

# STATE EMPLOYEES' RETIREMENT SYSTEM OF ILLINOIS

## NINETEENTH ANNUAL STATEMENT OF THE BOARD OF TRUSTEES

JUNE 30, 1962



Issued by Authority of the  
BOARD OF TRUSTEES OF THE STATE EMPLOYEES'  
RETIREMENT SYSTEM OF ILLINOIS

529 South Seventh Street • Springfield, Illinois

STATE OF ILLINOIS  
OTTO KERNER, Governor

STATE EMPLOYEES' RETIREMENT SYSTEM OF ILLINOIS

BOARD OF TRUSTEES

(as constituted June 30, 1962)

ROY TUCHBREITER, *Chairman*  
*Chairman of the Board*  
Continental Assurance Company

HON. MICHAEL J. HOWLETT  
*Auditor of Public Accounts*  
(Member Ex Officio)

HON. JAMES A. RONAN  
*Director of Finance*  
(Member Ex Officio)

CHARLES H. PEELER  
*Assistant Superintendent*  
Elgin State Hospital

ROBERT H. TITTLE  
*Assistant Chief Highway Engineer*



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

HON. WILLIAM G. CLARK  
*Attorney General*  
*Counsel*

HON. FRANCIS S. LORENZ  
*State Treasurer*  
*Treasurer*

A. A. WEINBERG  
*Consulting Actuary*



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(Printed by Authority of the State of Illinois)

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## LETTER OF TRANSMITTAL

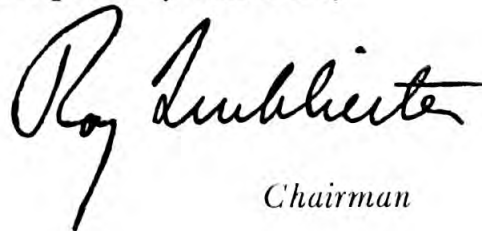
October 31, 1962

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 Nineteenth Annual Statement of the Board for the fiscal year ended June 30, 1962.

Respectfully submitted,



*Roy Lubliner*

*Chairman*

## FINANCIAL AND STATISTICAL FACTS

<i>Financial</i>	Fiscal Year Ended June 30,	
	1962	1961
Net Assets at End of Year.....	\$ 92,631,705.33	\$ 82,538,647.57
Increase in Net Assets.....	10,093,057.76	7,052,989.79
Investments (at Book Value).....	90,387,149.79	81,587,112.65
Average Yield on Investments.....	3.62%	3.36%
Total Income for Year.....	\$ 20,276,799.43	\$ 17,375,610.90
Employee Contributions .....	11,441,386.13	10,670,083.25
State Contributions .....	5,070,732.00	3,504,185.00
Contributions from Federal Funds.....	552,933.45	376,163.91
Interest Income .....	3,018,072.76	2,658,347.36
Total Expenditures .....	10,183,741.67	10,476,673.32
Annuity and Benefit Payments.....	7,660,430.00	6,228,022.08
Refunds .....	2,523,311.67	4,248,651.24
Unfunded Accrued Liability—		
Deferred Obligation of the State of		
Illinois .....	\$167,713,683.67	\$ 149,748,181.98
<i>Statistical</i>		
Membership at End of Year.....	40,518	37,012
Service Retirement Annuitants .....	4,582	4,067
Widows' Annuity Beneficiaries .....	532	446
Survivors' Annuity Beneficiaries .....	76	...
Changes in Retirement Roll:		
Retirements During Year.....	783	858
Re-entry into Service.....	17	32
Deaths Among Retirants.....	251	166
Number of Disability Claims:		
Nonoccupational .....	278	213
Occupational .....	40	50
Number of Death Claims:		
Nonoccupational .....	152	252
Occupational .....	3	4
Number of Survivors' and Widows'		
Annuities:		
Survivors' Annuity Claims .....	100	...
Widows' Annuity Claims .....	102	85
Withdrawal Benefits (Refunds).....	3,285	4,791

## NINETEENTH ANNUAL STATEMENT of the BOARD OF TRUSTEES

The Nineteenth 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, 1962 and the condition of the System at the end of the year. The statement includes a report on the principal administrative developments during the year.

### Membership Statistics

Number of Members, July 1, 1961.....	37,012
<i>Additions:</i>	
Employees qualifying for membership during the year.....	7,843
<hr/>	
<i>Deductions:</i>	
44,855	
Deaths prior to retirement .....	269
Separations with refunds .....	3,285
Service retirements .....	783
<hr/>	
4,337	
<hr/>	
Number of Members, June 30, 1962.....	40,518

At the close of the year there were 4,582 members receiving service retirement allowances, 532 widows' annuity and 76 survivors' annuity benefits. The changes in the annuity rolls for the year were as follows:

	Service Retirements	Widow's Annuities	Survivors' Annuity Beneficiaries
Number of retirants July 1, 1961...	4,067	446	...
Claims effective during the year			
1961-1962 .....	783	106	103
<hr/>		<hr/>	
Total .....	4,850	552	103
<hr/>		<hr/>	
Deaths .....	251	12	...
Deferments .....	...	8	27
Reentrants into service .....	17	...	...
<hr/>		<hr/>	
268		20	27
<hr/>		<hr/>	
Number of retirants June 30, 1962..	4,582	532	76

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

Date		Service Retirements	Widows' Annuities <sup>1</sup>	Survivors' Annuity Beneficiaries <sup>2</sup>
June 30th	Members			
1958	35,049	2,898	221	...
1959	37,260	3,130	292	...
1960	38,611	3,407	369	...
1961	37,012	4,067	446	...
1962	40,518	4,582	532	76

<sup>1</sup> Became operative July 17, 1953.

<sup>2</sup> Established July 19, 1961.

### Financial Review

Total reserves at the close of the year amounted to \$92,631,705.33. These reserves increased during the year in the sum of \$10,093,057.76. This increase represented for the most part contributions by the members. The respective proportions of these reserves from member contributions and State contributions, for the last 5 fiscal years, are illustrated below:

Year Ended June 30th	Proportion of Reserves Derived from	
	Member Contributions	State Contributions
1958	80.5%	19.5%
1959	82.0	18.0
1960	82.8	17.2
1961	82.8	17.2
1962	81.1	18.9

The reserve from State contributions does not reflect the full reserve requirements under the method of funding prescribed by the Act governing the System. It is below these requirements and represents an accumulation of appropriations in prior years which were somewhat above the cash expenditures by the System.

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 after the close of the year by Alexander Grant & Company. This firm was selected by the Auditor General of the State of Illinois 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 presented 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."

"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. In the audit tests made, we have been alert for indications of irregularities and lack of efficiency in the financial operations and management of the agency; observations, if any, which are relative to such matters are in the comments in this report and are also included in the following summary of findings and recommendations."



Another comment by the auditors in the section of the report dealing with "Recommendation not acted upon" 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. Continued consideration should be given by State officials to improving this situation through future appropriations to the State Employees' Retirement System."

### Investments

Total investments at June 30, 1962 amounted to \$91,829,000.00 at par value, compared with \$82,690,000.00 at the close of the preceding year, an increase for the year of \$9,139,000.00.

Investments consisted entirely of United States government securities. The average interest return on the investment account for the year was 3.62% compared with 3.36% for the preceding fiscal year.

Acquisitions of investments during the year totaled \$37,074,000.00 at par value and consisted of the following:

<i>U. S. Treasury bills</i>	
Bills due 10-15-62.....	\$ 300,000.00
<i>U. S. Treasury bonds</i>	
2½% due 12-15-69/64 .....	\$ 2,808,000.00
2½% due 3-15-70/65 .....	3,162,000.00
3⅞% due 11-15-74 .....	3,041,000.00
4% due 2-15-80 .....	1,325,000.00
3¼% due 5-15-85 .....	4,000,000.00
3½% due 2-15-90 .....	22,438,000.00
Total .....	\$ 36,774,000.00

Bonds disposed of during the year by maturity or conversion amounted to \$27,935,000.00 at par value and were as follows:

2½% U.S. Notes due 11-15-61.....	\$ 204,000.00
2½% due 12-15-72/67 .....	15,311,000.00
2½% due 9-15-72/67 .....	928,000.00
2⅝% due 2-15-65 .....	1,325,000.00
2¾% due 4-1-80/75 .....	10,167,000.00
Total .....	\$ 27,935,000.00

### Appropriation Requirements for 1963-1965 Biennium

The Actuary has certified that under the method of financing prescribed by the Act governing the System, the appropriation re-

quirements from the State of Illinois for the ensuing biennium are \$36,502,138.12. This consists of the amount directly applicable to the 1963-1965 biennium of \$20,939,772.00 and the accumulated difference between the appropriation requests and amounts appropriated for the four preceding biennium periods amounting to \$15,562,366.12.

The report of the Actuary states that in the determination of these requirements effect has been given to the several pertinent basic factors that directly affect costs. Among these factors are: (1) changes in members' salaries; (2) increases in annuity and benefit payments resulting from amendments during recent years; (3) normal increases in expenditures due to an expanding membership; and (4) a reduced 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
1958 .....	\$ 4,274,398.85
1959 .....	4,824,909.40
1960 .....	5,565,773.48
1961 .....	6,228,022.08
1962 .....	7,660,430.00

The increase in these expenditures for the last five years has been 79.2%. This trend is expected to continue and may become more pronounced in future years. Increasing State appropriations, therefore, will be required under the established benefit schedule of the law to meet 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 Counsel to the Board on the subject of investments. It is composed of the Chairman of the Board, the Director of Finance and 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 consultant.

The Claims Committee reviews all claims for annuities and benefits, particularly those involving questionable conditions, and formu-

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lates rules relative to the processing and disposition of the claims. It is composed of Trustee Robert H. Tittle, as Chairman, Mr. Lee W. Ensel, an attorney in Springfield, and L. C. Cortright, Secretary.

### **Social Security Unit**

As of the date of this report, 137 appendices to the original Federal-State agreement have been approved for social security coverage for employees of 3,817 separate coverage units. The total number of employees provided coverage under the program is 48,297. Of this number, 35,524 or 73.6% are covered by retirement systems which have been coordinated with the social security program. The remainder of the employees 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 systems for whom coordination 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.

### **Conclusion**

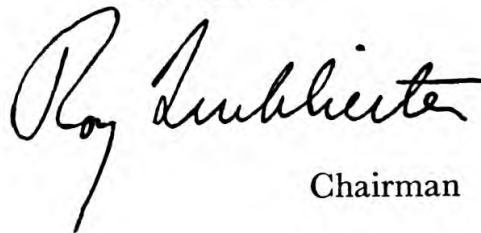
Current operations of the System are satisfactory. Its unfunded obligation, however, is increasing steadily under the current cash basis policy being followed by the State government in meeting its share of the cost of financing the System.

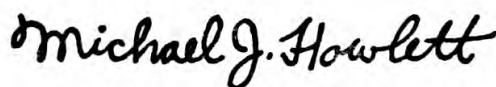
The administration of the System under the statutory authority is being conducted at a high level of efficiency in accord with recognized standards for public employee retirement systems. The policies of the Board are geared to a high standard which is designed to give full effect to the provisions of the retirement act in the carrying out of its purposes and objectives.

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

Respectfully submitted,

BOARD OF TRUSTEES  
State Employees' Retirement System  
of Illinois

  
Chairman









  
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, 1962.

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 16, 1962.

In our opinion, the accompanying Valuation Balance Sheet correctly presents the condition of the State Employees' Retirement System of Illinois at June 30, 1962, giving effect to all accrued liabilities and reserve requirements under the applicable law.

A. A. Weinberg  
*Consulting Actuary*

October 31, 1962

**VALUATION BALANCE SHEET—JUNE 30, 1962**  
**Statement of Assets, Liabilities and Reserves**

**ASSETS**

**PRESENT ASSETS:**

Cash .....		\$ 1,165,252.39
Accounts Receivable—		
Members' contributions .....	\$ 929,346.14	
Trust and federal funds .....	10,413.53	
Illinois State Highway Commission..	32,528.05	972,287.72
Investments—		
United States Government Securities (at amortized cost) .....		90,387,149.79
Accrued Interest—		
On investments .....		700,004.89
Other—		
Refundable by members for benefits cancelled .....	\$ 7,511.04	
Proportional service retirement allowance .....	381.54	7,892.58

**PROSPECTIVE ASSETS:**

Obligations for service to be rendered after June 30, 1962—		
Male members .....	\$ 24,413,254.00	
Female members .....	14,994,547.00	
State of Illinois .....	88,695,407.00	128,103,208.00

**DEFERRED ASSETS:**

Due from the State of Illinois for unfunded accrued pension credits .....		167,713,683.67
Total Assets .....		\$ 389,049,479.04

**VALUATION BALANCE SHEET—JUNE 30, 1962**  
**Statement of Assets, Liabilities and Reserves**

**LIABILITIES**

**CURRENT LIABILITIES:**

Benefits payable .....	\$ 198,339.95	
Refunds payable .....	192,932.09	
Deferred credits to income .....	209,610.00	\$ 600,882.04

**FUTURE SERVICE LIABILITY:**

For pension credits on account of service after June 30, 1962—		
Male members .....	\$ 87,572,069.00	
Female members .....	40,531,139.00	128,103,208.00

**RESERVE REQUIREMENTS**

**RESERVE FOR MEMBERS' CONTRIBUTIONS:**

For prospective retirement and widows' annuities on account of active mem- bers .....	\$ 33,255,333.62	
For future refunds and death benefits —actuarial value of future payments...	31,690,859.00	64,946,192.62

**RESERVE FOR STATE CONTRIBUTIONS:**

For prospective retirement and widows' annuities on account of active mem- bers—present value of total liability for accrued requirements .....	\$ 163,190,196.00	
Less, members' contribution credits....	33,255,333.62	129,934,862.38

**RETIREMENT AND BENEFITS RESERVE:**

Actuarial value of retirement and widows' annuities in force, and other prospec- tive annuities and benefits—		
Retirement annuities and reversion- ary annuities to wives of retired members .....	\$ 54,648,865.00	
Widows' annuities in force.....	5,828,403.00	
Reversionary annuities in force.....	111,900.00	
Deferred annuities .....	1,106,659.00	
Survivors' annuities .....	2,098,989.00	
Accidental death and accidental dis- ability benefits .....	1,669,518.00	65,464,334.00

Total Liabilities and Reserves.....	\$ 389,049,479.04
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## REPORT OF THE ACTUARY ON AN ACTUARIAL VALUATION OF THE SYSTEM

The accompanying Valuation Balance Sheet presents the results of this valuation and the financial condition of the System. Total accrued liabilities at June 30, 1962 amounted to \$260,345,389.00. Net present assets available to meet these liabilities were \$92,631,705.33, resulting in an accrued unfunded obligation at that date of \$167,713,683.67. This amount constitutes an indebtedness of the State of Illinois to the System to be discharged by future appropriations.

### 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 us in excellent form for this valuation and the preparation of this report.

### Membership

	Male	Female	Combined
Number of members.....	23,378	17,140	40,518
Proportion of total .....	57.7%	42.3%	100.0%
Aggregate rates of annual salary .....	\$ 125,141,520.00	\$ 71,420,148.00	\$ 196,561,668.00
Average rate of annual salary .....	\$ 5,353	\$ 4,167	\$ 4,851
Average age (years).....	47.0	47.4	47.2
Average length of service (years) .....	6.7	8.8	7.6

### Service Retirements

	Male	Female	Combined
Number of annuitants ....	2,568	2,014	4,582
Proportion of total.....	56.0%	44.0%	100.0%
Aggregate annual payments .....	\$ 3,448,348.20	\$ 2,127,193.44	\$ 5,575,541.64
Average annual payment..\$	1,343.00	\$ 1,056.00	\$ 1,217.00
Average age (years).....	70.6	71.1	70.8
Average age at retirement.	66.0	65.5	65.8

### Widows' Annuities in Force

There were 532 widows on the pension roll at the close of the year receiving annual payments totaling \$431,247.60, or an average of \$810.62. The average length of service of the members whose death resulted in the payment of these annuities was 19.5 years. The average age of the widows at June 30, 1962 was 66.3 years.



There were also 23 widows whose age was under 55 years who will not begin receiving payments on their annuities until they attain age 55. The average age of the widows was 51.0 years, average service of the deceased members 21.3 years and average widow's annuity payable \$1,024.93 per year.

#### 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, 1962 was as follows:

Male members .....	\$ 15,748,944.00
Female members .....	11,791,132.00
	<hr/>
Total .....	\$ 27,540,076.00
	<hr/> <hr/>

While the number of members subject to prior service credits is steadily decreasing, the liability has remained substantially the same during recent years due to the impact of upward salary adjustments.

#### Membership Service Liability

The accrued liability for membership service consists of the credits earned by the members for the service retirement allowances, widows' annuities, survivors' benefits and other benefits covering the period from January 1, 1944 to June 30, 1962. The liability for these benefits amounted to \$135,650,120.00.

Towards this liability, the actuarial value of the members' contribution credits in the System, after allowing for refunds, was \$33,255,333.62. The remainder of the liability of \$102,394,786.38, together with that covering prior service of \$27,540,076.00, or a total of \$129,934,862.38, represented an obligation of the State of Illinois to the System.

The liability for membership service to be rendered after June 30, 1962, during the remainder of the assumed working lifetime of the members, amounted to \$128,103,208.00. 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 (a) a return of the members' accumulated contributions, and if death occurs while in service (b) 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 one-half of such earnable compensation.

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

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Year Ended June 30th	Number of Claims
1958	219
1959	245
1960	267
1961	252
1962	152 <sup>a</sup>

### Survivors' Benefit

A survivors' benefit became operative as of July 19, 1961 by amendment to the Act affecting both male and female members and under certain conditions supersedes the ordinary death benefit. This benefit also supersedes the widow's annuity previously applicable to male employees only, except that the widow of a member who was in State service on July 19, 1961, has the option, if eligible, of receiving the widow's annuity in lieu of the survivors' benefit. In a limited number of cases, the widow's annuity is larger than the survivors' benefit, therefore the expectancies under that provision have been preserved.

Members contribute 1% of salary towards the survivors' benefit. The State of Illinois is obligated for the remainder of the cost estimated at 1% of salary.

There were 100 claims for these benefits during the year of which 27 were deferred because the widows were under age 55 with no children or because of employment with the State. At the close of the year, there were 76 such beneficiaries on the roll. The average age of the members at death represented in the 100 claims was 58.9 years and average service 13.4 years.

### Accidental Death

The number of beneficiaries in receipt of accidental death benefits at the close of the year was 77. The number of claims incurred during each of the last five fiscal periods was as follows:

Year Ended June 30th	Number of Claims
1958	4
1959	4
1960	8
1961	4
1962	3

The relatively 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.

<sup>a</sup> The large decrease in claims during 1962 for the ordinary death benefit was due primarily to the addition of the survivors' annuity benefit described herein.

### Accidental Disability

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

Year Ended June 30th	Number of Claims
1958	46
1959	58
1960	47
1961	50
1962	40

It is difficult to predict the number of these claims with any degree of dependability. 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 as to the expectancy on account of this benefit.

### Ordinary Disability

Until last year, the number of claims on account of this benefit have been fairly stable. A sharp increase occurred in the number of claims processed during the year under review as will be noted. The following statistics show the number of these claims during the last five fiscal periods:

Year Ended June 30th	Number of Claims
1958	153
1959	193
1960	189
1961	213
1962	278

An analysis discloses that the major increase occurred in the Department of Mental Health. Some of the other departments showing an increase were the Public Aid Commission and the Department of Public Safety.

### 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 of refunds paid:

Year Ended June 30th	Number of Withdrawals	Total Payments	Average Refund
1958	2,059	\$ 949,150.46	\$460.98
1959	2,519	1,133,110.56	449.83
1960	2,671	1,417,330.69	530.64
1961	4,791	4,223,768.36	881.60
1962	3,285	2,498,611.35	760.61

The number of refunds reflects substantially the expectancy under the actuarial functions in use in this valuation.

### Legislation

Amendments to the Act which became operative during the year created a survivors' benefit and effected a substantial increase in cost. This benefit has been briefly described earlier in this report.

Attention is again directed to the inadequate method of financing the State's share of obligations under the System. The Illinois Public Employees' Pension Laws Commission has consistently recommended a plan of financing which it has termed the "budgeting method". Under this plan, each department or division of the State government would be required to include in its biennial budget the item of pension cost as 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.

This method of financing the State's obligation is again recommended for the purpose of giving effect to accruing character of the pension obligations. The present partial funded method, which measures the State's obligations 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.

Even this partial funded method has not been adhered to. The full amount of the requirements from the State, as disclosed by this computation, has not been provided. Part of these requirements has been deferred. Any deferment of obligations fails to establish a proper perspective of the true cost of the System to the State and creates a serious imbalance in the System's financial structure.

The withholding of appropriations to the System for its statutory needs will eventually result in a considerably larger cost to the State for the following reasons: (1) it fails to recognize the current accruing aspects of the obligations, and (2) it results in measuring the cost of changes in the plan in terms of the current annual cash outlays rather than upon the basis of the established 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 several departments and divisions of the State government represented in the System upon the basis of the payrolls of the members, as a fixed proportion thereof, and form an integral part of their current operating budgets.

### Conclusion

The procedures in effect in the administration of the System are in accord with recognized and accepted standards. The policies in force reflect a constructive and enlightened approach to all problems

arising in operations. This has resulted in the maintenance of a high level of efficiency. Full effect is given to the stated policy of providing the employees of the State government a full measure of service during the course of operations in fulfillment of the Systems objectives.

A. A. Weinberg  
Actuary



**AUDITOR'S REPORT  
AND  
FINANCIAL STATEMENTS**

## AUDITOR'S REPORT

Honorable Robert G. Rockwell  
 Auditor General  
 State of Illinois  
 and  
 Board of Trustees  
 State Employees' Retirement  
 System of Illinois  
 Springfield, Illinois

We have examined the financial statement of STATE EMPLOYEES' RETIREMENT SYSTEM OF ILLINOIS for the period from July 1, 1961 through June 30, 1962. These statements are presented as Exhibits A through E. 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, 1962 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, 1962, the revenue and expenditures and changes in reserves for the year then ended, and the expenditures against the System's appropriations by the 72nd General Assembly for the period July 1, 1961 through June 30, 1962, on a basis consistent with that of the preceding year.

(Signed) ALEXANDER GRANT & COMPANY

Bloomington, Illinois  
 October 16, 1962



**SYSTEM FUND ACCOUNT**  
**BALANCE SHEET**  
**JUNE 30, 1962**

ASSETS

Cash .....	\$ 1,149,205.92	
Cash Items in Transit.....	16,046.47	
	<hr/>	\$ 1,165,252.39
Accounts Receivable		
Contributions by Members.....	929,346.14	
Cancellation of Service Retirement Allowance .....	1,451.05	
Cancellation of Ordinary Disability.....	6,018.23	
Cancellation of Resignation Refunds.....	24.25	
Cancellation of Widows' Annuity .....	17.51	
Contributions by Employer—		
Funded Benefits Reserve.....	32,528.05	
Contributions from Trust and Federal Funds .....	10,413.53	
Proportional Service Retirement Allowance .....	381.54	
	<hr/>	980,180.30
Accrued Interest on Investments.....		700,004.89
Investments .....		90,387,149.79
		<hr/>
		<u>\$93,232,587.37</u>

LIABILITIES

Benefits Payable		
Accidental Death—State Allowance.....	\$ 110.69	
Accidental Disability .....	3,902.46	
Ordinary Death .....	103,289.70	
Ordinary Disability .....	73,047.03	
Service Retirement Allowance .....	8,055.90	
Survivors' Annuity .....	7,651.44	
Widows' Annuity .....	2,282.73	
	<hr/>	\$ 198,339.95
Refunds Payable		
Termination .....	188,015.79	
Erroneous Deductions .....	2,473.20	
Widows' or Survivors' Annuity Contributions .....	2,443.10	
	<hr/>	\$ 192,932.09
Deferred Credits to Income .....		209,610.00
Reserves		
Members Contributions .....	\$64,946,192.62	
Interest Accumulations .....	6,335,937.10	
Annuitants Death Benefits .....	3,644,947.52	
Contingent General Reserve.....	17,132,554.51	
Funded Benefits—Illinois Toll Highway Commission .....	572,073.58	
	<hr/>	\$92,631,705.33
		<hr/>
		<u>\$93,232,587.37</u>

Original from

**SYSTEM FUND ACCOUNT**  
**SUMMARY OF INCOME, PAYMENTS AND CHARGES**

Period July 1, 1961 to June 30, 1962

INCOME

Contributions by State of Illinois .....	\$ 5,070,732.00	
Contributions by Members .....	\$11,289,826.38	
Less Refunds of Departments and Erroneous Deductions .....	20,906.34	
	<hr/>	11,268,920.04
Contributions Credited to Members' Accounts		
Accidental Disability .....	\$ 12,608.61	
Ordinary Disability .....	98,501.32	
	<hr/>	111,109.93
Contributions from Trust and Federal Funds ..		552,933.45
Contributions by Employer Funded Benefits Reserve .....		193,264.87
Interest Earned on Investments (Less Amortization of Premiums and Charges) .....		2,998,890.99
Interest Paid by Members .....		19,181.77
Repayment of Refunds .....		61,356.16
Receipts from Reciprocating Systems		
Contributions .....		238.15
Interest .....		172.07
		<hr/>
Total Income .....		\$20,276,799.43

PAYMENTS AND CHARGES

Benefit Payments	
Accidental Death Benefits—Accumulated Contributions .....	\$ 6,086.47
Accidental Death Benefits—State Allowance .....	83,684.75
Accidental Disability Benefits .....	59,375.80
Annuities—Reversionary ...	11,872.44
Death Benefit — After Retirement (Excess of Accumulated Contributions over pension payments received) .....	58,788.46
Ordinary Death Benefits — Accumulated Contributions .....	570,148.06
Ordinary Death Benefits — State Allowance .....	210,816.62
Ordinary Disability Benefits .....	818,438.68

## EXHIBIT B (Continued)

Service Retirement Allowance .....	5,223,154.15	
Survivors' Annuity .....	168,772.80	
Widows' Annuity .....	449,291.77	
	<u>                    </u>	\$ 7,660,430.00
Refunds		
To Members – Withdrawal from Service .....	2,498,611.35	
To Members – Widows' or Survivors' Annuity Contributions .....	24,700.32	
	<u>                    </u>	2,523,311.67
		<u>                    </u>
Total Payments and Charges .....		\$10,183,741.67
		<u>                    </u>
Balance, June 30, 1962, Excess of Income over Payments and Charges .....		\$10,093,057.76
		<u>                    </u>
		<u>                    </u>

**SYSTEM TRUST FUND  
 STATEMENT OF REVENUE, EXPENDITURES AND RESERVES  
 Period from July 1, 1961 through June 30, 1962**

ALLOCATED TO

	Total	Members' contributions	Interest accumulations	Annuityants' death benefits	Funded benefits— Illinois State Toll Highway commission	Contingent general reserve
<b>Revenue</b>						
<b>Contributions</b>						
By members .....	\$11,268,920.04	\$11,268,920.04				
Based on disability benefits ..	111,109.93	111,109.93				
Repayment of refunds .....	61,356.16	61,356.16				
By State of Illinois .....	5,070,732.00					5,070,732.00
From Federal funds .....	552,933.45					552,933.45
By Illinois State Toll Highway Commission .....	193,264.87				193,264.87	
Interest .....						
<b>On investments (as amortized)</b> .....	2,998,890.99		738,831.46			2,260,059.53
Paid by members .....	19,181.77					19,181.77
Contributions and interest received from reciprocating systems .....	410.22	238.15				172.07
<b>Total revenue</b> .....	<u>\$20,276,799.43</u>	<u>\$11,441,624.28</u>	<u>\$ 738,831.46</u>	<u>\$ .....</u>	<u>\$ 193,264.87</u>	<u>\$ 7,903,078.82</u>
<b>Expenditures</b>						
Benefit payments .....	7,660,430.00	546,165.34				7,114,264.66
Contribution refunds .....	2,523,311.67	2,523,271.94				39.73
<b>Total expenditures</b> .....	<u>\$10,183,741.67</u>	<u>\$ 3,069,437.28</u>	<u>\$ .....</u>	<u>\$ .....</u>	<u>\$ .....</u>	<u>\$ 7,114,304.39</u>
<b>Excess of Revenue Over Expenditures</b> .....	<u>\$10,093,057.76</u>	<u>\$ 8,372,187.00</u>	<u>\$ 738,831.46</u>	<u>\$ .....</u>	<u>\$ 193,264.87</u>	<u>\$ 788,774.43</u>
<b>Reserves - July 1, 1961</b> .....	82,538,647.57	59,304,294.76	5,597,105.64	3,048,405.02	378,808.71	14,210,033.44
	<u>\$92,631,705.33</u>	<u>\$67,676,481.76</u>	<u>\$ 6,335,937.10</u>	<u>\$ 3,048,405.02</u>	<u>\$ 572,073.58</u>	<u>\$14,998,807.87</u>

Original from

	ALLOCATED TO			EXHIBIT C (Continued)	
	Members' contributions	Interest accumulations	Annuity death benefits	Funded benefits— Illinois State Toll Highway commission	Contingent general reserve
Transfers					
Accumulated contributions of retired members transferred to Contingent General Reserve .....	(2,650,251.69)	.....	596,542.50	.....	2,053,709.19
Accumulated contributions of members whose death occurred during re-employment after retirement .....	(2,253.94)	.....	.....	.....	2,253.94
Accumulated contributions of members who resumed work with the State after retirement and who were active members as of June 30, 1962. ....	(77,783.51)	.....	.....	.....	77,783.51
Reserves—June 30, 1962.....	<u>\$64,946,192.62</u>	<u>\$ 6,335,937.10</u>	<u>\$ 3,644,947.52</u>	<u>\$ 572,073.58</u>	<u>\$17,132,554.51</u>
Total					

EXHIBIT D

STATEMENT OF APPROPRIATIONS BY 72nd GENERAL ASSEMBLY

	72nd Biennium appropriations	Expenditures July 1, 1961 through June 30, 1962	Unexpended appropriations June 30, 1962	Encumbrances		Unencumbered balances June 30, 1962
				Accounts payable	Other	
Personal services .....	\$ 365,520.00	\$ 166,100.30	\$ 199,419.70	\$ 7,380.00	.....	\$ 192,039.70
Contractual services .....	93,200.00	40,837.03	52,362.97	962.05	1,588.64	49,812.28
Postage .....	8,000.00	3,150.00	4,850.00	.....	.....	4,850.00
Travel .....	8,700.00	3,792.87	4,907.13	.....	.....	4,907.13
Commodities .....	2,000.00	205.35	1,794.65	50.77	312.05	1,431.83
Equipment .....	6,000.00	649.25	5,350.75	.....	.....	5,350.75
Stationery, printing and office supplies .....	19,000.00	6,902.48	12,097.52	1,757.32	229.13	10,111.07
Contingencies .....	2,500.00	.....	2,500.00	.....	.....	2,500.00
Administrative expenses of Widows' Annuity Benefits .....	24,000.00	.....	24,000.00	1,211.00	.....	22,789.00
General administrative expenses - totals .....	\$ 528,920.00	\$ 221,637.28	\$ 307,282.72	\$ 11,361.14	\$ 2,129.82	\$ 293,791.76
Administrative expenses of Social Security Enabling Act .....	133,720.00	30,551.87	103,168.13	1,237.10	399.82	101,531.21
Payment to Social Security Contribution Fund .....	15,000.00	15,000.00	.....	.....	.....	.....
State's contribution to the State Employees' Retirement Fund .....	10,141,464.00	5,280,342.00	4,861,122.00	.....	.....	4,861,122.00
Total .....	\$10,819,104.00	\$ 5,547,531.15	\$ 5,271,572.85	\$ 12,598.24	\$ 2,529.64	\$ 5,256,444.97

Original from

**SYSTEM FUND ACCOUNT  
UNITED STATES GOVERNMENT SECURITIES**

**June 30, 1962**

	Maturity Date	Principal Amount	Amortized Cost
Treasury Bills .....	10-15-62	\$ 300,000.00	\$ 291,386.00
Treasury Notes			
4 $\frac{7}{8}$ % Series C—1963 .....	11-15-63	400,000.00	399,859.26
4 $\frac{3}{4}$ % Series A—1964 .....	5-15-64	900,000.00	901,378.94
3 $\frac{3}{4}$ % Series D—1964 .....	5-15-64	1,156,000.00	1,134,999.58
4 $\frac{7}{8}$ % Series C—1964 .....	11-15-64	2,200,000.00	2,209,459.16
		<hr/>	<hr/>
		4,656,000.00	4,645,696.94
Investment series bonds			
2 $\frac{1}{2}$ % Series A .....	10- 1-65	250,000.00	250,000.00
Treasury bonds			
3 $\frac{5}{8}$ % .....	11-15-67	2,850,000.00	2,850,754.49
3 $\frac{7}{8}$ % .....	11-15-68	2,475,000.00	2,494,408.88
2 $\frac{1}{2}$ % .....	6-15-69/64	4,109,000.00	3,754,993.64
4% .....	10- 1-69	2,000,000.00	1,975,417.95
2 $\frac{1}{2}$ % .....	12-15-69/64	3,358,000.00	3,031,323.47
2 $\frac{1}{2}$ % .....	3-15-70/65	3,162,000.00	2,814,962.05
3 $\frac{7}{8}$ % .....	11-15-74	8,491,000.00	8,637,580.00
4% .....	2-15-80	4,375,000.00	4,274,201.37
3 $\frac{1}{2}$ % .....	11-15-80	1,600,000.00	1,607,701.18
3 $\frac{1}{4}$ % .....	6-15-83/78	13,270,000.00	13,494,988.93
4 $\frac{1}{4}$ % .....	5-15-85/75	1,000,000.00	1,007,135.13
3 $\frac{1}{4}$ % .....	5-15-85	4,000,000.00	3,992,884.54
3 $\frac{1}{2}$ % .....	2-15-90	24,438,000.00	24,075,876.02
3% .....	2-15-95	10,095,000.00	9,959,349.96
3 $\frac{1}{2}$ % .....	11-15-98	1,400,000.00	1,228,489.24
		<hr/>	<hr/>
		\$86,623,000.00	\$85,200,066.85
		<hr/>	<hr/>
		\$91,829,000.00	\$90,387,149.79
		<hr/> <hr/>	<hr/> <hr/>





STATISTICAL  
AND  
CLAIMS DATA

## MEMBERSHIP STATISTICS

<i>Active Members:</i>	
Number, July 1, 1961 .....	37,012
<i>Additions:</i>	
Employees qualifying for membership.....	7,843
	<u>44,855</u>
<i>Deductions:</i>	
Deaths Prior to Retirement .....	269
Separations with refunds .....	3,285
Service retirements .....	783
	<u>4,337</u>
Number, June 30, 1962.....	<u><u>40,518</u></u>
<i>Retired Members:</i>	
Number, July 1, 1961.....	4,067
Retirements during year 1961-1962 .....	783
	<u>4,850</u>
Total .....	4,850
Deaths .....	251
Re-entrants into service .....	17
	<u>268</u>
Number, June 30, 1962 .....	<u><u>4,582</u></u>
<i>Widows Annuity Beneficiaries:</i>	
Number, July 1, 1961.....	446
New Claims during year, 1961-1962.....	102
Previously deferred claims.....	4
	<u>106</u>
Total .....	552
Deaths .....	12
Current claims deferred to age 55.....	8
	<u>20</u>
Number, June 30, 1962.....	<u><u>532</u></u>
<i>Survivors' Annuity Beneficiaries:</i>	
Beneficiary Claims during year 1961-1962.....	103
Current Claims Deferred .....	27
	<u>76</u>
Number of Beneficiaries, June 30, 1962.....	<u><u>76</u></u>

## MEMBERSHIP BY DEPARTMENTS

June 30, 1962

Code No.	Department	Number		Total	Percent Of Total Member- ship
		Male	Female		
1	Governor .....	6	13	19	.04
2	Lieutenant Governor .....	1	1	2	.01
3	Secretary of State .....	980	935	1,915	4.72
4	Auditor of Public Accounts.....	43	74	117	.29
5	Treasurer .....	89	43	132	.33
6	Attorney General .....	124	61	185	.46
7	Public Instruction .....	46	107	153	.38
8	Courts .....	44	42	86	.21
9	State Officers .....	113	48	161	.40
10	Aeronautics .....	16	12	28	.07
11	Agriculture .....	374	130	504	1.24
12	Conservation .....	403	82	485	1.20
13	Finance .....	130	153	283	.70
14	Insurance .....	69	56	125	.31
15	Labor .....	1,004	1,421	2,425	5.98
17	Mines and Minerals .....	47	10	57	.14
18	Audits .....	3	3	6	.01
19	Financial Institutions .....	161	52	213	.52
20	Public Health .....	292	565	857	2.12
21	Public Safety .....	2,537	255	2,792	6.89
22	Mental Health .....	4,478	7,201	11,679	28.82
23	Public Works & Buildings.....	5,364	469	5,833	14.40
24	Registration & Education.....	56	84	140	.33
25	Revenue .....	524	475	999	2.47
28	Personnel .....	35	73	108	.27
29	Youth Commission .....	617	313	930	2.30
30	Civil Service Commission.....	2	2	4	.01
31	Commerce Commission .....	106	75	181	.45
32	Liquor Commission .....	17	14	31	.08
33	Public Aid Commission .....	330	1,142	1,472	3.63
34	Veterans' Commission.....	56	88	144	.36
35	State Militia .....	190	46	236	.58
50	Miscellaneous Agencies .....	678	372	1,050	2.59
	Inactives .....	4,443	2,723	7,166	17.69
	Totals .....	23,378	17,140	40,518	100.00

**NUMBER OF MEMBERS AND TOTAL SALARIES AT JUNE 30, 1962  
CLASSIFIED BY AGE AND SEX**

**Male Employees**

Age At June 30, 1962	Number of Members	Aggregate Annual Salary Rate	Age At June 30, 1962	Number of Members	Aggregate Annual Salary Rate
18	2	\$ 8,460	55	597	\$ 3,246,012
19	4	15,120	56	651	3,674,400
20	48	175,692	57	660	3,701,124
21	99	369,156	58	653	3,544,488
22	203	830,688	59	608	3,203,148
23	296	1,267,548	60	543	3,016,704
24	241	1,068,276	61	497	2,774,460
25	286	1,328,448	62	426	2,321,592
26	346	1,711,812	63	374	2,166,672
27	356	1,872,228	64	396	2,182,044
28	367	1,893,984	65	281	1,555,284
29	353	1,902,588	66	245	1,385,196
30	358	1,931,988	67	222	1,208,124
31	377	2,082,288	68	172	967,740
32	383	2,168,580	69	140	798,084
33	368	2,064,624	70	139	788,448
34	395	2,275,308	71	95	503,136
35	414	2,413,224	72	71	378,252
36	399	2,366,604	73	70	348,756
37	449	2,695,716	74	41	226,692
38	436	2,670,168	75	30	156,648
39	449	2,705,508	76	35	155,256
40	405	2,402,928	77	24	89,604
41	423	2,434,344	78	6	28,476
42	418	2,364,432	79	5	32,760
43	360	2,055,252	80	8	30,384
44	431	2,480,220	81	6	21,264
45	429	2,307,528	82	2	12,060
46	473	2,545,536	83	6	26,820
47	476	2,593,644	84	3	7,020
48	506	2,906,280	85	1	3,000
49	511	2,733,420	86	3	7,260
50	557	3,047,268	88	1	2,640
51	609	3,356,940	91	1	2,028
52	616	3,411,288	93	1	3,480
53	606	3,409,992	96	1	1,344
54	669	3,895,392			
				21,132	\$116,332,872
Members having uncompleted Membership Records .....				2,246	8,808,648
Totals .....				23,378	\$125,141,520

**NUMBER OF MEMBERS AND TOTAL SALARIES AT JUNE 30, 1962  
CLASSIFIED BY AGE AND SEX**

**Female Employees**

Age At June 30, 1962	Number of Members	Aggregate Annual Salary Rate	Age At June 30, 1962	Number of Members	Aggregate Annual Salary Rate
19	58	\$ 204,576	53	478	2,061,000
20	206	702,228	54	493	2,199,120
21	213	737,976	55	511	2,206,368
22	202	703,644	56	481	2,121,648
23	227	842,124	57	477	2,131,020
24	261	1,011,768	58	464	2,044,152
25	235	916,056	59	454	1,981,872
26	209	832,932	60	429	1,910,256
27	203	806,592	61	360	1,608,108
28	200	807,384	62	416	1,843,716
29	219	863,580	63	283	1,217,760
30	171	692,376	64	301	1,312,152
31	188	737,196	65	222	975,648
32	195	797,628	66	233	1,037,880
33	215	897,444	67	197	847,092
34	199	805,404	68	127	536,940
35	240	998,820	69	142	625,908
36	241	1,006,620	70	109	512,388
37	246	996,960	71	80	368,580
38	248	996,396	72	71	296,256
39	283	1,171,452	73	48	215,364
40	303	1,293,516	74	51	222,072
41	339	1,425,912	75	18	71,580
42	338	1,411,068	76	25	102,204
43	341	1,425,732	77	8	31,500
44	353	1,499,652	78	12	44,520
45	334	1,390,860	79	5	19,500
46	371	1,568,868	80	4	15,180
47	438	1,872,000	81	1	3,900
48	464	2,005,164	82	2	2,700
49	496	2,143,536	84	1	3,780
50	443	1,940,100	89	1	3,780
51	464	2,076,408			
52	514	\$ 2,261,292		16,161	\$ 68,417,208
<b>Members having uncompleted Membership Records .....</b>				<b>979</b>	<b>3,002,940</b>
<b>Totals .....</b>				<b>17,140</b>	<b>\$ 71,420,148</b>

**NUMBER OF MEMBERS AT JUNE 30, 1962  
CLASSIFIED BY LENGTH OF SERVICE**

Length of Service at June 30, 1962 (Years)	Number		Total
	Male	Female	
Less Than One Year .....	5,870	1,796	7,666
1 .....	2,160	1,766	3,926
2 .....	1,699	1,333	3,032
3 .....	1,621	984	2,605
4 .....	1,562	1,050	2,612
5 .....	1,018	1,073	2,091
6 .....	936	1,021	1,957
7 .....	861	837	1,698
8 .....	1,032	810	1,842
9 .....	717	616	1,333
10 .....	517	533	1,050
11 .....	495	416	911
12 .....	531	419	950
13 .....	391	334	725
14 .....	371	348	719
15 .....	402	391	793
16 .....	347	310	657
17 .....	247	248	495
18 .....	163	224	387
19 .....	182	243	425
20 .....	250	345	595
21 .....	379	383	762
22 .....	203	221	424
23 .....	213	189	402
24 .....	157	165	322
25 .....	147	145	292
26 .....	123	126	249
27 .....	115	101	216
28 .....	106	110	216
29 .....	95	132	227
30 .....	60	72	132
31 .....	45	50	95
32 .....	59	52	111
33 .....	32	43	75
34 .....	40	40	80
35 .....	32	26	58
36 .....	29	31	60
37 .....	30	22	52
38 .....	18	16	34
39 .....	31	30	61
40 .....	30	17	47
41 .....	20	14	34
42 .....	14	10	24
43 .....	9	21	30
44 .....	7	9	16
45 .....	3	7	10

(Continued)

Length of Service at June 30, 1962 (Years)	Number		Total
	Male	Female	
46 .....	5	5	10
47 .....	—	2	2
48 .....	—	3	3
50 .....	2	—	2
51 .....	1	—	1
52 .....	—	1	1
53 .....	1	—	1
Totals .....	<u>23,378</u>	<u>17,140</u>	<u>40,518</u>

**SERVICE RETIREMENT ANNUITANTS CLASSIFIED BY  
AGE AT JUNE 30, 1962**

**Male**

Age at June 30, 1962	Number	Annual Payments
53 .....	1	\$ 2,126.64
56 .....	3	6,519.48
58 .....	1	1,703.28
60 .....	24	38,243.76
61 .....	74	122,860.92
62 .....	78	114,782.40
63 .....	98	133,793.28
64 .....	109	157,321.80
65 .....	131	176,577.36
66 .....	172	279,279.36
67 .....	190	255,327.84
68 .....	161	219,544.44
69 .....	154	208,696.68
70 .....	181	234,652.68
71 .....	146	201,613.92
72 .....	146	187,720.44
73 .....	131	182,072.40
74 .....	127	177,741.72
75 .....	105	136,324.56
76 .....	95	115,276.80
77 .....	102	135,291.12
78 .....	69	78,888.60
79 .....	61	80,420.04
80 .....	47	46,548.36
81 .....	33	30,175.08
82 .....	30	29,075.76
83 .....	18	16,521.24
84 .....	18	18,456.96
85 .....	18	14,088.24
86 .....	17	15,976.44
87 .....	6	3,792.84
88 .....	3	3,650.76
89 .....	6	8,170.08
90 .....	4	3,357.84
91 .....	7	8,747.16
92 .....	2	3,007.92
	<u>2,568</u>	<u>\$ 3,448,348.20</u>

Average Age—70.65 years  
Average Allowance—\$1,342.81 per year



**SERVICE RETIREMENT ANNUITANTS CLASSIFIED BY  
AGE AT JUNE 30, 1962**

**Female**

Age at June 30, 1962	Number	Annual Payments
53 .....	1	\$ 495.36
54 .....	2	3,164.40
55 .....	2	1,524.72
57 .....	5	6,387.24
58 .....	4	6,819.72
59 .....	8	11,011.20
60 .....	15	17,183.64
61 .....	40	47,082.24
62 .....	50	55,409.16
63 .....	55	56,963.28
64 .....	86	89,812.08
65 .....	109	132,760.68
66 .....	116	113,722.92
67 .....	117	126,133.08
68 .....	138	158,076.36
69 .....	115	130,272.72
70 .....	124	119,055.12
71 .....	116	125,497.56
72 .....	130	140,238.84
73 .....	110	116,164.68
74 .....	104	109,869.96
75 .....	98	107,118.12
76 .....	85	88,003.20
77 .....	77	83,210.88
78 .....	72	75,356.88
79 .....	47	42,842.28
80 .....	37	40,587.48
81 .....	37	32,930.40
82 .....	33	29,373.84
83 .....	21	17,440.08
84 .....	18	12,313.80
85 .....	12	8,706.12
86 .....	10	6,583.92
87 .....	12	9,327.60
89 .....	3	2,000.28
90 .....	2	1,267.92
91 .....	2	2,038.44
92 .....	1	447.24
<b>Totals</b> .....	<b>2,014</b>	<b>\$ 2,127,193.44</b>

Average Age—71.10

Average Allowance—\$1,056.20

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

June 30, 1962

Age at Retirement	Male	Number	Female
50 .....	1		2
53 .....	—		3
54 .....	1		3
55 .....	9		9
56 .....	2		6
57 .....	—		5
58 .....	1		14
59 .....	7		11
60 .....	392		311
61 .....	157		134
62 .....	148		115
63 .....	132		115
64 .....	154		102
65 .....	310		253
66 .....	186		143
67 .....	178		124
68 .....	135		120
69 .....	143		114
70 .....	214		172
71 .....	74		69
72 .....	71		38
73 .....	70		50
74 .....	50		45
75 .....	42		27
76 .....	28		11
77 .....	23		8
78 .....	16		3
79 .....	11		4
80 .....	2		—
81 .....	2		2
82 .....	4		1
83 .....	3		—
85 .....	1		—
87 .....	1		—
	<u>2,568</u>		<u>2,014</u>

Average Age at Retirement

Males— 65.97

Females—65.48

**WIDOW ANNUITANTS CLASSIFIED BY AGE AT  
June 30, 1962**

Age at June 30, 1962	Number	Annual Payments \$
37 .....	1	933.60
42 .....	2	3,540.36
43 .....	1	1,325.64
45 .....	2	1,785.60
46 .....	1	419.04
47 .....	4	2,832.36
48 .....	2	1,923.12
49 .....	4	4,311.36
50 .....	4	5,778.24
51 .....	4	3,400.92
52 .....	2	2,117.52
53 .....	5	7,020.48
54 .....	3	2,044.32
55 .....	9	8,998.44
56 .....	7	7,956.60
57 .....	14	9,138.84
58 .....	13	14,683.68
59 .....	19	22,217.28
60 .....	25	19,259.88
61 .....	14	10,234.08
62 .....	24	22,574.16
63 .....	24	25,278.36
64 .....	30	22,047.96
65 .....	18	15,129.00
66 .....	34	30,372.60
67 .....	20	18,598.08
68 .....	36	26,407.44
69 .....	23	15,476.52
70 .....	22	17,875.56
71 .....	28	16,136.16
72 .....	22	16,408.80
73 .....	17	13,201.92
74 .....	18	11,443.80
75 .....	17	10,152.96
76 .....	17	10,822.20
77 .....	7	5,832.24
78 .....	12	6,519.48
79 .....	8	4,846.56
80 .....	4	5,590.32
81 .....	6	3,072.96
82 .....	3	1,152.60
83 .....	1	411.60
84 .....	3	1,339.80
86 .....	1	325.32
87 .....	1	309.84
	<hr/> 532 <hr/>	<hr/> \$431,247.60 <hr/>

Average Age—66.27  
Average Annuity—\$810.62

**SURVIVORS ANNUITY BENEFICIARIES CLASSIFIED BY  
AGE AT JUNE 30, 1962**

**Relationship of Beneficiary**

Age	Widow	Widower	Child	Parent	Total	Annual Payments
11 .....	—	—	1	—	1	\$ 1,225.56
12 .....	—	—	1	—	1	733.68
13 .....	—	—	1	—	1	1,103.76
15 .....	—	—	1	—	1	733.68
16 .....	—	—	2	—	2	2,117.04
17 .....	—	—	1	—	1	733.68
30 .....	1	—	—	—	1	3,000.00
31 .....	1	—	—	—	1	3,000.00
38 .....	1	—	—	—	1	3,000.00
42 .....	2	—	—	—	2	5,126.76
43 .....	1	—	—	—	1	2,467.68
44 .....	1	—	—	—	1	2,522.76
48 .....	3	—	—	—	3	7,883.04
49 .....	1	—	—	—	1	2,746.56
53 .....	1	—	—	—	1	3,000.00
54 .....	2	—	—	—	2	4,612.92
55 .....	1	—	—	—	1	1,848.84
56 .....	3	—	—	—	3	4,054.32
57 .....	4	—	—	—	4	5,748.72
58 .....	3	—	—	—	3	4,670.76
59 .....	5	—	—	—	5	7,370.16
60 .....	2	—	—	—	2	3,869.16
61 .....	4	—	—	—	4	6,606.48
62 .....	6	—	—	—	6	8,001.96
63 .....	3	—	—	—	3	7,310.64
65 .....	2	—	—	—	2	4,096.44
66 .....	3	—	—	—	3	3,530.28
67 .....	1	—	—	—	1	1,875.48
68 .....	4	1	—	—	5	5,899.56
69 .....	2	—	—	—	2	3,027.84
70 .....	2	—	—	—	2	4,518.24
71 .....	2	—	—	—	2	3,694.56
72 .....	3	—	—	—	3	4,036.08
73 .....	1	—	—	—	1	1,982.40
76 .....	1	1	—	1	3	4,653.60
Totals...	66	2	7	1	76	\$130,802.64
Average Age	59.4	72	14.3	76		
Average Annuity						\$ 1,721.09

**DEATHS AMONG MEMBERS PRIOR TO RETIREMENT—AGE AND  
SERVICE DATA—FISCAL PERIOD JULY 1, 1961 TO JUNE 30, 1962**

	<b>Number of Claims</b>			
Age at Death	Male	Female	Total	
18 to 24 incl.....	3	0	3	
25 to 29 incl.....	0	0	0	
30 to 34 incl.....	3	1	4	
35 to 39 incl.....	2	2	4	
40 to 44 incl.....	3	5	8	
45 to 49 incl.....	15	10	25	
50 to 54 incl.....	31	11	42	
55 to 59 incl.....	41	22	63	
60 to 64 incl.....	52	11	63	
65 to 69 incl.....	29	12	41	
70 or over .....	11	5	16	
Totals .....	190	79	269	
 Service Data:				
Less than 6 years of service.....	59	24	83	31%
6 years of service or over.....	131	55	186	69%
			269	

**DEATH PRIOR TO RETIREMENT CLASSIFIED BY CAUSES OF DEATH  
FISCAL PERIOD JULY 1, 1961 TO JUNE 30, 1962**

Cause of Death	Number
<b>Diseases of the Heart, Blood Vessels and Kidneys:</b>	
Heart Disease .....	143
Apoplexy .....	22
Nephritis .....	7
Cancer and Tumor.....	44
Pneumonia and Influenza .....	10
Diabetes .....	0
Liver Disease .....	5
Pulmonary Tuberculosis .....	0
<b>Diseases of the Digestive Tract, Including Ulcers of the Stomach and Duodenum and Appendicitis .....</b>	
	<b>9</b>
Automobile Accidents .....	9
Other Violent Deaths—Including War Deaths.....	9
All Other Causes .....	11
Causes Unknown .....	0
	<hr/>
Totals .....	269
	<hr/> <hr/>

*Above Statistics Classified as to Types of Benefit:*

Ordinary Death (Nonoccupational).....	152
Accidental Death (Occupational).....	3
Survivors' Annuity .....	98
Widows' Annuity .....	16
	<hr/>
Totals .....	269
	<hr/> <hr/>

## STATISTICS ON WITHDRAWALS WITH REFUNDS

### Classified by Age at Withdrawal

Age At Withdrawal	Number of Refunds Year Ended June 30	
	1962	1961
18-19 incl. ....	5	8
20-24 incl. ....	537	554
25-29 incl. ....	501	550
30-34 incl. ....	361	458
35-39 incl. ....	315	450
40-44 incl. ....	322	427
45-49 incl. ....	306	493
50-54 incl. ....	326	582
55-59 incl. ....	259	525
60-64 incl. ....	207	411
65-69 incl. ....	90	215
70 and over .....	34	68
No age data .....	22	50
<b>Totals .....</b>	<b>3,285</b>	<b>4,791</b>

### CLASSIFIED BY LENGTH OF SERVICE

Less Than 1 Year .....	531	550
1 Year .....	800	1,048
2 Years .....	520	691
3 Years .....	398	541
4 Years .....	263	401
5 Years and Over .....	773	1,560
<b>Totals (as above).....</b>	<b>3,285</b>	<b>4,791</b>

**SUMMARY BY DEPARTMENTS OF BENEFIT CLAIMS COVERING  
THE PERIOD FROM JULY 1, 1961 TO JUNE 30, 1962**

Code No.	Name of Department	Service Retirement Allowance	Ordinary Death	Accidental Death	Ordinary Disability	Accidental Disability	Reversionary Annuity	Death Benefit After Retirement	Widows' Annuities	Survivors' Annuities
01	Governor .....	...	...	...	1	...	...	...	...	...
02	Lieutenant Governor .....	...	...	...	...	...	...	...	...	...
03	Secretary of State .....	22	11	...	5	...	...	...	3	7
04	Auditor of Public Accounts .....	4	3	...	1	...	...	...	...	1
05	Treasurer .....	...	2	...	1	...	...	...	2	...
06	Attorney General .....	12	...	...	...	...	...	...	...	...
07	Public Instruction .....	2	1	...	1	...	...	...	1	...
08	Courts .....	2	1	...	...	...	...	...	...	...
09	State Officers .....	19	1	...	1	...	...	1	2	1
10	Aeronautics .....	1	...	...	...	...	...	...	...	...
11	Agriculture .....	23	7	...	2	...	...	...	1	6
12	Conservation .....	15	2	...	2	...	...	...	4	1
13	Finance .....	3	...	...	3	...	...	...	...	...
14	Insurance .....	5	2	...	1	...	...	1	2	1
15	Labor .....	28	10	...	19	1	...	...	3	9
17	Mines and Minerals .....	7	...	...	...	...	...	...	1	...
18	Audits .....	1	...	...	...	...	...	...	...	...
19	Financial Institutions .....	7	1	...	2	...	...	...	1	...
20	Public Health .....	7	3	...	11	2	...	2	1	...
21	Public Safety .....	68	6	1	23	2	...	5	12	13
22	Mental Health .....	304	57	...	156	24	...	14	16	26
23	Public Works and Buildings .....	117	15	2	16	10	...	1	27	15
24	Registration and Education .....	6	...	...	...	...	...	...	...	...
25	Revenue .....	29	5	...	4	...	...	1	12	2
28	Personnel .....	2	...	...	...	...	...	...	...	...

(Continued)



(Continued)

Code No.	Name of Department	Service Retirement Allowance	Ordinary Death	Accidental Death	Ordinary Disability	Accidental Disability	Reversionary Annuity	Death Benefit After Retirement	Widows' Annuities	Survivors' Annuities
29	Youth Commission . . . . .	16	7	...	8	1	...	1	3	7
30	Civil Service Commission . . . . .	...	...	...	...	...	...	...	...	...
31	Commerce Commission . . . . .	13	3	...	...	...	...	2	...	2
32	Liquor Control Commission . . . . .	5	...	...	...	...	...	...	...	...
33	Public Aid Commission . . . . .	28	5	...	14	...	...	...	2	3
34	Veterans' Commission . . . . .	10	2	...	1	...	...	...	2	2
35	State Militia . . . . .	8	4	...	1	...	...	1	4	2
50	Miscellaneous Agencies . . . . .	19	4	...	5	...	...	...	3	4
	Totals . . . . .	783	152	3	278	40	0	29	102	100

**SERVICE RETIREMENT ALLOWANCE EFFECTIVE DURING THE  
PERIOD FROM JULY 1, 1961 TO JUNE 30, 1962**

**Summary by Departments**

Code No.	Name of Department	Year Ended June 30	
		1962	1961
01	Governor .....	0	1
03	Secretary of State .....	22	16
04	Auditor of Public Accounts .....	4	7
05	Treasurer .....	0	1
06	Attorney General .....	12	3
07	Public Instruction .....	2	2
08	Courts .....	2	3
09	State Officers .....	19	20
10	Aeronautics .....	1	0
11	Agriculture .....	23	9
12	Conservation .....	15	11
13	Finance .....	3	9
14	Insurance .....	5	5
15	Labor .....	28	32
17	Mines and Minerals.....	7	6
18	Audits .....	1	0
19	Financial Institutions .....	7	4
20	Public Health .....	7	10
21	Public Safety .....	68	65
22	Mental Health .....	304	235
23	Public Works and Buildings.....	117	268
24	Registration and Education .....	6	9
25	Revenue .....	29	81
28	Personnel .....	2	1
29	Illinois Youth Commission .....	16	10
31	Illinois Commerce Commission .....	13	13
32	Illinois Liquor Control Commission.....	5	3
33	Illinois Public Aid Commission.....	28	21
34	Illinois Veterans' Commission .....	10	1
35	Illinois State Militia .....	8	6
50	Miscellaneous Agencies .....	19	6
	Totals .....	<u>783</u>	<u>858</u>

**WIDOWS' ANNUITY CLAIMS DURING THE PERIOD  
FROM JULY 1, 1961 TO JUNE 30, 1962**

**Summary by Departments**

Code No.	Name of Department	Year Ended June 30	
		1962	1961
03	Secretary of State .....	3	4
05	Treasurer .....	2	0
07	Public Instruction .....	1	1
09	State Officers .....	2	0
11	Agriculture .....	1	2
12	Conservation .....	4	2
14	Insurance .....	2	1
15	Labor .....	3	6
17	Mines and Minerals.....	1	1
19	Financial Institutions .....	1	0
20	Public Health .....	1	1
21	Public Safety .....	12	9
22	Mental Health .....	16	27
23	Public Works and Buildings.....	27	16
25	Revenue .....	12	6
29	Illinois Youth Commission .....	3	1
32	Illinois Liquor Control Commission.....	0	2
33	Illinois Public Aid Commission.....	2	3
34	Illinois Veterans Commission .....	2	0
35	Illinois State Militia .....	4	2
50	Miscellaneous Agencies .....	3	1
	<b>Totals .....</b>	<b>102</b>	<b>85</b>

**SURVIVORS' ANNUITIES CLAIMS DURING THE PERIOD  
FROM JULY 1, 1961 TO JUNE 30, 1962**

**Summary by Departments**

Code No.	Name of Department	Year Ending June 30, 1962
03	Secretary of State .....	7
04	Auditor of Public Accounts .....	1
09	State Officers .....	1
11	Agriculture .....	6
12	Conservation .....	1
14	Insurance .....	1
15	Labor .....	9
21	Public Safety .....	13
22	Mental Health .....	26
23	Public Works & Buildings .....	15
25	Revenue .....	2
29	Illinois Youth Commission .....	7
31	Illinois Commerce Commission .....	2
33	Public Aid Commission .....	3
35	Illinois State Militia .....	2
50	Miscellaneous Agencies .....	4
	Total .....	100

**NON-OCCUPATIONAL DEATH CLAIMS COVERING THE  
PERIOD FROM JULY 1, 1961 TO JUNE 30, 1962**

**Summary by Departments**

Code No.	Name of Department	Year Ended June 30	
		1962	1961
03	Secretary of State .....	11	13
04	Auditor of Public Accounts .....	3	1
05	Treasurer .....	2	2
06	Attorney General .....	0	3
07	Public Instruction .....	1	2
08	Courts .....	1	0
09	State Officers .....	1	1
11	Agriculture .....	7	6
12	Conservation .....	2	6
13	Finance .....	0	3
14	Insurance .....	2	1
15	Labor .....	10	19
17	Mines and Minerals .....	0	1
19	Financial Institutions .....	1	2
20	Public Health .....	3	4
21	Public Safety .....	6	19
22	Mental Health .....	57	86
23	Public Works and Buildings .....	15	36
25	Revenue .....	5	11
29	Illinois Youth Commission .....	7	10
31	Illinois Commerce Commission .....	3	4
33	Illinois Public Aid Commission .....	5	10
34	Illinois Veterans' Commission .....	2	2
35	Illinois State Militia .....	4	2
50	Miscellaneous Agencies .....	4	8
	<b>Totals .....</b>	<b>152</b>	<b>252</b>

**OCCUPATIONAL DEATH CLAIMS COVERING THE PERIOD  
FROM JULY 1, 1961 TO JUNE 30, 1962**

**Summary by Departments**

Code No.	Name of Department	Year Ended June 30	
		1962	1961
11	Agriculture .....	0	1
21	Public Safety .....	1	1
23	Public Works and Buildings.....	2	2
	Totals .....	<u>3</u>	<u>4</u>

**NON-OCCUPATIONAL DISABILITY CLAIMS COVERING THE  
PERIOD FROM JULY 1, 1961 TO JUNE 30, 1962**

**Summary by Departments**

Code No.	Name of Department	Year Ended June 30	
		1962	1961
01	Governor .....	1	0
03	Secretary of State .....	5	6
04	Auditor of Public Accounts .....	1	1
05	Treasurer .....	1	0
07	Public Instruction .....	1	0
09	State Officers .....	1	0
11	Agriculture .....	2	5
12	Conservation .....	2	1
13	Finance .....	3	2
14	Insurance .....	1	0
15	Labor .....	19	15
19	Financial Institutions .....	2	0
20	Public Health .....	11	6
21	Public Safety .....	23	14
22	Mental Health .....	156	118
23	Public Works and Buildings .....	16	21
24	Registration and Education .....	0	2
25	Revenue .....	4	12
29	Illinois Youth Commission .....	8	2
32	Illinois Liquor Control Commission .....	0	1
33	Illinois Public Aid Commission .....	14	4
34	Illinois Veterans' Commission .....	1	2
35	Illinois State Militia .....	1	0
50	Miscellaneous Agencies .....	5	1
	<b>Totals .....</b>	<b>278</b>	<b>213</b>

**OCCUPATIONAL DISABILITY CLAIMS COVERING THE PERIOD  
FROM JULY 1, 1961 TO JUNE 30, 1962**

**Summary by Departments**

Code No.	Name of Department	Year Ended June 30	
		1962	1961
11	Agriculture .....	0	1
15	Labor .....	1	3
20	Public Health .....	2	1
21	Public Safety .....	2	0
22	Mental Health .....	24	18
23	Public Works and Buildings.....	10	25
25	Revenue .....	0	1
29	Illinois Youth Commission .....	1	0
33	Illinois Public Aid Commission.....	0	1
	Totals .....	40	50



**DEATH BENEFITS AFTER RETIREMENT COVERING THE PERIOD  
FROM JULY 1, 1961 TO JUNE 30, 1962**

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

Code No.	Name of Department	Year Ended June 30	
		1962	1961
09	State Officers .....	1	0
14	Insurance .....	1	0
20	Public Health .....	2	0
21	Public Safety .....	5	2
22	Mental Health .....	14	7
23	Public Works and Buildings.....	1	3
25	Revenue .....	1	1
29	Illinois Youth Commission .....	1	0
31	Illinois Commerce Commission .....	2	0
35	Illinois State Militia .....	1	0
50	Miscellaneous Agencies .....	0	2
	Totals .....	29	15
		29	15

**REVERSIONARY ANNUITIES EFFECTIVE DURING THE PERIOD  
FROM JULY 1, 1961 TO JUNE 30, 1962**

**Summary by Departments**

Code No.	Name of Department	Year Ended June 30	
		1962	1961
21	Public Safety .....	0	1
50	Miscellaneous Agencies .....	0	1
	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.

A member leaving service after age 55 with at least 30 years of creditable service may apply for his pension prior to age 60 at a reduced amount. The reduction would amount to  $\frac{1}{2}$  of 1% for each month under age 60.

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 reenters 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 $\frac{2}{3}$ % 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

\* This summary sets forth in brief the principal provisions of the plan of operation underlying the System in force on June 30, 1962. It is not to be accepted as a substitute for the applicable law. The law must be considered as controlling under all circumstances.

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 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.

*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, or age 50 with at least 20 years of credited 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.

## OPTION TO A WIDOW

The widow of a deceased male member who had established for his wife the right to a widow's annuity benefit as well as the survivors' annuity benefit has the option of receiving either the widow's annuity or survivors' annuity benefit.

## WIDOW'S ANNUITY

This benefit does not apply to any member who first established membership in the System on or after July 19, 1961.

The following conditions must be fulfilled for eligibility of a widow for a widow's annuity:

(a) The deceased member must have at least 8 years of credited service or must have fulfilled the required service requirements for establishing a right to a service retirement allowance.

(b) The widow must be exclusively nominated as beneficiary in the beneficiary designation filed with the Retirement System.

(c) The widow must have been married to the member at least one year prior to the date of his death or retirement, whichever first occurs, and also on the last day of State employment.

The widow's annuity consists of the following:

(a) A widow's annuity equal to 50% of the service retirement allowance earned by the member (with 8 years of creditable service or more) at the date of his death, and (b) a lump sum death benefit payment amounting to \$500.00.

The widow's annuity begins immediately if the widow is aged 55 years or over at the date of death of the member. If she is under age 55 at such time, payment of the monthly annuity is deferred until such time as she attains age 55. In any event, the lump sum death benefit (part (b) above) is payable immediately following death of the member.

If the widow has in her care a minor child or children under age 18 (children of the blood or adopted children) payment of the widow's annuity benefit begins immediately even though the widow is under age 55. In such event, the widow's annuity portion of the benefit (part (a)) is increased 5% of the service retirement allowance earned by the deceased member, on account of each such minor child, subject to a maximum payment of 66-2/3% of the service retirement allowance earned by the member.

Adopted children have the same status as children of the blood provided the proceedings for adoption were begun at least one year prior to the date of death of the member.

Marriage of a child renders the child ineligible for further consideration in the payment of or increase in a widow's annuity. Attainment of age 18 by

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a child renders such child ineligible for further consideration in the increase of the widow's annuity, but payment of the widow's annuity is continued thereafter without regard to her age even if it be less than age 55.

## SURVIVORS' BENEFIT

The survivors' benefit consists of: (a) A single sum payment of \$1,000.00, divided pro rata among the beneficiaries entitled thereto; and (b) a survivors' annuity payable to certain eligible beneficiaries, under the conditions stated below and at the rates specified.

These benefits are applicable to all members of the System, both male and female. The benefits apply immediately to a member who has been a contributor for a period of at least 1½ years and was in State service on July 19, 1961. If a member enters or reenters State service after July 19, 1961, the benefits will become effective when he has made contributions for at least 1½ years subsequent to that date.

If death of a member occurs while not in State service, the benefits are payable only if the member had established a vested right in the service retirement allowance at the date of termination of service.

The benefits do not apply to a member who retired prior to July 19, 1961, unless he reenters service and completes at least 1½ years of contributing membership service following reentry.

*Eligibility.* The benefits are payable to the following survivors:

(1) A widow or dependent widower aged 55 or over, unless minor children under age 18 of the member are in the care of the widow or dependent widower in which event payments begin immediately upon death of the member.

(2) If no widow or dependent widower survives a member, a dependent child or children of the member who are full orphans would qualify for the benefit.

(3) If there be no widow, dependent widower, or dependent children of the member under age 18, the benefits are payable to a dependent parent or parents aged 55 or over. If a parent is under age 55 at the date of death of the member, payment of the annuity is deferred until attainment of age 55.

(4) If no widow, dependent widower, children under 18 of the member who are full orphans, or dependent parents survive the member, no survivors' benefits are payable.

A beneficiary is disqualified from receiving a survivors' annuity during the time he is receiving salary from the State of Illinois or as an employee of an employer covered by the University Retirement System of Illinois.

The survivors' annuity terminates upon death or remarriage of the widow, dependent widower or dependent parent.

Marriage, attainment of age 18, or death of a child renders him ineligible for consideration in the payment of a survivors' annuity to a widow, or in continuing payments to the widow prior to her attainment of age 55.

Marriage, attainment of age 18, or death of a child results in the termination of the survivors' annuity payment on account of that child.

A beneficiary is deemed a dependent if such beneficiary was receiving at the date of death of the member at least one-half of his support from the member for maintenance including board, lodging, medical care and like costs.

A dependent child under age 18 of a member includes a dependent stepchild or dependent adopted child who has been either a stepchild or adopted child for at least one year at the date of death, of the member, or at the date of the member's withdrawal from service, whichever first occurs.

A dependent parent of the member includes a dependent stepparent or dependent adopted parent, if the marriage of the stepparent or the adoption of the member occurred prior to the member's attainment of age 18.

In order to qualify for these benefits, a wife or dependent husband of a member must have been married to the member at least one year at the date of his death or at the date of the member's withdrawal from service, whichever first occurs.

If death occurs while in service, the survivors' annuity is payable as follows:

(1) If the beneficiary is a widow or dependent widower, the survivors' annuity is 30% of average final compensation as defined herein. The maximum annuity is \$200.00 per month.

In addition to the foregoing amount, if a dependent child or children under age 18, also survive the member and are under the care of the widow or dependent widower, an additional amount is payable equal to 20% of average final compensation on account of each such child, plus 10% of such compensation divided equally among all such children; provided that the combined payments on account of all beneficiaries cannot exceed \$250.00 per month or 80% of average final compensation, whichever is the lesser.

(2) If the beneficiary is a dependent minor child or children who are full orphans, the survivors' annuity is 20% of average final compensation to each child and 10% of such compensation divided equally among all children eligible for such annuity; provided that the combined payments to all children cannot exceed \$250.00 per month or 80% of average final compensation, whichever is the lesser. The maximum annuity payments on account of any one child is \$125.00 per month.

(3) If the beneficiary is a dependent parent, the survivors' annuity is 20% of average final compensation to each parent plus 10% of such compensation divided equally among the parents who qualify, subject to a maximum payment to both dependent parents of \$200.00 per month.

If death of the member occurs after his last withdrawal from service, or after retirement, the survivors' annuity to all eligible beneficiaries is further limited to a maximum of 80% of the service retirement allowance earned by the member at the date of his last withdrawal from service.

In addition to the survivors' benefits, consisting of the \$1,000.00 single sum benefit and the survivors' annuity, the named beneficiary or estate of a member whose death occurs prior to retirement, from any cause other than occupational injuries or disease, is entitled to refund of retirement annuity contributions, without interest.

## 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 five years of creditable service and who has been a contributor to the System for at least 12 months, provided he was granted a leave of absence for disability. The amount of the benefit is 50% of earnable compensation, plus a credit to the member's account of service and contributions at 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.



## DEATH BENEFIT—DEATH BEFORE RETIREMENT

Upon death of a member from any cause other than occupational injuries or disease, leaving no dependent eligible to the survivors' or widow's annuity benefit, his designated beneficiary is entitled to a return of his contributions, including interest.

If death of a member leaving no dependent eligible to the survivors' or widow's annuity benefit occurs while in service and he was in receipt of salary from the State within a period of 12 months prior to his death, and had at least 12 months of contributing membership service, the beneficiary nominated by the member is entitled to a death benefit equal to one-twelfth of the member's annual salary for each completed year of creditable service not exceeding one-half year's salary.

The accumulated contributions of the member and the death benefit provided from State contributions are payable to any named beneficiary, or the estate of the member. If a widow's annuity or survivors' annuity becomes payable by election or otherwise, no death benefit is payable. However, upon death of a member prior to retirement where a survivors' annuity becomes payable, the death benefit payable to the nominated beneficiary or estate consists of the deceased member's contributions for service retirement allowance only.

## DEATH BENEFIT UPON DEATH AFTER RETIREMENT

Upon death of a retired member leaving no survivors eligible for a widow's annuity or survivors' annuity, a death benefit is payable to the person or persons nominated by the member to receive such payment, or to his estate, provided the member did not elect a reversionary annuity.

This death benefit is equal to the excess, if any, of the amount of his contributions at the time of his retirement (including interest to the date of retirement) over the total amount of payments received by the retired member as a service retirement allowance.

Upon death of the last survivor of the member and his beneficiary, if a widow's annuity or survivors' annuity has been paid in such case, a death benefit may be payable to the estate of the survivor. This death benefit is equal to the excess, if any, of the total amount of available contributions made by the member, for both service retirement allowance and widow's annuity, or survivors' annuity, including interest, over the total amount of payments made for such purposes.

## 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 service and contributions at 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 nominated 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 a child under age 18 also survives, the annuity to the widow is increased by 15% of average salary because of each child subject to a maximum of 75% of average salary. If there be no widow, or if the widow remarries or dies before all children of the deceased have attained the age of 18 years, each such child receives a monthly allowance of 15% of average salary, payable until attainment of age 18. The combined payments to children are not to exceed 50% of earnable compensation of the member. Payments to or on account of children terminate upon their attainment of age 18 or upon their death or marriage before such age.

If there be no widow nor minor children under age 18, a benefit of 25% of earnable compensation is payable to each 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. Before a claim for accidental death may be considered by the System it must have been adjudicated as service-connected by the Industrial Commission.

## REFUNDS

Upon complete severance of employment with the State, by resignation or dismissal, a member may receive a refund of his total contributions to the System. No interest is paid on such refunds.

If a male member is unmarried at the date of retirement, or if a member does not have a beneficiary who may qualify for survivors' benefits, a refund is payable of the amounts contributed by the member towards the widow's annuity and survivors' benefits, without interest.

If death of the survivor of a retired member occurs before the survivor has attained the age to qualify for a widow's annuity or survivors' annuity, no widow's annuity or survivors' annuity contributions are refunded. However, the estate of the survivor will be entitled to the excess, if any, of the total contributions made by the member to the System, with interest, over the total amount of service retirement allowance payments made by the System.

## CONTRIBUTIONS

*By members.* Members, both male and female, are required to contribute for service retirement allowance purposes 6% of salary, except members of the State police force who contribute 7% of salary. Effective with salary accruing on and after August 1, 1961, each member, regardless of marital status, must make an additional contribution of 1% of salary for survivors' benefits. The 1% contribution being made by male members towards a widow's annuity prior to that date became their contributions towards the survivors' benefits.

Contributions by members cease when a member has been a contributor for 36 years at which time a paid-up status is established and no contributions thereafter are required from the member.

*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 are available for determining eligibility for retirement annuity or widow's annuity. Proportionate annuities are 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 1½ years of creditable service has been established in each of the systems concerned; and (d) the minimum qualifying condition with respect to age has been attained under the last system in which participation occurred.

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