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Report of the
TEACHERS ' RETIREMENT BOARD
1974 - 1975



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The Teachers' Retirement System, established in 1917, provides financial security that insures a dignified close to a long and dedicated teaching career, protection to teachers who must terminate their careers because they are physically or mentally unable to function effectively in the classroom, and 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: Lawrence Connell, Jr., Bank Commissioner, Jay W. Jackson, Insurance Commissioner, and Dr. Mark R. Shedd, Secretary of the State Board of Education. Two teacher representatives elected by members of the retirement association are Miss Norine F. Kennedy, Principal, Stratfield School, Fairfield, Chairman of the Board, whose term will expire June 30, 1979 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.

Despite the limitations inherent in the State of Connecticut employees recruitment policies, the Teachers' Retirement Board continues to encourage recruitment of members of minority groups. At the present time, two of 28 filled permanent positions are held by minority group members and one of two temporary positions is filled by a minority group member. The Teachers' Retirement Board has drawn up and submitted an Affirmative Action Plan to which it wholeheartedly adheres, thus insuring adherence to the policy of hiring and promoting in accordance with the Sections 5-228 and 4-61 (b) to 4-61 (1), inclusive .

MEMBERSHIP

Membership in the Teachers' Retirement Association is compulsory for all public school teachers whose positions require them to hold a teacher's certificate issued by or acceptable to the State Board of Education. 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, have the option of electing membership in either the Teachers' Retirement Association or the State Employees' Retirement System. During the 1974-1975 school year, 3,286 teachers became new members of the Association and 352 teachers who had previously withdrawn their funds, were reinstated. Requests for refund were received from teachers who withdrew from teaching; accounts refunded totaled 2,515. Withdrawals were for a variety of reasons: 935 left the state, 698 left to be married, 143 left to further their education, 182 entered other lines of endeavor, 64 left because of illness, and 42 left public school teaching in favor of private school teaching. Thirteen members were granted permission to transfer to the State Employees' Retirement System.

Deductions of 6% from a teacher's salary in addition to any voluntary deductions a teacher may authorize are forwarded monthly to the Teachers' Retirement Board by employing boards of education 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. Annual Reports submitted by the employing boards of education provide details to post individual accounts; 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 \$34,622,981. Personal payments by teachers purchasing service credits as provided under the statutes for teachers with previous Connecticut, outside-state or military service, totaled \$652,362. Payment for service credits is accepted in instalments for the convenience of the teacher. During the year, instalment payments totaled \$460,582 and were applied to accounts receivable which totaled \$1,055,742 at the end of the year.

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 of the Survivorship and Dependency program in force since January 1, 1958. The program 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 209 widows, 271 dependent children, 2 mothers, 3 dependent parents and 2 dependent widowers, representing 279 families, 22 of which were new additions in 1974-1975. A total of \$624,309 was paid in monthly benefits; \$189,958 from members' funds and \$434,351 from forfeitures. For the third consecutive year, state appropriations were not required to finance benefits. A sum of \$34,334 including \$21,500 paid from members' funds and \$12,834 from forfeitures was paid in the form of lump sum death settlements. Two survivors entitled to monthly benefits, were paid \$38,721 when they chose to withdraw members' funds in single payments. Members' funds totaling \$163,688 were paid to designated beneficiaries or estates of 19 deceased members in the absence of qualified survivors and dependents. Payments under the Survivorship and Dependency Program totaled \$861,054 including \$413,868 paid from members' funds and \$447,186 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 or 65 years of age.

During the 1974-1975 year, 614 teachers retired, down from last year's 635 and the previous year's record high of 698. Regular retirements accounted for 398 of this number and actuarially reduced retirements were elected by 59 teachers. Prevented from performing satisfactory service in the schools because of disability were 31 teachers, a 50% increase over last year. Ninety-one teachers between the ages of 60 and 70 with 10 to 19 years of Connecticut teaching service were retired on a proratable basis. Deferred benefits were received by 35 teachers whose retirement rights vested after 10 years of Connecticut teaching, and who qualified for deferred benefits at 60 years of age. This represents an increase of 133% over the previous year. A retirement allowance consists of: (1) an annuity paid from the member's accumulations and (2) a pension paid from state appropriations. Annuities totaling \$6,577,815 and pensions, including cost of living allowances, totaling \$40,280,751 were paid to retirants for a total of \$46,858,566 paid during the year.

LEGISLATION

The 1975 General Assembly was faced with the dilemma of inflationary pressures on retirants and the demands for governmental economies. It responded with a cost of living increase which resulted in only a nominal net increase for retirants. The passage of unmandating legislation eliminated the requirement that one million dollars in an actuarial surplus, as determined biennially by the Actuary, be retained. The full actuarial surplus now is available to offset, in part, Pension Reserve requirements. The period during which a teacher may pay for service in schools for military dependents located in foreign countries was extended to five years. The commission created by the 1974 Legislature 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 made several recommendations, two of which dealing with disability retirement, were enacted into law. Inequities in the deferred benefits portion of the retirement system were recognized and legislation was passed insuring the teacher selecting deferred benefits the same choice of payment plans available to regular retirants.

COMMENTS

The passage of Public Act 625, 1963, which established that a surplus of \$1,000,000 be maintained in the Pension Reserve Fund was protested in the 1962-1963 Administrative Report to the Governor as "only partially protective in maintaining an adequate reserve in a system with a volume as great as in the Connecticut Teachers' Retirement Pension Reserve Fund". Section 14 of Public Act 75-479 eliminated the requirement for the retention of any surplus, thus eliminating all such protection in the maintenance of adequate reserves. The transfer of accounts from computer tape to a teleprocessing system continues slowly in the face of mounting data processing costs and should be completed this coming fiscal year. Procedures and organization have undergone periodic evaluation and streamlining in response to increased demands for service from teachers, teacher organizations and the Connecticut taxpayer.

COMPARATIVE STATISTICS

	1964-65	1969-70	1974-75
STAFF MEMBERS	20	30	34
MEMBERSHIP			
Active and inactive accounts	31,604	44,100	48,704
New teachers during year	3,962	6,582	3,286
Reinstated members	337	582	352
DEATHS			
Active and inactive teachers	77	70	51
Retired teachers	147	151	209
WITHDRAWALS	1,984	3,683	2,515
RETIREMENTS	296	503	614
SURVIVORSHIP/DEPENDENTS - to date	157	362	536
- during year	33	73	43
RECEIPTS			
From teachers' salaries	12,839,976	23,644,256	34,622,981
Personal payments	389,451	542,653	652,362
New Haven amortization payment	117,741	117,741	117,741
FORFEITURES TO SURVIVORSHIP/ DEPENDENCY FUND - to date	713,910	2,170,960	4,471,412
- during year	159,213	414,559	469,285
REFUNDS			
Regular withdrawals	1,745,613	4,033,911	5,037,410
Deceased payments			
- other than survivor benefits	10,967	6,085	41,780
Voluntary contributions at retirement	161,293	683,248	1,446,058

	1964-65	1969-70		1974-75
SURVIVORS AND DEPENDENTS PAYMENTS				
Accounts paid in full	\$ 327,306	\$ 318,446	(19)	\$ 163,688
Paid to survivors choosing				
single payment	32,693	24,171	(2)	38,721
Monthly to survivors/dependents	10,292	36,435	(487)	624,310
Widows	56	136	(209)	317,500
Mother (former wife divorced)	-	1	(2)	3,625
Children	96	220	(271)	294,810
Dependent Widowers	-	2	(2)	3,875
Dependent Parents	5	3	(3)	4,500
Lum sum (\$500+) death settlements	16,320	55,016		34,334
RETIREMENTS				
Annuities (members' funds)	1,953,019	3,446,293		6,577,815
Pensions (state appropriation)	8,743,919	16,611,998		32,184,108
Cost-of-living adjustments	232,762	1,807,130		8,096,643
RESERVES				
By state	13,563,636	7,010,384		52,990,797
State of Connecticut Bonds,				
P.A. 629, 1969	-	30,863,034		-
From surplus	1,681,485	-		-
By teachers	3,116,151	6,629,011		10,180,662
FUNDS in Custody of Board				
Annuity Fund	132,818,599	232,619,473		412,016,593
Survivorship/Dependency Fund	801,525	1,583,789		2,550,944
Pension Fund	101,193,480	198,779,858		308,002,517
TOTAL FUNDS	\$234,813,604	\$432,983,120		\$722,570,054

RETIREMENT DATA

	1964-65	1969-1970	1974-75
RETIRED during year	296	503	614
Average age	63.0	62.7	62.5
service	36.9	33.6	29.2
salary base	\$ 7,800	\$ 10,664	\$ 14,684
member's retirement savings	10,513	13,179	16,066
pension reserve	51,504	75,292	83,852
retirement allowance	4,194	6,339	7,577
Retired regular basis	256	405	398
disability	10	19	31
actuarial equivalent	26	53	59
proratable	4	18	91
deferred benefit	-	8	35
Total retired as of June 30	3,463	4,827	7,005
New Haven retirants prior to			
September 1, 1947	53	33	21
OVERALL AVERAGE			
retirement allowance	3,001	3,736	6,607
regular	3,120	4,614	7,088
disability	1,710	2,584	4,135
actuarial equivalent	3,034	4,170	6,072
proratable	1,152	2,063	3,281
deferred benefits	-	2,316	3,161
Total Monthly Retirement Allowance	\$866,130	\$1,808,680	\$3,857,347