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Report of the
TEACHERS' RETIREMENT BOARD
1973-1974

Chapter 167, General Statutes, Rev. 1964, as amended



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Since 1917 the Teachers' Retirement System has provided the protection that permits the dignified close to a long and dedicated teaching career that financial security ensures, as well as protection to teachers who must terminate their careers because they are physically or mentally unable to function effectively in the classroom. It provides continuing protection to the retired teacher against rising inflationary pressures that would reduce real income by providing cost of living allowances. To the active teacher, the system accords protection to his or her survivors and dependents in the event of death while actively employed in the public schools of Connecticut.

ADMINISTRATION - PERSONNEL

Management of the Teachers' Retirement System is vested in the Teachers' Retirement Board consisting of five members. Three members are ex officio: Thomas C. White, Insurance Commissioner, James E. Hagen, Bank Commissioner, and Dr. Mark R. Shedd who succeeded Dr. William J. Sanders as Secretary of the State Board of Education on May 24, 1974. Dr. Maurice J. Ross, Acting Secretary of the State Board of Education served during the period October 1, 1973-May 23, 1974. Two teacher representatives elected by members of the retirement association are Miss Norine F. Kennedy, Principal, Stratfield School, Fairfield, who has served as Chairman of the Board since August 1, 1971, and whose term will expire June 30, 1975 and Frank L. Metcalf, Wethersfield, whose term will expire June 30, 1977. Members of the Board serve without compensation, but are reimbursed for expenses incurred in attending Board meetings which are held in Hartford the second Wednesday of each month excluding July, August and September. The Board is responsible for the administration of the Teachers' Retirement System in compliance with

General Statutes, the establishment of policy, the promulgation of rules and regulations to implement the provisions of the law, the evaluation of proposed legislation, the review and determination of benefit applications, and the maintenance of financial records.

The Teachers' Retirement Board continues to encourage recruitment of members of minority groups but, in filling permanent positions, is limited to the availability of applicants through Personnel Department certification lists. Recruitment to fill temporary positions is not limited in this fashion, and the offices of the Connecticut State Employment Service are called upon for assistance. During the summer and fall of 1973, three temporary positions were approved to meet peak work loads. All three positions were filled by members of a minority group. At the present time, two of 31 filled permanent positions are held by minority group members. The Teachers' Retirement Board adheres to the policy of hiring and promoting in accordance with the provisions of Sections 5-228 and 4-61(b) to 4-61 (1), inclusive.

MEMBERSHIP

All public school teachers whose positions require them to hold a teacher's certificate issued by or acceptable to the State Board of Education are subject to membership in the Teachers' Retirement Association. Teachers employed by the State Board of Education, the Commission for Higher Education, and any state-supported institution which requires the teachers to hold a teaching certificate may elect membership in either the Teachers' Retirement Association or the State Employees' Retirement System. During the 1973-1974 school year, 3,650 teachers became new members of the Association and 364 teachers who had previously withdrawn their funds, were reinstated. Requests for refund were received from 2,517 teachers who withdrew from teaching,

accounts refunded totalled \$4,776,125. Withdrawals were for a variety of reasons: 896 left the state, 679 left to be married, 149 left to further their education, 206 entered other lines of endeavor, 56 left because of illness, and 65 left public school teaching in favor of private school teaching. Fourteen members were granted permission to transfer to the State Employees' Retirement System.

Employing boards of education make compulsory deductions of 6% from a teacher's salary in addition to any voluntary deductions a teacher may authorize. Such deductions are forwarded monthly to the Teachers' Retirement Board and deposited with the State Treasurer who invests such funds as are not required for current disbursements in accordance with statutes governing the investment of savings bank funds, or when deemed prudent, in accordance with the statutes governing the investment of trust funds. Individual accounts are posted based on the annual report submitted by the employing board of education and interest is credited annually at a rate determined by the Board based on earnings of the Annuity Fund during the calendar year. Deductions forwarded by the boards of education for deposit to member accounts totaled \$32,017,830. Personal payments by 535 teachers purchasing service credits as provided under the statutes for teachers with previous Connecticut, outside-state or military service, totaled \$737,836. Payment for service credits is accepted in instalments for the convenience of the teacher. During the year, instalment payments totaled \$422,797 and were applied to accounts receivable which totaled \$955,810 at the end of the year.

SURVIVORSHIP AND DEPENDENCY PROGRAM

Under the Survivorship and Dependency Program, eligible surviving family members of a teacher who dies while actively employed in the public schools of

Connecticut are entitled to monthly benefits. The program, which was inaugurated January 1, 1958, is financed by deceased members' funds, forfeitures from the accounts of those teachers who withdrew their funds from the association, earnings of the Survivorship and Dependency Fund and state appropriations, if necessary. Forfeitures consist of the 1% accounts, both contributions and earned interest, of those teachers who withdrew their funds prior to completing five years of Connecticut public school teaching or interest earned on the 1% accounts of those teachers who withdrew after having completed five years. During the year, monthly benefits were paid to 204 widows, 283 dependent children, 2 mothers, 2 dependent parents and 2 dependent widowers, representing 267 families, 29 of which were new additions in 1973-1974. A total of \$587,335 was paid in monthly benefits: \$155,661 from members' funds and \$431,674 from forfeitures. For the second consecutive year, state appropriations were not required to finance benefits. A sum of \$49,476 including \$28,342 paid from members' funds and \$21,134 from forfeitures was paid in the form of lump sum death settlements. Two survivors entitled to monthly benefits, were paid \$37,507 when they chose to withdraw members' funds in single payments. Members' funds totalling \$226,604 were paid to designated beneficiaries or estates of 27 deceased members in the absence of qualified survivors and dependents. Payments under the Survivorship and Dependency Program totalled \$900,922 including \$448,114 paid from members' funds and \$452,808 from forfeitures.

RETIREMENT BENEFITS

The Teachers' Retirement System provides for regular retirement allowances to those who have devoted twenty or more years to Connecticut public school teaching and who have reached 60 years of age or to those who

have devoted thirty-five years regardless of age. Those who have taught twenty-five years may retire before 60 years of age on an actuarially reduced allowance. The system provides for retirement on a proratable basis between 60 years of age and the compulsory retirement age of 70. The retirement rights of teachers vest after ten years of teaching, a substantial portion of a working career; a teacher may terminate service at any time thereafter and receive a deferred benefit payable at 60 years of age.

During the 1973-74 year, 635 teachers retired, a number which, while not as great as the previous year record high of 698, is substantially greater than the average of the past several years. Regular retirements accounted for 444 of this number, and actuarially reduced retirements were elected by 68 teachers. Prevented from performing satisfactory service in the schools because of disability were 20 teachers. Eighty-eight teachers between the ages of 60 and 70 with 10 to 19 years of Connecticut teaching service were retired on a proratable basis. Fifteen teachers whose retirement rights vested after ten years of Connecticut teaching qualified for deferred benefits at 60 years of age. One teacher, who did not qualify for a deferred benefit, elected to withdraw her funds in the form of a refund annuity payable monthly for the rest of her life. A retirement allowance consists of: (1) an annuity paid from the member's accumulations and (2) a pension paid from state appropriations. Annuities totalling \$6,134,408 and pensions, including cost of living allowances, totalling \$34,755,048 were paid to retirants for a total of \$40,889,456 paid during the year.

LEGISLATION

The General Assembly recognized the inflationary pressures on retirants even though cost of living allowances had been provided for by previous

legislation and attacked the problem on two fronts: (1) advanced the date of eligibility for cost of living benefit entitlement from 36 months to the initial date of retirement and (2) for the fiscal year starting July 1, 1974 the retirement benefits of all retirants were increased by 6%. Coverage for outside-state service was expanded to include service in schools for military dependents located in foreign countries. Proratable retirement allowances were increased by including full month fractions of teaching years in the computation of retirement allowances. A commission was created to study the retirement systems of both teachers and state employees in regard to funding, coordination of benefits, implication of social security changes, and the advisability of establishing a commission on public employees' retirement systems benefits. A retirement system must change with the times to meet the needs of its present membership without jeopardizing the stability of the system for future members. The report of the commission should prove to be of great benefit to both members of the retirement systems and the fiscal authorities.

COMMENTS

Problems of administration, new equipment requiring revised procedures, increased activity in benefits determination and service credits computations, point up the need for a revaluation of the present procedures and organizational structure. Increased interest in retirement on the part of association members leads to an increase in inquiries. The Service Credits Division, alone, answered over a thousand requests from members for computations of the cost of purchasing service credits allowable by statutes and Board regulation. Over one-half of the work force in the Retirement Division is assigned to providing approximate and final computations of retirement allowances.

The need for expanded use of computer facilities in this respect is evident if the Teachers' Retirement Board is to serve efficiently the teachers of the State of Connecticut. Pre-retirement counseling should be expanded to acquaint members with potential retirement and survivorship benefits, taxability of allowances and current legislative changes.

COMPARATIVE STATISTICS

	1963-64	1968-69	1973-74
STAFF MEMBERS	22	29	31
MEMBERSHIP			
Active and inactive accounts	29,694	41,192	48,261
New teachers during year	4,084	6,060	3,650
Reinstated members	407	592	364
DEATHS			
Active and inactive teachers	52	76	70
Retired teachers	94	179	238
WITHDRAWALS	1,909	3,290	2,527
RETIREMENTS	328	541	635
SURVIVORSHIP/DEPENDENTS - to date	140	314	493
- during year	25	51	67
RECEIPTS			
From teachers salaries	\$11,728,740	\$20,403,006	\$32,017,830
Personal payments	321,531	591,514	737,836
New Haven amortization payment	117,471	117,471	117,471
FORFEITURES TO SURVIVORSHIP/ DEPENDENCY FUND - to date	554,697	1,756,401	4,002,127
- during year	141,679	341,929	475,271
REFUNDS			
Regular withdrawals	1,742,635	3,485,492	4,776,125
Deceased payments			
- other than survivor benefits	5,168	7,845	40,825
Voluntary contributions at retirement	137,402	612,694	1,362,504

	1963-64	1968-69	1973-74
SURVIVORS and DEPENDENTS PAYMENTS			
Accounts paid in full	\$ 217,866	\$ 267,099	(27) \$ 226,604
Paid to survivors choosing			
single payment	--	30,674	(2) 37,507
Monthly to survivors/dependents	109,641	254,402	587,335
Mothers	--	--	(2) 3,000
Widows	50	122	(204) 294,875
Children	85	187	(283) 283,460
Dependent Widowers	--	2	(2) 3,000
Dependent Parents	5	3	(2) 3,000
Lump sum (\$500+) death settlements	12,240	56,558	(57) 49,476
RETIREMENTS			
Annuities (members' funds)	1,749,154	3,137,954	6,134,408
Pensions (state appropriation)	7,953,387	15,412,824	29,028,736
Cost-of-living adjustments	248,113	1,097,780	5,726,312
RESERVES			
By state	15,896,256	36,280,185	38,903,449
From surplus	--	3,712,207	16,808,970
By teachers	3,380,654	6,849,445	10,168,391
FUNDS in Custody of Board			
Annuity Fund	118,873,090	206,621,799	371,158,980
Survivorship/Dependency Fund	665,405	1,339,664	2,430,375
Pension Fund	92,090,823	168,022,236	322,544,481
TOTAL FUNDS	\$211,629,318	\$375,983,699	\$696,133,836

RETIREMENT DATA

	1963-64	1968-69	1973-74
RETIRED during year	328	541	635
Average age	63.2	63.06	62.8
service	36.7	35.2	29.5
salary base	\$ 7,374	\$ 9,770	\$ 14,043
member's retirement savings	10,019	12,661	15,242
pension reserve	48,464	72,984	83,028
retirement allowance	3,958	6,131	7,529
RETIRED regular basis	294	463	444
disability	7	5	20
actuarial equivalent	22	51	68
deferred benefit	--	7	15
proratable	5	15	88
TOTAL retired as of June 30	3,240	4,465	6,541
NEW HAVEN retirants prior to September 1, 1947	59	35	24
OVERALL AVERAGE retirement allowance			
regular basis	\$ 2,961	\$ 4,168	\$ 6,544
disability	1,539	2,393	3,622
actuarial equivalent	2,926	3,764	5,578
deferred benefit	--	2,049	2,457
proratable	1,182	1,867	2,822
TOTAL monthly retirement allowance	\$789,526	\$1,504,432	\$3,315,574