

Annual statement of the Board of Trustees.

State Employees' Retirement System of Illinois.
Springfield.

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STATE EMPLOYEES' RETIREMENT SYSTEM OF ILLINOIS

THIRTEENTH ANNUAL STATEMENT
OF THE
BOARD OF TRUSTEES

June 30, 1956



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Issued by Authority of the
BOARD OF TRUSTEES OF THE STATE EMPLOYEES'
RETIREMENT SYSTEM OF ILLINOIS
216 State Office Building, Springfield, Illinois

State of Illinois
WILLIAM G. STRATTON
Governor

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**STATE EMPLOYEES'
RETIREMENT SYSTEM
OF ILLINOIS**

**THIRTEENTH ANNUAL STATEMENT
OF THE
BOARD OF TRUSTEES**

June 30, 1956



Issued by Authority of the
**BOARD OF TRUSTEES OF THE STATE EMPLOYEES'
RETIREMENT SYSTEM OF ILLINOIS**
216 State Office Building, Springfield, Illinois

State of Illinois
WILLIAM G. STRATTON
Governor

STATE EMPLOYEES' RETIREMENT SYSTEM OF ILLINOIS

BOARD OF TRUSTEES

ROY TUCHBREITER, Chairman
Chairman of the Board
Continental Assurance Company

HON. LLOYD MOREY
Auditor of Public Accounts
(Member Ex Officio)

HON. MORTON H. HOLLINGSWORTH
Director of Finance
(Member Ex Officio)

ELMER R. KNIGHT
Assistant Chief Highway Engineer

CHARLES H. PEELER
Assistant Superintendent
Elgin State Hospital

L. C. CORTRIGHT, Secretary
Springfield, Illinois

HON. LATHAM CASTLE
Attorney General
Counsel

HON. WARREN E. WRIGHT
State Treasurer
Treasurer

A. A. WEINBERG
Consulting Actuary



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LETTER OF TRANSMITTAL


October 31, 1956

To his Excellency
The Honorable William G. Stratton
Governor of the State of Illinois
Springfield

Sir:

On behalf of the Board of Trustees of the State Employees' Retirement System of Illinois, I take pleasure in submitting herewith the Thirteenth Annual Statement of the Board covering operations of the system for the fiscal year ended June 30, 1956.

Respectfully submitted,


Chairman

FINANCIAL AND STATISTICAL FACTS

Financial	Fiscal Year Ended June 30	
	1956	1955
Net Assets at End of Year.....	\$44,642,825.03	\$38,609,555.30
Increase in Net Assets.....	6,033,269.73	5,520,393.46
Investments (at Book Value).....	43,298,194.83	37,454,853.41
Total Income for Year.....	10,143,408.38	9,186,284.51
Employee Contributions	6,539,678.41	6,287,255.16
State Contributions	2,241,074.44	1,717,500.00
Contributions from Federal Funds.....	254,327.53	235,341.74
Interest Income	1,108,328.00	946,187.61
Average Yield On Investments.....	2.70%	2.66%
Total Expenditures	4,110,137.36	3,665,777.67
Annuity and Benefit Payments.....	3,124,350.50	2,769,124.08
Refunds	985,786.86	895,124.97

Statistical

Number of Members at End of Year:		
Male	17,917	17,633
Female	13,562	13,185
Number of Members on Retirement at End of Year:		
Male	1,300	1,160
Female	1,022	910
Number of Retirements During Year.....	371	437
Retirants Returning to Service.....	19	8
Deaths Among Retirants During Year.....	100	90
Number of Widows Receiving Annuities at End of Year	102	61
Number of Widow's Annuity Claims During Year	42	34
Number of Nonoccupational Death Claims.....	160	216
Number of Nonoccupational Disability Claims.....	209	189
Number of Occupational Disability Claims.....	37	56
Number of Occupational Death Claims.....	2	4
Number of Withdrawal Benefits (refunds).....	2,597	2,405

STATE EMPLOYEES' RETIREMENT SYSTEM OF ILLINOIS

THIRTEENTH ANNUAL STATEMENT of the BOARD OF TRUSTEES

The Thirteenth Annual Statement of the Board of Trustees of the State Employees' Retirement System of Illinois is presented herewith. It sets forth the results of operations of the System for the fiscal year ended June 30, 1956. It also includes a report on the principal administrative developments that occurred during the year.

Membership Statistics

Number of Members, July 1, 1955.....	30,818
Additions:	
Employees qualifying for membership during the year.....	3,791
	<u>34,609</u>
Deductions:	
Deaths due to occupational causes.....	2
Deaths due to nonoccupational causes.....	160
Separations with refunds.....	2,597
Service retirements.....	371
	<u>3,130</u>
Number of Members, June 30, 1956.....	<u><u>31,479</u></u>

There were 2,322 members on retirement receiving service retirement allowances, and 102 widows in receipt of payments, at the close of the year. The changes in the retirement roll for the year were as follows:

	Service Retirements	Widows
Number of retirants, July 1, 1955.....	2,070	61
Retirements during the year 1955-1956.....	371	42
Total.....	<u>2,441</u>	<u>103</u>
Deaths.....	100	1
Reentrants into service.....	19	.....
	<u>119</u>	<u>1</u>
Number of retirants, June 30, 1956.....	<u><u>2,322</u></u>	<u><u>102</u></u>

The trend in membership and in the number of service retirements, during the last five fiscal years, is illustrated by the following statistics:

Date June 30th	Members	Service Retirements	Widows' Annuities ¹
1952.....	27,698	1,074	---
1953.....	26,068	1,367	---
1954.....	28,684	1,731	27
1955.....	30,818	2,070	61
1956.....	31,479	2,322	102

FINANCIAL REVIEW

The principal items comprising the income and expenditure account are summarized below, with the amounts for the preceding fiscal year given for comparison.

Income	Year Ended June 30	
	1956	1955
Member contributions	\$ 6,539,678.41	\$ 6,287,255.16
State contributions	2,241,074.44	1,717,500.00
Income from Trust and Federal funds.....	254,327.53	235,341.74
Interest on Investments	1,091,837.21	919,846.03
Other	16,490.79	26,341.58
Totals	\$ 10,143,408.38	\$ 9,186,284.51

Expenditures	Year Ended June 30	
	1956	1955
Annuities	\$ 2,320,448.34	\$ 1,939,248.53
Death Benefits	358,571.58	418,480.99
Disability Benefits	445,330.58	411,394.56
Refunds	985,786.86	895,124.97
Other	1.29	1,642.00
Totals	\$ 4,110,138.65	\$ 3,665,891.05

Net Income, Excess of Total Income over Total Expenditures	\$ 6,033,269.73	\$ 5,520,393.46
--	-----------------	-----------------

The reserves of the System at the close of the year amounted to \$44,642,825.03. These reserves increased during the year in the sum of \$6,033,269.73, which increase was equal to 15.6%. It is noted that the proportion of these reserves representing member contributions has been steadily increasing, with a reverse trend relating to that part of the reserves derived from State contributions, as is illustrated below.

¹ Became operative on July 1, 1953.

Year Ended June 30th	Proportion of Reserves Derived From	
	Member Contributions	State Contributions
1952	70.6%	29.4%
1953	70.9	29.1
1954	73.3	26.7
1955	76.2	23.8
1956	77.4	22.6

The trend reflected in the foregoing figures has resulted from the reduction in appropriations by the State below the System's requirements as certified by the Board of Trustees.

Financial statements exhibiting the results of operations and supporting the above figures as to income and expenditures are presented in the auditors' report as a part of this annual statement. The regular annual audit and examination of the books and accounts of the System was made by Alexander Grant & Company who were designated by the Auditor of Public Accounts. A satisfactory condition in the internal operating and accounting procedures of the System was disclosed by the auditors.

Investments

Total investments of the Board at June 30, 1956 amounted to \$42,867,000.00 at par value, compared with \$37,007,000.00 at the close of the preceding year. The net increase in investments for the year amounted to \$5,860,000.00 at par value.

New investments during the year amounted to \$6,060,000.00 at par value and consisted wholly of United States Treasury 3% Bonds, dated February 15, 1955, due February 15, 1995.

A total of \$200,000.00 United States Savings Bonds, 2½%, Series "G" matured during the year.

All investments of the System are in United States government securities. The average yield on the entire investment account for the year was 2.70% compared with 2.66% for the preceding fiscal year.

APPROPRIATION REQUIREMENTS FOR 1957-1959 BIENNIUM

The actuary has certified as the appropriation requirement for the biennium beginning July 1, 1957, the sum of \$13,656,450.12. This amount consists of the current requirements of \$8,856,203.00 and a deficiency in the appropriation request for the two preceding bienniums of \$4,800,247.12. The report of the actuary states that in the determination of these requirements effect has been given to several basic factors, namely: (1) the steady upward trend in the number of members and members' salaries; (2) liberalizing amendments enacted during recent years which have resulted in increased payments; (3) normal increases

in expenditures due to the expanding operations of the System; and (4) a reduced rate of mortality among pensioners.

During the year ended June 30, 1952 the expenditures for annuities and benefits amounted to \$1,604,851.85. This year these expenditures totaled \$3,124,350.50. These expenditures have been rising steadily since the inception of the System. This upward trend in payments will continue for a number of years in the future. Increasing State appropriations, therefore, will be necessary to meet the requirements for benefit payments by the System in future years under the method of financing prescribed by the retirement act.

Standing Committees

Three standing committees are maintained by the Board to effectuate its policies in the operation of the System, namely, the Committee on Investments, the Policy Committee and Claims Committee. These committees are continuing to discharge their assigned duties in a satisfactory manner.

The Committee on Investments serves as adviser to the Board on all investment matters. It is composed of Hon. Morton H. Hollingsworth, Director of Finance, Hon. Warren E. Wright, State Treasurer, and Roy Tuchbreiter, Chairman of the Board.

The Policy Committee deals with administrative matters of a policy character arising in the operations of the System for recommendation to the Board of Trustees. The personnel of this committee consists of Trustee Charles H. Peeler as Chairman, Trustees Elmer R. Knight, and L. C. Cortright, Secretary, as members. A. A. Weinberg, actuary, serves as technical adviser.

The Claims Committee passes upon claims for annuities and benefits, and formulates policy relative to the administration of such claims. It is composed of Trustee Elmer R. Knight, as Chairman, and Mr. Thor Wanless of Springfield, and L. C. Cortright, Secretary, as members.

SOCIAL SECURITY UNIT

At the date of this report, 40 appendices to the original Federal-State agreement have been approved providing social security coverage for an estimated aggregate total of 8,865 employees representing 882 different governmental units. The several types of governmental units covered by the agreement and the number of employees covered are as follows:

Type of Governmental Unit	Number of Governmental Units	Estimated Employees
Cities	141	2,861
Towns	5	67
Villages	158	1,164
Airport Authorities	4	50
Cemeteries (Joint Townships).....	2	18
Drainage & Levee Districts.....	11	85

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Type of Governmental Unit	Number of Governmental Units	Estimated Employees
Fire Protection Districts.....	2	27
Forest Preserve Districts.....	1	7
Health Districts (Multi-Co.).....	5	56
Hospital Districts.....	10	584
Housing Authorities.....	27	250
Land Clearance Commissions.....	1	63
Library Districts.....	2	7
Mosquito Abatement Districts.....	3	69
Park Districts.....	28	422
Port Districts.....	1	6
Road Districts.....	12	37
State of Illinois—National Guard Civilian Employees.....	1	835
Townships.....	268	1,443
Townships Community Buildings.....	2	2
Township Highway Commissioners.....	196	577
Township Hospitals.....	2	235
Totals	882	8,865

Continued future increases in coverage may be expected in the case of governmental units having no retirement protection for their employees, and possibly for members of existing retirement systems for whom coordination may be proposed.

AMENDATORY LEGISLATION

Several changes in the provisions of the Act of an administrative and corrective character have been proposed by the staff of the System. Since the Board of Trustees is essentially a policy making body charged with the direction and supervision of the affairs of the System in accordance with the governing law, it cannot initiate substantive changes in the Act involving increases in cost burden.

However, the facilities and technical staff of the System are available to any organization of State employees proposing changes in the benefit schedule or other basic provisions of the Act with the view for information and advice relative to the policy aspects and financial obligations of such changes. The Board is also prepared to advise appropriate committees of the General Assembly and State officials regarding the implications of amendatory proposals affecting the Retirement System. Approval of proposals involving policy changes or increased obligations is a matter for the Illinois Public Employees Pension Laws Commission or other similar agency created by the General Assembly.

ACTUARIAL SURVEY AND INVESTIGATION

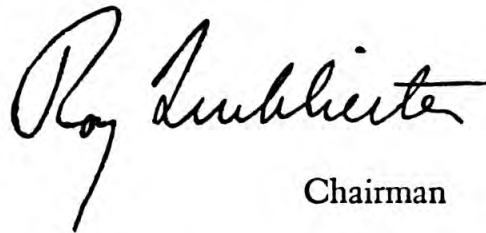
As required by law, an actuarial valuation of the assets and liabilities of the System was completed by the actuary as of June 30, 1956. The results of such valuation are embodied in a report which forms a part of this annual statement.

CONCLUSION

The results of operations during the year were satisfactory. The policies of the Board will continue to be directed, as in the past, toward the operation of the System in accordance with the expressed and implied provisions of the governing Act to the end that its objectives may be achieved in full measure.

Acknowledgment is hereby made of the considerate and loyal co-operation of all officers and employees of the State government who have been of assistance during the year in the administration of the System, and of the faithful and conscientious service of all employees of the Board.

Respectfully submitted,
 BOARD OF TRUSTEES
 State Employees' Retirement System of Illinois

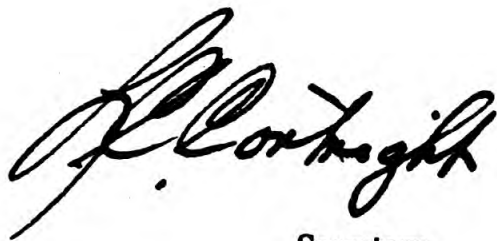

 Chairman











Secretary

AUDITORS' REPORT

The Board of Trustees
State Employees' Retirement System of Illinois
Springfield, Illinois

We have examined the Fund balance sheet of the STATE EMPLOYEES' RETIREMENT SYSTEM OF ILLINOIS as of June 30, 1956, and the related statement of income and expenditures, statement of members' equity and statement of appropriations for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

Our examination was limited to the statements enumerated above, none of which embody actuarial valuations. Balances as of July 1, 1955 which were not verified independently were accepted as submitted by prior audit.

In our opinion, subject to the limitation in the preceding paragraph, the accompanying Fund balance sheet and related statements of income and expenditures, statement of members' equity and statement of appropriations present fairly the financial position of the State Employees' Retirement System of Illinois at June 30, 1956, and the results of the transactions for the year then ended, in conformity with generally accepted accounting principles.

(Signed) ALEXANDER GRANT & COMPANY

Bloomington, Illinois
November 28, 1956

FUND BALANCE SHEET

June 30, 1956

ASSETS

System Fund Account

Current Assets	
Cash	\$ 888,712.15
Accounts receivable	
Members' contributions	\$498,622.00
Cancellation of benefits paid	857.81
	499,479.81
Interest receivable on investments	195,607.12
	195,607.12
Total current assets	\$1,583,799.08
Investments	
United States Government bonds (amortized cost)	43,298,194.83
	\$44,881,993.91

Appropriation Account

Unexpended appropriations	\$ 2,470,221.82
	\$ 2,470,221.82

Inventory Account

Office equipment (at cost)	\$ 45,498.26
Automobile (at cost)	2,198.00
	\$ 47,696.26

Social Security Contribution Fund

Cash	\$ 8,999.67
Deposit—State Treasurer	30,168.31
	\$ 39,167.98

General Revenue Fund

Cash	\$ 319.50
	\$ 319.50

FUND BALANCE SHEET

June 30, 1956

LIABILITIES

System Fund Account

Current Liabilities

Benefits payable

Accidental liability	\$ 4,556.87	
Ordinary death	24,967.99	
Ordinary liability	38,901.82	
Service retirement allowance	4,429.17	
Death after retirement	1,215.39	
Widows' annuity	2,283.38	\$ 76,354.62

Refunds payable

Resigned members	\$ 85,459.35	
Erroneous deductions	2,011.73	
Other	343.18	87,814.26

Deferred credit to income

		75,000.00
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Total current liabilities		\$ 239,168.88
---------------------------------	--	---------------

Members' Equity

Members' contributions	\$ 31,534,432.97	
Interest accumulations	2,329,212.89	
Annuitants' death benefits	697,921.12	
Contingent general reserve	10,081,258.05	44,642,825.03
		\$ 44,881,993.91

Appropriation Account

Encumbrances	\$ 12,080.62	
Unencumbered balance		2,458,141.20
		\$ 2,470,221.82

Inventory Account

Equipment Inventory Account	\$ 47,696.26	
		\$ 47,696.26

Social Security Contribution Fund

Receipts from political subdivisions	\$ 9,167.98	
Reserve for contingencies		30,000.00
		\$ 39,167.98

General Revenue Fund

Receipts from political subdivisions	\$ 319.50	
		\$ 319.50

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SYSTEM FUND ACCOUNT

BALANCE SHEET

June 30, 1956

ASSETS

Current Assets

Cash		\$	888,712.15
Accounts Receivable			
Members' contributions	\$	498,622.00	
Cancellation of benefits		857.81	499,479.81
			<hr/>
Interest receivable on investments			195,607.12
			<hr/>
Total current assets		\$	1,583,799.08

Investment

United States Government bonds (at amortized cost)			43,298,194.83
			<hr/>
		\$	<u>44,881,993.91</u>

LIABILITIES

Current liabilities

Benefits payable			
Accidental disability	\$	4,556.87	
Ordinary death		24,967.99	
Ordinary disability		38,901.82	
Service retirement allowance		4,429.17	
Death after retirement		1,215.39	
Widows' annuity		2,283.38	\$ 76,354.62
			<hr/>
Refunds payable			
Resigned members	\$	85,459.35	
Erroneous deductions		2,011.73	
Other		343.18	87,814.26
			<hr/>
Deferred credit to income			75,000.00
			<hr/>
Total current liabilities		\$	239,168.88

Members' Equity (Reserves)

Members' contributions	\$	31,534,432.97	
Interest accumulations		2,329,212.89	
Annuitants' death benefits		697,921.12	
Contingent general reserve		10,081,258.05	44,642,825.03
			<hr/>
			\$ <u>44,881,993.91</u>

Note—Benefits payable shown in this balance sheet include all claims formally approved at June 30, 1956.

SYSTEM FUND ACCOUNT
STATEMENT OF INCOME AND EXPENDITURES
Year ended June 30, 1956

Income

Contributions—payroll deductions	\$ 6,366,787.71		
Less refunds of erroneous deductions	4,629.04	\$ 6,362,158.67	
Credits to members' accounts which are based on disability benefits			
Accidental disability	\$ 5,721.48		
Ordinary disability	54,576.84	60,298.32	
Repayment of refunds—contributions	116,723.26		
Reciprocating systems	498.16	\$ 6,539,678.41	
Contributions—State, Trust and Federal funds			
State of Illinois	\$ 2,241,074.44		
Federal funds	254,327.53	2,495,401.97	
Other income			
Interest			
Investments (less amortization of bond premium)	\$ 1,091,837.21		
Paid by members	16,138.78		
Paid by reciprocating systems	352.01	1,108,328.00	
Total income		\$ 10,143,408.38	

Expenditures**Benefits****Annuity benefits**

Service retirement allowance	\$ 2,220,037.41		
Reversionary	8,828.64		
Widows	91,582.29	\$ 2,320,448.34	
			<hr/>

Death benefits**Active membership to time of death**

Return of contributions	\$ 138,705.09		
Interest	10,459.82		
State allowance	194,437.35		
After retirement	14,969.32	358,571.58	
			<hr/>

Disability benefits

		445,330.58	
--	--	------------	--

Total benefits..... \$ 3,124,350.50

Refunds of contributions

Members leaving service.....	\$ 983,784.54		
Widows' annuity contributions	2,002.32	985,786.86	4,110,137.36
			<hr/>

EXCESS OF INCOME OVER EXPENDITURES..... \$ 6,033,271.02

Note—Benefit expenditures, shown in this statement, include all claims formally approved at June 30, 1956.

SYSTEM FUND ACCOUNT

STATEMENT OF MEMBERS' EQUITY (RESERVES)

Year ended June 30, 1956

	Total	Members' contributions	Interest accumulations	ALLOCATED TO	Contingent General Reserve
				Annuitants' Death Benefits	
Income					
Contributions					
By members.....	\$ 6,362,158.67	\$ 6,362,158.67	\$	\$	
Based on disability benefits.....	60,298.32	60,298.32			
Repayment of refunds.....	116,723.26	116,723.26			
Reciprocating systems.....	498.16	498.16			
By State of Illinois.....	2,241,074.44				2,241,074.44
From Federal funds.....	254,327.53				254,327.53
Interest					
On bonds.....	1,091,837.21		456,445.40		635,391.81
Paid by members.....	16,138.78				16,138.78
Paid by reciprocating systems.....	352.01				352.01
Total income.....	\$ 10,143,408.38	\$ 6,539,678.41	\$ 456,445.40	\$	\$ 3,147,284.57

Expenditures

Benefit payments	\$ 3,124,350.50	\$ 138,705.09	\$	\$ 2,985,645.41
Refunds of contributions				
Members leaving service.....	983,784.54	983,784.54		
Widows' annuity contributions.....	2,002.32	2,002.32		
Total expenditures.....	\$ 4,110,137.36	\$ 1,124,491.95	\$	\$ 2,985,645.41
Excess of income over expenditures				
Opening balance—July 1, 1955.....	\$ 6,033,271.02	\$ 5,415,186.46	\$ 456,445.40	\$ 161,639.16
	38,609,555.30	26,909,755.49	1,872,767.49	9,209,367.53
	\$ 44,642,826.32	\$ 32,324,941.95	\$ 2,329,212.89	\$ 9,371,006.69

Adjustments and Transfers

Accumulated contributions of retired members transferred to Contingent General Reserve		790,508.98*		80,256.33	710,252.65
Adjustment for overpayment of refund.....	1.29*				1.29*
ENDING BALANCE—June 30, 1956	\$ 44,642,825.03	\$ 31,534,432.97	\$ 2,329,212.89	\$ 697,921.12	\$ 10,081,258.05

* Denotes red figures.

Note: Benefit expenditures, shown in this statement, include all claims formally approved at June 30, 1956.

SYSTEM FUND ACCOUNT
SUMMARY STATEMENT OF INVESTMENTS
June 30, 1956

SUMMARIZED BY BOND TYPES

SUMMARIZED BY BOND TYPES	Interest rate	Par value	Amortized cost value
Savings bonds, cumulative, series F.....	-----	\$ 405,000.00	\$ 379,789.72
Savings bonds, series G.....	2.50	1,300,000.00	1,300,000.00
Savings bonds, series K.....	2.76	400,000.00	400,000.00
Treasury bonds.....	2.25	2,850,000.00	2,850,193.63
Treasury bonds.....	2.50	12,750,000.00	12,570,541.86
Treasury bonds, series A.....	2.50	250,000.00	250,000.00
Treasury bonds, series B.....	2.75	10,167,000.00	10,301,062.02
Treasury bonds.....	3.00	7,145,000.00	7,139,397.36
Treasury bonds.....	3.25	7,600,000.00	8,107,210.24
		<u>\$ 42,867,000.00</u>	<u>\$ 43,298,194.83</u>

SUMMARIZED BY MATURITY DATES

Description	Date		Book value
	Issue	Maturity	
Treasury bonds, 2¼%.....	11/15/45	12/15/62-59	\$ 300,031.33
Treasury bonds, 2¼%.....	6/1/45	6/15/62-59	2,550,162.30
Savings bonds, 2½%, series G.....	1/1/45	1/1/57	100,000.00
Treasury bonds, 2½%.....	11/15/45	12/15/72-67	10,943,024.49
Savings bonds, series F.....	4/1/46	4/1/58	129,254.70
Savings bonds, series F.....	1/1/47	1/1/59	126,842.12
Savings bonds, series F.....	1/1/48	1/1/60	123,692.90
Treasury bonds, 2½%, series A.....	10/1/47	10/1/65	250,000.00
Savings bonds, 2½%, series G.....	7/1/48	7/1/60	900,000.00
Savings bonds, 2½%, series G.....	4/1/49	4/1/61	100,000.00
Treasury bonds, 2½%.....	5/5/42	6/15/67-62	1,627,517.37
Savings bonds, 2½%, series G.....	1/1/50	1/1/62	100,000.00
Savings bonds, 2½%, series G.....	2/1/51	2/1/63	100,000.00
Treasury bonds, 2¾%, series B.....	4/1/51	1980-75	10,301,062.02
Savings bonds, 2.76%, series K.....	5/1/52	5/1/64	100,000.00
Savings bonds, 2.76%, series K.....	7/1/52	7/1/64	100,000.00
Savings bonds, 2.76%, series K.....	2/1/54	2/1/66	200,000.00
Treasury bonds, 3¼%.....	5/1/53	6/15/83-78	8,107,210.24
Treasury bonds, 3%.....	2/15/55	2/15/95	7,139,397.36
			<u>\$43,298,194.83</u>

**STATEMENT OF APPROPRIATIONS—
69TH GENERAL ASSEMBLY**

Year Ended June 30, 1956

	Appropriations	Expenditures	Unexpended balance
Personal services	\$ 244,500.00	\$ 110,011.97	\$ 134,488.03
Contractual services	81,000.00	35,359.85	45,640.15
Postage	6,000.00	2,990.00	3,010.00
Travel	8,700.00	3,220.60	5,479.40
Commodities	2,000.00	206.56	1,793.44
Equipment	6,000.00	646.92	5,353.08
Stationery, printing and office sup- plies	19,000.00	7,262.35	11,737.65
Contingencies	2,500.00	-----	2,500.00
Administrative expenses of Widows' Annuity Benefits	24,000.00	2,036.69	21,963.31
Administrative expenses of Social Se- curity Enabling Act.....	95,000.00	22,817.68	72,182.32
Payment to Social Security Con- tributions Fund	15,000.00	15,000.00	-----
State's contribution to meet increase in Ordinary Disability Benefits....	150,000.00	150,000.00	-----
State's contribution to Retirement System	4,332,148.88	2,166,074.44	2,166,074.44
	<u>\$ 4,985,848.88</u>	<u>\$ 2,515,627.06</u>	<u>\$ 2,470,221.82</u>

Note—Encumbrances against the unexpended balance at June 30, 1956 amounted to approximately \$12,000.00.

**STATEMENT OF APPROPRIATIONS—
68TH GENERAL ASSEMBLY**

Year ended June 30, 1956

	Appropriations	Unexpended balance July 1, 1955	Expenditures	Lapsed balances September 30, 1955
Personal services	\$ 227,200.00	\$ 7,597.32	\$ 4,714.42	\$ 2,882.90
Contractual services	81,100.00	11,596.44	2,143.78	9,452.66
Travel	8,700.00	3,745.12	142.88	3,602.24
Commodities	2,000.00	666.47	162.95	503.52
Stationery, printing and office supplies	17,500.00	2,092.34	1,602.86	489.48
Equipment	6,000.00	2,516.18	2,100.63	415.55
Contingencies	2,500.00	2,500.00	-----	2,500.00
Postage	6,000.00	-----	-----	-----
Administrative expenses (H.B. 881)	24,000.00	12,421.95	7,136.95	5,285.00
Administrative expenses of Social Security Unit	95,000.00	53,395.34	4,237.84	49,157.50
Payment to Social Security Contribution Fund	15,000.00	-----	-----	-----
Pensions, annuities, bene- fits and allowances	3,435,000.00	-----	-----	-----
	<u>\$ 3,920,000.00</u>	<u>\$ 96,531.16</u>	<u>\$ 22,242.31</u>	<u>\$ 74,288.85</u>

**STATEMENT OF RECEIPTS AND DISBURSEMENTS—
SOCIAL SECURITY UNIT**

Year ended June 30, 1956

Social Security Contribution Fund

Balance per books—July 1, 1955.....		\$ 14,998.79
Receipts		
Participating political subdivisions		
Contributions	\$726,238.88	
Interest	27.19	
	\$726,266.07	
Appropriated for reserve account.....	15,000.00	741,266.07
		\$756,264.86
Disbursements		
Treasurer of United States.....		717,097.06
		\$ 39,167.80

BALANCE PER BOOKS—JUNE 30, 1956.....

General Revenue Fund

Receipts		
Political subdivision prorata share of administrative expenses.....	\$ 27,499.20	
Prorata share of administrative expenses on hand June 30, 1956.....	319.50	

**NET DEPOSITS INTO STATE TREASURY FOR YEAR
ENDED JUNE 30, 1956.....**

\$ 27,179.70

REPORT OF THE THIRTEENTH ANNUAL VALUATION OF THE ASSETS AND LIABILITIES OF THE STATE EMPLOYEES' RETIREMENT SYSTEM OF ILLINOIS

The Thirteenth Annual Valuation of the Assets and Liabilities of the State Employees' Retirement System of Illinois has been completed as of June 30, 1956.

Results of Valuation

The appended Valuation Balance Sheet exhibits the results of this valuation and the financial condition of the System from a technical standpoint. Total accrued liabilities at June 30, 1956 amounted to \$125,007,863.00. The net present assets available to meet these liabilities were \$31,376,132.00, resulting in an accrued unfunded obligation at that date of \$93,631,731.00. This amount constitutes an actuarial reserve deficiency and is a deferred obligation of the State of Illinois, to be discharged by future appropriations to the System.

Basis of Valuation

The benefit and contribution provisions used as a basis for this valuation are summarized in the appendix. The statistical data required for this valuation was compiled by the office of the System, under the direction of L. C. Cortright, Secretary, and submitted to me in excellent form for the preparation of this report.

Membership

	Male	Female	Total
Number of members	17,917	13,562	31,479
Proportion of total	56.9%	43.1%	100.0%
Aggregate rates of annual salary (subject to \$7,500.00 limitation)	\$ 73,921,596.00	\$ 41,435,373.00	\$ 115,356,969.00
Average rate of annual salary	\$ 4,126.00	\$ 3,055.00	\$ 3,665.00
Average age (years)	49.1	46.8	48.1
Average length of service	7.0	8.2	7.5

Service Retirements

	Male	Female	Total
Number of annuitants	1,300	1,022	2,322
Proportion of total	56.0%	44.0%	100.0%
Aggregate annual payments \$	\$ 1,475,320.00	\$ 939,543.00	\$ 2,414,863.00
Average annual payment	\$ 1,135.00	\$ 919.00	\$ 1,040.00
Average age (years)	70.4	70.1	70.3
Average age at retirement	66.9	66.4	66.7

Widows' Annuities in Force

There were 102 widows on the pension roll at the close of the year receiving annual payments totaling \$82,596.00, or an average of \$809.76. The average length of service of the members whose death resulted in the payment of these annuities was 20.6 years. The average age of the widows at June 30, 1956 was 61.0 years.

Of the foregoing group of widows, 17 had minor children under age 18. In such cases the annuity is slightly increased, and payment of the widows' annuity begins immediately even though a widow is under age 55.

There were also 15 widows whose age was under 55 years who will not begin receiving payments on their annuities until they attain age 55. Their average age at the close of the year was 52.5 years, and the average length of service represented by these annuities was 19.3 years.

Prior Service Liability

This liability consists of credits for service rendered prior to the date of establishment of the System, namely, January 1, 1944, for service retirement annuity purposes. Statistics pertinent to the number of members represented by this item and the amount of liability are as follows:

	Number of Members	Amount of Liability	Average Prior Service Years
Male	5,748	\$12,719,894	7.4
Female	4,707	6,952,127	7.2
Totals	10,455	\$19,672,021	7.3

Membership Service Liability

The accrued liability for membership service consists of the credits earned by the members for the service retirement allowances covering the period from January 1, 1944 to June 30, 1956. This liability amounted to \$41,543,336.00. Towards this liability, the members have made appropriate contributions to the System at the established rates. The State of Illinois is obligated by law to meet the remainder of the liability after applying member contributions. This obligation is being met in part by biennial appropriations.

The liability for membership service to be rendered after June 30, 1956, during the remainder of the assumed working lifetime of the members, for service retirement annuity and widows' annuity purposes, amounted to \$71,894,388.00. This is a future service liability to be discharged by future contributions by the members and the State of Illinois.

Widows' Annuity Liability

An evaluation of the widows' annuity benefit affecting male members of the System disclosed that the liabilities for this benefit at June 30, 1956 amounted to \$23,933,015.00.

Ordinary Death Benefit

This benefit consists of the payment of the members' accumulated contributions, and an amount equal to one-twelfth of the yearly earnable compensation of the member for the twelve months next preceding the death of the member, for each completed year of creditable service not exceeding six-twelfths of such earnable compensation. The amount of insurance represented by this benefit was \$36,409,223.00.

Insurance coverage increased during the year due principally to increases in salaries of the members, and to some extent to a larger membership.

Claim incidents during the years showed a sharp decrease as will be observed by the following data:

Year Ended June 30th	Number of Claims
1952.....	217
1953.....	216
1954.....	175
1955.....	216
1956.....	160

Occupational Death

The number of beneficiaries in receipt of accidental death benefits at the close of the year was 54, involving a liability of \$1,325,963.00. The number of claims incurred during each of the last five fiscal periods was as follows:

Year Ended June 30th	Number of Claims
1952.....	6
1953.....	6
1954.....	3
1955.....	4
1956.....	2

The number of such incidents have fluctuated quite sharply during recent years because of the existence of certain employment factors and personnel policies that are difficult of evaluation. The limited experience of the System, however, does not provide a reasonable basis for estimating with any degree of accuracy the probable number of such incidents to be incurred in the future.

The reserve for future claims, determined at the close of the year, amounted to \$365,308.00.

In the calculation of the reserve liabilities effect was given to the offset of Workmen's Compensation in the payment of this benefit prescribed by the System.

Occupational Disability

Claims for occupational disability followed the trend in occupational deaths and showed a considerable decrease for the year, from 56 to 37. The following illustrates the number of claims arising during each of the last five years:

Year Ended June 30th	Number of Claims
1952.....	16
1953.....	71
1954.....	43
1955.....	56
1956.....	37

Because of personnel policies and conditions existing within the several departments of the State government, and certain imponderables, it is difficult to predict the number of these claims with any degree of accuracy. Short-term fluctuations, however, cannot be accepted as an indication of the expected number of such incidents. Averages over a reasonably long period of years provide a more reliable index as to the expectancy on account of this benefit.

The reserve liability on account of occupational disability benefits, after making allowance for Workmen's Compensation, amounted to \$39,709.00.

Non-occupational Disability

The number of new claims during the year was 209 compared with 189 for the preceding year. The following statistics show the trend in these claims during the last five fiscal periods:

Year Ended June 30th	Number of Claims
1952.....	202
1953.....	157
1954.....	209
1955.....	189
1956.....	209

The number of claim incidents during recent years has been influenced by economic and social conditions, and to some extent by the personnel policies maintained by the employers. The reserve requirements on account of this benefit at the close of the year amounted to \$581,085.00.

Withdrawal Benefits

The number of members withdrawing from the System and taking withdrawal benefits increased slightly during the year. Illustrative of the trend in number of these withdrawals, and the amounts thereof, are the following statistics:

Year Ended June 30th	Number of Withdrawals	Amount of Payments	Average Amount of Refund
1952	2,289	\$ 610,019.04	\$266.50
1953	4,677	1,726,199.29	369.10
1954	3,338	1,314,835.92	393.88
1955	2,405	892,690.76	371.18
1956	2,597	983,784.54	378.82

Conclusion

A revision of the method of financing is recommended for the purpose of strengthening the financial condition of the System, and to give effect to accruing character of the obligations of the System. The present partial funded method, which measures the State's obligation according to future pension payments, projected over a period of ten years (after applying employee contributions), is unrealistic and impractical. The method in force is not in accord with the underlying principles. The deferment of obligations which occurs under the present plan results in the continued increases in the unfunded liabilities. Moreover, it fails to establish a proper perspective of the true cost of the System to the State. The present method of financing will result eventually in a considerably larger cost to the State because, (1) it fails to take into account the current accruing obligation, and (2) the tendency to measure the cost of liberalizing changes in terms of the immediate cash outlay rather than upon the basis of the full ultimate obligation.

The System is being administered in accordance with the same efficient standards that have characterized its operations during past years.

Respectfully submitted,

A. A. WEINBERG

Actuary

VALUATION BALANCE SHEET—JUNE 30, 1956

ASSETS

New Present Assets

Amount at June 30, 1956.....	\$ 44,642,825.00	
Less, provisions for future refunds.....	13,266,693.00	\$ 31,376,132.00

Deferred Assets

Obligations of the members and the State of Illinois for retirement annuities and widows' annuities covering service after June 30, 1956—

Members:

Male	\$16,158,414.00	
Female	8,248,145.00	
State of Illinois.....	47,487,829.00	71,894,388.00

Accrued Unfunded Liability

Deferred obligations of the State of Illinois on account of annuities and benefits earned by the members on account of service rendered prior to July 1, 1956.....		93,631,731.00
Total Assets		\$ 196,902,251.00

VALUATION BALANCE SHEET—JUNE 30, 1956

LIABILITIES

Present Value of annuities and benefits in force—		
(a) Retirement annuities	\$ 29,936,997.00	
(b) Wives of retired members	2,132,011.00	
(c) Widows' annuities	1,211,837.00	
(d) Reversionary annuities	91,819.00	\$ 33,372,664.00
<hr/>		
Present Value of deferred annuities and benefits—		
(a) Reversionary annuities	\$ 48,426.00	
(b) Widows' annuities	193,745.00	
(c) Accidental death benefits	1,325,963.00	1,568,134.00
<hr/>		
Present Value of retirement annuities to members in service—		
(a) On account of service prior to January 1, 1944		
Male	\$ 12,719,894.00	
Female	6,952,127.00	19,672,021.00
<hr/>		
(b) On account of service January 1, 1944 to June 30, 1956—		
Male	\$ 23,786,087.00	
Female	17,757,249.00	41,543,336.00
<hr/>		
Present Value of widows' annuities on account of male members		23,933,015.00
Present Value of retirement and widows' annuities on account of service after June 30, 1956—		
(a) Retirement annuities—		
Male	\$ 42,667,019.00	
Female	21,594,637.00	
(b) Widows' annuities	7,632,732.00	71,894,388.00
<hr/>		
Reserve Requirements for other benefits—		
(a) Ordinary death benefit	\$ 3,932,591.00	
(b) Ordinary disability benefit	581,085.00	
(c) Accidental disability	39,709.00	
(d) Accidental death	365,308.00	4,918,693.00
<hr/>		
Total Liabilities		\$ 196,902,251.00
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TABLE A
MEMBERSHIP BY DEPARTMENTS
June 30, 1956

Code No.	Department	Number		Total	Per cent of Total Membership
		Male	Female		
1	Governor	7	12	19	.06
2	Lieutenant Governor	0	1	1	.01
3	Secretary of State.....	679	604	1,283	4.07
4	Auditor of Public Accounts.....	228	150	378	1.20
5	Treasurer	70	26	96	.30
6	Attorney General	113	56	169	.54
7	Public Instruction	21	67	88	.28
8	Courts	41	27	68	.22
9	State Officers	123	48	171	.54
10	Aeronautics	16	6	22	.07
11	Agriculture	287	116	403	1.28
12	Conservation	408	57	465	1.48
13	Finance	82	141	223	.71
14	Insurance	67	50	117	.37
15	Labor	897	1,136	2,033	6.46
17	Mines and Minerals.....	62	9	71	.22
20	Public Health	266	538	804	2.55
21	Public Safety	1,846	210	2,056	6.53
22	Public Welfare	3,506	5,515	9,021	28.66
23	Public Works and Buildings.....	3,896	361	4,257	13.52
24	Registration and Education.....	48	84	132	.42
25	Revenue	528	349	877	2.79
29	Youth Commission	334	174	508	1.61
30	Civil Service Commission.....	13	37	50	.16
31	Illinois Commerce Commission..	123	77	200	.64
32	Illinois Liquor Commission.....	33	23	56	.18
33	Illinois Public Aid Commission..	274	952	1,226	3.89
34	Illinois Veterans Commission ...	79	107	186	.59
35	Illinois State Militia.....	174	44	218	.69
50	Miscellaneous Agencies	131	173	304	.97
	Inactive	3,565	2,412	5,977	18.99
	Totals	17,917	13,562	31,479	100.00

TABLE B
NUMBER OF MEMBERS AND TOTAL SALARIES AT
JUNE 30, 1956—CLASSIFIED BY AGE

Male Employees

Age at June 30, 1956	Number of Members	Aggregate Annual Salary Rate	Age at June 30, 1956	Number of Members	Aggregate Annual Salary Rate
17	1	\$ 3,684.00	53	496	\$ 2,029,116.00
19	6	17,556.00	54	481	2,030,556.00
20	38	106,572.00	55	454	1,979,868.00
21	51	146,316.00	56	486	1,983,840.00
22	70	204,648.00	57	480	2,040,936.00
23	49	153,972.00	58	570	2,314,968.00
24	55	184,476.00	59	490	2,004,876.00
25	97	339,780.00	60	513	2,098,800.00
26	125	452,724.00	61	515	2,057,988.00
27	142	526,056.00	62	436	1,763,280.00
28	202	816,696.00	63	360	1,461,948.00
29	233	954,552.00	64	340	1,348,272.00
30	268	1,165,584.00	65	271	1,053,996.00
31	276	1,171,824.00	66	221	873,528.00
32	285	1,254,936.00	67	197	800,280.00
33	279	1,235,460.00	68	161	657,036.00
34	270	1,194,120.00	69	133	514,728.00
35	295	1,231,560.00	70	125	477,456.00
36	284	1,175,784.00	71	83	309,300.00
37	238	992,568.00	72	51	192,096.00
38	295	1,222,884.00	73	25	84,540.00
39	294	1,182,348.00	74	37	124,512.00
40	313	1,303,728.00	75	22	69,084.00
41	306	1,258,236.00	76	17	53,736.00
42	349	1,493,784.00	77	11	37,512.00
43	353	1,481,388.00	78	9	24,768.00
44	376	1,564,080.00	79	6	20,184.00
45	417	1,750,248.00	80	10	27,648.00
46	441	1,873,848.00	81	4	10,908.00
47	450	1,964,592.00	82	2	4,440.00
48	510	2,190,360.00	84	1	3,312.00
49	466	1,934,832.00	85	1	2,028.00
50	521	2,233,668.00	87	1	3,480.00
51	481	2,095,608.00	89	1	1,524.00
52	506	2,128,512.00	90	1	1,344.00
				<hr/>	
				16,353	\$ 67,468,872.00
				Members with uncompleted membership records..... 1,564	6,452,724.00
				<hr/>	
				Totals.....	17,917
					\$ 73,921,596.00
				<hr/>	
				<hr/>	

TABLE C
NUMBER OF MEMBERS AND TOTAL SALARIES AT
JUNE 30, 1956—CLASSIFIED BY AGE

Female Employees					
Age at June 30, 1956	Number of Members	Aggregate Annual Salary Rate	Age at June 30, 1956	Number of Members	Aggregate Annual Salary Rate
18	4	\$ 10,416.00	50	383	\$ 1,209,780.00
19	63	152,112.00	51	387	1,237,116.00
20	144	352,272.00	52	387	1,231,584.00
21	192	472,380.00	53	379	1,190,532.00
22	177	461,940.00	54	385	1,206,324.00
23	150	395,508.00	55	338	1,090,932.00
24	145	396,132.00	56	444	1,413,204.00
25	147	398,184.00	57	306	936,456.00
26	146	410,904.00	58	369	1,128,540.00
27	162	458,292.00	59	334	1,062,432.00
28	131	370,152.00	60	363	1,110,996.00
29	166	475,966.00	61	311	957,048.00
30	166	492,492.00	62	248	745,776.00
31	148	423,348.00	63	259	795,660.00
32	149	436,368.00	64	204	640,572.00
33	170	481,704.00	65	171	533,664.00
34	184	574,596.00	66	164	510,924.00
35	199	600,372.00	67	118	377,712.00
36	207	610,764.00	68	121	386,544.00
37	206	610,788.00	69	77	249,384.00
38	212	636,252.00	70	68	217,992.00
39	221	664,920.00	71	26	80,460.00
40	234	706,908.00	72	24	67,740.00
41	280	855,216.00	73	12	34,452.00
42	291	921,084.00	74	10	24,264.00
43	336	1,044,084.00	75	6	12,996.00
44	299	941,556.00	76	7	17,100.00
45	343	1,093,752.00	77	2	5,784.00
46	358	1,151,112.00	78	3	8,424.00
47	354	1,133,952.00	79	2	6,264.00
48	385	1,245,708.00	83	2	3,852.00
49	385	1,218,312.00	85	1	2,760.00
				12,665	\$ 38,694,814.00
				897	2,740,559.00
				13,562	\$ 41,435,373.00

Members with uncompleted membership records.....

Totals.....

\$ 38,694,814.00

2,740,559.00

\$ 41,435,373.00

TABLE D
NUMBER OF MEMBERS AT JUNE 30, 1956
CLASSIFIED BY LENGTH OF SERVICE

Length of Service at June 30, 1956 (Years)	Number		Total
	Male	Female	
Less Than One Year.....	1,915	1,425	3,340
1.....	2,264	1,739	4,003
2.....	3,715	1,502	5,217
3.....	1,113	869	1,982
4.....	817	728	1,545
5.....	780	588	1,368
6.....	738	525	1,263
7.....	510	438	948
8.....	532	502	1,034
9.....	543	487	1,030
10.....	435	390	825
11.....	463	329	792
12.....	292	273	565
13.....	278	308	586
14.....	407	481	888
15.....	570	528	1,098
16.....	290	303	593
17.....	290	263	553
18.....	232	221	453
19.....	240	222	462
20.....	215	190	405
21.....	175	163	338
22.....	168	151	319
23.....	165	190	355
24.....	83	93	176
25.....	72	79	151
26.....	98	88	186
27.....	52	71	123
28.....	53	66	119
29.....	50	40	90
30.....	50	42	92
31.....	37	41	78
32.....	27	28	55
33.....	47	39	86
34.....	48	27	75
35.....	45	21	66
36.....	27	21	48
37.....	33	33	66
38.....	15	17	32
39.....	8	12	20
40.....	8	11	19
41.....	4	7	11
42.....	4	4	8
43.....	2	3	5
44.....	2	---	2

TABLE D—Concluded

Length of Service at June 30, 1956 (Years)	Number		Total
	Male	Female	
45.....	1	1	2
46.....	—	2	2
47.....	1	1	2
48.....	3	—	3
Totals	17,917	13,562	31,479

TABLE E
SERVICE RETIREMENT ANNUITANTS CLASSIFIED BY
AGE AT JUNE 30, 1956

MALE

Age at June 30, 1956	Number	Annual Payments
56.....	1	\$ 1,128.84
57.....	1	991.92
58.....	1	784.80
59.....	2	1,742.28
60.....	20	24,365.16
61.....	58	67,043.64
62.....	43	53,156.04
63.....	54	58,197.12
64.....	69	85,664.88
65.....	66	78,604.08
66.....	74	86,834.52
67.....	84	85,988.76
68.....	68	73,954.80
69.....	70	75,172.92
70.....	61	63,566.76
71.....	88	105,646.20
72.....	87	104,941.32
73.....	80	102,589.68
74.....	60	114,783.72
75.....	49	46,578.84
76.....	52	48,872.76
77.....	31	29,251.32
78.....	36	33,410.52
79.....	31	24,167.88
80.....	28	24,823.92
81.....	13	8,984.40
82.....	11	13,005.96
83.....	17	17,515.92
84.....	12	8,781.60
85.....	13	12,929.16
86.....	7	7,871.88
87.....	4	3,189.00
88.....	1	555.72
90.....	2	2,257.32
91.....	2	3,152.88
92.....	2	1,491.72
93.....	2	3,321.84
Totals	1,300	\$ 1,475,320.08

Average age—70.4 years.

Average allowance—\$1,134.86 per year.

TABLE F
SERVICE RETIREMENT ANNUITANTS CLASSIFIED BY
AGE AT JUNE 30, 1956

FEMALE

Age at June 30, 1956	Number	Annual Payments
53.....	1	\$ 717.96
57.....	2	1,315.92
58.....	1	737.52
59.....	4	2,083.92
60.....	9	6,254.64
61.....	41	39,655.20
62.....	45	47,809.44
63.....	36	36,986.52
64.....	46	39,438.48
65.....	48	42,160.80
66.....	69	73,558.56
67.....	62	57,184.44
68.....	63	57,223.68
69.....	52	48,876.48
70.....	55	48,429.60
71.....	77	77,318.28
72.....	77	78,124.56
73.....	49	46,206.48
74.....	41	43,506.12
75.....	47	40,906.92
76.....	41	32,412.24
77.....	35	29,094.12
78.....	33	23,997.60
79.....	20	13,082.04
80.....	23	16,297.20
81.....	22	17,426.88
82.....	3	1,585.80
83.....	4	4,088.40
84.....	5	3,477.60
85.....	3	3,034.56
86.....	6	5,335.08
87.....	2	1,216.68
Totals.....	1,022	\$939,543.72

Average age—70.1 years.
Average allowance—\$919.32 per year.

TABLE G
SERVICE RETIREMENT ANNUITANTS CLASSIFIED BY
AGE AT RETIREMENT

Age at Retirement	Number	
	Male	Female
53.....	.....	1
54.....	.....	.....
55.....	3	4
56.....	1	.....
57.....	.....	2
58.....	2	9
59.....	4	5
60.....	173	113
61.....	67	56
62.....	59	50
63.....	61	56
64.....	67	50
65.....	124	108
66.....	79	79
67.....	69	56
68.....	63	58
69.....	80	55
70.....	204	148
71.....	49	43
72.....	41	35
73.....	30	30
74.....	30	26
75.....	19	10
76.....	16	13
77.....	11	8
78.....	15	5
79.....	12	1
80.....	7	1
81.....	3	.....
82.....	3	.....
83.....	2	.....
84.....	5	.....
85.....	1	.....
Totals.....	1,300	1,022

Average age at retirement:

Male—66.9 years.

Female—66.4 years.

TABLE H
WIDOW ANNUITANTS CLASSIFIED BY AGE AT
JUNE 30, 1956

Age at June 30, 1956	Number	Annual Payments
39.....	1	\$ 874.80
40.....	1	419.04
41.....	1	629.88
45.....	3	2,088.12
47.....	3	3,422.16
48.....	1	749.76
49.....	2	3,539.04
51.....	2	1,064.40
52.....	2	1,737.96
53.....	1	555.96
56.....	2	2,587.92
57.....	6	4,999.20
58.....	5	4,406.16
59.....	4	3,787.44
60.....	10	8,381.28
61.....	3	1,581.00
62.....	7	6,182.16
63.....	6	5,877.96
64.....	6	4,115.28
65.....	4	2,940.72
66.....	3	1,563.12
67.....	2	913.92
68.....	3	3,373.56
69.....	4	2,817.48
70.....	4	3,048.96
71.....	4	3,367.32
72.....	6	3,140.52
73.....	2	2,480.28
74.....	1	845.16
75.....	1	618.48
78.....	1	204.72
81.....	1	346.32
Totals.....	102	\$ 82,660.08

Average Age—61.6 years.
Average annuity—\$810.39 per year.

TABLE I
DEATHS AMONG MEMBERS—AGE AND SERVICE DATA

Age of death— Nonoccupational	Number of Claims					
	Year Ended June 30, 1956			Year Ended June 30, 1955		
	Male	Female	Total	Male	Female	Total
18 to 21 incl.....	0	0	0	0	1	1
22 to 28 incl.....	1	2	3	4	2	6
29 to 34 incl.....	1	0	1	5	0	5
35 to 39 incl.....	2	2	4	4	2	6
40 to 44 incl.....	7	4	11	5	3	8
45 to 49 incl.....	11	4	15	17	5	22
50 to 54 incl.....	22	9	31	18	11	29
55 to 59 incl.....	23	6	29	37	10	47
60 to 64 incl.....	21	7	28	33	6	39
65 to 69 incl.....	17	5	22	21	7	28
70 and over.....	16	0	16	10	0	10
Totals	121	39	160	154	47	201
Number of Occupational Deaths	2	0	2	2	0	2
Totals	123	39	162	156	47	203
Nonoccupational Deaths:						
Less than 6 years of service				53%		
6 years of service or over				47%		
					46%	
					54%	

TABLE J
DEATH CLAIMS CLASSIFIED BY CAUSES OF DEATH
FISCAL PERIOD JULY 1, 1955 TO JUNE 30, 1956

Claims for Preceding Year Given for Comparison

Causes of Death	Number of Claims	
	Year Ended June 30, 1956	Year Ended June 30, 1955
Diseases of the Heart, Blood Vessels and Kidneys:		
Heart Diseases	108	110
Apoplexy	5	4
Nephritis	1	1
Cancer and Tumor.....	17	24
Pneumonia and Influenza.....	5	6
Diabetes	1	1
Liver Disease	1	15
Pulmonary Tuberculosis	1	9
Diseases of the Digestive Tract, Including Ulcers of the Stomach and Duodenum and Appendicitis.....	3	8
Automobile Accidents	5	6
Other Violent Death—Including War Deaths.....	9	7
All Other Causes.....	6	10
Causes Unknown	0	19
Totals	162	220
Above statistics classified as follows:		
Nonoccupational	160	216
Occupational	2	4
Totals	162	220

TABLE K
STATISTICS ON WITHDRAWALS WITH REFUNDS

Classified by Age at Withdrawal

Age at Withdrawal	Number of Refunds Year Ended June 30, 1956		
	Male	Female	Total
17-19 incl.....	5	9	14
20-24 incl.....	117	300	417
25-29 incl.....	230	195	425
30-34 incl.....	242	149	391
35-39 incl.....	148	127	275
40-44 incl.....	142	111	253
45-49 incl.....	161	80	241
50-54 incl.....	131	64	195
55-59 incl.....	96	68	164
60-64 incl.....	86	36	122
65-69 incl.....	24	13	37
70 and over.....	16	5	21
No age data.....	20	22	42
Totals	1,418	1,179	2,597

Classified by Length of Service

	Male	Female	Total
Less than 1 year.....	286	231	517
1 year.....	503	397	900
2 years.....	273	179	452
3 years.....	121	113	234
4 years.....	71	78	149
5 years and over.....	164	181	345
Totals	1,418	1,179	2,597

SCHEDULE 1

SUMMARY BY DEPARTMENTS OF BENEFIT CLAIMS COVERING
 THE PERIOD FROM JULY 1, 1955 TO JUNE 30, 1956

Code No.	Name of Department	Service Retirement Allowance	Ordinary Death	Accidental Death	Ordinary Disability	Accidental Disability	Reversionary Annuity	Death Benefit After Retirement	Widow's Annuities
1.	Governor	—	—	—	—	—	—	—	—
2.	Lieutenant Governor	—	—	—	—	—	—	—	—
3.	Secretary of State	20	17	—	4	—	—	—	2
4.	Auditor of Public Accounts	6	3	—	1	—	—	1	1
5.	Treasurer	2	—	—	—	—	—	—	—
6.	Attorney General	—	2	—	1	—	—	—	—
7.	Public Instruction	1	—	—	—	—	—	—	—
8.	Courts	6	—	—	—	—	—	—	—
9.	State Officers	—	1	—	—	—	—	—	—
10.	Aeronautics	1	—	—	—	—	—	—	—
11.	Agriculture	5	4	—	1	—	—	—	1
12.	Conservation	2	3	—	—	—	—	—	1
13.	Finance	2	1	—	1	—	—	—	—
14.	Insurance	2	1	—	3	—	—	1	—
15.	Labor	20	11	—	23	—	—	1	3
17.	Mines and Minerals	2	1	—	—	—	—	—	—
18.	Board of Vocational Education	—	—	—	—	—	—	—	—
20.	Public Health	2	3	—	6	—	—	—	1
21.	Public Safety	34	15	—	28	1	—	1	3
22.	Public Welfare	176	50	—	117	15	—	13	10
23.	Public Works and Buildings	42	25	2	13	17	—	—	10
24.	Registration and Education	1	3	—	2	—	—	—	—
25.	Revenue	6	9	—	1	1	—	—	1
29.	Illinois Youth Commission	8	1	—	2	—	—	—	1

SCHEDULE 1—Concluded

Code No.	Name of Department	Service Retirement Allowance	Ordinary Death	Accidental Death	Ordinary Disability	Accidental Disability	Reversionary Annuity	Death Benefit After Retirement	Widow's Annuities
30.	Civil Service Commission	8	—	—	—	—	—	—	—
31.	Illinois Commerce Commission	20	5	—	3	—	—	—	2
32.	Illinois Liquor Control Commission	3	1	—	1	—	—	—	4
33.	Illinois Public Aid Commission	1	2	—	1	—	—	—	—
34.	Illinois Veterans' Commission	1	2	—	1	—	—	—	1
35.	Illinois State Militia	1	2	—	1	—	—	—	1
50.	Miscellaneous Agencies	—	—	—	—	—	—	—	—
	Totals	371	160	2	209	37	0	17	42
	Pending and Uncompleted	0	0	2	0	0	0	0	0
	Totals	371	160	4	209	37	0	17	42

SCHEDULE 2
SERVICE RETIREMENT ALLOWANCE EFFECTIVE
DURING THE PERIOD FROM JULY 1, 1955
TO JULY 30, 1956

Summary by Departments

Code No.	Name of Department	Year Ended June 30	
		1956	1955
03	Secretary of State.....	20	33
04	Auditor of Public Accounts.....	6	6
05	Treasurer	2	3
07	Public Instruction	1	1
08	Courts	0	2
09	State Officers	6	4
10	Aeronautics	1	0
11	Agriculture	5	5
12	Conservation	2	3
13	Finance	2	1
14	Insurance	2	2
15	Labor	20	21
17	Mines and Minerals.....	2	3
20	Public Health	2	9
21	Public Safety	34	42
22	Public Welfare	176	221
23	Public Works and Buildings.....	42	32
24	Registration and Education.....	1	0
25	Revenue	6	10
29	Youth Commission	8	8
30	Civil Service Commission.....	0	1
31	Illinois Commerce Commission.....	8	4
33	Illinois Public Aid Commission.....	20	22
34	Illinois Veterans' Commission.....	3	2
35	Illinois State Militia.....	1	1
50	Miscellaneous Agencies	1	1
	Totals	371	437
	Pending and Uncompleted.....	0	0
	Totals	371	437

SCHEDULE 3

WIDOWS' ANNUITIES EFFECTIVE DURING THE PERIOD
FROM JULY 1, 1955 THROUGH JUNE 30, 1956

Summary by Departments

Code No.	Name of Department	Year Ended June 30	
		1956	1955
03	Secretary of State.....	2	1
04	Auditor of Public Accounts.....	1	0
09	State Officers.....	0	1
11	Agriculture.....	1	2
12	Conservation.....	1	0
13	Finance.....	0	1
15	Labor.....	3	3
20	Public Health.....	1	0
21	Public Safety.....	3	3
22	Public Welfare.....	10	9
23	Public Works and Buildings.....	10	11
25	Revenue.....	1	2
29	Youth Commission.....	1	0
32	Illinois Liquor Control Commission.....	2	0
33	Illinois Public Aid Commission.....	4	1
35	Illinois State Militia.....	1	0
50	Miscellaneous Agencies.....	1	0
	Totals.....	42	34
	Pending and Uncompleted.....	0	0
	Totals.....	42	34

SCHEDULE 4

NONOCCUPATIONAL DEATH CLAIMS COVERING THE
PERIOD FROM JULY 1, 1955 TO JUNE 30, 1956

Summary by Departments

Code No.	Name of Department	Year Ended June 30	
		1956	1955
03	Secretary of State.....	17	9
04	Auditor of Public Accounts.....	3	5
05	Treasurer.....	0	1
06	Attorney General.....	2	3
08	Courts.....	0	2
09	State Officers.....	1	1
10	Aeronautics.....	0	1
11	Agriculture.....	4	2
12	Conservation.....	3	5
13	Finance.....	1	2
14	Insurance.....	1	2
15	Labor.....	11	11
17	Mines and Minerals.....	1	0
20	Public Health.....	3	3
21	Public Safety.....	15	23
22	Public Welfare.....	50	58
23	Public Works and Buildings.....	25	40
24	Registration and Education.....	3	0
25	Revenue.....	9	6
29	Youth Commission.....	1	6
31	Illinois Commerce Commission.....	0	6
33	Illinois Public Aid Commission.....	5	7
34	Illinois Veterans' Commission.....	1	2
35	Illinois State Militia.....	2	3
50	Miscellaneous Agencies.....	2	3
	Totals	160	201
	Pending and Uncompleted	0	15
	Totals	160	216

SCHEDULE 5

OCCUPATIONAL DEATH CLAIMS COVERING THE PERIOD
FROM JULY 1, 1955 TO JUNE 30, 1956

Summary by Departments

Code No.	Name of Department	Year Ended June 30	
		1956	1955
12	Conservation	0	1
23	Public Works and Buildings.....	2	1
	Totals	2	2
	Pending and Uncompleted.....	2	2
	Totals	4	4

SCHEDULE 6

NONOCCUPATIONAL DISABILITY CLAIMS COVERING THE
PERIOD FROM JULY 1, 1955 TO JUNE 30, 1956

Summary by Departments

Code No.	Name of Department	Year Ended June 30	
		1956	1955
03	Secretary of State.....	4	5
04	Auditor of Public Accounts.....	1	0
06	Attorney General.....	1	1
10	Aeronautics.....	0	1
11	Agriculture.....	1	0
13	Finance.....	1	1
14	Insurance.....	3	0
15	Labor.....	23	17
20	Public Health.....	6	5
21	Public Safety.....	28	18
22	Public Welfare.....	117	108
23	Public Works and Buildings.....	13	13
24	Registration and Education.....	2	0
25	Revenue.....	1	3
29	Illinois Youth Commission.....	2	2
33	Illinois Public Aid Commission.....	3	5
34	Illinois Veterans' Commission.....	1	2
35	Illinois State Militia.....	1	1
50	Miscellaneous Agencies.....	1	2
	Totals.....	209	184
	Pending and Uncompleted.....	0	5
	Totals.....	209	189

SCHEDULE 7

OCCUPATIONAL DISABILITY CLAIMS COVERING THE PERIOD FROM JULY 1, 1955 TO JUNE 30, 1956

Summary by Departments

Code No.	Name of Department	Year Ended June 30	
		1956	1955
20	Public Health	0	1
21	Public Safety	1	0
22	Public Welfare	15	25
23	Public Works and Buildings.....	17	18
25	Revenue	1	0
33	Illinois Public Aid Commission.....	3	1
	Totals	37	45
	Pending and Uncompleted.....	0	11
	Totals	37	56

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SCHEDULE 8

DEATH BENEFITS AFTER RETIREMENT COVERING THE
PERIOD FROM JULY 1, 1955 TO JUNE 30, 1956EXCESS OF ACCUMULATED CONTRIBUTIONS OVER PENSION
PAYMENTS RECEIVED

Summary by Departments

Code No.	Name of Department	Year Ended June 30	
		1956	1955
03	Secretary of State.....	0	1
04	Auditor of Public Accounts.....	1	0
11	Agriculture	0	1
14	Insurance	1	1
15	Labor	1	0
21	Public Safety	1	0
22	Public Welfare	13	5
23	Public Works and Buildings.....	0	1
33	Illinois Public Aid Commission.....	0	1
	Totals	17	10
	Pending and Uncompleted.....	0	0
	Totals	17	10

SCHEDULE 9

REVERSIONARY ANNUITIES EFFECTIVE DURING THE
PERIOD FROM JULY 1, 1955 TO JUNE 30, 1956

Summary by Departments

Code No.	Name of Department	Year Ended June 30	
		1956	1955
07	Public Instruction	0	1
22	Public Welfare	0	1
	Totals	0	2

APPENDIX

SUMMARY OF BENEFIT AND CONTRIBUTION PROVISIONS OF STATE EMPLOYEES' RETIREMENT ACT*

BENEFITS

1. Service Retirement Allowance

Retirement is optional with a member upon attainment of the age of 60 years, provided at least 8 years of service has been completed.

Effective July 7, 1955, members of the State highway police may retire beginning at age 55, with at least 25 years of credited service as a State highway policeman, on a service retirement allowance equal to 50% of average final compensation. In order to qualify for this allowance, the member must be in State service as a highway policeman when he attains age 50. These members contribute an additional 1% of salary, or a total rate of 8%.

In the case of a member withdrawing from service prior to the age of 55 years, a vested interest in a retirement allowance attaches upon completion of 15 or more years of service. If the member withdraws from service upon or after attainment of the age of 55 years, a vested right is established if he has 8 or more years of service.

The allowance consists of the following:

- (a) An annuity which is equal to 1/120th of average final compensation for each year of membership service, i.e., service after January 1, 1944.
- (b) A State annuity equal to 1/120th of average final compensation of the member for each year of membership service, not to exceed 36 years.
- (c) A prior service annuity equal to 1/60th of average final compensation for each credited year of prior service, i.e., service before January 1, 1944, not to exceed 35 years.

Limitations and Guarantees. A service retirement allowance to any member cannot exceed 60% of average final compensation, provided that the service retirement allowance to any member who was in service on July 1, 1951 cannot be less than the amount to which he was entitled under the provisions of the Act in effect prior to that date.

Estimating Retirement Allowance. The retirement allowance set out in the foregoing paragraphs labeled (a), (b) and (c) is equal to $1\frac{2}{3}\%$ of average final compensation multiplied by the total number of years of credited service subject to the limitation as to prior service.

Optional Minimum Benefit. An optional minimum annual retirement benefit is provided in the case of any member aged 65 years or over, having 15 or more years of creditable service, equal to 1% of average final compensation per year of credited service, plus the sum of \$25.00 for each completed year of service, subject to a minimum payment of \$780.00 per year and a maximum payment of 60% of average final compensation.

Average Final Compensation. Average final compensation is defined to mean the average annual rate of earnable compensation for the five consecutive years within the last ten years of service prior to retirement when such average was highest, subject to a maximum of \$7,500.00 per year.

* This summary sets forth in brief the principal provisions of the plan of operation underlying the System but is not to be accepted as a substitute for the applicable law. The law must be considered as controlling under all circumstances.

Special Retirement Provision. Any member who has received ordinary disability benefit for the maximum period of time specified under the plan, who has attained an age of at least 55 years and has completed at least 15 years of service, may retire and receive a retirement allowance as of his attained age, without reduction in the amount thereof because of retirement before age 60. Effective July 1, 1955, any such member may retire beginning at age 50 if he has at least 20 years of credited service.

2. **Widow's Annuity**

This benefit consists of (a) a widow's annuity equal to one-half of the retirement allowance earned by the member at date of death or at date of retirement, whichever first occurs, provided he has at least 8 years of service, and (b) a lump sum death benefit payment of \$500.00.

A widow of a member in service on July 7, 1953 has the option (if no other beneficiary has been named), of electing to receive the widow's annuity in lieu of the ordinary death benefit payable by the System as a single payment. This option must be exercised by a widow within six months after death of the member occurring while in service. No such option is available upon death of a member after withdrawal from service or after retirement if an eligible widow exists. No option to the ordinary death benefit is operative in the case of the widow of an employee becoming a member of the System on or after July 7, 1953, unless the actuarial value of the widow's annuity (without the \$500.00 death benefit) is less than the single sum ordinary death benefit. A widow of a person becoming a member after that date is entitled to the ordinary death benefit option only if the actuarial value of the widow's annuity (without the \$500.00 death benefit) is less than the ordinary death benefit.

The widow's annuity begins when the widow attains age 55, if she is under 55 at date of the member's death, or on the date of death of the member if she is 55 years of age or over. If she has a minor child or children under age 18 in her care, the annuity begins at once, even though she is under age 55. In the latter case, the annuity is increased 5% of the member's annuity on account of each such child, subject to a maximum of 66 $\frac{2}{3}$ % of the retirement benefit earned by the member. The lump sum death benefit of \$500.00 is payable immediately following death of the member.

3. **Reversionary Annuity**

A member may elect to receive a reduced retirement allowance for himself and provide an annuity for a dependent designated beneficiary on an actuarial equivalent basis to be paid upon his death.

4. **Ordinary Disability Benefit**

This benefit is available to any member under the age of 65 years who has rendered at least five years of creditable service and who has been a contributor to the System for at least 12 months.

The amount of the benefit is 40% of earnable compensation* plus a credit of the applicable percentage of earnable compensation for service retirement allowance purposes. The benefit begins on the 31st day of absence from service on account of disability, is payable during the time a member shall not receive nor have a right to receive compensation, and may extend for an aggregate period of time not to exceed one-fourth of the member's period of service at date of disability, but in no event beyond age 65. Rate of benefit increased to 50% effective July 13, 1955 and applying to disability occurring on and after that date.

* Earnable compensation is defined to mean the full rate of the member's compensation, subject to a maximum of \$7,500.00 per year.

5. **Death Benefit—Death Before Retirement**

The accumulated contributions of the member are payable in event of death.

The ordinary death benefit, payable from State contributions, is payable upon death of a member while in service provided the member has been a contributor to the System for at least one year and has been in receipt of compensation within a period of 12 months prior to the date of death, with the following exception: In the case of a member in receipt of ordinary disability benefit, death benefit coverage is provided during the entire time disability benefits are payable.

The benefit payable from State contributions is an amount equal to one month's earnable compensation for each completed year of creditable service, not to exceed six months' salary.

6. **Death Benefit Upon Death After Retirement**

Upon death of a retired member who left no widow eligible for a widow's annuity, provided such member did not elect an annuity payable to his dependents after his death, a death benefit is payable to the person or persons nominated by the deceased member to receive such payment, or to his estate, equal to the excess, if any, of the amount of his accumulated contributions at time of his retirement on service retirement allowance over the total amount of all service retirement allowance payments received by the retired member.

7. **Accidental Disability Benefit**

This benefit is provided to any member under the age of 65 years becoming disabled as the direct result of injuries arising out of and in the course of employment.

The benefit is equal to 60% of earnable compensation plus a credit of the applicable percentage of earnable compensation for service retirement allowance purposes. The benefit is reduced by amounts received as Workmen's Compensation.

The benefit ceases upon termination of disability or upon attainment of age 65, whichever event first occurs. If termination of benefit is due to age, the member becomes entitled to a service retirement allowance and the minimum period of service prescribed for the receipt of a retirement benefit does not apply in such a case.

8. **Accidental Death Benefit**

Upon death of a member as the direct result of injuries arising out of and in the course of employment, his accumulated contributions are payable in full to his beneficiary, and if a widow survives she is entitled to a benefit equal to 50% of the member's earnable compensation which is payable during her widowhood. If there be no widow, or if the widow remarries or dies before any child of the deceased has attained the age of 18 years, each such child receives a monthly allowance of \$15.00, payable until attainment of age 18. The combined payments to children are not to exceed 50% of earnable compensation of the member.

If there be no widow nor minor children under age 18, a benefit of 50% of earnable compensation is payable to either surviving dependent parent for life. If none of the prescribed beneficiaries exist, no accidental death benefit is payable.

The accidental death benefit is reduced by amounts received as Workmen's Compensation.

9. **Refunds**

Upon withdrawal from service before retirement a member is entitled to a refund of all his contributions, without interest, including retirement benefit and widow's annuity contributions.

CONTRIBUTIONS

By Members. The members of the System contribute at the rate of 6% of their earnings by way of salary deductions. Male members are required to contribute an additional 1% of salary towards the widow's annuity. The maximum amount of earnings considered by the System for salary deductions is \$7,500.00 per year. Effective July 7, 1955, members of the State highway police contribute an additional 1% because of special retirement provisions applicable to State police personnel.

By the State. The State of Illinois is obligated to meet the remainder of the cost of the benefits provided by the System and expense of administration through biennial appropriations.

PRESERVATION OF RETIREMENT CREDITS

A member terminating his service as a State employee with less than the minimum of service required to qualify for a pension, who enters public employment in another capacity, leaving his retirement credit in the State Employees' Retirement System intact, may make use of his fractional retirement credit, under conditions prescribed by the statewide reciprocity law to which the State Employees' Retirement System has subscribed.

The combined service credits under the two or more retirement systems in which credits have been established would be available for determining eligibility for retirement annuity or widow's annuity. Proportionate annuities may be granted by each system according to its own formula, provided: (a) employment in all retirement systems in which credit has been established has terminated; (b) the longest qualifying period prescribed by any of the retirement systems involved in the combined credits has been fulfilled; (c) at least two years of creditable service has been established in each of the systems concerned; and (d) the minimum qualifying condition with respect to age has been attained under the system in which he last participated.

No transfer of funds between the several reciprocal retirement systems will be required. Each system assumes its own proportionate cost of the applicable fractional annuity.

ADMINISTRATION

A Board of Trustees, consisting of five members, administers the affairs of the System with the aid of a secretary. The principal functions of the Board are to resolve questions of policy, invest the reserve funds, formulate rules and regulations to implement the provisions of the law and generally institute and supervise matters of administration. The Secretary by law is the executive officer in charge of the administration of the System.