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# TEACHER-RETIREMENT SYSTEMS

Principal Provisions of State Systems

By

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## FOREWORD

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Over a period of 40 years public sentiment in this country in favor of provisions for the comfort and security of aged groups has had a steady growth. The sentiment in favor of provisions for the retirement of public-school teachers is now so general that it is often felt unnecessary to include any consideration of the social and economic justice of such provisions.

In order to meet the numerous demands upon the Office of Education for information concerning the principal problems of teacher retirement, Dr. Keesecker, our specialist in school legislation, has reviewed the major provisions of State-wide teacher retirement systems. The study has been limited to those phases on which information is most usually requested, in the hope that it will be of help to persons interested in developing fair and practicable provisions for the security of those who have devoted a life-time to educational service.

BESS GOODYKOONTZ,  
*Acting Commissioner.*

AUGUST 7, 1934.

# TEACHER-RETIREMENT SYSTEMS

## PRINCIPAL PROVISIONS OF STATE SYSTEMS

### DEVELOPMENT OF STATE TEACHER-RETIREMENT SYSTEMS

Retirement provisions for aged and disabled employees originated as private charitable or local enterprises. Recent years have been marked by a growing sense of social and public responsibility for old-age protection. Many students of retirement systems now regard their establishment not merely a matter of sentiment or philanthropy, or as a reward for past service, or a compensation for low wages, but rather they regard the establishment of a retirement system essential to old-age security, and that it is a necessary feature in the development of a well-organized social order.

School boards frequently hesitate to turn aged teachers adrift, although the best interests of public education require that such teachers yield their places to younger and more vigorous workers. Public responsibility for the retirement of teachers originated in cities and local districts. As time progressed the number of local teacher-retirement systems increased. Establishment of such local systems reached the peak of development by 1915. Since then many local systems have become inoperative or have been absorbed by State-wide teacher-retirement systems. Since then an increasing number of systems established have been State-wide in scope. One half of the States now have legal provisions for State-wide retirement systems for those who have given a lifetime of service to public education. Establishment of local teacher-retirement systems is likely to diminish in the future and to be confined to those States where the adoption of State-wide systems is overdue.

Real difficulties have been encountered in devising and administering retirement systems. Many earlier adventures in this field met with disaster. After a generation of experimentation many of the weaknesses of former pension systems have been avoided.

New Jersey was the first State to enact provisions for a State-wide retirement system for teachers. That was in 1896. At present legislative provisions for State-wide pension systems for teachers are found in 24 States, and systems similar in extent exist in Alaska, Hawaii, Philippine Islands, Puerto Rico, and the District of Columbia. During the decade between 1911 and 1920 teacher-pension legislation of State-wide application was most prolific. Eighteen State legislatures enacted provisions for State-wide retirement systems during that period. Five of these States enacted such legislation in 1913 and seven in 1915. Since 1920 State- or Territory-wide pension systems have been established for the first time in the Philippine Islands (1922), Hawaii (1926), Kentucky (1928, not yet in operation due to lack of funds), Alaska (1929), and New Mexico (1933). Furthermore, many previously established State systems have been recently revised to such an extent as to amount to new systems. Examples of such revisions are found in Wisconsin and New York in 1921, Maine in 1924, Maryland and Montana in 1927, and Minnesota in 1931.

*Order of enactment of State-wide pension systems*

New Jersey, 1896	Minnesota, 1915
Rhode Island, 1907	Montana, 1915
Maryland, 1908	Nevada, 1915
Virginia, 1908	New Hampshire, 1915
New York, 1911	Connecticut, 1917
Wisconsin, 1911	Pennsylvania, 1917
Arizona, 1912	Puerto Rico, 1917
California, 1913	Ohio, 1920
Maine, 1913	Idaho, 1921 (repealed 1929)
Massachusetts, 1913	Philippine Islands, 1922
North Dakota, 1913	Hawaii, 1926
Vermont, 1913	Kentucky, 1928 (inoperative)
Illinois, 1915	Alaska, 1929
Indiana, 1915	New Mexico, 1933.
Michigan, 1915	

INAUGURATING A STATE SYSTEM

The history of State-wide teacher-retirement systems shows that their development has required long and hard struggles. Their creation has, as a rule, followed the breakdown of local systems. In States which do not have State-

wide retirement systems for teachers the following questions not infrequently arise: Shall one or more local retirement systems be established? Shall local systems already existing be continued? Shall a State-wide system be established? In States which authorize local systems and subsequently make provisions for State-wide systems the question generally arises whether such systems shall be joined or merged into State systems. States which have established State-wide systems rarely consider their abandonment, or the establishment of local systems.<sup>1</sup>

It is now most generally believed that the State is the best agency for providing economy and security with regard to the retirement of teachers. This belief is founded both upon theory and practice. The State is a desirable agency in that it offers, first, opportunity for teacher exchanges between districts and cities without the loss of retirement benefits and, second, it enables more efficient and economical administration of the system as a whole throughout the State. Exception to these general statements may exist in the case of large cities.

Before attempting to secure legislation for a State-wide retirement system it would be well to inaugurate a study of the whole retirement problem. The State teachers' association is an appropriate organization to promote such a study. The actual study may be made by a committee of the association appointed specially for that purpose. In some States, Delaware, Michigan, and North Dakota, for example, legislatures have provided for State surveys of teacher-retirement systems or problems.

The framing of a State-wide teacher-retirement bill is a technical and arduous undertaking and is likely to require much group discussion by those familiar with other retirement and fiduciary systems. It is usually possible to obtain from the State insurance department or some other State agency the names of responsible and competent actuaries who will make the necessary actuarial calculations on reasonable terms. In the actual drafting of the retirement bill those sponsoring or engaged in such undertaking are fortunate if they can secure the help of an experienced legis-

<sup>1</sup> In 1920 Idaho abandoned its State teacher-retirement system established in 1921.

lator who not only understands the advantages of a teacher-retirement system, but who also is familiar with laws governing education, banks, fiduciaries, and retirement systems.

After a teacher-retirement bill has been carefully worked out the next important task consists in informing the citizens and legislators of what such a system involves. The enactment of a teacher-retirement system depends upon making the advantages of such a system clearly understood by the intelligent citizens and statesmanlike legislators. This significant task calls for a well-organized and definite educational program on the part of those who are advocating teacher-pension legislation of State-wide application.

#### FINANCING RETIREMENT SYSTEMS

In the establishment of a teacher-retirement system a number of preliminary questions arise concerning the social and legal philosophies upon which such a system shall rest. Among these questions are: Shall the retirement system be free, the beneficiaries making no contributions? Shall the beneficiaries participate in the creation of a reserve fund and thus acquire contractual rights? Shall teachers be required to remain members of the retirement system during the whole period of service required in order to enjoy its benefits, or shall they be free to enter teaching in other States and retain an equity or contractual right in such system? If the teachers contribute to a reserve fund shall such a contribution be at a flat or fixed rate for all members or shall they contribute on a percentage of salary basis? Are retirement allowances to be in the nature of charitable relief or are they to be computed to afford a modest living? These questions must be decided before progress can be made on actuarial computations.

Three general plans have been followed with respect to financing teacher-retirement systems, namely, (1) the free plan, whereby retirement benefits are paid entirely out of public funds; (2) wholly contributory plan, supported wholly by teacher assessments; (3) joint contributory plan, whereby contributions are made by teacher assessment and also from public funds.

Free retirement systems have never been common and their number has declined. Retirement systems financed wholly by teacher assessments marked the early development of teacher-retirement legislation. In recent years the tendency has been to provide for joint contributory retirement systems.

Arizona and Rhode Island appear to be the only States which provide for a complete free teacher-retirement plan, that is, where the retirement benefits are paid entirely out of public funds. Teacher contributory plans itemized as (2) and (3) are, as a rule, either a flat-rate plan or a percent-of-salary plan. Under a flat-rate plan all members pay a fixed annual amount and under this plan all members usually receive a uniform annual retirement allowance. Under this plan each retiring member must as a rule have paid into the retirement fund a minimum amount.<sup>2</sup>

Under the percent-of-salary plan the teacher pays into the retirement fund each year a percent of her annual salary. Under this plan the amounts paid and the benefits received vary according to the teacher's salary.

Those who are unfamiliar with the great mass of teacher-retirement literature may not easily understand that a free, or noncontributory, plan is likely to result in less general satisfaction than a contributory plan. Furthermore, those who have followed the history of the breakdown of one system after another practically agree that the free plan is more uncertain. Such a system confers no contractual rights nor does it provide a reserve fund. It is largely continued at the discretion of the employer. Students of the subject have generally agreed that the contributory plan is more economical, efficient, and secure. Under the contributory plan the employees' contributions provide a cumulative fund of which they cannot be deprived. Such a system or plan, while intended primarily as a protection against old age and disability, furnishes also an opportunity for saving. It is apparently impossible to finance a free system in any other way than by annual appropriations. This system places the teacher at the mercy of the

<sup>2</sup> See item 7 in Bibliography, p. 27.

legislature, and attempts of the legislature to economize may endanger the security of the retirement system. A contributory system lends itself to a method of financing that is economical for the State and secure for the teacher.

#### ANNUITIES OR RETIREMENT BENEFITS

"Pension benefits, no doubt, will always furnish, to a great degree, the criteria upon which teachers will base their judgment as to whether a pension system can be called 'good.' If the benefits are generous, the system will find favor; if the benefits are slight, the system will fail to meet approval."<sup>3</sup>

The systems of providing annuities and retirement amounts vary in different State systems. They may, however, be grouped under two general classes: (1) Flat benefit plan; and (2) retirement allowances composed of combined annuity and pension. Among the States and Territories which have the flat benefit plan, or one approximating it, are: Alaska, Arizona (State finance plan), California, Illinois, Montana, Nevada, and Washington. In the remaining State-wide retirement systems it appears that there is some plan of combining annuities derived from teacher's deposits and pensions provided for by State contributions. The annuities received by a member teacher usually represent the actuarial equivalent of the sums paid by such teacher with regular interest.

In Arizona and Rhode Island the retirement system is financed wholly by the State. In a majority of other States having State-wide retirement systems the State pays varying pension amounts. For example, in Connecticut, Ohio, and Massachusetts, the State pays a pension equal to the annuity secured by the teacher's deposits, plus additional sums under certain conditions, to teachers in service prior to enactment of law. In Indiana the State pays four-sevenths of the annuity, while in Pennsylvania the State pays one one-hundred-fortieth of average annual salary during past 10 years of service, multiplied by number of years since teacher last became a member.

<sup>3</sup> Palmer, Nida Pearl. Pension systems for public-school teachers. Washington, U.S. Government Printing Office, 1927. U.S. Bureau of Education. Bulletin, 1927, no. 23, p. 29.

**FUNDAMENTAL PRINCIPLES OF A RETIREMENT SYSTEM**

For many years the National Education Association has given careful study and consideration to the problems and principles involved in the establishment of a sound teacher-retirement system. The attention given to this subject by that association has resulted in the formulation of a number of fundamental principles of a teacher-retirement system. During the course of many years these principles have been revised and extended. Following is a statement of these principles:<sup>4</sup>

I. Membership should be compulsory for teachers entering the service after the enactment of the retirement law; optional for teachers already in service.

II. Retirement ages and rules should be defined and administered so as to retain teachers during efficient service and provide for their retirement when old age or disability makes satisfactory service no longer possible. The retirement allowance should be sufficient to enable the retiring teacher to live in reasonable comfort, thereby removing the temptation to remain in the classroom beyond the period of efficient service.

III. The sums deposited by the teachers and by the public during the period of service should be approximately equal.

IV. The deposit by the teacher and the payment by the public should be stated by the organic act creating a retirement system, subject to adjustment in accordance with future actuarial investigation.

V. The teacher's contributions and the State's payments to the retirement fund should be made regularly and concurrently during the teacher's period of service.

VI. The retirement board should open an account with each individual teacher. Sums deposited in that account by the teacher should be held in trust for that teacher.

VII. An adequate and actuarially sound reserve fund should be created to guarantee that the necessary money to pay the benefits promised will be on hand at the time of retirement.

VIII. Periodic actuarial investigations should be made of every retirement system to insure its financial soundness.

IX. A retirement allowance should be provided for disabled teachers after a reasonable period of service.

X. Teachers leaving the service before the regular retirement age should retain rights to all moneys accumulated in their accounts. Teachers' accumulated deposits should be returnable upon withdrawal from teaching service, or death prior to retirement.

<sup>4</sup> Research Bulletin of the National Education Association: Current Issues in Teacher Retirement. November 1930.

XI. The teacher should have the opportunity to elect the manner in which he will receive the benefits represented by the accumulated value of his deposits and the State's payments.

XII. Upon the adoption of a retirement plan, teachers should be given credit for their service prior to the establishment of the system. Funds for this purpose should be provided by the public.

XIII. The public should guarantee active teachers all the benefits which they had a reasonable right to expect under the old system. It should guarantee teachers retired under a previous system the allowance promised at the time of their retirement.

XIV. The administration of the retirement system should be in the hands of a retirement board whose make-up is carefully prescribed in the retirement law, and which represents both the public and the teachers.

For a discussion of these principles the reader is referred to the Research Bulletin mentioned in the footnote.

#### TENDENCIES IN RETIREMENT LEGISLATION

The principal tendencies in teacher-retirement legislation were last published by the Office of Education in Bulletin, 1927, no. 23, Pension Systems for Public-School Teachers.<sup>5</sup> Few, if any, departures from these tendencies have been observed in recent legislation. Principal tendencies concerning teacher-retirement legislation reported in the bulletin were:

##### I. Organization and administration.

1. An increasing tendency to establish State rather than local teachers' pension systems.
2. A tendency to retain teacher representation in the administration of such pension systems but to decrease its extent.
3. A tendency (developed during the last 20 years) to establish partly contributory rather than free or wholly contributory pension systems.

##### II. Retirement financing.

1. A rapidly increasing tendency to support pension systems by both public funds and teachers' contributions.
2. A tendency to make no provision for uncertain sources of funds, such as gifts and legacies.
3. An increasing tendency in the last 10 years, 1915-24, to provide by taxation for the raising of the public funds to be devoted to the support of pension systems.
4. A marked tendency toward the actuarial reserve plan of financing.

<sup>5</sup> May be obtained for 15 cents from the Superintendent of Documents, Government Printing Office, Washington, D.C.

5. A tendency, in those systems established upon an actuarial reserve basis, to make provision for subsequent actuarial investigation.
6. A tendency to meet the problem of accrued liabilities by special provisions.

### III. Teacher contributions.

1. A tendency to make membership in the pension system optional for those teachers in service at the time of the establishment of the system but compulsory for new entrants; ordinarily accompanied by fixing a brief time limit for the prior-service teachers to exercise their choice.
2. A well-sustained tendency to make the teacher's assessment a fixed percentage of salary with no relation to length of service.
3. A tendency to increase the amounts assessed against the teacher's salary.
4. A tendency to abandon limits and special requirements with respect to teacher's contribution.
5. A tendency to discontinue the policy of pooling teachers' contributions and to substitute therefor a policy of crediting to separate individual accounts the contributions of each teacher, from which annuities shall be paid.

### IV. Retirement benefits.

1. A tendency to increase the amount of the retirement allowance and to provide for two distinct sums, an annuity and a pension, payable according to the option the teacher selects.
2. A tendency to retire teachers, regardless of sex, upon a basis of 30 years of service, a portion of which must have been rendered within the city or State.
3. An increasing tendency to provide disability benefits and a tendency to lessen the amount of service required for these benefits, together with a tendency to discard the requirement of a medical examination.
4. A tendency to grant refunds, in case of withdrawal from service or in case of death before retirement, more extensively and more generously than in the early years of pension history.

## TEACHERS RETIREMENT SYSTEMS

## Tabular digest of legislation on principal phases of State teacher-retirement systems

## ALASKA

Length of service and age affecting retirement	To whom applicable	By whom administered	Methods of financing	Annuities or retirement allowances per annum
Established 1929; 55 years of age and 25 years' service (15 in Alaska); must retire at 65 if entitled to pension; may retire for disability after 10 years' service regardless of age.	All teachers, supervisors, principals, and superintendents of public schools under Territorial control.	Teachers pension board: Governor, commissioner of education, and Territorial treasurer, who is custodian of funds.	(1) 1 percent of teacher's salary deducted (teacher contracts to so provide); (2) gifts or bequests; (3) sums which legislature may appropriate; \$3,000 appropriated for initial establishment.	\$800 per annum, payable quarterly; retirement amount for disability is prorated on basis of 20 years' service, paid quarterly.

## ARIZONA

Established 1912; 30 years' service (15 in State) and 60 years of age; 20 years' service if disabled, regardless of age.	All teachers, principals, and superintendents.	State superintendent of public instruction and State treasurer.	State "General fund and the appropriation for State board of education, authorized in the general appropriation bill", (no contributions by teachers).	\$600, paid in monthly installments.
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## CALIFORNIA

Established 1913, as amended; 30 years' service (15 in State);	All teachers, librarians, supervisors, and administrators	State board of education constitutes the retirement fund	(1) Teachers contribute \$12 annually, payable annually	\$500 (retirement amount for disability prorated on basis of
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<p>minimum of 15 years' service if disabled (15 in State).</p>	<p>employed in public schools and State institutions if properly certified.</p>	<p>board (State treasurer custodian of retirement funds).</p>	<p>or semiannually; (2) 5 percent of inheritance or transfer taxes received by State; (3) donations, legacies, etc.; (4) appropriation from time to time by legislature.</p>	<p>30 years' service); paid quarterly.</p>
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CONNECTICUT

<p>Established 1917, as amended in 1931; may retire after 60 years of age and 20 years' service in State, or 35 years' service, 20 in State; retirement for disability after 10 years' service in State.</p>	<p>All teachers, principals, supervisors, and superintendents (the retirement board may authorize and provide for retirement of teachers in State educational institutions)</p>	<p>Teachers' retirement board: The insurance commissioner, bank commissioner, secretary of State board of education, and 2 others elected by the retirement association (State treasurer is custodian of funds).</p>	<p>(1) Legislative appropriation for administrative expense; (2) annuity assessments (compulsory) of 5 percent of teacher's salary, but not less than \$25 nor more than \$100 per year (ceases after 30 years' service).</p>	<p>An annuity computed by tables adopted by retirement board, and a pension of equal amount, plus additional pension to aggregate the pension teacher would receive if paid 30 assessments on average yearly wage for 6 years preceding retirement with 3 percent interest compounded annually; provided, if said amounts shall be less than \$500 per annum an additional amount shall be paid from pension fund sufficient to total \$600; allowance for disability consists of accumulated annuity and a pension prorated on basis of 30 years' service.</p>
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*Tabular digest of legislation on principal phases of State teacher-retirement systems—Continued*

DISTRICT OF COLUMBIA

Length of service and age affecting retirement	To whom applicable	By whom administered	Methods of financing	Annuities or retirement allowances per annum
Established 1920, as amended; voluntary retirement at 62, compulsory at 70, unless extended by 3/4 vote of board of education; retirement for disability after 15 years' service or 45 years of age.	All teachers, principals, superintendents, and assistant superintendents, and librarians. Normal school teachers included.	Commissioners of the District of Columbia, 3 members appointed by the President; required to make actuarial investigation annually (U.S. Treasurer is custodian of funds).	(1) Teacher's contribution based on annuity tables, but not to exceed 8 percent of annual salary, and when annual salary exceeds \$2,000 the deductions and benefits shall be made on an annual salary of \$2,000; (2) appropriation calculated on an actuarial basis, and also amount sufficient to cover administration of system.	An annuity composed of 1 percent of average annual salary for 10 years immediately preceding retirement for each year's service after June 30, 1926, plus a sum equal to 1 percent of said average annual salary for each year of service prior to July 1, 1926 (not to exceed 40 years); plus \$15 for each year of said service.

HAWAII

Established 1926, as amended; retirement voluntary at 60 and compulsory at 70; may retire for disability after 10 years' service; membership compulsory after Jan. 1, 1928.	Any school teacher, principal, superintendent, or other school employee in the public schools of the Territory paid wholly or in part by the Territory.	Board of trustees: Territorial auditor and treasurer, ex officio; 1 member elected by retirement system; 2 appointed by governor; shall employ actuary as adviser who shall make actuarial inquiry at least every 5 years (Territorial treasurer custodian of funds).	(1) Teachers' contributions, as determined by the board of trustees, which shall remain constant (equals about 1/4 of fund); (2) Territorial contributions fixed at approximately 3 percent of pay roll; (3) Territorial appropriations for administrative purposes.	Annuity (actuarial) equivalent to accumulated contributions, plus pension equal to 1/10 of average final salary multiplied by years of credited service; disability allowance consists of annuity (actuarial) equivalent to contributions, plus pension equal to 90 percent of 1/10 of average
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salary multiplied by years of service.

ILLINOIS

<p>Established 1915, as amended; 25 years' service (15 years in State) and 50 years of age; retirement for disability after 15 years' service, 9 years in State (separate law for cities with more than 250,000 population).</p>	<p>Any teacher, teacher-secretary, or substitute (when employed by the year), supervisor, principal, superintendent.</p>	<p>Board of trustees: State superintendent of schools, State treasurer, and 3 appointed by governor (State treasurer custodian of funds).</p>	<p>(1) Teachers' contributions: \$5 per year for 10 years or less; \$10 per year for more than 10 years, but not more than 15; and \$30 per year from 15 to 25 years' service; (2) gifts, legacies, etc.</p>	<p>Annuity of \$16 per year of service but not to exceed \$400 in any 1 year; retirement for disability prorated on 25-year basis.</p>
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INDIANA

<p>Established 1915, as amended; may retire at 60 after 40 years' service; may retire after 10 years' service for disability regardless of age, but must return to duty if disability is removed, otherwise annuity ceases. (Note.—Special legislation authorizes cities of certain population to provide teachers' pension systems independently of the State system.)</p>	<p>Any teacher, teacher-clerk, principal, supervisor, superintendent, head of department, teachers in State normal schools and charitable institutions, employees of State superintendent and teachers' retirement fund.</p>	<p>Board of trustees of State retirement fund: 5 members appointed by governor, not more than 2 shall be teachers; must provide an actuarial investigation biennially, and determine actuarial liability; retirement fund board is custodian of the funds.</p>	<p>(1) State retirement levy; (2) teacher assessment according to age, ranges from \$32.45 at 18 years of age to \$18.04 at 40, payable in 3 installments; (3) gifts, etc.</p>	<p>Maximum annuity \$700 to teacher 60 years old and with 40 years' service, paid quarterly; may have annuity after 25 years' service in amount based on present value computed actuarially; \$500 for disability, but shall not exceed 1/2 of salary when disability occurred.</p>
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Tabular digest of legislation on principal phases of State teacher-retirement systems—Continued

KENTUCKY (Inoperative)

Length of service and age affecting retirement	To whom applicable	By whom administered	Methods of financing	Annuities or retirement allowances per annum
<p>Established 1928; may retire at 60; may be retired at 70; may be retired for disability after 5 years' service.</p> <p>(Not yet operative due to lack of funds.)</p>	<p>All teachers (principals, supervisors, etc., impliedly included).</p>	<p>State board of education; Superintendent of schools, secretary of State, attorney general, must have actuarial report of assets and liabilities at least every 5 years (State treasurer custodian of funds).</p>	<p>(1) Teachers contribute 2½ percent of salary; (2) each employing school unit pays amount equal to that contributed by its teachers; (3) State pays current operation expenses.</p>	<p>Annuity based on schedule adopted by State board of education, with 4 percent interest and equivalent to accumulated contributions of teacher and her employing school unit; a superannuated retirement allowance for disability after 60 years of age, otherwise disability allowance consisting of accumulated contributions in form of annuity, plus additional payments as are needed to make total allowance equal to ¾ of annuity teacher would receive if continued in service until 60.</p>

MAINE

<p>Established 1913, as amended; 60 years of age and 30 years' service (20 years in State); retirement for disability after</p>	<p>Teachers, principals, supervisors, superintendents, teachers of normal schools and State school superin-</p>	<p>Teachers' retirement board; State commissioner of education, State treasurer, attorney general, bank com-</p>	<p>(1) Teacher contributions; 5 percent of salary but not less than \$20 nor more than \$100 per annum.</p>	<p>Depends on years of service before reaching 60 years of age and annuity built up, each \$1,000 purchased buys \$81.98</p>
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<p>6 years' service.</p>	<p>tendent and assistants.</p>	<p>missioner, insurance commissioner, and 2 chosen by and from the retirement association.</p>	<p>annuity.</p>
<p>MARYLAND</p>			
<p>Established 1927; may retire at 60 years of age, must retire at 70 (term of service not specified), retirement for disability after 5 years of service.</p>	<p>Any teacher, helping teacher, supervisor, superintendent, attendance officer or school clerk.</p>	<p>Board of trustees: State superintendent of education, State comptroller, State treasurer, 2 teachers elected by and from retirement system, shall make actuarial investigation at least every 5 years (State treasurer custodian of funds).</p>	<p>Retirement allowance consists of annuity (actuarial equivalent of member's accumulated contributions) plus pension, which is approximately <math>\frac{1}{40}</math> of average salary for last 10 years multiplied by years of service; disability retirement based on accumulations, salary, and years of service.</p>
<p>(1) Teachers' contributions, percentage of salary based on rate determined upon entrance to membership, constitutes annuity fund; (2) State contributes to pension fund in amount equal to certain percentage of earnable compensation, plus an accrued liability contribution equal to certain percentage of earnable compensation, the rates percentage of such contributions are fixed by actuarial valuation; (3) State pays administrative expenses.</p>			

Tabular digest of legislation on principal phases of State teacher-retirement systems—Continued

MASSACHUSETTS

Length of service and age affecting retirement	To whom applicable	By whom administered	Methods of financing	Annuities or retirement allowances per annum
<p>Established 1913, as amended: voluntary retirement at 60 years of age, compulsory at 70; retirement for disability after 20 years of service regardless of age (last 5 years must be continuous service).</p>	<p>Teacher, principal, supervisor, or superintendent of public day schools, including teacher-training schools and teacher or supervisor of adult alien education.</p>	<p>Teacher retirement board: Commissioner of education, 1 member elected by and from retirement association, and 1 member chosen by the other 2; mortality tables prescribed; system supervised by commissioner of insurance (State treasurer custodian of funds).</p>	<p>(1) Teachers contribute at rate established by retirement board, not less than 3 percent nor more than 7 percent of salary; rate established each year and must be uniform for all members, except that minimum rate shall be \$35 and maximum \$100 a year; (2) legislative appropriations.</p>	<p>Retirement allowance consists of annuity not to exceed \$600 at age 60, equivalent annuity at higher ages; State grants pension equal to annuity, with certain limitations; teachers employed in State prior to July 1, 1914, with certain service requirements receive additional pension.</p>

MICHIGAN

<p>Established 1916, as amended 1929; 60 years of age and 30 years' service (15 in State), or 60 years of age and 25 years' service; retirement for disability after 16 years' service.</p>	<p>Teachers, superintendents, principals, county school superintendents, normal school teachers, and State superintendent and his deputies.</p>	<p>Retirement fund board: Superintendent of public instruction and 5 others appointed by Governor, 1 of whom shall be a woman teacher (State treasurer custodian of funds).</p>	<p>(1) Teacher contributions: During first 5 years "1/4 per centum" of annual salary but not more than \$5, provided retirement board may increase to 1 percent of salary but not more than \$10; after 5 but less than 15 years' service, 1 percent of salary but not more than \$10; provided retirement board may</p>	<p>Annuity equal to 1/4 average annual salary for last 5 years, but not less than \$300 nor more than \$600; retirement after 25 years' service (15 years if disabled) is prorated on 30-year service basis, paid quarterly.</p>
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Increase to 2 percent but not more than \$20; after 15 years' service, 2 percent of salary but not more than \$20, provided said board may increase to 3 percent but not more than \$30.

MINNESOTA

<p>First law, 1915, repealed in 1931 with enactment of new law; membership optional to 25 years of age, compulsory beyond; retirement after 30 years' service (15 years in State) or 55 years of age; payments cannot exceed 25 years.</p>	<p>Teachers, supervisors, superintendents, and librarians in public-school system, and faculty members in teachers colleges and charitable institutions (exempta first-class cities and State university).</p>	<p>Board of trustees of teachers' retirement fund; Commissioner of education, State auditor, commissioner of insurance, and 2 members chosen by and from retirement system (State treasurer is custodian of funds).</p>	<p>(1) Teachers' contributions: 5 percent of salary, not to exceed \$100 per annum; (2) gifts, etc.; (3) State contributions derived by a special levy not to exceed 1/400 mill outside of first-class cities.</p>	<p>Teacher's investment (including payments and earned interest) may be withdrawn by teacher upon leaving service; after 30 years' service or 55 years of age teacher may use investment to purchase annuity, which State will match during teacher's lifetime.</p>
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MONTANA

<p>Established 1916, as amended; compulsory membership implied; 55 years of age and 30 years' service (15 years in State); may retire for disability after 15 years' service.</p>	<p>Any teacher, superintendent, supervisor, executive, or educational administrator.</p>	<p>Retirement salary fund board: Superintendent of public instruction, State treasurer, attorney general, and 2 teachers appointed by governor.</p>	<p>(1) Teacher contributions: \$1 per month but not more than \$9 per annum, deducted from salary.</p>	<p>\$600; retirement amount for disability is prorated on 30-year service basis; paid quarterly (persons receiving as much as \$2,000 per annum from other sources shall not receive benefits from fund).</p>
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Tabular digest of legislation on principal phases of State teacher-retirement systems—Continued

NEVADA

Length of service and age affecting retirement	To whom applicable	By whom administered	Methods of financing	Annuities or retirement allowances per annum
Established 1916, as amended; 30 years' service (15 years in State, including last 10 years immediately preceding retirement); may retire or may be compelled to retire for physical disability.	Any teacher, superintendent, supervising executive, or educational administrator.	State board of education shall constitute the public-school teachers' retirement fund board.	(1) Teacher's contribution, \$12 per annum, deducted from salary; (2) county and State each levies 5-mill tax; (3) donations, gifts, etc.	\$600; retirement for disability is prorated on basis of 80-year service; paid quarterly.

NEW JERSEY

Established 1919, as amended; 35 years' service or 62 years of age; retirement optional between 62 and 70, compulsory at 70; retirement after 35 years of service before age 62 available only to teachers in services when law was established.	All teachers, principals, supervisors, directors, county and city superintendents, State commissioner of education, and other members of the teaching and professional staffs, and janitors.	Board of trustees: commissioner of education; State treasurer; 1 trustee appointed by governor; 3 trustees elected from membership of retirement system; 1 trustee, who is not a teacher nor an officer of the State, elected by the other trustees; must make actual investigation every 5 years (State treasurer is custodian of funds).	Teachers contribute at level percentages determined by age at enrollment; State makes annual appropriation from school apportionment fund equal to approximately 7.29 percent of payroll of membership, which provides 1/2 of allowance granted on account of contributing membership service, and full allowance for service rendered prior to 1919.	Total annual allowance of 1/10 final average salary for each year's service accrued; allowance for superannuation not less than \$400 after 20 years' service; for disability not less than \$300 after 10 years' service, or 30 percent average salary for 5 years preceding retirement and not more than 1/10 of allowance which would be available at age 62; State provides all allowances ex-
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cept annuity purchased by retiring member's accumulated contributions.

NEW MEXICO

Established 1933; 65 years of age and taught in State 25 years from and after Jan. 1, 1934; disability retirement after 10 years' service.

All teachers in public schools, including those in State schools of special and higher learning supported by taxation.

State board of education (State treasurer custodian of retirement funds).

(1) Teacher's contribution: 50 cents monthly if salary less than \$100; \$1 monthly if salary \$100; \$1.50 monthly if salary over \$100 and not more than \$150; \$2 monthly if more than \$200; payable quarterly or semiannually. (2) Income from investments; (3) 5 percent of inheritance taxes; (4) appropriations; (5) gifts.

\$400, paid monthly; retirement amount for disability after 10 years' service prorated on basis of 25 years' service.

In 1920 local boards of education were authorized to establish pension systems for certain school employees not included in State system for teachers and prescribed conditions therefor.

## TEACHERS RETIREMENT SYSTEMS

## Tabular digest of legislation on principal phases of State teacher-retirement systems—Continued

## NEW YORK

Length of service and age affecting retirement	To whom applicable	By whom administered	Methods of financing	Annuities or retirement allowances per annum
Present system established 1921; voluntary retirement after 35 years' service, or present teacher attaining age 60 with 25 years' service, or new entrant attaining age 60 with 25 years' service in State; any member may retire at age 70; may be retired at 70 at request of employer; disability retirement after 15 years' service.	Any teacher, principal, superintendent, supervisor, and assistant officials; any school librarian; members of teaching or professional staff of public school; and employees of State department of education.	Retirement fund board: A bank executive chosen by board of regents; 2 school administrators, members of retirement system appointed by commissioner of education; State comptroller; and 3 elected by retirement system. Must make actuarial report every 5 years. <sup>1</sup>	(1) Teacher's contributions, 4 percent of annual salary (compulsory); (2) State pays annually a percentage of the earnable compensation of all teachers known as the normal contribution and a further percentage known as "the deficiency contribution"; the total payments shall be such as, when combined with amounts in pension accumulation fund, to provide for all pensions granted.	An annuity actuarially equivalent to accumulated contributions, and a pension of $\frac{1}{4}$ final average salary; not less than \$400 per annum if 25 years of State service; members 70 years of age with less than 25 years' service receive pension of $\frac{1}{100}$ of final average salary multiplied by years' service; retirement allowance for disability includes annuity plus a pension equal to $\frac{1}{4}$ final average salary.

## NORTH DAKOTA

Established 1913; 25 years' service (15—including last 5—years in State); may retire for disability after 15 years' service.	All teachers, superintendents, supervisors, inspectors, principals, and their assistants, including those of State institutions.	Board of trustees: State superintendent; State treasurer; and 3 (1 a woman) appointed by governor from retirement system; may employ actuary (State treasurer custodian).	Deduction from teacher's salary for 25 years, as follows: 1 percent up to \$20 for first 10 years; 2 percent up to \$40 for balance of time; total deductions to be less than 1 years' annuity.	Annuity of $\frac{1}{30}$ of annual salary for last 5 years multiplied by total years of service; minimum \$350 per year, maximum \$750; retirement for disability prorated on basis of 25 years' service.
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OHIO

<p>Established 1920; may retire at 60 years of age; retirement compulsory at 70 upon consent of employer; may retire after 36 years' service; disability retirement after 10 years' service.</p>	<p>Teachers in any school, college, or institution supported by public funds, and educational employees of State department of education.</p>	<p>Retirement board: Superintendent of public instruction, attorney general, and 2 members elected by and from retirement system.</p>	<p>(1) Teachers' contributions, 4 percent of salary, not applicable to that part of salary exceeding \$2,000.</p>	<p>Annuity equal to accumulated contributions and a pension of equal amount, plus an amount equal to 1 1/4 average fixed salary multiplied by years' service; for disability, not less than 90 percent final average salary, nor more than 9/10 of rate per centum of final average salary entitled to at age 60.</p>
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PENNSYLVANIA

<p>Established 1917, as amended; may retire at 62 years of age; compulsory at 70; may retire for disability after 10 years' service.</p>	<p>All teachers, principals, supervisors, superintendents, members of staffs of normal schools, State department of public instruction, and State council of education.<sup>1</sup></p>	<p>Retirement board: State superintendent (chairman), State treasurer, 1 appointed by governor, 3 elected by and from retirement association, and 1 not employed by State chosen by board, shall employ actuary (State treasurer custodian of funds).</p>	<p>Employees' contributions as determined by retirement board deducted from salaries pay 1/2 the cost of the retirement allowances; the other half is paid by the State and local school authorities; deduction from teachers' salary on percentage basis based on entrance ages.</p>	<p>Annuity equal to actuarial equivalent of accumulated deductions and a State annuity of 1/100 of final average salary for each year's service; disability retirement allowances prorated on basis of years of service.</p>
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<sup>1</sup> Retirement system is subject to supervision by State department of insurance (head of finance division, department of taxation and finance, is custodian of funds).

<sup>2</sup> Also clerks, stenographers, janitors, attendance officers, persons regularly engaged in public schools, and all school employees in State institutions.

## TEACHERS RETIREMENT SYSTEMS

## Tabular digest of legislation on principal phases of State teacher-retirement systems—Continued

## PHILIPPINE ISLANDS

Length of service and age affecting retirement	To whom applicable	By whom administered	Methods of financing	Annuities or retirement allowances per annum
Established 1922; may retire after 20 years' service, or 18 years' service if 65; compulsory at 65, unless recommended by director of education; may retire for physical or mental "unfitness" after 15 years' service regardless of age if "unfitness" is not due to employee's misconduct; provided retirement for "unfitness" shall not exceed 2 years.	Teachers, principals, supervisors, inspectors, superintendents, other educators whose positions are not clerical, including those detailed or serving in the department of public instruction.	Pension Investment Board: Secretary of public instruction, chairman; director of education, Insular Auditor, director of civil service, executive; and 3 appointed by governor; annual report to governor required (Insular treasurer is custodian of funds).	(1) 3 percent of total annual appropriation for pay of employees to whom retirement act applies; (2) deductions of 3 percent from employee's basic salary; (3) moneys resulting from fines, leaves of absence without pay, and salary savings from unfilled positions; (4) gifts, legacies, etc.	Maximum annuity, 6,000 pesos; based on last 3 years' service, "with maximum average pay", computed as follows: $\frac{1}{10}$ average salary for 20 years' service; $\frac{1}{6}$ for 23 years; $\frac{1}{4}$ for 26 years; $\frac{1}{3}$ for 29 years; and $\frac{1}{2}$ for 32 years' service. Annuity for "unfitness" $\frac{3}{10}$ of average salary; paid quarterly.

## PUERTO RICO

Established 1917, as amended; may retire after 21 years' service and 45 years of age; may retire for disability after 10 years' service.	Any teacher, principal, superintendent, assistant superintendent, general superintendent, or administrative officer formerly a teacher.	Pension Board: Commissioner of education, treasurer, president Teachers' Association, ex-officio; 1 teacher and 1 school director appointed by governor (Puerto Rico treasurer custodian of funds).	(1) Teachers' contributions, 3 percent of salary; (2) donations, legacies, etc.; (3) municipalities' contributions, 3 percent from first-class municipality, 2 percent from second-class, and 1 percent from third-class.	40 percent of average salary for 21 years' service; 50 percent for 25 years; 60 percent for 30 years; and 65 percent for more than 35 years' service; but not more than \$600 nor less than \$300; disability retirement not less than \$240.
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RHODE ISLAND

<p>Established 1907, as amended; 35 years' service (25 years in State, including last 15 preceding retirement); retirement for disability after 20 years' service in public schools of Rhode Island.</p>	<p>Any teacher, supervisor, superintendent, and their assistants; teachers in State colleges and State institutions.</p>	<p>State board of Education.</p>	<p>(1) State appropriations (no teacher contributions).</p>	<p>A pension equal to <math>\frac{1}{3}</math> average annual salary during last 5 years' service, but not to exceed \$700 per annum or be less than \$500; disability retirement after 20 years' service, prorated on 35-year basis.</p>
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VERMONT

<p>Established 1919, as amended; 30 years' service (20 years in State, including last 5 preceding retirement) and 60 years of age, 65 years of age if man; retirement for disability after 6 years of service regardless of age.</p>	<p>Any teacher, principal, supervisor.</p>	<p>Teachers' retirement board: Commissioner of education, State treasurer, commissioner of banking and insurance, and 2 from retirement association; shall make actuarial investigation every 3 years (State treasurer custodian of funds).</p>	<p>(1) Teachers' contributions as determined by retirement board, but not to exceed 5 percent of salary and not less than \$16 nor more than \$100 per annum; (2) State appropriations from time to time sufficient to equal teachers' contributions, not to exceed \$25,000 per annum; (3) gifts, etc.</p>	<p>An annuity which, together with State contributions, will purchase an amount based on McClintock's tables of mortality; disability retirement prorated on bases of contributions and length of service, but may not be less than \$200 per annum.</p>
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TEACHERS RETIREMENT SYSTEMS

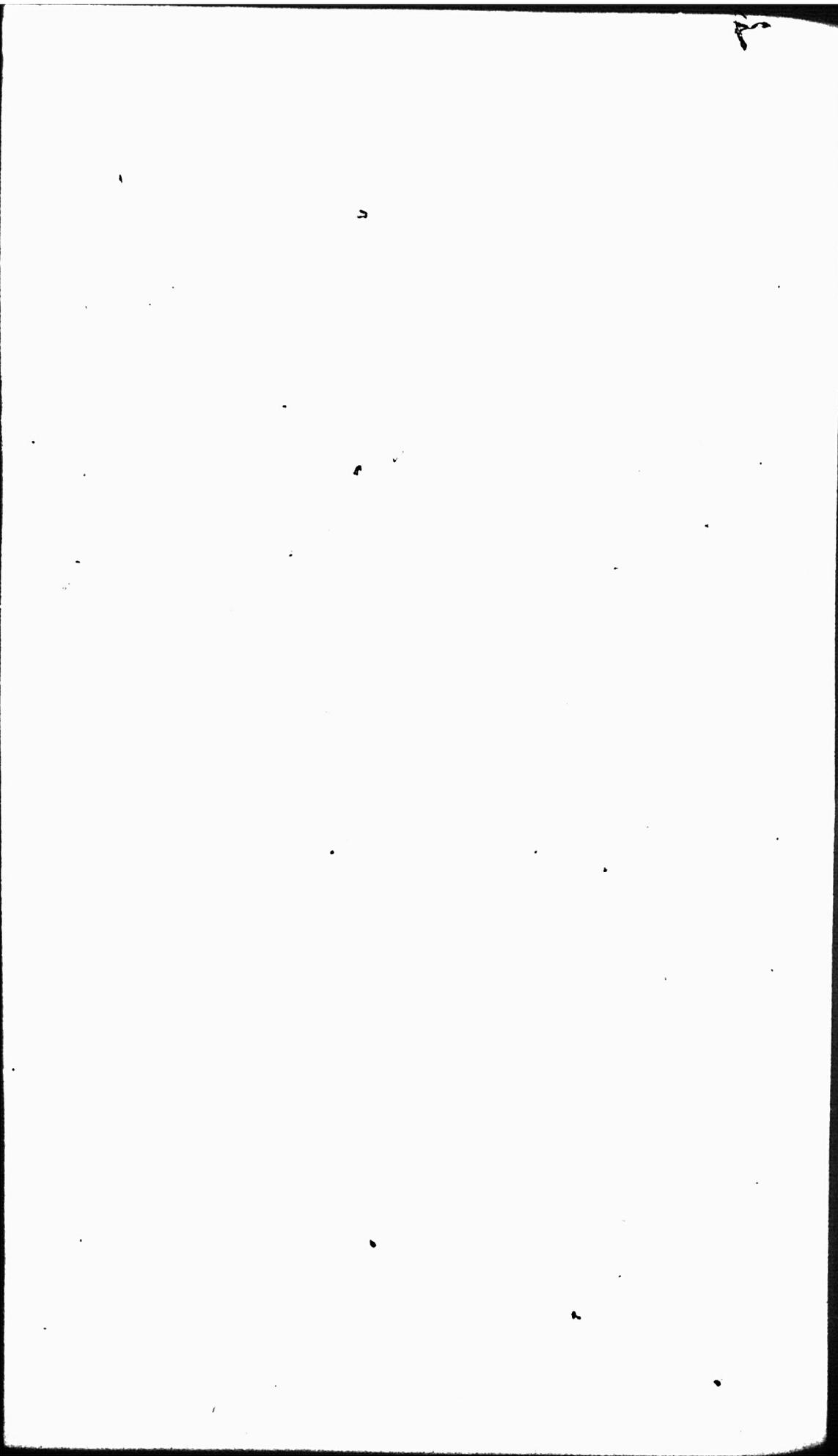
Tabular digest of legislation on principal phases of State teacher-retirement systems—Continued  
VIRGINIA

Length of service and age affecting retirement	To whom applicable	By whom administered	Methods of financing	Annuities or retirement allowances per annum
Established 1908, as amended; 30 years' service, "a good record", and 68 years of age (60 years of age if a woman); retirement for disability after 20 years' service.	Teachers and principals (division superintendents not included).	State board of education; 7 members appointed by Governor (State treasurer custodian of funds).	(1) Teacher contribution, 1 percent of salary; (2) State appropriations as may be made; (3) legacies, bequests, etc.	A quarterly amount equal to $\frac{1}{4}$ average salary during last 5 years, not to exceed \$100 (or \$125 quarterly if received more than \$1,000 average salary during last 5 years).
WASHINGTON				
Established 1923, as amended; 30 years' service (20 years in State); disability retirement after 10 years' service.	Any teacher, instructor, principal, supervisor; State, county, or city superintendent; and their assistants.	Board of trustees: State superintendent of public instruction; State insurance commissioner; and 3 from retirement system appointed by State board of education; State treasurer; State auditor; and attorney general shall be ex-officio treasurer, auditor, and legal advisor, respectively.	(1) Teacher contributions: \$12 per year during first 10 years; \$24 per year from 10 to 20 years' service; and \$36 per year thereafter until contributions shall equal \$720.	Annuity of \$480; provided no annuity shall be paid unless member has taught 5 years and paid or contributed a minimum of \$720; disability retirement prorated on basis of 30 years' service.

## WISCONSIN

<p>Teachers' insurance and retirement fund law, enacted 1911; superseded by State retirement fund law, 1921; members of teachers' retirement system prior to 1921 may relinquish benefits under present retirement law and retire under conditions of old law after 25 years' service (18 years in State); retirement under present law after 50 years of age and 25 years' service in State, or 50 years of age if taught in Wisconsin prior to July 1921; may retire for disability after 5 annual contributions.</p>	<p>Any teacher, principal, superintendents in public schools and their assistants, including normal schools and State colleges or the university.</p>	<p>State annuity and investment board: 5 members, 4 appointed by governor, and State superintendent of public instruction ex officio.</p>	<p>(1) Teachers' contributions, 5 percent of salary; (2) State contributions equal to 50 percent of teacher contributions plus 5 percent for each year of teaching experience, minus 1 percent for each \$100 in excess of \$1,200 salary (State contribution derived from a surtax on incomes in excess of \$3,000).</p>	<p>Annuity as computed by annuity board with following options: An annuity for life payable monthly; or annuity for life with provision that in event of death before 180 monthly payments, the remaining payments up to 180 be paid to the member's estate; or annuity payable monthly for life, and after death one-half monthly amount payable to "such beneficiary as member shall have designated"; or such annuity as annuity board shall approve; \$25 per month disability retirement if under 50, and have paid 5 annual payments.</p>
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SELECTED AND ANNOTATED REFERENCES RELATING TO  
TEACHER RETIREMENT

1. CARNEGIE FOUNDATION FOR THE ADVANCEMENT OF TEACHING. A Retirement Plan for Colorado, by Howard J. Savage and Edmond S. Cogswell. Bulletin No. 22, 1928. 67 p.  
Includes discussions of principles and procedures in inaugurating a State teachers' retirement system. Contains information and suggestions helpful in similar undertakings in other States.
2. ——— Twenty-Fourth Annual Report, 1929.  
Includes discussion on social philosophy of pensions for professional groups. Discusses teacher-retirement legislation in the different States.
3. HOUSEMAN, IDA E. A Preparatory Program for Retirement Legislation. Educational Review, 73: 284-287, May 1927.  
Presents a plan for educating teachers on important features of teacher-retirement systems to avoid confusion and conflict of ideas and to unify legislative action. Includes principles of sound retirement systems.
4. MCCAHAN, DAVID. State Insurance in the United States. Philadelphia, Pa., University of Pennsylvania Press, 1929. "Pension Funds", p. 137-175.  
Contains discussion and tabular summary of certain provisions of State teachers' and State employees' retirement funds.
5. NATIONAL EDUCATION ASSOCIATION. Research Bulletin, 8: 223-277, November 1930, "Current Issues in Teacher Retirement."  
Includes summary of general nature of teachers' retirement system and discussions of the principal retirement issues in theory and practice. Includes 65 selected and annotated references on the subject.
6. ——— Research Bulletin, 4: 1-72, May 1926, "Efficient Teaching and Retirement Legislation."  
Contains data on principles of sound retirement systems, and includes data on systems in effect. Includes report of Committee of One Hundred on Retirement Allowances of the National Education Association; also an annotated bibliography.
7. ——— Flat-Rate and Percent-of-Salary Retirement Systems. Study No. 7, January 1931. 10 p.  
Explains and compares both systems of supporting teachers' retirement system. Contains comparable data on amounts accumulated under each plan.
8. ——— Research Bulletin, "Teacher Retirement Systems", May 1930.  
Discusses criteria for judging retirement systems.

## TEACHERS RETIREMENT SYSTEMS

9. NATIONAL EDUCATION ASSOCIATION. Research Bulletin, 6: 151-201, May 1928, "The Advance of the Teacher-Retirement Movement."  
Includes extension and revision of basic principles of teachers' retirement system; and also data on teacher-retirement movement in different States.
10. PALMER, NIDA P. Pension Systems for Public-School Teachers. United States Office of Education (Bulletin, 1927, No. 28). Washington, D.C., Government Printing Office. 84 p.  
Contains data on State and local teacher-retirement systems over a 30-year period. Includes summary of principal tendencies in teacher-retirement legislation.
11. UNITED STATES DEPARTMENT OF LABOR (Bureau of Labor Statistics, Bulletin No. 477). Public Service Retirement Systems. Washington, D.C., Government Printing Office. 223 p.  
Chapter 5 contains discussion and summary of State teachers' retirement systems, pp. 76-117.

## APPENDIX: TYPICAL TEACHER-RETIREMENT LAWS

The formulation and drafting of State-wide teacher-retirement legislation usually presents technical and perplexing problems. In this connection copies of laws on the subject are often suggestive and helpful. In order to provide examples of provisions and also the manner of structure of teacher-retirement laws there are given here the texts of two State laws on the subject. For this purpose the laws of Minnesota and Montana are used.

Chapter 406 of 1931 Minnesota laws is a new teacher retirement law. It repeals and replaces chapter 199 of the laws of 1915. It is quoted here as an example of recent legislation for the establishment of a State-wide teacher-retirement system. It is the result of substantial revisions and developments in Minnesota's teacher-retirement legislation over a period of 15 years.

The Montana teacher-retirement law of 1915, as amended, and substantially revised in 1927, is another example of a recently revised teacher-retirement law.

### MINNESOTA

*An act to establish a teachers' retirement fund, ch. 406, 1931 laws.*

SECTION 1. Unless the context indicates a different meaning, the following words and terms shall, wherever used in this act, have the meaning set after the same, viz:

1. The word "teacher" shall include any person who has rendered, is rendering, or shall hereafter render service as a teacher, supervisor, principal, superintendent, or librarian in the public schools of the State, located outside of the corporate limits of the cities of the first class, in the State teachers colleges, or in any charitable institution supported in whole or in part by public funds, or who has been engaged, is engaged, or shall hereafter be engaged in educational administration in connection with the State public-school system, including the State teachers colleges, but excluding the State university, whether the position be a public office or an employment, not including, however, members of any general governing or manag-

ing board or body connected with such system, or the offices of common, independent, special, or county school districts.

2. The word "teaching" shall mean and include the service performed by any persons coming within the definition "teacher" as hereinbefore set forth.

3. The term "fund" shall mean the Teachers' Retirement Fund, hereinafter referred to.

4. The term "member of fund" shall mean every teacher who shall join and contribute to the Teachers' Retirement Fund as hereinafter provided.

5. The term "board" shall mean and refer to the board of trustees of the Teachers' Retirement Fund.

6. The feminine gender shall mean and include the masculine gender, and vice versa.

7. Whenever the plural of any of the above words or terms is used in this act, the plural shall have the same meaning as the singular as hereinbefore defined.

**SEC. 2.** For the purpose of improving educational service, better compensating teachers, making the occupation of teaching in this State more attractive to qualified persons, encouraging savings, and rewarding faithful and continued service, there is hereby established and created a fund to be known as the "Teachers' Retirement Fund." Said fund shall be derived from the following sources:

**First:** From payments made by teachers who become members of said fund, as herein provided, which payments and the accumulated interest thereon shall be designated as "teachers' savings."

**Second:** From donations, gifts, legacies, devices, and bequests made to or for the benefit of said fund.

**Third:** From all interest derived from the investment or earnings of the money belonging to said fund.

**Fourth:** From the transfer to it of the assets of the present Teachers' Insurance and Retirement Fund as hereinafter provided.

**Fifth:** From moneys contributed by the State as hereinafter provided.

**SEC. 3.** The management of the fund shall be vested in a board of five trustees, to be known as the board of trustees of the Teachers' Retirement Fund. Said board shall be composed of the following persons: The commissioner of education, the State auditor, the commissioner of insurance, and two members of the fund who shall be elected by the members of the fund at the time and place of their annual meeting, hereinafter provided for. At the first election of said members of the fund one trustee shall be elected to serve for 1 year and one for 2 years. Thereafter the terms of said elective members shall begin on the first Monday in January next succeeding their election. Vacancies in the case of said elective members shall be filled by appointment by the remainder of the board, the appointee to serve until the members of the fund have elected a trustee to serve for the unexpired term caused by such vacancy. No person shall be appointed by the board or elected by the members of the

fund as a trustee who is not a member of the fund in good standing at the time of such appointment or election.

Said board shall annually elect one of its members as president, shall elect a secretary and fix his salary, who shall serve during the pleasure of the board and be the executive officer of said board with such duties as the board shall prescribe. The board shall employ all other clerks and employees necessary to properly administer said fund. One half of the cost and expense of administering the provisions of this act shall be paid by the fund and the balance thereof by the State.

The State treasurer shall be ex officio treasurer of said 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. Said treasurer shall give receipts for all moneys received by him for said fund, shall keep a full, correct, and separate account of the financial transactions connected therewith, and shall make an annual report to the board at its annual meeting of the receipts and disbursements and other financial transactions connected with said fund.

All members of said board shall serve without compensation, but shall receive necessary expenses while attending all meetings of said board, to be paid out of said fund.

The board hereby created shall meet on the first Monday in January 1932, or as soon thereafter as practicable, at a time and place to be fixed by the commissioner of education, for the purpose of organizing, electing a secretary, and adopting bylaws, rules, and regulations as hereinafter provided. Thereafter the board shall meet regularly at its office at such times as it shall determine. Special meetings may be held at any time at the call of the president of the board or of any three members thereof.

The first fiscal year of the fund hereby created shall begin on January 1, 1932, and end on June 30, 1932. Thereafter the fiscal year of the fund shall begin on the 1st day of July of each year and end on the 30th day of June of the following year.

A suitable office, with suitable furniture and office supplies, shall be provided by the State, through the proper office, for the use of said board and its secretary.

Sec. 4. Said board shall have and is hereby granted power to frame bylaws for its own government and for the management of said fund, not inconsistent with the laws of the State, and to modify them at pleasure; to adopt, alter, and enforce reasonable rules and regulations not inconsistent with the laws of the State for the administration and management of said fund, for the payment and collection of payments from members, and for the payment of withdrawals and benefits; to pass upon and allow or disallow all applications for membership in the fund, and for credit for teaching service; to pass upon and allow or disallow all claims for withdrawals,

pensions, or benefits payable from said fund; to provide for the payment out of said fund of all necessary expenses for the administration thereof and of all claims for withdrawals, pensions, or benefits allowed.

In passing upon all applications and claims said board may summon, swear, hear, and examine witnesses, and in the case of claims for disability benefits, may require the claimant to submit to a medical examination by a physician of the board's choice, at the expense of a claimant, as a condition precedent to the passing on said claim, and in the case of all applications and claims, may conduct investigations necessary to determine the validity and merit of the same.

The board may sue or be sued in the name of the board of trustees of the Teachers' Retirement Fund, and in all actions brought by or against it said board shall be represented by the attorney general.

It shall be the duty of said board from time to time to certify to the State board of investment as much of the funds in its hands as shall not be needed for current purposes. The State board of investment shall thereupon invest the sum so certified in such securities as are now or may hereafter be duly authorized legal investments for savings banks and trust companies, and all such securities so purchased shall be deposited with the State treasurer; but in case of necessity such securities shall be sold by said State board of investment upon request of said board in order to raise money for current purposes. All interest from said investments shall be credited to the fund and shall be used for current purposes, except as hereinafter provided.

The board shall keep a record of the receipts and disbursements of said fund and a separate account with each member of said fund. It shall determine annually the net annual interest earnings of said fund by deducting the expenses of said fund from the gross earnings. Five percent of the net annual interest earnings shall annually be set aside as a contingency reserve until said contingency reserve equals a 5 percent of the assets of the fund. The contingency reserve so created shall be disbursed only by specific direction of the board. The remaining portion of the net annual earnings shall be apportioned and credited to the separate accounts of the members of the fund in proportion to the total amount to their credit therein.

The board shall present annually to the members of the fund at its annual meeting a report of the condition of said fund for the last preceding fiscal year, which shall include a statement of the receipts and disbursements of said fund, a list of the securities in which said fund is invested, and such other information as may be necessary or desirable.

One copy of said report shall be filed in the office of the commissioner of education, one with the Governor, and other copies filed or distributed as the board may determine. Said report shall also be published in the biennial report of the commissioner of education.

Sec. 5. Members of the fund shall include all teachers who render any teaching service, as herein defined, after August 1, 1931, in any of the schools or institutions to which this act applies, except:

1. Those who at the time of rendering such service have not attained the age of 25 years, but any such teacher who renders any teaching service after September first after attaining such age shall automatically become a member, and, providing further, that any such teacher who has not attained such age shall be admitted as a member upon written application to the board.

Any member of the fund who rendered teaching before attaining the age of 25 years and who has not received credit therefor, may upon written application receive credit for such service and may pay into the fund 5 percent of the annual salary received during such service, with interest at 4 percent per annum from the time of rendering such service.

2. Those who have rendered teaching service prior to August 1, 1931, in any of the schools or institutions to which this act applies, but any such teacher shall be admitted as a member upon written application to the board made within 2 years after rendering the first teaching service subsequent to August 1, 1931.

Sec. 6. Each member of the fund shall pay into the fund a sum equivalent to 5 percent of her annual salary, no payment, however, to exceed \$100 per year, payable in the manner and at the times hereinafter provided. Said payments shall be credited to the account of the teacher paying the same.

It is hereby made the duty of each person, officer, board of education, or managing body required by the law to draw the warrants or orders for payment of salaries to teachers to deduct and withhold from each month's salary due to every teacher who is a member of the fund the amount which such teacher is required to pay into said fund, as herein provided, and at the time of such deduction a statement showing the amount thereof shall be furnished to such teacher.

Such officer, board of education, or other managing body of each school district or institution shall between the 1st and 15th day of January and between the 15th and 30th days of June each year forward to the treasurer of the county in which such school or institution 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 the report and remittance shall be sent to the senior county. Such board of education or other managing body shall also, on or before the 30th day of June of each year transmit to the county superintendent of schools a statement showing the name of each teacher, the number of months of school taught by her during the year for which the statement is made, the number of months which constitutes a school year in said district or institution, and such other information as the board may require. If no teacher in such public

school or other institution comes under the provisions of this act, said report shall state such fact. Each of the foregoing reports shall be verified by the person making the same. Provided, however, that if the drawing of the warrant or order for the payment of any teacher's salary devolves upon any State officer or board, such officer or board shall make the reports herein directly to the board of trustees and shall remit the money so deducted to the State treasurer.

Each county superintendent shall on or before the 1st day of September of each year report under oath to the board, giving an itemized summary of the statements received by him from the school boards and other managing bodies, including a statement of the total amount withheld from the salaries of teachers as shown by said reports.

Between the 15th and 28th days of February and between the 15th and 30th days of July of each year, the county treasurer of each county shall transmit to the State treasurer all moneys received from the board of education and other managing bodies of schools or institutions to which this act applies, pursuant to the provisions of this act, and shall certify under oath to the correctness of the amount so received and transmitted, and shall furnish such other information as the board shall require. The State treasurer shall credit all moneys received or withheld pursuant to the provisions of this act to the fund, and the reports and data received by him from the county treasurer shall be available for the board.

Any person willfully failing to perform any of the duties imposed upon him by this section shall be guilty of a misdemeanor.

The State treasurer, the several county treasurers, and the treasurers of the various school districts and institutions to which this act applies shall be officially liable for the receipt, handling, and disbursement of all moneys coming into their hands, belonging to said fund, and the sureties on the official bonds of each of said treasurers shall be liable for such moneys the same as for all other moneys belonging to the school funds of this State.

**Sec. 7.** All moneys, property, and securities to the credit of or payable to the Teacher's Insurance and Retirement Fund created by virtue of chapter 199, laws of 1915, on December 31, 1931, shall be, and the same hereby are, transferred and appropriated to the Teachers' Retirement Fund hereby created on January 1, 1932; and the board of trustees of said Teachers' Retirement Fund, hereby created, shall keep a separate account of said moneys, property, and securities so transferred and appropriated, and of moneys hereafter paid into the same, until said Teachers' Insurance and Retirement Fund is liquidated, as herein provided.

Teachers who are members of the Teachers' Insurance and Retirement Fund, as created by laws 1915, chapter 199, who do not become members of the Teachers' Retirement Fund, as herein provided, shall upon written application to the board made after January 1,

1932, and not later than January 1, 1934, each be paid in cash an amount equal to the sums of money which they have heretofore paid into said Teachers' Insurance and Retirement Fund.

Teachers whose accounts are so transferred to the new fund shall have the right to pay into such fund and receive similar credit therefor at the time paid any additional sum, either in cash or in installments, which payment or payments so made together with the amount which the teacher has previously paid shall not be in excess of 5 percent of the teacher's average yearly salary for the 5 years of service immediately preceding multiplied by the number of years of previous service for which the teacher has been given credit. Provided, that in the case of any teacher who has rendered more than 15 years of service there shall be assigned to the teacher's credit from State funds, as a part of such teacher's savings, for each year of service beyond 15, 5 percent of the total additional amount that such teacher has a right to pay as hereinafter provided, not, however, exceeding the amount paid by such teacher under such right, and in no event more than 50 percent of the total additional amount which may be paid. The amount so assigned from State funds shall reduce to the extent thereof the total amount which the teacher may pay in addition to the funds transferred. Any moneys so contributed by the State shall be used only to purchase an annuity as hereinafter provided, and may not be withdrawn in cash as a part of the teacher's savings.

Teachers who on January 1, 1932, are then drawing annuities shall be members of the Teachers' Retirement Fund, hereby created, and shall receive in full satisfaction of all rights under chapter 199, laws 1915, an annuity equal to the annuity being paid to her or to which she would be entitled under said chapter 199 on the basis of prorating by the board in effect on the 31st day of December, 1931.

Teachers who are members of the Teachers' Insurance and Retirement Fund, including annuitants, and who become members of the Teachers' Retirement Fund, hereby created, shall have credited to her account in the records of the Teachers' Retirement Fund, as of January 1, 1932, an amount equal to the sums of money which they have heretofore paid into said Teachers' Insurance and Retirement Fund. After provision has been made for all obligations against said Teachers' Insurance and Retirement Fund, as may be determined by the board in accordance with the terms of this act, the balance remaining in such fund shall be apportioned to the accounts of the members of the Teachers' Retirement Fund, who were members of the Teachers' Insurance and Retirement Fund, including annuitants, on the basis of the amounts which they have paid, together with the time such payments shall have been in the fund; provided that not more than 4-percent compound interest shall be credited to active members of the Teachers' Retirement Fund. Any surplus remaining shall be apportioned to the accounts of the then annuitants, to be used in the payment of annuities to be paid as hereinbefore provided. Any fur-

ther funds which may be needed to pay the annuities payable to such annuitants as hereinbefore provided shall be paid from State funds as hereinafter specified.

Sec. 8. Teachers from other States or from public schools of this State to which this act does not apply who become members of the fund may be given credit for such previous teaching service by the board, and, after having acquired credit for 15 years of teaching service in schools or institutions to which this act applies, such teachers may then pay into the fund an equal to 5 percent of the average yearly salary, not exceeding \$2,000, received during the 5 years immediately before making such payments, multiplied by the number of years of previous teaching service for which credit is given, together with interest thereon at the rate of 4 percent per annum from the time of rendering such previous service.

The board shall provide in its rules and regulations the method and means for reinstatements as members of the fund of teachers who have withdrawn therefrom and who afterwards reenter teaching service.

In computing the time of service of a teacher, the length of a legal school year in the district or institution where such service was rendered shall constitute a year under this act, provided such year is not less than the legal minimum school year of this State. No person shall be allowed credit for more than 1 year of teaching service for any calendar year. If a teacher teaches for only a fractional part of any year, credit shall be given for such fractional part of the year as the term of service rendered bears to the legal school year in such district or institution, but in no case shall the legal year be less than the minimum school year of this State.

Sec. 9. When any teacher who is a member of this fund shall cease to render teaching service, as herein defined, in any school or institution to which this act applies, all moneys to the credit of such teacher as teacher's savings, shall, upon written application to the board, be paid to such teacher in cash. In case of the death of a member, before an annuity shall have been drawn, the amount to her credit as teachers' savings shall be payable to any beneficiary or beneficiaries designated in writing and filed with the board, and, if no beneficiary or beneficiaries be so designated, to her estate.

A teacher ceasing to render teaching service as in the preceding section provided, who shall have at said time to her credit 30 years or more of teaching service or has at such time attained the age of 55 years, may, in lieu of said cash payment, use the moneys to her credit as teachers' savings as follows:

1. To purchase from the fund a life annuity in such an amount as the teacher's age, the amount to her credit as teachers' savings, and the mortality and interest tables in use by the board shall permit; or
2. To purchase from the fund an annuity for a term of 15, 20, or 25 years, in such an amount as the teacher's age, the amount to her

credit as teachers' savings, and the mortality and interest tables in use by said fund will permit.

If such teacher shall elect to purchase a life or term annuity, as hereinbefore provided, the State shall at the time of the payment of such annuity pay to said teacher an amount equivalent to such annuity, to be paid from State funds hereinafter provided; provided, however, that in case of a term annuity such payments by the State shall not continue after the death of such teacher. Provided further, that the amount of the annuities so paid by the State shall not exceed in amount the term or life annuities which such annuitant could purchase with the moneys to her credit as teachers' savings for the first 35 years of teaching service, if she has a teaching service credit in excess of 35 years.

Annuities to be paid under the provisions hereof shall be payable quarterly on the first days of January, April, July, and October.

If during the fifteenth or any subsequent year of teaching service, any member of the fund shall become totally disabled and the board shall determine that such member is permanently disqualified to render teaching service, as herein provided, such member shall, on written application to the board, be paid the amount to her credit as teachers' savings, or may use said amount to purchase from the fund a life or term annuity, as above provided. If such teacher shall elect to purchase a life or term annuity, as hereinbefore provided, the State shall at the time of the payment of such annuity pay to said teacher an amount equivalent to such annuity, to be paid from State funds hereinafter provided; provided, however, that in case of a term annuity such payments by the State shall not continue after the death of such teacher.

Every teacher retired under said total disability provision shall, if required by the board, submit to an annual physical examination by a physician designated by the board, who shall report his findings to the board, and the board's decision as to the teacher's continued total disability and right to further benefits under said total disability provision shall be final.

A teacher who receives total disability benefits as hereinbefore provided, shall have the amount of said benefits, exclusive of the payments made from State funds, charged against the amount credited to her account as teachers' savings.

**Sec. 10.** The right of a teacher to avail herself of the benefits of this act is a personal right only and shall not be assignable. All moneys to the credit of a teacher's account in the fund, or any moneys payable to her from the fund shall belong to the State of Minnesota until actually paid to the teacher, or her beneficiary, pursuant to the provisions of this act. Any assignment or attempted assignment of a teacher's interest in said fund or of a beneficiary's interest therein by a teacher, or her beneficiary, shall be null and void and the same shall be exempt from garnishment or levy under attachment or execution. Any beneficiary designated by a teacher

under the terms of this act may be changed or revoked by the teacher at her pleasure in such manner as the board may prescribe. In case a designated beneficiary dies before the teacher designating him dies and a new beneficiary is not designated, the teacher's estate shall be the beneficiary.

SEC. 11. At the time and place of the next annual meeting of the Minnesota Education Association, or its delegate assembly, those teachers who are members of the present Teachers' Insurance and Retirement Fund and who have theretofore filed application in writing with the commissioner of education to become members of the Teachers' Retirement Fund, hereby created, shall meet at the call of the commissioner of education for the purpose of electing two members of the board of trustees of the fund, hereby created, and annually thereafter at the time and place of the annual meeting of the Minnesota Education Association, or its delegate assembly, the members of said fund shall also meet at a time and place to be designated by the commissioner of education for the purpose of electing one or more members of said board of trustees, as hereinbefore provided, hearing the annual report of said board, and of transacting any other business that may properly come before them.

SEC. 12. The board shall from time to time determine the amount of money necessary and presently needed to meet the State's obligations as in this act provided, and shall certify the amount so determined to the State auditor. In so certifying the board shall certify separately the amount required to pay annuities to annuitants whose accredited teaching service was rendered for and in behalf of the State at large, together with the amount necessary to meet any operating cost for which the State is liable, and the amount required to pay annuities to annuitants whose accredited teaching service was rendered for and in behalf of the schools and institutions located outside of the cities of the first class. In case any annuitant has rendered accredited teaching service in part for the State at large and in part for the schools and institutions located outside of said cities of the first class, the amount certified for the payment of her annuity shall be prorated on the basis of the respective amounts contributed by such annuitant to her teachers' savings while rendering such respective teaching service.

The auditor is hereby directed to include in each annual State tax levy the amount or amounts so certified and not included in a previous levy, which amount or amounts are hereby annually levied against the taxable property of the State as herein further provided; provided, however, that the levy against the taxable property outside of cities of the first class shall not in any year exceed fifteen one-hundredths of a mill on each dollar of assessed valuation. In certifying the rate to the several county auditors, the State auditor shall certify, subject to the maximum levy hereinbefore prescribed, the amount required for annuities for teaching service rendered for the State at large, together with the amount required for the State's share of operating costs, against all the taxable property of the State.

and shall certify the amount required for annuities for teaching service rendered for the schools and institutions outside of cities of the first class against all of the taxable property located outside of said cities. The proceeds of the tax levies so made are hereby appropriated for the payment of the certificates provided for in the following section.

SEC. 13. The auditor, upon receiving from the board any certificate or certificates as in the preceding section provided, is hereby authorized and directed, in anticipation of the taxes levied or to be levied as in the preceding section provided, to issue and sell certificates of indebtedness of the State in the aggregate amount of such certificate or certificates, not however, exceeding the amount which will be produced by the maximum levy hereinbefore authorized, such certificates of indebtedness to be numbered serially and to be of such denominations and to bear such rate of interest, not exceeding 5 percent per annum, as the auditor shall determine, and to mature at such date as the auditor shall fix, not later, however, than the 31st day of December of the year following the next annual tax levy made after the date of issue. The interest on such certificates of indebtedness shall be payable with the principal thereof, and both principal and interest shall be payable exclusively from the proceeds of tax levies made as provided in the preceding section. Said certificates shall be in such form and upon such terms and conditions, not inconsistent with the terms of this act, as the State auditor shall determine, shall be signed by the Governor and attested by the State auditor, and shall be sold for not less than par. Such certificates may be purchased by the State board of investment for the permanent school fund, swamp-land fund, internal-improvement fund, or any other trust fund of the State of Minnesota, and shall be deemed "authorized securities" within the provisions of section 7714, General Statutes, 1923, and laws amendatory thereof and supplemental thereto.

The proceeds of the sale of certificates of indebtedness shall be used for the payment of the State's obligations under this act, provided, that if said proceeds in any year shall be insufficient to pay said obligations in full the amount available for the payment of annuities shall be prorated thereto.

SEC. 14. This act shall not apply to any city of the first class of this State, except as provided in section 1 hereof.

SEC. 15. Chapter 199, laws of 1915, as amended by laws 1925, chapter 404, section 1, is hereby repealed, except as hereinbefore provided; provided, that the present board of trustees of the Teachers' Insurance and Retirement Fund shall continue to serve and function as now provided by law until the board of trustees of the Teachers' Retirement Fund, hereby created, assumes its duties as herein provided.

SEC. 16. This act shall take effect and be in force from and after August 1, 1931, except as hereinbefore provided.

Approved April 25, 1931.

Chapter 146 of 1931 laws reestablished county superintendents in the rights they had been presumed to have under the Teachers' Insurance and Retirement Fund, chapter 199, 1915. The necessity for this new law resulted from an opinion of the attorney general, April 14, 1930, which declared that county superintendents were not included under the 1915 act.

#### MONTANA

*Teachers' Retirement Law*, as last amended, March 9, 1927; Montana School Laws, 1931, ch. 88

1113. *Retirement salary fund and permanent fund.*—There are hereby established two funds in the State treasury to be known, respectively, as the "public-school teachers' retirement salary fund" and "the public-school teachers' permanent fund." The public-school teachers' permanent fund shall be made up of all moneys received from the following sources or derived in the following manner:

1. All contributions made by teachers as hereinafter provided;
2. The income and interest derived from the investment of all the moneys contained in such fund;
3. All donations, legacies, gifts, and bequests which shall be made to such funds, and all moneys which shall be obtained or contributed for the same purposes from other sources;
4. Appropriations made by the State legislature from time to time to carry into effect the purposes of this act.

1114. *Retirement salary fund, to consist of what.*—The public-school teachers' retirement salary fund shall be made up of such moneys as shall be transferred from time to time, under authority of this act, from the public-school teachers' permanent fund.

1115. *Duty of State treasurer with respect to.*—It shall be the duty of the State treasurer, when notified by the public-school teachers' retirement salary fund board, or by the State superintendent of public instruction, under authority of this act, to make such transfers of such amounts from the public-school teachers' permanent fund to the public-school teachers' retirement salary fund, as will be sufficient to meet the claims which may be legally drawn against said public-school teachers' retirement salary fund.

1116. *Monthly contributions to permanent fund.*—There shall be deducted from the salary of every teacher subject to the provisions of this act, one dollar (\$1) from the compensation paid to such teacher for every month, not to exceed, however, nine (9) in any one calendar year, for which such teacher receives compensation, and it shall be the duty of the clerk of the board of trustees for the school district in which such teacher is employed to make said deductions at the time of the payment of such teachers' compensation and at the end of each quarter to draw a warrant in favor of the State treasurer for the amounts deducted, and promptly forward the same to the State treasurer. The amounts thus deducted shall be deposited in the State treasury to the credit of the public-school teachers'

permanent fund, and shall constitute a part thereof. It further shall be the duty of said clerk of the board of trustees to quarterly transmit to the public-school teachers' retirement salary fund board a list of teachers employed in the said school district together with a statement of the respective amounts paid by said teachers into the public-school teachers' permanent fund for the quarter covered by said report. (Approved Mar. 9, 1927.)

1116A. *Penalty for failure of clerk to make deductions or report.*—Any clerk of any board of trustees of any school district or any county clerk or recorder of any county within the State of Montana, who fails to make the deductions provided herein, or fails to promptly transmit the warrant or warrants covering said deductions to the State treasurer or fails to render the quarterly report to the public-school teachers' retirement salary fund board as provided herein, shall be guilty of a misdemeanor and upon conviction thereof, shall be punished by a fine of not less than ten dollars (\$10), nor more than one hundred dollars (\$100) for each violation. (Approved Mar. 9, 1927.)

1117. *Condition for obtaining benefits of law.*—No person shall be eligible to receive the benefits of this act who shall not have paid into said public-school teachers' permanent fund the sum of six hundred dollars (\$600) in the manner and form as in this act provided; provided, however, that the difference between the amount actually paid by such teacher of 30 years' service and six hundred dollars (\$600), may be paid into such fund by such teacher at the time of retirement, with the same effect as if the full sum of six hundred dollars (\$600) had been paid before retirement in the manner and form provided in this act.

And provided further, that any teacher now receiving the benefits provided by this act or who has been placed upon the eligible list and is entitled to the benefits provided by this act, shall be entitled to all the benefits of this act, as amended, without any further act or qualifications on his or her part; provided that no person shall receive beneficiary funds from this act who is receiving from other source as much as \$2,000 per annum. (Approved Mar. 9, 1927.)

1118. *Retirement salary fund board—membership.*—The superintendent of public instruction, the treasurer, and the attorney-general of the State of Montana, and two teachers legally qualified and actually engaged in classroom teaching in public, State, or county schools in the State of Montana, and who are contributors to the public-school teachers' permanent fund under section 1116, to be appointed by the Governor, shall constitute the public-school teachers' retirement salary fund board. The term of office of the appointive members of said board shall be 2 years, except as provided herein, and shall begin on the 1st day of July, next succeeding their appointment, provided that the terms of office for the first members appointed shall be one for a period of 1 year and one for a period of 2 years. In case any vacancy occurs among the appointive members of said board, said vacancy shall be filled immediately by the Governor and the appointee

shall serve the balance of the term for which the original member was appointed. Members of said board shall receive no compensation except their necessary traveling expenses incurred in attending meetings of the board, to be paid from the public-school teachers' retirement fund upon the certificate of the chairman and secretary of said board. (Approved Mar. 9, 1927.)

1119. *Powers and duties of board.*—The public-school teachers' retirement salary fund board, subject to the provisions of this act, shall have power and it shall be its duty:

1. To approve and allow retirement salaries to public-school teachers and certain school officers entitled to the same under the provisions of this act.

2. Through one of its members designated by it for that purpose, to certify all claims and demands against the public-school teachers' permanent fund and the public-school teachers' retirement salary fund, including all retirement salary demands to the State board of examiners, who shall audit same and direct the State auditor to draw his warrants therefor upon the State treasurer, payable out of said fund; provided, that no demand shall be allowed except after resolution duly passed at a meeting of the board by a majority of its members, which adoption shall be attested by the secretary.

3. To require the board of education, school trustees and other public authorities, and all officers having duties to perform in respect to the contributions by teachers to said permanent fund, to report to the board from time to time as to such matters pertaining to the payment of such contributions as it may deem advisable.

4. To invest the moneys in the permanent fund in securities, and to collect the income therefrom and interest and dividends thereon; to deposit such securities with the State treasurer, and to make sale of such securities when in its judgment such sale will be advisable; provided, that none of the moneys in the public-school teachers' permanent fund shall be invested in any securities except such as are legally designated for investment of the public-school fund.

All bonds, mortgages, and other securities shall be deposited with and remain in the custody of the State treasurer, who shall collect all interest due thereon, and all the income therefrom, as the same shall become due and payable. The State auditor is authorized to draw his warrant upon the public-school teachers' permanent fund in payment of duly audited claims arising out of the investment of the moneys in such fund.

5. To appoint a secretary from the office force of the State superintendent of public instruction and prescribe the duties of such secretary.

6. To conduct investigations in all matters relating to the operation of this act, and to subpoena witnesses and compel their attendance to testify before it in respect to such matters.

1120. *Meetings and business of board.*—Said public-school teachers' retirement salary fund board shall meet at least once every 3 months and at such quarterly meeting shall make a list of all persons entitled

to payment out of the fund established by this act, and enter said list in a book to be kept by the board for that purpose, to be known as the "Public-school teachers' retirement salary fund record." Said list shall be certified as correct by the chairman and secretary of the board, and shall always be open to public inspection. In the performance of the duties of the board each member and secretary thereof may administer oaths and affirmations to witnesses and others transacting business with the board.

1121. *Place of meeting—additional help, stationery, etc.*—The said public-school teachers' retirement salary fund board shall hold its meetings at the office of the State superintendent of public instruction. It shall be entitled to the use of the offices of the said State superintendent, and the board is empowered to employ such additional help and make such expenditures for stationery, stamps, etc., as may be necessary for the creation, maintenance, and enforcement of this act, which shall be a legal charge against the public-school teachers' retirement salary fund and shall be paid therefrom. (Approved Mar. 9, 1927.)

1122. *Rules and regulations, scope of.*—The board shall make rules and regulations not inconsistent with the provisions of this act, which shall have the force and effect of law. Such rules and regulations shall:

1. Provide for the conduct and regulation of the meetings of the board and the operation of the business thereof;
2. Provide for the enforcement and carrying into effect of the provisions of this act;
3. Establish a system of accounts, showing the condition of the public-school teachers' permanent fund and the public-school teachers' retirement salary fund, and receipts and disbursements for and on account of said funds;
4. Prescribe the form of warrants, vouchers, receipts, reports, and accounts to be used in respect to said funds;
5. Regulate the duties of boards of education, school trustees, and other school authorities, imposed upon them by this act, in respect to the contribution by teachers to the public-school teachers' permanent fund, and the deduction of such contributions from the teachers' salaries.

1123. *Additional rules and regulations for execution of the law.*—In addition to the powers hereinbefore enumerated said board shall make and enforce all necessary and proper rules and regulations for the method or methods of applying for and obtaining retirement salaries provided for in this act, and for the method or methods of determining the right of each applicant to such retirement salary; provided, however, that in all cases legal proof of all necessary facts shall be required and kept on file.

1124. *Duty of county and State superintendents—warrants.*—The county superintendent shall report to the State superintendent of public instruction, before the 15th day of July of each year, the

names of all persons claiming and the amount that will be required during the current fiscal year to pay the retirement salaries to be paid in such district or county, together with a statement of the teachers employed in such district or county who are subject to the deductions provided by section 1116, and said State superintendent of public instruction shall determine from said reports and statements the entire amount required to pay such retirement salaries during said fiscal year and the entire amount of probable revenue to be derived from the source mentioned in section 1113. He shall report the amount required to make such payments to the public-school teachers' salary fund board, together with a statement of the probable revenue to be derived from the various sources during the fiscal year, and thereupon after verifying or correcting same, said board shall notify the State treasurer, and by resolution, duly adopted, shall direct him to make transfer of the needed amount from the public-school teachers' permanent fund to the public-school teachers' retirement salary fund, provided, however, that the board shall not direct a transfer of an amount in excess of the amount of probable revenue to be received into the public-school teachers' permanent fund during said fiscal year from the sources mentioned in section 1113, it being the intention of this act, in the event the revenue received into the public-school teachers' permanent fund during the fiscal year is not sufficient to pay those entitled to the benefits of this act the full amounts provided in sections 1125 and 1126, that the amount of revenue received into the said public-school teachers' permanent fund for said fiscal year shall be prorated to those entitled to the benefits of this act in proportion to their respective interests for said fiscal year. (Approved Mar. 9, 1927.)

1125. *Persons entitled to and amount of retirement salary.*—Every public, State, or county school teacher who shall have attained the age of 55 years and who shall have served as a legally qualified teacher in public, State, or county day or evening schools, or partly as such teacher and partly as State or county or city superintendent or supervising executive or educational administrator for at least 30 school years, at least 15 of which shall have been in the schools, as hereinbefore specified, of this State, including the last 10 years of actual service, unless leave of absence shall have been granted by proper school authorities, shall be entitled to retirement, no time included in such leave of absence to be reckoned as time of service. Upon retirement such teacher shall be entitled to receive during life an annual retirement salary of \$800, subject to the provisions and limitations of section 1124, payable in installments quarterly by warrants drawn as provided in this act; provided, the teachers in the service of the State at the time of the passage of this act, who shall have served in States other than this, shall, at the end of 30 years' service, the last 10 years of which shall be in this State as hereinbefore provided, be entitled to the benefits of this act. (Approved Mar. 9, 1927.)

1126. *Retirement by reason of bodily or mental infirmity.*—Any legally qualified public, State or county school teacher who shall have served as such or in the capacity of school officer as hereinbefore specified for at least 15 school years in the public schools or school offices as specified above, of this State, and who shall, by reason of bodily or mental infirmity, have become physically or mentally incapacitated for further service, shall be entitled to retire, or may, by the board of education, school trustees or other school authorities employing such teacher, be compelled to retire. Upon such retirement, voluntary or involuntary, such teacher shall be entitled to receive, during the period of such disability, an annual retirement salary, which shall bear the same proportion to \$800 as is borne by the number of years said teacher's time to 30 years, subject, however, to the provisions and limitations of section 1124. (Approved Mar. 9, 1927.)

1127. *Determination of school year for purposes of computation.*—In counting the actual time of service for the purpose of this act, the public-school teachers' retirement salary fund board shall determine what constitutes a school year; provided, that no credit upon the requisite 30 years' service contemplated by this act, shall be allowed for more than 1 school year's service during any calendar year. (Approved Mar. 9, 1927.)

1128. *Law binding upon whom.*—This act shall be binding upon all such teachers employed in the public, State, or county schools of this State at the time of the approval of this act, as shall on or before January 1, 1916, sign and deliver to the superintendent of public instruction, or to the county superintendent, a notification that said teachers agree to be bound by and avail themselves of the benefits of this act.

1129. *Law binding upon future teachers employed in State.*—This act shall be binding upon all teachers elected or appointed to teach in the public schools of this State after the approval of this act, who, not being in the service of the public schools at the time of the approval of this act, were not competent to sign or deliver the notification specified in the preceding section.

1130. *Suspension of retirement salary—deductions when incapacitated teacher returns to service.*—If any teacher retired under the provisions of this act, shall be reemployed in the public schools of this or any other State, such teacher's retirement salary shall not be paid for any or during such period of employment; and if any teacher having qualified under section 1126 of this code, returns to service in the public schools of the State and thereafter qualifies under this act, there shall be deducted from the retirement salary payable to such teacher under the provisions hereof the amount of retirement salary theretofore actually received by such teacher under the provisions hereof, such amounts to be so deducted in equal quarterly installments until the whole amount so received shall have been deducted; provided, however, that the amount of such deductions to be made quarterly shall not exceed \$35.

1131. *Limitation upon retirement salary—exception.*—No one shall be permitted to draw from the State, directly or indirectly, more than one retirement salary. Nothing in this act shall be so construed, however, as to prevent local communities or bodies of teachers from supplementing the retirement salaries received from the State.

1132. *Effect of invalidity of portion of act.*—Should the courts declare any section of this act unconstitutional or unauthorized by law or in conflict with any other provision of this act, then such decision shall affect only the section or provisions so declared to be unconstitutional or void, and shall not affect any other section or part of the act.

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