

# STATE EMPLOYEES' RETIREMENT SYSTEM OF ILLINOIS

## TWENTY-FIFTH ANNUAL STATEMENT OF THE BOARD OF TRUSTEES

JUNE 30, 1968



State of Illinois  
RICHARD B. OGILVIE, Governor

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1201 South Fifth Street  
Springfield, Illinois 62706



# STATE EMPLOYEES' RETIREMENT SYSTEM OF ILLINOIS

## TWENTY-FIFTH ANNUAL STATEMENT OF THE BOARD OF TRUSTEES

For the Fiscal Year Ended  
June 30, 1968



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

**BOARD OF TRUSTEES**  
**(As Constituted June 30, 1968)**

**HOWARD C. REEDER, *Chairman***  
*Chairman, Executive Committee*  
Continental Assurance Company

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

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

**EDWARD F. MERTEN**  
*Director of General Services*  
Department of Mental Health

**THEODORE F. MORF**  
*Deputy Chief Highway Engineer*  
Department of Public Works and Buildings



**PAUL D. PRATER, *Secretary***

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

**HON. ADLAI E. STEVENSON III**  
*State Treasurer*  
*Treasurer*

**A. A. WEINBERG**  
*Consulting Actuary*



(08802—1350—6-69)

[Printed by authority of the State of Illinois.]

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## LETTER OF TRANSMITTAL

June 5, 1969

To His Excellency,  
The Honorable Richard B. Ogilvie  
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-Fifth Annual Statement of the Board for the fiscal year ended June 30, 1968.

Respectfully submitted,



Chairman

## FINANCIAL FACTS — IN COMPARISON

<i>For The Year</i>	<i>Fiscal Year Ended June 30th</i>	
	<i>1968</i>	<i>1967</i>
Total Revenues .....	\$ 58,996,336.99	\$ 35,950,942.22
Total Expenditures .....	20,602,282.35	19,244,060.68
Excess of Total Revenues Over Total Expenditures .....	38,394,054.64	16,706,881.54
Contributions by Members .....	23,484,974.71	19,928,716.82
Contributions by Employer .....	28,271,625.17	9,889,351.17
Interest Income .....	7,239,737.11	6,132,874.23
Interest Income as Proportion of Total Revenues .....	12.2%	17.0%
<i>At End of Year</i>		
Net Present Assets .....	\$200,751,685.64	\$162,357,631.00
Actuarial Reserve Requirements .....	466,384,215.64	418,028,175.00
Unfunded Accrued Liability .....	265,632,530.00	255,670,544.00
Per Cent Funded .....	43.0%	38.8%
Amortized Book Value of Investments.....	191,542,830.85	158,963,682.89
Average Yield on Investments .....	4.54%	4.03%



# STATE EMPLOYEES' RETIREMENT SYSTEM OF ILLINOIS

## TWENTY-FIFTH ANNUAL STATEMENT OF THE BOARD OF TRUSTEES

FISCAL YEAR ENDED JUNE 30, 1968

The 25th Annual Report of the Board of Trustees of the State Employees' Retirement System of Illinois covering the fiscal year ended June 30, 1968 is submitted herewith. This report is submitted in recognition of the Board's responsibility to currently publicize, for the information of the members and the general public, all pertinent facts bearing upon the operations of the System for the year and its financial status. Included herein is financial and statistical data derived from compilations on contributing members and annuitants together with a comprehensive analysis of operating results.

*General.* Operations for the year were characterized by sound and constructive progress. The results presented in this report reflect a definite improvement in the current status of the System. A substantial increase in total revenues has occurred. This was due principally to the recognition on the part of State government of the need for funding the obligation of the System in accordance with accruing requirements under the prescribed benefit schedule.

Legislation enacted in 1965 extended the investment authority to include, in addition to federal, state and municipal obligations, corporate bonds under stated conditions. A substantial investment in rated corporate securities, of high quality, was made during the year at fairly generous rates of income. Upon recommendation of the State Treasurer, The First National Bank of Chicago was retained as investment counsel.

Also during the fiscal year under review, legislation was enacted extending federal social security coverage to State employees on a coordinated basis according to the so-called "divided" plan. Under this plan, each member in service was granted an option to continue as a member of the System, without change in benefits or contributions, or subscribe to coverage under a coordinated retirement plan embracing federal social security and a downgraded schedule of benefits and contributions under the State System for future service. Future entrants into the service are obligated to come under the coordinated plan as a condition of employment. The new program was to become operative as of January 1, 1969.

Operations of the System are gradually expanding in keeping with an increased membership and a larger pension payroll. Amendatory legislation, other than that pertaining to social security coverage, was principally of a technical character. It was designed to meet operating requirements through clarifying changes in the law to the end that the internal administrative procedures may be made more effective in order to maintain the operations of the System at maximum efficiency.

### Membership

<i>Contributing Members</i>	<i>1968</i>	<i>1967</i>
Number at beginning of year .....	54,297	51,289
Additions during the year .....	10,711	8,859
<b>Totals</b> .....	<b>65,008</b>	<b>60,148</b>
<b>Separations —</b>		
Deaths .....	402	379
Withdrawals with refund .....	3,709	4,698
Retirements .....	697	774
<b>Totals</b> .....	<b>4,808</b>	<b>5,851</b>
Number at end of year .....	<b>60,200</b>	<b>54,297</b>
<i>Annuity Rolls (Pensioners, Widows and Survivors)</i>		
Number at beginning of year .....	8,467	7,819
Additions during the year .....	1,079	1,100
<b>Totals</b> .....	<b>9,546</b>	<b>8,919</b>
Separations .....	489	452
Number at end of year .....	<b>9,057</b>	<b>8,467</b>

### Financial Review

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

	<i>Fiscal Year Ended June 30th</i>	
	<i>1968</i>	<i>1967</i>
<i>Revenues</i>		
Member contributions .....	\$23,484,974.71	\$19,928,716.82
Employer contributions .....	28,271,625.17	9,889,351.17
Interest income .....	7,239,737.11	6,132,874.23
<b>Totals</b> .....	<b>\$58,996,336.99</b>	<b>\$35,950,942.22</b>
<i>Expenditures</i>		
Service retirement, widows' and survivors' annuities .....	\$13,811,330.90	\$12,444,810.16
Disability benefits .....	1,567,166.42	1,414,626.61
Death benefits .....	1,631,214.98	1,396,953.98
Refunds .....	3,592,570.05	3,987,669.93
Excess of revenues over expenditures credited to reserves .....	<b>\$38,394,054.64</b>	<b>\$16,706,881.54</b>

As previously explained, the full funding of the normal cost of the System initiated by the State of Illinois during the year has resulted in substantially larger revenues. This change in the method of financing which is in accord with sound financial procedure is expressed by means of having each department of the State currently budget 7% of the employees' payroll for Retirement System purposes. This is the method consistently recommended over the years by the Illinois Public Employees Pension Laws Commission.

### Investments

Investment operations of the System are producing highly satisfactory results. Revenues from this source are steadily increasing under the established investment authority and the policies instituted by the Board of Trustees in the implementation thereof.

Investments made during the year amounted to \$37,000,000.00 at par value of bonds and consisted entirely of corporate bonds. Acquisitions of bonds during the year were made by advice of investment counsel. The investments of the System at the close of the year were as follows:

	<i>Principal Amount</i>
U.S. Treasury Notes due 11/15/1970 .....	\$ 8,600,000.00
U.S. Treasury Bonds of various maturities 1970 to 1998.....	147,107,000.00
Corporate bonds —	
Utilities .....	33,000,000.00
Industrials .....	3,000,000.00
Rail Equipments .....	1,000,000.00
	<hr/>
Total .....	\$192,707,000.00
	<hr/>

Conversions of short term U. S. Treasury Bonds will be undertaken upon recommendation of the investment counsel to increase investment income and also to establish a better balance of the investment account with respect to types of securities.

### Annual Audit

In keeping with established policy, an audit of the operations of the System was completed as of June 30, 1968, by the firm of Whitney, Hakman & Conaghan, Certified Public Accountants. This auditing firm was selected by the Auditor General of the State.

The report of the auditors disclosed no irregularities in the System's accounts. The auditors recommended a management study of the System's internal procedures and policies particularly with respect to the data processing procedures in view of the expanded scope of its operations. The following is a quote from the report of the auditors dated February 6, 1969:

"In our previous reports, we have commented upon various facets of the data processing system in use. Our report for the year ended June 30, 1967 included comments regarding certain improvements that had been made in the use of the computer during that year. We also discussed a prior recommendation, which was under study at that time, that a special systems study concerning improvement in data processing be conducted.

"Such a study has been initiated by the Management Information Division of the Department of Finance, and is still in process at the date of this report. At this date, no specific recommendations or conclusions have been reached regarding computer utilization or the data processing system generally.

"The State Employees' Retirement System has been designated by the Governor as an agency subject to the provisions of Senate Bill 1221 enacted by the 75th General Assembly. As such, the System is required to establish a separate and distinct internal auditing activity. In compliance with this directive, management of the System was, at the date of this report, in the process of drafting specifications for the position of internal auditor for submission to the Department of Personnel. It is the opinion of manage-

ment that the person retained as internal auditor would not need to devote full-time to the internal auditing function, but could be assigned certain other duties so long as they were not incompatible with this primary function. We agree that the establishment of an internal auditing program would be of benefit to the System, and we concur with management in their opinion that the internal auditor would not need to devote full-time to this function. This opinion is based upon the information obtained in the course of our regular examination rather than from any special study."

### Amendatory Legislation

Amendments enacted by the 75th General Assembly at its regular 1967 session became effective during the year. These amendments are briefly described.

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

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

*Senate Bill 1316. Social Security coverage for State employees.* This bill provided for federal social security coverage for State employees coordinated with the Retirement System, with coordination to become effective on January 1, 1969. A condition was prescribed that the federal Social Security Act be amended to permit the State of Illinois to use the divided or partition plan of coverage. Under this plan coverage by social security was optional with certain members and compulsory as to future entrants.

*Senate Bill 1506. Extension of pension credit to 42 years' service.* Pension credit for State employees was extended from 36 years of service to 42 years, coupled with an increase in the maximum rate of pension from 60% to 70% of final average salary. The increment above 36 years begins to accrue at age 60. The bill also provided for the removal of the restriction that a survivor's annuity beneficiary working in any department of the State could not receive the survivor's annuity during the period of such employment.

*Senate Bill 1220. Clarifying and corrective changes.* Several clarifying amendments were made including one that would make effective the departmental plan of budgeting of normal cost which had been instituted under a directive of the Governor.

*House Bill 2217. Membership of certain employees.* Membership in the System was extended to persons employed by the General Assembly or a Committee or Commission thereof, on a compulsory basis, without any qualifying or waiting period.

### Annual Valuation

In accordance with the requirements of the law, an actuarial valuation was completed as of June 30, 1968. The report of the actuary discussing the results of this valuation is included as a part of this annual statement.

### Conclusion

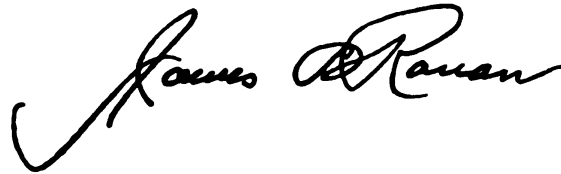
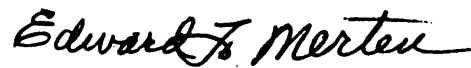
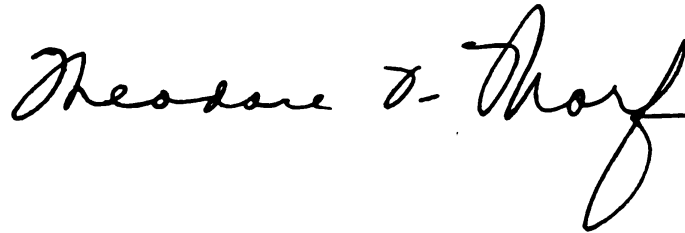
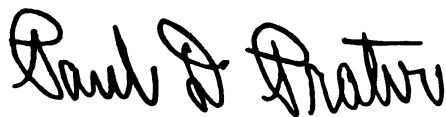
The policies of the Board are reexamined from time to time with the view of improving the effectiveness of the System in current operations. The establishment of an internal auditing program recommended by the auditors is in keeping with this objective. The increasing scope of coverage of the System requires a constant vigilance and internal check of its operations to insure maximum performance in administration.

The Board desires to acknowledge the service rendered by officials of the State during the past year and to express its appreciation of the dedicated and efficient services of its administrative staff.

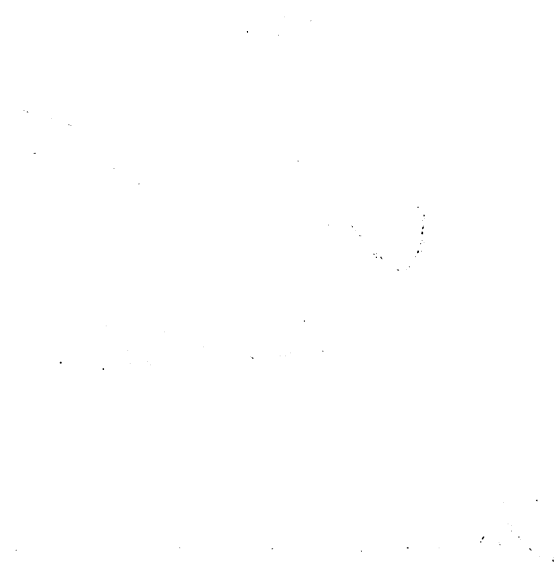
BOARD OF TRUSTEES  
State Employees' Retirement System of Illinois



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, 1968.

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 February 6, 1969.

In our opinion, the accompanying Valuation Balance Sheet correctly presents the condition of the State Employees' Retirement System of Illinois at June 30, 1968, giving effect to all accrued liabilities and reserve requirements under the applicable law.

A. A. Weinberg  
*Consulting Actuary*

May 31, 1969

## VALUATION BALANCE SHEET — JUNE 30, 1968

## STATEMENT OF ASSETS, LIABILITIES AND RESERVES

## ASSETS

## PRESENT ASSETS:

Cash .....	\$	590,659	
Accounts Receivable .....		6,793,861	
Investments —			
United States Government Securities (at amortized cost)		191,542,830	
Accrued Interest —			
On investments .....		2,301,773	

## PROSPECTIVE ASSETS:

Obligations for service to be rendered after June 30, 1968 —			
Male members .....	\$60,279,643		
Female members .....	37,703,168		
State of Illinois .....	99,139,245	197,122,056	

## DEFERRED ASSETS:

Due from the State of Illinois for unfinanced pension credits for past service .....		265,632,530	
<b>TOTAL ASSETS .....</b>		<b>\$663,983,709</b>	



**VALUATION BALANCE SHEET — JUNE 30, 1968**  
**STATEMENT OF ASSETS, LIABILITIES AND RESERVES**

**LIABILITIES**

**CURRENT LIABILITIES:**

Benefits payable .....	\$ 253,014	
Refunds payable .....	224,424	\$ 477,438
	<hr/>	

**FUTURE SERVICE LIABILITY:**

For pension credits on account of service after June 30, 1968 —		
Male members .....	\$112,359,541	
Female members .....	84,762,515	197,122,056
	<hr/>	

**RESERVE LIABILITIES**

**MEMBERS' CONTRIBUTIONS:**

For prospective retirement and widows' annu- ities on account of active members.....	\$ 81,337,955	
For future refunds and death benefits — actuarial value of future payments .....	59,406,838	140,744,793
	<hr/>	

**EMPLOYER CONTRIBUTIONS:**

For prospective retirement and widows' annu- ities on account of active members — present value of total liability for accrued requirements .....	\$266,573,602	
Less, members' contribution credits .....	81,337,955	185,235,647
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**RETIREMENT AND BENEFITS RESERVE:**

Actuarial value of retirement, widows' annu- ities and survivors' annuities in force.....		140,403,775
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<b>TOTAL LIABILITIES AND RESERVE REQUIREMENTS .....</b>		<u><u>\$663,983,709</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 February 6, 1969.

*Prospective Assets* represent the obligations of the participants and the State for service to be rendered subsequent to June 30, 1968. 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* constitute 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* represent 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

An actuarial valuation of the State Employees' Retirement System was completed as of June 30, 1968. The results of this valuation are presented in the accompanying Valuation Balance Sheet.

Accrued liabilities of the System at June 30, 1968 amounted to \$466,384,215.00. Net present assets available to meet these liabilities totalled \$200,751,685.00. The unfunded accrued obligation at that date was \$265,632,530.00. This amount constitutes an indebtedness of the State of Illinois for past service of its employees. It is to be discharged by increasing State appropriations in future years.

*Basis of Valuation.* The benefit and contribution provisions forming the basis of 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% per annum.

With the recent revision and broadening of the investment authority for the System, a higher rate of interest assumption for valuation purposes may be justified. This will be determined at the time of the next valuation after a longer period of experience under the revised authority.

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

### Membership

	<i>Male</i>	<i>Female</i>
Number of members .....	32,710	27,490
Proportion of total .....	54.3%	45.7%
Aggregate rates of annual salary .....	\$246,282,624	\$154,968,864
Average rate of annual salary .....	\$7,529	\$5,637
Average age (years) .....	47.9	45.5
Average length of service (years) .....	6.5	6.7

### Service Retirements

Number of annuitants .....	3,530	3,540
Proportion of total .....	49.9%	50.1%
Aggregate annual payments .....	\$6,503,361	\$4,908,534
Average annual payment .....	\$1,842	\$1,386
Average age (years) .....	71.9	72.0
Average age at retirement .....	65.8	65.6

The rates of death among service retirements were approximately equal to the rates previously formulated and assumed in the actuarial functions used for the valuation.

*Widows' Annuities and Survivors' Annuities.* A widow's annuity is provided in the case of members who entered the System prior to July 19, 1961. A survivor's annuity covers all members of the System, both male and female.

A widow of a deceased male member who entered the System prior to 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' Annuities*</i>
Number .....	951	1,025
Annual payments .....	\$787,482	\$1,783,034
Average annual payment .....	\$828	\$1,740
Average age .....	70.7	61.8

\* Includes widows, minor children and parents

### Mortality Experience

Under the law, a survey of the operating experience of the System must be made every three years. Such a survey was completed as of the end of the 1968 fiscal year. The mortality and service experience was studied as well as all other related operating factors to ascertain the underlying trends in the operation of the System.

∨ This study discloses that the 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 service retirements have been slightly 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.

### Disability

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

Disability claims are somewhat difficult of measurement in comparison with common standards. The operation of these disability provisions and the amounts to be paid by the System are influenced to some extent by the personnel policies of the several departments of the State government. Even after making allowance for this factor, the number of such claims for ordinary disability has been reasonable.

Claims for accidental 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 further study and reexamination to determine the causes for the relatively high incidence 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 Disability</i>
1968	314	101
1967	267	114
1966	286	91
1965	318	76
1964	265	98

### 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>
1968	3,709	\$3,592,570	\$969
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

The number of separations with refunds seems to have approximated the expectancy for the number exposed to risk according to the assumed experience as shown by the service tables from which the actuarial functions used in the annual valuations were derived.

### Salary Increments

Since the service retirement allowance and widow's annuity are predicated upon a "final average salary" formula, a salary scale is applied in valuations to give effect to future salary increases. This salary scale contemplates regular increases in salary for those members who may ultimately attain the prescribed ages for retirement as they move up from age to age toward retirement.

A review of the salaries for the last several years was made as a check of the underlying trend. The following table discloses a consistent increase at a relatively constant rate:

<i>June 30</i>	<i>Male</i>		<i>Female</i>	
	<i>Average Salary</i>	<i>% increase over previous year</i>	<i>Average Salary</i>	<i>% increase over previous year</i>
1968	\$7,529	10.1%	\$5,637	8.5%
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

The increase in average salary for the 4-year period was 29.6% for male members or 7.4% per year, and 26.4% for female members or 6.6% per year. These rates are above the levels of the salary scale previously formulated and used in the calculation of accrued liabilities and costs. While the foregoing presentation may not be definitive as to the trend in salaries over the long term, approximating the period of an employee's productive service, a partial adjustment was made in the salary scale used for the current valuation.

### Rate of Interest

The rate of interest assumption in this valuation is 3½% per annum. Under the present investment authority, the System should be

able to realize average earnings at this rate over the long term and probably at a somewhat higher level. While prudence dictates the use of an interest rate which is 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. Since the investment authority has recently been broadened, it may be possible after some further experience under the new authority to increase the rate of interest assumption above the 3½ % level.

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

<i>Fiscal Year</i>	<i>Investment Earnings on average invested assets</i>	<i>Earnings as a proportion of total revenues</i>
1968	4.54%	12.3%
1967	4.03	17.0
1966	3.94	15.6
1965	3.85	16.4
1964	3.79	15.1

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

The decrease in the rate of investment earnings as a proportion of total revenues is explained by the substantially larger revenues for the year due to the full funding of the State's normal cost in the fiscal period. This will be reflected in considerably larger investment earnings in the future which should bring the percentage rate back to its previous level.

#### Legislation

In this valuation effect was given to the several changes in the basic provisions of the governing law which became operative during the fiscal year under review.

The extension of pension credit beyond 36 years of service up to 42 years of service together with an increase in the maximum service retirement allowance from 60% to 70% of average final compensation resulted in a cost increase. The increment above 36 years was to begin at age 60 notwithstanding that the employee may have completed more than this period of service prior to such age.

Social security coverage was made available to State employees who are members of the System on a coordinated basis. This amendment will require a complete revision of internal administrative procedures and a downward adjustment of contribution rates on the part of certain members of the System and the State of Illinois covering service after January 1, 1969. 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 in service by individual choice but is applicable mandatorily for future entrants, namely, employees becoming members of the System on or after November 1, 1968.

The results of the social security amendment will be reported in the next annual statement of the Board after information has been compiled relative to the present members who elected coverage under the coordinated plan.

### Conclusion

Of special significance in the operations of the System during the year was the change in policy of the State government in the financing of the System. This was a most noteworthy development. The introduction of the budgeting method of financing the normal cost whereby each department assumes its own proportionate obligation is in accord with principle and should serve to strengthen the financial condition of the System. It is hoped that this change in policy will ultimately lead to the amortization of some part of the unfunded accrued liability to the end that the rate of funding of the System's obligations will meet at least the minimum standard of  $66\frac{2}{3}\%$  recommended by the Pension Laws Commission.

A. A. Weinberg  
*Consulting Actuary*

**ACCOUNTANTS' REPORT  
AND  
FINANCIAL STATEMENTS**

**JUNE 30, 1968**



## ACCOUNTANTS' REPORT

Auditor General  
State of Illinois  
Springfield, Illinois

We have examined the balance sheet of the System Trust Fund of State Employees' Retirement System of Illinois at June 30, 1968 and the related statement of income and expenditures for the year then ended. We have also examined the statement of appropriations, expenditures and unexpended balances for the year ended June 30, 1968. 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 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, 1968 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, except for the change in the method of determining refunds payable as explained in Note 4 to the financial statements, of which change we approve.

The accompanying schedule of investments 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  
February 6, 1969

**SYSTEM TRUST FUND**  
**BALANCE SHEET — JUNE 30, 1968**

**ASSETS**

Cash .....	\$ 468,062.76	
Cash Items in Transit .....	122,596.24	\$ 590,659.00
<hr/>		
<b>Accounts Receivable —</b>		
Contributions by Employer .....	\$ 3,574,098.40	
Contributions by Employer — Funded		
Benefit Reserve (Note 2) .....	304,327.90	
Members' Contributions .....	2,898,226.79	
Proportional Service Retirement Allowance .....	3,737.20	
<b>Cancellations —</b>		
Ordinary Disability .....	7,677.01	
Widow's Annuity .....	732.88	
Survivors' Annuity .....	1,944.91	
Service Retirement Allowance .....	1,333.46	
Resignation Refunds .....	1,783.22	6,793,861.77
<hr/>		
Accrued Interest on Investments .....		2,301,773.16
Investments at amortized cost (Note 3)....		191,542,830.85
<hr/>		
<b>Total Assets .....</b>		<b>\$201,229,124.78</b>

**LIABILITIES**

<b>Benefits Payable —</b>		
Accidental Death .....	\$ 2,537.77	
Accidental Disability .....	8,234.76	
Ordinary Death .....	93,603.06	
Ordinary Disability .....	126,945.60	
Death After Retirement .....	1,303.45	
Service Retirement Allowance .....	4,555.31	
Survivors' Annuity .....	11,940.92	
Widows' Annuity .....	3,893.64	\$ 253,014.51
<hr/>		
<b>Refunds Payable —</b>		
Resignation (Note 4) .....	\$ 213,853.90	
To Employers .....	6,959.78	
Widows' or Survivors' Annuity Contributions .....	3,610.95	224,424.63
<hr/>		
<b>Reserves —</b>		
Members' Contributions .....	\$127,466,270.74	
Interest Accumulations .....	13,278,523.85	
Annuitants' Death Benefits .....	5,021,544.06	
Contingent General .....	54,985,346.99	200,751,685.64
<hr/>		
<b>Total Liabilities .....</b>		<b>\$201,229,124.78</b>

(See accompanying notes to financial statements)

**SYSTEM TRUST FUND**  
**STATEMENT OF INCOME AND EXPENDITURES**  
**(Exclusive of Administrative Expense Appropriations)**  
**July 1, 1967 to June 30, 1968**

INCOME		
<b>Contributions:</b>		
By Employers (Notes 1 and 2) .....	\$28,279,055.06	
Less Refunds to Employers .....	7,429.89	\$28,271,625.17
By Members .....	\$23,225,913.02	
Less Refunds of Departments and Erroneous Deductions .....	16,672.82	23,209,240.20
<b>Credited to Members' Accounts</b>		
Accidental Disability....	\$ 25,591.80	
Ordinary Disability .....	177,284.27	202,876.07
Interest on Investments (Less Amortization of Premium and Charges)....		7,214,144.26
Interest Paid by Members....		25,592.85
Repayment of Refunds .....		72,858.44
<b>Total Income....</b>		<b>\$58,996,336.99</b>

(See accompanying notes to financial statements)

**SYSTEM TRUST FUND**  
**STATEMENT OF INCOME AND EXPENDITURES — Continued**  
**(Exclusive of Administrative Expense Appropriations)**  
**July 1, 1967 to June 30, 1968**

**BENEFITS AND CHARGES**

**Benefit Payments:**

Death Benefit After Retirement (Excess of Accumulated Contributions over Pension Payments received) .....	\$ 104,678.51	
Ordinary Death Benefits — Accumulated Contributions .....	1,032,628.49	
Ordinary Death Benefits — State Allowance .....	275,072.13	
Accidental Death Benefits — Accumulated Contributions .....	18,657.54	
Accidental Death Benefits — State Allowance .....	200,178.31	
Ordinary Disability Benefits (Including \$177,284.27 in Contributions Credited) ..	1,462,100.84	
Accidental Disability Benefits (Including \$25,591.80 in Contributions Credited) ..	105,065.58	
Survivors Annuity .....	1,907,257.64	
Widows' Annuity .....	807,724.19	
Service Retirement Allowance .....	11,086,388.13	
Annuities—Reversionary ....	9,960.84	\$17,009,712.20

**Refunds:**

To Members — Withdrawal from Service (Note 4) ..	\$ 3,468,469.18	
To Members — Widows' or Survivors' Annuity Contributions .....	124,100.97	3,592,570.15

Total Payments and Charges .....

\$20,602,282.35

Balance, June 30, 1968, Excess of Income Over Payments and Charges .....

\$38,394,054.64

(See accompanying notes to financial statements)

**STATEMENT OF APPROPRIATIONS BY 75TH GENERAL ASSEMBLY**  
**Period from July 1, 1967 through June 30, 1968**

	75th Biennium Appropriations	Unexpended Expenditures June 30, 1968	Accounts Payable	Other	Unencumbered Balances June 30, 1968
Personal Services.....	\$ 462,432.00	\$192,575.84	\$ 8,589.60	.....	\$261,266.56
Contributions to State Employees' Retirement					
System.....	32,370.00	13,480.32	601.27	.....	18,288.41
Contractual Services.....	88,060.00	41,031.35	467.78	\$ 1,852.95	44,707.92
Electronic Data Processing.....	293,652.00	120,564.77	1,042.10	2,583.54	169,461.50
Postage.....	4,500.00	2,382.00	.....	.....	2,118.00
Travel.....	8,100.00	2,574.80	.....	.....	5,525.20
Commodities.....	5,760.00	1,824.28	97.57	463.34	3,374.80
Equipment.....	5,500.00	2,423.11	.....	778.00	2,298.89
Stationery, Printing, Office Supplies.....	9,200.00	4,136.08	177.12	424.20	4,462.59
Contingencies.....	2,500.00	.....	.....	.....	2,500.00
Administrative Expense of Widows' Annuity					
Benefits.....	27,745.00	5,564.22	2,900.04	388.25	18,892.49
Administrative Expenses—S.B. 1316.....	100,000.00	5,345.69	335.45	4,163.30	90,155.56
Total General Administrative Expense.....	\$1,039,819.00	\$391,902.48	\$14,210.93	\$10,653.58	\$623,052.01
Administrative Expenses of Social Security					
Enabling Act.....	148,165.00	47,516.41	595.36	1,129.21	98,924.02
Administrative Expenses—S.B. 1316.....	100,000.00	.....	.....	.....	100,000.00
Payment to Social Security Contribution Fund.....	15,000.00	15,000.00	.....	.....	.....
State's Contribution to System Trust Fund					
(Additional costs under S.B. 1506).....	420,000.00	420,000.00	.....	.....	.....
Total.....	\$1,722,984.00	\$874,418.89	\$14,806.29	\$11,782.79	\$821,976.03

STATE OF ILLINOIS  
STATE EMPLOYEES' RETIREMENT SYSTEM OF ILLINOIS  
Notes to Financial Statements  
June 30, 1968

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

Total appropriations by the State of Illinois to the System Trust Fund for periods ended June 30, 1967 and prior have not been sufficient to provide for the funding of benefits as determined by the actuary. At the close of the prior fiscal year, June 30, 1967, the valuation balance sheet prepared by the System's regularly retained actuary disclosed that the amount due from the State of Illinois for unfunded pension credits for past service (unfunded obligation of the State of Illinois) was \$255,670,544.00. The actuarial valuation at June 30, 1968 had not been completed at the date of this report.

For periods ended June 30, 1967 and prior, contributions to the System by the State of Illinois were primarily from appropriations made directly to the System, and were based primarily on estimated biennial cash requirements. Legislation enacted by the 75th General Assembly (S.B. 1220) provides that the State's contribution together with members' contributions, interest and other income shall be sufficient to meet the cost of maintaining and administering the System on a funded basis in accordance with actuarial reserve requirements. Effective with the 75th biennium, which began on July 1, 1967, appropriations were made to each department or other agency with employees covered by the System and each such employing agency contributed to the System in an amount equal to 7% of their employees' compensation, including that portion paid from Trust and Federal Funds. This percentage was determined by the actuary as directed by the provisions of statute.

For the year ended June 30, 1967, the System received \$1,068,016.38 from State agencies for the employers' share of contributions covering salaries paid from Trust and Federal Funds. Under the new method of financing described above, the employing agencies include such contributions along with those covering salaries paid from State Funds. Therefore, no determination of the total employers' contributions from Trust and Federal Funds was made for the year ended June 30, 1968.

In addition to contributions made by employing agencies as described above, the State appropriated \$420,000.00 directly to State Employees' Retirement System to cover the cost of increased benefits provided by legislation enacted by the 75th General Assembly.

2. Since its inception, the Illinois State Toll Highway Commission has been contributing to the System at a rate sufficient to place the actuarially computed future liability for member employees of the Commission on a fully funded basis. Their cumulative contributions have been designated as the funded benefit reserve. Legislation enacted by the 75th General Assembly (S.B. 1220) deletes the requirement of a separate reserve for these contributions and the balance in this reserve at June 30, 1968 was, therefore, transferred to the contingent general reserve. Contributions by the Illinois State Toll Highway Commission for the year ended June 30, 1968 were computed on a basis consistent with that of preceding years, pending an opinion by the Illinois Attorney General regarding the applicability to the Commission of the method of contributions described in Note 1. Contributions from the Illinois State Toll Highway Commission amounted to \$331,374.25 for the year ended June 30, 1968 and \$297,106.29 for the year ended June 30, 1967.
3. 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, 1968, the market value of U.S. Government obligations held by the System Trust Fund amounted to \$134,128,313.00 based on bid prices.
4. Refunds payable at June 30, 1968 include only those refunds made after that date for which an application form and a certification form from the last employing agency had been received by the System at June 30, 1968. In prior years, refunds payable included all refunds made after June 30 if the member indicated prior to that date that he desired a refund and if he had left State service prior to June 30. Completion of the previously mentioned forms before June 30 was not part of the criteria for inclusion as a payable.

Refunds which would have been considered as payable under the former method are still included in the reserve for members' contributions under the new method. The amount which would have been included as a payable at June 30, 1968 if the former method had been used was not determined.

## SCHEDULE OF INVESTMENTS

June 30, 1968

	Maturity Date	Principal Amount	Amortized Cost
<b>United States Government Securities—</b>			
Treasury Notes, 5% . . . . .	11/15/70	\$ 8,600,000.00	\$ 8,605,903.85
<b>Treasury Bonds:</b>			
4% . . . . .	10/ 1/70	2,000,000.00	1,995,210.91
4% . . . . .	2/15/70	1,500,000.00	1,477,131.56
4% . . . . .	8/15/70	8,195,000.00	8,134,258.93
3 $\frac{1}{8}$ % . . . . .	11/15/71	1,305,000.00	1,301,837.75
4% . . . . .	2/15/72	2,025,000.00	2,010,292.01
4% . . . . .	8/15/72	3,500,000.00	3,502,644.55
4% . . . . .	8/15/73	8,536,000.00	8,208,954.67
4 $\frac{1}{8}$ % . . . . .	11/15/73	10,671,000.00	10,449,029.00
3 $\frac{7}{8}$ % . . . . .	11/15/74	8,491,000.00	8,573,576.24
4% . . . . .	2/15/80	6,275,000.00	6,200,039.77
3 $\frac{1}{2}$ % . . . . .	11/15/80	1,600,000.00	1,605,711.33
3 $\frac{1}{4}$ % . . . . .	6/15/83-78	13,270,000.00	13,402,224.24
3 $\frac{1}{4}$ % . . . . .	5/15/85	4,000,000.00	3,994,273.54
4 $\frac{1}{4}$ % . . . . .	5/15/85-75	3,070,000.00	2,992,761.36
3 $\frac{1}{2}$ % . . . . .	2/15/90	29,538,000.00	28,913,704.23
4 $\frac{1}{4}$ % . . . . .	8/15/92-87	28,631,000.00	28,701,947.80
4% . . . . .	2/15/93	4,300,000.00	4,306,681.64
4 $\frac{1}{8}$ % . . . . .	5/15/94-89	8,800,000.00	8,838,654.88
3 $\frac{1}{2}$ % . . . . .	11/15/98	1,400,000.00	1,242,321.08
<b>Total U. S. Government Securities . . . . .</b>		<b>\$155,707,000.00</b>	<b>\$154,457,159.34</b>
<b>Corporate Bonds:</b>			
Bell Tel. Co. of Pa. 6 $\frac{3}{4}$ % . . . . .	5/ 1/2008	\$ 1,500,000.00	\$ 1,500,000.00
Chesapeake & Potomac Tel. Co. of Virginia 6 $\frac{3}{4}$ % . . . . .	5/ 1/2008	1,500,000.00	1,464,375.00
Commonwealth Edison Co. 1st Mort. 6 $\frac{1}{4}$ % . . . . .	2/ 1/98	1,500,000.00	1,510,109.60
Consumer Power Co. 1st Mort. 6 $\frac{7}{8}$ % . . . . .	5/ 1/98	1,500,000.00	1,533,573.32
Duke Power Co. 6 $\frac{3}{8}$ % . . . . .	2/ 1/98	1,500,000.00	1,511,212.29
Duquesne Light Co. 6 $\frac{3}{8}$ % . . . . .	2/ 1/98	1,500,000.00	1,514,953.07
El Paso Elec. Co. 1st Mort. 6 $\frac{3}{4}$ % . . . . .	5/ 1/98	1,500,000.00	1,500,000.00
Gen. Motors Accept. Corp. 6 $\frac{1}{4}$ % . . . . .	8/ 1/88	1,500,000.00	1,466,094.97
Gen. Tel. Co. of Calif. 1st Mort. Series T, 6 $\frac{3}{4}$ % . . . . .	12/ 1/97	1,000,000.00	993,667.69
Houston Lighting & Power Co. 1st Mort. 6 $\frac{3}{4}$ % . . . . .	4/ 1/98	1,500,000.00	1,515,406.11
Kansas City Power & Light Co. 1st Mort. 6 $\frac{3}{4}$ % . . . . .	4/ 1/98	1,500,000.00	1,514,962.28
Louisville Gas & Elec. Co. 1st Mort. 6 $\frac{3}{4}$ % . . . . .	6/ 1/98	1,500,000.00	1,515,398.92
Michigan Bell Tel. Co. De-ventures 6 $\frac{3}{8}$ % . . . . .	2/ 1/2005	1,500,000.00	1,511,684.48
Natural Gas Pipeline Co. of America 6 $\frac{3}{4}$ % . . . . .	8/ 1/87	1,000,000.00	990,136.94
New Jersey Bell Tel. Co. 40-Year Deb. 6 $\frac{5}{8}$ % . . . . .	4/ 1/2008	1,500,000.00	1,505,229.22



	Maturity Date	Principal Amount	Amortized Cost
<b>Corporate Bonds—Concluded.</b>			
Northwestern Bell Tel. Co. 6¼% .....	1/ 1/2007	1,500,000.00	1,483,178.00
Northern Illinois Gas Co. 1st Mort. 6¾% .....	6/ 1/93	1,500,000.00	1,500,000.00
Oklahoma Gas & Elec. Co. 1st Mort. 6⅜% .....	1/ 1/98	1,500,000.00	1,500,000.00
Pacific Gas & Elec. Co. First & Refunding Mort. Series II, 6⅝% .....	6/ 1/2000	1,500,000.00	1,500,000.00
Pennsylvania Power & Light Co. 1st Mort. 6¾% .....	11/ 1/97	1,000,000.00	1,019,863.77
Philadelphia Electric Co. 6½% .....	3/ 1/93	1,500,000.00	1,500,000.00
Potomac Elec. Power Co. 1st Mort. 6⅝% .....	2/15/2003	1,500,000.00	1,526,201.84
Southern Calif. Edison Co. 6⅝% .....	2/15/93	1,500,000.00	1,504,637.87
Union Electric Co. 1st Mort. 7% .....	4/ 1/98	1,500,000.00	1,538,064.73
Union Oil Co. of Calif. Debentures 6⅝% .....	6/ 1/98	1,500,000.00	1,481,265.77
Union Tank Car Co. Equip. Trust Certificates Series 3, 6½% .....	3/15/88	1,000,000.00	985,655.64
<b>Total Corporate Bonds</b> .....		<b>\$ 37,000,000.00</b>	<b>\$ 37,085,671.51</b>
<b>Total Investments</b> .....		<b>\$192,707,000.00</b>	<b>\$191,542,830.85</b>

## APPENDIX A

### Statistical and Claims Data

Table I. MEMBERSHIP BY DEPARTMENTS

Code No.	Department	Male	Female	Total	Percent of Total Membership
01	Governor.....	14	24	38	.06
03	Secretary of State.....	1,168	1,363	2,531	4.20
04	Auditor of Public Accounts.....	56	90	146	.24
05	Treasurer.....	45	33	78	.13
06	Attorney General.....	257	107	364	.60
07	Public Instruction.....	141	228	369	.61
08	Courts.....	146	259	405	.67
09	State Officers.....	115	37	152	.25
10	Aeronautics.....	23	17	40	.07
11	Agriculture.....	454	155	609	1.01
12	Conservation.....	646	129	775	1.29
13	Finance.....	58	76	134	.22
14	Insurance.....	98	71	169	.28
15	Labor.....	1,183	1,537	2,720	4.52
16	Children & Family Services.....	554	1,074	1,628	2.70
17	Mines and Minerals.....	52	13	65	.11
18	Audits.....	4	3	7	.01
19	Financial Institutions.....	65	28	93	.16
20	Public Health.....	450	689	1,139	1.89
21	Public Safety.....	3,125	418	3,543	5.89
22	Mental Health.....	6,385	11,623	18,008	29.92
23	Public Works & Buildings.....	7,356	684	8,040	13.36
24	Registration and Education.....	108	136	244	.41
25	Revenue.....	579	606	1,185	1.97
26	Business & Economic Development.....	31	20	51	.09
27	General Services.....	362	125	487	.81
28	Personnel.....	102	310	412	.68
29	Youth Commission.....	901	454	1,355	2.25
30	Civil Service Commission.....	4	5	9	.01
31	Commerce Commission.....	117	89	206	.34
32	Liquor Control Commission.....	28	19	47	.08
33	Public Aid.....	557	1,732	2,289	3.80
34	Veterans' Commission.....	70	85	155	.26
35	State Militia.....	229	40	269	.45
50	Miscellaneous Agencies.....	1,275	672	1,947	3.23
	Inactives.....	5,952	4,539	10,491	17.43
	<b>Totals.....</b>	<b>32,710</b>	<b>27,490</b>	<b>60,200</b>	<b>100.00</b>

**Table 2. NUMBER OF MEMBERS AND TOTAL SALARIES AT  
JUNE 30, 1968  
CLASSIFIED BY AGE AND SEX**

**Male Members**

Age at June 30, 1968	Number of Members	Aggregate Annual Salary Rate	Age at June 30, 1968	Number of Members	Aggregate Annual Salary Rate
17	5	22,920	50	667	5,312,688
18	16	54,912	51	622	4,671,840
19	101	468,300	52	730	5,500,920
			53	680	5,115,456
20	157	822,852	54	743	5,910,948
21	195	1,023,648			
22	228	1,164,936	55	762	5,819,724
23	233	1,424,220	56	790	6,087,300
24	303	1,901,724	57	863	6,605,340
			58	834	6,431,388
25	402	2,721,204	59	816	6,268,524
26	434	3,086,880			
27	466	3,458,700	60	821	6,310,524
28	503	3,795,660	61	721	5,459,160
29	509	3,984,732	62	716	5,473,452
			63	635	4,802,184
30	488	3,856,404	64	630	4,503,768
31	447	3,473,700			
32	517	4,320,108	65	502	3,574,152
33	504	4,143,168	66	426	3,015,264
34	485	4,161,528	67	365	2,620,212
			68	323	2,304,024
35	482	4,291,008	69	262	1,865,904
36	467	4,138,944			
37	511	4,481,904	70	241	1,761,708
38	496	4,380,636	71	174	1,247,436
39	477	4,195,176	72	138	916,092
			73	127	887,436
40	534	4,748,496	74	70	499,704
41	598	5,202,600			
42	567	5,032,920	75	79	569,388
43	568	4,967,964	76	68	460,260
44	626	5,539,092	77	46	306,744
			78	39	249,828
45	631	5,657,580	79	24	133,308
46	615	5,190,180			
47	661	5,516,220	80 and over	99	507,600
48	619	4,927,584			
49	600	4,842,516			
				28,458	\$222,190,512
Members having uncompleted Membership Records.....				4,252	24,092,112
<b>Totals.....</b>				<b>32,710</b>	<b>\$246,282,624</b>

**Table 3. NUMBER OF MEMBERS AND TOTAL SALARIES AT  
JUNE 30, 1968  
CLASSIFIED BY AGE AND SEX**

**Female Members**

Age at June 30, 1968	Number of Members	Aggregate Annual Salary Rate	Age at June 30, 1968	Number of Members	Aggregate Annual Salary Rate
16	8	\$ 40,332	50	647	\$ 3,747,396
17	6	15,624	51	595	3,386,376
18	19	86,736	52	639	3,748,164
19	143	598,704	53	694	4,023,348
			54	712	4,161,600
20	370	1,585,716			
21	509	2,244,024	55	701	4,178,928
22	516	2,372,676	56	665	3,921,000
23	481	2,420,040	57	659	3,967,752
24	531	3,018,456	58	693	4,090,116
			59	613	3,664,812
25	538	3,053,244			
26	502	3,051,096	60	614	3,576,468
27	397	2,307,612	61	524	3,132,252
28	364	2,182,992	62	458	2,692,632
29	359	2,153,328	63	417	2,530,764
			64	383	2,284,728
30	369	2,175,612			
31	339	1,890,396	65	294	1,852,056
32	326	1,901,688	66	267	1,713,096
33	339	1,881,108	67	216	1,380,972
34	294	1,654,044	68	224	1,391,664
			69	147	891,420
35	360	2,066,412			
36	320	1,787,292	70	146	879,060
37	342	1,890,852	71	110	681,204
38	362	2,082,396	72	99	587,436
39	400	2,266,368	73	81	459,180
			74	45	261,636
40	391	2,258,712			
41	491	2,872,236	75	62	343,944
42	476	2,828,004	76	60	348,192
43	478	2,710,284	77	27	149,112
44	512	2,921,748	78	31	171,864
			79	14	80,556
45	541	3,118,260			
46	578	3,374,004	80 and over	34	153,396
47	617	3,605,460			
48	596	3,414,888			
49	619	3,585,600			
				24,364	\$139,867,068
Members having uncompleted Membership Records . . . . .				3,126	15,101,796
<b>Totals . . . . .</b>				<b>27,490</b>	<b>\$154,968,864</b>

Table 4. NUMBER OF MEMBERS AT JUNE 30, 1968  
CLASSIFIED BY LENGTH OF SERVICE

Length of Service at June 30, 1968 (Years)	Number		Total
	Male	Female	
Less than 1 year.....	4,704	4,386	9,090
1.....	4,232	4,618	8,850
2.....	3,116	3,120	6,236
3.....	3,107	2,414	5,521
4.....	2,055	1,646	3,701
5.....	1,672	1,121	2,793
6.....	2,983	994	3,977
7.....	1,383	715	2,098
8.....	928	614	1,542
9.....	963	564	1,527
10.....	1,128	680	1,808
11.....	716	741	1,457
12.....	643	700	1,343
13.....	538	592	1,130
14.....	506	507	1,013
15.....	435	437	872
16.....	373	366	739
17.....	322	292	614
18.....	356	270	626
19.....	307	239	546
20.....	241	228	469
21.....	250	245	495
22.....	204	205	409
23.....	161	151	312
24.....	86	151	237
25.....	86	134	220
26.....	147	205	352
27.....	219	241	460
28.....	120	137	257
29.....	136	116	252
30.....	97	99	196
31.....	88	84	172
32.....	73	75	148
33.....	71	74	145
34.....	57	58	115
35.....	55	67	122
36.....	28	40	68
37.....	16	23	39
38.....	33	28	61
39.....	12	17	29
40.....	15	19	34
41.....	9	8	17
42.....	7	11	18
43.....	10	9	19
44.....	3	5	8

**Table 4. NUMBER OF MEMBERS AT JUNE 30, 1968  
CLASSIFIED BY LENGTH OF SERVICE — Continued**

Length of Service at June 30, 1968 (Years)	Number		Total
	Male	Female	
45.....	5	9	14
46.....	3	8	11
47.....	.....	7	7
48.....	3	6	9
49.....	1	7	8
50 and over.....	7	7	14
Totals.....	<u>32,710</u>	<u>27,490</u>	<u>60,200</u>

Table 5. SERVICE RETIREMENT ANNUITANTS CLASSIFIED BY  
AGE AT JUNE 30, 1968

## Male

Age at June 30, 1968	Number	Annual Payments
56.....	1	\$ 2,526.96
57.....	3	9,739.08
58.....	5	15,379.08
59.....	4	10,523.88
60.....	26	57,901.68
61.....	56	111,849.72
62.....	93	220,331.64
63.....	110	221,430.12
64.....	109	241,232.76
65.....	144	279,640.32
66.....	160	393,826.32
67.....	197	421,060.68
68.....	203	408,326.76
69.....	221	472,739.28
70.....	226	439,527.12
71.....	205	378,034.80
72.....	230	429,633.60
73.....	211	327,423.96
74.....	190	340,454.64
75.....	160	265,818.12
76.....	166	260,533.44
77.....	134	211,176.96
78.....	130	216,237.24
79.....	104	168,561.96
80.....	93	145,153.80
81.....	73	108,383.40
82.....	61	81,722.04
83.....	62	90,518.64
84.....	37	45,996.12
85.....	38	51,061.08
86.....	20	21,442.08
87.....	16	16,977.60
88.....	14	13,435.08
89.....	7	9,250.56
90.....	6	5,001.36
91.....	4	2,404.56
92.....	5	3,732.36
93.....	1	547.80
96.....	1	920.88
97.....	1	1,008.24
98.....	1	1,895.40
Totals.....	3,530	\$6,503,361.12

Average Age—71.94 years; Average Allowance—\$1,842.31



**Table 6. SERVICE RETIREMENT ANNUITANTS CLASSIFIED BY  
AGE AT JUNE 30, 1968**

<b>Female</b>		
Age at June 30, 1968	Number	Annual Payments
52.....	1	\$ 1,999.32
53.....	1	1,930.32
54.....	2	3,747.36
55.....	3	4,785.84
56.....	3	6,318.84
57.....	4	6,294.12
58.....	3	5,201.04
59.....	8	14,682.48
60.....	27	40,248.48
61.....	81	112,499.64
62.....	80	128,252.04
63.....	115	175,770.84
64.....	127	195,228.00
65.....	162	232,029.72
66.....	181	282,182.28
67.....	153	227,555.16
68.....	191	307,477.08
69.....	181	258,727.20
70.....	214	268,235.16
71.....	200	283,145.16
72.....	206	271,607.52
73.....	212	296,665.68
74.....	196	263,421.84
75.....	165	238,331.64
76.....	153	211,882.44
77.....	142	201,338.28
78.....	131	164,074.92
79.....	105	129,103.56
80.....	111	153,295.92
81.....	80	95,814.00
82.....	77	91,587.00
83.....	64	74,125.40
84.....	50	56,236.08
85.....	28	26,087.88
86.....	21	24,414.00
87.....	21	19,965.60
88.....	11	10,295.64
89.....	11	8,197.92
90.....	8	6,650.64
91.....	1	498.36
92.....	3	2,756.88
93.....	3	2,137.32
95.....	2	1,406.64
96.....	1	427.56
97.....	1	901.68
<b>Totals.....</b>	<b>3,540</b>	<b>\$4,908,534.48</b>

Average Age—71.99 years; Average Allowance—\$1,386.59

Table 7. SERVICE RETIREMENT ANNUITANTS CLASSIFIED BY  
AGE AT RETIREMENT

Age at Retirement	Male	Female
50	.....	5
51	.....	1
53	1	4
54	1	5
55	5	11
56	9	10
57	12	14
58	7	22
59	16	21
60	559	552
61	216	209
62	228	213
63	192	222
64	186	186
65	415	418
66	290	243
67	236	253
68	215	183
69	175	188
70	208	217
71	117	131
72	107	116
73	77	92
74	68	72
75	58	42
76	38	42
77	32	23
78	20	20
79	21	8
80	3	9
81	6	4
82	4	3
83	2	.....
84	1	.....
85	2	1
86	2	.....
89	1	.....
Totals	<u>3,530</u>	<u>3,540</u>

Average Age at Retirement

Males—65.80

Females—65.64

**Table 8. WIDOW ANNUITANTS CLASSIFIED BY AGE  
AT JUNE 30, 1968**

Age	Number	Annual Payments
39.....	1	\$ 305.04
43.....	2	2,281.44
46.....	1	399.00
48.....	3	8,591.52
49.....	2	1,325.64
51.....	3	2,378.04
52.....	1	384.12
53.....	4	2,700.00
54.....	4	2,649.24
55.....	6	5,086.92
56.....	11	11,267.40
57.....	13	8,391.48
58.....	7	12,022.68
59.....	17	16,569.84
60.....	14	13,420.08
61.....	20	21,324.36
62.....	19	23,419.20
63.....	27	18,236.40
64.....	28	23,292.48
65.....	39	39,699.12
66.....	45	35,348.28
67.....	34	31,433.16
68.....	56	57,549.12
69.....	47	52,408.68
70.....	59	42,821.88
71.....	38	30,631.08
72.....	46	41,876.88
73.....	51	48,817.32
74.....	57	43,638.24
75.....	44	28,538.28
76.....	31	22,372.80
77.....	41	24,662.04
78.....	38	22,971.36
79.....	21	12,993.00
80.....	28	17,511.84
81.....	31	19,641.12
82.....	20	14,433.12
83.....	10	6,345.48
84.....	10	6,690.60
85.....	8	4,916.04
86.....	6	5,129.88
87.....	2	648.96
88.....	2	861.96
90.....	2	702.24
91.....	1	469.56
92.....	1	325.32
<b>Totals.....</b>	<b>951</b>	<b>\$787,482.24</b>

**Table 9. SURVIVORS' ANNUITY BENEFICIARIES CLASSIFIED  
BY AGE AT JUNE 30, 1968**

Age	Number	Annual Payments
8.....	1	\$ 1,281.84
9.....	2	2,327.16
11.....	1	2,999.88
12.....	1	2,854.08
13.....	1	819.60
14.....	3	3,240.24
15.....	2	3,224.76
16.....	2	3,579.00
17.....	3	7,192.92
18.....	3	5,145.36
27.....	1	2,041.92
28.....	1	3,000.00
29.....	1	3,000.00
30.....	1	3,000.00
32.....	2	5,547.84
34.....	2	6,000.00
35.....	1	2,549.76
36.....	4	12,000.00
37.....	2	6,000.00
38.....	6	16,609.44
39.....	3	9,000.00
40.....	2	6,000.00
41.....	5	14,826.12
43.....	10	29,596.56
44.....	6	16,209.36
45.....	6	18,000.00
46.....	5	11,426.40
47.....	10	29,569.68
48.....	9	26,523.12
49.....	3	9,000.00
50.....	12	33,788.76
51.....	5	15,000.00
52.....	6	16,620.00
53.....	7	17,004.48
54.....	11	30,647.40
55.....	23	46,876.80
56.....	44	83,850.48
57.....	41	74,439.84
58.....	46	76,365.72
59.....	43	72,880.32
60.....	46	79,320.96
61.....	61	95,874.72
62.....	51	75,531.24
63.....	58	95,249.88
64.....	51	78,915.24

**Table 9. SURVIVORS' ANNUITY BENEFICIARIES CLASSIFIED  
BY AGE AT JUNE 30, 1968 — Continued**

Age	Number	Annual Payments
65 .....	39	63,839.16
66 .....	50	72,921.12
67 .....	36	52,936.08
68 .....	56	78,874.80
69 .....	35	54,573.72
70 .....	27	40,049.88
71 .....	26	38,855.40
72 .....	20	27,033.36
73 .....	30	40,821.84
74 .....	22	28,245.36
75 .....	13	20,324.16
76 .....	13	22,204.80
77 .....	16	26,726.16
78 .....	12	17,298.72
79 .....	6	8,501.88
80 .....	4	5,673.84
82 .....	5	8,139.48
83 .....	2	4,188.84
84 .....	3	5,608.08
85 .....	1	1,719.96
87 .....	1	1,428.48
88 .....	1	1,047.36
90 .....	1	1,464.00
92 .....	1	1,577.16
98 .....	1	1,829.76
<b>Totals.....</b>	<b>1,025</b>	<b>\$1,783,034.28</b>

**Table 10. NUMBER OF DEATHS AMONG MEMBERS PRIOR TO  
RETIREMENT — AGE AND SERVICE DATA —  
FISCAL PERIOD JULY 1, 1967 TO JUNE 30, 1968**

By Age at Death	Male	Female	Total
18 to 24 incl.....	5	....	5
25 to 29 incl.....	5	4	9
30 to 34 incl.....	5	1	6
35 to 39 incl.....	8	2	10
40 to 44 incl.....	9	6	15
45 to 49 incl.....	22	6	28
50 to 54 incl.....	47	20	67
55 to 59 incl.....	55	20	75
60 to 64 incl.....	68	18	86
65 to 69 incl.....	44	10	54
70 and over.....	38	9	47
<b>Totals.....</b>	<b>306</b>	<b>96</b>	<b>402</b>

By Length of Service	Male	Female	Total	Per Cent of Total
Less than 6 years.....	162	39	201	50%
6 years or over.....	144	57	201	50%
<b>Totals.....</b>	<b>306</b>	<b>96</b>	<b>402</b>	

**Table 11. NUMBER OF DEATHS PRIOR TO RETIREMENT  
CLASSIFIED BY CAUSES OF DEATH —  
JULY 1, 1967 TO JUNE 30, 1968**

Cause of Death	Number
<b>Diseases of the Heart, Blood Vessels and Kidneys:</b>	
Heart Disease.....	197
Apoplexy.....	32
Nephritis.....	13
Cancer and Tumor.....	67
Pneumonia and Influenza.....	21
Diabetes.....	8
Liver Disease.....	3
Pulmonary Tuberculosis.....	12
Diseases of the Digestive Tract, including Ulcers of the Stomach and Duodenum and Appendicitis.....	17
Automobile Accidents.....	23
Other Violent Deaths—including War Deaths.....	8
All other causes.....	1
Causes Unknown.....	—
<b>Total.....</b>	<b>402</b>
	==
<b>Classified by Types of Benefits:</b>	
Ordinary Death (Nonoccupational).....	202
Accidental Death (Occupational).....	8
Survivors' Annuity.....	186
Widows' Annuity.....	6
<b>Total.....</b>	<b>402</b>
	==

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

Age at Withdrawal	Number of Refunds Year Ended June 30	
	1968	1967
18 - 19 incl.....	24	17
20 to 24 incl.....	738	861
25 to 29 incl.....	822	1,007
30 to 34 incl.....	435	598
35 to 39 incl.....	324	457
40 to 44 incl.....	289	395
45 to 49 incl.....	266	369
50 to 54 incl.....	249	306
55 to 59 incl.....	167	231
60 to 64 incl.....	143	183
65 to 69 incl.....	123	153
70 and over.....	101	97
No age data.....	28	24
<b>Totals.....</b>	<b>3,709</b>	<b>4,698</b>

**By Length of Service**

Less than 1 year.....	720	792
1 year.....	1,030	1,395
2 years.....	723	844
3 years.....	404	509
4 years.....	238	389
5 years and over.....	594	769
<b>Totals.....</b>	<b>3,709</b>	<b>4,698</b>



**Table 13. SERVICE RETIREMENT ALLOWANCE CLAIMS  
JULY 1, 1967 TO JUNE 30, 1968**

**Summary by Departments**

Code No.	Name of Department	Year Ended June 30	
		1968	1967
03	Secretary of State . . . . .	33	40
04	Auditor of Public Accounts . . . . .	3	3
05	Treasurer . . . . .	1	7
06	Attorney General . . . . .	4	5
07	Public Instruction . . . . .	3	7
08	Courts . . . . .	3	6
09	State Officers . . . . .	13	5
10	Aeronautics . . . . .	...	1
11	Agriculture . . . . .	7	6
12	Conservation . . . . .	4	8
13	Finance . . . . .	2	11
14	Insurance . . . . .	3	8
15	Labor . . . . .	52	42
16	Children and Family Services . . . . .	19	34
17	Mines and Minerals . . . . .	1	1
19	Financial Institutions . . . . .	3	4
20	Public Health . . . . .	22	30
21	Public Safety . . . . .	41	57
22	Mental Health . . . . .	273	275
23	Public Works and Buildings . . . . .	90	81
24	Registration and Education . . . . .	3	2
25	Revenue . . . . .	20	17
27	General Services . . . . .	5	...
28	Personnel . . . . .	2	1
29	Youth Commission . . . . .	21	19
31	Commerce Commission . . . . .	4	7
32	Liquor Control Commission . . . . .	4	3
33	Public Aid . . . . .	33	49
34	Veterans' Commission . . . . .	6	8
35	State Militia . . . . .	2	11
50	Miscellaneous Agencies . . . . .	20	26
	<b>Totals . . . . .</b>	<b>697</b>	<b>774</b>

**Table 14. WIDOWS' ANNUITY CLAIMS  
JULY 1, 1967 TO JUNE 30, 1968**

**Summary by Departments**

Code No.	Name of Department	Year 1968	Ended June 30 1967
03	Secretary of State.....	6	3
04	Auditor of Public Accounts.....	...	1
05	Treasurer.....	2	1
08	Courts.....	...	1
09	State Officers.....	3	3
10	Aeronautics.....	...	1
11	Agriculture.....	3	4
12	Conservation.....	1	1
15	Labor.....	1	4
16	Children and Family Services.....	5	5
17	Mines and Minerals.....	2	1
19	Financial Institutions.....	1	1
20	Public Health.....	1	...
21	Public Safety.....	9	14
22	Mental Health.....	23	27
23	Public Works and Buildings.....	16	15
24	Registration and Education.....	1	1
25	Revenue.....	5	7
29	Youth Commission.....	1	1
31	Commerce Commission.....	...	3
33	Public Aid.....	1	1
35	State Militia.....	...	2
50	Miscellaneous Agencies.....	...	3
	<b>Totals.....</b>	<b>81</b>	<b>100</b>

**Table 15. SURVIVORS' ANNUITY CLAIMS  
JULY 1, 1967 TO JUNE 30, 1968**

**Summary by Departments**

Code No.	Name of Department	Year 1968	Ended June 30 1967
03	Secretary of State.....	18	18
04	Auditor of Public Accounts.....	1	1
05	Treasurer.....	1	1
07	Public Instruction.....	.....	1
08	Courts.....	.....	1
09	State Officers.....	2	.....
11	Agriculture.....	2	6
12	Conservation.....	8	4
13	Finance.....	.....	4
14	Insurance.....	4	3
15	Labor.....	19	21
16	Children and Family Services.....	3	6
17	Mines and Minerals.....	3	4
19	Financial Institutions.....	2	2
20	Public Health.....	4	3
21	Public Safety.....	31	23
22	Mental Health.....	55	51
23	Public Works and Buildings.....	52	43
24	Registration and Education.....	2	.....
25	Revenue.....	13	8
29	Youth Commission.....	9	12
31	Commerce Commission.....	1	3
32	Liquor Control Commission.....	2	.....
33	Public Aid.....	5	9
34	Veterans' Commission.....	1	2
35	State Militia.....	4	4
50	Miscellaneous Agencies.....	11	10
	Totals.....	253	240

Table 16. ORDINARY DEATH CLAIMS  
JULY 1, 1967 TO JUNE 30, 1968

Summary by Departments

Code No.	Name of Department	Year 1968	Ended June 30 1967
01	Governor . . . . .	....	1
03	Secretary of State . . . . .	20	17
04	Auditor of Public Accounts . . . . .	....	2
05	Treasurer . . . . .	1	....
06	Attorney General . . . . .	1	2
07	Public Instruction . . . . .	1	....
08	Courts . . . . .	1	1
09	State Officers . . . . .	....	1
11	Agriculture . . . . .	2	4
12	Conservation . . . . .	4	3
13	Finance . . . . .	1	2
14	Insurance . . . . .	1	....
15	Labor . . . . .	15	8
16	Children and Family Services . . . . .	13	4
19	Financial Institutions . . . . .	2	1
20	Public Health . . . . .	5	2
21	Public Safety . . . . .	7	13
22	Mental Health . . . . .	56	61
23	Public Works and Buildings . . . . .	30	33
24	Registration and Education . . . . .	1	3
25	Revenue . . . . .	5	5
28	Personnel . . . . .	2	1
29	Youth Commission . . . . .	7	5
31	Illinois Commerce Commission . . . . .	5	1
32	Liquor Control Commission . . . . .	1	....
33	Public Aid . . . . .	11	8
35	Illinois State Militia . . . . .	4	5
50	Miscellaneous Agencies . . . . .	6	5
	Totals . . . . .	202	188

**Table 17. ACCIDENTAL DEATH CLAIMS  
JULY 1, 1967 TO JUNE 30, 1968**

**Summary by Departments**

Code No.	Name of Department	Year Ended June 30	
		1968	1967
13	Finance .....	1	.....
19	Financial Institutions .....	.....	1
21	Public Safety .....	2	.....
22	Mental Health .....	1	1
23	Public Works and Buildings .....	3	4
25	Revenue .....	1	.....
	<b>Totals .....</b>	<b>8</b>	<b>6</b>

**Table 18. ORDINARY DISABILITY CLAIMS  
JULY 1, 1967 TO JUNE 30, 1968**

**Summary by Departments**

Code No.	Name of Department	Year 1968	Ended June 30 1967
01	Governor.....	....	1
03	Secretary of State.....	3	2
04	Auditor of Public Accounts.....	2	....
05	Treasurer.....	....	1
06	Attorney General.....	2	1
11	Agriculture.....	1	1
12	Conservation.....	3	1
13	Finance.....	2	....
14	Insurance.....	1	....
15	Labor.....	25	22
16	Children and Family Services.....	6	8
17	Mines and Minerals.....	1	1
19	Financial Institutions.....	1	....
20	Public Health.....	6	8
21	Public Safety.....	8	5
22	Mental Health.....	197	171
23	Public Works and Buildings.....	29	14
24	Registration and Education.....	1	1
25	Revenue.....	5	8
26	Business and Economic Development.....	....	1
28	Personnel.....	....	1
29	Youth Commission.....	5	9
32	Liquor Control Commission.....	....	1
33	Public Aid.....	8	7
34	Veterans' Commission.....	1	....
35	State Militia.....	2	....
50	Miscellaneous Agencies.....	5	3
	<b>Totals.....</b>	<b>314</b>	<b>267</b>

**Table 19. ACCIDENTAL DISABILITY CLAIMS  
JULY 1, 1967 TO JUNE 30, 1968**

**Summary by Departments**

Code No.	Name of Department	Year Ended June 30	
		1968	1967
03	Secretary of State .....	1	....
12	Conservation.....	....	1
13	Finance .....	....	1
16	Children and Family Services .....	2	1
20	Public Health .....	1	2
21	Public Safety .....	8	3
22	Mental Health .....	44	60
23	Public Works and Buildings .....	41	45
29	Youth Commission .....	3	....
50	Miscellaneous Agencies.....	1	1
	<b>Totals.....</b>	<b>101</b>	<b>114</b>

**Table 20. DEATH BENEFITS AFTER RETIREMENT  
JULY 1, 1967 TO JUNE 30, 1968**

**Summary by Departments**

Code No.	Name of Department	Year 1968	Ended June 30 1967
03	Secretary of State .....	2	9
04	Auditor of Public Accounts .....	1	....
06	Attorney General .....	....	1
11	Agriculture .....	1	....
14	Insurance .....	1	....
15	Labor .....	4	2
16	Children and Family Services .....	2	3
19	Financial Institutions .....	1	....
20	Public Health .....	2	1
21	Public Safety .....	2	2
22	Mental Health .....	15	22
23	Public Works and Buildings .....	6	2
25	Revenue .....	2	2
29	Youth Commission .....	1	1
33	Public Aid .....	2	1
50	Miscellaneous Agencies .....	1	....
	<b>Totals .....</b>	<b>43</b>	<b>46</b>



## **APPENDIX B**

### **Summary of Benefit and Contribution Provisions of the System**

## 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.** The maximum service retirement allowance is 60% of average salary with an increment above age 60 after 36 years of service of  $1\frac{2}{3}$ % per year up to 70% of average final compensation.

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\* This summary sets forth in brief the principal provisions of the plan of operation underlying the System in force on June 30, 1968. 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 70% 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 minimum 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 66⅔% 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. If a member enters or reenters State service after July 19, 1961, the benefits are effective when he has made contributions for at least 1½ 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 1½ 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.

(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) 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.