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STATE EMPLOYEES' RETIREMENT SYSTEM OF ILLINOIS

TWENTIETH ANNUAL STATEMENT
OF THE
BOARD OF TRUSTEES

JUNE 30, 1963



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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

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OTTO KERNER, Governor

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URBANA-CHAMPAIGN

STATE EMPLOYEES' RETIREMENT SYSTEM OF ILLINOIS

BOARD OF TRUSTEES

(as constituted June 30, 1963)

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)

ROBERT H. TITTLE
Assistant Chief Highway Engineer

CHARLES H. PEELER
Assistant Superintendent
Elgin State Hospital



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

HON. WILLIAM G. CLARK
Attorney General
Counsel

HON. WILLIAM J. SCOTT
State Treasurer
Treasurer

A. A. WEINBERG
Consulting Actuary



(91721—5-64)

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LETTER OF TRANSMITTAL

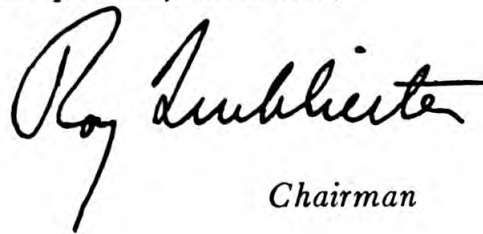
March 31, 1964

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 Twentieth Annual Statement of the Board for the fiscal year ended June 30, 1963.

Respectfully submitted,

A handwritten signature in cursive script, appearing to read "Roy Lubliner".

Chairman

FINANCIAL AND STATISTICAL FACTS

<i>Financial</i> <i>At Year-End</i>	Fiscal Year Ended June 30,	
	1963	1962
Net Assets at End of Year	\$ 102,701,907.02	\$ 92,631,705.33
Increase in Net Assets	10,070,201.69	10,093,057.76
Investments (at Book Value)	100,744,854.80	90,387,149.79
Average Yield on Investments	3.75%	3.62%
Unfunded Accrued Liability	186,882,975.24	167,713,683.67
<i>Fiscal Year Results</i>		
Total Income for Year	22,415,422.43	20,276,799.43
Employee Contributions	12,994,245.26	11,441,386.13
State Contributions	5,070,732.00	5,070,732.00
Contributions from Federal Funds	621,373.63	552,933.45
Interest Income	3,522,060.01	3,018,072.76
Total Expenditures	11,277,423.85	10,183,741.67
Annuity and Benefit Payments	9,050,017.15	7,660,430.00
Refunds	2,227,406.70	2,523,311.67
<i>Statistical</i>		
Membership at End of Year	42,429	40,518
Service Retirement Annuitants	5,008	4,582
Widows' Annuity Beneficiaries	598	532
Survivors' Annuity Beneficiaries	168	76
Changes in Service Retirement Annuitants:		
Retirements During Year	720	783
Re-entry into Service	31	17
Deaths Among Retirants	263	251
Changes in Survivors' and Widows' Annuity Claims:		
Survivors' Annuities	130	100
Widows' Annuities	85	102
Number of Disability Claims Processed During Year:		
Ordinary	268	278
Accidental	67	40
Number of Death Claims Processed During Year:		
Ordinary	177	152
Accidental	12	3
Withdrawal Benefits Paid (Refunds)	3,214	3,285

TWENTIETH ANNUAL STATEMENT
of the
BOARD OF TRUSTEES

The Twentieth Annual Statement of the Board of Trustees of the State Employees' Retirement System of Illinois, presented herewith, includes, among other things, financial and statistical exhibits and schedules reflecting the operations of the System for the fiscal year ended June 30, 1963 and its financial condition at the end of such year.

Membership Statistics

Active Members

Number, July 1, 1962 40,518

Additions

Employees qualifying for membership 6,218

46,736

Deductions:

Deaths Prior to Retirement 306

Separations with refunds 3,214

Service retirements 720 4,240

Number, June 30, 1963 42,496

Less: Deaths prior to retirement—unclaimed (removed from membership for statistical purposes only) 67

42,429

Net Membership, June 30, 1963

Retired Members

Number, July 1, 1962 4,582

Retirements during year 720

Total 5,302

Deaths 263

Re-entrants into service 30

Current Claims Deferred 1 294

Number, June 30, 1963 5,008

Widows' Annuity Beneficiaries

Number, July 1, 1962 532

New Claims during year 85

Previously deferred claims 6 91

Total 623

Deaths 16

Current claims deferred to age 55 9 25

Number, June 30, 1963 598

Survivors' Annuity Beneficiaries

Number, July 1, 1962		76
Beneficiary Claims	130	
Previously Deferred Claims	3	133
	<hr/>	<hr/>
Total		209
Deaths or Remarriage	3	
Current Claims Deferred	38	41
	<hr/>	<hr/>
Number, June 30, 1963		168
		<hr/> <hr/>

Financial Review

The accumulated reserves available to meet the prescribed statutory obligations amounted to \$102,701,907.02. Of these reserves 82.0% represented member contributions and 18.0% was derived from State appropriations. The comparable proportions a year ago were 81.1% and 18.9% respectively. This condition reflects the restrictive policy of the State with respect to financing of the System. Appropriations during recent years have been geared to the actual cash needs for annuities and benefits after applying member contributions. This has resulted in the maintenance only of a nominal reserve from State contributions below the statutory requirements and a constantly increasing unfunded accrued liability.

The reserve requirements for the accrued obligations of the System, as determined by the actuary, amounted to \$289,584,882.26. Net assets available to meet these obligations totaled \$102,701,907.02. The deferred obligation of the State of Illinois, therefore, was \$186,882,975.24. This compares with the amount at the end of the preceding year of \$167,713,683.67.

Total revenues for the year amounted to \$22,415,422.43. Expenditures for annuity, benefit and refund payments totaled \$11,277,423.85. The excess of revenue over expenditures was \$11,137,998.58. This excess was due for the most part to additional contributions by the members.

During the year, upon advice of the State Treasurer, the Board sold \$10,095,000.00 par value of U. S. Treasury 3% Bonds due February 15, 1995, at a loss of \$1,120,643.10. The proceeds of the sale were reinvested in U. S. Treasury 4 $\frac{1}{8}$ % Bonds due May 15, 1994. The sale was made for the purpose of increasing the income of the System. In other security sales, the Board realized gains amounting to \$52,846.21. The net loss in investment transactions was \$1,067,796.89, which reduced the net revenues for the year to \$10,070,201.69. This loss was charged to reserves.

Financial statements illustrating the results of operations for the year and the financial condition of the System at the end of the year, are presented in the accompanying pages of this annual statement.

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Accountants' Report

The annual audit and examination of the books and accounts of the System was completed during the year by Alexander Grant & Company who were designated for this duty by the Auditor General of the State of Illinois.

The report of audit disclosed that the internal operating procedures were satisfactory and that the accounting records were in order. Certain comments have been made, however, with respect to the inadequacy of State contributions. To quote from the report of audit:

“The books and records of the State Employees’ Retirement System of Illinois are well maintained and appear adequate for the present transactions of the agency.

“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.

“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 to improving this situation when future appropriations to the State Employees’ Retirement System are being budgeted.”

Investments

The investment authority for the System provides for the following types of investments:

- (1) Interest bearing bonds, notes, or tax anticipation warrants which are general obligations of the United States Government, of the State of Illinois or of any city, county, school district, township, village, sanitary district, incorporated town, or any other district in this State;
- (2) Interest bearing bonds or notes which are general obligations of any other state in the United States or of any city or county therein; provided such city or county had a population as shown by the last Federal census next preceding the investment of not less than 25,000 inhabitants, and provided that such state, city or county has not defaulted for longer than 30 days in the payment of interest or principal

on any of its general obligation indebtedness during the 10 calendar years immediately preceding such investment.

To date, the Board has confined its investments exclusively to United States Government bonds. The investment account, at June 30, 1963, consisting entirely of these bonds, amounted to \$102,236,500.00 at par value. A full description of the several issues of bonds comprising the investment account is presented in the accompanying accountants' report.

The average yield on investments for the year was 3.69% compared with 3.62% in the preceding year and 3.36% two years ago.

Permanent investments in United States Treasury Bonds during the year and bonds disposed of were as follows:

<i>Coupon Rate</i>	<i>Date of Maturity</i>	<i>Par Value</i>
2½%	June 15, 1969/64	\$ 3,711,500.00
4%	August 15, 1970	1,295,000.00
3⅞%	November 15, 1971	1,305,000.00
3½%	February 15, 1990	5,100,000.00
4%	February 15, 1993/88	4,300,000.00
4⅛%	May 15, 1994/89	8,800,000.00
Total purchases		\$ 24,511,500.00
Bonds disposed of by sale or exchange:		
2½%	June 15, 1969/64	\$ 3,709,000.00
3%	February 15, 1995	10,095,000.00
Total dispositions		\$ 13,804,000.00
Net increase in permanent investments during year		\$ 10,707,500.00

The sum of \$300,000.00 United States Treasury Bills matured during the year. No Treasury Bills were held by the Board at June 30, 1963. The foregoing changes in the investment account include the conversion of \$10,095,000.00 of Treasury Bonds due February 15, 1995 into other issues of Treasury Bonds which, over the long term, will result in an increase in interest income for the System.

Standing Committees

Three standing committees are maintained by the Board and function continuously. The committee activities result in the prompt disposition of policy questions and the expeditious payment of claims for annuities and benefits.

The Committee on Investments is composed of Roy Tuchbreiter, Chairman of the Board, Charles A. Schoeneberger, Vice President, National Boulevard Bank of Chicago, representing the Office of the State Treasurer, and James A. Ronan, Director of Finance.

The Policy Committee is charged with the duty of resolving important administrative questions. During the year this committee consisted of Trustee Charles H. Peeler, Chairman, Trustee Robert H. Tittle, and L. C. Cortright, Secretary. A. A. Weinberg, Actuary, serves as technical consultant.

The Claims Committee's duty is to review claims received by the System for retirement and other benefits, direct the administration and processing of these claims and makes recommendations for payment. During the year the committee consisted of Trustee Robert H. Tittle, Chairman, Lee W. Ensel, an attorney in Springfield, and L. C. Cortright, Secretary.

Legislation

Several amendments to the Act governing the System were enacted at the 1963 session of the Legislature. These amendments all became effective after the close of the fiscal year and had no impact either on operating procedure or the financial condition of the System at June 30, 1963. Among the most important changes were the following:

1. The pension formula for State Highway Police was revised to a more practical basis. The qualifying period of service for the retirement annuity available to these members was reduced from 25 to 20 years and the increment of pension credit under the special formula applicable to these members at the rate of 2% of final average salary per year of service was extended from 25 to 30 years of service. Service in excess of 20 years in any capacity in the State service other than as a State Highway policeman would also be creditable under the special pension formula.

2. The System was made subject to the "State Salary Withholding Act" whereby hospital and medical insurance premiums may be withheld by the Auditor of Public Accounts from retirement and disability benefit payments by the System upon request of a beneficiary.

3. The privilege of participation in the System was extended to Clerks of the Appellate Courts and to employees of the Bureau of Liquidation, Department of Insurance, with the right to receive pension credit for past service under prescribed conditions.

4. Effective January 1, 1964, any elected Police Magistrate or Justice of the Peace who was not a participant in any other retirement system may elect membership in this System for the remainder of his term of office. Any Magistrate of a Circuit Court appointed by a Circuit Judge subsequent to January 1, 1964, under the new Judicial Article will no longer be subject to membership in this System but will be eligible to membership in the Judges Retirement System. No pen-

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sion credit will be granted to these persons in either system prior to becoming a member thereof.

5. Other changes were made reopening certain privileges for State employees which had previously expired, or clarifying some provisions for the purpose of effectuating administration.

Social Security Unit

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

At the close of the year, 3,788 governmental units were subject to the jurisdiction of this unit on behalf of the State of Illinois. The following statement illustrates the trend of social security coverage in Illinois:

Date	Governmental Units
September 15, 1953 ¹ .....	...
June 30—	
1954	244
1957	1,035
1960	3,702
1963	3,788

The number of employees reported for the first quarter of 1963 for social security contributions totaled 92,627. The amount of social security contributions collected for this quarter and paid to the federal government (exclusive of adjustments) amounted to \$4,817,337.46.

Report of the Actuary

The usual annual valuation of the assets and liabilities of the System was completed by the actuary as of June 30, 1963. The results thereof are presented as a part of this statement. The report of the actuary presents the financial condition of the System from the technical standpoint and discusses fully the several factors pertinent to the changes that occurred during the year.

Concluding Comment

The results of the year's activities, reported herein, evidence a satisfactory state of affairs from the standpoint of the System's current operations. Substantially larger appropriations by the State are required to meet the accruing obligations.

¹ Date when social security coverage for public employees became operative in Illinois.

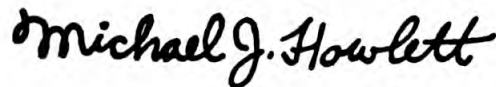
The efforts of the Board will continue to be directed, as in past years, towards the efficient operation of the System in accordance with the expressed provisions of the governing Act and their legislative intent to the end that the objectives of the System may be attained in full measure.

An expression of appreciation is hereby recorded for the cooperation and assistance of the Attorney General and the Treasurer during the year. Acknowledgment is also made of the loyal and efficient services of L. C. Cortright, Secretary, and the members of his staff.

Respectfully submitted,

BOARD OF TRUSTEES
State Employees' Retirement System
of Illinois


Chairman











Secretary

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, 1963.

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 audit of Alexander Grant & Company, Certified Public Accountants, dated December 2, 1963 on an audit of the System for the period from July 1, 1962 to June 30, 1963.

In our opinion, the accompanying Valuation Balance Sheet correctly presents the condition of the State Employees' Retirement System of Illinois at June 30, 1963, giving effect to all accrued liabilities and reserve requirements under the applicable law.

A. A. Weinberg
Consulting Actuary

March 31, 1964

VALUATION BALANCE SHEET—JUNE 30, 1963
Statement of Assets, Liabilities and Reserves

ASSETS

PRESENT ASSETS:

Cash	\$	125,979.82
Accounts Receivable—		
Members' Contributions	\$	1,312,269.24
Trust and federal funds		12,007.41
Illinois Toll Highway Commission..		86,651.85
		1,410,928.50
Investments—		
United States Government Securities (at amortized cost)		100,744,854.80
Accrued Interest—		
On investments		805,552.86
Other—		
Due from members for benefits cancelled	\$	8,115.84
Proportional service retirement allowance		652.95
		8,768.79

PROSPECTIVE ASSETS:

Obligations for service to be rendered after June 30, 1963—		
Male members	\$	25,503,282.00
Female members		17,065,562.00
State of Illinois		93,649,875.00
		136,218,719.00

DEFERRED ASSETS:

Due from the State of Illinois for unfunded accrued pension credits		186,882,975.24
		186,882,975.24
Total Assets	\$	426,197,779.01

VALUATION BALANCE SHEET—JUNE 30, 1963

Statement of Assets, Liabilities and Reserves

LIABILITIES

CURRENT LIABILITIES:

Benefits payable	\$ 153,612.49	
Refunds payable	240,565.26	\$ 394,177.75

FUTURE SERVICE LIABILITY:

For pension credits on account of service after June 30, 1963—		
Male members	\$ 92,437,502.00	
Female members	43,781,217.00	136,218,719.00

RESERVE REQUIREMENTS

RESERVE FOR MEMBERS' CONTRIBUTIONS:

For prospective retirement and widows' annuities on account of active mem- bers	\$ 37,177,744.26	
For future refunds and death benefits —actuarial value of future payments...	35,430,203.00	72,607,947.26

RESERVE FOR STATE CONTRIBUTIONS:

For prospective retirement and widows' annuities on account of active mem- bers—present value of total liability for accrued requirements	\$ 173,398,463.26	
Less, members' contribution credits....	37,177,744.26	136,220,719.00

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 on retired members..	\$ 66,402,961.00	
Widows' annuities	6,332,984.00	
Reversionary annuities	107,149.00	
Deferred annuities	1,586,331.00	
Survivors' annuities	4,445,799.00	
Accidental death and disability benefits	1,880,992.00	80,756,216.00

Total Liabilities and Reserve Requirements..... \$ 426,197,779.01

REPORT OF THE ACTUARY ON AN ACTUARIAL VALUATION AS OF JUNE 30, 1963

This report presents the results of the Twentieth Annual Valuation of the State Employees' Retirement System of Illinois. This valuation was completed as of June 30, 1963, pursuant to the authority prescribed in the Act governing the System which requires that the actuary

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

The benefit and contribution provisions, as amended and in force June 30, 1963, formed the basis for this valuation. These provisions are summarized in the appendix.

Results of Valuation

The accompanying Valuation Balance Sheet illustrates the financial condition of the System at June 30, 1963. Total accrued liabilities and reserve requirements are shown at \$289,584,882.26. To meet these liabilities and reserves the System had total assets amounting to \$102,701,907.02. This difference of \$186,882,975.24 constitutes the unfunded accrued liability and is a deferred obligation of the State of Illinois to be discharged by future appropriations.

The increase for the year in the unfunded accrued liability was \$19,169,291.57. This increase was due to the inadequacy of appropriations to the System by the State of Illinois. These appropriations are being made practically on a cash basis, thus deferring to the future the major part of the accruing liability for pension credits currently earned by the members. Because of the deferred aspects of this method of financing the State's obligation to the System, the requirements from the State of Illinois will increase steadily in future years to fairly high proportions as a percentage of payroll.

Statistics

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

Membership

	Male	Female
Number of members	24,845	17,584
Proportion of total	58.6%	41.4%
Aggregate annual salaries	\$ 139,059,132.00	\$ 75,146,094.00
Average salary	\$ 5,597.00	\$ 4,274.00
Average age (years).....	46.4	47.3
Average membership service.....	5.6	7.4
Average Prior service	1.0	1.2
Average total service	6.6	8.6

Service Retirements

Number	2,731	2,277
Proportion of total	54.5%	45.5%
Aggregate annual payments	\$ 3,948,821.28	\$ 2,539,332.36
Average annual payment	\$ 1,445.93	\$ 1,115.21
Average age at June 30, 1963.....	70.8	71.3
Average age at retirement	65.8	65.5
Average service at retirement	18.2	19.8

Reversionary annuities

There were 15 reversionary annuities in force involving annual payments amounting to \$11,368.44 or an average payment of \$757.90. The average age of these reversionary annuitants was 74.7 years.

At the close of the year 8 service retirement annuitants had elected a reversionary annuity to become effective upon their death involving total annual payments of \$4,748.16. The average annual payment was \$593.52 and the average age was 77.5 years.

Deferred annuities

There were seven deferred annuities in force because of re-employment with certain agencies in the State service or due to the fact that the members were under the prescribed minimum age of 60 years having less than 30 years of service.

Deaths among retirement annuitants

	Male	Female
Number	185	77
Average age at retirement	68.1	68.0
Average age at death	74.0	73.5
Average length of service	18.5	18.9
Average amount of annuity	\$1,327.20	\$ 945.24

Widows' annuities

The total number of widows' annuities in force was 598. Aggregate annual payments amounted to \$483,851.76 involving an average of \$809.12 per year. The average age of the widows at the close of

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the year was 67.3 years. At the end of the preceding year widows' annuities numbered 532 involving an average annual payment of \$810.62 and an average age of 66.3 years.

The number of widows' annuities granted during the year was 78 whose average annual payment was \$745.44. The average age of the widows was 67.5 years and the average age of the deceased members was 71.4 years. The average length of service of the members was 19 years. In addition seven deferred annuities were approved in the case of widows who were under age 55, with no surviving minor children.

At the close of the year there were 25 deferred annuities for widows who were under age 55 and had no minor children of the deceased members in their care. The average age of the member at date of death was 60.9 years and that of the widow at date of the member's death was 46.9 years. The average length of the member's service was 20 years. The period of deferment of the annuities on the average was 4.5 years.

Seventeen widows' annuities terminated during the year after the receipt of annuities for an average period of 4.2 years.

Survivors' annuities

The number of survivors' annuities in force at the close of the year was 168 which are classified as follows:

Type of Beneficiary	Number	Average Age
Widow	152	59.3
Widower	4	68.8
Child	7	14.9
Parent	5	77.0
	168	Average 58.2

Total annual payments to these beneficiaries at the close of the year was \$295,331.16 or an average of \$1,757.92.

In addition, there were 61 deferred survivors' annuities whose average age was 50.7 years and average length of service 11.9 years. The average age of the deceased member at date of death was 55.9 years. Deferment of the annuities occurs by reason of employment by the State or because the beneficiaries are under age 55 and have no minor children who are the issue of the deceased member.

Detailed tables reflecting some of the foregoing data are presented as a part of this report.

Prior Service

Pension credits covering service rendered prior to the date of establishment of the System, namely, January 1, 1944, represent the

accrued liability for prior service. Full prior service credit is granted after three years of contributing membership service. Statistics pertinent to this liability are as follows:

	Male	Female
Total years of prior service	24,182	21,901
Total accrued liability for prior service at June 30, 1963	\$ 14,579,348.00	\$ 11,175,043.00

Membership Service

The pension credits earned by the members during the period from January 1, 1944 to June 30, 1963, referred to as membership service, amounted to \$147,644,072.26. Members meet a part of the cost of these accrued pension credits by means of contributions to the System at the established rate of 6% of salary. The members also contribute an additional 1% towards survivors' annuity benefits. The State of Illinois is obligated by law to meet the remainder of the liability.

The pension credits to be earned by the members during service to be rendered after June 30, 1963, including the liability for widows' annuity and survivors' benefits, amounted to \$136,218,719.00. These credits reflect future service to assumed ages of retirement and the application of a projected salary scale.

Ordinary Death Benefit

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

Male members	\$ 39,520,987.00
Female members	25,941,368.00
Total	<u>\$ 65,462,355.00</u>

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

Year Ended June 30th	Number of Claims
1959	245
1960	267
1961	252
1962	152
1963	177

The sharp decrease in the number of claims in the 1962 fiscal year was due to the adoption of the survivors' annuity provision effective July 1, 1961. Under this provision certain immediate dependents of the members now qualify for a survivors' annuity benefit instead of the single sum death benefit.

Accidental Death

The number of beneficiaries of death benefits on account of deaths due to occupational causes was 74, involving a liability of \$1,880,992.00. The total number of claims incurred during the year was 12. This rate of incidence is in line with the expectancy for this hazard.

A total of 14 accidental death claims involve a deferment of payment to the widow beneficiaries for an average period of 3.9 years until the lump sum workmen's compensation award has been absorbed. The average age of the widows concerned was 52.3 years at the close of the year. The rate of benefit payable upon termination of the deferred period is 50% of the deceased member's salary until death or remarriage, whichever event first occurs.

Accidental Disability

Accidental disability benefits being paid by the System increased during the year from 50 to 67.

This represents the largest number of claims outstanding at the end of any fiscal year in the history of the System. The rate of incidence of these claims, as in the case of death, must be evaluated over the long term rather than a year-to-year basis. The rate of benefit payable by the System is equal to 60% of the last salary less Workmen's Compensation.

Ordinary Disability

New claims approved during the year showed a slight decrease during the year. Statistics illustrating the number of such claims during each of the last five years are as follows:

Year Ended June 30th	Number of New Claims
1959	193
1960	189
1961	213
1962	278
1963	268

Only members having at least five years of credited service who are under age 65 are eligible for this benefit. The number of such claims has fluctuated from year to year due to several factors, one of which concerns the internal administrative policies of the several departments of the State government.

Withdrawal Benefits

The trend in the number and amounts of these payments for the last five years is illustrated in the following table of statistics:

Year Ended June 30th	Number of Withdrawal Benefits	Total Payments	Average Payment
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
1963	3,214	2,187,968.43	680.76

An analysis of the refund payments made during the year has disclosed some interesting facts. These are briefly summarized:

	Male	Female
Number of refunds	1,755	1,459
Proportion of total	54.6%	45.4%
Average age	39.6	35.4
Average service	2.4	2.7
Proportion of total with 3 years of service or less...	75.6%	70.7%
Proportion of total with 5 years of service or less...	88.3%	86.0%

Conclusion

The System is continuing to expand its operations. Membership is increasing steadily. Annuity payments are continuing their upward trend. This trend will maintain for a great number of years. The size of a retirement system is properly measurable by the amount of its total liabilities rather than its assets. The System has liabilities exceeding \$426,000,000.00 which represents a sizable operation.

The System is fulfilling its objectives satisfactorily. Under the constructive policies of the Board of Trustees, a high standard of efficiency in administration has been achieved.

Respectfully submitted,

A. A. WEINBERG
Actuary

**AUDITOR'S REPORT
AND
FINANCIAL STATEMENTS**

ALEXANDER GRANT & COMPANY

Certified Public Accountants
410 North Prairie Street
Bloomington, Illinois

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, 1962 through June 30, 1963. 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, 1963 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, 1963, 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, 1962 through June 30, 1963, on a basis consistent with that of the preceding year.

(Signed) ALEXANDER GRANT & COMPANY

Bloomington, Illinois
December 2, 1963

SYSTEM FUND ACCOUNT
FINANCIAL BALANCE SHEET
June 30, 1963

ASSETS

Cash	\$ 119,995.42		
Cash Items in Transit	5,984.40	\$	125,979.82
Accounts Receivable			
Contributions by Members	1,312,269.24		
Cancellations			
Service Retirement Allowance.....	1,495.92		
Accidental Disability	35.84		
Ordinary Disability	6,095.75		
Resignation Refunds	79.85		
Widows' Annuity	296.30		
Survivors' Annuity	112.18		
Contributions from Trust and Federal			
Funds	12,007.41		
Contributions by Employer—Funded			
Benefits Reserve	86,651.85		
Proportional Service Retirement			
Allowances	652.95		1,419,697.29
Accrued Interest on Investments.....			805,552.86
Investments (at amortized book value).....			100,744,854.80
			<u>\$ 103,096,084.77</u>

LIABILITIES

Benefits Payable			
Accidental Death	\$ 865.75		
Accidental Disability	8,689.36		
Death Benefit—After Retirement.....	9,183.04		
Ordinary Death	35,624.42		
Ordinary Disability	80,046.19		
Service Retirement Allowance.....	8,793.21		
Survivors' Annuity	6,373.70		
Widows' Annuity	4,036.82	\$	153,612.49
Refunds Payable			
Termination	\$ 234,474.43		
Erroneous Deductions	2,111.97		
Widows' or Survivors' Annuity			
Contributions	3,978.86	\$	240,565.26
Reserves			
Members' Contributions	\$ 72,607,947.26		
Interest Accumulations	7,209,987.48		
Annuitants' Death Benefits	3,565,531.78		
Contingent General Reserve	18,539,398.63		
Funded Benefits—Illinois Toll Highway			
Commission	779,041.87	\$	102,701,907.02
			<u>\$ 103,096,084.77</u>

Original from

UNIVERSITY OF ILLINOIS AT
URBANA-CHAMPAIGN

SYSTEM FUND ACCOUNT
SUMMARY OF INCOME, PAYMENTS AND CHARGES
(Exclusive of Administrative Expense Appropriations)
Period July 1, 1962 to June 30, 1963

INCOME

Contributions by State of Illinois.....	\$ 5,070,732.00	
Contributions by Mem- bers	\$ 12,889,170.03	
Less Refunds of De- partments and Er- roneous Deductions.	60,377.51	12,828,792.52
Contributions Credited to Members' Accounts		
Accidental Disability..	11,570.48	
Ordinary Disability...	114,007.33	125,577.81
Contributions from Trust and Federal Funds		621,373.63
Contributions by Employer—Funded Bene- fits Reserve		206,968.29
Interest Earned on Investments (Less Amortization of Premium and Charges).		3,512,506.12
Interest Paid by Members.....		9,553.89
Repayment of Refunds		39,874.93
Receipts from Reciprocating Systems Con- tributions		43.24
Total Income		\$ 22,415,422.43

PAYMENTS AND CHARGES

Benefit Payments		
Accidental Death Benefits		
—Accumulated Contri- butions	\$ 38,208.60	
Accidental Death Benefits		
—State Allowance	101,569.79	
Accidental Disability		
Benefits	59,660.57	
Annuities — Reversionary	11,368.44	
Death Benefit—After Re- irement (Excess of Accumulated Contri- butions over Pension Payments Received)..	67,045.34	
Ordinary Death Benefits		
—Accumulated Con- tributions	637,109.11	
Ordinary Death Benefits		
—State Allowance	224,475.00	
Ordinary Disability Bene- fits	933,142.80	

Service Retirement Allowance	6,118,687.79		
Survivors' Annuity	357,641.61		
Widows' Annuity	501,108.10	\$	9,050,017.15
			<hr/>
Refunds			
To Members—Withdrawal from Service	2,187,968.43		
To Members—Widows' or Survivors' Annuity Contributions	39,438.27		2,227,406.70
			<hr/>
Total Payments and Charges		\$	11,277,423.85
			<hr/>
Balance, Before Adjustments			11,137,998.58
Loss from Sale of U. S. Government Bonds.....		—	1,120,643.10
Gains from Sale of U. S. Government Bonds.....		+	52,846.21
			<hr/>
Balance, June 30, 1963, Excess of Income over Payments and Charges		\$	10,070,201.69
			<hr/> <hr/>

STATEMENT OF APPROPRIATIONS BY 72nd GENERAL ASSEMBLY

	72nd Biennium appropriations	Expenditures July 1, 1961 through June 30, 1963	Unexpended appropriations June 30, 1963	Expenditures July 1, 1963 through September 30, 1963	Balances lapsed September 30, 1963
Personal services	\$ 365,520.00	\$ 339,069.79	\$ 26,450.21	\$ 7,380.50	\$ 19,069.71
Contractual services	93,200.00	88,469.56	4,730.44	2,621.68	2,108.76
Postage	8,000.00	8,000.00	---	---	---
Travel	8,700.00	7,127.13	1,572.87	657.44	915.43
Commodities	2,000.00	873.80	1,126.20	64.81	1,061.39
Equipment	6,000.00	5,981.85	18.15	---	18.15
Stationery, printing and office supplies	19,000.00	15,369.23	3,630.77	2,691.92	938.85
Contingencies	2,500.00	---	2,500.00	---	2,500.00
Administrative expenses of Widows' Annuity Benefits	24,000.00	8,568.31	15,431.69	1,133.56	14,298.13
General administrative expense - totals	528,920.00	473,459.67	55,460.33	14,549.91	40,910.42
Administrative expenses of Social Security Enabling Act	133,720.00	60,960.71	72,759.29	1,118.91	71,640.38
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	10,141,464.00	---	---	---
Total	\$10,819,104.00	\$10,690,884.38	\$ 128,219.62	\$ 15,668.82	\$ 112,550.80

**STATEMENT OF DISPOSITION OF UNEXPENDED BALANCES OF APPROPRIATIONS —
 72ND BIENNIUM**

Three months ended September 30, 1963

	Unexpended appropriations June 30, 1963	Encumbrances		Balances lapsed September 30, 1963	
		Accounts payable	Other		Total
Personal services	\$ 26,450.21	\$ 7,380.50	--	\$ 7,380.50	\$ 19,069.71
Contractual services	4,730.44	2,411.53	210.15	2,621.68	2,108.76
Postage	--	--	--	--	--
Travel	1,572.87	657.44	--	657.44	915.43
Commodities	1,126.20	64.81	--	64.81	1,061.39
Equipment	18.15	--	--	--	18.15
Stationery, printing and office supplies	3,630.77	1,301.32	1,390.60	2,691.92	938.85
Contingencies	2,500.00	--	--	--	2,500.00
Administrative expenses of Widows' Annuity Benefits	15,431.69	795.56	338.00	1,133.56	14,298.13
General administrative expense—totals.....	55,460.33	12,611.16	1,938.75	14,549.91	40,910.42
Administrative expenses of Social Security Enabling Act	72,759.29	1,118.91	--	1,118.91	71,640.38
Payment to Social Security Contribution Fund.....	--	--	--	--	--
State's contribution to the State Employees' Retirement Fund	--	--	--	--	--
Total	\$ 128,219.62	\$ 13,730.07	\$ 1,938.75	\$ 15,668.82	\$ 112,550.80

SYSTEM TRUST FUND
UNITED STATES GOVERNMENT SECURITIES

June 30, 1963

	Maturity Date	Principal Amount	Amortized Cost
Treasury Notes			
4 ⁷ / ₈ % Series C—1963.....	11-15-63	\$ 400,000.00	\$ 399,960.80
3 ³ / ₄ % Series D—1964.....	5-15-64	1,156,000.00	1,145,974.48
4 ³ / ₄ % Series A—1964.....	5-15-64	900,000.00	900,658.16
4 ⁷ / ₈ % Series C—1964.....	11-15-64	2,200,000.00	2,205,559.99
		4,656,000.00	4,652,153.43
Investment series bonds			
2 ¹ / ₂ % Series A.....	10- 1-65	250,000.00	250,000.00
Treasury bonds			
3 ⁵ / ₈ %	11-15-67	2,850,000.00	2,850,622.15
3 ⁷ / ₈ %	5-15-68	2,475,000.00	2,491,376.43
2 ¹ / ₂ %	6-15-69/64	4,111,500.00	3,796,680.62
4%	10- 1-69	2,000,000.00	1,978,385.74
2 ¹ / ₂ %	12-15-69/64	3,358,000.00	3,069,721.35
2 ¹ / ₂ %	3-15-70/65	3,162,000.00	2,853,997.01
4%	8-15-70	1,295,000.00	1,298,783.55
3 ⁷ / ₈ %	11-15-71	1,305,000.00	1,297,841.51
3 ⁷ / ₈ %	11-15-74	8,491,000.00	8,627,733.81
4%	2-15-80	4,375,000.00	4,278,134.02
3 ¹ / ₂ %	11-15-80	1,600,000.00	1,607,397.35
3 ¹ / ₄ %	6-15-83/78	13,270,000.00	13,480,422.43
4 ¹ / ₄ %	5-15-85/75	1,000,000.00	1,006,944.70
3 ¹ / ₄ %	5-15-85	4,000,000.00	3,993,097.63
3 ¹ / ₂ %	2-15-90	29,538,000.00	28,829,268.25
4%	2-15-93/88	4,300,000.00	4,307,711.99
4 ¹ / ₈ %	5-15-94/89	8,800,000.00	8,844,019.45
3 ¹ / ₂ %	11-15-98	1,400,000.00	1,230,563.38
		97,330,500.00	95,842,701.37
Totals		\$102,236,500.00	\$100,744,854.80

**STATISTICAL
AND
CLAIMS DATA**

MEMBERSHIP BY DEPARTMENTS
June 30, 1963

Code No.	Department	Male	Female	Total	Percent Of Total Member- ship
1	Governor	6	15	21	.04
3	Secretary of State	972	926	1,898	4.47
4	Auditor of Public Accounts.....	62	86	148	.35
5	Treasurer	31	21	52	.12
6	Attorney General	135	77	212	.49
7	Public Instruction	38	60	98	.23
8	Courts	45	39	84	.20
9	State Officers	150	78	228	.54
10	Aeronautics	16	13	29	.07
11	Agriculture	435	147	582	1.37
12	Conservation	457	73	530	1.25
13	Finance	138	152	290	.68
14	Insurance	77	56	133	.31
15	Labor	1,115	1,411	2,526	5.95
17	Mines and Minerals	55	11	66	.16
18	Audits	4	3	7	.02
19	Financial Institutions	153	47	200	.47
20	Public Health	300	576	876	2.06
21	Public Safety	2,594	279	2,873	6.77
22	Mental Health	4,761	7,452	12,213	28.79
23	Public Works & Buildings.....	6,094	487	6,581	15.50
24	Registration & Education.....	60	96	156	.37
25	Revenue	562	508	1,070	2.53
28	Personnel	33	73	106	.25
29	Youth Commission	628	313	941	2.22
30	Civil Service Commission.....	3	4	7	.02
31	Commerce Commission	110	68	178	.42
32	Liquor Control Commission	27	15	42	.10
33	Public Aid Commission	377	1,198	1,575	3.71
34	Veterans' Commission.....	54	78	132	.31
35	State Militia	192	44	236	.56
50	Miscellaneous Agencies	722	388	1,110	2.63
	Inactives	4,439	2,790	7,229	17.04
	Totals	<u>24,845</u>	<u>17,584</u>	<u>42,429</u>	<u>100.00</u>

**NUMBER OF MEMBERS AND TOTAL SALARIES AT JUNE 30, 1963
CLASSIFIED BY AGE AND SEX**

Male Employees

Age At June 30, 1963	Number of Members	Aggregate Annual Salary Rate \$	Age At June 30, 1963	Number of Members	Aggregate Annual Salary Rate \$
18	1	4,872	55	711	4,081,044
19	14	46,200	56	654	3,618,348
20	109	407,472	57	680	3,908,532
21	119	458,940	58	695	3,907,056
22	154	613,116	59	686	3,770,796
23	253	1,191,420	60	613	3,274,140
24	358	1,614,432	61	521	2,875,920
25	311	1,446,564	62	473	2,640,720
26	340	1,688,316	63	382	2,118,864
27	410	2,111,460	64	347	2,022,816
28	417	2,209,440	65	353	2,091,744
29	404	2,148,600	66	240	1,381,656
30	383	2,262,120	67	211	1,186,680
31	399	2,237,472	68	182	975,156
32	405	2,339,916	69	135	784,164
33	404	2,350,104	70	120	661,788
34	378	2,268,372	71	114	635,808
35	414	2,498,772	72	72	370,500
36	447	2,748,456	73	53	284,184
37	452	2,753,064	74	61	307,932
38	477	2,909,328	75	35	186,972
39	481	2,980,188	76	26	144,072
40	493	3,034,380	77	27	118,404
41	451	2,725,464	78	15	56,112
42	481	2,794,296	79	7	32,712
43	466	2,660,904	80	1	4,440
44	401	2,323,476	81	5	17,772
45	479	2,778,564	82	4	14,880
46	469	2,607,552	83	3	16,932
47	541	2,967,072	84	4	18,120
48	536	2,941,164	85	2	5,220
49	556	3,191,424	86	1	3,000
50	549	2,974,116	87	2	5,076
51	601	3,318,708	89	1	2,640
52	677	3,874,116	94	1	3,480
53	665	3,723,456			
54	659	3,712,344			
				22,591	\$126,443,340
Members having uncompleted Membership Records				2,254	9,186,372
Totals				24,845	\$135,629,712

**NUMBER OF MEMBERS AND TOTAL SALARIES AT JUNE 30, 1963
CLASSIFIED BY AGE AND SEX**

Female Employees

Age At June 30, 1963	Number of Members	Aggregate Annual Salary Rate	Age At June 30, 1963	Number of Members	Aggregate Annual Salary Rate
18	1	\$ 3,636	53	529	\$ 2,439,048
19	34	116,856	54	498	2,195,820
20	261	1,117,824	55	505	2,245,320
21	234	929,484	56	514	2,261,400
22	212	752,040	57	492	2,264,004
23	225	844,416	58	478	2,126,652
24	259	1,009,716	59	472	2,071,296
25	253	999,324	60	439	1,954,044
26	236	909,576	61	400	1,825,320
27	207	807,804	62	333	1,535,904
28	209	817,944	63	381	1,740,204
29	195	792,900	64	252	1,099,008
30	212	826,740	65	265	1,182,876
31	186	749,856	66	191	848,076
32	173	656,112	67	200	894,492
33	194	795,372	68	171	765,804
34	218	914,904	69	110	469,608
35	210	855,816	70	117	517,848
36	260	1,071,948	71	80	385,836
37	255	1,073,988	72	69	325,680
38	268	1,097,748	73	48	208,548
39	275	1,107,792	74	40	186,396
40	303	1,249,068	75	36	163,068
41	334	1,408,536	76	12	52,020
42	354	1,466,004	77	18	71,868
43	364	1,502,292	78	7	27,240
44	360	1,518,996	79	9	32,760
45	371	1,548,348	80	3	9,360
46	353	1,489,368	81	2	5,340
47	400	1,691,292	82	1	4,020
48	469	1,999,008	83	1	1,320
49	472	2,052,252	85	1	3,900
50	532	2,280,012			
51	462	2,021,652			
52	479	2,137,956			
				16,504	\$ 70,530,660
Members having uncompleted Membership Records				1,080	3,419,808
Totals				17,584	\$ 73,950,468

**NUMBER OF MEMBERS AT JUNE 30, 1963
CLASSIFIED BY LENGTH OF SERVICE**

Length of Service at June 30, 1963 (Years)	Number		Total
	Male	Female	
Less Than One Year	2,860	1,723	4,583
1	6,535	2,309	8,844
2	1,555	1,270	2,825
3	1,441	1,015	2,456
4	1,378	843	2,221
5	1,432	926	2,358
6	931	1,001	1,932
7	955	931	1,886
8	825	819	1,644
9	842	728	1,570
10	670	592	1,262
11	481	494	975
12	464	389	853
13	495	388	883
14	357	314	671
15	350	350	700
16	413	356	769
17	296	296	592
18	221	219	440
19	150	224	374
20	163	217	380
21	223	313	536
22	357	353	710
23	179	209	388
24	207	176	383
25	144	151	295
26	141	137	278
27	114	112	226
28	105	101	206
29	93	102	195
30	88	121	209
31	54	61	115
32	37	43	80
33	53	48	101
34	24	37	61
35	36	37	73
36	28	22	50
37	24	29	53
38	24	17	41
39	13	11	24
40	24	25	49
41	19	13	32
42	13	13	26
43	12	10	22
44	8	19	27

(Continued)

Length of Service
at June 30, 1963
(Years)

	Number		Total
	Male	Female	
45	5	6	11
46	1	6	7
47	2	4	6
48	—	2	2
49	—	2	2
51	1	—	1
52	1	—	1
54	1	—	1
Totals	<u>24,845</u>	<u>17,584</u>	<u>42,429</u>

**SERVICE RETIREMENT ANNUITANTS CLASSIFIED BY
AGE AT JUNE 30, 1963**

Male

Age at June 30, 1963	Number	Annual Payments
53	1	\$ 1,024.44
54	1	2,126.64
57	4	9,540.12
58	1	3,002.52
59	2	2,819.28
60	26	40,486.08
61	65	124,827.12
62	86	162,398.88
63	92	146,466.96
64	115	172,162.32
65	130	216,594.00
66	147	210,363.36
67	192	309,534.24
68	209	305,925.12
69	180	260,483.64
70	157	234,354.36
71	195	260,921.52
72	151	223,285.20
73	150	207,688.56
74	122	176,899.08
75	119	170,919.00
76	99	126,374.04
77	93	121,496.04
78	96	133,044.36
79	62	71,496.00
80	58	79,555.92
81	41	41,960.40
82	30	28,737.12
83	26	26,102.40
84	17	16,034.04
85	14	14,441.64
86	14	10,026.36
87	14	12,135.24
88	5	3,322.68
89	3	3,650.76
90	4	6,477.36
91	2	1,501.92
92	7	8,747.16
93	1	1,895.40
	<u>2,731</u>	<u>\$ 3,948,821.28</u>

Average Age — 70.84 years
Average Allowance — \$1,445.93 per year

Original from
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**SERVICE RETIREMENT ANNUITANTS CLASSIFIED BY
AGE AT JUNE 30, 1963**

Female

Age at June 30, 1963	Number	Annual Payments
54	1	\$ 1,143.24
55	3	3,973.80
56	4	4,946.04
57	1	1,656.00
58	7	12,353.52
59	4	6,819.72
60	27	33,693.60
61	43	45,816.96
62	53	65,773.32
63	75	92,554.68
64	76	80,542.08
65	108	119,050.08
66	130	165,283.08
67	141	151,166.64
68	137	158,567.52
69	149	171,019.32
70	131	154,833.24
71	141	158,692.44
72	123	141,739.92
73	145	163,137.12
74	110	118,242.24
75	114	129,359.28
76	101	111,891.60
77	85	89,716.92
78	75	82,689.84
79	71	75,917.64
80	46	42,949.80
81	37	41,776.32
82	35	31,601.52
83	30	27,001.32
84	20	16,848.48
85	16	10,800.60
86	11	8,064.36
87	9	6,002.28
88	11	8,547.60
90	2	1,406.64
91	2	1,267.92
92	2	2,038.44
93	1	447.24
Totals	2,277	\$ 2,539,332.36

Average Age — 71.28 years
Average Allowance — \$1,115.21 per year

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

June 30, 1963

Age at Retirement	Male	Number	Female
50	1		2
52	1		—
53	—		3
54	1		3
55	9		11
56	2		8
57	2		6
58	2		14
59	8		12
60	445		353
61	165		148
62	160		138
63	137		133
64	171		108
65	321		282
66	195		162
67	190		135
68	153		123
69	141		140
70	214		185
71	79		79
72	77		51
73	70		59
74	53		54
75	36		32
76	33		11
77	19		10
78	19		5
79	11		5
80	5		2
81	2		2
82	4		1
83	5		—
Totals	2,731		2,277
Average Age at Retirement			
	Males — 65.84		
	Females — 65.53		

**WIDOW ANNUITANTS CLASSIFIED BY AGE AT
June 30, 1963**

Age at June 30, 1963	Number	Annual Payments \$
38	1	933.60
43	2	3,540.36
44	1	1,325.64
46	2	1,785.60
47	1	419.04
48	4	2,832.36
49	2	1,923.12
50	4	4,311.36
51	4	5,778.24
52	3	2,737.44
53	1	1,422.60
54	5	7,020.48
55	6	3,295.80
56	14	14,176.32
57	8	8,386.32
58	15	9,645.72
59	14	15,138.48
60	19	22,359.12
61	27	21,450.48
62	19	14,293.44
63	27	28,079.04
64	28	27,484.56
65	32	23,340.96
66	23	18,064.08
67	37	32,480.52
68	24	22,212.12
69	42	30,636.96
70	29	20,861.64
71	22	18,225.84
72	30	18,449.64
73	26	18,970.80
74	19	14,162.64
75	17	10,728.60
76	22	15,448.68
77	19	12,018.96
78	10	7,514.52
79	12	6,463.68
80	10	5,785.92
81	3	3,825.60
82	6	3,072.96
83	2	861.96
84	1	411.60
85	3	1,339.80
87	1	325.32
88	1	309.84
Totals	<u>598</u>	<u>\$483,851.76</u>
Average Age —	67.26	
Average Annuity —	\$822.49	

**SURVIVORS ANNUITY BENEFICIARIES CLASSIFIED BY
AGE AT JUNE 30, 1963**

Relationship of Beneficiary

Age	Widow	Widower	Child	Parent	Total	Annual Payments
12	—	—	1	—	1	\$ 1,225.56
13	—	—	1	—	1	733.68
14	—	—	1	—	1	1,103.76
15	—	—	1	—	1	882.96
16	—	—	1	—	1	733.68
17	—	—	2	—	2	2,117.04
31	2	—	—	—	2	5,722.80
32	1	—	—	—	1	3,000.00
36	1	—	—	—	1	3,000.00
37	1	—	—	—	1	3,000.00
38	5	—	—	—	5	14,304.00
40	1	—	—	—	1	3,000.00
43	2	—	—	—	2	5,126.76
44	2	—	—	—	2	5,238.84
45	5	—	—	—	5	13,215.12
46	1	—	—	—	1	2,771.52
48	1	—	—	—	1	3,000.00
49	4	—	—	—	4	10,821.84
50	1	—	—	—	1	2,746.56
53	1	—	—	—	1	3,000.00
54	1	—	—	—	1	3,000.00
55	5	—	—	—	5	11,371.32
56	6	—	—	—	6	8,945.88
57	9	1	—	—	10	15,190.68
58	8	—	—	—	8	13,152.24
59	7	—	—	—	7	11,221.44
60	12	—	—	—	12	20,122.56
61	7	—	—	—	7	11,916.72
62	8	—	—	—	8	12,152.40
63	12	—	—	—	12	16,057.80
64	9	—	—	—	9	18,216.48
65	3	—	—	—	3	3,013.44
66	4	—	—	—	4	7,148.52
67	4	—	—	—	4	4,478.16
68	4	—	—	—	4	4,685.88
69	6	1	—	—	7	7,973.16
70	2	—	—	—	2	3,027.84
71	4	—	—	—	4	8,021.76
72	4	1	—	—	5	8,953.92
73	6	—	—	—	6	7,761.12
74	2	—	—	1	3	5,274.24
75	—	—	—	1	1	1,162.68
77	1	1	—	2	4	6,691.44
82	—	—	—	1	1	1,047.36
Totals	152	4	7	5	168	\$295,331.16
Average Age	59.26	68.75	14.86	77.00	58.16	\$ 1,757.92
Average Annuity						

Original from

UNIVERSITY OF ILLINOIS AT
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DEATHS AMONG MEMBERS PRIOR TO RETIREMENT—AGE AND
SERVICE DATA—FISCAL PERIOD JULY 1, 1962 TO JUNE 30, 1963

Age at Death	Number of Claims			
	Male	Female	Total	
18 to 24 incl.....	0	2	2	
25 to 29 incl.....	1	0	1	
30 to 34 incl.....	1	1	2	
35 to 39 incl.....	7	2	9	
40 to 44 incl.....	11	4	15	
45 to 49 incl.....	18	10	28	
50 to 54 incl.....	30	12	42	
55 to 59 incl.....	57	20	77	
60 to 64 incl.....	50	13	63	
65 to 69 incl.....	32	11	43	
70 or over	13	11	24	
	<hr/>	<hr/>	<hr/>	
Totals	220	86	306	
	<hr/>	<hr/>	<hr/>	
Service Data:				
Less than 6 years of service.....	102	13	115	38%
6 years of service or over	118	73	191	62%
			<hr/>	
			306	
			<hr/>	

**DEATH PRIOR TO RETIREMENT CLASSIFIED BY CAUSE OF DEATH
FISCAL PERIOD JULY 1, 1962 TO JUNE 30, 1963**

Cause of Death	Number
Diseases of the Heart, Blood Vessels and Kidneys:	
Heart Disease	124
Apoplexy	37
Nephritis	9
Cancer and Tumor	51
Pneumonia and Influenza	16
Diabetes	2
Liver Disease	6
Pulmonary Tuberculosis	12
Diseases of the Digestive Tract, Including Ulcers of the Stomach and Duodenum and Appendicitis	
Automobile Accidents	8
Other Violent Deaths—Including War Deaths	21
All Other Causes	10
Causes Unknown	10
	0
Totals	306
 <i>Above Statistics Classified as to Types of Benefits:</i>	
Ordinary Death (Nonoccupational)	177
Accidental Death (Occupational)	12
Survivors' Annuity	112
Widows' Annuity	5
Totals	306

STATISTICS ON WITHDRAWALS WITH REFUNDS

Classified by Age at Withdrawal

Age At Withdrawal	Number of Refunds	
	Year Ended June 30 1963	1962
18-19 incl.	3	5
20-24 incl.	542	537
25-29 incl.	594	501
30-34 incl.	431	361
35-39 incl.	362	315
40-44 incl.	303	322
45-49 incl.	253	306
50-54 incl.	226	326
55-59 incl.	221	259
60-64 incl.	166	207
65-69 incl.	70	90
70 and over	19	34
No age data	24	22
Totals	3,214	3,285

CLASSIFIED BY LENGTH OF SERVICE

Less Than 1 Year	602	531
1 Year	912	800
2 Years	511	520
3 Years	335	398
4 Years	259	263
5 Years and Over	595	773
Totals (as above).....	3,214	3,285

**SUMMARY BY DEPARTMENTS OF BENEFIT CLAIMS COVERING
THE PERIOD FROM JULY 1, 1962 TO JUNE 30, 1963**

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	36	11	...	12	1	...	...	2	17
04	Auditor of Public Accounts	2	3	...	...	...	...	1	1	...
05	Treasurer	5	...	...	...	...	...	...	1	1
06	Attorney General	4	1	...	1	...	...	...	...	...
07	Public Instruction	6	3	...	...	...	...	...	...	3
08	Courts	1	1	...	...	...	...	...	...	1
09	State Officers	12	1	...	1	...	...	...	1	...
10	Aeronautics	1	...	...	...	...	...	...	...	...
11	Agriculture	9	5	1	1	...	...	3	1	1
12	Conservation	9	3	1	...	...	...	...	3	3
13	Finance	10	1	...	2	...	...	1	2	...
14	Insurance	1	...	...	...	...	...	...	1	...
15	Labor	27	17	1	15	1	...	3	1	3
17	Mines and Minerals .....	...	1	...	...	...	...	...	1	...
18	Audits .....	...	...	...	...	...	...	...	...	...
19	Financial Institutions	3	2	...	2	...	...	...	...	4
20	Public Health	15	4	...	6	2	...	...	...	4
21	Public Safety	49	7	2	33	3	...	4	14	14
22	Mental Health	310	56	1	157	20	...	14	26	36
23	Public Works and Buildings	98	31	5	13	39	...	4	20	16
24	Registration and Education	6	1	...	2	4
25	Revenue	34	8	...	7	3	5
28	Personnel	1

(Continued)

Original from

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**SUMMARY BY DEPARTMENT OF BENEFIT CLAIMS COVERING
 THE PERIOD FROM JULY 1, 1962 TO JUNE 30, 1963**

(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	14	7	1	8	1	...	1	2	9
30	Civil Service Commission.	1	...	...	...	...	...	...	...	...
31	Commerce Commission...	8	2	...	...	...	...	...	1	2
32	Liquor Control Commission...	2	...	...	...	...	...	...	...	1
33	Public Aid Commission...	33	11	...	3	...	...	2	3	1
34	Veterans' Commission.....	8	...	...	2	...	...	...	...	2
35	State Militia	6	...	...	...	...	...	...	...	1
50	Miscellaneous Agencies...	9	1	...	3	...	...	...	...	5
Totals		720	177	12	268	67	0	37	85	130
Pending and Uncompleted..		0	0	0	0	0	0	0	0	0
Totals		720	177	12	268	67	0	37	85	130

**SERVICE RETIREMENT ALLOWANCE EFFECTIVE DURING THE
PERIOD FROM JULY 1, 1962 TO JUNE 30, 1963**

Summary by Departments

Code No.	Name of Department	Year Ended June 30	
		1963	1962
01	Governor	1	0
03	Secretary of State	36	22
04	Auditor of Public Accounts	2	4
05	Treasurer	5	0
06	Attorney General	4	12
07	Public Instruction	6	2
08	Courts	1	2
09	State Officers	12	19
10	Aeronautics	1	1
11	Agriculture	9	23
12	Conservation	9	15
13	Finance	10	3
14	Insurance	1	5
15	Labor	27	28
17	Mines and Minerals.....	—	7
18	Audits	—	1
19	Financial Institutions	3	7
20	Public Health	15	7
21	Public Safety	49	68
22	Mental Health	310	304
23	Public Works and Buildings.....	98	117
24	Registration and Education	6	6
25	Revenue	34	29
28	Personnel	—	2
29	Youth Commission	14	16
30	Civil Service Commission	1	—
31	Commerce Commission	8	13
32	Liquor Control Commission	2	5
33	Public Aid Commission	33	28
34	Veterans' Commission	8	10
35	State Militia	6	8
50	Miscellaneous Agencies	9	19
	Totals	720	783

**WIDOWS' ANNUITY CLAIMS DURING THE PERIOD
FROM JULY 1, 1962 TO JUNE 30, 1963**

Summary by Departments

Code No.	Name of Department	Year Ended June 30	
		1963	1962
03	Secretary of State	2	3
04	Auditor of Public Accounts	1	0
05	Treasurer	1	2
07	Public Instruction	—	1
09	State Officers	1	2
11	Agriculture	1	1
12	Conservation	3	4
13	Finance	2	0
14	Insurance	1	2
15	Labor	3	3
17	Mines and Minerals	1	1
19	Financial Institutions	—	1
20	Public Health	—	1
21	Public Safety	14	12
22	Mental Health	26	16
23	Public Works and Buildings	20	27
25	Revenue	3	12
29	Youth Commission	2	3
31	Commerce Commission	1	0
32	Liquor Control Commission	—	0
33	Public Aid Commission	3	2
34	Veterans' Commission	—	2
35	State Militia	—	4
50	Miscellaneous Agencies	—	3
	Totals	85	102

**SURVIVORS' ANNUITIES CLAIMS DURING THE PERIOD
FROM JULY 1, 1962 TO JUNE 30, 1963**

Summary by Departments

Code No.	Name of Department	Year Ended June 30	
		1963	1962
03	Secretary of State	17	7
04	Auditor of Public Accounts	0	1
05	Treasurer	1	0
07	Public Instruction	3	0
08	Courts	1	0
09	State Officers	0	1
11	Agriculture	1	6
12	Conservation	3	1
14	Insurance	0	1
15	Labor	3	9
19	Financial Institutions	4	0
20	Public Health	4	0
21	Public Safety	14	13
22	Mental Health	36	26
23	Public Works & Buildings	16	15
25	Revenue	5	2
28	Personnel	1	0
29	Youth Commission	9	7
31	Commerce Commission	2	2
32	Liquor Control Commission	1	0
33	Public Aid Commission	1	3
34	Veterans' Commission	2	0
35	State Militia	1	2
50	Miscellaneous Agencies	5	4
	Totals	130	100

**ORDINARY DEATH CLAIMS COVERING THE PERIOD
FROM JULY 1, 1962 TO JUNE 30, 1963**

Summary by Departments

Code No.	Name of Department	Year Ended June 30	
		1963	1962
03	Secretary of State	11	11
04	Auditor of Public Accounts	3	3
05	Treasurer	—	2
06	Attorney General	1	0
07	Public Instruction	3	1
08	Courts	1	1
09	State Officers	1	1
11	Agriculture	5	7
12	Conservation	3	2
13	Finance	1	0
14	Insurance	—	2
15	Labor	17	10
17	Mines and Minerals.....	1	0
19	Financial Institutions	2	1
20	Public Health	4	3
21	Public Safety	7	6
22	Mental Health	56	57
23	Public Works and Buildings.....	31	15
24	Registration & Education	1	—
25	Revenue	8	5
29	Youth Commission	7	7
31	Commerce Commission	2	3
33	Public Aid Commission	11	5
34	Veterans' Commission	—	2
35	State Militia	—	4
50	Miscellaneous Agencies	1	4
	Totals	<u>177</u>	<u>152</u>

**ACCIDENTAL DEATH CLAIMS COVERING THE PERIOD
FROM JULY 1, 1962 TO JUNE 30, 1963
Summary by Departments**

Code No.	Name of Department	Year Ended June 30	
		1963	1962
11	Agriculture	1	0
12	Conservation	1	0
15	Labor	1	0
21	Public Safety	2	1
22	Mental Health	1	0
23	Public Works and Buildings.....	5	2
29	Youth Commission	1	0
	Totals	12	3

**ORDINARY DISABILITY CLAIMS COVERING PERIOD
FROM JULY 1, 1962 TO JUNE 30, 1963**

Summary by Departments

Code No.	Name of Department	Year Ended June 30	
		1963	1962
01	Governor	—	1
03	Secretary of State	12	5
04	Auditor of Public Accounts	—	1
05	Treasurer	—	1
06	Attorney General	1	—
07	Public Instruction	—	1
09	State Officers	1	1
11	Agriculture	1	2
12	Conservation	—	2
13	Finance	2	3
14	Insurance	—	1
15	Labor	15	19
19	Financial Institutions	2	2
20	Public Health	6	11
21	Public Safety	33	23
22	Mental Health	157	156
23	Public Works and Buildings.....	13	16
24	Registration and Education	2	0
25	Revenue	7	4
29	Youth Commission	8	8
33	Public Aid Commission	3	14
34	Veterans' Commission	2	1
35	State Militia	—	1
50	Miscellaneous Agencies	3	5
	Totals	268	278

**ACCIDENTAL DISABILITY CLAIMS COVERING THE PERIOD
FROM JULY 1, 1962 TO JUNE 30, 1963**

Summary by Departments

Code No.	Name of Department	Year Ended June 30	
		1963	1962
03	Secretary of State	1	0
15	Labor	1	1
20	Public Health	2	2
21	Public Safety	3	2
22	Mental Health	20	24
23	Public Works and Buildings.....	39	10
29	Youth Commission	1	1
	Totals	67	40

**DEATH BENEFITS AFTER RETIREMENT COVERING THE PERIOD
FROM JULY 1, 1962 TO JUNE 30, 1963**

Excess of Accumulated Contributions Over Pension Payments Received

Summary by Departments

Code No.	Name of Department	Year Ended June 30	
		1963	1962
04	Auditor of Public Accounts	1	0
09	State Officers	0	1
11	Agriculture	3	0
13	Finance	1	0
14	Insurance	0	1
15	Labor	3	0
20	Public Health	0	2
21	Public Safety	4	5
22	Mental Health	14	14
23	Public Works and Buildings.....	4	1
25	Revenue	4	1
29	Youth Commission	1	1
31	Commerce Commission	0	2
33	Public Aid Commission	2	0
35	State Militia	0	1
	Totals	37	29

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 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 $1\frac{2}{3}\%$ 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, 1963. 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 disabled 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 re-enters 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 re-enters service and completes at least 1½ years of contributing membership service following re-entry.

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 adopting parent, if the marriage of the stepparent or the adoption of the member occurred prior to the member's attainment of age 18.

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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 may be 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

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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 State-wide reciprocity law to which the State Employees' Retirement System has subscribed.

The combined service credits under two or more retirement systems in which credits have been established 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.

An alternate plan is provided whereby the total of the pension credits earned by a member under all retirement systems may be considered by the last retirement system. Such system would calculate the total retirement allowance according to its own formula and the final average salary in that system. The last retirement system would pay the entire retirement allowance to the member and would be reimbursed by the other retirement systems to the extent of their obligation for their own accumulated credits.

The following conditions must be fulfilled by a member if the alternate plan is to be applicable:

(a) The member must have been a contributing participant in the last retirement system for at least 5 years;

(b) If the pension credit under another system is to be considered the period of interruption in service covered by one system and the beginning date of participation under another system is to be not more than 5 years; provided that if such separation is more than 5 years, pension credit under another system will be considered if the period of pension credit in the last system was continuous for at least 7½ years immediately preceding the latest separation from service.

(c) The member must make a contribution to the last retirement system of 1% of his actual final annual salary on the last day of service in each system (other than the last) for each year of service for which credit was allowed in each such system.

The alternate plan applies only to a retirement annuity. Ordinary disability benefits, accidental disability benefits and death benefits are excluded from the application of either of the foregoing plans.