

STATE EMPLOYEES' RETIREMENT SYSTEM OF ILLINOIS

TWENTY-FOURTH ANNUAL STATEMENT OF THE BOARD OF TRUSTEES

For the Fiscal Year Ended
JUNE 30, 1967



1201 South Fifth Street
Springfield, Illinois 62706
Tel. 525-6581 — Area Code 217

BOARD OF TRUSTEES
(As Constituted June 30, 1967)

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Continental Assurance Company

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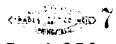


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HON. WILLIAM G. CLARK
Attorney General
Counsel

HON. ADLAI E. STEVENSON III
State Treasurer
Treasurer

A. A. WEINBERG
Consulting Actuary


(00197—1,350—7-68)

[Printed by authority of the State of Illinois.]

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LETTER OF TRANSMITTAL

June 5, 1968

To his Excellency,
The Honorable Samuel H. Shapiro
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 Twenty-Fourth Annual Statement of the Board for the fiscal year ended June 30, 1967.

Respectfully submitted,



Chairman

COMPARATIVE SUMMARY OF FINANCIAL FACTS

<i>For The Year</i>	<i>Fiscal Year Ended June 30</i>	
	<i>1967</i>	<i>1966</i>
Total Revenues	\$ 35,766,867.78	\$ 33,521,340.06
Total Expenditures	19,059,986.24	17,145,644.50
Excess of Total Revenues over Total Ex- penditures	16,706,881.54	16,375,695.56
Contributions by Members	19,744,642.38	18,135,022.20
Contributions by Employer.....	9,889,351.17	10,118,559.33
Investment Income	6,076,849.14	5,224,946.94
Investment Income as Proportion of Total Revenues	17.0%	15.6%
<i>At End of Year</i>		
Net Present Assets	\$162,357,631.00	\$145,650,749.46
Actuarial Reserve Requirements.....	418,028,175.00	388,733,531.92
Unfunded Accrued Liability	255,670,544.00	243,082,782.46
Per Cent Funded	38.8%	37.4%
Book Value of Investments	158,963,682.89	142,429,618.18
Average Yield on Investments	4.03%	3.94%

STATE EMPLOYEES' RETIREMENT SYSTEM OF ILLINOIS

TWENTY-FOURTH ANNUAL STATEMENT OF THE BOARD OF TRUSTEES

FISCAL YEAR ENDED JUNE 30, 1967

There is presented herewith the Twenty-Fourth Annual Statement of the Board of Trustees of the State Employees' Retirement System of Illinois. This statement records the results of operations of the System for the year and reviews certain outstanding developments in its management and administration.

Membership

<i>Contributing Members</i>	<i>1957</i>	<i>1966</i>
Number at beginning of year.....	51,289	47,518
Additions during the year	8,859	9,346
Totals	60,148	56,864
Separations —		
Deaths	379	462
Withdrawals with refund.....	4,698	4,325
Retirements	774	788
Totals	5,851	5,575
Number at end of year.....	54,297	51,289

Annuity Rolls

Number at beginning of year.....	7,819	7,137
Additions during the year	1,100	1,118
Totals	8,919	8,255
Separations	452	436
Number at end of year.....	8,467	7,819

Financial Review

Revenues and expenditures for the year are summarized below with the amounts for the preceding year stated for comparison.

<i>Revenues</i>	<i>Year Ended June 30</i>	
	<i>1967</i>	<i>1966</i>
Member contributions	\$19,744,642.38	\$18,135,022.20
Employer contributions	9,889,351.17	10,118,980.14
Interest income	6,132,874.23	5,267,337.72
Other .....	.....	420.81
Totals	\$35,766,867.78	\$33,521,340.06

Expenditures

Service retirement, widows' and survivors' annuities	\$12,444,810.16	\$10,991,073.25
Disability benefits	1,230,552.17	1,147,454.31
Death benefits	1,396,953.98	1,409,503.38
Refunds	3,987,669.93	3,597,613.56
Totals	<u>\$19,059,986.24</u>	<u>\$17,145,644.50</u>
Excess of revenues over expenditures credited to reserves	<u>\$16,706,881.54</u>	<u>\$16,375,695.56</u>

It is noted that the excess of revenues over expenditures for the year was below the contributions made by the members. This points up clearly the inadequacy of the allocations to the System by the State of Illinois for its share of the pension costs. Since the members have accumulated increased pension credits during the year as the result of additional service, this increase should be reflected in the State's contribution. The budgeting of 7% of salaries by the several departments of the State, for the 1967-1969 biennial period, should result in substantially larger revenues from the State in keeping with the funded requirements of the System. These should be reflected in the results of operations for the 1968 fiscal year.

Investments

The Board continued its policy of investing its funds in excess of current needs in United States Government Bonds. Although the investment authority for the System was broadened in 1965 to include corporate bonds, investments were limited to government bonds because the major part of reserves and current revenues of the System were derived from member contributions.

Investments made during the year totalled \$15,090,000.00 par value of the following described United States Treasury Bonds:

\$1,870,000.00 par value 4% due August 15, 1970
 5,185,000.00 par value 4% due August 15, 1973
 5,965,000.00 par value 4½% due November 15, 1973
 2,070,000.00 par value 4¼% due May 15, 1985/75

At the close of the year, the investments totalled \$158,182,000.00 at par value in United States Treasury securities. In addition, the Board held \$2,200,000.00 par value of Treasury Bills, of which \$1,000,000.00 were due October 26, 1967, and \$1,200,000.00 on November 26, 1967.

The average rate of investment earnings for the year was 4.03% compared to 3.94% in the preceding year. Investment income was equal to 17% of total revenues.

With increased allocations to the System by the State towards a greater measure of funding its obligations, as discussed elsewhere in this report, the Board will undertake an extension of its investment policy to include corporate bonds with the advice and guidance of investment counsel.

Financing the State's Obligation

To effect proper funding of the System's obligations, the State has adopted the plan of budgeting its share of the cost of the System on a departmental basis beginning July 1, 1967. For the 1967-1969 biennium each department will include in its biennial budget requests a rate of 7% of the estimated requirements for personal services as the current pension cost for its employees.

This is an important forward step in the financing of the System. It should result in the full funding of accruing obligations according to recognized standards. This plan of budgeting has been consistently recommended over the years as the most prudent and most economical method of providing for the pension obligation.

Revenues from State appropriations for the year amount to \$8,524,228.50. This was less than one-half of the State's share of the cost. They were equal to about 3% of payroll whereas the rate should have been 7% of payroll. With the foregoing method in effect, the System should begin to receive its full funded requirements at least for its normal cost with possible additional allocations for interest on the unfunded accrued liability. This should serve to keep the unfunded liability for past years at a stabilized level with a possible reduction in this item from increased investment income.

Annual Audit

An audit and examination of the accounts and records of the System was completed as of June 30, 1967, by Whitney, Hakman & Conaghan, Certified Public Accountants, who were designated for this purpose by the Auditor General of the State.

The results of this audit were satisfactory. Reference was made in the audit report that

"the State has been contributing in an amount approximating the cash requirements of the System, but not in an amount sufficient to meet the actuarially computed requirements."

It was also stated that prior recommendations which had been fully implemented concerned

"improved internal control over mail remittances from members by requiring listings of these receipts by the mail openers"

and that prior recommendations still under study by the System pertained to an improvement in data processing which is being considered in conjunction with the Management Information Division of the Department of Finance.

Amendatory Legislation

Several amendments were enacted by the 75th General Assembly at its regular 1967 session which became operative after the close of the year. These amendments are briefly summarized.

1. *Senate Bill 367. Contributions for the waiting period.* Extended to July 1, 1968 the period for making contributions for the first 12 months of State service.

2. *Senate Bill 1133. Reemployment of pensioners.* Allows a pensioner to return to State service as a temporary employee for not more than 75 working days during a calendar year without interruption of his pension payments.

3. *Senate Bill 1316. Social Security coverage for State employees.* Provided for the coordination of the Retirement System with federal social security coverage effective as of January 1, 1969, with the further condition that the federal Social Security Act would be amended to permit the State of Illinois to use the divided or partition plan of coverage. Under such plan, coverage by social security would be optional with each present member and compulsory with future entrants.

4. *Senate Bill 1506. Extension of pension credit to 42 years' service.* Extended pension credit to State employees beyond 36 years of service up to a maximum of 42 years, coupled with an increase in the maximum rate of pension from 60% to 70% of final average salary. The increment above 60% would begin to accrue after age 60. Also provided for the removal of the condition that a survivor's annuity beneficiary working in any department of the State would have the survivor's annuity suspended during the period of such employment.

5. *House Bill 2217. Membership of certain employees.* Extended membership in the System to any person employed by the General Assembly or a Committee or Commission thereof without any qualifying or waiting period.

6. *Senate Bill 1220. Clarifying and corrective changes.* Contains several clarifying amendments proposed by the staff of the System including one that would make effective the departmental plan of budgeting for current service which had been instituted under a directive of the Governor.

Report of the Actuary

As required by the law, an actuarial valuation of the System was completed as of June 30, 1967. The reports of this valuation are included in the report of the actuary which is presented as a part of this annual statement.

Concluding Comment

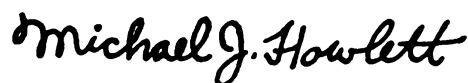
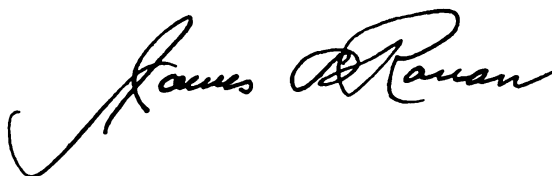
The results of the year's operations, reported herein, indicate a satisfactory condition from a current standpoint. Increased revenues from the State of Illinois in future years under the budgeting method of financing, which has been instituted beginning July 1, 1967, should result in a substantial increase in reserves and an improvement in the financial condition of the System.

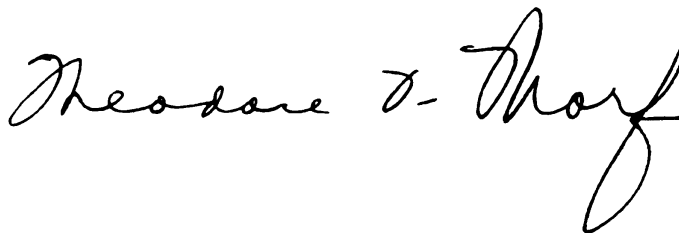
As in the past, the policies of the Board will be directed towards the operation of the System in accordance with recognized standards in fulfillment of its stated objectives. Acknowledgment is hereby made of the cooperation and assistance of officials of the State during the year in the management and administration of the System and for the loyal and efficient services of the administrative staff.

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, 1967.

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 Whitney, Hakman & Conaghan, Certified Public Accountants, on an audit of the operation of the System dated January 10, 1968.

In our opinion, the accompanying Valuation Balance Sheet correctly presents the condition of the State Employees' Retirement System of Illinois at June 30, 1967, giving effect to all accrued liabilities and reserve requirements under the applicable law.

A. A. Weinberg
Consulting Actuary

May 31, 1968

VALUATION BALANCE SHEET — JUNE 30, 1967
STATEMENT OF ASSETS, LIABILITIES AND RESERVES

ASSETS

PRESENT ASSETS:

Cash	\$ 474,917.58
Accounts Receivable	1,964,281.98
Investments—	
United States Government Securities (at amortized cost)	158,963,682.89
Accrued Interest—	
On investments	1,658,940.96

PROSPECTIVE ASSETS:

Obligations for service to be rendered after June 30, 1967—		
Male members	\$51,186,462.00	
Female members	30,282,629.00	
State of Illinois	85,721,931.00	167,191,022.00

DEFERRED ASSETS:

Due from the State of Illinois for un-financed pension credits for past service.....	255,670,544.00
TOTAL ASSETS	<u><u>\$585,923,389.41</u></u>

VALUATION BALANCE SHEET — JUNE 30, 1967
STATEMENT OF ASSETS, LIABILITIES AND RESERVES
LIABILITIES

CURRENT LIABILITIES:

Benefits payable	\$ 194,923.51	
Refunds payable	509,268.90	\$ 704,192.41

FUTURE SERVICE LIABILITY:

For pension credits on account of service after June 30, 1967—		
Male members	\$105,188,302.00	
Female members	62,002,720.00	167,191,022.00

RESERVE LIABILITIES**MEMBERS' CONTRIBUTIONS:**

For prospective retirement and widows' annuities on account of active members	\$ 66,085,492.64	
For future refunds and death benefits— actuarial value of future payments.....	57,340,070.00	123,425,562.64

EMPLOYER CONTRIBUTIONS:

For prospective retirement and widows' annuities on account of active mem- bers—present value of total liability for accrued requirements	\$234,571,428.00	
Less, members' contribution credits.....	66,085,492.64	168,485,935.36

RETIREMENT AND BENEFITS RESERVE:

Actuarial value of retirement, widows' annuities and survivors' annuities in force		126,116,677.00
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TOTAL LIABILITIES AND RESERVE REQUIREMENTS.....		<u><u>\$585,923,389.41</u></u>
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The following explanation is given regarding the several items comprising the assets, liabilities and reserves of the System in order to facilitate an understanding thereof.

Present Assets comprise the assets on hand as taken from the report of Whitney, Hakman & Conaghan, Certified Public Accountants, dated January 10, 1968.

Prospective Assets represent the obligations of the participants and the State for service to be rendered subsequent to June 30, 1967. They consist of amounts, actuarially determined, with the application of the factors of mortality, interest, turnover and others that enter into the computation of the present value of liabilities for benefits accruing on account of future service.

Deferred Assets constitutes the amount accrued and unpaid on account of service rendered prior to the balance sheet date. This item is referred to as the "unfunded accrued liability" or "actuarial deficit." This is an obligation of the State to be discharged in future years by increasing appropriations to the System.

Current Liabilities consist of the accrued benefits and deferred credits.

Future Service Liability is an offset to Prospective Assets, and represents the present value of the proportionate pension credits to be earned by the participants during future service extending from the balance sheet date to the assumed ages of retirement.

Reserve Liabilities embrace three items and represent the amounts necessary to fully fund all accrued liabilities for pensions and refunds for service prior to the balance sheet date. The three items comprising these requirements are described below.

Reserve for Members' Contributions represents the participants' own contribution credits including interest to the balance sheet date. Part of these credits are subject to refund in future years on account of resignation, dismissal or death, and part are to be applied to finance a portion of the retirement annuities and survivors' benefits to become due in the case of participants now in service or their beneficiaries who will ultimately qualify for such benefits.

Reserve for State Contributions represents the State's portion of the accrued pension credits for those participants now in service who ultimately will become entitled to retirement annuities at the ages assumed for their retirement or whose beneficiaries may become eligible for payments under the widows' or survivors' benefit provisions.

Retirement and Benefits Reserve constitutes the amount required to pay out during the future lifetime of the present pensioners and beneficiaries the pensions and other benefits previously granted and in force at the balance sheet date.

REPORT OF THE ACTUARY

The results of an actuarial valuation of the State Employees' Retirement System as of June 30, 1967 are presented in the accompanying Valuation Balance Sheet. Accrued liabilities at said date amounted to \$418,028,175.00. Net present assets available to meet these liabilities were \$162,357,631.00, resulting in an unfunded accrued obligation at that date of \$255,670,544.00. This amount constitutes an accrued indebtedness of the State of Illinois to the System for previous service of its employees. It is to be discharged by future State 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 is the Group Annuity Table for 1951 with an interest rate assumption of 3½%.

Statistics. The statistical data required for this valuation was compiled by the office of the System, under the direction of Paul D. Prater, Secretary, and submitted to us in complete form.

Membership

	<i>Male</i>	<i>Female</i>
Number of members	30,510	23,787
Proportion of total	56.2%	43.8%
Aggregate rates of annual salary.....	\$208,591,032	\$123,557,592
Average rate of annual salary.....	\$6,836	\$5,194
Average age (years)	46.1	47.8
Average length of service (years).....	6.6	7.4

Included in the foregoing tabulation are 1,149 members of the State police force with an average age of 38.5 years and average service of 10.3 years. Their total annual salaries were \$8,320,308 being an average of \$7,241.

Service Retirements

	<i>Male</i>	<i>Female</i>
Number of annuitants.....	3,441	3,348
Proportion of total	50.7%	49.3%
Aggregate annual payments	\$6,099,185	\$4,486,055
Average annual payment	\$1,773	\$1,340
Average age (years)	71.7	71.8
Average age at retirement.....	65.9	65.7

Deaths Among Service Retirements

Statistics on deaths among retired members that occurred during the year are summarized as follows:

	<i>Male</i>	<i>Female</i>
Number	234	128
Average age at death	73.8	75.1
Average age at retirement	67.3	67.0

Widows' and Survivors' Annuities

A widow's annuity is provided in the case of male members who entered the System prior to July 19, 1961.

A survivor's annuity covers all members of the System, both male and female, who participate after July 19, 1961.

A widow of a deceased male member who became a participant before July 19, 1961, who had established for his wife the right to a widow's annuity as well as the survivor's annuity, has the option of receiving either benefit, whichever is more favorable.

	<i>Widows' Annuities</i>	<i>Survivors' Annuities¹</i>
Number	899	779
Annual payments	\$740,817	\$1,352,610
Average annual payment	\$824	\$1,736
Average age	70.1	62.1

¹ Includes widows, minor children and parents.

Deferred Annuities

	<i>Widows' Annuities</i>	<i>Survivors' Annuities</i>
Number	20	226
Annual payments	\$242,552	\$362,260
Average annual payment	\$1,213	\$1,603
Average age of beneficiary at date of member's death....	46.6	49.2
Average age of beneficiary at June 30, 1967.....	49.6	51.6
Average age of member at death.....	66.0	55.6
Average service	19.1	10.2

Mortality Experience

Mortality among retired members and active members has been favorable in comparison with the standards used in the measurement of the death risk. Deaths among retired members have been above the expected according to the 1951 Group Annuity Table. Mortality among active members was measured according to the Commissioners 1960 Standard Group Mortality Table. Rates of deaths among active members have approximated the number contemplated by this table.

Under the law governing the System, a survey and investigation of operating experience must be made every 3 years. The last such study was completed as of June 30, 1965. The next survey must be made as of the end of the 1968 fiscal year. The mortality and service experience will be reviewed as well as all other related operating factors to determine the underlying trends in the operation of the System.

Disability

The experience under both non-duty and duty disability benefit claims, commonly referred to, respectively, as ordinary disability and accidental disability, has been satisfactory. With respect to duty disability, workmen's compensation is applied as an offset to benefit payments, thereby reducing the payouts by the System.

Disability claims are difficult of measurement in comparison with any common standards. To some extent, the operation of these disability provisions and the amounts to be paid by the System are influenced by the personnel policies in effect in the administration of the several departments of the State government. However, even after making allowance for this factor, the number of such claims for ordinary disability has been reasonable. Claims for service-connected disability seem to be inordinately high for the number of members exposed to risk. This is one area of the System's operations which requires a reexamination and analysis to establish the causes for the comparatively large number of such claims.

The following statistics of new claims processed during each of the last 5 fiscal years are illustrative:

<i>Year Ended June 30</i>	<i>Ordinary Disability</i>	<i>Accidental (Service-Connected) Disability</i>
1967	267	114
1966	286	91
1965	318	76
1964	265	98
1963	268	67

Separation Benefits

Withdrawals from the System with refunds have been relatively stable both with respect to number and total payments. While the number of withdrawals and total payments have increased during recent years, they have maintained a fairly level rate in comparison with the total membership which has been in a persistent uptrend. The following table may be of interest:

<i>Year Ended June 30</i>	<i>Number of Separations</i>	<i>Total Payments</i>	<i>Average Amount of Refund</i>
1967	4,698	\$3,987,670	\$849
1966	4,325	3,502,091	810
1965	3,686	3,182,398	863
1964	3,228	2,464,842	763
1963	3,214	2,227,406	693

The number of such separations with refunds has approximated the expectancy for the number of exposures according to the service tables underlying the actuarial functions used in the annual valuations.

Salary Increments

Because the service retirement allowance, survivor's annuity and widow's annuity are based upon a final average salary formula, a salary scale is applied in the valuation of the System. This scale contemplates regular increases in salary for those members who may ultimately attain the prescribed ages for retirement as they move from age to age toward retirement.

A review of the salaries for the last several years was made in an effort to determine the underlying trend. The following table discloses a consistent increase at a relatively constant rate:

<i>June 30</i>	<i>Average Salary</i>			
	<i>Male</i>	<i>% Increase Over Previous Year</i>	<i>Female</i>	<i>% Increase Over Previous Year</i>
1967	\$6,836	5.3%	\$5,194	5.0%
1966	6,492	6.8	4,945	4.9
1965	6,076	4.6	4,714	5.7
1964	5,811	3.8	4,458	4.3
1963	5,597	4.6	4,274	2.6

The increase in average salary for the 5-year period was 22% for male members equal to 4.4% per year, and 21½% for female members equal to 4.3% per year. These rates were somewhat above the salary scale previously formulated and used in the calculation of accrued liabilities and costs. While the foregoing presentation is not definitive as to the course of salaries over the long term, (for the period of an employee's productive service) they do suggest a re-examination or revision of the factor of salary increments. This will be undertaken for the next actuarial survey of the System following the close of the 1968 fiscal year.

Rate of Interest

The rate of interest used in calculations is 3½% per annum. Under the existing investment authority, the System should be able to average earnings at this rate over the long term. While prudence dictates the use of an interest rate somewhat less than the rate of investment earnings, it is considered unnecessary in the case of a public agency to maintain a rate too far below the expected average earnings over a long period of years.

The average rate of investment earnings for the last several years are presented below.

<i>Fiscal Year</i>	<i>Rate of Investment Earnings</i>	<i>Earnings as a Proportion of Total Revenues</i>
1967	4.03%	17.0%
1966	3.94	15.6
1965	3.85	16.4
1964	3.79	15.1
1963	3.75	15.7

Any excess earnings above the assumed rate of 3½% are automatically diverted towards meeting the State's share of the cost of the System by a credit against the unfunded accrued liability.

It is noted that average investment earnings, as a proportion of total revenues, for all public employee pension funds in the United States, as compiled by the Bureau of the Census, is 24%.

Legislation

This report does not give effect to several changes in the basic provisions of the governing law which became operative after the close of the fiscal year under review.

One amendment provided for the extension of pension credit beyond 36 years of service with the increment to extend to 42 years

together with an increase in the maximum service retirement allowance from 60% to 70% of average final compensation (highest 5-year average within last 10 years). The increment above 36 years was to begin after age 60 notwithstanding that the employee may have completed more than this period of service prior to such age.

Another important amendment made social security coverage available to State employees on a coordinated basis. This amendment will require a complete revision of internal administrative procedures and a downward adjustment of contribution rates to the Retirement System on the part of certain members of the System and the State of Illinois. The plan of coverage embodied in this legislation is the so-called "divided" or "partition" plan. This plan makes social security coverage plus supplemental benefits available to present members by individual choice but is applicable mandatorily for future entrants.

These new provisions together with others enacted by the 75th General Assembly will be thoroughly evaluated for the next annual report of the Board.

Conclusion

The change in the method of financing the System recently inaugurated by the State is a most constructive development. This should serve to arrest the persistent upward trend in unfunded liabilities. It should also have the effect of curtailing any irregular or costly amendments since the financial effect thereof would be expressed directly in the State's funded contribution rate.

The policy of providing the members of the System a full measure of service during the course of operation is being given full expression in its administration and fulfillment of the System's objectives.

A. A. Weinberg
Consulting Actuary

**ACCOUNTANTS' REPORT
AND
FINANCIAL STATEMENTS**

JUNE 30, 1967

ACCOUNTANTS' REPORT

Auditor General
State of Illinois
Springfield, Illinois

We have examined the balance sheets of the System Trust Fund of State Employees' Retirement System of Illinois at June 30, 1967 and the related statement of income and expenditures for the year then ended. We have also examined the statement of appropriations, expenditures and unexpended balance for the fifteen months ended September 30, 1967. Our examination was made in accordance with generally accepted auditing standards and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

The accompanying statements reflect the financial position and results of operations of State Employees' Retirement System as they are shown in its accounts, which are maintained on an accrual basis of accounting. The statements do not purport to reflect the actuarial position of the System.

In our opinion, subject to an actuarial determination of all reserve requirements for the various annuities and benefits for both active and retired members, the accompanying statements present fairly the financial position of the System Trust Fund of State Employees' Retirement System of Illinois at June 30, 1967 and the results of its operations for the year then ended, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

The accompanying schedule of United States Government Securities has been subjected to the tests and other auditing procedures applied in the examination of the financial statements mentioned above and, in our opinion, is fairly stated when considered in connection with the financial statements taken as a whole.

Whitney, Hakman & Conaghan

Springfield, Illinois
January 10, 1968

SYSTEM TRUST FUND
BALANCE SHEET — JUNE 30, 1967

ASSETS

Cash	\$ 462,467.83	
Cash Items in Transit.....	12,449.75	\$ 474,917.58
<hr/>		
Accounts Receivable—		
Contributions from Trust and Federal Funds	\$ 254.53	
Contributions by Employer — Funded Benefit Reserve	80,398.32	
Members' Contributions	1,868,486.86	
Proportional Service Retirement Allowance	2,247.60	
Cancellations—		
Accidental Disability Benefits	593.10	
Ordinary Disability Benefits	6,476.90	
Widows' Annuity	746.14	
Survivors' Annuity	528.31	
Resignation Refunds	560.53	
Service Retirement Allowance.....	3,989.69	1,964,281.98
<hr/>		
Accrued Interest on Investments		1,658,940.96
Investments at amortized cost (note 2)		158,963,682.89
<hr/>		
Total Assets		<u>\$163,061,823.41</u>

LIABILITIES

Benefits Payable—		
Accidental Disability	\$ 5,767.11	
Ordinary Death	63,507.20	
Ordinary Disability	105,940.99	
Death Benefit After Retirement	1,303.45	
Service Retirement Allowance	3,633.84	
Survivors' Annuity	10,567.25	
Widows' Annuity	4,203.67	\$ 194,923.51
<hr/>		
Refunds Payable—		
Resignation	\$ 505,670.39	
Widows' or Survivors' Annuity Contributions	3,598.51	509,268.90
<hr/>		
Reserves—		
Members' Contributions	\$111,762,996.20	
Interest Accumulations	11,662,566.44	
Funded Benefits—Illinois Toll Highway Commission	1,752,050.72	
Annuitants' Death Benefits	5,110,863.27	
General Reserve	32,069,154.37	162,357,631.00
<hr/>		
Total Liabilities		<u>\$163,061,823.41</u>

See accompanying notes to financial statements.

SYSTEM TRUST FUND
STATEMENT OF INCOME AND EXPENDITURES
(Exclusive of Administrative Expense Appropriations)
July 1, 1966 to June 30, 1967

INCOME		
Contributions:		
By State of Illinois	\$ 8,524,228.50	
By Members	\$ 19,706,321.08	
Less Refunds of Departments and Erroneous Deductions	19,430.24	19,686,890.84
<hr style="width: 100%;"/>		
Credited to Members'		
Accounts		
Accidental Dis- ability	\$ 22,785.85	
Ordinary Dis- ability	161,288.59	184,074.44
<hr style="width: 100%;"/>		
From Trust and Federal Funds.....		1,068,016.38
By Employer—Funded Benefit Reserve....		297,106.29
Interest on Investments (Less Amortiza- tion of Premium and Charges)		6,076,849.14
Interest Paid by Members.....		56,025.09
Repayment of Refunds.....		57,751.54
<hr style="width: 100%;"/>		
Total Income		\$ 35,950,942.22

SYSTEM TRUST FUND
STATEMENT OF INCOME AND EXPENDITURES—Continued
(Exclusive of Administrative Expense Appropriations)
July 1, 1966 to June 30, 1967

BENEFITS AND CHARGES

Benefit Payments:

Death Benefit After Retirement (Excess of Accumulated Contributions over Pension Payments Received)	\$ 67,263.75	
Ordinary Death Benefits — Accumulated Contributions	950,177.61	
Ordinary Death Benefits — State Allowance	202,988.40	
Accidental Death Benefits — Accumulated Contributions	16,096.78	
Accidental Death Benefits — State Allowance	160,427.44	
Ordinary Disability Benefits (Including \$161,288.59 in Contributions Credited)	1,315,485.14	
Accidental Disability Benefits (Including \$22,785.85 in Contributions Credited)	99,141.47	
Survivors' Annuity	1,482,525.20	
Widows' Annuity	767,522.67	
Service Retirement Allowance	10,184,109.50	
Annuities—Reversionary	10,652.79	\$ 15,256,390.75

Refunds:

To Members — Withdrawal from Service	\$ 3,876,455.14	
To Members — Widows' or Survivors' Annuity Contributions	111,214.79	3,987,669.93

Total Payments and Charges..... \$ 19,244,060.68

Balance, June 30, 1967, Excess of Income Over Payments and Charges

\$ 16,706,881.54

See accompanying notes to financial statements.

STATEMENT OF APPROPRIATIONS BY 74TH GENERAL ASSEMBLY

Statement of Appropriations, Expenditures and Unexpended Balances

July 1, 1966 to September 30, 1967

	Unexpended Balances June 30, 1966	Expenditures Year Ended June 30, 1967	Unexpended Balances June 30, 1967	Expenditures Three Months Ended September 30, 1967	Unexpended Balance September 30, 1967
General Revenue Fund:					
Personal service.....	\$ 231,393.72	\$ 215,565.07	\$ 15,828.65	\$ 8,651.50	\$ 7,177.15
Contractual services.....	118,313.25	108,200.76	10,112.49	1,890.55	8,221.94
Postage.....	4,350.00	4,350.00			
Travel.....	6,497.72	1,895.15	4,602.57		4,602.57
Commodities.....	1,531.84	388.81	1,143.03	60.83	1,082.20
Equipment.....	4,129.72	3,296.75	832.97	465.60	367.37
Stationery, printing and office supplies.....	12,470.84	10,053.97	2,416.87	1,840.68	576.19
Contingencies.....	2,500.00		2,500.00		2,500.00
Administrative expense of Widows' Annuity Benefits.....	15,022.89	9,081.33	5,941.56	327.42	5,614.14
General administrative costs and expense — totals.....	\$ 396,209.98	\$ 352,831.84	\$ 43,378.14	\$13,236.58	\$30,141.56
Administrative expenses of Social Security Enabling Act.....	102,447.19	38,632.52	63,814.67	1,322.27	62,492.40
Payment to Social Security Contribution Fund State's contribution to the System Trust Fund.....	8,524,228.50	8,524,228.50			
Total General Revenue Fund.....	\$9,022,885.67	\$8,915,692.86	\$107,192.81	\$14,558.85	\$92,633.96
State Pensions Fund:					
State's contribution to System Trust Fund.....					
Total — All Funds.....	\$9,022,885.67	\$8,915,692.86	\$107,192.81	\$14,558.85	\$92,633.96

See accompanying notes to financial statements.

NOTES TO FINANCIAL STATEMENTS

June 30, 1967

1. The accompanying statements reflect the financial position and results of operations of State Employees' Retirement System as they are shown in its accounts, which are maintained on an accrual basis. The statements do not purport to reflect the actuarial position of the System.

Appropriations to the State Employees' Retirement Fund have approximated the cash requirements for each biennium but have not provided for the funding of benefits on an actuarial basis. As of the close of the prior fiscal year, June 30, 1966, the actuary reports the total unfunded obligation of the State of Illinois to be approximately \$243,083,000.00. An actuarial valuation of the State Employees' Retirement System of Illinois as of June 30, 1967 had not been completed at the date of this report.

2. It has been the consistent practice that investments are carried at amortized cost and no provision is made for increases or declines in market value until disposition. At June 30, 1967, the market value of investments amounted to \$140,148,581.57 based on bid prices.

UNITED STATES GOVERNMENT SECURITIES

June 30, 1967

	Maturity Date	Principal Amount	Amortized Cost
Treasury Notes, 5% Series A	11-15-70	\$ 8,600,000.00	\$ 8,608,193.55
Treasury Bonds:			
3¼%	6-15-83/78	13,270,000.00	13,418,607.01
3¼%	5-15-85	4,000,000.00	3,994,022.83
3½%	11-15-80	1,600,000.00	1,606,072.08
3½%	2-15-90	29,538,000.00	28,895,489.75
3½%	11-15-98	1,400,000.00	1,239,771.59
3¾%	5-15-68	2,475,000.00	2,478,075.09
3¾%	11-15-71	1,305,000.00	1,300,974.98
3¾%	11-15-74	8,491,000.00	8,585,098.29
4%	10- 1-69	2,000,000.00	1,991,562.22
4%	2-15-70	1,500,000.00	1,463,933.63
4%	8-15-70	8,195,000.00	8,107,823.65
4%	2-15-72	2,025,000.00	2,006,601.82
4%	8-15-72	3,500,000.00	3,503,226.18
4%	8-15-73	8,536,000.00	8,154,492.89
4%	2-15-80	6,275,000.00	6,195,148.04
4%	2-15-93/88	4,300,000.00	4,306,904.11
4½%	11-15-73	10,671,000.00	10,413,614.53
4½%	5-15-94/89	8,800,000.00	8,839,816.53
4½%	5-15-85/75	3,070,000.00	2,990,118.85
4½%	8-15-92/87	28,631,000.00	28,704,604.60
		<u>\$149,582,000.00</u>	<u>\$148,195,958.67</u>
Treasury Bills.....	10-26-67	1,000,000.00	981,120.00
Treasury Bills.....	11-26-67	1,200,000.00	1,178,410.67
		<u>\$ 2,200,000.00</u>	<u>\$ 2,159,530.67</u>
Total.....		<u><u>\$160,382,000.00</u></u>	<u><u>\$158,963,682.89</u></u>

APPENDIX A

Statistical and Claims Data

Table I. MEMBERSHIP BY DEPARTMENTS

Code No.	Department	Male	Female	Total	Percent of Total Membership
01	Governor.....	10	22	32	.06
03	Secretary of State.....	1,070	1,147	2,217	4.08
04	Auditor of Public Accounts.....	57	94	151	.28
05	Treasurer.....	30	24	43	.10
06	Attorney General.....	234	108	342	.63
07	Public Instruction.....	122	186	308	.57
08	Courts.....	131	243	374	.69
09	State Officers.....	110	39	149	.27
10	Aeronautics.....	21	16	37	.07
11	Agriculture.....	425	149	574	1.06
12	Conservation.....	594	128	722	1.33
13	Finance.....	167	164	331	.61
14	Insurance.....	92	63	155	.29
15	Labor.....	1,162	1,418	2,580	4.75
16	Children & Family Services.....	551	1,040	1,591	2.93
17	Mines and Minerals.....	50	15	65	.12
18	Audits.....	5	3	8	.01
19	Financial Institutions.....	73	28	101	.19
20	Public Health.....	427	648	1,075	1.98
21	Public Safety.....	2,967	380	3,347	6.16
22	Mental Health.....	5,773	9,795	15,568	28.67
23	Public Works & Buildings.....	7,223	630	7,853	14.46
24	Registration and Education.....	108	129	237	.44
25	Revenue.....	610	600	1,210	2.23
26	Business & Economic Development.....	36	26	62	.11
28	Personnel.....	37	79	116	.21
29	Youth Commission.....	817	418	1,235	2.27
30	Civil Service Commission.....	5	3	8	.01
31	Commerce Commission.....	118	87	205	.38
32	Liquor Control Commission.....	27	20	47	.09
33	Public Aid.....	541	1,586	2,127	3.92
34	Veterans' Commission.....	66	79	145	.27
35	State Militia.....	233	38	271	.50
50	Miscellaneous Agencies.....	1,152	591	1,743	3.21
	Inactives.....	5,466	3,791	9,257	17.05
	Totals.....	30,510	23,787	54,297	100.00

Table 2. NUMBER OF MEMBERS AND TOTAL SALARIES AT
JUNE 30, 1967
CLASSIFIED BY AGE AND SEX

Male Employees

Age at June 30, 1967	Number of Members	Aggregate Annual Salary Rate	Age at June 30, 1967	Number of Members	Aggregate Annual Salary Rate
17	1	\$ 2,604	55	728	\$ 5,064,192
18	15	51,636	56	822	5,759,448
19	86	408,780	57	789	5,473,248
			58	807	5,663,928
20	141	689,388	59	817	5,780,388
21	181	854,988			
22	207	1,050,816	60	717	4,971,864
23	239	1,242,048	61	704	4,985,916
24	302	1,782,036	62	648	4,399,836
			63	641	4,165,848
25	350	2,185,656	64	540	3,542,520
26	394	2,583,576			
27	450	3,016,812	65	454	2,913,012
28	473	3,239,460	66	384	2,542,068
29	466	3,287,868	67	353	2,252,796
			68	287	1,856,040
30	426	2,967,492	69	263	1,676,412
31	493	3,648,516			
32	483	3,574,668	70	196	1,229,952
33	466	3,567,864	71	155	958,200
34	454	3,590,112	72	143	928,944
			73	79	477,336
35	453	3,549,576	74	88	582,084
36	489	3,828,204			
37	474	3,799,752	75	84	544,200
38	461	3,616,488	76	50	280,884
39	510	4,081,956	77	41	231,816
			78	30	174,744
40	556	4,432,764	79	31	142,116
41	538	4,279,824			
42	537	4,175,484	80	20	125,088
43	568	4,557,696	81	21	101,088
44	596	4,785,492	82	15	60,036
			83	8	35,808
45	582	4,508,496	84	5	31,260
46	628	4,629,216			
47	570	4,132,404	85	7	30,024
48	566	4,133,244	86	2	5,952
49	632	4,565,004	87	4	20,148
			88	1	6,000
50	575	3,968,796	89	2	3,000
51	682	4,613,568			
52	645	4,417,716	90	1	3,000
53	708	5,037,756	91	2	3,120
54	711	4,926,912	96	1	2,508
				27,048	\$190,809,492
Members having uncompleted Membership Records.....	3,462			3,462	17,781,540
Totals.....				30,510	\$208,591,032

Table 3. NUMBER OF MEMBERS AND TOTAL SALARIES AT
JUNE 30, 1967
CLASSIFIED BY AGE AND SEX

Female Employees

Age at June 30, 1967	Number of Members	Aggregate Annual Salary Rate	Age at June 30, 1967	Number of Members	Aggregate Annual Salary Rate
17	6	\$ 29,076	55	602	\$ 3,289,752
18	18	61,404	56	621	3,455,712
19	85	314,856	57	654	3,549,336
			58	583	3,222,948
20	368	1,441,500	59	590	3,186,636
21	443	1,801,668			
22	369	1,579,020	60	542	2,969,040
23	396	1,863,276	61	461	2,507,424
24	476	2,442,384	62	434	2,369,148
			63	387	2,129,484
25	427	2,257,584	64	331	1,818,756
26	356	1,905,036			
27	341	1,882,272	65	311	1,740,516
28	336	1,839,492	66	231	1,336,224
29	310	1,668,408	67	238	1,295,592
			68	165	930,276
30	294	1,573,944	69	163	883,824
31	263	1,373,316			
32	284	1,494,864	70	112	636,840
33	242	1,270,548	71	110	580,692
34	315	1,671,036	72	93	482,028
			73	48	260,532
35	277	1,421,760	74	69	349,632
36	279	1,427,484			
37	294	1,589,388	75	68	365,160
38	345	1,826,712	76	35	187,512
39	328	1,709,160	77	35	166,932
			78	17	86,676
40	407	2,262,492	79	15	84,012
41	411	2,196,564			
42	398	2,089,500	80	5	16,584
43	424	2,203,620	81	3	15,840
44	474	2,523,156	82	3	11,928
			83	7	24,864
45	504	2,737,872	84	2	6,120
46	525	2,806,080			
47	523	2,733,192	85	1	1,320
48	530	2,872,488	87	2	2,700
49	575	3,055,728			
			90	1	6,132
50	538	2,873,520			
51	577	3,119,892		21,609	\$114,322,896
52	636	3,393,444			
53	647	3,471,168			
54	649	3,569,820			
Members having uncompleted Membership Records				2,178	9,234,696
Totals				23,787	\$123,557,592

Table 4. NUMBER OF MEMBERS AT JUNE 30, 1967
CLASSIFIED BY LENGTH OF SERVICE

Length of Service at June 30, 1967 (Years)	Number		Total
	Male	Female	
Less than 1 year.....	3,852	3,083	6,935
1.....	4,107	3,975	8,082
2.....	3,662	2,846	6,508
3.....	2,345	1,864	4,209
4.....	1,802	1,178	2,980
5.....	3,305	1,084	4,389
6.....	1,354	751	2,105
7.....	947	619	1,566
8.....	1,065	598	1,663
9.....	1,141	696	1,837
10.....	786	783	1,569
11.....	682	742	1,424
12.....	577	645	1,222
13.....	541	537	1,078
14.....	478	443	921
15.....	371	397	768
16.....	368	326	694
17.....	386	289	675
18.....	313	241	554
19.....	246	258	504
20.....	296	264	560
21.....	208	218	426
22.....	175	162	337
23.....	93	162	255
24.....	98	143	241
25.....	152	232	384
26.....	235	244	479
27.....	132	151	283
28.....	150	126	276
29.....	108	108	216
30.....	93	97	190
31.....	84	81	165
32.....	69	72	141
33.....	62	71	133
34.....	54	75	129
35.....	32	42	74
36.....	18	24	42
37.....	33	32	65
38.....	15	20	35
39.....	20	25	45
40.....	12	10	22
41.....	8	13	21
42.....	11	9	20
43.....	3	5	8
44.....	6	9	15

**Table 4. NUMBER OF MEMBERS AT JUNE 30, 1967
CLASSIFIED BY LENGTH OF SERVICE—continued**

Length of Service at June 30, 1967 (Years)	Number		Total
	Male	Female	
45.....	3	8	11
46.....	...	8	8
47.....	3	6	9
48.....	2	7	9
49.....	4	2	6
50.....	1	2	3
51.....	1	1	2
52.....	....	2	2
53.....	....	1	1
58.....	1	....	1
Totals.....	<u>30,510</u>	<u>23,787</u>	<u>54,297</u>

Table 5. SERVICE RETIREMENT ANNUITANTS CLASSIFIED BY
AGE AT JUNE 30, 1967

Male

Age at June 30, 1967	Number	Annual Payments
56.....	2	\$ 7,078.32
57.....	5	11,974.68
58.....	5	12,650.52
59.....	5	20,835.12
60.....	27	56,694.12
61.....	78	169,900.80
62.....	96	190,081.08
63.....	95	204,983.28
64.....	117	214,830.96
65.....	121	282,749.52
66.....	179	375,015.24
67.....	188	377,246.16
68.....	203	422,177.04
69.....	220	426,995.64
70.....	203	363,925.44
71.....	235	422,296.20
72.....	221	341,258.76
73.....	198	347,394.96
74.....	162	270,120.96
75.....	175	273,207.72
76.....	145	222,451.44
77.....	141	224,526.84
78.....	112	178,549.92
79.....	99	155,426.64
80.....	79	117,272.76
81.....	73	97,947.48
82.....	74	106,279.80
83.....	41	48,712.56
84.....	43	58,130.88
85.....	23	23,922.24
86.....	19	19,740.84
87.....	17	17,778.36
88.....	10	10,746.84
89.....	9	7,749.24
90.....	7	4,162.68
91.....	6	4,268.04
92.....	1	547.80
93.....	1	1,557.00
94.....	2	3,762.84
95.....	1	920.88
96.....	2	1,418.64
97.....	1	1,895.40
Totals.....	3,441	\$6,099,185.64

Average Age—71.74 years; Average Allowance—\$1,772.50.

**Table 6. SERVICE RETIREMENT ANNUITANTS CLASSIFIED BY
AGE AT JUNE 30, 1967**

Female

Age at June 30, 1967	Number	Annual Payments
51.....	1	\$ 1,999.32
53.....	1	1,534.08
54.....	3	4,785.84
56.....	3	5,860.44
58.....	5	7,792.80
59.....	6	11,712.84
60.....	43	58,138.44
61.....	68	103,349.28
62.....	90	137,606.52
63.....	112	162,975.00
64.....	130	188,784.36
65.....	140	196,319.40
66.....	135	193,293.36
67.....	182	282,396.48
68.....	166	221,792.40
69.....	204	254,619.12
70.....	199	288,550.80
71.....	204	266,207.40
72.....	207	280,273.80
73.....	196	262,598.52
74.....	167	231,653.52
75.....	155	203,377.32
76.....	148	202,527.96
77.....	139	174,272.40
78.....	109	128,744.76
79.....	116	154,379.28
80.....	89	106,825.32
81.....	81	97,227.36
82.....	66	78,067.32
83.....	57	62,534.76
84.....	29	26,374.92
85.....	22	24,931.92
86.....	24	22,728.12
87.....	14	13,398.96
88.....	12	8,659.08
89.....	10	7,734.36
90.....	2	1,364.40
91.....	3	2,756.88
93.....	5	4,033.68
94.....	2	1,406.64
95.....	1	427.56
96.....	2	2,038.44
Totals.....	3,348	\$4,486,055.16

Average Age—71.77 years; Average Allowance—\$1,339.92.

Table 7. SERVICE RETIREMENT ANNUITANTS CLASSIFIED BY
AGE AT RETIREMENT

Age at Retirement	Number	
	Male	Female
50.....	1	5
51.....	...	1
53.....	1	3
54.....	1	4
55.....	5	9
56.....	8	9
57.....	11	13
58.....	6	20
59.....	18	19
60.....	528	511
61.....	212	198
62.....	229	200
63.....	184	212
64.....	187	171
65.....	379	380
66.....	280	230
67.....	229	242
68.....	202	179
69.....	175	183
70.....	211	219
71.....	122	126
72.....	111	111
73.....	83	86
74.....	71	76
75.....	58	37
76.....	38	37
77.....	32	23
78.....	21	19
79.....	21	8
80.....	2	9
81.....	5	4
82.....	4	3
83.....	2	...
85.....	1	1
86.....	3	...
Totals.....	3,441	3,348

Average Age at Retirement

Males—65.88

Females—65.72

Table 8. WIDOW ANNUITANTS CLASSIFIED BY
AGE AT JUNE 30, 1967

Age	Number	Annual Payments
42.....	2	\$ 2,281.44
45.....	1	399.00
47.....	2	3,388.68
48.....	2	1,325.64
50.....	3	2,378.04
51.....	1	419.04
52.....	4	2,832.36
53.....	3	2,202.24
54.....	4	4,518.72
55.....	8	7,995.48
56.....	13	8,391.48
57.....	6	8,208.24
58.....	15	14,608.32
59.....	11	10,346.64
60.....	19	20,906.64
61.....	18	22,967.04
62.....	24	16,990.32
63.....	25	21,499.80
64.....	31	33,968.64
65.....	42	33,749.76
66.....	32	28,553.64
67.....	50	50,355.36
68.....	45	51,755.64
69.....	54	38,121.84
70.....	36	28,368.84
71.....	46	42,012.48
72.....	46	42,729.24
73.....	56	43,126.44
74.....	43	28,952.16
75.....	32	24,655.08
76.....	40	24,192.48
77.....	37	23,649.12
78.....	24	14,763.36
79.....	27	16,576.44
80.....	29	18,756.12
81.....	19	13,986.00
82.....	13	9,105.72
83.....	11	7,327.68
84.....	9	5,473.92
85.....	5	4,536.96
86.....	3	1,267.44
87.....	2	861.96
89.....	3	965.76
90.....	2	1,020.60
91.....	1	325.32
Totals.....	899	<u><u>\$740,817.12</u></u>

Table 9. SURVIVORS' ANNUITY BENEFICIARIES CLASSIFIED BY
AGE AT JUNE 30, 1967

Age	Number	Annual Payments
10.....	2	\$ 2,213.76
11.....	1	750.00
12.....	3	2,481.96
13.....	5	5,445.72
14.....	2	2,250.00
15.....	2	2,883.24
16.....	5	5,391.00
17.....	4	4,423.08
26.....	1	2,041.92
27.....	1	3,000.00
28.....	1	3,000.00
31.....	1	2,547.84
33.....	2	6,000.00
34.....	1	2,549.76
35.....	3	8,519.28
36.....	2	6,000.00
37.....	4	11,615.26
38.....	3	9,000.00
39.....	1	3,000.00
40.....	5	14,826.12
42.....	7	21,000.00
43.....	4	7,215.00
44.....	6	17,736.00
45.....	4	9,000.00
46.....	10	29,422.56
47.....	6	17,523.12
48.....	2	6,000.00
49.....	7	19,455.48
50.....	5	15,000.00
51.....	4	10,037.04
52.....	7	16,013.28
53.....	9	26,177.88
54.....	7	19,716.12
55.....	19	38,811.72
56.....	33	61,350.36
57.....	30	48,208.56
58.....	34	58,932.96
59.....	27	54,550.80
60.....	47	77,784.36
61.....	36	58,473.36
62.....	46	74,351.40
63.....	40	62,048.88
64.....	30	47,183.76
65.....	41	59,684.16
66.....	24	36,487.92
67.....	43	64,215.84
68.....	30	47,473.80
69.....	18	26,278.92

Table 9. SURVIVORS' ANNUITY BENEFICIARIES CLASSIFIED BY
AGE AT JUNE 30, 1967—Continued

Age	Number	Annual Payments
70.....	23	35,059.56
71.....	18	24,966.84
72.....	22	27,707.04
73.....	20	25,887.24
74.....	10	15,322.08
75.....	12	19,874.88
76.....	14	24,100.92
77.....	10	14,610.72
78.....	7	9,728.52
79.....	5	6,660.00
80.....	1	1,162.68
81.....	3	4,574.28
82.....	1	2,037.84
83.....	3	5,608.08
84.....	1	1,719.96
86.....	1	1,428.48
87.....	1	1,047.36
89.....	1	1,464.00
91.....	1	1,577.16
Totals.....	779	<u>\$1,352,609.76</u>

**Table 10. NUMBER OF DEATHS AMONG MEMBERS PRIOR TO
RETIREMENT — AGE AND SERVICE DATA —
FISCAL PERIOD JULY 1, 1966 to JUNE 30, 1967**

By Age at Death	Male	Female	Total
18 to 24 incl.....	2	2	4
25 to 29 incl.....	6	2	8
30 to 34 incl.....	4	2	6
35 to 39 incl.....	4	4	8
40 to 44 incl.....	9	7	16
45 to 49 incl.....	19	2	21
50 to 54 incl.....	38	11	49
55 to 59 incl.....	71	17	88
60 to 64 incl.....	68	17	85
65 to 69 incl.....	44	7	51
70 and over.....	37	6	43
Totals.....	302	77	379

By Length of Service	Male	Female	Total	Per Cent of Total
Less than 6 years.....	148	26	174	46%
6 years or over.....	154	51	205	54%
Totals.....	302	77	379	

Table 11. NUMBER OF DEATHS PRIOR TO RETIREMENT
CLASSIFIED BY CAUSES OF DEATH —
JULY 1, 1966 to JUNE 30, 1967

Cause of Death	Number
Diseases of the Heart, Blood Vessels and Kidneys:	
Heart Disease.....	167
Apoplexy.....	35
Nephritis.....	8
Cancer and Tumor.....	71
Pneumonia and Influenza.....	18
Diabetes.....	1
Liver Disease.....	11
Pulmonary Tuberculosis.....	10
Diseases of the Digestive Tract, including Ulcers of the Stomach and Duodenum and Appendicitis.....	20
Automobile Accidents.....	14
Other Violent Deaths—including War Deaths.....	19
All other causes.....	2
Causes Unknown.....	3
Total.....	379
Classified by Types of Benefits:	
Ordinary Death (Nonoccupational).....	188
Accidental Death (Occupational).....	6
Survivors' Annuity.....	179
Widows' Annuity.....	6
Total.....	379

**TABLE 12. WITHDRAWALS WITH REFUNDS
By Age at Withdrawal**

Age at Withdrawal	Number of Refunds Year Ended June 30	
	1967	1966
18-19 incl.....	17	4
20 to 24 incl.....	861	847
25 to 29 incl.....	1,007	949
30 to 34 incl.....	598	596
35 to 39 incl.....	457	414
40 to 44 incl.....	395	377
44 to 49 incl.....	369	304
50 to 54 incl.....	306	286
55 to 59 incl.....	231	193
60 to 64 incl.....	183	192
65 to 69 incl.....	153	88
70 and over.....	97	53
No age data.....	24	22
Totals.....	<u>4,698</u>	<u>4,325</u>

By Length of Service

Less than 1 year.....	792	705
1 year.....	1,395	1,346
2 years.....	844	735
3 years.....	509	506
4 years.....	389	358
5 years and over.....	769	675
Totals.....	<u>4,698</u>	<u>4,325</u>

Table 13. SERVICE RETIREMENT ALLOWANCE CLAIMS
JULY 1, 1966 to JUNE 30, 1967

Summary by Departments

Code No.	Name of Department	Year Ended June 30	
		1967	1966
03	Secretary of State.....	40	49
04	Auditor of Public Accounts.....	3	2
05	Treasurer.....	7	1
06	Attorney General.....	5	5
07	Public Instruction.....	7	5
08	Courts.....	6	4
09	State Officers.....	5	8
10	Aeronautics.....	1	....
11	Agriculture.....	6	13
12	Conservation.....	8	12
13	Finance.....	11	5
14	Insurance.....	8	6
15	Labor.....	42	53
16	Children and Family Services.....	34	39
17	Mines and Minerals.....	1	4
19	Financial Institutions.....	4	....
20	Public Health.....	30	26
21	Public Safety.....	57	45
22	Mental Health.....	275	307
23	Public Works and Buildings.....	81	87
24	Registration and Education.....	2	2
25	Revenue.....	17	26
26	Personnel.....	1	1
29	Youth Commission.....	19	22
31	Commerce Commission.....	7	11
32	Liquor Control Commission.....	3	1
33	Public Aid.....	49	36
34	Veterans' Commission.....	8	6
35	State Militia.....	11	3
50	Miscellaneous Agencies.....	26	9
	Totals.....	<u>774</u>	<u>788</u>

Table 14. WIDOWS' ANNUITY CLAIMS
JULY 1, 1966 to JUNE 30, 1967

Summary by Departments

Code No.	Name of Department	Year 1967	Year Ended June 30 1966
03	Secretary of State.....	3	5
04	Auditor of Public Accounts.....	1	....
05	Treasurer.....	1	....
06	Attorney General.....	....	1
08	Courts.....	1	....
09	State Officers.....	3	2
10	Aeronautics.....	1	....
11	Agriculture.....	4	2
12	Conservation.....	1	4
15	Labor.....	4	4
16	Children and Family Services.....	5	1
17	Mines and Minerals.....	1	2
19	Financial Institutions.....	1	....
21	Public Safety.....	14	7
22	Mental Health.....	27	15
23	Public Works and Buildings.....	15	31
24	Registration and Education.....	1	....
25	Revenue.....	7	4
29	Youth Commission.....	1	1
31	Commerce Commission.....	3	....
33	Public Aid.....	1	2
35	State Militia.....	2	2
50	Miscellaneous Agencies.....	3	....
	Totals.....	100	83

Table 15. SURVIVORS' ANNUITY CLAIMS
JULY 1, 1966 to JUNE 30, 1967

Summary by Departments

Code No.	Name of Department	Year Ended June 30 1967	1966
03	Secretary of State.....	18	4
04	Auditor of Public Accounts.....	1	2
05	Treasurer.....	1	---
06	Attorney General.....	---	1
07	Public Instruction.....	1	---
08	Courts.....	1	---
09	State Officers.....	---	2
11	Agriculture.....	6	5
12	Conservation.....	4	4
13	Finance.....	4	---
14	Insurance.....	3	6
15	Labor.....	21	18
16	Children and Family Services.....	6	9
17	Mines and Minerals.....	4	---
19	Financial Institutions.....	2	1
20	Public Health.....	3	3
21	Public Safety.....	23	24
22	Mental Health.....	51	65
23	Public Works and Buildings.....	43	49
24	Registration and Education.....	---	1
25	Revenue.....	8	10
29	Youth Commission.....	12	10
31	Commerce Commission.....	3	2
33	Public Aid.....	9	3
34	Veterans' Commission.....	2	3
35	State Militia.....	4	3
50	Miscellaneous Agencies.....	10	5
	Totals.....	240	230

Table 16. ORDINARY DEATH CLAIMS
JULY 1, 1966 to JUNE 30, 1967

Summary by Departments

Code No.	Department	Year Ended June 30	
		1967	1966
01	Governor.....	1	....
03	Secretary of State.....	17	19
04	Auditor of Public Accounts.....	2	4
05	Treasurer.....	....	3
06	Attorney General.....	2	1
07	Public Instruction.....	....	2
08	Courts.....	1	....
09	State Officers.....	1	1
11	Agriculture.....	4	2
12	Conservation.....	3	2
13	Finance.....	2	1
14	Insurance.....	....	1
15	Labor.....	8	15
16	Children and Family Services.....	4	4
17	Mines and Minerals.....	....	3
19	Financial Institutions.....	1	2
20	Public Health.....	2	5
21	Public Safety.....	13	8
22	Mental Health.....	61	66
23	Public Works and Buildings.....	33	17
24	Registration and Education.....	3	....
25	Revenue.....	5	8
28	Personnel.....	1	3
29	Youth Commission.....	5	7
31	Illinois Commerce Commission.....	1	1
32	Liquor Control Commission.....	....	1
33	Public Aid.....	8	6
34	Veterans' Commission.....	....	1
35	Illinois State Militia.....	5	2
50	Miscellaneous Agencies.....	5	5
	Totals.....	188	190

Table 17. ACCIDENTAL DEATH CLAIMS
JULY 1, 1966 to JUNE 30, 1967

Summary by Departments

Code No.	Department	Year 1967	Year Ended June 30 1966
19	Financial Institutions.....	1	....
21	Public Safety.....	...	3
22	Mental Health.....	1	2
23	Public Works and Buildings.....	4	3
50	Miscellaneous Agencies.....	...	1
	Totals.....	6	9

Table 18. ORDINARY DISABILITY CLAIMS
JULY 1, 1966 to JUNE 30, 1967

Summary by Departments

Code No.	Department	Year Ended June 30	
		1967	1966
01	Governor.....	1	....
03	Secretary of State.....	2	....
05	Treasurer.....	1	....
06	Attorney General.....	1	....
10	Aeronautics.....	....	1
11	Agriculture.....	1	2
12	Conservation.....	1	2
13	Finance.....	....	8
15	Labor.....	22	21
16	Children and Family Services.....	8	4
17	Mines and Minerals.....	1	2
19	Financial Institutions.....	....	1
20	Public Health.....	8	9
21	Public Safety.....	5	3
22	Mental Health.....	171	190
23	Public Works and Buildings.....	14	15
24	Registration and Education.....	1	....
25	Revenue.....	8	4
26	Business and Economic Development.....	1	1
28	Personnel.....	1	....
29	Youth Commission.....	9	8
32	Liquor Control Commission.....	1	....
33	Public Aid.....	7	6
34	Veterans' Commission.....	....	1
35	State Militia.....	....	1
50	Miscellaneous Agencies.....	3	7
	Totals.....	267	286

Table 19. ACCIDENTAL DISABILITY CLAIMS
JULY 1, 1966 to JUNE 30, 1967

Summary by Departments

Code No.	Department	Year 1967	Ended June 30 1966
05	Treasurer.....	.....	1
12	Conservation.....	1	.....
13	Finance.....	1	1
15	Labor.....	.....	1
16	Children and Family Services.....	1	2
20	Public Health.....	2	.....
21	Public Safety.....	3	2
22	Mental Health.....	60	40
23	Public Works and Buildings.....	45	41
28	Personnel.....	.....	1
29	Youth Commission.....	.....	1
50	Miscellaneous Agencies.....	1	1
	Totals.....	114	91

Table 20. DEATH BENEFITS AFTER RETIREMENT
JULY 1, 1966 to JUNE 30, 1967
(Excess of Accumulated Contributions Over Pension Payments)

Summary by Departments

Code No.	Department	Year Ended June 30	
		1967	1966
03	Secretary of State.....	9	2
06	Attorney General.....	1	1
09	State Officers.....	.....	1
15	Labor.....	2	3
16	Children and Family Services.....	3	3
20	Public Health.....	1	2
21	Public Safety.....	2	4
22	Mental Health.....	22	14
23	Public Works and Buildings.....	2	1
25	Revenue.....	2	4
29	Youth Commission.....	1	2
33	Public Aid.....	1	1
50	Miscellaneous Agencies.....	.....	1
	Totals.....	46	39

APPENDIX B

Summary of Benefit and Contribution Provisions

BENEFIT AND CONTRIBUTION PROVISIONS OF STATE EMPLOYEES' RETIREMENT ACT*

CONDITIONS FOR RETIREMENT. Optional with a member upon attainment of the age of 60 years, with at least 8 years of service. The State Highway Police may retire beginning at age 55, with at least 20 years of creditable service as a State Police officer.

A member between ages 55 and 60 years with at least 30 years of creditable service may retire prior to age 60 at a reduction in the retirement allowance of $\frac{1}{2}$ of 1% for each month under age 60 at retirement.

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 at least 8 years' but less than 10 years' service and who reenters State service after age 55, additional service of at least 12 months or a period of time sufficient to complete 10 years' service, whichever is the lesser, must be rendered to qualify for a service retirement allowance at age 60 or over.

A member terminating service after age 55 but before age 60 with at least 8 years of credit has a vested right to his pension at age 60.

AMOUNT OF SERVICE RETIREMENT ALLOWANCE:

(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.

STATE POLICE. The service retirement allowance with 20 or more years of credited service as a State Police officer is equal to 2% of average final compensation per year of creditable service up to a maximum of 60% of such average final compensation. Service in excess of 20 years in any other capacity in the State service than as a State highway policeman is subject to this special formula. These members contribute an additional 1% of salary.

AVERAGE FINAL COMPENSATION. The average annual rate of earnable compensation for the 5 consecutive years within the last 10 years of service prior to retirement when such average was highest.

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 age 55 and has completed at least 15 years of service, or attained age 50 with at least 20 years of credited service, may receive a retirement allowance as of his attained age, without reduction because of retirement before age 60.

LIMITATIONS AND GUARANTEES. A service retirement allowance to any member may not 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.

* This summary sets forth in brief the principal provisions of the plan of operation underlying the System in force on June 30, 1967. It is not to be accepted as a substitute for the applicable law. The law embodied in Article 14 of the "Illinois Pension Code" must be taken as controlling under all circumstances.

OPTIONAL MINIMUM RETIREMENT ALLOWANCE. Provided for any member aged 65 years or over, having 15 or more years of creditable service equal to 1% of average final compensation per year of credited service, plus the sum of \$25.00 for each year of service, subject to a minimum payment of \$780.00 per year and a maximum payment of 60% of average final compensation.

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 survivor's annuity benefit has the option of receiving either the widow's annuity or survivor's annuity benefit.

ELIGIBILITY FOR 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 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.

AMOUNT OF WIDOW'S ANNUITY. (a) 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 for a widow aged 55 years or over at the date of death of the member. If she is under age 55, payment is deferred until such time as she attains age 55. In any event, the lump sum death benefit (part (b)) is payable immediately upon death of the member.

If a 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 $66\frac{2}{3}\%$ 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 began 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. If the widow is under age 55 at such time, the widow's annuity is suspended until she attains age 55.

Attainment of age 18 by a child renders the child ineligible for further consideration in the increase of the widow's annuity, but payment of the widow's annuity is continued without regard to her age if it is less than 55.

SURVIVORS' BENEFITS. Applicable to all members of the System, both male and female. The benefits apply immediately to a member who has been a contributor for at least $1\frac{1}{2}$ years and was in State service on July 19, 1961. If a member enters or reenters State service after July 19, 1961, the benefits are effective when he has made contributions for at least $1\frac{1}{2}$ years subsequent to that date.

If death occurs while out of State service, the benefits are payable only if the member had established a vested right in the service retirement allowance.

The benefits do not apply to a member who retired prior to July 19, 1961, unless he reenters service and completes at least $1\frac{1}{2}$ years of contributing membership service.

AMOUNT OF SURVIVORS' BENEFITS. The survivors' benefits consist of: (a) a single sum payment of \$1,000.00, divided pro rata among the beneficiaries entitled thereto; and (b) a survivor's annuity payable to certain eligible beneficiaries, under the conditions stated above and at the rates specified.

Upon death while in service, the survivor's annuity is payable as follows:

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

In addition, if a dependent child or children under age 18 also survive the member and are under the care of the widow or dependent widower, 20% of average final compensation is payable 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 do not exceed the lesser of \$250.00 per month or 80% of average final compensation.

(2) If the beneficiary is a dependent minor child or children, the survivor's 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 do not exceed the lesser of \$250.00 per month or 80% of average final compensation. The maximum annuity payment on account of any one child is \$125.00 per month.

(3) If the beneficiary is a dependent parent, the survivor's 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 of \$200.00 per month.

In addition to the survivors' benefits, consisting of the \$1,000 single sum benefit and the survivor's 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 a refund of retirement annuity contributions, without interest.

If death of the member occurs after his last withdrawal from service, or after retirement, the survivor's 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.

ELIGIBILITY REQUIREMENTS. (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 would qualify for the benefit.

(3) If there is 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, dependent children under 18 of the member, or dependent parents survive the member, no survivors' benefits are payable.

DEPENDENCY CONDITIONS. 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.

In order to qualify, 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.

TERMINATION OF SURVIVORS' BENEFITS. 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 survivor's annuity to a widow, or in continuing payments to the widow prior to her attainment of age 55.

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. Available to any member under the age of 65 years who has rendered at least 5 years of creditable service and who has been a contributor to the System for at least 12 months, 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 does not receive nor has a right to receive compensation, and may extend for an aggregate period of time not to exceed $\frac{1}{4}$ 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 survivor's 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 survivor's 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 $\frac{1}{12}$ of the member's annual salary for each completed year of creditable service not exceeding $\frac{1}{2}$ 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 survivor's 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 survivor's 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 survivor's 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 survivor's annuity, including interest, over the total amount of payments made for such purposes.

ACCIDENTAL DISABILITY BENEFIT. Provided for 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 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 is entitled to a service retirement allowance. 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 is 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 is no widow or 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 survivor's annuity, no widow's annuity or survivor's 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, contributes an additional 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 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.

RETIREMENT SYSTEMS RECIPROCAL ACT. Under this Act pension credits established in other public retirement systems in Illinois, covered thereunder, may be considered together at the time of retirement of an employee, for the purpose of determining whether the employee or his survivor is eligible for a retirement annuity or survivor's annuity.

Its purpose is to assure full and continuous pension credit for public employment in Illinois in the case of employees who transfer employment from one governmental unit to another.

The Act provides for the preservation of pension credits in the retirement system in which the credits were earned. It does not require a transfer of employee contributions or credits from one system to another before retirement.

PARTICIPATING SYSTEMS. The following named retirement systems are subject to the provisions of both PLANS ONE AND TWO explained in the following paragraphs, except for the two retirement systems designated by an asterisk (*). Those two are governed only by the provisions of PLAN ONE.

Chicago Teachers' Pension Fund
 Chicago Sanitary District Annuity and Benefit Fund
 Cook County Employees' Annuity and Benefit Fund
 Forest Preserve District Annuity and Benefit Fund
 Laborers' Annuity and Benefit Fund of Chicago
 Municipal Employees' Annuity and Benefit Fund of Chicago
 Park Employees' Annuity and Benefit Fund of Chicago
 State Employees' Retirement System of Illinois
 State Universities Retirement System
 Teachers' Retirement System of the State of Illinois
 General Assembly Retirement System
 *Judges Retirement System of Illinois
 *Illinois Municipal Retirement Fund

A member having pension credit in any of the above-named retirement systems of at least 1 year, may make use of this credit upon retirement.

The member's combined applicable service credits in all systems must meet the longest minimum service requirements of the two or more systems involved.

Two formulas hereby designated as PLAN ONE and PLAN TWO are available for this purpose, subject to prescribed conditions, namely:

PLAN ONE. Proportionate. At the date of a member's retirement, each retirement system in which he has established credit computes a proportionate annuity for the amount of the pension credit earned in such system based upon its own pension formula and average final compensation.

PLAN TWO. Alternative formula. An alternative method is provided whereby the total of the pension credits earned by a member under all retirement systems subscribing to PLAN TWO 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 compensation 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 if PLAN ONE had been used. The following conditions must be fulfilled by a member if PLAN TWO is to be applicable:

(a) The member must have been a contributing participant in the last retirement system after July 1, 1961 and for a period of at least 5 years;

(b) If the pension credit under another system is to be considered under this plan, the period of interruption in service covered by one system and the beginning date of participation under another system must 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 total 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 final annual salary rate on the last date of service in each system (other than the last) for each year of service for which credit was allowed in each such system, provided that this payment is not to be made in any case in which the retirement systems involved in such situation are financed by the same governmental unit.

OTHER BENEFITS. The foregoing PLAN ONE also applies to a widow's annuity and survivor's benefit under certain stipulated conditions. PLAN TWO, however, applies only to a retirement annuity. Ordinary disability benefits, accidental disability benefits and death benefits are excluded from the application of reciprocity.