

1956/57

STATE EMPLOYEES' RETIREMENT SYSTEM OF ILLINOIS

FOURTEENTH ANNUAL STATEMENT
OF THE
BOARD OF TRUSTEES

June 30, 1957



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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

(Printed by authority of the State of Illinois.)

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Governor

Original from
UNIVERSITY OF ILLINOIS AT
URBANA-CHAMPAIGN

STATE EMPLOYEES' RETIREMENT SYSTEM OF ILLINOIS

BOARD OF TRUSTEES

(as constituted June 30, 1957)

ROY TUCHBREITER, Chairman
Chairman of the Board
Continental Assurance Company

HON. ELBERT S. SMITH
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. ELMER J. HOFFMAN
State Treasurer
Treasurer

A. A. WEINBERG
Consulting Actuary

*Deceased February 6, 1958.



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1956/57

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LETTER OF TRANSMITTAL


October 31, 1957

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

Sir:

In accordance with the Act governing the operation of the State Employees' Retirement System of Illinois, I take pleasure in submitting herewith, on behalf of the Board of Trustees of the System, its **FOURTEENTH ANNUAL STATEMENT**, covering the operation of the System for the fiscal year ended June 30, 1957.

Respectfully submitted,

A handwritten signature in cursive script, reading "Roy Lubliner".

Chairman

FINANCIAL AND STATISTICAL FACTS

Financial	Fiscal Year Ended June 30	
	1957	1956
Net Assets at End of Year	\$50,536,897.69	\$44,642,825.03
Increase in Net Assets	5,894,072.66	6,033,269.73
Investments (at Book Value)	48,979,742.79	43,298,194.83
Total Income for Year	10,828,100.18	10,143,408.38
Employee Contributions	7,034,435.42	6,539,678.41
State Contributions	2,241,074.44	2,241,074.44
Contributions from Federal Funds	255,812.72	254,327.53
Interest Income	1,296,777.60	1,108,328.00
Average Yield on Investments	2.78%	2.71%
Total Expenditures	4,934,024.25	4,110,137.36
Annuity and Benefit Payments	3,837,758.85	3,124,350.50
Refunds	1,096,265.40	985,786.86

Statistical

Number of Members at End of Year:		
Male	18,627	17,917
Female	14,495	13,562
Number of Members on Retirement at End of Year:		
Male	1,454	1,300
Female	1,204	1,022
Number of Retirements During Year	487	371
Retirants Returning to Service	22	19
Deaths Among Retirants During Year	129	100
Number of Widows Receiving Annuities at End of Year	156	102
Number of Widows' Annuity Claims During Year	55	42
Number of Nonoccupational Death Claims	216	160
Number of Nonoccupational Disability Claims	213	209
Number of Occupational Disability Claims	42	37
Number of Occupational Death Claims	4	2
Number of Withdrawal Benefits (refunds)	2,460	2,597

STATE EMPLOYEES' RETIREMENT SYSTEM OF ILLINOIS

**FOURTEENTH ANNUAL STATEMENT
of the
BOARD OF TRUSTEES**

There is presented herewith the Fourteenth Annual Statement of the Board of Trustees of the State Employees' Retirement System of Illinois for the fiscal year ended June 30, 1957. This statement includes, among other things, financial and statistical exhibits and schedules reflecting the operating experience of the System and its financial condition.

Membership Statistics

Number of Members, July 1, 1956.....		31,479
Additions:		
Employees qualifying for membership during the year.....	4,834	
		<u>36,313</u>
Deductions:		
Deaths due to occupational causes.....	4	
Deaths due to nonoccupational causes.....	216	
Deaths in service resulting in widows' annuities.....	24	
Separations with refunds.....	2,460	
Service retirements.....	487	3,191
		<u>3,191</u>
Number of Members, June 30, 1957.....		<u><u>33,122</u></u>

Membership during the year increased 5.2% compared with an increase of 7.4% last year.

There were 2,658 members on retirement receiving service retirement allowances at the close of the year. The changes in the retirement roll during the year were as follows:

Number of retirants, July 1, 1956.....	2,322	
Retirements during the year 1956-1957.....	487	
Total.....		<u>2,809</u>
Deaths.....	129	
Re-entrants into service.....	22	151
		<u>151</u>
Number of retirants, June 30, 1957.....		<u><u>2,658</u></u>

One hundred fifty-six widows were in receipt of benefit payments from the System at the close of the fourth year of operation with respect to this benefit. The total annual payments to these widows at June 30, 1957 amounted to \$117,431.52. Sixteen widows are entitled to deferred annuities which will become available when they attain age 55.

The changes in membership and in the number of service retirements during the last five fiscal years are illustrated by the following statistics:

Date June 30th	Members	Service Retirements	Widows' Annuities*
1953.....	26,068	1,367	.....
1954.....	28,684	1,731	27
1955.....	30,818	2,070	61
1956.....	31,479	2,322	102
1957.....	33,122	2,658	156

FINANCIAL REVIEW

The reserves available to meet the prescribed statutory obligations amounted to \$50,536,897.69. Of the total reserves at the close of the year 79.4% represented member contributions and 20.6% consisted of reserves derived from State appropriations. Total income for the year was \$10,828,100.18 and expenditures for annuity, benefit and refund payments amounted to \$4,934,027.52. The excess of income over expenditures was \$5,894,072.66, constituting the increase for the year in net assets.

A comparison of results of financial operations for the last five fiscal years is as follows:

Year Ended June 30	Total Income	Total Expenditures	Net Income	Net Assets at End of Year
1953.....	\$ 7,555,192.79	\$ 3,774,355.24	\$ 3,780,837.55	\$28,955,587.47
1954.....	7,765,219.03	3,631,644.66	4,133,574.37	33,089,161.84
1955.....	9,186,284.51	3,665,891.05	5,520,393.46	38,609,555.30
1956.....	10,143,408.38	4,110,138.65	6,033,269.73	44,642,825.03
1957.....	10,828,100.18	4,934,027.52	5,894,072.66	50,536,897.69

Financial statements, illustrating in detail the results of operations for the year and the financial condition of the System at the end of the year, are presented in the accountants' 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 independent accountants designated by the Auditor General of the State. The report of the accountants disclosed that the internal operating and accounting procedures of the System are satisfactory. The proper and accurate accounting of the income and expenditures of the System were confirmed.

Investments

While the law authorizes the purchase of municipal bonds both in the State of Illinois and outside of the State under specified conditions, in addition to United States Government Bonds, to date the Board has confined its investments exclusively to United States Government issues. The investment account, at June 30, 1957, consisting entirely of federal government bonds, amounted to \$48,717,000.00 at

* Became operative on July 7, 1953.

par value. The full descriptions of these bonds are embodied in the accountants' report.

The average yield on investments at the end of the year was 2.78% compared with 2.71% at the end of the preceding year.

New investments acquired during the year amounted to \$5,950,000.00 at par value consisting of the following government bonds:

Description	Interest Rate	Par Value	Yield
U. S. Treasury 2/15/1995.....	3.00%	\$ 2,950,000.00	3.22%
U. S. Treasury 6/15/1983/78.....	3.25%	3,000,000.00	3.31%
Total Purchases.....		\$ 5,950,000.00	Average 3.26%

U. S. Treasury Series "G" bonds in the amount of \$100,000.00 were redeemed during the year.

Committee Activities

The three standing committees maintained by the Board were all active during the year. The work of these committees accounts in large measure for the efficient operation of the System, resulting in the prompt disposition of policy questions and the expeditious payment of claims for annuities and benefits.

The Committee on Investments is composed of Roy Tuchbreiter, Chairman of the Board, Hon. Elmer J. Hoffman, Treasurer, and Trustee Morton H. Hollingsworth, Director of Finance.

The Policy Committee is charged with the duty of advising on important administrative questions. This committee consists of Trustee Charles H. Peeler, Chairman, Trustee Elmer R. Knight, Assistant Chief Highway Engineer, and L. C. Cortright, Secretary, members. A. A. Weinberg, Actuary, serves as technical adviser.

The Claims Committee reviews claims received by the System for retirement and other benefits, directs the administration and processing of these claims and makes recommendations for payment. The committee consists of Trustee Elmer R. Knight, Chairman, Thor Wanless, Attorney, and L. C. Cortright, Secretary.

LEGISLATION

A number of amendments to the State Employees' Retirement Act were enacted at the 1957 session of the General Assembly. Several of these amendments conferred additional rights and benefits to the members. Others were administrative and corrective in character designed to effectuate the administration of the System. The principal changes are briefly described.

1. **Removal of maximum salary measure.** The maximum salary measure of \$7,500.00 per year for member contributions and for the computation of allowances, annuities and benefits, was removed. From and after July 1, 1957, the actual salary of a member will be used for all purposes of the System, without exception.

2. **Reduction in period of service for vesting of pension credit.** Any State employee becoming separated from service on or after the effective date of this amendment, prior

Original from

to age 55, will be entitled to a vested interest in his retirement allowance, or in the widow's annuity, if he has at least 10 years of creditable service. Previous to this amendment, 15 years of creditable service was required for vesting of pension credit upon separation prior to age 55.

3. Extension of time for making contributions for first 12 months of service prior to becoming a member. Any State employee who became a member of the System after January 1, 1944 and failed to exercise the privilege of making contributions for the first 12 months of State service prior to membership (commonly referred to as the qualifying period) is granted the privilege of making contributions for such period of service. Such employee may thereby obtain membership service credit for the qualifying year. This reopened opportunity will expire on July 1, 1958.

4. Credit for intermittent service prior to membership. Any employee who first entered membership after January 1, 1944 by completing 12 months of qualifying service, and who rendered service between January 1, 1944 and the date when such 12 months of qualifying service began and who failed to make payments for such service within the period previously specified, is now entitled to make contributions for such service and receive membership service credit. This reopened opportunity will expire on July 1, 1958.

5. Privilege of withdrawal of waiver. Any State employee who waived membership in the System at the time of its establishment, namely, January 1, 1944, and who has not previously taken advantage of a like privilege, is again given an opportunity to withdraw his waiver prior to July 1, 1959 and become a member of the System.

6. Extension of period for notice of accidental disability. The period of time within which notice of accidental disability must be filed in the office of the Retirement System has been changed by amendment from 30 to 90 days.

7. Amendments affecting State police force. The special provisions of the Retirement Act affecting members of the State Police Force have been extended to the Superintendent of Highway Police on the same basis as other members of the force. Service for the State of Illinois, in any capacity other than as a member of the State highway police, may be used for the special service retirement allowance applicable to such persons, provided at least 20 years of the required minimum of 25 years of creditable service was rendered as a State highway policeman.

8. Option to receive ordinary death benefit or a widow's annuity. The eligible widow of any member, irrespective of the date on which he became a member of the System, is granted the option of receiving the ordinary death benefit or a widow's annuity. The restrictions and conditions governing this option have been removed.

9. Administrative changes. (a) **Change of title.** The reference in the Act to "Auditor of Public Accounts" has been changed to "Auditor General" to conform to certain revisions of the law relating to State administration.

(b) **Credit for service as a Judge or as a member of the General Assembly.** The provisions relating to credit in the System for service as a Judge of a Court of Record or as a member of the General Assembly have been clarified.

(c) **Effect on widow's annuity by marriage of minor child.** The provisions governing the change in the status of a widow's annuity upon marriage of a minor child, or the attainment of age 18 of a child, have been clarified.

(d) **Pension obligation on account of employees of "The Illinois State Toll Highway Commission".** The amounts representing the employers' obligation on account of members of the System who are employees of this Commission are to be contributed by the Commission from its own revenue. This contribution is to represent the full amount of the obligation incurred during the service rendered by such employees, according to rates to be computed by the Retirement System.

SOCIAL SECURITY UNIT

The Social Security Unit of the State Employees' Retirement System has continued to expand its scope of operations in keeping with an increase in the number of governmental units subscribing to social security and the increase in employee coverage.

At the close of the year, 1,031 governmental units having a total of 12,766 employees were under Social Security coverage and subject to the jurisdiction of this unit on behalf of the State of Illinois. The following statement illustrates the trend in coverage since September 15, 1953, when the Social Security Enabling Act for the State of Illinois became fully operative by the execution of the federal-state agreement which was necessary to effectuate coverage:

Date	COVERAGE	
	Number of Governmental Units	Number of Employees
September 15, 1953.....	.....	.....
June 30, 1954.....	217	4,517
June 30, 1955.....	496	8,393
June 30, 1956.....	775	10,460
June 30, 1957.....	1,031	12,766

Legislation enacted by the 70th General Assembly amended the Social Security Enabling Act of the State and gave effect to certain amendments to the Federal Social Security Act, approved in 1956, providing for disability benefits and an increase of $\frac{1}{4}$ of 1% in contributions on the part of the employees and the employers to cover the cost thereof.

Other legislation amending the Social Security Enabling Act of the State made it possible for local housing authorities, whose employees were under an established retirement plan, to extend Social Security coverage to such employees on a supplemental or integrated basis. The Enabling Act was further amended to make possible the coordination of Social Security with the Illinois Municipal Retirement Fund and the Illinois Municipal Public Utility Employees' Annuity and Benefit Fund.

As a result of such legislation, the number of public employees in Illinois who may come under Social Security, if coverage is approved by them under the referendum procedure prescribed by the Federal Social Security Act, will increase to approximately 45,000.

ACTUARIAL VALUATION AND SURVEY

The usual actuarial valuation of the assets and liabilities of the System was completed as of June 30, 1957. The results of this valuation are presented in the report of the Actuary as a part of this annual statement.

The law requires that the Actuary make a survey of the operating experience of the System every three years. Such a survey as of June 30, 1957 is now in progress.

CONCLUDING COMMENT

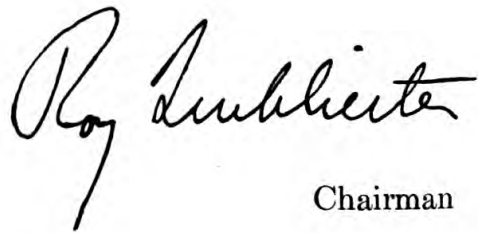
The results of the year's activities, reported herein, evidence a satisfactory state of affairs.

As in the past, the efforts of the Board will be directed toward the continued operation of the System in accordance with the provisions of the governing Act, to the end that the stated objectives of the System may be attained in full measure.

An expression of real appreciation is hereby recorded for the generous cooperation and assistance given by the Attorney General and the Treasurer during the year, and acknowledgment is also made of the faithful and efficient services of L. C. Cortright, Secretary, and the members of his staff.

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 financial statements of the STATE EMPLOYEES' RETIREMENT SYSTEM OF ILLINOIS as of June 30, 1957. These statements are presented as Exhibits A through G in this report. 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.

The financial statements covered by this opinion do not embody actuarial valuations.

In our opinion, the accompanying Exhibits A through G present fairly the financial position of the State Employees' Retirement System of Illinois at June 30, 1957, and the results of its operations for the year then ended, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

(Signed) ALEXANDER GRANT & COMPANY

Bloomington, Illinois
January 8, 1958

STATEMENT OF FUND AND ACCOUNT BALANCES
June 30, 1957

ASSETS

System Fund Account

Current Assets

Cash		\$ 988,642.10
Accounts receivable		
Members' contributions	\$513,871.79	
Cancellation of benefits paid	1,130.79	
Trust and Federal funds	5,041.50	520,044.08
Interest receivable on investments		231,010.08
Total current assets		\$ 1,739,696.26
Investments (at amortized cost)		
United States Government bonds		48,979,742.79
Total assets		\$50,719,439.05

Appropriation Account

Unexpended appropriations		\$ 94,126.70
		\$ 94,126.70

Inventory Account (At Cost)

Office equipment		\$ 48,692.97
Automobile		3,198.48
		\$ 51,891.45

Social Security Contribution Fund

Cash on hand		\$ 5,002.71
Deposit—State Treasurer		30,188.03
		\$ 35,190.74

Social Security General Revenue Fund

Cash on hand		\$ 155.50
		\$ 155.50

Note

This statement reflects all benefit claims for which formal application had been received at June 30, 1957.

STATEMENT OF FUND AND ACCOUNT BALANCES

June 30, 1957

LIABILITIES

System Fund Account

Current Liabilities			
Benefits payable.....		\$	75,366.07
Refunds payable.....			107,175.29
			<hr/>
Total current liabilities.....		\$	182,541.36
Members' Equity			
Members' contributions.....	\$36,285,572.79		
Interest accumulations.....	2,851,720.66		
Annuitants' death benefits.....	972,130.17		
Contingent general reserve.....	10,427,474.07		50,536,897.69
			<hr/>
Total liabilities.....		\$	50,719,439.05
			<hr/> <hr/>

Appropriation Account

Encumbrances.....		\$	16,794.15
Lapsed balance.....			77,332.55
			<hr/>
		\$	94,126.70
			<hr/> <hr/>

Inventory Account

Equipment inventory account.....		\$	51,891.45
			<hr/>
		\$	51,891.45
			<hr/> <hr/>

Social Security Contribution Fund

Receipts from political subdivisions.....		\$	5,190.74
Reserve for contingencies.....			30,000.00
			<hr/>
		\$	35,190.74
			<hr/> <hr/>

Social Security General Revenue Fund

Receipts from political subdivisions.....		\$	155.50
			<hr/> <hr/>

SYSTEM FUND ACCOUNT

BALANCE SHEET

June 30, 1957

ASSETS

Current Assets

Cash.....		\$	988,642.10
Accounts receivable			
Members' contributions.....	\$	513,871.79	
Cancellation of benefits.....		1,130.79	
Trust and Federal funds.....		5,041.50	520,044.08
			<hr/>
Interest receivable on investments.....			231,010.08
			<hr/>
Total current assets.....		\$	1,739,696.26

Investments

United States Government bonds (at amortized cost).....			48,979,742.79
			<hr/>
Total assets.....		\$	50,719,439.05

LIABILITIES

Current Liabilities

Benefits payable			
Accidental death.....	\$	65.74	
Accidental disability.....		5,516.26	
Ordinary death.....		21,584.78	
Ordinary disability.....		39,685.75	
Service retirement allowance.....		5,254.31	
Widows' annuity.....		3,259.23	\$ 75,366.07
			<hr/>
Refunds payable			
Resigned members.....	\$	106,172.72	
Erroneous deductions.....		966.34	
Other.....		36.23	107,175.29
			<hr/>
Total current liabilities.....		\$	182,541.36

Members' Equity (Reserves)

Members' contributions.....	\$36,285,572.79		
Interest accumulations.....	2,851,720.66		
Annuitants' death benefits.....	972,130.17		
Contingent general reserve.....	10,427,474.07		50,536,897.69
			<hr/>
Total liabilities.....		\$	50,719,439.05

Note

This statement reflects all benefit claims for which formal application had been received at June 30, 1957.

SYSTEM FUND ACCOUNT

STATEMENT OF INCOME AND EXPENDITURES

Year ended June 30, 1957

Income		
Contributions — payroll deductions.....	\$ 6,866,636.87	
Less refunds of erroneous deductions.....	9,074.85	\$ 6,857,562.02
<hr/>		
Credits to members' accounts which are based on disability benefits		
Accidental disability.....	\$ 8,361.94	
Ordinary disability.....	58,664.12	67,026.06
<hr/>		
Repayment of refunds—contributions.....	109,847.34	\$ 7,034,435.42
<hr/>		
Contributions—State, Trust and Federal Funds		
State of Illinois.....	\$ 2,241,074.44	
Federal funds.....	255,812.72	2,496,887.16
<hr/>		
Interest		
Investments (less amortization of bond premium).....	\$ 1,268,965.04	
Paid by members.....	27,812.56	1,296,777.60
<hr/>		
		\$10,828,100.18
Expenditures		
Benefits		
Annuity benefits		
Service retirement allowance.....	\$ 2,600,675.42	
Reversionary.....	8,926.35	
Widows.....	127,145.89	\$ 2,736,747.66
<hr/>		
Death benefits		
Active membership to time of death		
Return of contributions.....	\$ 247,265.82	
Interest.....	18,500.85	
State allowance.....	301,159.50	
After retirement.....	7,524.19	574,450.36
<hr/>		
Disability benefits.....		526,560.83
<hr/>		
Total benefits.....		\$ 3,837,758.85
<hr/>		
Refunds of contributions		
Members leaving service.....	\$ 1,091,699.78	
Widows' annuity contributions.....	4,565.62	1,096,265.40
<hr/>		
Adjustment and overpayments.....		3.27
<hr/>		
EXCESS OF INCOME OVER EXPENDITURES.....		\$ 5,894,072.66
<hr/> <hr/>		

Note

This statement reflects all benefit claims for which formal application had been received at June 30, 1957.

**SYSTEM FUND ACCOUNT
 STATEMENT OF MEMBERS' EQUITY (RESERVES)
 Year ended June 30, 1957**

	ALLOCATED TO					Contingent
	Total	Members' contributions	Interest accumulations	Annuitants' Death Benefits	General Reserve	
Income						
Contributions						
By members.....	\$ 6,857,562.02	\$ 6,857,562.02	\$	\$	\$	
Based on disability benefits.....	67,026.06	67,026.06				
Repayment of refunds.....	109,847.34	109,847.34				
By State of Illinois.....	2,241,074.44					2,241,074.44
From Federal funds.....	255,812.72					255,812.72
Interest						
On bonds.....	1,268,965.04		522,507.77			746,457.27
Paid by members.....	27,812.56					27,812.56
Total income.....	\$ 10,828,100.18	\$ 7,034,435.42	\$ 522,507.77	\$	\$ 3,271,156.99	
Expenditures						
Benefit payments.....	\$ 3,837,758.85	\$ 247,265.82	\$	\$	\$ 3,590,493.03	
Refunds of contributions						
Members leaving service.....	1,091,699.78	1,091,699.78				
Widows' annuity contributions.....	4,565.62	4,565.62				
Overpayments.....	3.27					3.27
Total expenditures.....	\$ 4,934,027.52	\$ 1,343,531.22	\$	\$	\$ 3,590,496.30	
Excess of income over expenditures.....	\$ 5,894,072.66	\$ 5,690,904.20	\$ 522,507.77	\$	\$ (319,339.31)	
Opening balance—July 1, 1956.....	44,642,825.03	31,534,432.97	2,329,212.89	697,921.12	10,081,258.05	
Transfers						
Accumulated contributions of retired members transferred to Contingent General Reserve.....		(939,764.38)				665,555.33
ENDING BALANCE—JUNE 30, 1957.....	\$ 50,536,897.69	\$ 36,285,572.79	\$ 2,851,720.66	\$ 697,921.12	\$ 9,761,918.74	\$ 10,427,474.07

Note This statement reflects all benefit claims for which formal application had been received at June 30, 1957.

SYSTEM FUND ACCOUNT
SUMMARY STATEMENT OF INVESTMENTS
June 30, 1957

SUMMARIZED BY BOND TYPES

	Interest rate	Par value	Amortized cost value
Savings bonds, cumulative, series F.....		\$ 405,000.00	\$ 389,459.18
Savings bonds, series G.....	2.50	1,200,000.00	1,200,000.00
Savings bonds, series K.....	2.76	400,000.00	400,000.00
Treasury bonds.....	2.25	2,850,000.00	2,850,130.71
Treasury bonds.....	2.50	12,750,000.00	12,581,751.02
Treasury bonds, series A.....	2.50	250,000.00	250,000.00
Treasury bonds, series B.....	2.75	10,167,000.00	10,295,461.96
Treasury bonds.....	3.00	10,095,000.00	9,948,479.26
Treasury bonds.....	3.25	10,600,000.00	11,064,460.66
		<u>\$48,717,000.00</u>	<u>\$48,979,742.79</u>

SUMMARIZED BY MATURITY DATES

	Date		Book value
	Issue	Maturity	
Treasury bonds, 2¼%.....	11/15/45	12/15/62-59	\$ 300,022.41
Treasury bonds, 2¼%.....	6/1/45	6/15/62-59	2,550,108.30
Treasury bonds, 2½%.....	11/15/45	12/15/72-67	10,958,608.46
Savings bonds, series F.....	4/1/46	4/1/58	132,545.53
Savings bonds, series F.....	1/1/47	1/1/59	130,071.52
Savings bonds, series F.....	1/1/48	1/1/60	126,842.13
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	1,623,142.56
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	10,295,461.96
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	11,064,460.66
Treasury bonds, 3%.....	2/15/55	2/15/95	9,948,479.26
			<u>\$48,979,742.79</u>

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

Year ended June 30, 1957

	Appropriations	Unexpended balance July 1, 1956	Expenditures	Appropriation balance June 30, 1957
Personal services	\$ 244,500.00	\$ 134,488.03	\$ 120,743.72	\$13,744.31
Contractual services	81,000.00	45,640.15	32,207.62	13,432.53
Postage	6,000.00	3,010.00	3,010.00	.....
Travel	8,700.00	5,479.40	2,468.75	3,010.65
Commodities	2,000.00	1,793.44	1,242.02	551.42
Equipment	6,000.00	5,353.08	4,391.75	961.33
Stationery, printing and office supplies	19,000.00	11,737.65	10,707.79	1,029.86
Contingencies	2,500.00	2,500.00	.....	2,500.00
Administrative expenses of Widows' Annuity Benefits	24,000.00	21,963.31	6,598.81	15,364.50
Administrative expenses of Social Security Enabling Act	95,000.00	72,182.32	28,650.22	43,532.10
Payment to Social Security Contributions Fund	15,000.00	.....	.....	.....
State's contribution to meet increase in Ordinary Dis- ability Benefits	150,000.00	.....	.....	.....
State's contribution to Re- tirement System	4,332,148.88	2,166,074.44	2,166,074.44	.....
	<u>\$4,985,848.88</u>	<u>\$2,470,221.82</u>	<u>\$2,376,095.12</u>	<u>\$94,126.70</u>

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

Year ended June 30, 1957

Social Security Contribution Fund

Balance—July 1, 1956.....		\$ 39,167.80
Receipts		
Participating political subdivisions		
Contributions.....	\$914,713.28	
Interest.....	2.25	914,715.53
		<hr/>
		\$953,883.33
Disbursements		
Treasurer of United States.....		918,692.59
		<hr/>
BALANCE—JUNE 30, 1957.....		\$ 35,190.74
		<hr/> <hr/>

General Revenue Fund

Receipts		
Political subdivision prorata share of administrative expenses.....		\$ 27,906.80
On hand at June 30, 1957.....		155.50
		<hr/>
DEPOSITS INTO STATE TREASURY FOR YEAR ENDED		
JUNE 30, 1957.....		\$ 27,751.30
		<hr/> <hr/>

REPORT OF THE FOURTEENTH ANNUAL VALUATION OF THE ASSETS AND LIABILITIES OF THE STATE EMPLOYEES' RETIREMENT SYSTEM OF ILLINOIS AS OF JUNE 30, 1957

This report presents the results of the Fourteenth Annual Valuation of the assets and liabilities of the State Employees' Retirement System of Illinois, as of June 30, 1957. This valuation was made pursuant to the authority prescribed in the Act governing the System which requires that the actuary

"shall make an annual valuation of the liabilities and reserves of the system, an annual determination of the amount of contributions required from the State under the Act, and certify the results to the board."

Basis of Valuation

The benefit and contribution provisions, as amended and in force July 8, 1957, were used for this valuation. These provisions are summarized in the appendix.

Statistics

The statistics required for the preparation of this report were compiled and tabulated in the office of the Retirement System under the supervision of L. C. Cortright, Secretary, and submitted to us in a satisfactory form.

Membership

	Male	Female	Combined
Number of members.....	18,627	14,495	33,122
Proportion of total	56.2%	43.8%	100.0%
Aggregate annual salaries.....	\$77,952,890.00	\$44,758,675.00	\$122,711,565.00
Average salary.....	\$4,185.00	\$3,088.00	\$3,705.00
Average age (years).....	48.6	46.8	47.8
Average period of service.....	7.7	8.5	8.1

Service Retirements

	Male	Female	Combined
Number.....	1,454	1,204	2,658
Proportion of total	54.7%	45.3%	100.0%
Aggregate annual payments.....	\$1,656,798.84	\$1,120,243.56	\$2,777,042.40
Average annual payment.....	\$1,139.00	\$930.00	\$1,045.00
Average age at June 30, 1957.....	70.3	70.1	70.2
Average age at retirement.....	66.4	66.1	66.3

Other Benefits In Force

	Num- ber	Annual Payments	Average Annuity	Average age at June 30, 1957
(a) Widows' annuities.....	156	\$117,431.00	\$ 752.00	62.6
(b) Deferred widows' annuities—deferred to age 55.....	16	12,031.44	752.00	50.8
(c) Reversionary annuities in force.....	11	9,636.36	876.00	71.5
(d) Prospective reversionary annuities.....	13	8,283.84	637.00	69.1
(e) Accidental death benefits.....	56	85,161.84	1,521.00	59.3

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Results of Valuation

A Valuation Balance Sheet is appended to this report. This statement illustrates the financial condition of the System at June 30, 1957 from a technical standpoint. Total liabilities are shown at \$221,378,624.00 of which the sum of \$140,509,653.00 had accrued at June 30, 1957. To meet these accrued liabilities, the System had available assets, after allowing for future refunds to present members, the sum of \$36,183,534.00. The excess of the accrued liabilities over the assets available to meet these liabilities amounted to \$104,326,119.00. This constitutes the actuarial reserve deficiency. It represents a deferred obligation of the State of Illinois to be discharged by future appropriations.

This deferred obligation increased during the year in the amount of \$10,694,388.00. The increase was due principally to two factors: (1) allocations to the System by the State of Illinois on practically a cash basis, thus deferring the major part of the accruing liabilities; and (2) substantive amendments to the Act in 1957 effecting an increase in both the current and deferred obligations of the State, consisting of the removal of the salary ceiling and a liberalization of the provisions for vesting.

Because of the deferred aspects of the method of financing the State's obligation to the System, the appropriation requirements from the State of Illinois for future years will be in steadily increasing amounts. These requirements will rise sharply as the System broadens its operations.

Prior Service Liability

This liability represents pension credits accruing on account of service rendered prior to the date of establishment of the System, namely, January 1, 1944. Statistics pertinent to these credits are as follows:

	Male	Female	Total
Number of members with prior service credit.....	3,840	3,819	7,659
Proportion of total.....	50.0%	49.9%	100.0%
Total years prior service.....	39,512	32,868	72,380
Total liability.....	\$14,964,606.00	\$9,592,591.00	\$24,557,197.00
Average liability per member.....	\$3,897.00	\$2,511.00	\$3,206.00

Membership Service Liability

This liability for membership service consists of two parts, namely:

(a) The pension credits earned by the members toward the service retirement allowance during the period from January 1, 1944 to June 30, 1957, amounting to \$55,220,317.00. Members meet their proportionate share of the cost of these accrued pension credits for membership service through contributions to the System at the established rate of 6% of salary (7% for state police). Male members contribute an additional 1% for widow's annuity. The State of Illinois is obligated by law to meet the remainder of the liability after applying the contributions made by the members.

(b) The pension credits to be earned by the members during service to be rendered after June 30, 1957. This future service liability amounted to \$80,868,971.00.

Widow's Annuity

This annuity became operative on July 7, 1953. The accrued liability on account of this benefit at June 30, 1957 amounted to \$18,699,646.00.

Ordinary Death Benefit

This benefit consists of (1) the member's accumulated contributions, including interest, and (2) an amount equal to one-twelfth of the yearly earnable compensation of the member for the 12 months preceding his date of death, for each completed year of creditable service not to exceed six-twelfths of such compensation. The total amount of insurance represented by this benefit is \$32,987,239.00.

The number of claims for ordinary death benefits processed during each of the last five fiscal years were as follows:

Year Ended June 30th	Number of Claims
1953	216
1954	175
1955	216
1956	160
1957	216

Occupational Death

The number of beneficiaries on account of death due to occupational causes was 56, involving a liability of \$2,513,812.00. The total number of such claims incurred during the year was 4 compared with 2 such claims in the preceding year.

Occupational Disability

Claims processed during the year for occupational disability benefits increased from 37 to 42. The total number of claims processed by the System during the last five years was 249 or an average of about 50 per year. The rate of incidence of these claims, as in the case of occupational death, must be evaluated in terms of a long period of years rather than on a year-to-year basis. Benefit payments by the System are equal to 60% of salary less workmen's compensation.

Ordinary Disability

Statistics illustrating the number of non-occupational disability claims during each of the last five years are as follows:

Year Ended June 30th	Number of new claims
1953	157
1954	209
1955	189
1956	209
1957	213

Only members having at least five years of credited service, who are under age 65, are eligible for this benefit.

Withdrawal Benefits

The number of refund payments to members withdrawing from the System showed a slight decrease. This development reflects some measure of stability in State employment. The trend in the number and amount of these payments is illustrated in the following statistical summary:

Year Ended June 30th	Number of Withdrawal Benefits	Total Payments	Average Payment
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
1957	2,460	1,091,699.78	443.78

The increase in the average amount of refund payment for the year, in the face of a reduced number of withdrawals, was due, in large measure, to the larger individual contribution credits of the members resulting from the continued operation of the System.

Conclusion

The System is gradually broadening its operations. Membership is at the highest level in its history. Annuity and benefit payments are continuing their steady and persistent upward trend. This trend probably will maintain for a considerable period of years. Claims for disability benefits seem to have reached a normal level.

The System is making good progress and is fulfilling its objectives in a satisfactory manner. The administrative policies and methods of procedure in force reflect progressive principles and have resulted in a high standard of operating efficiency.

Respectfully submitted,

A. A. WEINBERG
Actuary

VALUATION BALANCE SHEET—JUNE 30, 1957

ASSETS

New Present Assets

Amount at June 30, 1957.....	\$50,536,897.00	
Less, provision for future refunds.....	14,353,363.00	\$ 36,183,534.00

Deferred Assets

Obligations of the members and the State of Illinois for retirement annuities and widows' annuities covering service after June 30, 1957—

Members:

Male.....	\$19,947,508.00	
Female.....	9,823,092.00	
State of Illinois.....	51,098,371.00	80,868,971.00

Unfunded Accrued Liability

Deferred obligation of the State of Illinois.....		104,326,119.00
Total Assets.....		\$221,378,624.00

VALUATION BALANCE SHEET—JUNE 30, 1957

LIABILITIES

Present Value of annuities and benefits in force—		
(a) Retirement annuities.....	\$27,954,769.00	
(b) Wives of retired members.....	2,242,316.00	
(c) Widows' Annuities.....	1,691,940.00	
(d) Reversionary Annuities.....	84,840.00	\$31,973,865.00
<hr/>		
Present Value of deferred annuities and benefits—		
(a) Reversionary Annuities.....	\$ 43,220.00	
(b) Widows' Annuities.....	193,495.00	
(c) Accidental death benefits.....	2,513,812.00	2,750,527.00
<hr/>		
Present Value of retirement annuities to members in service—		
(a) On account of service prior to January 1, 1944		
Male.....	\$14,964,606.00	
Female.....	9,592,591.00	24,557,197.00
<hr/>		
(b) On account of service January 1, 1944 to June 30, 1957—		
Male.....	\$33,204,855.00	
Female.....	22,015,462.00	55,220,317.00
<hr/>		
Present Value of widows' annuities on account of male members.....		18,699,646.00
<hr/>		
Present Value of retirement and widows' annuities on account of service after June 30, 1957—		
(a) Retirement annuities—		
Male.....	\$45,161,409.00	
Female.....	25,975,221.00	
(b) Widows' Annuities.....	9,732,341.00	80,868,971.00
<hr/>		
Reserve Requirements for other benefits—		
(a) Ordinary death benefit.....	\$ 6,205,305.00	
(b) Ordinary disability benefit.....	689,081.00	
(c) Accidental disability.....	43,183.00	
(d) Accidental death.....	370,532.00	7,308,101.00
<hr/>		
Total Liabilities.....		<u>\$221,378,624.00</u>

TABLE A
MEMBERSHIP BY DEPARTMENTS
JUNE 30, 1957

Code No.	Department	Number			Per cent of Total Membership
		Male	Female	Total	
1	Governor.....	8	10	18	.05
2	Lieutenant Governor.....	0	1	1	.01
3	Secretary of State.....	783	713	1,496	4.52
4	Auditor of Public Accounts.....	177	129	306	.92
5	Treasurer.....	62	28	90	.27
6	Attorney General.....	102	59	161	.49
7	Public Instruction.....	22	70	92	.28
8	Courts.....	39	25	64	.19
9	State Officers.....	135	69	204	.62
10	Aeronautics.....	18	13	31	.09
11	Agriculture.....	288	116	404	1.22
12	Conservation.....	433	58	491	1.48
13	Finance.....	74	133	207	.62
14	Insurance.....	65	49	114	.34
15	Labor.....	924	1,233	2,157	6.52
17	Mines and Minerals.....	59	9	68	.21
20	Public Health.....	254	551	805	2.43
21	Public Safety.....	1,983	221	2,204	6.65
22	Public Welfare.....	3,706	5,959	9,665	29.19
23	Public Works and Buildings.....	4,101	399	4,500	13.59
24	Registration and Education.....	49	86	135	.41
25	Revenue.....	563	419	982	2.96
28	Personnel.....	7	7	14	.04
29	Youth Commission.....	397	196	593	1.79
30	Civil Service Commission.....	10	42	52	.16
31	Illinois Commerce Commission.....	127	75	202	.61
32	Illinois Liquor Commission.....	31	22	53	.16
33	Illinois Public Aid Commission.....	272	978	1,250	3.77
34	Illinois Veterans' Commission.....	78	99	177	.53
35	Illinois State Militia.....	158	42	200	.60
50	Miscellaneous Agencies.....	162	207	369	1.11
	Inactive.....	3,540	2,477	6,017	18.17
	Totals.....	18,627	14,495	33,122	100.00

TABLE B

**NUMBER OF MEMBERS AND TOTAL SALARIES AT
JUNE 30, 1957—CLASSIFIED BY AGE AND SEX**

Male Employees

Age at June 30, 1957	Number of Members	Aggregate Annual Salary Rate	Age at June 30, 1957	Number of Members	Aggregate Annual Salary Rate
18	1	\$ 3,684.00	53	529	\$2,253,936.00
19	11	31,632.00	54	523	2,161,548.00
20	19	53,472.00	55	496	2,107,452.00
21	55	169,944.00	56	479	2,119,056.00
22	72	224,580.00	57	504	2,065,236.00
23	81	261,384.00	58	519	2,182,200.00
24	79	276,996.00	59	590	2,424,504.00
25	99	362,952.00	60	492	2,015,076.00
26	144	562,224.00	61	468	1,902,912.00
27	165	660,072.00	62	489	1,971,948.00
28	172	678,576.00	63	403	1,640,424.00
29	236	992,736.00	64	341	1,396,932.00
30	256	1,097,460.00	65	310	1,226,088.00
31	278	1,241,760.00	66	247	962,664.00
32	306	1,355,592.00	67	197	793,632.00
33	305	1,380,516.00	68	178	733,284.00
34	299	1,367,280.00	69	143	580,272.00
35	286	1,280,172.00	70	113	445,956.00
36	305	1,308,000.00	71	103	401,700.00
37	297	1,267,152.00	72	79	291,504.00
38	240	1,029,456.00	73	52	188,316.00
39	302	1,280,988.00	74	20	68,736.00
40	311	1,265,604.00	75	30	108,000.00
41	340	1,429,836.00	76	18	57,252.00
42	316	1,332,852.00	77	12	40,404.00
43	368	1,607,676.00	78	9	30,900.00
44	371	1,577,076.00	79	8	21,660.00
45	396	1,661,364.00	80	5	16,944.00
46	435	1,878,900.00	81	9	24,024.00
47	457	1,948,584.00	82	2	5,940.00
48	470	2,056,704.00	83	2	4,440.00
49	542	2,331,012.00	85	1	3,312.00
50	490	2,070,516.00	86	1	2,028.00
51	540	2,348,892.00	88	1	3,480.00
52	535	2,298,552.00	91	1	1,344.00
				16,953	\$70,947,300.00
				1,674	7,005,590.00
				18,627	\$77,952,890.00

Members with uncompleted Membership Records.....

Totals.....

TABLE C

**NUMBER OF MEMBERS AND TOTAL SALARIES AT
JUNE 30, 1957—CLASSIFIED BY AGE AND SEX**

Female Employees					
Age at June 30, 1957	Number of Members	Aggregate Annual Salary Rate	Age at June 30, 1957	Number of Members	Aggregate Annual Salary Rate
18	6	\$ 15,048.00	53	413	\$1,327,644.00
19	80	197,172.00	54	417	1,319,088.00
20	164	416,364.00	55	400	1,260,648.00
21	171	442,836.00	56	372	1,209,312.00
22	187	486,420.00	57	461	1,470,144.00
23	164	439,248.00	58	322	1,002,288.00
24	170	475,764.00	59	393	1,214,952.00
25	141	402,156.00	60	331	1,053,288.00
26	151	417,300.00	61	343	1,064,508.00
27	156	455,820.00	62	290	903,036.00
28	172	501,492.00	63	237	732,720.00
29	130	366,936.00	64	235	741,144.00
30	195	555,408.00	65	191	616,344.00
31	172	515,808.00	66	136	427,200.00
32	174	519,024.00	67	147	462,396.00
33	159	463,596.00	68	103	325,860.00
34	194	560,844.00	69	108	347,616.00
35	220	691,200.00	70	59	188,040.00
36	238	725,748.00	71	54	173,220.00
37	232	689,604.00	72	22	68,112.00
38	228	677,952.00	73	19	54,528.00
39	238	729,984.00	74	11	30,852.00
40	246	740,412.00	75	7	17,340.00
41	265	816,372.00	76	5	12,720.00
42	312	967,764.00	77	7	16,572.00
43	324	1,039,116.00	78	1	2,760.00
44	370	1,156,608.00	79	2	5,664.00
45	336	1,070,208.00	80	2	6,420.00
46	376	1,215,588.00	84	2	3,960.00
47	388	1,251,096.00	86	1	2,760.00
48	384	1,243,716.00			
49	398	1,313,136.00			
50	417	1,330,524.00			
51	400	1,289,076.00			
52	393	1,266,672.00			
				13,442	\$41,507,148.00
Members with uncompleted Membership Records.....				1,053	3,251,527.00
Totals.....				14,495	\$44,758,675.00

TABLE D

**NUMBER OF MEMBERS AT JUNE 30, 1957
CLASSIFIED BY LENGTH OF SERVICE**

Length of Service at June 30, 1957 (Years)	Number		Total
	Male	Female	
Less Than One Year.....	2,198	1,655	3,853
1	2,268	2,033	4,301
2	1,665	1,294	2,959
3	3,102	1,234	4,336
4	1,025	731	1,756
5	715	662	1,377
6	665	531	1,196
7	721	490	1,211
8	517	446	963
9	475	466	941
10	524	455	979
11	441	362	803
12	471	317	788
13	276	264	540
14	258	296	554
15	396	482	878
16	537	486	1,023
17	270	276	546
18	274	247	521
19	229	225	454
20	228	212	440
21	186	168	354
22	158	158	316
23	160	146	306
24	153	170	323
25	79	86	165
26	70	75	145
27	90	79	169
28	48	65	113
29	49	62	111
30	49	39	88
31	46	44	90
32	38	36	74
33	25	28	53
34	47	35	82
35	43	23	66
36	40	19	59
37	24	19	43
38	25	28	53
39	13	17	30
40	7	9	16
41	7	8	15
42	3	7	10
43	4	4	8
44	1	2	3
45	2	0	2
46	1	2	3
47	0	1	1
48	3	1	4
49	1	0	1
Totals.....	18,627	14,495	33,122

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URBANA-CHAMPAIGN

TABLE E
SERVICE RETIREMENT ANNUITANTS CLASSIFIED BY
AGE AT JUNE 30, 1957

MALE		
Age at June 30, 1957	Number	Annual Payments
55	1	\$ 1,637.28
56	2	2,120.64
57	2	2,274.60
58	1	991.92
59	1	784.80
60	20	21,242.52
61	62	97,737.48
62	71	88,817.04
63	63	85,410.60
64	57	64,418.40
65	85	106,559.76
66	80	104,358.60
67	83	99,915.48
68	91	96,449.04
69	81	93,359.16
70	80	84,839.16
71	74	78,266.16
72	86	102,681.00
73	85	101,241.48
74	82	104,855.16
75	63	54,618.00
76	49	46,773.12
77	50	48,145.08
78	28	27,089.88
79	31	29,683.92
80	28	21,359.52
81	25	21,674.64
82	11	6,839.04
83	8	9,606.84
84	15	15,342.00
85	10	7,151.16
86	12	12,257.16
87	6	6,662.88
88	4	3,189.00
89	1	555.72
91	1	697.08
92	2	3,152.88
93	1	718.80
94	2	3,321.84
Totals	1,454	\$1,656,798.84

Average Age—70.3 years.

Average Allowance—\$1,139.90 per year.

TABLE F
SERVICE RETIREMENT ANNUITANTS CLASSIFIED BY
AGE AT JUNE 30, 1957

Age at June 30, 1957	Number	Annual Payments
54	1	\$ 979.08
55	1	1,148.40
56	1	1,059.48
58	2	1,315.92
59	1	737.52
60	24	23,691.72
61	38	31,075.80
62	55	54,471.72
63	58	62,422.44
64	47	46,421.88
65	56	50,160.60
66	74	75,298.20
67	81	74,062.92
68	75	72,182.40
69	71	62,188.56
70	69	65,615.40
71	68	63,351.36
72	80	81,047.76
73	77	77,822.40
74	49	46,356.84
75	40	42,746.52
76	45	39,723.36
77	41	33,169.56
78	34	27,124.68
79	31	22,890.84
80	20	13,082.04
81	23	16,297.20
82	22	17,426.88
83	2	852.84
84	4	4,088.40
85	4	2,972.76
86	3	3,034.56
87	5	4,206.84
88	2	1,216.68
Totals.....	1,204	\$1,120,243.56

Average Age—70.1 years.
Average Allowance—\$930.00 per year.

TABLE G
SERVICE RETIREMENT ANNUITANTS CLASSIFIED BY
AGE AT RETIREMENT

Age at Retirement	Number	
	Male	Female
53 .....	.....	1
54	1	1
55	5	4
56	2	1
57 .....	.....	2
58	1	9
59	4	5
60	226	158
61	82	72
62	74	65
63	69	67
64	72	55
65	139	136
66	86	88
67	79	69
68	78	67
69	91	71
70	209	155
71	47	49
72	39	34
73	33	32
74	30	25
75	14	10
76	15	13
77	11	9
78	16	4
79	12	1
80	6	1
81	4	.....
82	3	.....
83	1	.....
84	5	.....
Totals.....	1,454	1,204

Average Age at Retirement:

Male—66.4 years.

Female—66.1 years.

TABLE H
WIDOW ANNUITANTS CLASSIFIED BY AGE AT
JUNE 30, 1957

Age at June 30, 1957	Number	Annual Payments
37	1	\$1,568.40
40	1	874.80
41	1	419.04
42	1	629.88
44	1	914.64
46	3	2,053.20
48	3	3,346.56
49	1	749.46
50	3	4,485.72
52	2	1,064.40
53	2	1,674.72
54	1	555.96
55	3	1,797.36
56	4	3,210.84
57	7	6,291.24
58	8	5,917.80
59	6	5,188.08
60	8	6,447.12
61	12	9,706.32
62	6	3,561.96
63	10	8,852.76
64	9	7,621.08
65	8	4,640.88
66	8	5,441.64
67	6	3,557.28
68	3	1,234.68
69	4	3,933.96
70	7	3,647.64
71	5	3,997.20
72	4	3,366.12
73	7	3,473.64
74	1	1,297.44
75	2	2,609.88
76	5	2,249.04
77	1	290.64
79	1	204.72
82	1	346.32
Totals.....	<u>156</u>	<u>\$117,222.42</u>

Average Age—62.6 years.
Average annuity—\$751.00 per year.

TABLE I
DEATHS AMONG MEMBERS—AGE AND SERVICE DATA

Age at Death Nonoccupational	Number of Claims					
	Year Ended June 30, 1957			Year Ended June 30, 1956		
	Male	Female	Total	Male	Female	Total
18 to 21, incl.....	0	0	0	0	0	0
22 to 28, incl.....	0	1	1	1	2	3
29 to 34, incl.....	1	1	2	1	0	1
35 to 39, incl.....	7	1	8	2	2	4
40 to 44, incl.....	7	1	8	7	4	11
45 to 49, incl.....	16	5	21	11	4	15
50 to 54, incl.....	25	9	34	22	9	31
55 to 59, incl.....	42	7	49	23	6	29
60 to 64, incl.....	40	15	55	21	7	28
65 to 69, incl.....	17	9	26	17	5	22
70 or Over.....	10	2	12	16	0	16
Totals.....	165	51	216	121	39	160
Number of Occupational Deaths.....	4	0	4	2	0	2
Totals.....	169	51	220	123	39	162
Nonoccupational Deaths:						
Less than 6 years of service.....		55%		53%		
6 years of service or over.....		45%		47%		

TABLE J
DEATH CLAIMS CLASSIFIED BY CAUSES OF DEATH
FISCAL PERIOD JULY 1, 1956 TO JUNE 30, 1957

Claims for Preceding Year Given for Comparison

Causes of Death	Number of Claims	
	Year Ended June 30, 1957	Year Ended June 30, 1956
Diseases of the Heart, Blood Vessels and Kidneys:		
Heart Diseases.....	114	108
Apoplexy.....	1	5
Nephritis.....	4	1
Cancer and Tumor.....	40	17
Pneumonia and Influenza.....	15	5
Diabetes.....	1	1
Liver Disease.....	9	1
Pulmonary Tuberculosis.....	0	1
Diseases of the Digestive Tract, Including Ulcers of the Stomach and Duodenum and Appendicitis.....	12	3
Automobile Accidents.....	13	5
Other Violent Death—Including War Deaths.....	9	9
All Other Causes.....	2	6
Causes Unknown.....	0	0
Totals.....	220	162
Above statistics classified as follows:		
Nonoccupational.....	216	160
Occupational.....	4	2
Totals.....	220	162

TABLE K
STATISTICS ON WITHDRAWALS WITH REFUNDS

Classified By Age At Withdrawal

Age at Withdrawal	Number of Refunds	
	Year Ended June 30, 1957	Year Ended June 30, 1956
17-19 incl.....	9	14
20-24 incl.....	396	417
25-29 incl.....	343	425
30-34 incl.....	347	391
35-39 incl.....	262	275
40-44 incl.....	231	253
45-49 incl.....	203	241
50-54 incl.....	216	195
55-59 incl.....	194	164
60-64 incl.....	135	122
65-69 incl.....	55	37
70 and over.....	30	21
No age data.....	39	42
Totals.....	2,460	2,597

Classified By Length of Service

Less Than 1 year.....	452	517
1 year.....	676	900
2 years.....	453	452
3 years.....	361	234
4 years.....	142	149
5 years and over.....	376	345
Totals (as above).....	2,460	2,597

SCHEDULE 1
SUMMARY BY DEPARTMENTS OF BENEFIT CLAIMS COVERING
THE PERIOD FROM JULY 1, 1956 TO JUNE 30, 1957

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.....	1	1	...	...	...	...	...	...
2.	Lieutenant Governor.....	...	15	...	2	...	...	...	1
3.	Secretary of State.....	11	1	...	1	...	...	...	3
4.	Auditor of Public Accounts.....	6	1	...	...	...	...	...	1
5.	Treasurer.....	1	3	...	...	...	...	...	1
6.	Attorney General.....	1	1	...	1	...	...	1	...
7.	Public Instruction.....	1	1	...	...	...	...	1	...
8.	Courts.....	1	1	...	...	...	...	...	...
9.	State Officers.....	4	1	...	...	...	...	...	...
10.	Aeronautics.....	...	1	...	1	...	...	...	6
11.	Agriculture.....	9	5	2	...	...	...	...	...
12.	Conservation.....	8	2	...	6	...	...	...	...
13.	Finance.....	3	4	...	...	...	...	1	...
14.	Insurance.....	4	4	...	1	...	...	...	...
15.	Labor.....	25	18	...	...	...	...	...	3
16.	Mines and Minerals.....	3	1	...	...	...	...	...	...
17.	Board of Vocational Education.....	...	1	...	...	...	...	1	...
18.	Public Health.....	6	3	...	7	...	...	...	...
19.	Public Safety.....	38	23	...	20	...	...	...	8
20.	Public Welfare.....	237	67	...	128	22	...	4	19
21.	Public Works and Buildings.....	56	32	2	13	15	1	...	7
22.	Registration and Education.....	...	...	...	...	...	...	...	1
23.	Revenue.....	10	16	...	4	...	...	...	...
24.	Illinois Youth Commission.....	7	5	...	2	...	...	2	1
25.	Civil Service Commission.....	2	...	...	...	...	...	...	...
26.	Illinois Commerce Commission.....	3	2	...	...	...	...	...	...
27.	Illinois Liquor Control Commission.....	1	...	...	1	...	...	...	...
28.	Illinois Public Aid Commission.....	18	9	...	6	1	...	...	1
29.	Illinois Veterans' Commission.....	2	1	...	1	...	...	...	1
30.	Illinois State Militia.....	6	2	...	1	...	...	...	1
31.	Miscellaneous Agencies.....	3	1	...	1	...	...	...	1
Totals	487	216	4	213	42	1	9	55
Pending and Uncompleted	0	0	3	0	0	0	0	0
Totals	487	216	7	213	42	1	9	55

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SCHEDULE 2

SERVICE RETIREMENT ALLOWANCE EFFECTIVE DURING THE PERIOD FROM JULY 1, 1956 TO JUNE 30, 1957

Summary by Departments

Code No.	Name of Department	Year Ended June 30	
		1957	1956
01	Governor.....	1	0
03	Secretary of State.....	21	20
04	Auditor of Public Accounts.....	11	6
05	Treasurer.....	6	2
06	Attorney General.....	1	0
07	Public Instruction.....	1	1
08	Courts.....	1	0
09	State Officers.....	4	6
10	Aeronautics.....	0	1
11	Agriculture.....	9	5
12	Conservation.....	8	2
13	Finance.....	3	2
14	Insurance.....	4	2
15	Labor.....	25	20
17	Mines and Minerals.....	3	2
20	Public Health.....	6	2
21	Public Safety.....	38	34
22	Public Welfare.....	237	176
23	Public Works and Buildings.....	56	42
24	Registration and Education.....	0	1
25	Revenue.....	10	6
29	Youth Commission.....	7	8
30	Civil Service Commission.....	2	0
31	Illinois Commerce Commission.....	3	8
32	Illinois Liquor Control Commission.....	1	0
33	Illinois Public Aid Commission.....	18	20
34	Illinois Veterans Commission.....	2	3
35	Illinois State Militia.....	6	1
50	Miscellaneous Agencies.....	3	1
	Totals.....	487	371
	Pending and Uncompleted.....	0	0
	Totals.....	487	371

SCHEDULE 3
WIDOW'S ANNUITIES EFFECTIVE DURING THE PERIOD
FROM JULY 1, 1956 THROUGH JUNE 30, 1957

Summary by Departments

Code No.	Name of Department	Year Ended June 30	
		1957	1956
03	Secretary of State.....	1	2
04	Auditor of Public Accounts.....	3	1
05	Treasurer.....	1	0
06	Attorney General.....	1	0
08	Courts.....	1	0
11	Agriculture.....	6	1
12	Conservation.....	0	1
15	Labor.....	3	3
20	Public Health.....	0	1
21	Public Safety.....	8	3
22	Public Welfare.....	19	10
23	Public Works and Buildings.....	7	10
24	Registration and Education.....	1	0
25	Revenue.....	0	1
29	Youth Commission.....	1	1
32	Illinois Liquor Control Commission.....	0	2
33	Illinois Public Aid Commission.....	1	4
35	Illinois State Militia.....	1	1
50	Miscellaneous Agencies.....	1	1
	Totals.....	55	42
	Pending and Uncompleted.....	0	0
	Totals.....	55	42

SCHEDULE 4
NONOCCUPATIONAL DEATH CLAIMS COVERING THE
PERIOD FROM JULY 1, 1956 TO JUNE 30, 1957

Summary by Departments

Code No.	Name of Department	Year Ended June 30	
		1957	1956
02	Lieutenant Governor.....	1	0
03	Secretary of State.....	15	17
04	Auditor of Public Accounts.....	1	3
05	Treasurer.....	1	0
06	Attorney General.....	3	2
08	Courts.....	1	0
09	State Officers.....	1	1
11	Agriculture.....	1	4
12	Conservation.....	5	3
13	Finance.....	2	1
14	Insurance.....	4	1
15	Labor.....	18	11
17	Mines and Minerals.....	1	1
18	Board of Vocational Education.....	1	0
20	Public Health.....	3	3
21	Public Safety.....	23	15
22	Public Welfare.....	67	50
23	Public Works and Buildings.....	32	25
24	Registration and Education.....	0	3
25	Revenue.....	16	9
29	Youth Commission.....	5	1
31	Illinois Commerce Commission.....	2	0
33	Illinois Public Aid Commission.....	9	5
34	Illinois Veterans' Commission.....	1	1
35	Illinois State Militia.....	2	2
50	Miscellaneous Agencies.....	1	2
	Totals.....	216	160
	Pending and Uncompleted.....	0	0
	Totals.....	216	160

SCHEDULE 5

OCCUPATIONAL DEATH CLAIMS COVERING THE
PERIOD FROM JULY 1, 1956 TO JUNE 30, 1957

Summary by Departments

Code No.	Name of Department	Year Ended June 30	
		1957	1956
12	Conservation.....	2	0
23	Public Works and Buildings.....	2	2
	Totals.....	4	2
	Pending and Uncompleted.....	3	2
	Totals.....	7	4

SCHEDULE 6
NONOCCUPATIONAL DISABILITY CLAIMS COVERING THE
PERIOD FROM JULY 1, 1956 TO JUNE 30, 1957

Summary by Departments

Code No.	Name of Department	Year Ended June 30	
		1957	1956
03	Secretary of State.....	2	4
04	Auditor of Public Accounts.....	1	1
06	Attorney General.....	0	1
08	Courts.....	1	0
11	Agriculture.....	1	1
13	Finance.....	6	1
14	Insurance.....	0	3
15	Labor.....	18	23
20	Public Health.....	7	6
21	Public Safety.....	20	28
22	Public Welfare.....	128	117
23	Public Works and Buildings.....	13	13
24	Registration and Education.....	0	2
25	Revenue.....	4	1
29	Illinois Youth Commission.....	2	2
32	Illinois Liquor Control Commission.....	1	0
33	Illinois Public Aid Commission.....	6	3
34	Illinois Veterans' Commission.....	1	1
35	Illinois State Militia.....	1	1
50	Miscellaneous Agencies.....	1	1
	Totals.....	213	209
	Pending and Uncompleted.....	0	0
	Totals.....	213	209

SCHEDULE 7

OCCUPATIONAL DISABILITY CLAIMS COVERING THE
PERIOD FROM JULY 1, 1956 TO JUNE 30, 1957

Summary by Departments

Code No.	Name of Departments	Year Ended June 30	
		1957	1956
11	Agriculture.....	1	0
15	Labor.....	1	0
20	Public Health.....	1	0
21	Public Safety.....	1	1
22	Public Welfare.....	22	15
23	Public Works and Buildings.....	15	17
25	Revenue.....	0	1
33	Illinois Public Aid Commission.....	1	3
	Totals.....	42	37
	Pending and Uncompleted.....	0	0
	Totals.....	42	37

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SCHEDULE 8
DEATH BENEFITS AFTER RETIREMENT COVERING THE
PERIOD FROM JULY 1, 1956 TO JUNE 30, 1957

EXCESS OF ACCUMULATED CONTRIBUTIONS OVER PENSION
PAYMENTS RECEIVED

Summary by Departments

Code No.	Name of Department	Year Ended June 30	
		1957	1956
04	Auditor of Public Accounts.....	0	1
08	Courts.....	1	0
14	Insurance.....	1	1
15	Labor.....	0	1
20	Public Health.....	1	0
21	Public Safety.....	0	1
22	Public Welfare.....	4	13
29	Youth Commission.....	2	0
	Totals.....	9	17
	Pending and Uncompleted.....	0	0
	Totals.....	9	17

SCHEDULE 9

REVERSIONARY ANNUITIES EFFECTIVE DURING THE
PERIOD FROM JULY 1, 1956 THROUGH JUNE 30, 1957

Summary by Departments

Code No.	Name of Department	Year Ended June 30	
		1957	1956
23	Public Works and Buildings.....	1	0
	Totals.....	1	0
	Pending and Uncompleted.....	0	0
	Totals.....	1	0

APPENDIX

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

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.

Members of the State highway police may retire beginning at age 55, with at least 25 years of credited service (of which at least 20 years was rendered 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.

Vesting. Any State employee becoming separated from service on or after July 1, 1957, prior to age 55, is entitled to a vested interest in his retirement allowance, or in the widow's annuity, if he has at least 10 years of creditable service.

In the case of a member who left State service prior to age 55, with less than 10 years' service and who re-enters State service after age 55, additional service of at least 12 months must be rendered after such age to establish a minimum of 8 years of creditable service or a period of time sufficient to complete 10 years' service, whichever is the lesser, to qualify for a service retirement allowance at age 60 or over.

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., contributing 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.
- (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 1-2/3% of average final compensation multiplied by the total number of years of credited service subject to the aforesaid limitations.

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. This minimum is 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 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 prior to July 1, 1957. Such maximum measure was removed as of that date.

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.

* 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.

2. WIDOW'S ANNUITY

In order that a widow's annuity be payable, a member must have at least 8 years of creditable service.

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, and (b) a lump sum death benefit payment of \$500.00.

An eligible widow of a member has the option (if no other beneficiary has been named), of electing to receive the widow's annuity in lieu of the single payment ordinary death benefit. This option must be exercised by a widow within six months after death of the member occurring while in service; otherwise, the widow's annuity is payable. No such option is available upon death of a member after withdrawal from service or after retirement if an eligible widow survives. In such latter instance the widow's annuity is payable.

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 66-2/3% 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 50% of earnable compensation* plus a credit to the member's account of the applicable percentage of earnable compensation. 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 was 40% of salary prior to July 13, 1955 and applicable to disability occurring prior to that date.

5. DEATH BENEFIT—DEATH BEFORE RETIREMENT

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

The ordinary death benefit, provided by State contributions, is payable upon death of a member while in service if the member was a contributor to the System for at least one year and was 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-twelfth of the annual earnable compensation for each completed year of creditable service, not to exceed 50% of such compensation.

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. This benefit is equal to the excess, if any, of the amount of his accumulated contributions at time of his retirement on service retire-

* Prior to July 1, 1957, earnable compensation was defined to mean the full rate of the member's compensation, subject to a maximum of \$7,500.00 per year; from and after that date the actual salary is used.

ment 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 injury or disease arising out of and in the course of employment.

The benefit is equal to 60% of earnable compensation plus a credit to the member's account of the applicable percentage of earnable compensation. The benefit is reduced by amounts provided 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 injury sustained or a hazard undergone while in the course of employment, his accumulated contributions are payable in full to his beneficiary. If a widow survives she is entitled to a benefit equal to 50% of the member's earnable compensation for the 12 months preceding death, payable during 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. In such a case the ordinary death benefit is applicable.

The accidental death benefit is reduced by amounts provided 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.

A male member having no wife eligible for annuity at date of his retirement is entitled to a refund of widow's annuity contributions without interest.

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 toward the widow's annuity. 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.

The employer's obligation on account of members who are employees of the Illinois State Toll Highway Commission is to be contributed by the Commission from its own revenues, on an actuarial basis, according to rates fixed by the System.

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 intact his retirement credit in the State Employees' Retirement System, may make use of his fractional retirement credit, under conditions prescribed by the state-wide reciprocity law to which the State Employees' Retirement System has subscribed.

The combined service credits under 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

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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 one of the systems involved.

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, directs 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 administration.