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Chapter 167a, General Statutes, Rev. 1979

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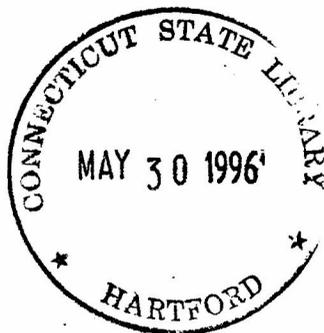
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Report of the
TEACHERS' RETIREMENT BOARD
1978 - 1979



Chapter 167a, General Statutes, Rev. 1979, as amended.

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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 affords 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: David H. Neiditz, Jr., Bank Commissioner, Joseph Mike, 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 Frederick T. Bashour, retired teacher from Hartford whose term will expire June 30, 1983 and Mrs. Rosalyn Schoonmaker, Bridgeport, Chairperson of the Board, whose term will expire June 30, 1981. Members of the Board serve without compensation, but are reimbursed for expenses incurred in attending Board meetings which are held in Hartford the second Tuesday 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 application, and the maintenance of financial records.

Despite the limitations inherent in the State of Connecticut employees recruitment policies, the Teachers' Retirement Board is meeting fully its obligation to reverse traditional patterns of discrimination and has in effect a plan of Affirmative Action designed to identify and eliminate discriminatory practices. Positive approaches to human and organizational development have the full and active support and commitment from all levels of supervision. Practical action plans are in effect, and the monitoring and evaluation of the agency's progress in Affirmative Action by the Secretary and the Teachers' Retirement Board demonstrates the Board's commitment to Affirmative Action and insures its success. The Teachers' Retirement Board is dedicated to unquestioned adherence to the policy of providing Equal Employment Opportunities solely on the basis of individual merit without regard to race, color, religion, age, sex, physical hardship, criminal record, national origin, political beliefs, or mental retardation in accordance with Sections 5-228 and 4-61(b) to 4-61(1), inclusive, as amended by the 1978 session at the General Assembly.

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, the State Employees' Retirement System or an alternate retirement program (TIAA-CREF). During the 1978-1979 school year, 2,657 teachers became new members of the Association and 393 teachers who had

previously withdrawn their funds, were reinstated. Requests for refunds were received from teachers who withdrew from teaching; accounts refunded totaled 2,045. Withdrawals were for a variety of reasons: 619 left the state, 464 left to be married, 363 left to enter other lines of work, 74 left to further their education, 47 left because of illness, 9 left because of illness or death in the family, 48 left to enter private school teaching and 9 inactive teachers' funds were paid to their estates or named beneficiaries. 20 members were granted permission to transfer to the State Employees' Retirement System. 57 teachers gave no reason for withdrawing funds, while 344 gave a myriad of reasons other than those above.

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. Compulsory and voluntary deductions forwarded by the boards of education for deposit to members' accounts totaled \$40,370,516. Personal payments by teachers purchasing service credits as provided under the statutes for teachers with previous Connecticut, outside-state or military service, totaled \$709,875. Payment for service credits is accepted in instalments for the convenience of the teacher. During the year, instalment payments totaled \$675,688 and were applied to 1,564 accounts receivable which

totaled \$1,390,717 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 from 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 235 widows, 254 dependent children, one mother, three dependent parents and 34 widowers, representing 320 families, 23 of which were new additions in 1978-1979. A total of \$1,399,800 was paid in monthly benefits; \$282,957 from members' funds and \$1,116,843 from forfeitures. For the seventh consecutive year, state appropriations were not required to finance benefits. A sum of \$74,071 including \$42,322 paid from members' funds and \$31,749 from forfeitures was paid in the form of lump sum death settlements. Three survivors entitled to monthly benefits were paid \$50,019 when the survivors chose to withdraw the members' funds in single payments. Members' funds totaling \$309,649 were paid to designated beneficiaries or estates of 25 deceased members in the absence of qualified survivors and dependents. Payments under the Survivorship and Dependency Program totaled \$1,833,539 including \$684,947 paid from members' funds and \$1,148,592 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 1978-1979 year, 580 teachers retired, down from last year's 604. The record high was 698 in 1972-1973. Regular retirements accounted for 337 of this number and actuarially reduced retirements were elected by 76 teachers. Prevented from performing satisfactory service in the schools because of disability were 23 teachers.

Ninety 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 54 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 93% 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 \$9,250,491, pensions, including cost of living allowances, totaling \$57,734,928, and Health Costs, totaling \$154,915, were paid to retirants for a total of \$67,140,334 paid during the year.

LEGISLATION

The 1979 General Assembly provided for the funding of the Teachers' Retirement System with the passage of Public Act No. 79-436. The act, effective July 1, 1980, provides for the end of terminal funding and the start of funding the system on an actuarial basis. Public Act No. 79-541 revised the disability retirement plan. Other legislation permits the purchase of service credits for members elected to a full-time position as teacher representative; the withdrawal of voluntary contributions; provides for the appeal of board decisions; increases the earning limit for temporary employment of retired teachers, and improves the retirement credit for teachers over seventy years of age. Legislation including the postmarked date of application as the date of filing was passed, as was legislation clarifying the computation of vested rights retirement allowances.

COMPARATIVE STATISTICS

	1968-69	1973-74	1978-79
STAFF MEMBERS	29	31	36
MEMBERSHIP			
Active and inactive accounts	41,192	48,261	48,151
New teachers during year	6,060	3,650	2,657
Reinstated members	592	364	393
DEATHS			
Active and inactive	76	70	56
Retired Teachers	179	238	237
WITHDRAWALS	3,290	2,527	2,045
RETIREMENTS	541	635	580
SURVIVORSHIP/DEPENDENTS - to date	314	493	781
-during the year	51	67	47
RECEIPTS			
From teachers' salaries (including installment payments)	\$20,403,006	\$32,017,830	\$41,046,203
Personal payments	591,514	737,836	709,875
New Haven amortization payment	117,471	117,471	- 0 -
FORFEITURES TO SURVIVORSHIP/ DEPENDENCY FUND - to date	1,756,401	4,002,127	6,115,783
-during year	341,929	475,271	440,150
REFUNDS			
Regular withdrawals	3,485,492	4,776,125	7,413,813
Deceased payments			
- other than survivor benefits	7,845	40,825	69,947

	1968-69		1973-74		1978-79
Voluntary contributions at retirement \$	612,694		\$ 1,362,504		\$ 1,158,852
SURVIVORS AND DEPENDENTS PAYMENTS					
Accounts paid in full	267,099	(27)	226,604	(25)	309,649
single payment		(2)	37,507	(3)	50,019
Monthly to survivors/dependents	30,674		587,335	(527)	1,399,800
Mothers	254,402	(2)	3,000	(1)	3,600
Widows	---	(204)	294,875	(235)	842,700
Children	122	(283)	283,460	(254)	427,500
Widowers	187	(2)	3,000	(34)	115,200
Dependent Parents	2	(2)	3,000	(3)	10,800
Lump sum death payments & settlements	56,561	(59)	52,476	(44)	74,071
RETIREMENTS					
Annuities (members' funds)	3,137,954		6,134,408		9,250,491
Pensions (state appropriation)	15,412,824		29,028,736		44,818,912
Cost of living adjustments	1,097,780		5,726,312		12,916,016
Health costs					154,915
RESERVES					
By state	36,280,185		38,903,449		52,777,657
From surplus	3,712,207		16,808,970		---
By teachers	6,849,445		10,168,391		12,592,828
FUNDS in Custody of Board					
Annuity Fund	206,621,799		371,158,980		
Survivorship/Dependency Fund	1,339,664		2,430,375		
Pension Fund	168,022,236		322,544,481		
TOTAL FUNDS	\$375,983,699		\$696,133,836		\$1,031,697,985

RETIREMENT DATA

	1968-69	1973-74	1978-79
RETIRED during year	541	635	580
Average age	63.06	62.8	61.6
service	35.2	29.5	27.1
salary base	\$ 9,770	\$ 14,043	\$ 17,927
members' retirement savings	12,661	15,242	22,306
pension reserves	72,984	83,028	87,895
retirement allowance	6,131	7,529	8,510
RETIRED regular basis	463	444	337
disability	5	20	23
actuarial equivalent	51	68	76
proratable	7	15	90
deferred benefit	15	88	54
TOTAL retired as of June 30,	4,465	6,541	8,440
NEW HAVEN retirants prior to September 1, 1947	35	24	9
OVERALL AVERAGE retirement allowance			\$ 7,894
regular	\$ 4,168	\$ 6,544	\$ 8,723
disability	2,393	3,622	5,097
actuarial equivalent	3,764	5,578	7,266
proratable	2,049	2,457	3,963
deferred benefits	1,867	2,822	3,886
TOTAL monthly retirement allowance	\$1,504,432	\$3,315,574	\$5,579,962