

STATE EMPLOYEES' RETIREMENT SYSTEM OF ILLINOIS

SEVENTEENTH ANNUAL STATEMENT of the BOARD OF TRUSTEES

JUNE 30, 1960



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
OTTO KERNER, Governor

(Printed by Authority of the State of Illinois)

STATE EMPLOYEES' RETIREMENT SYSTEM OF ILLINOIS

BOARD OF TRUSTEES

(as constituted June 30, 1960)

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)

ROBERT H. TITTLE
Assistant Chief Highway Engineer

CHARLES H. PEELER
Assistant Superintendent
Elgin State Hospital



L. C. CORTRIGHT, *Secretary*
Springfield, Illinois

HON. WILLIAM L. GUILD
Attorney General
Counsel

HON. JOSEPH D. LOHMAN
State Treasurer
Treasurer

A. A. WEINBERG
Consulting Actuary

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LETTER OF TRANSMITTAL

January 31, 1961

To his Excellency
The Honorable Otto Kerner
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 Seventeenth Annual Statement of the Board covering operations of the System for the fiscal year ended June 30, 1960.

Respectfully submitted,

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

Chairman

FINANCIAL AND STATISTICAL FACTS

FINANCIAL	FISCAL YEAR ENDED JUNE 30,	
	1960	1959
Net Assets at End of Year.....	\$ 75,485,657.78	\$ 66,089,993.21
Increase in Net Assets	9,395,664.57	8,007,635.37
Investments (at Book Value).....	73,994,840.92	65,135,393.55
Average Yield on Investments	3.11%	3.03%
 Total Income for Year	 \$ 16,450,230.31	 \$ 13,971,453.22
Employee Contributions	10,278,455.39	8,938,581.57
State Contributions	3,504,185.00	2,872,213.00
Contributions from Federal Funds.....	372,110.95	316,724.88
Interest Income	2,173,028.29	1,788,389.80
 Total Expenditures	 \$ 6,993,603.60	 \$ 5,963,817.92
Annuity and Benefit Payments	5,565,773.48	4,824,909.47
Refunds	1,427,830.12	1,138,908.45
 Unfunded Accrued Liability—		
Deferred Obligation of the State of		
Illinois	\$136,438,859.22	\$125,267,969.00
 STATISTICAL		
Membership at End of Year.....	38,611	37,260
Service Retirement Annuitants	3,407	3,130
Widow Beneficiaries	369	292
 Changes in Retirement Roll:		
Retirements During Year.....	477	411
Re-entry into Service	22	26
Deaths Among Retirants	178	153
 Number of Disability Claims:		
Nonoccupational	189	193
Occupational	47	58
 Number of Death Benefit Claims:		
Nonoccupational	267	245
Occupational	8	4
 Withdrawal Benefits (Refunds)	2,671	2,519

STATE EMPLOYEES' RETIREMENT SYSTEM OF ILLINOIS

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

The Seventeenth Annual Statement of the Board of Trustees of the State Employees' Retirement System of Illinois presented herewith sets forth the results of operations of the System for the fiscal year ended June 30, 1960, and includes a report on the principal administrative developments during the year.

Membership Statistics

Number of Members, July 1, 1959.....		37,260
ADDITIONS:		
Employees qualifying for membership during the year.....		4,814
		42,074
DEDUCTIONS:		
Deaths due to occupational causes.....	8	
Deaths due to nonoccupational causes.....	267	
Deaths in service resulting in widows' annuities.....	40	
Separations with refunds	2,671	
Service retirements	477	
		3,463
Number of Members, June 30, 1960.....		38,611

At the close of the year there were 3,407 members on retirement receiving service retirement allowances, and 369 widows in receipt of payments. The changes in the retirement roll for the year were as follows:

	SERVICE RETIREMENTS	WIDOWS
Number of retirants, July 1, 1959.....	3,130	292
Retirements during the year 1959-1960.....	477	88
Total	3,607	380
Deaths	178	11
Reentrants into service	22	....
	200	11
Number of retirants, June 30, 1960.....	3,407	369

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 RETIREMENT	WIDOWS'* ANNUITIES
1956	31,479	2,322	102
1957	33,122	2,658	156
1958	35,049	2,898	221
1959	37,260	3,130	292
1960	38,611	3,407	369

* These annuities became operative July 1, 1953.

FINANCIAL REVIEW

Total reserves at the close of the year amounted to \$75,485,657.78. These reserves increased during the year in the sum of \$9,395,664.57, representing for the most part contributions by the members. It should be noted that the proportion of these reserves from member contributions has been steadily increasing, with a reverse trend in the proportion of reserves derived from State contributions, as is illustrated below.

YEAR ENDED JUNE 30TH	PROPORTION OF RESERVES DERIVED FROM	
	MEMBER CONTRIBUTIONS	STATE CONTRIBUTIONS
1956	77.4	22.6
1957	79.4	20.6
1958	80.5	19.5
1959	82.0	18.0
1960	82.8	17.2

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

Financial statements exhibiting the results of operations 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 completed by Alexander Grant & Company who were designated by the Auditor General for this duty. No exceptions in accounting practices and procedures were noted by the auditors in the report. In the summary of recommendations and other matters contained in the latter part of the audit report, the auditors stated

"Accounting procedures of the State Employees' Retirement System of Illinois provide generally effective controls over assets and operations. Though we did not obtain a legal opinion, our examination of this agency disclosed no indications of violations of the governing statutes or of applicable rules and regulations, except that, as indicated by the actuary, appropriations necessary to maintain the System by the State are not in the

amounts that should be contributed if applicable provisions in the act relating to State Employees' Retirement System were more closely followed as a guide in determining appropriations. This matter is more fully discussed under the revenue comments regarding contributions by the State of Illinois. There were no indications that the State Employees' Retirement System is conducting any activities which are not in accordance with the act creating this agency. The scope of our work, which is limited to test audit procedures, did not bring forth any improprieties."

Another comment by the auditors relates to "Recommendation not acted upon" and was as follows:

"Appropriations by the State of Illinois for maintenance of the System may be in amounts less than prescribed by the governing statute. In addition, salaries of certain State employees and the related employer contributions are paid in whole or in part from Federal funds. As Federal contributions are in the same relationship to salaries as State contributions, any current deficiencies in amounts paid into the System by the State results in the loss of Federal funds that may ultimately have to be made up by State funds. Consideration should be given to improving this situation when future appropriations to the State Employees' Retirement System are being budgeted."

Investments

Total investments at June 30, 1960 amounted to \$74,459,000.00 at par value, compared with \$65,270,000.00 at the close of the preceding year, an increase for the year of \$9,189,000.00.

Investments consisted entirely of United States government securities. The average interest return on the investment account for the year was 3.11% compared with 3.03% for the preceding fiscal year.

New investments during the year totaled \$10,924,000.00 at par value consisting of the following:

U. S. TREASURY NOTES—

3¾% Series D due 5-15-1964.....	\$ 1,156,000.00
4¾% Series A due 5-15-1964.....	900,000.00
4⅞% Series C due 11-15-1963.....	400,000.00
4⅞% Series C due 11-15-1964.....	2,200,000.00

U. S. TREASURY BONDS—

2½% due 11-15-1961	204,000.00
2½% due 8-15-1963	3,064,000.00
4% due 10- 1-1969	2,000,000.00
4¼% due 5-15-1985	1,000,000.00

Total	<u>\$ 10,924,000.00</u>
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Bonds disposed of during the year amounted to \$1,735,000.00 at par value and were as follows:

U. S. SAVINGS BONDS—

Series "F"—2.53% due 1-1-1960	\$ 135,000.00
Series "G"—2½% due:	
7-1-1960	900,000.00
4-1-1961	100,000.00
1-1-1962	100,000.00
2-1-1963	100,000.00
Series "K"—2.76% due:	
5-1-1964	100,000.00
7-1-1964	100,000.00
2-1-1966	200,000.00
Total	\$ 1,735,000.00

A small loss was incurred by the redemption of the United States Savings bonds prior to maturity. This loss will be overcome, however, within a short period on the bonds in which a reinvestment was made since the bonds acquired with the proceeds of the redemption carried a substantially higher income return. The conversion of these Savings Bonds, therefore, was decidedly advantageous from an investment standpoint and will result in a large net gain to the System.

Appropriation Requirements For 1961-1963 Biennium

The Actuary has certified that under the method of financing specifically prescribed in the Act governing the System the appropriation requirements from the State of Illinois for the ensuing biennium are \$25,284,610.12. This consists of the amount directly applicable to the 1961-1963 biennium of \$13,870,447.00 and an accumulated differential between the appropriation requests and the appropriations for the four preceding biennial periods of \$11,414,163.12.

The report of the Actuary states that in the determination of these requirements effect has been given to the pertinent basic factors. Among these factors are: (1) members' salaries; (2) increased annuity and benefit payments resulting from amendments during recent years; (3) normal increases in expenditures due to an expanding membership; and (4) a declining trend in the rate of mortality among pensioners.

Total payments by the System for annuities and benefits have been steadily and persistently upward as will be observed in the following statement:

YEAR ENDED JUNE 30TH	ANNUITY AND BENEFIT PAYMENTS
1956	\$3,124,350.50
1957	3,837,758.85
1958	4,274,398.85
1959	4,824,909.47
1960	5,565,773.48

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The increase in these expenditures during the last five years was close to 80%. This trend will continue and is expected to become more pronounced in future years. Increasing State appropriations, therefore, will be required under the financial provisions of the law to meet the requirements for benefit payments.

Standing Committees

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

The Committee on Investments serves as adviser to the Board on investments. It is composed of Roy Tuchbreiter, Chairman of the Board; Morton H. Hollingsworth, Director of Finance; and William M. Jorgensen, Chief Revenue Clerk, in the office of the State Treasurer.

The Policy Committee deals with matters of a policy character arising in administration and formulates recommendations to the Board. It consists of Trustees Charles H. Peeler, as Chairman, Trustee Robert H. Tittle and L. C. Cortright, Secretary. The Actuary serves as technical adviser.

The Claims Committee reviews all claims for annuities and benefits, and formulates rules relative to the processing of the claims. It is composed of Trustee Robert H. Tittle, as Chairman; J. Thor Wanless, an attorney in Springfield, and L. C. Cortright, Secretary.

Social Security Unit

As of the date of this report, 103 appendices to the original Federal-State agreement have been approved for social security coverage for employees of 3,702 governmental units. The total number of employees provided coverage under the program is 46,714. Of this number, 34,584 or 74% are covered by three local retirement plans which have been coordinated with the social security program. The remainder have only social security coverage.

Increases in coverage may be expected in the future for those employees who are still without retirement protection, and possibly for members of other retirement plans for whom co-ordination with social security may be proposed.

Report of the Actuary

An actuarial valuation of the System was completed by the Actuary as of the close of the year and the results thereof are presented in the Actuary's report which is presented as a part of this annual statement.

In addition to this valuation, the Actuary has made a survey and analysis of the System's operations during the period from July 1, 1957 to June 30, 1960, concerning several factors that are pertinent in its operating experience, and has commented briefly on the results thereof.

CONCLUSION

Current operations of the System have been satisfactory. Its unfunded obligation, however, is increasing steadily under the established policy of the State government in appropriating to the System only for its cash requirements.

The administrative procedures under the statutory authority are being conducted at a high level of efficiency in accord with recognized standards for retirement systems. The policies of the Board are geared to a philosophy of giving full effect to the expressed and implied provisions of the Retirement Act in order to effectuate the purposes and objectives for which the System was created.

Acknowledgment is hereby made of the cooperative efforts of all officers and employees of the State government in the administration of the System, and of the dedicated and conscientious services of the employees of the Board.

Respectfully submitted,

BOARD OF TRUSTEES
State Employees' Retirement System
of Illinois

Roy Lubliner

Chairman

Elbert S. Smith

M. W. Helinger

Robert W. Sells

Charles Keeler

Albright

Secretary

ACTUARY'S CERTIFICATION

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

We have completed an actuarial valuation of the assets and liabilities of the State Employees' Retirement System of Illinois as of June 30, 1960.

Appended hereto is a Valuation Balance Sheet exhibiting the total assets, liabilities and reserves of the System at the aforesaid date. Present assets and current liabilities embodied in this statement were taken from the report of Alexander Grant & Company, Certified Public Accountants, on an audit of the operation of the System dated October 7, 1960.

In our opinion, the accompanying Valuation Balance Sheet correctly presents the condition of the State Employees' Retirement System of Illinois at June 30, 1960, giving effect to all accrued liabilities and reserve requirements under the applicable law.

A. A. Weinberg
Consulting Actuary

October 31, 1960

VALUATION BALANCE SHEET—JUNE 30, 1960

Statement of Assets, Liabilities and Reserves

ASSETS		
PRESENT ASSETS:		
Cash	\$	576,168.02
Accounts Receivable—		
Members' contributions	\$	681,200.14
Trust and federal funds.....		5,466.36
Illinois State Highway Commission		36,497.39
		723,163.89
Investments—		
United States Government Securities (At amortized cost)		73,994,840.92
Accrued Interest—		
On investments		420,105.84
Other—		
Refundable by members for benefits cancelled.....		2,431.75

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PROSPECTIVE ASSETS:

Obligations for service to be rendered after June 30, 1960—		
Male members	\$ 23,572,222.00	
Female members	12,802,097.00	
State of Illinois	62,221,217.00	
		<u>98,595,536.00</u>

DEFERRED ASSETS:

Due from the State of Illinois for unfunded accrued pension credits		<u>136,438,859.22</u>
Total Assets		<u>\$ 310,751,105.64</u>

VALUATION BALANCE SHEET—JUNE 30, 1960

Statement of Assets, Liabilities and Reserves

LIABILITIES

BENEFITS PAYABLE:

Accidental death	\$ 78.50	
Accidental disability	4,551.91	
Ordinary death	42,615.12	
Ordinary disability	52,044.66	
Service retirement	3,437.68	
Widows' annuities	1,682.37	
	<hr/>	\$ 104,410.24

REFUNDS PAYABLE:

Terminations from service	126,008.88	
Erroneous contributions	606.91	
Departmental	26.61	
	<hr/>	126,642.40

FUTURE SERVICE LIABILITY:

For pension credits on account of service after June 30, 1960—		
Male members	61,666,287.00	
Female members	36,929,249.00	
	<hr/>	98,595,536.00

RESERVE REQUIREMENTS

RESERVE FOR MEMBERS' CONTRIBUTIONS:

For prospective retirement and widows' annuities on account of active members	29,386,695.34	
For future refunds and death benefits— actuarial value of future payments....	26,420,569.00	
	<hr/>	55,807,264.34

RESERVE FOR STATE CONTRIBUTIONS:

For prospective retirement and widows' annuities on account of active mem- bers—present value of total liability for accrued requirements	141,128,868.00	
Less, members' contribution credits.....	29,386,695.34	
	<hr/>	111,742,172.66

RETIREMENT AND BENEFITS RESERVE:

Actuarial value of retirement and widows' annuities in force, and other prospec- tive annuities and benefits—		
Retirement annuities and reversionary annuities to wives of retired members	38,272,376.00	
Widows' annuities in force.....	4,009,078.00	
Reversionary annuities in force.....	99,335.00	
Deferred annuities and benefits.....	1,994,291.00	
	<hr/>	44,375,080.00

Total Liabilities and Reserves..... \$ 310,751,105.64

REPORT OF THE ACTUARY

The accompanying 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, 1960 amounted to \$211,924,517.00. Net present assets available to meet these liabilities were \$75,485,657.78, resulting in an accrued unfunded obligation at that date of \$136,438,859.22. This amount constitutes an accrued indebtedness of the State of Illinois to the System to be discharged by appropriations in future years.

Basis of Valuation

The benefit and contribution provisions used as a basis for this valuation are summarized in the appendix. The actuarial table used in this valuation was the 1937 Standard Annuity Mortality Table, and the rate of interest assumed was $2\frac{1}{2}\%$ per annum.

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	COMBINED
Number of members.....	22,105	16,506	38,611
Proportion of total.....	57.3%	42.7%	100.0%
Aggregate rates of annual salary	\$ 112,222,736.00	\$ 65,186,891.00	\$ 177,409,627.00
Average rate of annual salary	\$ 5,077.00	\$ 3,949.00	\$ 4,595.00
Average age (years).....	47.7	47.2	47.5
Average length of service..	7.2	8.3	7.7

Service Retirements

	MALE	FEMALE	COMBINED
Number of annuitants....	1,784	1,623	3,407
Proportion of total	52.4%	47.6%	100.0%
Aggregate annual payments	\$ 2,182,541.00	\$ 1,612,430.00	\$ 3,794,971.00
Average annual payment..\$	1,223.40	\$ 993.49	\$ 1,114.00
Average age (years).....	71.0	70.7	70.9
Average age at retirement.	66.0	65.5	65.8

Widows' Annuities in Force

There were 369 widows on the pension roll at the close of the year receiving annual payments totaling \$295,936.00, or an average of \$802.00. The average length of service of the members whose death resulted in the payment of these annuities was 20.0 years. The average age of the widows at June 30, 1960 was 65.0 years.

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There were also 19 widows whose age was under 55 years who will not begin receiving payments on their annuities until they attain age 55.

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. The amount of this liability at June 30, 1960 was as follows:

Male members	\$16,217,903.00
Female members	11,468,524.00
	<hr/>
Total	\$27,686,427.00
	<hr/> <hr/>

Membership Service Liability

The accrued liability for membership service consists of the credits earned by the members for the service retirement allowances and widows' annuities covering the period from January 1, 1944 to June 30, 1960. The liability for service retirement allowances amounted to \$90,199,532.00. An evaluation of the widows' annuity benefit affecting male members of the System disclosed that the liability for this benefit amounted to \$23,242,909.00.

Towards the total liability of \$113,442,441.00, the members have made appropriate contributions to the System at the established rates which, after allowing for refunds, had present value of \$29,386,695.34. The State of Illinois is obligated by law to meet the remainder of the liability of \$84,055,745.66 together with that covering prior service amounting to \$27,686,427.00.

The liability for membership service to be rendered after June 30, 1960, during the remainder of the assumed working lifetime of the members, amounted to \$98,595,536.00. This is a prospective liability to be met by future contributions on the part of the members and the State of Illinois.

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 number of such claim incidents has increased steadily during recent years as will be observed by the following statement:

Year Ended June 30th	Number of Claims
1956	160
• 1957	216
1958	219
1959	245
1960	267

A small increase in these claims may be attributed to a larger membership. For the most part, however, the increase represents only a temporary condition and a reversal in this trend will in all probability occur in the future.

Occupational Death

The number of beneficiaries in receipt of accidental death benefits at the close of the year was 59. The number of claims incurred during each of the last five fiscal periods was as follows:

Year Ended June 30th	Number of Claims
1956	2
1957	4
1958	4
1959	4
1960	8

The limited experience of the System 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.

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

The following illustrates the number of occupational disability claims arising during each of the last five years:

Year Ended June 30th	Number of Claims
1956	37
1957	42
1958	46
1959	58
1960	47

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

Non-Occupational Disability

Claims on account of this benefit have been fairly stable during recent years. The following statistics show the number of these claims during the last five fiscal periods:

Year Ended June 30th	Number of Claims
1956	209
1957	213
1958	153
1959	193
1960	189

Withdrawal Benefits

The number of members withdrawing from the System decreased during the year. The following statistics are illustrative of the trend in number of these withdrawals and the amounts thereof:

Year Ended June 30th	Number of Withdrawals	Total Payments	Average Refund
1956	2,597	\$ 983,784.54	\$378.82
1957	2,460	1,091,699.78	443.78
1958	2,059	949,150.46	460.98
1959	2,519	1,133,110.56	449.82
1960	2,671	1,417,338.88	530.64

It is noted that despite a 25% increase in membership during the last five years, the number of refund payments has increased only fractionally. The increase in the average refund payment was due to the larger contribution credits of the members resulting from continuing operations of the System.

LEGISLATION

Amendments to the Act which became operative during the year under review conferred additional rights and benefits to certain members effecting a slight increase in obligations.

One amendment of basic importance in the operations of the System deals with the financing of the State's obligation and was in accord with our previous recommendations on this subject. Effective with the 1961-1963 biennium, each department and division of the State government whose employees are participants in this System are required to include in their biennial budget the item of pension cost as representing the State's obligation for the biennial period on account of the employees of the particular department or division. This figure of such pension cost would be computed by applying a percentage factor to be supplied by the System against the amount requested for personal services.

A companion measure amending the State Finance Act, to provide authority for the application of the foregoing method of budgeting for pension cost was vetoed, thereby making this amendment inoperative as a legal directive. However, the procedure described above may still be adopted in accordance with the amendment to the retirement Act if the appropriate departments of the State government choose to do so.

This method of financing the State's obligation is again recommended for the purpose of giving effect to accruing character of the pension obligations and strengthening the financial condition 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 impracticable. The method in force is not in accord with the underlying principles. The deferment of obligations which occur under the present plan 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 for the following reasons: (1) it fails to take into account the current accruing obligation, and (2) it results in measuring the cost of liberalizing changes in terms of the current annual cash outlay rather than upon the basis of the full ultimate obligation.

Pension cost constitutes an accruing obligation and should be provided for as services are rendered. This cost is basically a current operating expense. It should, therefore, be distributed among the departments represented in the System to form an integral part of their current operating budgets.

ACTUARIAL INVESTIGATION

Section 16 of the Act governing the State Employees' Retirement System provides that the Actuary

“shall make a general investigation during the first year of operation of the system or as soon as practicable thereafter, and at least once every three years thereafter, of the mortality, retirement, disability, employment, turnover, interest and earnable compensation * * *”.

In accordance with this authority, periodic actuarial surveys and investigations of the operating experience of the System have been made and reports thereon have been rendered to the Board of Trustees. The last of these surveys was completed as of June 30, 1957. According to law, another survey is to be made as of June 30, 1960, being the close of the triennial period prescribed by law.

An actuarial investigation and survey entails the compilation and tabulation of a considerable amount of statistical and financial information, consuming much time and expense. A study must be made of rates of separation from service, deaths among active and retired members, rates of retirement, disability incidents, salary increments, interest earnings, and much other related data. An exposure study must be undertaken for the preparation of life and service tables showing the rates of separation and mortality.

Because of the relatively limited period of time covered by such a study, namely, three years, the results thereof are generally not applied to the preparation of revised actuarial functions for use in the annual actuarial valuations of the assets, liabilities and reserves of the System. Even if major changes have occurred in some phases of the operating factors during the three-year period, such as in the complexion of the membership, that is, age, service or salary characteristics, or in the rates of separation or death, such changes could not be accepted reliably as reflecting the probable long-term trend, because of the shortness of the period in which they occurred. New actuarial functions would not be prepared, but cognizance of these developments would be taken for possible adjustments or revisions in procedures or policies within the operating organization if necessary to arrest any unfavorable trend.

This objective could still be accomplished with a more limited survey and investigation of the pertinent factors incident to the operations of the System, and the more complete surveys and investigations could be made every other triennial period. This is recommended at this time in the interest of economy. The directive of the law for triennial investigations would still be complied with, but we would go into the more extensive areas involving the preparation of full exposure tables or life and service tables every six years. We would make use of the large amount of financial and statistical information which is accumulated in current operations to be supplemented by additional statistics that are required for such a survey.

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Accordingly, we have proceeded to give effect to the directive of the law quoted above but in the more limited form as described. We have made a study of the operating experience of the System dealing with the major factors involved in the determination of costs and liabilities, and the results thereof are presented herein.

Mortality Among Active Members

A study of the rates of mortality experienced among active members during the last three fiscal years disclosed that the actual mortality in comparison with the expected for this period was as follows:

Year Ended June 30th	Actual	Expected
1958	223	287
1959	249	301
1960	275	319
Totals	<u>747</u>	<u>907</u>

The ratio of actual mortality to the expected for the three-year period ended June 30, 1960, according to the actuarial functions derived in the 1957 experience study, was 82.4%.

Withdrawals

The withdrawals from the System with refunds for the three-year period stated above in comparison with the expected may be stated as follows:

Year Ended June 30th	Actual	Expected
1958	2,059	2,068
1959	2,519	2,216
1960	2,671	2,613
Totals	<u>7,249</u>	<u>6,897</u>

The ratio of actual to expected for the three-year period was 105.1%.

Retirements

The rate of retirement for the three-year period was analyzed and the results are presented below:

Year Ended June 30th	Actual	Expected
1958	395	875
1959	411	1,014
1960	477	1,129
Totals	<u>1,283</u>	<u>3,018</u>

The ratio of actual to expected for the three-year period was 42.5%.

Service Retirement Pensioners

Mortality among service retirement pensioners was reviewed and the results of our analysis are as follows:

Year Ended June 30th	Actual	Expected
1958	140	121
1959	153	136
1960	178	147
Totals	<u>471</u>	<u>404</u>

The ratio of actual to expected for the three-year period was 116.6%.

Widow Pensioners

The widows' annuity was added to the benefit schedule on July 7, 1953. Because of the limited experience with this provision, an experience study could not be made on any reasonable basis that would disclose any indicated basic trend. However, from a study of the results to date reflecting the relatively short period of operation of this annuity, it is noted that the mortality among the widows has been below the expected for female lives according to the 1937 Standard Annuity Mortality Table. A much longer period of operations and a considerably larger pension roll will be required to permit reliable conclusions with respect to the mortality trend among these beneficiaries.

Salary Trend

This factor is important in the System's operations since the service retirement annuities and widows' annuities are predicated upon the highest five-year average salary within the last ten years of service of a member. The accrued liability of the System at any given date represents the present value of future pension expectancies and must reflect, therefore, increases in salary that will occur prior to the time when annuities become payable.

Comparison of the salary scale prepared as of June 30, 1960 with that used in the 1957 actuarial investigation disclosed that the salary scale relationships between ages of the members have remained at substantial parity even though the level of salary rates is somewhat higher than in 1957. The higher level of rates reflects the underlying trend towards larger salaries for the members.

Rate of Interest

All costs and liabilities are predicated upon the theory that the reserves of the System will be continuously invested in income bearing securities at an assumed rate. Mortality tables used in the calculation of annuities and reserves reflect the factor of interest. This factor accounts for a substantial part of the revenues of the System.

The rate of income on investments under the established investment authority has been in an upward trend as will be observed from the following figures:

June 30th	
1958.....	2.88%
1959.....	3.03%
1960.....	3.11%

Actuarial valuations during the last several years have reflected an assumed rate of interest of $2\frac{1}{2}\%$ per annum. It reasonably may be expected that over the long term, the System should be able to realize conveniently an average of not less than $2\frac{1}{2}\%$ under its established investment authority and investment policy. To date, investments have been confined only to United States Government Bonds although the System is authorized to invest its reserves also in State and municipal bonds both in Illinois and outside of the State under prescribed conditions and limitations.

Recommendations

In our opinion, the variations from the standards recommended in the report on the 1957 actuarial investigation have not been of sufficient scope as to justify any major changes in these standards for annual actuarial valuations or in any phase of operations of the System affected by these several basic factors.

The larger number of withdrawals for the period than the expected, a lower rate of retirement than assumed, a higher rate of interest earnings than the assumed rate, and a slightly higher mortality among annuitants, disclosed by our survey, are all favorable factors and more than counterbalanced the adverse effect of a lower mortality among active members. However, the operation of these factors over a longer period of time is required in order to establish an indicated basic trend.

The variations during the three-year period under review are not of such magnitude as to necessitate a change in our actuarial functions at this time and no change is recommended. In the next triennial actuarial investigation scheduled to be made as of June 30, 1963, covering a longer period of time, a more extensive analysis of the operating experience will be undertaken and the results of such investigation will determine whether or not revisions in our basic factors and functions should be made.

CONCLUSION

The procedures in effect in the operation of the System are in accord with recognized and accepted standards. Its administration reflects a constructive and enlightened approach to all problems arising during the course of operations. This has resulted in the development and maintenance of a high level of efficiency giving full effect to the stated policy of providing the members a full measure of service in fulfillment of the System's objectives.

A. A. Weinberg
Actuary

**AUDITOR'S REPORT
AND
FINANCIAL STATEMENTS**

AUDITOR'S REPORT

Honorable Frank H. Whitney
 Auditor General
 State of Illinois
 and
 Board of Trustees
 State Employees' Retirement
 System of Illinois
 Springfield, Illinois

We have examined the financial statements of STATE EMPLOYEES' RETIREMENT SYSTEM OF ILLINOIS for the period from July 1, 1959 through June 30, 1960. These statements are presented as Exhibits A through F. Except as set forth in the succeeding paragraph, 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. We made a similar examination of the financial statements for the preceding year.

An actuarial evaluation of the State Employees' Retirement System of Illinois as of June 30, 1960 had not been made prior to the completion of our audit. Consequently, actuarial data could not be confirmed and were omitted from the accompanying financial statements.

Subject to the foregoing comments, in our opinion the accompanying financial statements present fairly the assets and liabilities of the State Employees' Retirement System of Illinois at June 30, 1960, the revenue and expenditures and changes in reserves for the year then ended, and the expenditures against the System's appropriations by the 71st General Assembly for the period July 1, 1959 through June 30, 1960, on a basis consistent with that of the preceding year.

(Signed) ALEXANDER GRANT & COMPANY

Bloomington, Illinois
 October 7, 1960

SYSTEM FUND ACCOUNT BALANCE SHEET

June 30, 1960

ASSETS

CURRENT ASSETS

Cash		\$ 576,168.02
Accounts receivable		
Members' contributions	\$ 681,200.14	
Amounts refundable for benefits cancelled..	2,431.75	
Contributions from Trust and Federal funds	5,466.36	
Contributions from Illinois State Toll Highway Commission	36,497.39	725,595.64
Interest receivable on investments.....		420,105.84
		725,595.64
		420,105.84
Total current assets		\$ 1,721,869.50

INVESTMENTS

United State Government Securities (at amortized cost)		73,994,840.92
		\$75,716,710.42

LIABILITIES

CURRENT LIABILITIES

Benefits payable		
Accidental death	\$ 78.50	
Accidental disability	4,551.91	
Ordinary death	42,615.12	
Ordinary disability	52,044.66	
Service retirement allowance.....	3,437.68	
Widows' annuity	1,682.37	
		\$ 104,410.24
Refunds payable		
Resigned members	126,008.88	
Erroneous deductions	606.91	
Departmental	26.61	
		126,642.40

RESERVES

Members' contributions	\$55,807,264.34	
Interest accumulations	4,948,824.34	
Annuitants' death benefits.....	1,506,294.87	
Funded benefits—Illinois State Toll Highway Commission	211,977.33	
Contingent general reserve	13,011,296.90	
		75,485,657.78
		\$75,716,710.42

NOTE: This statement reflects all benefit claims for which formal application had been received at June 30, 1960.

SYSTEM FUND ACCOUNT

Statement of Income Expenditures and Charges
Year Ended June 30, 1960

INCOME

Contributions by members	\$10,177,234.41	
Less refunds of erroneous deductions	21,892.93	\$10,155,341.48
Credits to members' accounts which are based on disability benefits		
Accidental disability	10,124.09	
Ordinary disability	66,504.33	76,628.42
Repayment of refunds—contributions		46,485.49
Contributions—State, Trust and Federal Funds		
State of Illinois	3,504,185.00	
Federal Funds	372,110.95	
Employers funded benefits	122,450.68	3,998,746.63
Interest		
Investments (less amortization of bond premiums)	2,162,869.61	
Paid by members	10,158.68	2,173,028.29
		<hr/>
Total income		\$16,450,230.31

EXPENDITURES

Benefits—annuity		
Service retirement allow- ances	\$ 3,644,571.07	
Reversionary	11,329.32	
Widows	306,184.06	\$ 3,962,084.45
Benefits—death		
Death occurring while in service—contributions and interest	473,052.40	
State allowance	466,768.46	
After retirement	31,142.98	970,963.84
Benefits—disability		632,725.19
		<hr/>
Total benefits		5,565,773.48
Refunds of contributions		
Members leaving service...\$	1,417,330.69	
Widows' annuity contribu- tions	10,499.43	1,427,830.12
		<hr/>
Excess of income over expenditures		\$ 9,456,626.71
Special items		
Excess of cost over value of savings bonds redeemed		(17,600.00)
Prior years adjustment of increment on bonds		(43,362.14)
		<hr/>
Excess of income over expenditures and charges ..		\$ 9,395,664.57

NOTE:

This statement reflects all benefit claims for which formal application had been received at June 30, 1960.

Original from

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SYSTEM TRUST FUND
STATEMENT OF REVENUE, EXPENDITURES AND RESERVES
Period from July 1, 1959 through June 30, 1960
 ALLOCATED TO

	Total	Members' contributions	Interest accumulations	Annuitants' death benefits	Funded benefits— Illinois State Toll Highway Commission	Contingent general reserve
Revenue						
Contributions						
By members	\$10,155,341.48	\$10,155,341.48				
Based on disability benefits	76,628.42	76,628.42				
Repayment of refunds	46,485.49	46,485.49				
By State of Illinois	3,504,185.00					3,504,185.00
From Federal funds	372,110.95					372,110.95
By Illinois State Toll Highway Commission	122,450.68				122,450.68	
Interest						
On bonds	2,162,869.61		776,404.82			1,386,464.79
Paid by members	10,158.68					10,158.68
Total revenue	\$16,450,230.31	\$10,278,455.39	\$ 776,404.82		\$ 122,450.68	\$ 5,272,919.42
Expenditures						
Benefit payments	\$ 5,565,773.48	\$ 435,657.42				\$ 5,130,116.06
Contribution refunds	1,427,830.12	1,427,838.31				(8.19)
Total expenditures	\$ 6,993,603.60	\$ 1,863,495.73				\$ 5,130,107.87
Excess of revenue over expenditures	\$ 9,456,626.71	\$ 8,414,959.66	\$ 776,404.82		\$ 122,450.68	\$ 142,811.55

Original from

UNIVERSITY OF ILLINOIS AT
 URBANA-CHAMPAIGN

EXHIBIT C (Cont.)

ALLOCATED TO

	Total	Members' contributions	Interest accumulations	Annuity death benefits	Funded benefits— Illinois State Toll Highway Commission	Contingent general reserve
Special items						
Excess of cost over value of savings bonds redeemed.....\$	(17,600.00)					\$ (17,600.00)
Prior years' adjustment of increment on bonds	(43,362.14)					(43,362.14)
	<u>\$ (60,962.14)</u>					<u>\$ (60,962.14)</u>
Excess of revenue over expenditures and special items	\$ 9,395,664.57	\$ 8,414,959.66	\$ 776,404.82		\$ 122,450.68	\$ 81,849.41
Reserves—July 1, 1959.....	66,089,993.21	48,661,461.31	4,172,419.52	1,249,668.19	89,526.65	11,916,917.54
	<u>\$75,485,657.78</u>	<u>\$57,076,420.97</u>	<u>\$ 4,948,824.34</u>	<u>\$ 1,249,668.19</u>	<u>\$ 211,977.33</u>	<u>\$11,998,766.95</u>
Transfers						
Accumulated contributions of retired members transferred to Contingent General Reserve..		\$ (1,269,156.63)				\$ 1,269,156.63
Accumulated contributions of members whose death occurred during re-employment after retirement				256,626.68		(256,626.68)
Reserves—June 30, 1960.....	<u>\$75,485,657.78</u>	<u>\$55,807,264.34</u>	<u>\$ 4,948,824.34</u>	<u>\$ 1,506,294.87</u>	<u>\$ 211,977.33</u>	<u>\$13,011,296.90</u>

Original from

EXHIBIT D

STATEMENT OF APPROPRIATIONS BY 71st GENERAL ASSEMBLY

	Expenditures		Unexpended appropriations		Encumbrances		Unencumbered balances June 30, 1960
	71st Biennium appropriations	July 1, 1959 through June 30, 1960	June 30, 1960	June 30, 1960	Accounts payable	Other	
Personal services	\$ 350,376.00	\$ 161,606.40	\$ 188,769.60	\$ 7,001.00	\$ 568.28	\$ 181,768.60	
Contractual services	89,200.00	36,048.88	53,151.12	1,752.00		50,830.84	
Postage	6,000.00	2,850.00	3,150.00			3,150.00	
Travel	8,700.00	3,538.00	5,162.00			5,162.00	
Commodities	2,000.00	455.10	1,544.90	12.20	311.33	1,221.37	
Equipment	6,000.00	410.80	5,589.20			5,589.20	
Stationery, printing and office supplies	19,000.00	7,992.76	11,007.24	200.98	1,031.68	9,774.58	
Contingencies	2,500.00		2,500.00			2,500.00	
Administrative expenses of Wid-ows' Annuity Benefits	24,000.00	592.70	23,407.30		682.11	22,725.19	
General administrative expense—totals	\$ 507,776.00	\$ 213,494.64	\$ 294,281.36	\$ 8,966.18	\$ 2,593.40	\$ 282,721.78	
Administrative expenses of Social Security Enabling Act.	130,000.00	31,978.34	98,021.66	1,268.00	556.95	96,196.71	
Payment to Social Security Con-tribution Fund	15,000.00	15,000.00					
State's contribution to the State Employees' Retirement Fund...	7,008,370.00	3,504,185.00	3,504,185.00			3,504,185.00	
Total	\$ 7,661,146.00	\$ 3,764,657.98	\$ 3,896,488.02	\$ 10,234.18	\$ 3,150.35	\$ 3,883,103.49	

Original from

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**SYSTEM TRUST FUND
UNITED STATES GOVERNMENT SECURITIES**

June 30, 1960

	Maturity date	Principal amount	Book value
Treasury notes			
3¾% Series D—1964	5-15-64	\$ 1,156,000.00	\$ 1,114,548.82
4¾% Series A—1964	5-15-64	900,000.00	902,722.80
4⅞% Series C—1963	11-15-63	400,000.00	399,669.88
4⅞% Series C—1964	11-15-64	2,200,000.00	2,216,732.77
		<hr/>	<hr/>
		4,656,000.00	4,633,674.27
Investment series bonds			
2½% Series A	10- 1-65	250,000.00	250,000.00
2¾% Series B	4- 1-80	10,167,000.00	10,277,748.83
		<hr/>	<hr/>
		10,417,000.00	10,527,748.83
Treasury bonds			
2¼%	6-15-62	2,550,000.00	2,550,000.00
2¼%	12-15-62	300,000.00	300,000.00
2½%	11-15-61	204,000.00	198,200.45
2½%	6-15-67	1,600,000.00	1,609,436.77
2½%	8-15-63	3,064,000.00	2,806,926.47
2½%	6-15-69	1,400,000.00	1,220,752.19
2½%	9-15-72	928,000.00	814,854.78
2½%	12-15-72	11,150,000.00	10,971,204.97
2⅝%	2-15-65	1,325,000.00	1,223,190.41
3%	2-15-95	10,095,000.00	9,954,792.47
3¼%	6-15-83	13,270,000.00	13,523,106.76
3½%	2-15-90	2,000,000.00	1,996,016.19
3⅞%	11-15-74	5,450,000.00	5,677,697.73
4%	10- 1-69	2,000,000.00	1,969,837.52
4%	2-15-80	3,050,000.00	3,009,919.03
4¼%	5-15-85	1,000,000.00	1,007,482.08
		<hr/>	<hr/>
		59,386,000.00	58,833,417.82
		<hr/>	<hr/>
		\$74,459,000.00	\$73,994,840.92
		<hr/> <hr/>	<hr/> <hr/>

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

Year Ended June 30, 1960

Social Security Contribution Fund—July 1, 1959.....	\$	67,106.51
Receipts		
Participating political subdivisions		
Contributions for members.....	\$10,029,109.97	
Interest	1.31	10,029,111.28
		10,096,217.79
Appropriated for reserve account.....		15,000.00
		10,111,217.79
Disbursements		
Treasurer of the United States.....		10,016,405.06
		10,016,405.06
Social Security Contribution Fund—June 30, 1960.....	\$	94,812.73

STATISTICAL
AND
CLAIMS DATA

MEMBERSHIP BY DEPARTMENTS

June 30, 1960

Code No.	Department	Number		Total	Percent Of Total Member- ship
		Male	Female		
1	Governor	7	10	17	.04
2	Lieutenant Governor	0	2	2	.01
3	Secretary of State	893	848	1,741	4.51
4	Auditor of Public Accounts	66	107	173	.45
5	Treasurer	83	37	120	.31
6	Attorney General	104	67	171	.44
7	Public Instruction	37	78	115	.30
8	Courts	44	34	78	.20
9	State Officers	134	54	188	.49
10	Aeronautics	18	14	32	.08
11	Agriculture	330	134	464	1.20
12	Conservation	487	68	555	1.44
13	Finance	124	156	280	.73
14	Insurance	79	55	134	.35
15	Labor	975	1,319	2,294	5.94
17	Mines and Minerals	64	14	78	.20
18	Audits	2	2	4	.01
19	Financial Institutions	170	50	220	.57
20	Public Health	294	618	912	2.36
21	Public Safety	2,604	257	2,861	7.41
22	Public Welfare	4,295	6,952	11,247	29.13
23	Public Works and Buildings	5,154	472	5,626	14.58
24	Registration and Education	55	89	144	.37
25	Revenue	617	457	1,074	2.78
28	Personnel	45	76	121	.31
29	Youth Commission	541	283	824	2.13
30	Civil Service Commission	2	6	8	.02
31	Illinois Commerce Commission	133	76	209	.54
32	Illinois Liquor Commission	29	18	47	.12
33	Illinois Public Aid Commission	282	1,080	1,362	3.53
34	Illinois Veterans' Commission	75	98	173	.45
35	Illinois State Militia	175	46	221	.57
50	Miscellaneous Agencies	591	295	886	2.29
	Inactives	3,596	2,634	6,230	16.14
	Totals	22,105	16,506	38,611	100.00

**NUMBER OF MEMBERS AND TOTAL SALARIES AT JUNE 30, 1960—
CLASSIFIED BY AGE AND SEX**

Male Employees

Age At June 30, 1960	Number of Members	Aggregate Annual Salary Rate	Age At June 30, 1960	Number of Members	Aggregate Annual Salary Rate
18	2	\$ 5,352.00	55	594	\$3,118,308.00
19	18	63,600.00	56	620	3,142,104.00
20	150	548,208.00	57	573	2,875,032.00
21	216	826,320.00	58	543	2,806,248.00
22	125	471,012.00	59	562	2,920,284.00
23	171	695,604.00	60	559	2,756,952.00
24	236	1,029,084.00	61	504	2,641,344.00
25	261	1,179,324.00	62	536	2,702,676.00
26	265	1,200,768.00	63	422	2,126,868.00
27	282	1,342,488.00	64	420	2,100,732.00
28	282	1,385,916.00	65	389	1,926,576.00
29	314	1,544,736.00	66	308	1,577,004.00
30	311	1,565,856.00	67	230	1,201,032.00
31	304	1,505,784.00	68	217	1,117,536.00
32	338	1,760,124.00	69	164	760,680.00
33	361	1,935,156.00	70	132	660,864.00
34	365	2,006,712.00	71	121	595,476.00
35	394	2,155,992.00	72	88	453,720.00
36	397	2,214,204.00	73	70	344,124.00
37	386	2,152,008.00	74	61	273,948.00
38	340	1,899,312.00	75	49	220,092.00
39	379	2,000,532.00	76	31	140,532.00
40	347	1,807,908.00	77	11	57,636.00
41	311	1,614,312.00	78	16	58,716.00
42	380	1,987,440.00	79	11	35,784.00
43	360	1,790,364.00	80	5	23,100.00
44	402	2,027,220.00	81	7	30,756.00
45	384	1,974,696.00	82	4	11,556.00
46	457	2,421,972.00	83	2	7,560.00
47	442	2,212,704.00	84	5	15,240.00
48	472	2,405,160.00	85	1	3,072.00
49	531	2,732,748.00	86	1	2,640.00
50	538	2,785,128.00	88	1	4,200.00
51	558	2,925,648.00	89	1	2,028.00
52	644	3,412,524.00	91	1	3,480.00
53	594	2,992,068.00	94	1	1,344.00
54	624	3,258,900.00			
				20,201	\$102,556,128.00
Members having uncompleted Records				1,904	9,666,608.00
Totals				22,105	\$112,222,736.00

**NUMBER OF MEMBERS AND TOTAL SALARIES AT JUNE 30, 1960—
CLASSIFIED BY AGE AND SEX**

Female Employees

Age At June 30, 1960	Number of Members	Aggregate Annual Salary Rate	Age At June 30, 1960	Number of Members	Aggregate Annual Salary Rate
17	1	\$ 924.00	51	457	\$1,840,548.00
18	4	13,308.00	52	470	1,937,196.00
19	48	156,756.00	53	482	1,915,752.00
20	188	615,072.00	54	461	1,864,824.00
21	210	709,812.00	55	440	1,863,612.00
22	231	804,540.00	56	448	1,896,900.00
23	259	935,088.00	57	468	1,875,492.00
24	222	800,868.00	58	427	1,753,824.00
25	218	809,112.00	59	401	1,658,076.00
26	170	635,784.00	60	470	1,912,896.00
27	203	745,944.00	61	326	1,295,160.00
28	161	608,664.00	62	349	1,389,432.00
29	164	604,800.00	63	279	1,137,828.00
30	172	665,892.00	64	306	1,239,600.00
31	191	796,704.00	65	250	1,009,440.00
32	173	637,104.00	66	165	660,180.00
33	218	846,072.00	67	178	722,604.00
34	224	860,112.00	68	139	588,972.00
35	227	860,280.00	69	104	436,752.00
36	206	764,604.00	70	108	436,608.00
37	252	940,524.00	71	73	300,276.00
38	260	1,037,772.00	72	75	309,204.00
39	301	1,169,340.00	73	36	148,524.00
40	306	1,161,252.00	74	36	140,832.00
41	310	1,191,036.00	75	11	42,132.00
42	313	1,239,816.00	76	14	49,620.00
43	303	1,179,612.00	77	7	25,476.00
44	331	1,296,120.00	78	4	13,740.00
45	403	1,599,000.00	79	2	5,460.00
46	418	1,682,700.00	80	4	10,620.00
47	447	1,794,228.00	82	1	3,600.00
48	404	1,642,968.00	83	1	4,380.00
49	453	1,824,768.00	87	1	3,600.00
50	479	1,944,348.00			
				15,463	\$61,068,084.00
				Members having uncompleted Membership Records	1,043 4,118,807.00
				Totals	16,506 \$65,186,891.00

**NUMBER OF MEMBERS AT JUNE 30, 1960
CLASSIFIED BY LENGTH OF SERVICE**

Length of Service at June 30, 1960 (Years)	Number		Total
	Male	Female	
Less Than One Year	2,657	1,696	4,353
1	2,773	1,649	4,422
2	2,389	1,559	3,948
3	1,574	1,341	2,915
4	1,297	1,183	2,480
5	1,132	917	2,049
6	2,095	939	3,034
7	1,041	661	1,702
8	640	594	1,234
9	605	435	1,040
10	609	480	1,089
11	435	380	815
12	429	417	846
13	458	383	841
14	377	321	698
15	398	312	710
16	273	252	525
17	232	266	498
18	300	389	689
19	448	416	864
20	239	246	485
21	245	217	462
22	195	190	385
23	168	172	340
24	142	140	282
25	130	126	256
26	134	119	253
27	118	146	264
28	66	80	146
29	53	60	113
30	76	61	137
31	39	56	95
32	43	49	92
33	35	28	63
34	36	35	71
35	37	27	64
36	21	22	43
37	40	33	73
38	38	19	57
39	29	14	43
40	18	12	30
41	12	26	38

Length of Service at June 30, 1960 (Years)	Number		Total
	Male	Female	
42	9	12	21
43	5	8	13
44	5	6	11
45	1	4	5
46	2	3	5
47	1	2	3
48	2	0	2
49	1	1	2
50	0	1	1
51	1	1	2
52	2	0	2
Totals	<u>22,105</u>	<u>16,506</u>	<u>38,611</u>

**SERVICE RETIREMENT ANNUITANTS CLASSIFIED BY
AGE AT JUNE 30, 1960**

Age at June 30, 1960	Male	Number	Annual Payments
51		1	\$ 2,126.64
56		1	1,703.28
58		2	2,449.92
59		3	3,481.32
60		14	21,141.48
61		32	38,047.44
62		50	72,550.68
63		54	63,999.48
64		78	134,497.32
65		102	139,362.60
66		99	130,408.80
67		112	139,001.64
68		136	166,071.00
69		110	144,697.44
70		115	136,861.56
71		106	129,050.52
72		106	139,594.56
73		90	102,014.04
74		83	95,907.24
75		96	108,815.88
76		71	79,282.08
77		68	90,417.96
78		54	51,064.44
79		38	34,896.24
80		38	38,406.24
81		22	21,762.12
82		22	21,225.84
83		20	15,267.84
84		18	15,103.08
85		10	5,785.56
86		6	7,535.04
87		7	8,959.08
88		5	3,450.24
89		9	10,297.80
90		3	4,551.12
91		1	658.68
94		1	697.08
97		1	1,397.88
Totals		<u>1,784</u>	<u>\$ 2,182,541.16</u>

Average Age—71.03 years

Average Allowance—\$1,223.40 per year

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**SERVICE RETIREMENT ANNUITANTS CLASSIFIED BY
AGE AT JUNE 30, 1960**

Age at June 30, 1960	Female	Number	Annual Payments
52		1	\$ 1,258.92
53		1	926.64
55		3	1,994.04
56		2	3,515.28
57		4	4,242.72
58		3	3,395.04
59		3	3,899.64
60		15	15,140.16
61		36	35,199.12
62		59	61,251.96
63		68	78,870.72
64		69	62,765.28
65		78	80,946.48
66		102	112,873.56
67		91	98,892.96
68		101	97,017.24
69		100	100,766.28
70		113	116,430.60
71		98	96,475.56
72		89	83,681.64
73		83	83,664.48
74		76	74,334.60
75		79	82,441.56
76		73	75,309.24
77		49	44,927.04
78		39	42,195.36
79		41	36,644.64
80		36	30,352.68
81		28	22,203.84
82		25	18,894.84
83		14	9,297.72
84		14	9,556.44
85		17	13,284.84
87		3	2,000.28
88		4	2,972.76
89		3	3,034.56
90		2	1,608.24
91		1	163.92
Totals		<u>1,623</u>	<u>\$ 1,612,430.88</u>

Average Age—70.67 years
Average Allowance—\$993.49 per year

**SERVICE RETIREMENT ANNUITANTS CLASSIFIED BY
AGE AT RETIREMENT**

June 30, 1960

Age at Retirement	Male	Number	Female
50	1		2
53 .....	...		1
54	1		2
55	7		10
56	2		2
57 .....	...		3
58	2		12
59	6		9
60	291		257
61	103		112
62	95		91
63	78		90
64	91		75
65	204		190
66	119		116
67	122		96
68	99		99
69	107		100
70	195		156
71	62		55
72	46		36
73	35		34
74	31		31
75	19		14
76	17		12
77	15		10
78	15		4
79	11		3
80	3		...
81	2		...
82	3		...
83	1		1
84	1		...
	<hr/>		<hr/>
	1,784		1,623
	<hr/>		<hr/>

Average Age at Retirement
Males—66.02
Females—65.50

**WIDOW ANNUITANTS CLASSIFIED BY AGE AT
JUNE 30, 1960**

Age at June 30, 1960	Number	Annual Payments
40	2	\$ 3,540.36
43	2	1,785.60
44	1	419.04
45	3	1,947.84
47	3	3,743.76
48	3	4,588.92
49	3	2,053.20
50	1	694.92
51	4	3,822.36
52	3	2,960.04
53	4	5,620.92
55	6	3,285.60
56	8	8,807.16
57	15	15,938.04
58	19	15,290.04
59	11	9,024.96
60	14	12,268.68
61	16	13,568.40
62	16	13,423.92
63	10	8,923.68
64	25	21,276.72
65	14	13,598.52
66	23	19,387.32
67	18	13,684.56
68	16	13,930.32
69	22	12,820.32
70	13	8,760.60
71	16	11,426.16
72	13	9,132.72
73	14	7,615.92
74	9	5,658.12
75	6	4,461.24
76	10	5,342.28
77	8	4,852.92
78	5	6,435.48
79	7	3,439.56
80	3	1,152.60
81	1	411.60
82	2	842.28
Totals	369	\$295,936.68

Average Age—65 years
Average Annuity—\$802.00 per year

DEATHS AMONG MEMBERS—AGE AND SERVICE DATA
Number of Claims

Age at Death	Year Ended June 30, 1960			Year Ended June 30, 1959		
	Male	Female	Total	Male	Female	Total
Nonoccupational						
18 to 21 incl.	0	2	2	1	0	1
22 to 28 incl.	1	1	2	2	0	2
29 to 34 incl.	6	5	11	3	0	3
35 to 39 incl.	2	2	4	1	2	3
40 to 44 incl.	5	4	9	12	5	17
45 to 49 incl.	12	3	15	10	7	17
50 to 54 incl.	23	11	34	32	8	40
55 to 59 incl.	47	21	68	41	8	49
60 to 64 incl.	51	11	62	54	16	70
65 to 69 incl.	25	7	32	19	8	27
70 or over	24	4	28	12	4	16
Totals	196	71	267	187	58	245
Number of Occupa- tional Deaths.....	8	0	8	4	0	4
Totals	204	71	275	191	58	249
Nonoccupational Deaths:						
Less than 6 years of service.....		49%			51%	
6 years of service or over.....		51%			49%	

**DEATH CLAIMS CLASSIFIED BY CAUSES OF DEATH
FISCAL PERIOD JULY 1, 1959 TO JUNE 30, 1960**

Claims for Preceding Year Given for Comparison

Cause of Death	Number of Claims	
	Year Ended June 30, 1960	Year Ended June 30, 1959
Diseases of the Heart, Blood Vessels and Kidneys:		
Heart disease	145	120
Apoplexy	11	19
Nephritis	5	10
Cancer and Tumor	57	54
Pneumonia and Influenza	14	5
Diabetes	0	0
Liver Disease	7	4
Pulmonary Tuberculosis	1	3
Diseases of the Digestive Tract, Including Ulcers of the Stomach and Duodenum and Appendicitis...	6	9
Automobile Accidents	17	17
Other Violent Deaths—Including War Deaths.....	7	6
All Other Causes	4	2
Causes Unknown	1	0
	<hr/>	<hr/>
Totals	275	249
	<hr/> <hr/>	<hr/> <hr/>
Above statistics classified as follows:		
Nonoccupational	267	245
Occupational	8	4
	<hr/>	<hr/>
Totals	275	249
	<hr/> <hr/>	<hr/> <hr/>

STATISTICS ON WITHDRAWALS WITH REFUNDS

Classified by Age at Withdrawal

Age At Withdrawal	Number of Refunds	
	Year Ended June 30, 1960	Year Ended June 30, 1959
17-19 incl.	12	10
20-24 incl.	513	431
25-29 incl.	439	360
30-34 incl.	335	327
35-39 incl.	308	276
40-44 incl.	261	228
45-49 incl.	220	213
50-54 incl.	182	224
55-59 incl.	161	193
60-64 incl.	121	149
65-69 incl.	85	63
70 and over	21	32
No age data	13	13
Totals	2,671	2,519

CLASSIFIED BY LENGTH OF SERVICE

Less Than 1 Year	536	506
1 Year	776	760
2 Years	432	404
3 Years	310	233
4 Years	175	196
5 Years and Over	442	420
Totals (as above)	2,671	2,519

**SUMMARY BY DEPARTMENTS OF BENEFIT CLAIMS COVERING
THE PERIOD FROM JULY 1, 1959 TO JUNE 30, 1960**

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
01	Governor	...	...	...	...	...	...	...	...
02	Lieutenant Governor	...	...	...	...	...	...	...	...
03	Secretary of State	13	17	...	4	...	...	1	2
04	Auditor of Public Accounts	3	2	...	...	1	...	...	2
05	Treasurer	2	...	...	...	...	...	...	1
06	Attorney General	...	2	...	...	...	...	...	...
07	Public Instruction	5	...	...	...	...	...	...	1
08	Courts	2	...	...	1	...	...	...	...
09	State Officers	17	2	...	...	...	...	...	2
10	Aeronautics	...	...	...	...	...	...	...	...
11	Agriculture	6	5	...	1	1	...	...	...
12	Conservation	6	4	3	...	...	...	...	1
13	Finance	3	4	...	1	...	...	...	...
14	Insurance	1	...	...	...	...	...	...	...
15	Labor	24	15	...	9	1	...	...	4
17	Mines and Minerals	1	...	...	...	...	...	...	1
18	Audits	...	...	...	...	...	...	...	...
19	Financial Institutions	1	2	...	1	...	...	...	...
20	Public Health	11	5	...	3	...	...	1	...
21	Public Safety	40	25	1	17	1	...	1	11
22	Public Welfare	231	88	...	117	21	...	11	34
23	Public Works and Buildings	51	50	2	20	19	...	4	13
24	Registration and Education	1	2	...	1	...	...	...	...
25	Revenue	10	12	2	6	...	...	1	7
28	Personnel	...	...	...	...	...	...	...	1
29	Illinois Youth Commission	12	8	...	1	1	...	...	2

(Continued)

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	...	...	...	...	...	3
31	Illinois Commerce Commission.....	1	1	...	...	...	...	...	2
32	Illinois Liquor Control Commission...	20	7	...	5	2	...	1	...
33	Illinois Public Aid Commission.....	...	3	...	1	...	...	1	...
34	Illinois Veterans' Commission.....	7	2	...	...	...	...	...	...
35	Illinois State Militia.....	8	3	...	1	...	...	1	1
50	Miscellaneous Agencies .....	...	...	...	...	...	...	...	...
	Totals	477	267	8	189	47	0	22	88
	Pending and Uncompleted.....	0	0	0	0	2	0	0	0
	Totals	477	267	8	189	49	0	22	88

**SERVICE RETIREMENT ALLOWANCE EFFECTIVE DURING THE
PERIOD FROM JULY 1, 1959 TO JUNE 30, 1960**

Summary by Departments

Code No.	Name of Department	Year Ended June 30	
		1960	1959
01	Governor	0	1
03	Secretary of State	13	18
04	Auditor of Public Accounts	3	4
05	Treasurer	2	11
06	Attorney General	0	1
07	Public Instruction	5	10
08	Courts	2	0
09	State Officers	17	5
10	Aeronautics	0	1
11	Agriculture	6	7
12	Conservation	6	2
13	Finance	3	2
14	Insurance	1	0
15	Labor	24	18
17	Mines and Minerals	1	1
19	Financial Institutions	1	2
20	Public Health	11	10
21	Public Safety	40	37
22	Public Welfare	231	181
23	Public Works and Buildings	51	44
24	Registration and Education	1	3
25	Revenue	10	10
28	Personnel	0	1
29	Illinois Youth Commission	12	9
31	Illinois Commerce Commission	1	1
32	Illinois Liquor Control Commission	1	0
33	Illinois Public Aid Commission	20	23
34	Illinois Veterans' Commission	0	5
35	Illinois State Militia	7	1
50	Miscellaneous Agencies	8	3
	Totals	477	411
	Pending and Uncompleted	0	0
	Totals	477	411

**WIDOW'S ANNUITIES EFFECTIVE DURING THE PERIOD
FROM JULY 1, 1959 TO JUNE 30, 1960**

Summary by Departments

Code No.	Name of Department	Year Ended June 30	
		1960	1959
03	Secretary of State	2	5
04	Auditor of Public Accounts	2	1
05	Treasurer	1	1
07	Public Instruction	1	0
09	State Officers	2	5
11	Agriculture	0	2
12	Conservation	1	0
15	Labor	4	8
17	Mines and Minerals	1	1
21	Public Safety	11	11
22	Public Welfare	34	20
23	Public Works and Buildings	13	13
25	Revenue	7	5
28	Personnel	1	0
29	Illinois Youth Commission	2	0
31	Illinois Commerce Commission	3	0
33	Illinois Public Aid Commission	2	1
34	Illinois Veterans' Commission	0	1
35	Illinois State Militia	0	1
50	Miscellaneous Agencies	1	2
	Totals	88	77
	Pending and Uncompleted	0	0
	Totals	88	77

**NON-OCCUPATIONAL DEATH CLAIMS COVERING THE
PERIOD FROM JULY 1, 1959 TO JUNE 30, 1960**

Summary by Departments

Code No.	Name of Department	Year Ended June 30	
		1960	1959
03	Secretary of State	17	19
04	Auditor of Public Accounts	2	6
06	Attorney General	2	2
07	Public Instruction	0	1
09	State Officers	2	4
11	Agriculture	5	4
12	Conservation	4	6
13	Finance	4	1
15	Labor	15	20
17	Mines and Minerals	0	1
19	Financial Institutions	2	2
20	Public Health	5	2
21	Public Safety	25	23
22	Public Welfare	88	75
23	Public Works and Buildings.....	50	30
24	Registration and Education	2	3
25	Revenue	12	12
29	Illinois Youth Commission	8	8
31	Illinois Commerce Commission	8	4
32	Illinois Liquor Control Commission.....	1	0
33	Illinois Public Aid Commission.....	7	12
34	Illinois Veterans' Commission	3	3
35	Illinois State Militia	2	3
50	Miscellaneous Agencies	3	4
	Totals	267	245
	Pending and Uncompleted	0	0
	Totals	267	245

**OCCUPATIONAL DEATH CLAIMS COVERING THE PERIOD
FROM JULY 1, 1959 TO JUNE 30, 1960**

Summary by Departments

Code No.	Name of Department	Year Ended June 30	
		1960	1959
12	Conservation	3	1
21	Public Safety	1	0
22	Public Welfare	0	1
23	Public Works and Buildings.....	2	1
25	Revenue	2	0
50	Miscellaneous Agencies	0	1
	Totals	8	4
	Pending and Uncompleted	0	1
	Totals	8	5

**NON-OCCUPATIONAL DISABILITY CLAIMS COVERING THE
PERIOD FROM JULY 1, 1959 TO JUNE 30, 1960**

Summary by Departments

Code No.	Name of Department	Year Ended June 30	
		1960	1959
03	Secretary of State	4	4
05	Treasurer	0	2
08	Courts	1	0
11	Agriculture	1	1
12	Conservation	0	1
13	Finance	1	2
15	Labor	9	10
19	Financial Institutions	1	0
20	Public Health	3	6
21	Public Safety	17	19
22	Public Welfare	117	107
23	Public Works and Buildings.....	20	21
24	Registration and Education	1	1
25	Revenue	6	3
29	Illinois Youth Commission	1	5
32	Illinois Liquor Control Commission.....	0	2
33	Illinois Public Aid Commission.....	5	8
34	Illinois Veterans' Commission	1	0
35	Illinois State Militia	0	1
50	Miscellaneous Agencies	1	0
	Totals	189	193
	Pending and Uncompleted	0	0
	Totals	189	193

**OCCUPATIONAL DISABILITY CLAIMS COVERING THE PERIOD
FROM JULY 1, 1959 TO JUNE 30, 1960**

Summary by Departments

Code No.	Name of Department	Year Ended June 30	
		1960	1959
04	Auditor of Public Accounts	1	0
11	Agriculture	1	1
13	Finance	0	1
15	Labor	1	1
20	Public Health	0	1
21	Public Safety	1	0
22	Public Welfare	21	18
23	Public Works and Buildings.....	19	33
25	Revenue	0	2
29	Illinois Youth Commission	1	1
33	Illinois Public Aid Commission.....	2	0
	Totals	47	58
	Pending and Uncompleted	2	2
	Totals	49	60

**DEATH BENEFITS AFTER RETIREMENT COVERING THE PERIOD
FROM JULY 1, 1959 TO JUNE 30, 1960**

**Excess of Accumulated Contributions Over Pension Payments Received
Summary by Departments**

Code No.	Name of Department	Year Ended 1960	June 30 1959
03	Secretary of State	1	1
15	Labor	0	1
20	Public Health	1	0
21	Public Safety	1	0
22	Public Welfare	11	3
23	Public Works and Buildings.....	4	1
25	Revenue	1	0
31	Illinois Commerce Commission	0	1
33	Illinois Public Aid Commission.....	1	1
34	Illinois Veterans' Commission	1	0
50	Miscellaneous Agencies	1	0
	Totals	<u>22</u>	<u>8</u>
	Pending and Uncompleted	0	0
	Totals	<u><u>22</u></u>	<u><u>8</u></u>

**REVERSIONARY ANNUITIES EFFECTIVE DURING THE PERIOD
FROM JULY 1, 1959 TO JUNE 30, 1960**

Summary by Departments

Code No.	Name of Department	Year Ended 1960	June 30 1959
15	Labor	0	1
25	Revenue	0	1
		<hr/>	<hr/>
	Totals	0	2
	Pending and Uncompleted	0	0
		<hr/>	<hr/>
	Totals	<u>0</u>	<u>2</u>

APPENDIX

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

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, and after attainment of age 55, is entitled to a vested interest in his retirement allowance, or in the widow's annuity, if he has at least 8 years of creditable service. 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.

* 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.

Average Final Compensation. Average final compensation is the average annual rate of earnable compensation for the 5 consecutive years within the last 10 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.

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 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 benefit of \$500.00 is payable immediately following death of the member.

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.

ORDINARY DISABILITY BENEFIT

This benefit is available to any member under the age of 65 years who has rendered at least 5 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.

* 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.

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.

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 retirement allowance over the total amount of all service retirement allowance payments received by the retired member.

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.

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.

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 statewide 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 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.