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STATE PENSION SYSTEMS FOR PUBLIC-SCHOOL TEACHERS

PREPARED FOR THE COMMITTEE ON
TEACHERS' SALARIES, PENSIONS, AND TENURE OF
THE NATIONAL EDUCATION ASSOCIATION

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PREFACE.

By Joseph Swain,

President of Swarthmore College and Chairman Committee on Salaries, Tenure, and Pensions, National Education Association.

Since the appointment of the committee on salaries, tenure, and pensions in October of 1911 there have been published by the committee, or by the United States Bureau of Education in cooperation with it, about 1,000 pages of literature, chiefly on teachers' salaries. The report of January, 1913, on teachers' salaries and cost of living, was an extensive study of economic conditions of teachers in four representative cities in different parts of the country—namely, Cincinnati, New Haven, Atlanta, and Denver. Bulletin of the Bureau of Education, 1914, No. 16, "The Tangible Rewards of Teaching," was a detailed statement of salaries paid to the several classes of teachers and school officers in different parts of the United States. Bulletin, 1915, No. 31, of the Bureau of Education was a comparative study of salaries of teachers and school officers. The study of these three publications will make clear to any impartial and enlightened observer that salaries of teachers in the United States are not large enough to provide properly for the numerous financial demands that their work makes upon them. (See "Teachers' Salaries and Cost of Living," pp. 234–235.) The overwhelming consensus of view of intelligent people in all walks of life who are familiar with present conditions in the United States is that not only must salaries be increased, but some kind of a retiring allowance in the form of a pension or annuity must be provided for all public-school-teachers if we are to have a profession of teaching.

The studies thus far made naturally led the committee to the study of pensions. The subject is both a scientific and a social question. Many pension systems have failed because they had no sound economic basis. A system may have a sound economic basis and not be in a form acceptable to those who participate in it. The committee has brought experts, who have worked out the scientific basis on sound economic grounds, and the teacher and public-school officer together in the hope that we may have better pension legislation, both sound in theory and acceptable in practice. This has been the purpose of a series of conferences held at Oakland, Detroit, and in New York City. It has been found that the subject of pensions is little understood and that much legislation has been more than useless. But it is clear that by cooperation of teachers, officers, experts, and the public a safe, sound, and efficient system can be secured in all parts of the United States.

The work of the committee this year has been in two directions. In cooperation with the Bureau of Education the present bulletin has been prepared. The purpose of this bulletin is to show the extent of the teachers' pension movement in a brief and summary way and to collect in convenient form pension legislation for public school-teachers in the United States. This bulletin is a natural introduction to the report on teachers' pensions, which, at the request of the committee, is now being prepared for it by the Carnegie Foundation for the Advancement of Teaching.

STATE PENSION SYSTEMS FOR PUBLIC-SCHOOL TEACHERS.

INTRODUCTION.

Pension and retirement legislation for teachers has developed rapidly in the past four or five years. Local retirement funds have in most instances given way to State systems, and there has come a general realization that some plan of retirement for teachers is essential in an efficient public-school system. To show the extent of the teachers' pension movement in a brief and summary way is the purpose of this bulletin. No attempt is made to argue for or against any particular form of pension plan, or to go analytically into the history of the pension movement, since these have already been the subject of careful study by competent investigators. In the past half dozen years pension literature has been enriched by the report of the Massachusetts commission on old-age pensions, annuities, and insurance (Boston, 1910), which afforded a background for the careful study of teachers' pensions in the same State three years later; by various Government reports, including summaries of the pension situation for teachers in the United States and Europe, of which the more important are Senate Document No. 823, of the Sixty-first Congress, and Bulletin, 1913, No. 34 of the United States Bureau of Education (Teachers' Pensions in Great Britain); by "The Teacher and Old Age," Mr. Prosser's survey of teachers' retirement systems, which is especially significant in its statement of the case from the standpoint of social insurance; and by the numerous contributions of the Carnegie Foundation for the Advancement of Teaching, which, based on practical experience in the administration of college pensions, properly emphasize the fundamental actuarial problems involved in the making of pensions for any class of employees.[1]

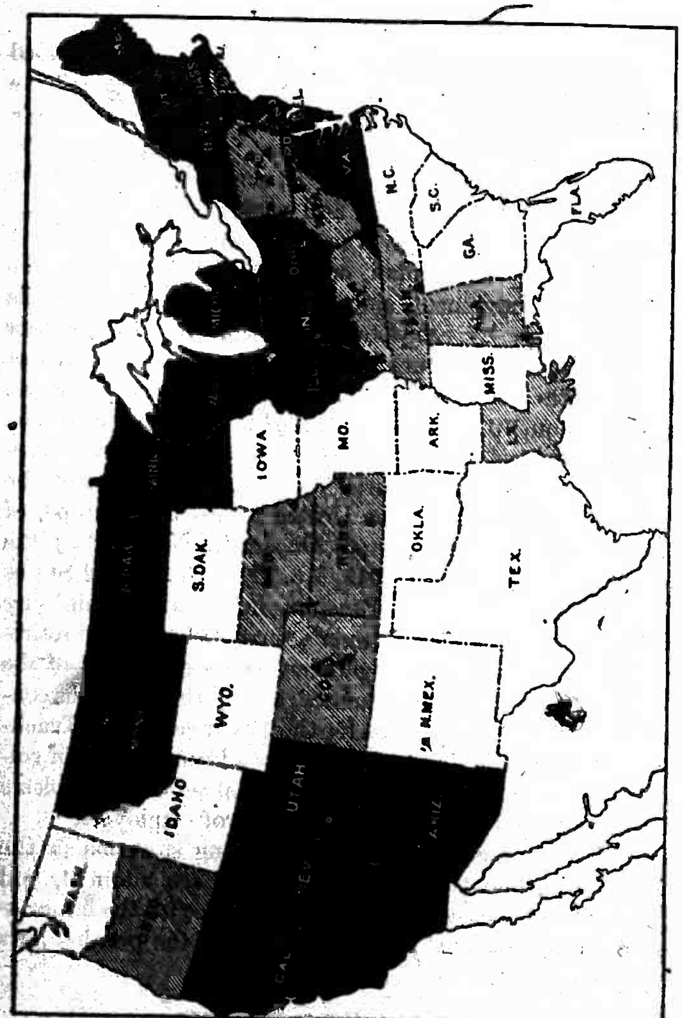
The present bulletin seeks to show the existing situation in the various States; to outline the plans that have been adopted, and give some indication of the results; and to reproduce for the information of those studying teachers' pensions several of the pension laws now on the statute books.

STATES HAVING PENSION SYSTEMS.

State systems of pensions or retirement for public-school teachers are maintained in 33 States. Of these, 21 are State-wide in their application, 5 affect two or more cities in the State, and 7 apply to a single city or county.

[1] See especially the Tenth Annual Report (1915) and Bulletin No. 9.

The 21 States having State-wide pension systems are: Arizona, California, Illinois, Indiana, Maine, Maryland, Massachusetts, Michigan, Minnesota, Montana, Nevada, New Hampshire, New Jersey, New York, North Dakota, Ohio, Rhode Island, Utah, Vermont, Virginia, and Wisconsin.[1]



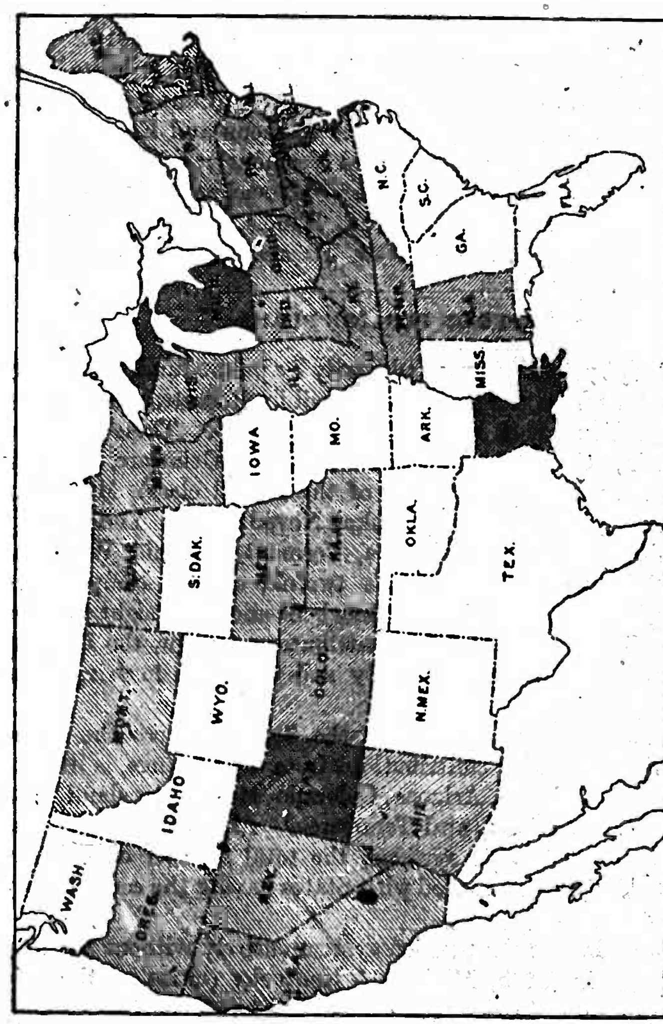
EXTENT OF THE TEACHERS' PENSION MOVEMENT.

States having State-wide pension systems for public-school teachers.
States having teachers' pension laws that apply to certain cities or counties (localities indicated by △).
States without teachers' pension laws.

Of the other States, the Alabama system affects only Mobile County, which includes the city of Mobile; the Colorado law covers Denver, Pueblo, and Colorado Springs; Connecticut has separate laws affecting New Haven and New London; and Delaware's system is for

[1] In some of these States the law does not apply to teachers in cities that have already established retirement systems. (See table.)

Wilmington only. Pennsylvania has a local option law under which 11 cities have established retirement systems. The Kansas law affects "all cities of the first class"—Topeka, Kansas City, and Wichita. Kentucky has one law affecting Louisville ("all cities of the first class"), and another affecting Lexington, Covington, New-



TYPES OF TEACHERS' PENSION SYSTEMS.

Contributory plan—Supported jointly by teachers and the public.
Noncontributory plan—Maintained wholly by public funds.
Supported by the teachers.
Double system—One system maintained by the State; the other by the teachers (New Jersey).
NOTE.—The Louisville, Ky., plan is supported by the teachers.

port, and Paducah ("all cities of the second class"). The Louisiana act applies to the city of New Orleans; the Nebraska law affects Omaha only; Oregon's optional law has been availed of by the city of Portland; Tennessee has a retirement system for Chattanooga, and the West Virginia law applies to the city of Wheeling.

DATES OF ESTABLISHMENT OF PENSION SYSTEMS.

The teachers' pension movement is a recent development in the United States. The teachers' retirement fund of New Jersey dates from 1896. The Ohio noncontributory plan was adopted in 1897. In 1907 Rhode Island established a State-wide retirement system on a noncontributory basis. Virginia enacted pension legislation in 1908, Colorado and Nebraska in 1909, and Louisiana in 1910.

Most of the development in teachers' pensions has come since 1911. Four States created systems in that year (Connecticut, Delaware, New York, Wisconsin); 2 in 1912 (Arizona and Kentucky); 4 in 1913 (California, Maine, Utah, and Vermont); 3 in 1914 (Kentucky—for cities of the second class—Massachusetts, and North Dakota); and 10 in 1915 (Alabama, Illinois, Indiana, Michigan, Minnesota, Montana, Nevada, New Hampshire, Tennessee, and West Virginia).

TYPES OF PENSION PLANS.

Contributory systems, supported partly by public funds and partly by contributions from the teachers, prevail in 21 States, 13 having a State-wide pension law and 8 having local systems. These 21 States are: California, Connecticut (New London), Delaware, Illinois, Indiana, Kansas, Kentucky (cities of the second class), Massachusetts, Minnesota, Montana, Nebraska, Nevada, New York, North Dakota, Ohio, Oregon, Pennsylvania, Vermont, Virginia, West Virginia, and Wisconsin. New Jersey's twofold system, comprising a retirement plan supported by the teachers and a straight pension paid by the State, is in effect a contributory system, the teachers insuring themselves against disability and the State insuring them against old age.

The noncontributory plan, where the State finances the entire scheme without the aid of contributions from the teachers, is in force in eight States—Alabama, Arizona, Colorado, Maine, Maryland, New Hampshire, Rhode Island, and Tennessee.[1] Although six of these are States with State-wide systems, the total number of teachers affected is not large as compared with States having the contributory system.[2]

The teachers finance the pension system entirely without the help of public funds in Utah, Michigan,[1] Kentucky (cities of the first class), and Louisiana (New Orleans), and in one of the two systems in New Jersey, as described elsewhere.[2]

[1] For New Jersey, see preceding paragraph; see also Appendix C.
[2] For example, Arizona had 5 pensioners in 1916 and New Hampshire 65.

PROVISION FOR REFUNDS.

Few States make provision for refund of money paid in by teachers on the contributory plan. Massachusetts is the only State that refunds the total amount, with interest, in case of death or resignation. Indiana pays back the actual amount contributed, but without interest, and Utah refunds the full amount at death. In nine States—Kansas, Kentucky (Louisville), Louisiana, Michigan, Minnesota, North Dakota, Ohio, West Virginia, and Wisconsin—one-half the amount paid in is refunded in case of death or resignation. The Illinois plan allows a return of one-half the amount contributed if the teacher resigns before completing 15 years of service. The Kentucky system affecting cities of the second class provides for a refund of three-fourths the amount contributed, in case of death or resignation. Five States—Connecticut (New Haven), Kansas, Ohio, West Virginia, and Virginia—provide for full return of all amounts contributed in case of dismissal, Virginia adding interest at 6 per cent. In Delaware the payment of refunds is made optional with the board of retirement.

[1] The constitutionality of the Michigan law is in question, however. See note to table.
[2] See table.

STATE PENSION SYSTEMS FOR PUBLIC-SCHOOL TEACHERS.

States.	Year established.	Extent.	How supported.	Amount of pension paid.	Years of service before pension begins.	Amount required paid in before retirement.	Provision for refunds.	Administration.
Alabama	1915	"All counties having a population of 80,000 and less than 82,000" (Mobile County).	Appropriation from county school funds. Noncontributory system.	$240	30; must be 60 years of age and "without means of comfortable support."			County board of education.
Arizona	1912	State-wide	Appropriation from State. Noncontributory system.	$600	25			State department of public instruction.
California	1913	do	$12 per annum from teachers' salaries;[1] 5 per cent of inheritance and transfer tax; gifts; donations and appropriations by legislature. Contributory system.	$500; if incapacitated, a sum bearing the same ratio to $500 as time taught is to 30 years.	30; 15, including last 10, must have been in service in public schools of State; 15, if incapacitated.	$300		State board of education.
Colorado	1909	"All districts of the first class" (Denver, Pueblo, and Colorado Springs).	Special tax of one-tenth of 1 mill; gifts and bequests. Noncontributory system.	$480	25; 15 must have been in public schools of said district; 10, if incapacitated. Men must be at least 60 years of age, women, 55.			Board of school directors for the district.
Connecticut[2]	1911	New Haven only.	1 per cent of salary of teachers for 10 years; 2 per cent for over 10 years; gifts and bequests. Appropriation is permitted.	Minimum, $400; maximum, $800. Between minimum and maximum, annuity is one-half average annual salary for last 5 years' service.	30; last 20 in New Haven. 15, if incapacitated, last 10 in New Haven. Must be at least 65 years of age.	Amount equal to annuity for first year.	Amount contributed, without interest, is refunded in case of dismissal; in case of resignation no refund is made.	Two members of school board, member of aldermen, treasurer of city, and 1 teacher.
	1911	New London only.	1 per cent of salary of teachers; 5 per cent of liquor license; amount equal to 3 per cent of salary list and 5 per cent of excise fees; gifts and bequests. Contributory system.	One-half average annual salary for last 5 years' service.	30; last 15 in New London, 25, if incapacitated, last 15 in New London.		None	Board of retirement consisting of 5 members: Mayor, president of board of school visitors, superintendent of schools and 2 members of teaching force.

Delaware	1911	Wilmington only.	1 per cent of salary of teachers for 10 years, 2 per cent for 10 to 20 years, 3 per cent for more than 20 years; $1,000 annually by school board; $2,000 annually by city council; gifts and bequests. Contributory system.	$400; if service has been 20 to 25 years, a sum bearing the same ratio to $400 as time taught is to 35 years.	35; eligible to retirement; 30, if 66 years of age; 20, if incapacitated. At least 15 years must have been in Wilmington.	$400	[1]Optional with board of retirement.	Board of retirement composed of certain officials and 3 teachers.
Illinois	1915	State-wide [3]	$1 from salary of teachers for first 5 months of each year for first 10 years; $2 for first 5 months of each year for 10 to 15 years; $6 for first 5 months for over 15 years for a period of 10 years; one-tenth of 1 mill on all taxable property in State (exclusive of cities and school districts not coming under the provisions of this act); gifts and bequests. Contributory system.	$16 annually for each year taught. Maximum, $400.	25, if 50 years of age; 15, if incapacitated. No age requirement if retired because incapacitated.	$400	In case of resignation before completing 15 years' service, one-half amount contributed is refunded	Board of trustees of State teachers' pension and retirement fund, consisting of 5 members: Superintendent of public instruction, State treasurer, and 3 other members elected by the bona fide contributors to the funds.
Indiana	[4] 1915	State-wide	$10 from salary of teachers for first 15 years; $20 for next 10 years; $25 for next 10 years; $30 for next 5 years; after 40 years no payment required; semiannual apportionment of State school tuition tax; gifts, bequests, and grants. Contributory system.	25 years, $350; 26 years, $375; 27 years, $400; 28 years, $425; 29 years, $450; 30 years, $475; 31 years, $500; 32 years, $525; 33 years, $550; 34 years, $575; 35 years, $600; 36 years, $620; 37 years, $640; 38 years, $660; 39 years, $680; 40 years, $700.	35; 25, if incapacitated. After 35 years' of teaching service, 12 years of which may have been outside of State, pension is granted for any cause whatsoever if beneficiary ceases to be employed in schools of State.	One-half maximum annuity.	In case of resignation, amount contributed, without interest, is refunded.	Board of trustees of Indiana State teachers' retirement fund, consisting of 5 members: State superintendent of public instruction, State auditor, attorney general, and 2 teachers or supervising teachers appointed by the governor.

[1] Except in the case of rural and village teachers who are not paid by the 12-month payment system and contribute only $1 for each month of their teaching.
[2] System for New London will not be operative until fund amounts to $50,000. (Amount on hand March, 1916, $10,000.)
[3] Cities having a population in excess of 65,000 at 1910 census, operating a pension fund at time law took effect, do not come under the provisions of this act. (This excludes Chicago and Peoria.)
[4] There are other teachers' pension laws in force under which cities of certain classes may operate, though such cities may come under this 1915 law.

State pension system for public-school teachers—Continued.

States.	Year established.	Extent.	How supported.	Amount of pension paid.	Years of service before pension begins.	Amount required paid in before retirement.	Provision for refunds.	Administration.
Kansas	....	"All cities of the first class" (Topeka, Kansas City, and Wichita).	1 to 1½ per cent of salary of teachers; one and one-half times salary assessments from school funds; gifts and bequests. Contributory system.	$500; if incapacitated, such proportion of $500 as time taught is to 30 years.	30; 15 must have been in service in public schools of city; 25, if incapacitated, 15 must have been in service in public schools of city.	Not less than one-half the amount of first annuity.	In case of death or resignation, one-half amount paid in is refunded; if discharged, total amount paid in is refunded.	City board of education.
Kentucky	1912	"All cities of the first class" (Louisville).	1 per cent per annum from salary of teachers, not to exceed $10 for first 15 years; 2 per cent per annum, not to exceed $20 for succeeding 15 years; and gifts. Supported by teachers.	$400	40; 20, if incapacitated.	Amount equal to first annuity.	In case of death or resignation, one-half the amount paid in is refunded.	Board of trustees of teachers' retirement fund, consisting of 7 members.
	1914	"All cities of the second class" (Lexington, Covington, Newport, and Paducah).	1 per cent from salary of teachers for first 10 years; 2 per cent for succeeding 10 years, not to exceed $40 annually; tax of 1 cent on every $100 worth of taxable property. Contributory system.	$600	25; 15, if incapacitated.	do	In case of death or resignation, three-fourths the amount paid in is refunded.	Committee of 7 school officers and teachers.
Louisiana	1910	"Parish of Orleans" (City of New Orleans).	1 per cent per month from salary of teachers for 10 years; 1½ per cent per month for succeeding 10 years; 2 per cent per month from all teachers not engaged in classroom teaching; gifts, grants, and bequests. Supported by teachers.	Minimum, $300; maximum $600. Between minimum and maximum, annuity is one-half average annual salary for last 5 years preceding retirement.	30; 5, if incapacitated. Any teacher 65 years of age.	do	In case of death or resignation, one-half the amount paid in is refunded.	Board of trustees of teachers' retirement fund, consisting of 9 members: Superintendent of schools, 3 members of board of directors, and 5 members of teaching force. Members receive no compensation.

Maine	1913[1]	State-wide	State appropriation of $25,000 annually. Noncontributory system.	25 years, $150; 30 years, $200; 35 years, $250.	35; 20 years, including last 15, must have been in service in public schools of the State. Must be at least 60 years of age.	....	....	
Maryland	1902	...do	State appropriation of $34,000 annually. Noncontributory system.	$200	25, if 60 years of age and "without means of comfortable support."	....	....	State board of education.
Massachusetts	1914	...do.[1]	Not less than 3 per cent, nor more than 7 per cent per annum from salary of teachers, minimum assessment, $25; maximum, $100; rate fixed annually by retirement board; present rate 5 per cent. Contributory system.	Annuity purchased by teachers' own contributions, with interest thereon, maximum, $500 at age of 60 and $750 at age of 70. State grants pension equal to annuity.	60 years of age, teacher is eligible to retirement; at 70 years of age, retirement is compulsory. After 60 years of age may be retired by school committee for unsatisfactory service.	Amount which will purchase an annuity of $500 at age of 60.	In case of death or resignation, total amount contributed, with interest, is refunded.	Teachers' retirement board, consisting of 7 members: Insurance commissioner, bank commissioner, commissioner of education, 3 members of the association, and 1 other member.
Michigan[2]	1915	State-wide	½ per cent per annum from salary of teachers, but not to exceed $5 per year for 5 years (board may increase to 1 per cent, but not to exceed $10); 1 per cent per annum, but not to exceed $10 for from 5 to 15 years (board may increase to 2 per cent, but not to exceed $20); 2 per cent per annum, but not to exceed $20 for over 15 years (board may increase to 3 per per cent, but not to exceed $30); gifts, donations, legacies, bequests, and income from investments. Supported by teachers.	One-half average annual salary for last 5 years' service; maximum, $500. If incapacitated, a sum bearing same ratio to $500 as time taught is to 30 years.	30; 15, including last 5 preceding retirement, must have been in the public schools of the State; 15, if incapacitated.	Amount equal to annuity for first year.	In case of resignation, one-half the amount contributed, without interest, is refunded.	Teachers' retirement fund board, consisting of 6 members: Superintendent of public instruction and 5 other members, at least 1 of which must be a woman. Members receive expenses, but no compensation.

[1] Membership is compulsory for teachers who enter the service for the first time after the date of establishment; optional for teachers who have never served in the State prior to establishment. Boston teachers are excluded, except those in continuation and industrial schools.

[2] "Although a teachers' pension law was passed by the legislature, there is a question as to the constitutionality of this law. It seems quite probable that the whole thing will be thrown out." (Letter from State Supt. Fred L. Keeler, Lansing, Mich., Mar. 6, 1916.)

State pension systems for public-school teachers—Continued.

States.	Year established.	Extent.	How supported.	Amount of pension paid.	Years of service before pension begins.	Amount required paid in before retirement.	Provision for refunds.	Administration.
Minnesota	1915	State-wide. (Optional with teachers employed in State at time of passage of law.)	$5 per year for first 5 years from salary of teachers; $10 per year for second 5 years; $20 per year for next 10 years; $30 per year for next 5 years; teachers receiving $1,800 per year or more; 1½ per cent per year, but not to exceed $20 for first 10 years; 2 per cent per year, but not to exceed $40 for successive years. (Deductions not made for more than 25 years.) Donations, legacies, interest on investment, and tax of one-twentieth of 1 mill on all taxable property. Contributory system.	20 years, $350; 21 years, $380; 22 years, $410; 23 years, $440; 24 years, $470; 25 years, $500. If incapacitated, a sum bearing same ratio to $350 as time taught is to 20 years.	20; 15, including last 5 preceding retirement, must have been in public schools of the State; 15, if incapacitated.	....	In case of death or resignation, one-half the amount contributed is refunded.	Board of trustees of teachers' insurance and retirement fund, consisting of 5 members: State superintendent of education, State auditor, attorney general, and 2 members of association. Members shall receive $5 per day and all necessary expenses while attending meetings of the board.
Montana	1915	State-wide	$1 per month from salary of teachers; income from investments, donations, gifts, bequests, and money appropriated by State. Contributory system.	$600; if incapacitated, a sum bearing same ratio to $600 as time taught is to 25 years.	25; 15, including last 10 must have been in service in the State; 15, if incapacitated.	Amount equal to $12 for each year's service up to and including 25 years.	No refund	Public-school teachers' retirement fund, consisting of 3 members: Superintendent of public instruction, treasurer, and attorney general. Members receive compensation as fixed by board.

Nebraska	1909	"All cities of the metropolitan class" (Omaha).	1 to 1½ per cent from salary of teachers; amount from general district fund equal to not less than one and one-half times salary assessment; gifts and bequests. Contributory system.	$500; if retired before rendering 35 years' service a sum bearing same ratio to $500 as time taught is to 35 years.	35; 25, if incapacitated; 40, compulsory retirement; at least 20 years must have been in service in the public schools of the school district.	....	....	Board of education.
Nevada	1915	State-wide. (Optional with teachers employed in State at time of passage of law.)	$9 per annum from salary of teachers; tax of 3 mills on each $100 worth of taxable property in State; donations, gifts, legacies, and bequests. Contributory system.	$500	30; 25, if incapacitated; 40, compulsory retirement; at least 20 years must have been in service in the public schools of the school district.	....	....	State board of education.
New Hampshire	1915	State-wide	Appropriation of $10,000 from State. Noncontributory system.	One-half average annual salary for last 5 years preceding retirement; if incapacitated, a sum bearing same ratio to full annuity as time taught is to 35 years in case of men or 30 years in case of women.	For women, 30; 15, including last 10 preceding retirement, must have been in service in public schools in the State; teachers must be at least 55 years of age. For men, 35; 15, including last 10 preceding retirement, must have been in service in public schools in the State; teachers must be at least 60 years of age.	....	....	State department of public instruction.
New Jersey	[1] 1896	...do	2 per cent from salary of teachers for first 10 years; 2½ per cent for from 10 to 15 years; 3 per cent for over 15 years; no deduction to exceed $50 in any one year, nor $1,000 in all; gifts, donations, legacies, and bequests. Supported by teachers.	Minimum, $250; maximum, $650. If incapacitated, six-tenths of average annual salary for 5 years preceding retirement.	20, incapacitated	Amount equal to annuity for first year.	None	Board of trustees of teachers' retirement fund, consisting of 9 members: Commissioner of education, 3 persons not teachers and not eligible to membership of said fund, and 5 persons, members of said fund.

[1] New Jersey has a twofold system, one a disability pension maintained by the teachers; the other a service pension provided for by the State in its tax of railroads.

State pension systems for public-school teachers—Continued.

States.	Year established.	Extent.	How supported.	Amount of pension paid.	Years of service before pension begins.	Amount required paid in before retirement.	Provision for refunds.	Administration.
New Jersey	[1] 1907	State-wide	State railroad tax	One-half the average annual salary received for the last 5 years of service.	35; last 25 must have been in service in public schools of State; and teacher 70 years of age whose last 20 years of service have been in the public schools of the State; any teacher 75 years of age whose last 32 years of service have been in the public schools of the State; any teacher 70 years of age who has served not less than 35 years in the State, who heretofore or hereafter, shall be retired or discharged for physical disability.	None		State commissioner of education.
New York	1911	do.[9]	1 per cent from salary of teachers; similar amount from cities and districts. Contributory system.	One-half average annual salary for 5 years preceding retirement; maximum, $600, if incapacitated, a sum bearing same ratio to full annuity as time taught is to 25 years.	25; 15 must have been service in public schools in State; 15, if incapacitated; last 9 in service in public schools of the State. Must be 60 years of age.	Amount equal to one-half annuity for first year.	None	State teachers' retirement fund board, consisting of 5 members: Superintendent of schools, academic principal, teacher in elementary schools, and two others. Board must have at least 1 woman. Members are allowed expenses, but no compensation.
North Dakota	1914	do.	1 per cent from salary of teachers for first 10 years, not to exceed $20; 2 per cent for succeeding 15 years, not to exceed $40; 10 cents for	One-fiftieth average annual salary for last 5 years multiplied by number of years of service.	25; 18, including last 5 preceding retirement, must have been in service in public schools in the State; 15, if incapacitated.	Amount equal to annuity for first year.	In case of retirement, one-half the amount contributed is refunded.	Board of trustees of teachers' insurance and retirement fund, consisting of 5 members: State superintendent of public instruction,

			each child of school age in the county; gifts and bequests. Contributory system.					State treasurer, and 3 teachers, 1 of whom shall be a woman. Members receive expenses of attending meetings, but no compensation.
Ohio	1897	...do...	$2 per month from salary of teachers; all deductions from salaries of teachers on account of absence or tardiness; 1 to 2 per cent of gross receipts of board raised by taxation, gifts, etc. Contributory system.	$12.50 annually for each year taught; maximum, $450.	30; 15 must have been in service in public schools of district; 20, if incapacitated; 10 must have been in public schools of the district.	$20 per year for each year's service; maximum, $600.	In case of death or resignation, one-half the amount contributed is refunded; in case of dismissal, amount contributed is refunded.	Board of trustees of school-teachers' retirement fund, consisting of not less than 3 nor more than 7 members. Members receive no compensation.
Oregon	1911	Permissive for cities having "more than 10,000 children of school age." (Portland.)	Not less than $1 per month from salary of teachers during first 10 years, not less than $2 per month during second 10 years, not more than $3 per month during third 10 years; 3 per cent of county school tax; fines; gifts; bequests. Contributory system.	$300-$500	30; 20 if incapacitated.	$600	In case of resignation amount paid in excess of $300 is refunded. If dismissed, the entire amount contributed is refunded.	Board of trustees of the teachers' retirement fund association.
Pennsylvania	1907	All school districts that elect to come under provisions of law (Altoona, Harrisburg, Philadelphia, Reading, Wilkes-Barre, Williamsport, Scranton, Lancaster, Pittsburgh, Meadville, and Chester).	Dues from teachers;[3] appropriations from district funds; donations, bequests, etc., contributory system.[3]	(4)	(4)	(4)	(4)	Board of school directors of the district.

[1] New Jersey has a twofold system, one a disability pension maintained by the teachers; the other a service pension provided by the State. (See Appendix C.)
[2] Not including New York City, Buffalo, Syracuse, Rochester, Troy, Albany, Cohoes, Mount Vernon, and Westchester County, which maintain separate systems.
[3] The law provides that "No employee shall be required to contribute any part of his salary to the retirement fund, unless the same is provided for in the agreement by which he is engaged."
[4] Each district has its own regulations.

State pension systems for public-school teachers—Continued.

States.	Year established.	Extent.	How supported.	Amount of pension paid.	Years of service before pension begins.	Amount required paid in before retirement.	Provision for refunds.	Administration.
Rhode Island	1907	State-wide	Noncontributory system.	One-half average annual salary for last 5 years' service; maximum, $500; if incapacitated, a sum bearing same ratio to $500 as time taught is to 35 years.	35; 25, including last 15 preceding retirement, must have been in service in the public schools of the State; 20, if incapacitated.			State board of education.
Tennessee	1915	Chattanooga only.	Appropriation from city funds. Noncontributory system.	Two-thirds amount teacher received last year of employment in the public schools of the city.	30; must be at least 60 years of age.			Board of commissioners.
Utah	1913	State-wide	1 per cent, but not to exceed $12 annually from salary of teachers; deductions from salary of teachers on account of absence, not to exceed 5 days in any one year; gifts and bequests. Supported by teachers.	One-half average annual salary for 5 years preceding retirement; maximum, $600; if less than 30 years of service and more than 20 years, a sum bearing same ratio to $600 as time taught is to 30 years.	30; 10 must have been in schools of the State; must be at least 60 years of age. 20 to 30 for temporary retirement for incapacity; 10 must have been in schools of the State.	Amount equal to 1 per cent of entire salary received for years of service claimed, salary basis not to exceed $1,200 annually; provided that delinquent dues may be deducted from annuity, deduction distributed over not more than 3 years.	In case of death, amount contributed is refunded.	Public-school teachers' retirement commission, consisting of 15 members: State auditor, treasurer, superintendent, attorney general, and 11 members of association.
Vermont	1913	do	Contributions from teachers; appropriations from legislature; income from investments, gifts, and bequests. Contributory system.	One-half average annual salary for last 5 years preceding retirement; maximum, $500; if incapacitated, amount determined by board.	25			Vermont State teachers' retirement fund board, consisting of 5 members: Governor, superintendent of education, treasurer, president of board, and 1 mem-

								ber of association. Members receive expenses, but no compensation.
Virginia	1908	do	1 per cent from salary of teachers; appropriation from State of $10,000 annually; gifts and bequests. Contributory system.	One-eighth average annual salary for last 5 years preceding retirement.	30; men must be 58 years of age, women, 50; if incapacitated, 20.	30 per cent of average annual salary for last 5 years of service less the amount already contributed to the pension fund.	In case of dismissal, amount contributed plus interest at 6 per cent is refunded.	Department of public instruction.
West Virginia	1915	Wheeling only	$20 annually from salary of teachers; appropriation from school funds; donations, gifts, and legacies. Contributory system.	$360	30; 10 must have been in Wheeling schools. Compulsory at 65 years of age.	$600	In case of voluntary retirement, one-half the amount paid in is refunded; if compulsory retirement, entire amount contributed is refunded.	Four members of board of education and 3 teachers.
Wisconsin	1911	State-wide, "except cities of the first class" (Milwaukee).	1 per cent from salary of teachers, not to exceed $15 for each of first 10 years; 2 per cent, but not to exceed $30 for each of the succeeding 15 years; seven-tenths of mill tax levied for common schools; 10 cents for each person of school age in the State; donations and legacies. Contributory system.	$12.50 for each year of service; maximum, $450.	25; 18 must have been in service in the public schools of the State; 18, if incapacitated.	Amount equal to annuity for first year.	In case of resignation, one-half the amount contributed is refunded.	Board of trustees of teachers' insurance and retirement fund, consisting of 5 members: State superintendent of public instruction, State treasurer, and 3 members of association, 1 of whom must be a woman. Members, except secretary, receive expenses, but no compensation; secretary may receive salary not to exceed $1,800 per annum.

ADDITIONAL NOTES ON THE TEACHERS' PENSION SITUATION IN THE VARIOUS STATES.

[Compiled from special reports by State officials.]

Arizona.—What we have is not a pension law in the true sense of the term; it is more of a direct payment out of the State school fund to a few of our worthy pioneer teachers in this State.

C. O. CASE, *State Superintendent of Public Instruction.*

Arkansas.—There is no law in this State authorizing a pension or retirement system for school-teachers, and no authority in the law whereby such system could be placed in operation in any of the cities or counties of the State.

GEO. B. COOK, *State Superintendent of Public Instruction.*

Florida.—There is no law whatever in Florida granting pensions to teachers, nor do I know of any county or city in the State that grants such pensions. Two or three years ago a bill providing for teachers' pensions was introduced in our State legislature and received considerable support but did not pass.

W. N. SHEATS, *State Superintendent of Public Instruction.*

Georgia.—There are no laws of State-wide force concerning this subject. Any local system, however, has the right to pension teachers if desired. In two or three places movements have been inaugurated for this purpose.

M. L. BRITTAIN, *State Superintendent of Schools.*

Idaho.—We have no pension system for teachers in this State. This is to be attributed to the State's youth, and to the fact that the teachers of our State are young and have not felt the necessity of the pension system. Of course, as the State develops and our teachers serve long tenure in schools in this State, this question will undoubtedly arise. A large number of our teaching force are transient—with us two or three years, perhaps a little longer, and then they move on to the farther western States, to Alaska, and the Hawaiian Islands. From this it is evident that our teaching body is not a permanent one by any means. Consequently, the question of pensions has not become a problem with us at all.

BERNICE McCOY, *Superintendent of Public Instruction.*

Illinois.—The Illinois State teachers' pension and retirement fund was established by the forty-ninth general assembly and the law went into effect on July 1, 1915. It is still rather early to properly judge the sentiment in regard to change, extension, or alteration of the existing plan. As yet our efforts have been largely occupied in putting into operation the law and developing the system of administration.

D. F. NICKOLS, *Secretary Teachers' Pension and Retirement Fund.*

Iowa.—We do not have such a law [relating to teachers' pensions] in this State. An effort has been made at each session of the legislature for the past four years, but so far we have been unsuccessful.

A. M. DEYOE, *Superintendent of Public Instruction.*

Maine.—The law provides that pensions shall be granted to teachers on three different bases. Those who have taught between 25 and 30 years receive $150; those who have taught between 30 and 35 years receive $200; and those who have taught more than 35 years receive $250. In addition to these there is also provision for the payment of one-half these amounts to teachers who otherwise meet the requirements of the law, but whose service ended prior to the school year next preceding the 30th day of September, 1913.

The form of administration is simple. Upon presentation of proper proof of age and service a certificate is granted to the applicant, and thereafter an application blank is filed by the pensioner at the end of each three-month period. Upon receipt of this application the State superintendent of schools certifies to the governor and council the amount due each pensioner and payment is made directly by the treasurer of State.

PAYSON SMITH, *State Superintendent of Public Schools.*

Massachusetts.—Most of the teachers seem to be entirely satisfied with the system. There is a feeling among some of the teachers, however, that a disability feature should be incorporated in the law. There are two disability bills before the legislature at the present time and also a bill which provides that the interest allowed on the contributions of the members be changed from 3 per cent to the amount actually earned.

CLAYTON L. LENT, *Secretary Teachers' Retirement Board.*

Minnesota.—This is the first year of the operation of this law. It is giving quite general satisfaction. The young teachers object to the compulsory feature, and teachers who have served for many years, but who quit before the law was passed, complain because of ineligibility to membership. The only way such teachers can qualify is by returning to the service and teaching for five years in the State. It is too early to make any prediction as to the successful operation of the law as it stands, but thus far its provisions seem to meet with general satisfaction.

E. T. CRITCHETT, *Secretary Teachers' Insurance and Retirement Fund.*

Missouri.—We have no law in Missouri on the subject of teachers' pensions. St. Louis has had a system of pensions for some years, but it is a private arrangement. Some years ago a bill was introduced and a hard fight made to pass a law providing for a retiring fund for teachers, but it failed of approval in both house and senate.

HOWARD A. GASS, *State Superintendent of Education.*

Montana.—The law has not yet been in force long enough to make it possible to give any report in regard to the operation of the law. It will not be possible for any one to be retired under the law for at least three years yet.

H. H. SWAIN, *Secretary Retirement Salary Fund Board.*

New Hampshire.—One point in the law needs to be amended. Section 8, the last paragraph, states: "Preference being given to those certified as entitled in the order of their age." Every quarter there is a change made in the list of pensioners, inasmuch as the $10,000 is already more than taken up. This makes it necessary to drop off the youngest on our list if pensioners coming in since the last payment are older. This is a pretty trying situation, and in some way will have to be amended. We have on our list to-day 65 pensioners and 15 of these are under the age now when a pension can be allowed.

HARRIET L. HUNTRESS, *Deputy State Superintendent.*

New Mexico.—This State has no arrangements whatever concerning pensions or retirement plans. It is just lately that an interest has been awakened in this matter, and it is possible that there may be some legislation looking toward the establishment of pensions for teachers in the not distant future.

FILADELFO BACA, *Assistant State Superintendent of Education.*

New York.—The teachers' retirement plan in this State is more than meeting the expectation, I think, of its most ardent advocates. One of the chief factors, if not the most important one, in such pension schemes is the administration of the fund, necessitating conservative, watchful care on the part of the board in considering persons for the annuitant list. Generally I believe the plan is meeting not only the needs, but is having the cheerful cooperation of the teachers, superintendents, and other school officials of the State.

E. G. LANTMAN, *Secretary Teachers' Retirement Fund Board.*

North Carolina.—This State does not have a pension system to take care of its teachers. The city of Raleigh has adopted a pension system, however.

C. E. McINTOSH, *Chief Clerk, Department of Education.*

Oklahoma.—We have no legislation providing for teachers' pensions in Oklahoma. I do not believe a law providing for the pensioning of teachers has ever been proposed by the legislature in this State. We know of no cities in Oklahoma in which pension or retirement plans are in operation.

R. H. WILSON, *State Superintendent of Public Instruction.*

Pennsylvania.—Under our constitution pensions can only be paid for service in the Army or Navy of the State or the United States. For this reason we have not been able to pass a general [teachers'] pension law for the entire State.

NATHAN C. SCHAEFFER, *State Superintendent of Public Instruction.*

South Dakota.—Thus far South Dakota has made no provision for teachers' pensions. The matter has been discussed in the State legislature at different times, but no act has been passed making any provision whatever for teachers who have devoted the best part of their lives to the State's service. We have, therefore, no pension system of any kind operating under State management.

C. H. LUGG, *State Superintendent of Public Instruction.*

Texas.—Texas has never enacted any laws relative to teachers' pensions or retirement funds. In so far as I know there are no school communities in this State that have in operation any such plan.

W. F. DOUGHTY, *State Superintendent of Education.*

Utah.—While the law under which the teachers' retirement association was organized was passed in 1913, the actual organizing of the association did not take place until 1915. It is not possible, so soon after the organization, to say just how the law will be received.

E. G. GOWANS, *State Superintendent of Public Instruction.*

Virginia.—The investment of the permanent pension fund is placed in the hands of the State board of education. All money collected is turned over to the second auditor of Virginia and is deposited by him with the State treasurer. Bonds belonging to the permanent fund are deposited with the second auditor for safekeeping. All money is disbursed by warrant, drawn on second auditor and signed by the president and secretary of the State board of education.

Our system has proved quite satisfactory and has been of great benefit to those teachers who have been forced to retire from active service.

R. C. STEARNES, *State Superintendent of Public Instruction.*

Washington.—Our pension bill was voted down at the last session of the legislature; so that we have no law at all on school pensions. There is no city in our State that has a pension or retirement plan. We will continue our effort until we secure this legislation.

MRS. JOSEPHINE C. PRESTON, *State Superintendent of Public Instruction.*

Wisconsin.—The law seems to be giving quite general satisfaction in the State and during the recent legislature there was a strong sentiment for retaining the law and strengthening it in such ways as were found necessary.

R. E. LOVELAND, *Secretary Teachers' Insurance and Retirement Fund.*

Wyoming.—Wyoming has no system of teachers' pensions in force either as a State institution or established locally in any county or community. There has been some agitation for the past few years looking toward the passage of some legislation which would create such a retirement fund, but as yet nothing definite has been accomplished.

EDITH K. O. CLARK, *State Superintendent of Public Instruction.*

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APPENDIX A.

TYPICAL PENSION AND RETIREMENT LAWS.

MASSACHUSETTS [1] (1913).

SECTION 1. The following words and phrases as used in this act, unless a different meaning is plainly required by the context, shall have the following meanings:

(1) "Retirement system" shall mean the arrangement provided in this act for payment of annuities and pensions to teachers.

(2) "Annuities" shall mean payments for life derived from contributions from teachers.

(3) "Pensions" shall mean payments for life derived from contributions from the Commonwealth.

(4) "Teacher" shall mean any teacher, principal, supervisor, or superintendent employed by a school committee, or board of trustees, in a public day school within the Commonwealth.

(5) "Public school" shall mean any day school conducted within this Commonwealth under the order and superintendence of a duly elected school committee, and also any day school conducted under the provisions of chapter 471 of the acts of the year 1911.

(6) "Regular interest" shall mean interest at 3 per cent per annum, compounded annually on the last day of December of each year.

(7) "Retirement board" shall mean the teachers' retirement board, as provided in section 4 of this act.

(8) "Retirement association" shall mean the teachers' retirement association, as provided in section 3 of this act.

(9) "Expense fund" shall mean the fund provided for in paragraph numbered 1 in section 5 of this act.

(10) "Annuity fund" shall mean the fund provided for in paragraph numbered 2 in section 5 of this act.

(11) "Pension fund" shall mean the fund provided for in paragraph numbered 3 in section 5 of this act.

(12) "School year" shall mean the 12 months from the 1st day of July of any year to the 30th of June next succeeding.

(13) "Assessment" shall mean the annual payments to the annuity fund by members of the association.

ESTABLISHMENT OF A TEACHERS' RETIREMENT SYSTEM.

SEC. 2. A teachers' retirement system shall be established on the 1st day of July 1914.

TEACHERS' RETIREMENT ASSOCIATION.

SEC. 3. A teachers' retirement association shall be organized among the teachers in the public schools as follows:

(1) All teachers, except those specified in paragraph (3) of this section, who enter the service of the public schools for the first time on or after July 1, 1914, shall become thereby members of the association.

[1] Contributory plan.

(2) All teachers, except those specified in paragraph (3) of this section, who shall have entered the service of the public schools before June 30, 1914, may, at any time between July 1, 1914, and September 30, 1914, upon application in writing to the commissioner of education, become members of the retirement association. Any teacher failing to do so may thereafter become a member of the retirement association by paying an amount equal to the total assessments, together with regular interest thereon, that he would have paid if he had joined the retirement association on September 30, 1914.

(3) Teachers in the service of the public schools of the city of Boston shall not be included as members of the retirement association.

STATE TEACHERS' RETIREMENT BOARD.

SEC. 4. (1) The management of the retirement system is hereby vested in the teachers' retirement board, consisting of seven members—the insurance commissioner for the Commonwealth, the bank commissioner for the Commonwealth, the commissioner of education for the Commonwealth, three members of the retirement association, and one other person. Upon organization of the retirement association the members thereof shall elect from among their number, in a manner to be approved by the insurance commissioner, the bank commissioner, and the commissioner of education, three persons to serve upon the retirement board, one member to serve for one year, one for two years, and one for three years; and thereafter the members of the retirement association shall elect annually from among their number, in a manner to be approved by the retirement board, one person to serve upon the retirement board for the term of three years. The seventh member of the retirement board shall be elected annually by the other six to serve for the term of one year. On a vacancy occurring on the board, a successor of such person whose place has become vacant shall be chosen in the same manner as his predecessor to serve until the next annual election. Until the organization of the retirement association and the election of three representatives therefrom, the insurance commissioner, the bank commissioner, and the commissioner of education shall be empowered to perform the duties of the retirement board.

(2) The members of the retirement board shall serve without compensation, but they shall be reimbursed from the expense fund of the retirement association for any expenditures or loss of salary or wages which they may incur through serving on the board. All claims for reimbursement on this account shall be subject to the approval of the governor and council.

(3) The retirement board shall have power to make by-laws and regulations not inconsistent with the provisions of this act, and to employ a secretary who shall give a bond in such amount as the board shall approve, and clerical and other assistance as may be necessary. The salaries shall be fixed by the board, with the approval of the governor and council.

(4) The retirement board shall provide for the payment of retirement allowances and such other expenditures as are required by the provisions of this act.

(5) The retirement board shall adopt for the retirement system one or more mortality tables, and shall determine what rates of interest shall be established in connection with such tables, and may later modify such tables or prescribe other tables to represent more accurately the expense of the retirement system, or may change such rates of interest, and may determine the application of the changes made.

(6) The retirement board shall perform such other functions as are required for the execution of the provisions of this act.

CREATION OF FUNDS.

SEC. 5. The funds of the retirement system shall consist of an expense fund, an annuity fund, and a pension fund.

(1) The expense fund shall consist of such amounts as shall be appropriated by the general court from year to year on estimates submitted by the retirement board to defray the expense of the administration of this act, exclusive of the payment of retirement allowances.

(2) The annuity fund shall consist of assessments paid by members of the retirement association and interest derived from investments of the annuity fund. Each member of the retirement association shall pay into the annuity fund, by deduction from his salary in the manner provided in section 9, paragraph 5, of this act, such assessments upon his salary as may be determined by the retirement board. The rate of assessment shall be established by the retirement board on the first day of July of each year after a prior notice of at least three months, and shall at any given time be uniform for all members of the retirement association, and shall not be less than 3 per cent nor more than 7 per cent of the members' salary: *Provided, however,* That when the total sum of assessments on the salary of any member at the rate established by the retirement board would amount to more than $100 or less than $35 for any school year, such member shall in lieu of assessments at the regular rate be assessed $100 a year or $35 a year as the case may be, payable in equal installments to be assessed for the number of months during which the schools of the community in which such member is employed are commonly in session. Any member of the retirement association who shall for 30 years have paid regular assessments to the annuity fund as provided herein, shall be exempt from further assessments; but such member may thereafter, if he so elects, continue to pay his assessments to the fund. No member so electing shall pay further assessments after the total sum of assessments paid by him shall at any time have amounted, with regular interest, to a sum sufficient to purchase an annuity of $500 at age 60; and interest thereafter accruing shall be paid to the member at the time of his retirement.

(3) The pension fund shall consist of such amounts as shall be appropriated by the general court from time to time on estimates submitted by the retirement board for the purpose of paying the pensions provided for in this act.

PAYMENT OF RETIREMENT ALLOWANCES.

SEC. 6. (1) Any member of the retirement association may retire from service in the public schools on attaining the age of 60 years, or at any time thereafter, if incapable of rendering satisfactory service as a teacher, may, with the approval of the retirement board, be retired by the employing school committee.

(2) Any member of the retirement association on attaining the age of 70 years shall be retired from service in the public schools.

(3) A member of the retirement association after his retirement under the provisions of paragraphs numbered (1) or (2) of this section, shall be entitled to receive from the annuity fund, as he shall elect at the time of his retirement, on the basis of tables adopted by the retirement board—(*a*) An annuity payable in quarterly payments, to which the sum of his assessments under section 5, paragraph (2), with regular interest thereon, shall entitle him; or (*b*) an annuity of less amount, as determined by the retirement board for the annuitants electing such option, payable in quarterly payments, with the provision that if the annuitant dies before receiving payments equal to the sum of his assessments under section 5, paragraph (2), with regular interest, at the time of his retirement, the difference between the total amount of said payments and the amount of his contributions with regular interest shall be paid to his legal representatives.

(4) Any member of the retirement association receiving payments of an annuity as provided in paragraph numbered (3) of this section shall, if not rendered ineligible therefor by the provisions of section 12 of this act, receive with each quarterly payment of his annuity an equal amount to be paid from the pension fund as directed by the retirement board.

(5) Any teacher who shall have become a member of the retirement association under the provisions of paragraph numbered (2) of section 3, and who shall have served 15 years or more in the public schools of the Commonwealth, not less than five of which shall immediately precede retirement, shall, on retiring as provided in paragraphs (1) and (2) of this section, be entitled to receive a retirement allowance as follows: (*a*) Such annuity and pension as may be due under the provisions of paragraphs numbered (3) and (4) of this section; (*b*) an additional pension to such an amount that the sum of this additional pension and the pension provided in paragraph (4) of this section shall equal the pension to which he would have been entitled under the provisions of this act if he had paid 30 assessments on his average yearly wage for the 15 years preceding his retirement and at the rate in effect at the time of his retirement: *Provided*, (1) That if his term of service in the Commonwealth shall have been over 30 years the thirty assessments shall be reckoned as having begun at the time of his entering service and as drawing regular interest until the time of retirement; *And further provided*, (2) that if the sum of such additional pension together with the annuity and pension provided for by paragraphs numbered (3) and (4) of this section is less than $300 in any one year, an additional sum sufficient to make an annual retirement allowance of $300 shall be paid from the pension fund.

(6) If at any time it is impossible or impracticable to consult the original records as to wages received by a member during any period, the retirement board shall determine the pension to be paid under paragraph numbered (5) (*b*) of this section in accordance with the evidence they may be able to obtain.

WITHDRAWAL AND REINSTATEMENT.

SEC. 7. (1) Any member of the retirement association withdrawing from service in the public schools before becoming eligible to retirement shall be entitled to receive from the annuity fund all amounts contributed as assessments, together with regular interest thereon, in the manner hereinafter provided.

(2) If such withdrawal shall take place before 10 annual assessments have been paid, the total amount to which such member is entitled as determined by the retirement board under the provisions of this act shall be paid to him in four annual installments.

(3) If such withdrawal shall take place after 10 annual assessments have been paid the amount so refunded shall be in the form of such annuity for life based on the contributions of such member, together with regular interest thereon, as may be determined by the retirement board according to its annuity tables, or in four annua installments, as such members may elect.

(4) If a member of the association withdrawing and receiving payments in accordance with paragraphs numbered (2) and (3) of this section, shall die before the amount of such payments equals the amount of his contributions to the annuity fund with regular interest, the difference between the amount of such payments and the amount of his contributions with regular interest shall be paid to his legal representatives.

(5) Any member of the retirement association who shall have withdrawn from service in the public schools shall, on being reemployed in the public schools, be reinstated in the retirement association in accordance with such plans for reinstatement as the retirement board shall adopt.

(6) If a member of the retirement association shall die before retirement, the full amount of his contributions to the annuity fund with regular interest to the day of his death shall be paid to his legal representatives.

TAXATION, ATTACHMENTS, AND ASSIGNMENTS.

SEC. 8. That portion of the salary or wages of a member deducted or to be deducted under this act, the right of a member to an annuity or pension, and all his rights in the funds of the retirement system shall be exempt from taxation, and from the operation of any laws relating to bankruptcy or insolvency, and shall not be attached or taken upon execution or other process of any court. No assignment of any right in or to said funds shall be valid. The funds of the retirement system, so far as invested in personal property, shall be exempt from taxation.

DUTIES OF THE SCHOOL COMMITTEE.

SEC. 9. (1) The school committee of each town and city in the Commonwealth shall, before employing in any teaching position any person to whom this act may apply, notify such person of his duties and obligations under this act as a condition of his employment.

(2) On or before October 1 of each year the school committee of each town and city in the Commonwealth shall cretify to the retirement board the names of all teachers to whom this act shall apply.

(3) The school committee of each town and city in the Commonwealth shall, on the first day of each calendar month, notify the retirement board of the employment of new teachers, removals, withdrawals, changes in salary of teachers, that shall have occurred during the month preceding.

(4) Under the direction of the retirement board the school committee of each town or city in the Commonwealth shall furnish such other information as the board may require relevant to the discharge of the duties of the board.

(5) The school committee of each town and city in the Commonwealth shall, as directed by the retirement board, deduct from the amount of the salary due each teacher employed in the public schools of such city or town such amounts as are due as contributions to the annuity fund as prescribed in this act, shall send to the treasurer of said town or city a statement as voucher for such deductions, and shall send a duplicate statement to the secretary of the retirement board.

(6) The school committee of each town and city in the Commonwealth shall keep such records as the retirement board may require.

DUTIES OF BOARDS OF TRUSTEES.

SEC. 10. In administering this act for the benefit of teachers in schools conducted in accordance with chapter 471 of the acts of the year 1911, the boards of trustees of said schools are hereby authorized and required to perform all the duties prescribed for school committees under this act.

CUSTODY AND INVESTMENT OF FUNDS.

SEC. 11. (1) The treasurer of each town or city in the Commonwealth on receipt from the school committee or board of trustees of the voucher for deductions from the teachers' salaries provided for in section 9 shall transmit, monthly, the amounts specified in such voucher to the secretary of the retirement board.

(2) The secretary of the retirement board shall monthly pay to the treasurer of the Commonwealth all sums collected by him under the provisions of paragraph (1).

(3) All funds of the retirement system shall be in custody and charge of the treasurer of the Commonwealth, and the treasurer shall invest such funds as are not required for current disbursements in accordance with the laws of the Commonwealth governing the investment of sinking funds. He may, whenever he sells securities, deliver the securities so sold upon receiving the proceeds thereof, and may execute any or all documents necessary to transfer the title thereto.

(4) The treasurer of the Commonwealth shall make such payments to members of the retirement association from the annuity fund and pension fund as the retirement board shall order to be paid in accordance with sections 6 and 7 of this act.

(5) On or before the third Wednesday in January the treasurer of the Commonwealth shall file with the insurance commissioner for the Commonwealth and with the secretary of the retirement board a sworn statement exhibiting the financial condition of the retirement system on the 31st day of the preceding December and its financial transactions for the year ending at such date. Such statement shall be in the form prescribed by the retirement board and approved by the insurance commissioner.

MEMBERSHIP IN OTHER RETIREMENT ASSOCIATIONS.

SEC. 12. (1) No person required to become a member of the association under the provisions of paragraph (1) of section 3 of this act shall be entitled to participate in the benefits of any other teachers' retirement system, supported in whole or in part by funds raised by taxation, or to a pension under the provisions of chapter 498 of the acts of the year 1908, or chapter 589 of the acts of the year 1908, as amended by chapter 617 of the acts of the year 1910.

(2) No member of the retirement association shall be eligible to receive any pension as described in section 6 of this act who is at the time in receipt of a pension paid from funds raised in whole or in part from taxation under the provisions of chapter 498 of the acts of the year 1908, or chapter 589 of the acts of the year 1908, as amended by chapter 617 of the acts of the year 1910, or of any other act providing pensions for teachers, providing that this paragraph shall not be construed as applying to the Boston Teachers' Retirement Fund Association.

REIMBURSEMENT OF CITIES AND TOWNS.

SEC. 13. (1) Whenever, after the 1st day of July, 1914, a town or city retires a teacher who is not eligible to a pension under the provisions of section 6, paragraph (4) of this act, and pays to such teacher a pension in accordance with chapter 498 of the acts of the year 1908, or chapter 589 of the acts of the year 1908, as amended by chapter 617 of the acts of the year 1910, and the school committee of said town or city certifies under oath to the retirement board to the amount of said pension, said town or city shall be reimbursed therefor annually by the Commonwealth: *Provided*, That no such reimbursement shall be in excess of the amount, as determined by the retirement board, to which said teacher would have been entitled as a pensioner, had he become a member of the retirement association under the provisions of section 3, paragraph (2) of this act.

(2) On or before the first Wednesday of January of each year the retirement board shall present to the general court a statement of the amount expended previous to the preceding 1st day of July by cities and towns in the payment of pensions under the provisions of the preceding paragraph, for which such cities and towns should receive reimbursement. On the basis of such a statement the general court may make an appropriation for the reimbursement of such cities and towns up to such 1st day of July.

JURISDICTION OF COURT.

SEC. 14. The superior court shall have jurisdiction in equity upon petition of the insurance commissioner or of any interested party to compel the observance and restrain the violation of this act and of the rules and regulations established by the retirement board hereunder.

REFERENDUM AND REPEAL.

SEC. 15. Upon the petition of not less than 5 per cent of the legal voters of any city or town that has adopted chapter 498 of the acts of the year 1908, this question shall be submitted, in case of a city, to the voters of such city at the next city election, and, in case of a town, to the voters of such town at the next annual town meeting, and the vote shall be in answer to the question to be placed upon the ballot: "Shall an act passed by the general court in the year 1908, entitled 'An act to authorize cities and towns to establish pension funds for teachers in the public schools,' be repealed?" and if a majority of the voters thereon at such election or meeting shall vote in the affirmative, said act shall be repealed in such city or town.

SEC. 16. So much of chapter 498 of the acts of the year 1908 as authorizes its submission to the voters of a city or town for acceptance after the passage of this act is hereby repealed.

SEC. 17. This act shall take effect upon its passage.

MINNESOTA [1] (1915).

SECTION 1. The word teacher as used in this act shall include any teacher, supervisor, principal, superintendent, or certified librarian employed in any educational or administrative capacity in the public schools of Minnesota, or in any educational, correctional, or charitable institution supported wholly or in part by this State, excepting those employed in the University of Minnesota. The term "Member of the fund association," wherever used in this act, shall mean and include every teacher (as herein defined), who shall contribute to the Teachers' Insurance and Retirement Fund by the payment of the dues hereinafter provided by this act.

SEC. 2. For the purpose of better compensating the teachers in the public schools and making the occupation of "teacher" in this State more attractive to qualified persons, there is hereby established for the State a fund to be known as the "Teachers' insurance and retirement fund," for the benefit of teachers who have served not less than 20 years except as hereinafter provided. Said fund shall be secured from the following sources:

First. From assessments on the members of the fund association according to the following schedule: For the first five years of teaching service, $5 per year; for the second five years, $10 per year; for the next ten years, $20 per year; for the next five years, $30 per year. *Provided*, That when the regular annual salary as teacher of any member of the fund association shall have reached $1,500 or more said member shall be assessed upon a percentage basis as follows: One and one-half per centum per annum, but not more than $20 per year, for the first ten years of service as a teacher; and 2 per centum per annum, but not more than $40 per year, for each successive year of service as teacher: *Provided*, That in no case shall the annual assessments based on a percentage rate be less for any year than the flat rate assessments for a single year of the corresponding period, said assessment period to cover not more than 25 years in all, after which all assessments shall cease.

Second. From all money and property received as donations, gifts, legacies, devises, bequests, or otherwise for the benefit of said teachers' insurance and retirement fund.

Third. From all interest arising from investments of the money belonging to said fund.

Fourth. From a tax of one-twentieth of 1 mill, which is hereby levied annually on all the taxable property located in that part of the State subject to the provisions of this act, after the valuation of said property has been equalized by the State; said tax to

[1] Contributory plan.

be collected by the same officials and at the same time and in the same manner as other taxes in said State, all moneys received from the tax hereby levied to be paid into and become a part of the said teachers' insurance and retirement fund.

The assessments upon the members of the fund association hereinbefore referred to shall be paid in as many equal monthly payments as there are months in the school year for which the teachers' salaries are paid, and such assessments shall be deducted by the several boards of education or managing bodies from the salaries of teachers as hereinafter provided.

Credit on period of service may be allowed to applicants for membership for periods of employment prior to the taking effect of this law; but in such case the applicant must pay arrearages at the above rates for the period of service for which credit is so allowed under rules to be adopted by the board of trustees, hereinafter referred to, and the rules adopted by said board shall be uniform in their operation as to all persons affected. In case any teacher has retired for any cause before he or she has paid in fees a sum equal to the full amount of fees required for the annuity applied for and to which such teacher is entitled by period of service, there shall be deducted from the first year's annuity to such teacher such sum as will make the total amount paid by said teacher equal to the full amount of said fees.

SEC. 3. It is hereby made the duty of each board of education or managing body required by law to draw the warrants or orders for payement of salaries of teachers to deduct and withhold from each month's salary due to such teacher the amount which such teacher is required to pay into said insurance and retirement fund as herein specified, and at the time of such deduction a statement showing the amount of such deduction shall be furnished to such teacher.

Such board of education or other managing body shall, between the 1st and 15th of January and between the 1st and 15th of July of each year, forward to the treasurer of the county in which such school district is situated a statement, verified by the secretary or clerk thereof, showing the amount of money so retained from each teacher in accordance with the provisions of this act, and with said statement shall transmit the entire amount so retained to the treasurer of said county; and in case any school district is situated in more than one county such report and remittance shall be sent to the senior county. Said board of education or other managing body shall also, on or before the 15th day of July of each year, transmit to the county superintendent a statement showing the name of each teacher, the number of months of school taught during the year for which the statement is made, the number of months which constitute a school year in said district or institution, and the total amount withheld from the salary of each teacher for the school year preceding, showing also the number of years each of said teachers has taught in the public schools of that district. If no teacher in such public school or other educational institution comes under the provisions of this act said report shall state such fact and thall be verified by the oath of the clerk or secretary. The failure of any member of a school board, board of education, or other body having the management of any educational institution to perform any of the duties herein required of them shall be a misdemeanor.

Each county superintendent shall, each year on or before the 1st day of September, report under oath to the board of trustees of the State teachers' insurance and retirement fund, giving an itemized summary of the statements received by him from the school boards and other educational managing bodies, showing the total amount withheld from the salaries of teachers in said county for the benefit of said insurance and retirement fund. Between the 15th and 30th day of January and between the 15th and 30th day of July of each year the county treasurer of each county shall transmit to the State treasurer all moneys received from the boards of education or other managing bodies of school districts or other educational institutions, in accordance with the provisions of this act, and shall certify under oath to the correctness of the amount so received and transmitted. The State treasurer shall credit all moneys received under the provisions of this act to the State teachers' insurance and retirement fund: *Provided however*, That the State treasurer, the several county treasurers, and the treasurers of the various school districts shall be officially liable for the receipt, handling, and disbursement of all moneys coming into their hands belonging to the said State teachers' insurance and retirement fund, and the securities on the official bonds of each of said treasurers shall be liable for such money the same as for all other moneys belonging to the school funds of this State.

SEC. 4. The management of the fund shall be vested in a board of five trustees, which shall be known as the "board of trustees of the teachers' insurance and retirement fund." Said board shall be composed of the following persons: The State superintendent of education, the State auditor, the attorney general, and two members of the fund association, who shall be elected by the members of the fund association at the time and place of the annual meeting of the Minnesota educational association and shall serve for the term of two years, beginning on the first Monday of January next succeeding their election, except in the case of the first elective members, who shall assume office immediately after their election and serve—one for one year and one for two years—from the first Monday of January next succeeding their election and until their successors are elected. Vacancies in the elective membership of the board shall be filled by appointment by said board of trustees, the appointee to serve until the next meeting of the fund association, when the members of said fund association shall elect a trustee or trustees to serve for the unexpired term or terms. No person shall be appointed by the board of trustees or elected by the members of the fund association as a member of the board of trustees who is not a member of the fund association at the time of the appointment or election.

In the interval between the passage of this act and the time when the first elective members of the board of trustees shall assume office, as hereinbefore provided, the superintendent of education, the State auditor and the attorney general shall constitute a temporary board of trustees of the teachers' insurance and retirement fund and shall be empowered to peform the duties of said board.

Said board of trustees shall have power to frame by-laws for its own government, not inconsistent with the laws of the State, and to modify them at pleasure; to elect one of its own members as president of the board and to provide and enforce all rules and regulations necessary to carry into effect the provisions of this act; to elect a secretary, who shall serve during the pleasure of the board, and to fix the salary and prescribe the duties of the office of secretary; to authorize the issuance of warrants by the State auditor on the State treasurer for the payment out of said fund of all annuities or benefits payable under the provisions of this act, of the salary of the secretary, and other necessary expenses.

All applications for annuities or benefits under this act must be made to said board. In passing upon said applications said board may summon witnesses and, in the case of applications founded on disability, may require any applicant to submit to a medical examination at his or her own expense and, in the case of all applicants, may conduct any reasonable investigation to determine the justice of any claim submitted. It may sue or be sued in the name of the board of trustees of the teachers' insurance and retirement fund, and in all actions brought by or against it said board shall be represented by the attorney general. Said board shall constitute a part of the State government, but in any action brought against it by any person claiming to be a beneficiary of said teachers' insurance and retirement fund it shall not claim immunity from suit.

It shall be the duty of said board to invest as much of the funds in its hands as shall not be needed for current purposes. Such investments shall be made in the same class of securities as those in which the school funds of the State are required to be invested; and all securities taken upon such investments shall be deposited with the

State treasurer; but in case of necessity such securities may be sold in order to raise money for current purposes. No such sale shall be made except by the unanimous vote of said board, such vote to be entered upon the records of its proceedings. All interest obtained from such investments shall be placed in the general fund, to be used for current purposes. A suitable office in the capitol, with suitable furniture and necessary office supplies, shall be provided by the proper State officer for the use of said board of trustees.

SEC. 5. The board of trustees shall meet annually at the office of the secretary, in the State capitol, on the second Saturday in September, at an hour to be fixed by the board. Speical meetings may be held at any time on the call of the president of said board or by any three members thereof. The State auditor, State superintendent of education, and attorney general shall serve as members of said board without additional compensation, but the elective members of said board shall be entitled to compensation at the rate of $5 per day and necessary expenses while attending all meetings of said board, to be paid out of the insurance and retirement fund.

SEC. 6. The fiscal year of the insurance and retirement fund shall begin on the 1st day of August and shall end on the 31st day of July. The board of trustees shall present annually to the fund association at its annual meeting hereinfater provided for, a report of the condition of said funds for the last preceding year, which shall include the receipts and expenditures on account of the fund, together with a list of the beneficiaries thereof and of the securities in which said fund is invested. A copy of said report shall be sent to the governor, a copy shall be retained by the State superintendent of education, and a copy sent to each county superintendent, city superintendent, graded school principal, and the superintendent or president of each State educational institution. This report shall be published in the biennial report of the State superintendent of education.

SEC. 7. The treasurer of the State shall be ex officio treasurer of the teachers' insurance and retirement fund, and his general bond to the State shall cover any liabilities for his acts as treasurer of said fund. He shall receive all moneys payable to said fund and pay out the same only on warrants issued by the State auditor upon vouchers signed by the president and secretary of the board of trustees. Said treasurer shall give receipts for all moneys received by him for said fund, shall keep full and correct account of the financial transactions connected therewith, and shall make an annual report to the board of trustees at its annual meeting of the receipts and disbursements and other financial transactions connected with said fund.

SEC. 8. Any person employed as teacher, when this act takes effect, in any public school in this State or in any other educational institution included in section 1 of this act shall be permitted to become a member of the fund association and to receive the benefits of this act, if application be made in writing to the board of trustees of the teachers' insurance and retirement fund on or before September 1, 1917. At the time of making application to the board of trustees as herein provided, such teachers shall notify the local school board or managing body of the institution in which he or she is employed, in writing, of his or her election to come within the provisions of this act, and shall authorize said board or managing body as a part of said notice to deduct or withhold on every pay day from his or her salary the amount which he or she would pay into the fund, as specified in section 2.

Any person who shall accept employment in this State as a teacher, as hereinabove defined, after September 1, 1915, and who shall not have been employed in this State at the time this act takes effect, shall by virtue of the acceptance of such employment become subject to all terms, provisions, and conditions of this act, and shall become a member of the fund association.

SEC. 9. Any member of the fund association who shall have rendered 20 years or more of service as a teacher in the public schools, 1 year of which may have been a leave of absence for study, and at least 15 years of which, including the last 5 immediately preceding the term of retirement, have been spent in the public schools of this State, and who ceases to be employed as a teacher for any reason, shall be retired at his or her own request by the board of trustees and receive an annuity in accordance with the following schedule:

For 20 years of service, $350; for 21 years of service, $380; for 22 years of service, $410; for 23 years of service, $440; for 24 years of service, $470; for 25 years of service, $500.

In computing the time of service of a teacher the length of the legal school year in the district or institution where such service was rendered shall constitute a year, provided such a year shall not be less than seven months. In a calendar year credit shall be allowed for only one year of service. If a teacher teaches for only a fractional part of any year, credit shall be given for such fractional part of a year as the term of service rendered shall bear to the legal school year of such district or institution, but in no case shall the legal year be less than seven months.

Such annuities shall be paid quarterly.

Any teacher who shall become mentally or physically incapacitated after having served as teacher for 15 years, 10 of which shall have been in this State, shall be entitled to receive an annual benefit from the insurance and retirement fund equal to as many twentieths of the full annuity for 20 years as the term of total service rendered by such teacher bears to 20 years.

Any person retiring under the provisions of this section may return to the work of teaching in said public schools, but during said term of teaching the annuity or benefit paid to such person shall cease. Said annuity shall again be paid to such person upon his or her further retirement.

SEC. 10. In the event that any member of the fund association ceases to be a teacher in the State and thereby terminates membership in the fund association before drawing an annuity, such member shall, if application be made in writing to the board of trustees within six months after his or her resignation, be entitled to the return of the fund without interest of such sum as shall equal one-half of all moneys paid into the fund by such teacher: *Provided further*, That in the event such teacher subsequently returns to teaching in Minnesota and thereby becomes a member of said association, such teacher shall be required to refund to said insurance and retirement fund the amount so drawn with interest thereon at the rate of 5 per cent per annum, such sum to be refunded within one year from his or her return. In case of the death of any member of this fund association before an annuity shall have been drawn from said fund, the board of trustees shall refund to his or her estate, heirs, or assigns an amount equal to one-half that actually paid into the fund by said member.

SEC. 11. The annuity so created shall not be subject to assignment or seizure on legal process against any beneficiary.

SEC. 12. The board of trustees may ratably reduce the annuities provided in this act whenever, in the judgment of the board, the condition of the fund shall require such reduction.

SEC. 13. Annuities may be granted by the board of trustees at any time after the passage of this act, such annuities beginning at the date on which the grant is made, but no payments shall be made before September 1, 1916.

SEC. 14. At the time and place of the meeting of the Minnesota educational association in 1915, those teachers who have qualified as members of the fund association by complying with the provisions of section 8 of this act shall meet at the call of the State superintendent of education for the purpose of electing from said members of the fund association two members of the board of trustees of the teachers' insurance and retirement fund, as hereinbefore provided, and annually thereafter at the time and place of the annual meeting of the Minnesota Educational Association the board of trustees shall call a meeting of the members of the fund association for the purpose of electing one or more members, as may be required, of said board of trustees, and hearing the annual report of said board, and of transacting any other business that may properly come before said meeting.

SEC. 15. This act shall not apply to any city of the first class in this State.

NEW HAMPSHIRE[1] (1915).

SECTION 1. Any woman who, being on the 1st day of September, 1915, or thereafter, of the age of 55 years, and who for 30 years shall have been employed as a teacher in the public schools of this or some other State, or in such other schools in this or some other State as are supported wholly or in part by State or town or school district appropriation and are under public management and control, 15 years of which employment, including the 10 years preceding her ceasing to teach, shall have been in some of the before-mentioned schools of this State, and who shall have been retired, or shall voluntarily have retired, from active service, shall, upon her formal application directed to the State superintendent of public instruction, and upon the certification by the said superintendent to the governor and council, as hereinafter provided, receive from the State for the year ending August 31, 1916, or for such part of said year as she may be so retired, a pension at the rate for the full year of 50 per cent of the average annual salary of such teacher for the five years last preceding her ceasing to teach. In figuring such average, deductions from the teacher's pay for absence or other causes during said five years' period shall be considered as a part of teacher's salary.

SEC. 2. Retired male teachers shall receive pensions upon the same terms as those set forth for women in this act: *Provided, however*, That any man, to be entitled to receive the full pension, must be of the age of 60 years and must have taught 35 years.

SEC. 3. No person shall receive a pension under the terms of this act unless such person shall, at the time of application for such pension, hold a State teacher's certificate or a service certificate issued under the authority of chapter 49, Laws of 1895, and amendments thereto, or a similar certificate issued by the chief educational officer of another State or country having standards of certification equivalent to those of this State: *Provided*, That this limitation as to certification shall not apply to teachers who have permanently ceased to teach before the passage of this act.

SEC. 4. Any retired teacher of the required age who shall before ceasing to teach have taught 15 years in this State, including 10 years immediately preceding such ceasing to teach, but shall not have taught in all for 35 years, in the case of a man, or 30 years in the case of a woman, shall be entitled to such proportion of the full pension herein provided as the actual total number of years taught bears to 35 in the case of a man or to 30 in the case of a woman.

SEC. 5. Any teacher forced to retire because of physical or mental disability before reaching the age of 60, if a man, or of 55 if a woman, shall, if otherwise entitled to a pension under the provisions of this act, receive a pension based upon the proportion of the full pension which the total number of years taught, plus the number of years of enforced retirement, bears to 35 in the case of a man, or to 30 in the case of a woman, not exceeding, however, the full pension.

SEC. 6. In computing the number of years of actual service of any teacher before retirement, no deduction shall be made for leaves of absence during sickness or disability, provided after such sickness or disability the teacher resumed teaching; but deduction shall be made for time the teacher is engaged in some other gainful occupation.

SEC. 7. The State superintendent of public instruction shall, on or before the 1st day of August, 1915, subject to the approval of the governor and council, formulate rules and regulations for carrying into effect the provisions of this act, and shall give such publication to the same as he may deem desirable. But the unsupported statement

[1] Noncontributory plan.

of the applicant for a pension, whether sworn or unsworn, shall not be considered as proof of any fact necessary to determine the eligibility of the applicant to receive such pension.

SEC. 8. The State superintendent of public instruction shall investigate all applications received for a pension under the provisions of this act and shall, on or before the 30th day of November, 1915; and quarterly thereafter, certify to the governor and council the names of the persons who are entitled to pensions under the provisions of this act, and the governor, with the advice and consent of the council, shall draw warrants on the State treasurer for payment of the pensions in favor of said persons. Such payments shall be made in quarterly installments. In case one-quarter of the appropriation herein made, less expense of administration, shall be insufficient to pay the quarterly installments of all of the persons certified to the governor and council as entitled thereto, the governor, with the advice and consent of the council, shall draw warrants to the amount of only one-quarter of the appropriation, less expenses of administration, preference being given to those certified as entitled in the order of their age.

SEC. 9. Every pension shall terminate upon the death of the recipient, and the proportional part of the pension due at the time of such death shall be paid to the legal representative of the deceased.

SEC. 10. All pensions granted or payable under the provisions of this act shall be and are hereby made exempt from levy upon execution and from attachment upon trustee process.

SEC. 11. The sum of $10,000 is hereby appropriated for the fiscal year ending August 31, 1916, to carry out the provisions of this act.

SEC. 12. This act shall take effect upon its passage.

Approved April 21, 1915.

APPENDIX B.

TEACHERS' PENSIONS.[1]

By CLYDE FURST,

Secretary Carnegie Foundation for the Advancement of Teaching.

The fundamental principles of a pension system may be stated briefly. Only those, however, who have studied the great mass of pension literature are likely to give full acceptance to them at once. It is not easy to understand, for example, that a non-contributory pension is the most costly to the beneficiary—that free pensions, paid by a government or other agency, are in the long run so expensive that the individual can not afford to trust his future to them.

Among those, however, who have given thorough study to pensions, from the standpoint of the needs of those whom the systems are intended to serve, and who have followed the history of the breakdown of one system after another, there is practical agreement that the following fundamental principles are applicable to all pension systems which involve large groups.

I. A pension is but one feature of the relief system needed by any given group. Only a minority of those who become teachers, or government employees, or machinists, will live to enjoy a pension, however provided. A relief system must be planned with special reference to the group it is intended to serve. Among railroad employees the risk of accident is greater than among teachers. Sickness is a risk common to teachers and railroad employees, but teachers are better able to deal with it as individuals. In general, a relief system will undertako only those capital risks of life which can best be met by cooperative effort. In the case of teachers death, dependence in old age, and disability are such risks.

II. A pension system can be operated successfully only in a fairly homogeneous group; that is to say, when the members of the group live under like conditions, are subject to similar risks, and have rates of pay which are comparable.

III. A relief system, to accomplish its purpose, must include practically all members of the group. Otherwise those who most need its benefits are least likely to enjoy them.

IV. Two plans have been followed in the establishment of pension systems for large groups:

The Reserve Plan, under which the necessary reserve for each beneficiary is set aside year by year. This, with the accumulated interest, will provide the pension when it may become due.

The Cash Disbursement Plan, under which pensions are simply paid out of current funds such as those provided by government appropriations or from an endowment.

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The same pension benefits may be paid under both plans, but the cost under the reserve plan is measured by the percentage of the pay roll necessary to accumulate future pensions, while the cost under the cash disbursement plan is measured by the percentage of the annual pay roll required for the full pension benefits. The cost under the reserve plan is a constant factor, which in the case of a college teacher would entail a payment of from 4 to 5 per cent of his pay by the teacher and by the college. The cost under the cash disbursement plan is a changing and constantly increasing factor which may eventually amount to 20 per cent of the active pay roll or more. The reserve plan adapts itself to a contributory pension, the cash disbursement plan to a free pension paid without the participation of the beneficiary.

V. Systems offering a free pension upon the cash disbursement plan have repeatedly broken down through their great cost, unless upheld by the resources of a government. Even in governmental pensions the cost has mounted to such proportions as to endanger the permanency of the system. Under a free pension system every tendency is toward increase. No actuarial computation can take account of the charitable, political, and social influences which tend to increase the load. Experience shows also that the beneficiaries of a free pension system in time become dissatisfied, and claim that such pensions are merely deferred pay and that they benefit the few at the expense of the many.

VI. The employee entering his vocation and looking forward over a span of 30 to 40 years to the protection of a pension is most of all concerned in its security. If he is to plan his life upon the use of a pension at an agreed age, he desires above all absolute certainty that the pension will be ready at the date named. There is no way in which this can be assured except by setting aside year by year the reserve necessary to provide it. Nothing short of a contract providing this reserve will give him such security, and this he can get only by a participation in the accumulation of the reserve.

VII. A pension system on the reserve plan, sustained by joint contributions of employer and employee, is therefore not only the fairest and most equitable form of pension system, but it is the only one in which the cost can be ascertained in advance, in which the question of pension is separated from the question of pay, and it is the only form of pension which can be permanently secure. The man of 30, whether he be teacher, Government clerk, or industrial worker, can be sure of the pension promised 35 years in advance only when it rests upon this economic basis.

The justification of pensions for teachers, in particular, is economic, social, and educational. Economically the work of an organization is not effective unless there is a satisfactory method of retiring aged or infirm workers. Only a satisfactory pension system can prevent either the dismissal of aged or infirm teachers without resources or the sacrifice of the welfare of the pupils in order to continue the employment of teachers who are no longer capable of good work. Socially, men and women of character, intelligence, and devotion are willing to perform difficult social services that are poorly paid; but it is too much to expect them also to face old age and disability without the prospect of some protection. Educationally, there is great need to secure and retain able teachers in the schools. At present only about 5 per cent of the men and 15 per cent of the women who enter teaching make it a permanent career.

For all of these reasons the development of pension systems for teachers has been rapid and widespread in the United States. Ten were founded between 1890 and 1900; 25 between 1900 and 1910; and 31 between 1910 and 1915. More than half of our States now have some form of pensions for teachers.

The cost of a pension system for teachers may be borne by the teacher alone, by the public alone, or by the teacher and the public together. If the cost is borne by the teacher alone, he can scarcely afford, out of a small salary, to set aside enough money to purchase adequate protection, and the public fails to fulfill a plain obligation. If the cost is borne by the public alone, the money is really taken from the teachers' salaries without their agreement, cooperation is weakened, and the teachers suffer in independence and lose an incentive to personal thrift. When the cost is borne by the teachers and the public together, the teacher receives appropriate reward and protection, and both the teacher and the public meet an economic, social, and educational obligation. The principle of cooperation between the teacher and the public is recognized by most of the pension systems that are now in operation.

The application of the principle of cooperation, however, is not so satisfactory. Only a dozen systems relate the amount of the public contribution to that of the teacher. In these cases it ranges from one-half to three times that of the teacher, being usually an equal amount. Frequently public money is expected from sources which bear no relation to the amount of money needed for pensions. Excise, inheritance, license or transfer receipts, or deductions, fines, or forfeitures from teachers' salaries for absence or illness, or from tuitions of nonresident students, do not furnish a reliable basis for pensions. Equally unsatisfactory is the expectation of paying pensions, when they fall due, from current school or other funds, without any assurance that these funds will be adequate, or from special or general appropriations, without any certainty that such appropriations will be made. Indeed, it is not uncommon to limit in advance the sums that may be taken from such sources, thus reducing the proportion of the pension that can be paid, or leaving the whole question of payment largely to accident. Because of these facts, no teacher can be certain that any pension system now in existence will or can pay any pension that has been promised.

The only way in which security can be obtained is for the contribution of the public, as well as that of the teacher, to be paid in annually and set aside to accumulate against the time when it will be needed. This also is the only economical method. Any system which agrees to pay a pension from current funds after the teacher retires, plans to spend two or three times as much money for that pension as would be required if sums were set aside each year to accumulate it during the teacher's period of service.

Pension systems for teachers in the United States, moreover, are so organized at present that it is impossible for anybody to estimate the cost of any one of them. The probable length of life of a teacher in service or after retirement may be estimated with a fair degree of safety from the tables of mortality that have been developed by the life-insurance companies, although it begins to appear that teachers live longer than other people. Estimates of the likelihood of disability, however, and the probable length of life after retirement because of disability are still without an adequate basis. It will be a long while before reliable estimates can be made of the probability of being dismissed, or of resigning, or of the age at which one will choose to retire. It is quite certain that no one can predict what any teacher's salary will be 30, or 40, or 50 years hence, and yet practically all pensions are based to some extent upon the salary at the time of retirement.

The fact that no one of our existing pension systems is satisfactory is explained by their history. These systems are, for the most part, very new, and they have in the main imitated government systems, the great resources of which have caused the question of cost to be neglected. The difficulties of the English civil-service pensions in 1909, and the failure and the reorganization of those of New South Wales in 1912, however, proved that even a government can not afford a careless pension system. These difficulties and those of Porto Rico, New Jersey, Maryland, and Virginia, and of New York City, Indianapolis, Cincinnati, and Philadelphia, have greatly stimulated the study of pensions, with the result that we may hope to enter upon a sounder era.

There is, of course, a definite relation between pension benefits and pension costs. At present both teacher and public desire benefits that are impossibly expensive in return for contributions that are too small to provide even modest benefits. Some systems, for example, promise retirement after 20 years of service, or at the age of 50; in others teachers contribute only one-half of 1 per cent of their salaries; in yet others the public contributes only one-half as much as the teachers.

Such mistakes may easily be corrected by a very simple pension system, based upon the tables of mortality that are used by the life-insurance companies, and upon a safe rate of interest, with the provision that the teacher receives the benefit of all of his accumulations. We can tell in this way what certain desired benefits will cost, or what benefits can be had for whatever definite sum of money is available. It is very simple to estimate what any annual contribution, beginning at any age, and accumulating at a given percentage, will amount to after any number of years. If all of the money is deposited in a central fund each contributor can be guaranteed a definite annuity for life, since the lives of all are averaged in the standard mortality tables. Thus, an annual contribution of $100 a year beginning at the age of 25 and accumulated at 3½ per cent interest will provide a man with an annuity for life, according to the McClintock table of mortality, of $894 a year beginning at the age of 60, or of $1,550 a year beginning at 65, or of $2,959 a year beginning at 70. The annuities from such a contribution for women, who live longer than men, would be about three-fourths of the sums that have been mentioned.

If it is desired, for the sake of family protection, there may be, also, a return of the accumulations of the teacher who dies before retirement, and a return of the balance of the accumulations of the teacher who retires but dies before he has drawn all of his accumulations. This also can be calculated from the standard mortality and interest tables.

If, further, protection is desired against disability, this can be similarly provided, by the use of the best tables that we have, with the proviso that the rates for those who enter into the system in the future may be modified according to future experience.

Should it be desired finally to return part or all of the accumulations of those who withdraw from the system for any reason, this also can be provided for on the basis of the very limited withdrawal tables that are available, with the proviso that the rates for new entrants be adjusted periodically on the basis of accumulated experience.

The cost of each of these additional benefits has never been calculated separately, but it has been roughly estimated that the cost of an annuity alone is about doubled by adding the benefits of a proportionate annuity for life beginning with permanent disability at whatever age; and a guarantee of the return of all of the teacher's accumulations in case of withdrawal from the service, in case of death before retirement, or in case of death after retirement before all of his accumulations have been used.

A pension system of the kind that has been mentioned would be just and fair to all concerned, giving the teacher secure and adequate protection at a reasonable cost to himself and to the public. It would not be necessary to change the present form of administration, which is generally through a special board of five or seven persons, upon which the teachers and the public are about equally represented. It will be important, however, to have the actual work done by competent, full-time experts, under the supervision of the state banking and insurance departments.

According to such a plan all systems will provide for retirement on the basis of age, although only two-fifths of them do so at present. The age of retirement, which is now usually fixed, can be left to the teacher and the administration. If the need is great, retirement may be earlier, in spite of the fact that the smaller accumulations would then make the pension smaller. In general, retirement will, in all probability, be later than at present, because of the larger pension provided by the longer accumulation and the educational desirability of keeping the able teacher in service as long as possible.

Disability can be provided for by using whatever money has been accumulated at the time when retirement becomes unavoidable. Retirement on the basis of service alone is a luxury which neither the teacher nor the public appears to be willing or able to pay for. It is, moreover, educationally unfortunate in encouraging the withdrawal from service of experienced teachers at the time when they are doing their best work.

Those who are dependent upon the teacher may be better protected than at present, since the form of contribution will set up a contractual relation which may provide definite returns in case of withdrawal or death. Return of contribution in case of resignation is now generally provided for, but return in case of dismissal is provided for only by one-third of our systems, and return in case of death is provided for only by one-fifth. The amount of the accumulation that is returned now varies from one-half to the whole, and is usually without interest. Contractual arrangements for the return of contributions, also, will facilitate the transfer of the teacher from one system to another, which is desirable. Indeed, pension systems throughout the country would become practically uniform, so that the experience of each would help all.

Membership in the systems will need to be, as it usually is at present, required of all new teachers, at least for the minimum protection. For teachers already in service membership may be optional, although this constitutes one of the most difficult of all pension problems—that of properly providing for the retirement of teachers who have not contributed throughout their active service. Probably the best plan is to require the participation of all teachers toward a minimum protection, basing each teacher's contribution on the rate for his age at entering the service, and dividing the additional amount needed between the teachers and the public, so that the oldest teachers shall be helped most.

It remains only to say that the Carnegie Foundation is in the midst of the process of changing its own pension system to the form that has been outlined here and that it will be glad to send its studies of present systems and its new plan to anyone who is interested.

APPENDIX C.

NOTES ON THE LEGISLATIVE HISTORY OF THE NEW JERSEY 35 YEARS' HALF-PAY PENSION LAW.

By A. W. MILBURY,

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1. Chapter 16, page 33, Laws of 1903, provided for the retirement, on his own application, on half pay, of any teacher who had served for 40 years consecutively in the same district, the pension to be paid by the school district from which the pensioner was retired. The employing board was not given authority to retire a teacher except on his or her application.

2. Chapter 103, page 167, Laws of 1906, provided retirement on half of average annual pay for last five years of service, at expense of the employing or retiring district, of any teacher, principal, or superintendent, on his or her application *or by resolution of the employing board*, who shall have been employed in New Jersey's public school system not less than 35 years and at least 20 years in the district in which he or she shall be retired. This 1906 act was the first to provide that an employing board might retire a teacher of its own volition, without the application or consent of the teacher. It reduced the entire term of service in New Jersey from 40 to 35 years, made service in the district at least 20, instead of 40 years, and omitted the word "consecutively."

3. Chapter 121, page 286, Laws of 1907, again amended the statute, but only as to the manner in which the district shall provide funds for the payment of the pension.

All the foregoing acts provided that the entire period of service (first 40, then 35 years) shall be in New Jersey.

4. Chapter 276, page 588, Laws of 1911, changed this by providing that the not less than 35 years' public school service shall have been performed "in this State or in any other State," *provided*, he or she "shall have been employed at least 20 years by the district which retires him or her." Payment was to be by the district. The pension amounted to half the average of the last five years' annual salary. Retirement was on the initiative of the teacher or of the employing board.

5. Chapter 58, page 89, Laws of 1912, provided that "any teacher, principal, or superintendent who shall have been employed in the public school work not less than 35 years" etc., shall be entitled to the half-pay pension. This amendment is obscure. The clause, "the public school work," was construed by some boards of education to mean that the entire 35 years must have been in New Jersey, and by others to mean only the "at least 20 years," in the district from which he or she was retired; that is, that 15 of the 35 years' service might have been outside of New Jersey, *provided* that "at least" 20 years' service had been in the district from which the party was retired on pension. The amount of pension and manner of payment were not changed.

All the foregoing acts, it will be noted, prescribed that at least 20 of the 35 years' service must be in the district from which the teacher was retired on pension, the district paying the pension. This was unfortunate, because many teachers who had taught 35, 40, 50, or even more years in New Jersey, had never taught 20 years in one district. The law therefore discriminated against these veterans. The original, 1903, act was 40 years consecutively in the same district.

6. Chapter 268, page 557, Laws of 1914, amended the statute so that "after a total period of not less than 35 years of actual service, every teacher, teacher-clerk, principal, and person employed in any supervisory capacity in or under any system of free public schools in this State or any other State * * * provided that the last 25 years of such actual service shall have been performed in this State," shall on his or her application or by resolution of his or her employing board be retired on half the average salary of the last five years' employment, the pension to be paid by the State (not by the district, as theretofore) and the administration of the act to be vested in the State department of public instruction. The 1914 act created eligibility to pension under several other conditions, but these were intended to cover certain specific cases; they do not affect materially the main proposition, and are specified in the tabulation.

The transference of the "at least" 20 years' experience from a single district to the State at large made the law far more equitable than before, because it protects *all* the veteran teachers of the State, not only those fortunate ones who have been employed "at least 20 years" in the district from which they were retired. Further, by transferring the payment of the pension from the district to the State, the antagonism of small and poor country districts was largely removed, and the tenure of teachers was made more secure, as the temptation of districts to "get rid" of a teacher to avoid paying a pension was removed, at least to a considerable degree.

Experience indicates, however, that the State 35 years' half-pay pension act could have been more effectively safeguarded. Some boards of education are taking advantage of the power granted by the words "or by resolution of the employing board" to retire efficient teachers who have complied with the time-service provision, even though such teachers do not wish to retire and protest against it. It is not necessary to discuss the motives of boards in such cases. Those who are acquainted with school administration and human nature will understand how spite, personal grievance, the fact that a relative or friend wishes the position, etc., may enter in. This not only works injury to the individual, but it works injury to the educational system; it is unjust to the taxpayers who bear the double burden of pension and of salary for the new incumbent, and it is dangerous to the pension plan, because it is likely to create so heavy a pension tax that the system will collapse by its own weight. A disability provision should have been added to the 35 years' clause, and perhaps an age limit without disability.

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