spouse if maintaining a home for the children.

Other Benefits

All active members are covered by a group life insurance program in the amount of $5,000 per member paid for by board of education. In addition the member has an option to buy $15,000 of coverage at his own expense. There is no coverage after retirement.

The board of education also provides medical-hospital coverage to active and retired members and their spouses if they are over age 65, at no cost to the member.

Financing

Benefits are financed *jointly* by member contributions and public revenue.

Members contribute 8 percent of annual contract salary. Contribution for accredited prior service is 12 percent of current or entrance salary. There is no provision for additional contributions for voluntary supplemental benefits.

The public share of the contribution is paid by the *state*. The amount as a percentage of payroll is determined each year.

No *interest* is credited on the member's accumulated contributions.

Tax-Sheltered Annuities

Not available to members from the system.

Investments

Funds of the system may be invested at the discretion of the retirement board in the kinds of securities that the Minnesota State Board of Investment is authorized to invest the funds of the State Employees' Retirement Association under provisions of Section 11.16 of the Minnesota Statutes.

As of June 30, 1975, total investments, exclusive of cash, were $37,365,985; cash on hand was $4,827,874. Current investments comprise common and preferred stock, 30 percent; and corporate bonds, 70 percent.

Administration

The system is administered by a board of trustees of 12 members consisting of nine elected Association members and three ex-officio members, the mayor, president of the city council, and the chairman of the school board.

Three of the nine trustees are elected each year to serve for three years. The primary election is held in the schools, and the final election is held at the annual meeting of the members.

Social Security Coverage

None.

Number of Retirants and Benefits Paid

As of June 30, 1975, a total of 824 retirants and survivor beneficiaries were receiving benefits, including 10 disability retirants. The approximate annual allowance for all retirants was $4,850.

During the last retirement year, a total of 48 members retired on service retirement with an average annual benefit of $10,000. In addition, 5 members retired with disability at an average annual benefit of $12,540. The average number of years' creditable service for members retiring on service retirement was approximately 36.

Verified by Lyle T. Farmer, Secretary-Treasurer, St. Paul Teachers' Retirement Fund Association, 555 Wabasha Street, Room 303, St. Paul, Minnesota 55102.

THE PUBLIC SCHOOL RETIREMENT SYSTEM OF THE SCHOOL DISTRICT OF KANSAS CITY, MISSOURI

The system was established January 1, 1944, under the name, The Teachers' Retirement System of the School District of Kansas City, Missouri. The last major revision, in 1961, changed the name of the system to its present title and provided for two plans. Plan A covers members who elected to stay under the original plan in effect before the 1961 revision. Plan B covers those members who elected to come under the 1961 and 1967 provisions and all new members who joined the system after January 1, 1962.

The last amendatory legislation was enacted in 1973. Statutory citation: *Revised Statutes of Missouri,* secs. 169.290 through 169.350.

Membership

Membership comprises all regular employees of the school district of Kansas City, Missouri, who are assigned to established positions requiring at least five clock hours of work per day, five days per week, and not less than nine months per year. Membership is *compulsory.*

As of June 1975, the system had 6,700 active and vested members, including educational, secretarial, repair, custodial, and cafeteria personnel.

Creditable Service

Prior-service credit is given for three-fourths of the years of service rendered prior to the establishment of the retirement system on January 1, 1944. For service, other than Kansas City, maximum prior service is limited to nine years total of prior plus purchased creditable service.

Military service is creditable provided the member makes contributions for the time he is in military service.

Teaching in *overseas dependents schools* is creditable, provided the teacher was granted a leave of absence for such teaching and purchases the credit.

Out-of-state service is creditable. The employee pays both the employee and the school district contributions.

A member with more than five years of creditable teaching service in a Missouri school outside Kansas City may leave his contributions in the other retirement system under reciprocity, and draw a retirement benefit from it at time of retirement. If the member has less than five years' creditable service in another Missouri school, he may withdraw his contributions from the other system and purchase the same amount of credit in this system within five years following initial employment.

Withdrawals and Refunds

A member who ceases employment may withdraw his contributions plus interest upon application to the system. There is no *service charge.*

Provisions for Members' Borrowing

None.

Vesting and Deferred Allowances

Benefits vest after age 40 with five years or more of creditable service. Deferred benefits are payable at age 55 with 30 years of service and at age 60 with five years of creditable service. The retirement allowance is the actuarial equivalent the member would have received at the minimum normal retirement age. A member with 30 years of service may retire at any age and leave his contributions to earn interest until normal retirement.

Retirement Requirements and Benefit Formulas

Plan A: Normal retirement is at age 62 with five years of creditable service. The maximum creditable service is 40 years, after which the member's contributions cease although he may continue in service until age 70. The benefit formula for Plan A members is 1-1/4 percent of average annual salary (to a maximum of $3,000) for each year of membership service after January 1, 1944, plus three-fourths of the service rendered prior to that date, to a maximum of 40 years.

Plan B: Normal retirement is at age 65 with five years of minimum service. The maximum years of creditable service allowed is 35, but the member continues to contribute to the system as long as he is employed. The benefit formula for Plan B is the creditable service (years of membership service plus years of prior-service credit to a maximum of 35) multiplied by the unit per year. The unit per year is obtained by multiplying 1 percent of the average annual salary (five highest consecutive years within the last 10 years of service) plus 1/2 percent of the difference between the average annual salary and the benefit earnings base of $6,500.

The top salary each year on which contributions are made and which is used to derive the average annual salary for the calculation of benefits is the maximum salary for a principal with a master's degree. The top average annual salary in 1975 was $21,352.98.

Under both Plan A and Plan B, *early retirement* is at age 55 with 30 years of creditable service. The retirement allowance is the actuarial equivalent the member would have received at minimum normal retirement age provided in the plan under which the member is covered.

Disability retirement is available at any age to a member with five years of service if the medical board certifies that he is totally incapacitated. The disability retirement allowance is determined under the normal retirement benefit formula, with a minimum of 25 percent of final average salary.

The retirement law provides for *compulsory retirement* at age 70. If the member reaches age 70 after the opening of the fiscal year, the retirement is compulsory at the end of the fiscal year.

Post-Retirement Adjustments

Not provided.

Work Restrictions.

A retirant may do substitute work in the school district of Kansas City, Missouri, to a maximum of 60 days in any school year without suspension or reduction of benefits. Retirants are eligible for any position outside the Kansas City School District without affecting benefits.

Death Benefits

If a member dies in active service before retirement age, a lump-sum payment of his accumulated contributions plus interest is made to the named beneficiary.

Survivor Benefits

Under *Plan B*, if the member is eligible for retirement benefits at death and has not applied for retirement, the named beneficiary, if a surviving spouse or a person receiving at least half of his support from the member, may elect to receive a lump-sum payment or take under Option B-2. Under this option the retirant receives a reduced retirement allowance for life and on his death the same benefit is paid the named beneficiary.

No other survivor benefits are provided.

Financing

Benefits are financed *jointly* by member contributions and public revenue.

Plan A: Members contribute 5 percent of the first $3,000 of salary.

Plan B: Members contribute 3 percent on their earnable compensation up to the top of the principal's salary with a master's degree, plus 2 percent on the excess of $6,500.

Members may make additional voluntary contributions for tax-sheltered annuities.

The public share of the contributions comes from the *school district of Kansas City*. The actuary annually determines the percentage to apply to the total compensation of all members to obtain the required annual contribution by the employer. The employer's contributions are not credited to the members' accounts, but to the General Reserve Fund. At the time of retirement, the member's contributions and interest are transferred to this fund, and retirement allowances are paid from it. The last appropriation, $3,882,596.27, was made as of December 30, 1974.

Interest on the balance of members' accumulated contributions at the beginning of the year is credited to the individual members' accounts at the end of the calendar year. Pursuant to the law, the interest rate is fixed each year by the board of trustees and is determined on the interest the fund has earned. The rate for 1974 was 4.45 percent.

Tax-Sheltered Annuities

Tax-sheltered annuities are available to members from the retirement system.

Investments

The investment of the funds is subject to all the terms, conditions, limitations, and restrictions imposed by the state of Missouri upon life insurance and casualty insurance companies. Funds may be invested in bonds and other obligations of the U. S. Government; federally insured mortgages; bonds of the state of Missouri; bonds of a city, county, or school district in Missouri; accounts of federally insured savings and loan associations, and in any securities that casualty and life insurance companies organized under Missouri laws may purchase, including bonds of governmental units in other states and corporate bonds and stocks.

As of May 30, 1975, total investments were $39,502,744. The Retirement Board of Trustees is responsible for investments and the Treasurer of the School District of Kansas City, Missouri, serves as custodian of funds. Investments are handled by the Board of Trustees. An investment counselor advises the Board of Trustees.

Current investments comprise cash and short-term bonds, 5.52 percent; medium-term bonds, 1.15 percent; long-term bonds, 37.43 percent; convertibles (bonds and preferred), 5.48 percent; stock equivalent convertibles, 9.84 percent; and common stock, 40.58 percent.

Administration

The system is administered by a board of trustees, composed of nine members. Four are elected by the members of the retirement system and four are appointed by the board of education. Each member serves for four years; the superintendent of the school district, ex officio, is the ninth member.

Social Security

Social security was adopted in 1956, retroactive to January 1, 1955. All employees in the school district of Kansas City are covered. The employer's share of the social security tax is paid by the school district.

Under Plans A and B, social security is supplemental to the retirement allowance.

Number of Retirants and Benefits Paid

As of June 30, 1975, a total of 1,611 retirants and survivor beneficiaries were receiving benefits, including 45 disability retirants. The approximate annual allowance for all retirants was $3,041,098.

During the last retirement year (1974) a total of 180 members retired on service retirement with average annual benefit of $3,048. In addition, six members retired with disability at an average annual benefit of $1,824. The average number of years' creditable service for members retiring on service retirement was approximately 23.4 years.

Verified by Glen L. Hanks, Secretary, The Public School Retirement System of the School District of Kansas City, Missouri, 1211 McGee Street, Kansas City, Missouri 64106.

OMAHA, NEBRASKA

Series 6—Local Teachers System
(With Social Security)

SCHOOL EMPLOYEES RETIREMENT SYSTEM OF THE SCHOOL DISTRICT OF OMAHA

The system was established in 1909 for teachers only. All other school employees were included in 1943. A major revision to an actuarially sound system was made in 1951. Social security coverage was adopted in 1955. The last amendatory legislation was enacted in 1972. Statutory citation: *Revised Statutes of Nebraska, 1943 (Reissue of 1958)*, secs. 79-1032 through 79-1060.

Membership

Membership includes all school employees of the School District of Omaha. Membership is *compulsory* except for those who are employed on a temporary hourly basis, who are beyond age 65, or who are past age 60 at the time of original employment.

As of June 30, 1974, the system had 3,116 active certificated and 1,418 noncertificated members.

Creditable Service

Credit for *prior service* rendered before the system was established is no longer a factor because of the age of the system.

Military service up to a maximum of three years is creditable to the member for voluntary military service in time of war or emergency, and for involuntary service at any time, provided the employee was a member of the system when he entered military service and provided the member purchases the credit.

Teaching in *overseas dependents schools* is not creditable.

Teaching service in Nebraska outside Omaha and *out-of-state* teaching service are creditable to a maximum of five years provided the member purchases the credit; the Board of Education matches the purchase of the employee.

Withdrawals and Refunds

A member who terminates employment must withdraw his contributions on which he receives 3-1/2 percent interest except that if he has 15 years of creditable service, he may leave his contributions in the system and receive a deferred annuity at age 65. There is no *service charge* on withdrawals,

Provisions for Members' Borrowing

None.

Vesting and Deferred Allowances

Benefits vest after 15 years of creditable service, and a deferred allowance is payable at age 65 under the normal benefit formula.

Retirement Requirements and Benefit Formulas

Normal retirement is at age 65 with five years of service. The member's contributions cease and no further benefits accrue if the member is employed beyond the end of the fiscal year in which he reaches age 65. The benefit formula is 1.2 percent of the first $7,800 and 2.0 percent of the remainder of the earnings. All members of the Omaha retirement system participate in a State Service Annuity under which they receive benefits of $3.00 per month for each year of creditable service.

Early retirement is at age 60 with 25 years of creditable service or at any age with 35 years of creditable service. The allowance is the actuarial equivalent of the normal retirement allowance.

Disability retirement is available at any age after 10 years of service in the Omaha retirement system, provided the member is totally disabled for further performance of duty. Benefits continue until disability ceases or until the employee receives $100 a month or more as a result of employment. The benefit is based on the earnings to the date of disability under the formula used in normal retirement.

The retirement law provides for *compulsory retirement* at the end of the fiscal year in which age 70 is reached.

Work Restrictions After Retirement

Retirants may teach part time in the Omaha public schools without a reduction or suspension of the retirement benefit. There are no restrictions on any other employment except that if the retirant is participating in the State Service Annuity, work is not permitted in any public school in Nebraska except as a temporary substitute not to exceed 90 days.

Death Benefits

If a member dies before retirement, his accumulated contributions plus interest are paid to the beneficiary in a lump sum; and, if a member dies after retirement, the unused contributions plus interest at time of death are payable to the beneficiary in a lump sum. The beneficiary is designated at the time a person becomes a member and can be changed at any time.

Survivor Benefits

A member with 20 years of creditable service may elect the option of joint-survivorship death benefits rather than the lump-sum payment. The actuarial equivalent, based on the age of the survivor, of the benefits earned by the member to the date of death, are paid to the survivor on a monthly basis.

At the time of retirement and before the first annuity payment is made, a member may elect to receive a joint survivorship annuity in lieu of the normal annuity. Under this option the annuity payment is an actuarial equivalent of the normal annuity and continues to the beneficiary upon the death of the retirant.

Financing

Benefits are financed *jointly* by member contributions and public revenue.

Members contribute 2-3/4 percent of the first $7,800 and 5 percent of the remainder of the earnings. Additional deposits are not permitted.

The public share of the cost of the local retirement allowance is paid by the *School District of Omaha* which by statute must make annual contributions of sufficient amount to insure 100 percent actuarial soundness based upon the annual actuarial valuation. The employer's contributions are not credited to a member's account. The State Service Annuity which all members receive in addition to the benefit from the Omaha system is financed through the State General Fund.

Interest on the member's contributions is credited annually as of August 31 at the rate determined annually by the board of education upon recommendation of the board of trustees. The current rate is 3-1/2 percent.

Tax-Sheltered Annuities

Not available to members from the system.

Investments

Investments by the board of trustees are subject to the monthly approval of the board of education and may be made on advice of investment counsel. The statute authorizes investment in bonds, debt obligations, common and preferred stock, and insured first mortgages.

As of June 30, 1975, total investments were $28,488,787. Current investments comprise federal securities, 5 percent; common and preferred stock, 12 percent; corporate bonds, 36 percent; mortgages, 3 percent; and utility bonds, 44 percent.

Administration

Administration of the system is vested in the board of education. By statute, a 7-member board of trustees functions in an advisory capacity. This advisory body is appointed by the board of education and is composed of two members of the retirement system, two members of the board of education, two trustees from the business world qualified in financial affairs, and the superintendent of schools, as an ex-officio trustee. Service is without compensation.

Social Security

Social security was adopted in September 1955, retroactive to January 1, 1955. All employees of the Omaha school district are covered. The school district pays the employer's share of the social security tax.

The member's retirement contributions and benefits are coordinated with social security to the extent that the different rates are fixed below and above $7,800, which is a fixed amount. The amount of social security benefits has no effect on the benefits of the local system.

Number of Retirants and Benefits Paid

As of June 30, 1975, a total of 743 retirants and survivor beneficiaries were receiving benefits, including 29 disability retirants. The approximate annual allowance for all retirants was $1,662,500.

During the last retirement year, a total of 38 members retired on service retirement, with an average annual benefit of $1,920. In addition, 5 members retired with disability at an average annual benefit of $1,150. The average number of years' creditable service for members retiring on service retirement was approximately 21 years.

Verified by Charles W. Beattie, Secretary, Board of Education of the School District of Omaha, 3902 Davenport Street, Omaha, Nebraska 68131.

TEACHERS' RETIREMENT FUND ASSOCIATION OF SCHOOL DISTRICT NO. 1, MULTNOMAH COUNTY, PORTLAND, OREGON

The system was established in 1911. A complete revision of the law was made in 1929. Since then the law has been changed many times. The last amendatory legislation was enacted in 1975. Statutory citation: *Oregon Statutes*, Ch. 695.

Membership

Membership is limited to teachers, superintendents, assistant superintendents, supervisors, principals, and vice-principals employed by the school district. Membership is *compulsory*, but no new members have been taken since July 1, 1973, by legislative action. If the teacher enters the school district from another district covered in the state retirement system, membership may be retained in the state system.

As of July 1, 1975, the system had about 2,130 active members.

Creditable Service

Prior-service credit for service before the system was established is no factor because of the age of the system.

Credit is granted for public-school teaching rendered outside the school district but *within the state* between July 1, 1926, and July 1, 1946, to a maximum of 20 years, without cost to the member. The allowance is $4 per month for each year of such service, to the maximum of $80 per month at the age of 60.

Military service is creditable under specific circumstances, as part of the service credit outlined above.

Teaching in *overseas dependents schools* is not creditable.

Out-of-state service is not creditable.

Withdrawals and Refunds

A teacher under age 55 who resigns may immediately withdraw his accumulated contributions and earned interest. If he will not attain the age of 55 within five years of resignation from service, he may leave his contributions and interest on deposit for five years, earn interest, and retain his membership during this period. Death or disability in this period, before the age of 60, and under certain specific conditions, is treated as if death or disability occurred during active service. These benefits cease at the end of five years. If at time of resignation, the teacher has 10 years of service, application for the refund may be made at any time but before reaching age 55. A teacher at age 55 or older at the time of the resignation receives a retirement allowance, but if it is less than $10 per month, application may be made for refund of contributions and interest.

Withdrawal of funds cancels all rights and membership in the retirement system. No partial withdrawals are permitted. There is no *service charge*. A teacher who re-enters the system with funds left on deposit, continues to make contributions at a specified percentage of salary. If re-entry into the system occurs within five years after resignation, but the funds have been withdrawn, all rights may be regained upon repayment of the total amount withdrawn within one year of re-entry; otherwise, the teacher is treated as a new member, and contributes at a specified percentage of salary.

Provisions for Members' Borrowing

None.

Vesting and Deferred Allowances

Effective January 1, 1968, benefits vest after 5 years of service. A deferred allowance is payable at age 55. The benefit is an annuity which is the actuarial equivalent of the member's accumulated contributions with interest, an actuarial pension from the school district, and, where applicable, a reduced pension for allowable in-state service outside the system.

Retirement Requirements and Benefit Formulas

Normal retirement is at age 65 with no service requirement. Contributions continue as long as the member remains in active service.

The retirement allowance is a refund annuity which is the actuarial equivalent of the member's accumulated contributions with interest, and an actuarial calculation of current service pension plus a nonrefund service pension for Oregon teaching service outside the system rendered between July 1, 1926, and July 1, 1946.

If the allowance at retirement at age 65 is less than $10 per month, the member may take instead a cash settlement composed of his contributions and interest, and a matching payment from the school district.

A member retiring at age 65 with at least 30 years of service completed after July 1, 1946, who has made contributions therefor at the maximum allowable rate, should receive a retirement allowance, combined with social security benefits, which equals from 60 percent to 70 percent of the average salary earned during this period of service.

Early retirement is provided at age 55. The retirement allowance is the same as for normal retirement at 65, except that the amount is actuarially reduced.

If retirement occurs between the ages of 55 and 65 and the retirement allowance is less than $10 per month, the member may request a cash refund of his contributions plus interest earned. Effective July 1, 1975, employees may retire at age 55 with actuarial reduction for early retirement or at age 60 without actuarial reduction regardless of years of service in either case.

Disability retirement is available for members under age 60. There is no minimum service requirement if the disability is service-incurred. Otherwise, 10 years of service is required. The disability retirement allowance consists of a refund annuity which is the actuarial equivalent of the member's contributions and interest at the time of retirement, a nonrefund current service pension equal to what would have been due had the member worked until age 60 and, when applicable, a nonrefund service pension for in-state service outside the system between 1926 and 1946 equal to the pension the member would have received had he worked to age 60.

The minimum allowance to a member retiring for disability under age 60 is $100 per month under a nonrefund plan and is reduced to the actuarial equivalent if one of the options has been exercised for payment. If the disability is overcome, the allowance ceases, and the teacher may be re-employed; if not re-employed, he receives separation benefits. The allowance for a disabled member age 60 or over is calculated as if he had retired voluntarily under the normal retirement formula.

Three optional plans for payment are available for age or disability retirement.

The retirement law provides for *compulsory retirement* at age 65. However, a teacher may continue in employment after age 65 to the extent permitted by the tenure law.

Post-Retirement Adjustment

Automatic adjustments for retirees and their beneficiaries are based on annual CPI changes. The adjustment is to be 2 percent. If the CPI changes in excess of 2 percent, the Retirement Association will hold the excess in abeyance; and, if there is no increase during the following year, the Association will release the amount not used the previous year or a maximum of 2 percent. Increases each year will appear in the August 1 paycheck. In case of a decrease in the cost of living, the benefits will not be decreased below the original retirement allowance.

Work Restrictions After Retirement

A teacher who retires after age 60 but before age 65, may be re-employed and resume contributions to the retirement fund until he retires again. Money paid out for a retirement allowance during the retirement period, must be repaid or an adjustment must be made in the member's retirement fund contribution balance.

A retired teacher may be employed by a public employer in the state in a position normally requiring 600 or more hours' service per calendar year, without reduction or suspension of the retirement benefits.

Retirants may engage in private employment in the state or in any employment in another state without affecting the benefit.

Death Benefits

If an active member dies before retirement, the designated beneficiary, if any, or certain next of kin in order as named in the statutes receives the member's accumulated contributions plus interest earned. If there are no beneficiaries or next of kin, and the estate is not probated, the money may be used to pay funeral expenses and medical and hospital expenses of the last illness of the deceased. If no such claims are made, or if a surplus remains after payment, the amount left becomes part of the school district's payments to the retirement fund.

At the death of a member in active service, the school district pays a death benefit to the same beneficiary who received the member's account, in an amount equal to the accumulated contributions of the deceased member.

Survivor Benefits

Survivors of retirants are entitled to receive retirement allowances if the retirant selected a survivor-beneficiary option to continue either the same allowance or one-half the allowance to the survivor for life. If at time of death a retirant was receiving a refund annuity, the unexpended balance is payable to the designated surviving beneficiary.

Financing

Benefits are financed *jointly* by member contributions and public revenue. *Members'* contribution rates are: (a) 4 percent of salary if less than $500 monthly; (b) 5 percent of salary if more than $500 but less than $1,000 monthly; (c) 6 percent of salary if more than $1,000 but less than $1,500 monthly; and (d) 7 percent of salary if $1,500 or more monthly.

There are no other provisions for additional voluntary deposits for supplementary benefits.

The public share of the contribution is made by the *school district*. The employer's contributions plus interest are recorded annually as a bookkeeping entry only. The interest on these contributions is accumulated annually at the same rate as is paid by the state system. Payment of the school district contribution is made only at retirement, and is part of the annual school district budget. The appropriation for fiscal year July 1, 1974, to July 1, 1975, was $1,900,331.

Interest on the member's contributions is paid annually on the total accumulations on December 31. The current rate is set by the retirement board and is determined by the amount available after deduction of expenses and reserves from the earnings on investments.

Tax-Sheltered Annuities

Not available from the system. Available to employees of School District No. 1 through payroll deduction.

Investments

As of June 30, 1975, total investments were $22,008,000. The retirement board is responsible for hiring an investment counselor. A local bank serves as custodian of the funds. Investments are handled by investment counsel.

Current investments include: federal securities, 3.52%; state and local government securities, 0.08%; common and preferred stock, 37.19%; corporate bonds, 30.42%; mortgages, 14.93%; and, other, 13.86%.

Administration

The board of trustees is composed of seven active members of the Association who are elected by the membership for three-year terms. Election of trustees occurs annually, at which time, in successive years, two, two, and three trustees, respectively, are elected.

Social Security Coverage

Social security coverage was adopted January 1, 1955. All members of the system are covered. The school district pays the employer's share of social security tax. Social security benefits are co-ordinated with contribution rates and benefits under the retirement law.

Number of Retirants and Benefits Paid

As of June 30, 1975, a total of 747 retirants and survivor beneficiaries were receiving benefits, including 25 disability retirants. The approximate annual allowance for all retirants was $3,758.

During the last retirement year, a total of 60 members retired on service retirement with an average annual benefit of $3,744. In addition, 1 member retired with disability at an average annual benefit of $4,512. The average number of years' creditable service for members retiring on service retirement was approximately 29.

Verified by Mrs. Hope Burns, Office Manager, Teachers' Retirement Fund Association of School District No. 1, 510 S.W. Fifth Avenue, Room 312, Multnomah County, Portland, Oregon 97204.

CITY OF KNOXVILLE EMPLOYEES' PENSION FUND

The City Employees Pension Fund of Knoxville was established in June 1933. Social security coverage was added on a divisional basis. The most recent amendatory legislation was enacted in 1970 (benefit adjustment clauses for retired employees and establishment of Division C for uniformed personnel). Statutory citation: *City of Nashville Pension Act*, secs. 162–176.4–8.

Membership

Membership comprises all city employees and public-school staff. Membership is *compulsory*, regardless of age.

As of July 1, 1975, the system had 5,680 active members.

Creditable Service

The only service creditable is service with the City of Knoxville.

Withdrawals and Refunds

A member who stops teaching may withdraw his contributions without interest. There are no *service charges*.

Provisions for Members' Borrowing

None.

Vesting and Deferred Allowances

Benefits vest at any age with 15 years of service. The deferred allowance is .75 percent of the current maximum wage base under social security plus 1.5 percent of salary in excess for benefits payable at age 62.

Retirement Requirements and Benefit Formulas

Normal retirement is at age 62 regardless of years of service for those in Division A (with social security). For those in Division B (without social security), normal retirement is age 50 with 25 years of service. The benefit formula for Division A is 1/12 of credited service multiplied by (a) .75 percent of average base earnings and (b) 1.50 percent of average excess earnings. (Average is the arithmetic average determined for 10 full calendar years or lesser number of calendar years served.) The benefit formula for Division B is one-half of average monthly salary for highest three consecutive years of employment.

Early retirement for Division A is at age 50 with 25 years of service; there is no early retirement in Division B except disability retirement. The benefit formula for Division A is the same as for normal retirement but reduced by 5/12 percent for each full month in the period between early retirement date and normal retirement date.

Disability retirement is provided under both Divisions at any age with 15 years of service. The formula for disability retirement for Division A is the same formula as for normal retirement at 62 except that the computation shall be made as of disability retirement date and the benefit shall not be less than $50 per month. The formula for Division B is the proportionate part of one-half of average monthly salary for the highest three consecutive years as the number of years served bears to 25 years.

Compulsory retirement is at age 70.

Post-Retirement Adjustment

Benefits may be adjusted up to 3 percent if cost of living rises.

Work Restrictions After Retirement

There are no restrictions on employment after retirement except on employment with the City of Knoxville.

Death and Survivor Benefits

On the death of an active member, his contributions without interest are payable to his survivors or estate.

Benefits of $125 per month for the widow or half of employee's pension or entitlement, whichever is greater, and $42 for each child are payable to survivors of Division B retirants.

Members of Divison A may select one of several options for benefits to be paid to survivors.

Financing

Benefits are financed *jointly* by member contributions and public revenue. *Members* of Division A contribute 3 percent on the maximum salary on which social security taxes are paid, plus 5 percent of salary in excess. *Members* of Division B contribute 4 percent of salary.

The local *employer* contributes an amount determined by an actuary to be sufficient to finance the system. This was 9.35 percent of total payroll in 1975.

Interest on accumulated contributions is not credited to member's accounts.

Tax-Sheltered Annuities

Not available to members from the system.

Investments

The fund may invest in city, county, state, and U. S. Government Bonds. Up to 35 percent of book value of the fund may be invested in common or preferred stock.

As of June 30, 1975, total investments were $19,822,691. Current investments comprise federal securities, 18 percent; common and preferred stock, 12 percent; corporate bonds, 63 percent; and other, 7 percent.

Administration

The system is administered by the City Employees Pension Board which consists of the Mayor of the City of Knoxville and six (6) employees elected to represent the various divisions of the City and the Board of Education.

The City Employees Pension Fund Management Board is charged with the responsibility of investing the funds of the system.

Social Security Coverage

Social security was adopted on a divisional basis in January 1963. The employer's share of the social security tax is paid by the school district. Social security coverage is coordinated with Division A.

Number of Retirants and Benefits Paid

As of June 30, 1975, a total of 888 retirants and survivor beneficiaries were receiving benefits, including 77 disability retirants. The approximate annual allowance for all retirants was $4,320.

During the last retirement year, a total of 76 members retired on service retirement with an average annual benefit of $4,844. In addition, 7 members retired with disability at an average annual benefit of $2,846. The average number of years of creditable service for members retiring on service retirement was approximately 32.

Verified by Mrs. Ruby G. Needham, Executive Secretary, City Employees Pension Fund Board, City Hall Park, Knoxville, Tennessee 37902.

MILWAUKEE TEACHERS RETIREMENT FUND

The system was established in 1909. The last amendatory legislation was enacted in 1974. Statutory citation: *Wisconsin Statutes*, secs. 42.70–96.

Membership

Membership consists of all teachers employed in the City of Milwaukee public school system. Membership is *compulsory* for all regularly appointed teachers who enter the school system.

As of June 30, 1975, the system had 6,608 active members.

Creditable Service

Prior-service credit for service before the system was established is no factor because of the age of the system. Credit was given for service prior to 1909.

Military service, as defined by state statute, is creditable in full at no cost to the member.

Teaching in *overseas dependents schools* is not creditable.

Teaching service *outside the state of Wisconsin* is not creditable. Public-school teaching service outside the city of Milwaukee, but within the state of Wisconsin (being a member of the State Teachers Retirement Fund), may be eligible for intrastate retirement reciprocity, the intent of which is to provide benefits as though the member had all his service in one fund.

Withdrawals and Refunds

A member under age 55 who separates from service may withdraw all member accumulated contributions with interest. If at the time of separation the member is 55 years of age or older and the present value of the annuity payable does not exceed $3,000, he may elect to be paid in a lump sum; annuities valued at over $3,000 must be paid monthly. There are no *service charges*.

Provisions for Members' Borrowing

None.

Vesting and Deferred Allowances

Benefits vest immediately and a deferred allowance is payable at age 55. The benefit formula is the same as for normal retirement.

Retirement Requirements and Benefit Formulas

Normal retirement is at age 65 with no service requirements. Contributions continue as long as the member remains in active service.

The benefit formula is a monthly annuity determined by multiplying the amount of creditable service by 1.3 percent of a final average compensation using the 3-year highest average. This will give the monthly annuity (with 60 months certain) payable to a member 65 or older. There is no minimum guarantee. The maximum payable is 80 percent of final average salary including original primary social security benefits.

Variable annuity program—An optional variable annuity may be elected prior to retirement. A member who elects a variable annuity has one-half of his required contributions put in the variable division where assets (mainly equity investments) are valued once each year. Any gain or loss on this valuation is distributed to the variable division members according to their balances. At time of retirement, any increase (or decrease) of the variable member's balance over the balance which it would have been if it was put in the fixed division is doubled and buys additional annuity benefits.

The total variable annuity benefit payable is the amount purchased by the member's accumulation, plus matching state accumulation. This variable annuity is adjusted yearly depending upon the experience of the assets in the variable division.

Early retirement is at age 55 with no service requirements. The benefit is the normal allowance reduced 11/24 percent for each month (5½ percent per year) that the effective date of the annuity precedes the normal retirement age of 65.

Disability retirement for complete disability is available to members under age 65 with five years of service. Disability must be determined by the state agency designated under the federal social security laws. A limited disability benefit is available for disablement for teaching purposes to members under age 55 with five years of service. The benefit is $25 per month in addition to the regular annuity (with age requirement waived), as long as satisfactory proof of continuance of such disability is furnished.

The retirement law provides for *compulsory retirement* at age 70.

Work Restrictions After Retirement

Retired teachers may do substitute teaching in Milwaukee for a period of not more than 95 days per year without suspension or reduction of the retirement benefit. Retirants are eligible for employment in other school systems without affecting the benefit.

Death and Survivor Benefits

Upon death of a member in active service, a lump-sum benefit of the member's accumulated contributions is payable if the designated beneficiary is the member's estate. If the designated beneficiary is a person, a survivor annuity is payable, based on the age and sex of the beneficiary.

If the member dies after age 60 and if the beneficiary named is a spouse, child under age 21, a handicapped child, or other dependent, the death benefit annuity payable is equal to the annuity which would have been payable if the member had retired immediately prior to his death and elected to receive a joint and survivor annuity (where survivor receives same annuity as original annuitant upon original annuitant's death). If a member over age 60 does not have dependent beneficiary designated, only an annuity based upon the member's accumulation is paid.

Members may within one year of entering the system, elect to pay $10 yearly for a $1,500 death benefit.

Besides the normal form annuity available (60 months certain), there are various combinations of joint survivorship annuities available plus ordinary life and 180 months certain.

Financing

Benefits are financed *jointly* by member contributions and public revenue.

Members contribute 5 percent of gross salary less that amount paid by the school board. The school board currently pays the total (5 percent) members' required contribution. All school-board contributions are treated as if paid by the member.

In addition, voluntary deposits of any amount may be put in the fixed division; and up to $5,000 per year may be put in the variable division.

The *employer* contributes an amount determined actuarially to be sufficient to meet the current funding, plus an amount necessary to meet the increased cost of benefits for past service which is to be amortized at the rate of 2-1/2 percent per year.

Interest is credited on the accumulated contributions in the member's account each year based on net earnings.

Tax-Sheltered Annuities

Tax-sheltered annuities are available to members from the retirement system.

Investments

The investments of the system are under the control of the State of Wisconsin Investment Board. Assets of the Variable Retirement Deposit Fund are invested mainly in equity securities while the assets of the Fixed Annuity Division are invested as per state statute. As of June 30, 1975, total investments, exclusive of cash, were $108,148,000; cash on hand, held by the state treasurer, was $574.

The Milwaukee Teachers Retirement Fund, effective January 1, 1975, pooled its assets with other public retirement funds in the state of Wisconsin. The State Investment Board is responsible for the management of this pool with assets in excess of $2,300,000,000.

Administration

The retirement system is administered by a nine-member board, composed of five school-board members and four teacher-members. The president of the school board is automatically a member; the four other school-board members are elected by the school board and serve on the retirement board for two-year terms. The remaining four teacher-members are two women and two men. These four members are elected for two-year terms by the members of the retirement system. Officers of the retirement board are the president, vice-president, and secretary who are elected at the annual meeting of the retirement board in October of each year.

Social Security Coverage

Social security coverage was adopted on a divisional basis on January 1, 1958, retroactive to January 1, 1955.

Social secuirty benefits are supplemental to the retirement allowance except for an 80-percent limitation on total benefits to the final average salary. For those who did not elect social security coverage, it is assumed that they have this coverage and it is figured in the 80-percent limitation. The offset method is used for those annuitants whose total teacher and social security benefits exceed the 80-percent limitation. Any increase of social security benefits after the original application will not be affected.

Members who have sufficient OASI quarters may be paid a social security optional integrated annuity which would begin prior to the member's 62nd birthday and be approximately the amount to be received from social security at age 62. This amount would be payable monthly and terminate with the payment due in the month in which the member attains age 62. This social security integrated annuity can be combined with any annuity selected, which annuity would then be reduced according to the age of the annuitant and the amount of the temporary annuity.

Number of Retirants and Benefits Paid

As of June 30, 1975, a total of 1,935 retirants and survivor beneficiaries, including 19 disability retirants, were receiving benefits. The approximate annual allowance for all retirants was $6,662,256. During the last retirement year 105 members retired on service retirement with an average annual benefit of $5,085.72. In addition, six members retired with disability at an average annual benefit of $4,545.12. The average number of years of creditable service for members retiring on service retirement was approximately 29 years and 8 months.

Verified by Elinor D. Erichsen, Director, Milwaukee Teachers Retirement Fund, 819 N. 6th Street, Room 550, Milwaukee, Wisconsin 53203.