

## Annual report / University Retirement System of Illinois.

University Retirement System of Illinois.

Urbana, Ill. : Board of Trustees, University Retirement System of Illinois, 1942-1962.

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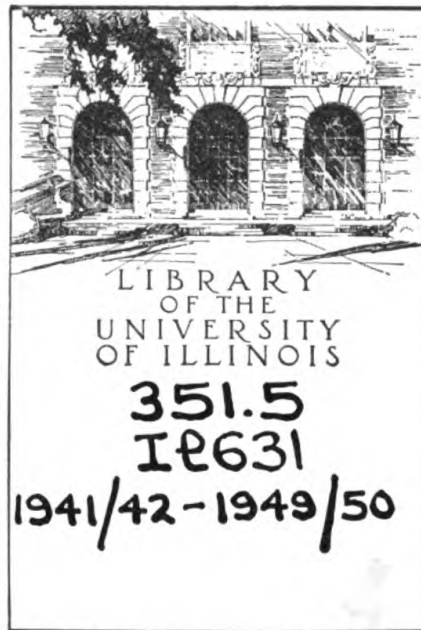
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UNIVERSITY  
RETIREMENT SYSTEM  
OF ILLINOIS

*First Annual Report*

YEAR ENDING AUGUST 31, 1942



Issued by the Authority of the Board of Trustees  
of the  
UNIVERSITY RETIREMENT SYSTEM OF ILLINOIS

December 1942

BOARD OF TRUSTEES  
OF THE  
UNIVERSITY RETIREMENT SYSTEM  
OF ILLINOIS

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(On leave due to Military Service).....Chicago

M. Q. Lytle, Assistant Treasurer.....Chicago

H. A. Hazleton, Assistant Comptroller.....Urbana

Ruth E. Kunkel, Chief Clerk and Statistician.....Urbana

Office located at Urbana, Illinois

2011-2  
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## TABLE OF CONTENTS

EXHIBIT REFERENCE	TITLE	PAGE
	Foreword.....	5
	Condensed Summary.....	6
	Auditor's Certificate.....	12
1	Balance Sheet.....	13
2	Statement of Income and Expenses.....	14
3	Statement of Investments Owned.....	15

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## FOREWORD

THE University Retirement System of Illinois completed its second year on August 31, 1943. This report has been compiled to present a description of its activities and a record of its operations for that year, for the information and reference of the General Assembly, State officials, participants, institutions and agencies covered, and other interested persons.

The report was prepared by Lloyd Morey, Comptroller, and Howard A. Hazleton, Assistant Comptroller.

The accounts of the System for the past year have been audited by Arthur Young and Company, certified public accountants, and their report is included herein.

FRANK G. THOMPSON  
*President*  
Board of Trustees

December 1, 1943



## CONDENSED SUMMARY

### HISTORY AND DESCRIPTION OF SYSTEM

The 62nd General Assembly of the State of Illinois enacted "An Act to Provide for the Creation, Maintenance and Administration of a Retirement System for the Benefit of the Staff Members and Employees of the University of Illinois and of Certain Other State Educational and Scientific Agencies," the law was approved July 21, 1941, and the System began operation on September 1, 1941.

The purpose of the law is to establish a sound and efficient means of providing Retirement Annuities and other Benefits for the Staff Members and Employees of the following agencies of the State: The University of Illinois, the State Normal Universities and Teachers' Colleges, the State Scientific Surveys (Geological, Natural History and Water), the State Teachers' College Board, and the Board of Trustees of the Retirement System.

The System is administered by a Board of Trustees consisting of three members of the Board of Trustees of the University of Illinois chosen by that Board, one member of the Teachers' College Board chosen by that Board, and the State Director of Registration and Education ex officio.

### PARTICIPATION

Participation is required of every person certified by any of the above agencies of the State as being a permanent and continuous Employee in the educational, administrative, secretarial, clerical, mechanical, labor or other staff and who is over 30 years of age. Certified Employees under the age of 30 may elect to participate in the System.

Persons on leave of absence from their Employer continue to participate fully in the benefits of the System but are not required to make contributions during a period of leave without pay. A period of leave of absence counts as service in the computation of a Retirement Annuity.

During the year 1943-44, 4,284 persons participated in the System.

### EMPLOYEE CONTRIBUTIONS

Each Participating Employee makes a Normal Contribution of  $3\frac{1}{2}\%$  of each payment of Earnings applicable to employment on

and after September 1, 1941. The Board of Trustees has adopted rules providing that persons on leave of absence or persons whose work is done under the supervision of the University but who receive part of their salary from an outside employer may make Additional Contributions. During the past year, Employee Contributions totaled \$318,451.

## EMPLOYER CONTRIBUTIONS

Under the Act, the State assumes responsibility for all Benefits provided by the System as described in later paragraphs. However, actual contributions from the State are limited to an amount required to pay such benefits and expenses during each fiscal period, and to accumulate a reserve equal to the estimated amount of one year's benefits and expenses. It is not intended or expected that a large reserve be established, but only such amounts as from time to time may be required together with a reasonable sum for contingencies. Since the State is a sovereign government and at all times may make such levies as will raise its required revenue, this principle is entirely appropriate and practicable.

Trust and federal funds are required to contribute currently in full to cover their obligations on an accrued basis, subject to the limitations of law or contractual agreement. Charges against them, as well as charges against institutions and agencies for current obligations, are billed on the basis of premium costs.

Employer Contributions during the year 1943-44 totaled \$281,579 of which \$71,095 was the amount of Employer Contributions required to pay Current and Supplemental Annuities to Participants receiving Retirement Annuities (Exhibit B).

## DISABILITY BENEFITS

Disability Benefits are payable to any Participating Employee for mental or physical disability arising from any cause as a result of which the individual is unable to perform the duties of his position. Benefits begin sixty days after the beginning of the disability providing an application for Benefits has been filed and provided the Employee is not then receiving any salary from his Employer. The benefit amounts to 50 per cent of Earnings at the time disability occurred and continues during disability until the total amount paid equals 50 per cent of the total Earnings during the period of Service of the individual. During the period of disability, amounts equal to Employee Normal Contributions if the Employee had continued in service are credited to the Employee's account. When the Employee becomes entitled to a Retirement Annuity equal to the Dis-

ability Benefit, such a Retirement Annuity is provided in place of the Disability Benefit. During the past year, 66 persons received Disability Benefits from the System and Benefits paid them during the year amounted to \$32,865 (Exhibit B).

## DEATH BENEFITS

In the event of the death of a Participating Employee while in service, the total amount of Accumulated Employee Contributions will be paid to the Beneficiary. If the Beneficiary is dependent upon the Employee at the time of death, an Additional Death Benefit will be paid in an amount sufficient to bring the total Death Benefit to approximately one year's salary. When an Additional Death Benefit is payable, the total amount of the Death Benefit will be not less than \$2,000 nor more than \$5,000. The Participant may designate that the Death Benefit shall be paid as either a single cash sum, a life annuity or a part in cash at the time of death and the balance as a life annuity, and the Benefit will be so paid if the life annuity amounts to at least \$10.00 per month. The Beneficiary has no power to change the mode of payment if the Benefit is payable as a life annuity. If the Participant makes no designation, or designates that the Benefit shall be paid in one sum, the Beneficiary may elect to receive part or all of the proceeds as a life annuity.

The Death Benefit payable in the case of the death of a retired person is an amount equal to whichever of the following is greater:

- (1) The excess, if any, of the sum of the individual's Accumulated Contributions (upon the date of retirement) over the sum of Annuity payments made prior to the date of death.
- (2) An amount equal to six times the monthly Supplemental Annuity which was being paid prior to death (see Retirement Benefits).
- (3) Five hundred dollars.

During the year covered by this report, 24 Participants died and the total amount of the Death Benefit was \$44,295. Of this amount, \$5,411 was from Accumulated Employee Contributions and the balance of \$38,884 represented Additional Death Benefits payable out of State and other Employer contributions. Death Benefits paid in cash to Beneficiaries amounted to \$35,271 and premiums on Death Benefits on persons on military leave insured in the Veteran's Administration amounted to \$265 (Exhibit B). In addition, the sum of \$9,024 due Beneficiaries as Death Benefits was transferred to the Reserve for Beneficiary Annuities, two Participants having designated that the Death Benefit be paid to the Beneficiary as a life annuity and two Beneficiaries making such an election.

## RETIREMENT ANNUITIES

Each Participating Employee will be retired on the September 1st following his sixty-eighth birthday unless he has requested earlier retirement or unless he requests a deferment of his retirement, such deferment to be approved by his Employer. Under certain circumstances, an Employee may request retirement at or after age sixty-five and, with the Certification of his Employer, shall receive the same Retirement Annuity which would be paid him upon his retirement at age sixty-eight. Participants may elect to retire any time after age sixty or, with the approval of the Employer and of the Retirement Board, between the ages of fifty-five and sixty.

The amount of the Retirement Annuity in the case of an individual not employed prior to September 1, 1941, is three times the amount which can be provided by his Accumulated Normal Contributions but not in excess of 60 per cent of his Final Rate of Earnings (defined as the average for the five consecutive years in which Earnings were the highest counting only those years since September 1, 1938).

Participants who were employed prior to September 1, 1941 receive credit for prior service in the form of a Supplemental Annuity added to the Annuities provided by the Normal and Additional Contributions and the Contributions by the Employer for service after September 1, 1941. If the retirement is at an age prior to the sixty-fifth birthday, or if the total service at retirement is less than 15 years, the Supplemental Annuity is the Annuity that would have been provided from Accumulated Employer Contributions had the System been in effect during the entire period of service prior to September 1, 1941. If the retirement is at age 68 or on or after the attainment of age sixty-five (under circumstances referred to above), and if the total service is 15 or more years, the Supplemental Annuity will be an amount needed to provide a total annuity of 25 per cent plus 1 per cent for each year of service of the Final Rate of Earnings, with the maximum total Annuity one-half of the Final Rate of Earnings. Retirement Annuities are payable for life except that if a retired person becomes re-employed under continuous employment at regular compensation, the Retirement Annuity ceases during the period of such employment. This does not apply in the case of irregular or indifferent employment or part-time service where no continuing contract is drawn.

During the year just closed, 24 Participants retired. Several Annuitants have been re-employed by their Employer for varying periods of service and have received no Retirement Annuity from the System during their employment. Two Annuitants died during the year. Retirement Annuities paid during the year total \$72,145.

## REVERSIONARY ANNUITIES

A Participant may elect to provide a Reversionary Annuity for a Beneficiary who is a dependent. In such instance, a reduced Annuity is paid to the Participant during his life-time and the Reversionary Annuity is payable during the life-time of the Beneficiary following the Participant's death. The election must be filed five years prior to retirement, otherwise evidence of good health must be submitted.

One of the Annuitants who died during the past year had elected a Reversionary Annuity. His widow is now receiving a monthly income and will continue to do so until her death.

## SEPARATION BENEFITS

Any Participant whose employment is terminated other than by death, by retirement, or by transfer to some other agency of the State of Illinois, may withdraw his Accumulated Contributions (including interest) in the form of a Separation Benefit. A Participant, if he wishes, may leave his Contributions with the System and if he returns to the service of any Employer of the System at a later time, the benefits as of the time of his resignation will be reinstated, including credit for past service. During the past year, 275 Separation Benefits were paid ranging from \$2.01 to \$894.98 and totaling \$27,124 (Exhibit B).

## INCOME FOR 1943-44

The total Income of the System for the past year was \$625,475 as follows (Exhibit B):

1. Employees' Contributions.....	\$318,451
2. Employers' Contributions.....	231,579
3. Interest earned.....	25,354
4. From the State of Illinois for Contingent Reserve.....	50,000
5. Profit on Bonds called.....	91
Total.....	\$625,475

## EXPENDITURES FOR 1943-44

Expenditures of the System for the past year totaled \$182,153 as follows (Exhibit B):

1. Death Benefits.....	\$ 35,536
2. Separation Benefits.....	27,124
3. Disability Benefits.....	32,865
4. Retirement Annuities.....	72,145
5. Beneficiary Annuities.....	750
6. Reversionary Annuities.....	219
7. Administrative Expense.....	13,514
Total.....	\$182,153



## EXCESS OF INCOME OVER EXPENDITURES, AND RESERVES

The excess of income over expenditures for the year amounted to \$443,322 and is represented by the following (Exhibit B):

Additions to Employee Contributions (including \$20,603 interest).....		\$306,975	
Additions to reserves for:			
Additional Death Benefits.....	\$	44,658	
Disability Benefits.....		3,175	
Employers' portion of Retirement Annuities, Federal and Trust funds only (including \$1,844 interest).....		35,830	
Interest Earned in Excess of Interest Dis- tributed.....		2,451	
Administrative expense.....		1,485	
Gains and losses on investments.....		91	
Contingencies.....		50,000	
			\$137,690
Deductions from reserves for:			
Funded Retirement and Reversionary An- nuities in force (including \$241 interest) \$		810	
Beneficiary Annuities in force (including \$217 interest).....		533	
	\$	1,343	136,347
Total as above.....			\$443,322

In addition, the following transfers between reserves were made during the year (Schedule A-2):

From—			
Employees' Accumulated Contributions			
Normal .....	\$	6,893	
Employers' portion of Retirement Annuities			
Federal funds.....		140	
Additional Death Benefits .....		8,567	
			\$ 15,600
To—			
Funded Retirement Annuities in Force.....	\$	6,576	
Beneficiary Annuities in Force.....		9,024	
			\$ 15,600

## INTEREST EARNED AND INTEREST DISTRIBUTED

Interest earned during the year amounted to \$25,354 (Exhibit B), including accrued interest at August 31, 1944. In accordance with the Retirement Act, interest was credited to Employees' Contributions at the rate of 3 per cent, the amount of interest credited being \$20,603. In addition, interest in the amount of \$2,302 was credited to certain Contributions from special funds (Exhibit B). Interest earned in excess of the amounts credited to the various accounts was added to the reserve for interest earned in excess of interest distributed and that reserve now totals \$2,933.

## NET ACCUMULATIONS

Total Balance Sheet Reserves at August 31, 1944, were \$338,793, an increase of \$143,240 for the year (Schedule A-2). They include the following:

Reserves for:	
Additional Death Benefits.....	\$127,217
Disability Benefits.....	47,231
Funded Retirement Annuities in Force.....	9,048
Beneficiary Annuities in Force.....	13,288
Employers' portion of Retirement Annuities with interest (Federal and Trust Funds only).....	86,728
Interest earned in excess of interest distributed.....	2,933
Administrative expense.....	2,257
Gains and losses on investments.....	91
Contingencies.....	50,000
<b>Total.....</b>	<b>\$338,793</b>

## ASSETS AND INVESTMENTS

At August 31, 1944, total assets were \$1,257,955, an increase of \$478,286 over 1943.

Investments owned by the System as of August 31, 1944, were as follows (Detail of investments is shown in Schedule A-1):

	Par Value	Quoted Market Value	Amortized Cost
U. S. Government.....	\$ 500,000.00	\$ 502,396.88	\$ 501,460.57
Corporation			
Public Utility.....	300,000.00	328,700.00	326,349.36
Industrial.....	374,000.00	388,242.50	384,938.73
<b>Total.....</b>	<b>\$1,174,000.00</b>	<b>\$1,219,339.38</b>	<b>\$1,212,748.66</b>

According to the Act creating the University Retirement System, the investments in non-public obligations cannot exceed sixty per cent (60%) of the total book value of all assets of the System at any time. At the end of the year the investment in bonds of corporations was 58.7% of the total book value of investments at that date. The average rate of return on the funds invested by the System during the third year of operation was 2.53%, as compared with 2.58% for the previous year.

ARTHUR YOUNG & COMPANY  
1 North LaSalle Street  
Chicago 2

To the Board of Trustees,  
University Retirement System of Illinois,  
Urbana, Illinois

We have examined the balance sheet of the University Retirement System of Illinois as of August 31, 1944 and the statement of income and expenditures for the fiscal year then ended, have reviewed the system of internal control and the accounting procedures of the System and, without making a detailed audit of the transactions, have examined or tested accounting records and other supporting evidence, by methods and to the extent we deemed appropriate. Our examination was made in accordance with generally accepted auditing standards applicable in the circumstances and included all procedures which we considered necessary.

In our opinion, the accompanying balance sheet and statement of income and expenditures, Exhibits A and B, present fairly the position of the University Retirement System of Illinois at August 31, 1944 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.

ARTHUR YOUNG & COMPANY

Chicago, Illinois,  
November 8, 1944.

**BALANCE SHEET**  
August 31, 1944

**EXHIBIT A**

ASSETS		
Cash in bank.....		\$ 32,070.94
Accounts receivable:		
Employers.....	\$ 1,901.05	
Employees (Note 1).....	1,890.01	
		3,791.06
Investments in bonds, at amortized cost (quoted market value, \$1,219,339.38):		
United States Government bonds.....	\$501,460.57	
Public Utility corporation bonds.....	326,349.36	
Industrial corporation bonds.....	384,938.73	
		1,212,748.66
Accrued interest receivable.....		9,343.87
Furniture and Fixtures (cost \$2,894.19; carried at no value).....		
		\$1,257,954.53
LIABILITIES		
Benefits payable:		
Death.....	\$ 6,911.02	
Disability.....	76.43	
Separation.....	271.45	
		\$ 7,258.90
Accounts payable:		
Employees (Note 2).....	\$ 26.21	
Administrative expense.....	1,121.24	
Taxes withheld due Internal Revenue Department.....	142.40	
		1,289.85
Employees' accumulated contributions, with interest, applicable upon retirement to payment of annuities (refundable upon death or withdrawal):		
Normal contributions.....	\$862,944.73	
Additional contributions.....	3,181.39	
		866,126.12
Contributions advanced by employers.....		44,486.28
Reserves for:		
Additional death benefits (Note 3).....	\$127,216.90	
Disability benefits (Note 3).....	47,230.88	
Funded retirement and reversionary annuities in force.....	9,048.42	
Beneficiary annuities in force.....	13,288.67	
Employers' portion of retirement annuities with interest (Federal and Trust funds only) (Note 3).....	86,727.83	
Interest earned in excess of interest distributed (Note 4).....	2,932.85	
Gains and losses on investments.....	90.73	
Administrative expense.....	2,257.10	
Contingencies.....	50,000.00	
		338,793.38
		\$1,257,954.53

NOTES TO BALANCE SHEET

1. Normal contributions applicable to August 1944 earnings received in September 1944.
2. Contributions deducted in error from employees' earnings prior to August 31, 1944 and refunded subsequently.
3. The State and other employers are obligated under the Act creating the University Retirement System of Illinois to contribute to employees' retirement annuities, disability benefits, additional death benefits and administrative expenses. Such contributions are payable as the benefits are payable with the exception that the contributions from Federal and Trust funds for current annuities are collected currently. Contributions for disability benefits, additional death benefits and administrative expenses for the year ended August 31, 1944 were greater than the benefits paid during the year. The excesses of contributions are being carried forward as reserves toward payment of future benefits and expenses.
4. According to the Act creating the University Retirement System of Illinois, the prescribed rate of interest to be distributed to employees' accounts and various reserves shall be 3% for the first three (3) years or to August 31, 1944. Subsequent to that date, the Board of Trustees shall set the rate of interest to be distributed. The above is the excess of interest earned over interest distributed and such excess is being carried forward as a reserve to be disposed of as deemed advisable by the Board of Trustees after August 31, 1944.

Original from

UNIVERSITY OF ILLINOIS AT  
URBANA-CHAMPAIGN

EXHIBIT B

STATEMENT OF INCOME AND EXPENDITURES  
FOR THE YEAR ENDED AUGUST 31, 1944

INCOME:

Employees' contributions—		
Normal contributions.....	\$317,028.55	
Additional contributions.....	1,422.82	
		\$318,451.37
Employers' contributions for—		
Additional death benefits.....	\$ 75,240.00	
Disability benefits.....	36,040.00	
Unfunded current annuities (including \$480.86 transferred from contributions advanced by employers—University of Illinois).....	1,065.90	
Supplemental annuities (including \$5,895.50 transferred from contributions advanced by employers—University of Illinois).....	70,246.20	
Current retirement annuities accruing (federal and trust funds only).....	33,986.64	
Administrative expenses.....	15,000.00	
Contribution from the State of Illinois for reserve for contingencies.....	50,000.00	
		281,578.74
		\$600,030.11
Interest earned.....		25,354.64
Profit on bonds called.....		90.73
Total income.....		\$625,475.48

EXPENDITURES:

Death benefits—		
From employees' accumulated contributions—		
Normal contributions.....	\$ 4,954.90	
Additional death benefits (including \$264.66 premiums on benefits reinsured).....	30,581.50	
		\$ 35,536.40
Separation benefits from employees' accumulated contributions—		
Normal contributions.....		27,123.82
Disability benefits.....		32,865.35
Retirement annuities—		
Funded retirement annuities.....	\$ 1,049.62	
Unfunded current annuities.....	1,065.90	
Supplemental annuities.....	70,028.99	
		72,144.51
Beneficiary annuities.....		750.08
Reversionary annuities—		
Funded.....	\$ 1.54	
Unfunded.....	217.21	
		218.75
Administrative expense:		
Salaries and wages.....	7,151.43	
Actuarial services.....	1,500.00	
Printing.....	456.52	
Furniture and fixtures.....	203.57	
Auditing.....	375.00	
Office supplies and expense.....	698.78	
Travel.....	196.12	
Trustee and investment expense.....	2,734.95	
Tabulating service.....	138.20	
Other expenses.....	59.93	
		13,514.50
Total expenditures.....		\$182,153.41
Excess of income over expenditures.....		\$443,322.07

EXHIBIT B (Cont'd)  
 STATEMENT OF INCOME AND EXPENDITURES  
 FOR THE YEAR ENDED AUGUST 31, 1944

Represented by:

Additions to or (deductions) from—		
Employees' accumulated contributions:		
Normal (including \$20,537.13 interest).....	\$305,486.96	
Additional (including \$65.55 interest).....	1,488.37	
		\$306,975.33
Reserves:		
Additional death benefits.....	\$ 44,658.50	
Disability benefits.....	3,174.65	
Funded retirement and reversionary annuities in force (including \$241.05 interest).....	(810.11)	
Beneficiary annuities in force (including \$216.63 interest).....	(533.45)	
Employer's portion of retirement annuities— Federal and trust funds only (including \$1,843.74 interest).....	35,830.38	
Interest earned in excess of interest distributed	2,450.54	
Administrative expense.....	1,485.50	
Gains and losses on investments.....	90.73	
Contingencies.....	50,000.00	
		136,346.74
		\$443,322.07

The following transfers between reserves were made during the year:

From—		
Employees' accumulated contributions—normal ..	\$ 6,436.81	
Employers' portion of retirement annuities (fed- eral funds).....	139.58	
		\$ 6,576.39
Employees' accumulated contributions—normal	\$ 456.47	
Additional death benefits.....	8,567.33	
		9,023.80
		\$ 15,600.19
To—		
Funded retirement annuities in force.....	\$ 6,576.39	
Beneficiary annuities in force.....	9,023.80	
		\$ 15,600.19
		\$ 15,600.19

SCHEDULE A-1

STATEMENT OF INVESTMENTS OWNED

August 31, 1944

Description	Interest Rate	Maturity	Balance at August 31, 1944		
			Par Value	Quoted Market Value	Amortized Cost
<b>U. S. GOVERNMENT BONDS</b>					
U.S.A. Treasury Taxable Optional 52	2 1/4%	6-15-55	\$ 100,000.00	\$ 102,156.25	\$ 101,373.25
U.S.A. Treasury Taxable Optional 63	2 1/2%	12-15-68	70,000.00	70,240.63	70,087.32
U.S.A. Savings G Taxable Registered	2 1/2%	10-1-53	20,000.00	20,000.00	20,000.00
U.S.A. Savings G Taxable Registered	2 1/2%	11-1-53	20,000.00	20,000.00	20,000.00
U.S.A. Savings G Taxable Registered	2 1/2%	12-1-53	10,000.00	10,000.00	10,000.00
U.S.A. Savings G Taxable Registered	2 1/2%	2-1-54	10,000.00	10,000.00	10,000.00
U.S.A. Savings G Taxable Registered	2 1/2%	3-1-54	10,000.00	10,000.00	10,000.00
U.S.A. Savings G Taxable Registered	2 1/2%	4-1-54	10,000.00	10,000.00	10,000.00
U.S.A. Savings G Taxable Registered	2 1/2%	5-1-54	20,000.00	20,000.00	20,000.00
U.S.A. Savings G Taxable Registered	2 1/2%	8-1-54	30,000.00	30,000.00	30,000.00
U.S.A. Savings G Taxable Registered	2 1/2%	11-1-54	20,000.00	20,000.00	20,000.00
U.S.A. Savings G Taxable Registered	2 1/2%	4-1-55	20,000.00	20,000.00	20,000.00
U.S.A. Savings G Taxable Registered	2 1/2%	5-1-55	10,000.00	10,000.00	10,000.00
U.S.A. Savings G Taxable Registered	2 1/2%	6-1-55	20,000.00	20,000.00	20,000.00
U.S.A. Savings G Taxable Registered	2 1/2%	7-1-55	10,000.00	10,000.00	10,000.00
U.S.A. Savings G Taxable Registered	2 1/2%	8-1-55	10,000.00	10,000.00	10,000.00
U.S.A. Savings G Taxable Registered	2 1/2%	9-1-55	10,000.00	10,000.00	10,000.00
U.S.A. Savings G Taxable Registered	2 1/2%	10-1-55	10,000.00	10,000.00	10,000.00
U.S.A. Savings G Taxable Registered	2 1/2%	11-1-55	10,000.00	10,000.00	10,000.00
U.S.A. Savings G Taxable Registered	2 1/2%	1-1-56	10,000.00	10,000.00	10,000.00
U.S.A. Savings G Taxable Registered	2 1/2%	2-1-56	10,000.00	10,000.00	10,000.00
U.S.A. Savings G Taxable Registered	2 1/2%	3-1-56	10,000.00	10,000.00	10,000.00
U.S.A. Savings G Taxable Registered	2 1/2%	4-1-56	10,000.00	10,000.00	10,000.00
U.S.A. Savings G Taxable Registered	2 1/2%	5-1-56	10,000.00	10,000.00	10,000.00
U.S.A. Savings G Taxable Registered	2 1/2%	6-1-56	10,000.00	10,000.00	10,000.00
U.S.A. Savings G Taxable Registered	2 1/2%	7-1-56	10,000.00	10,000.00	10,000.00
U.S.A. Savings G Taxable Registered	2 1/2%	8-1-56	10,000.00	10,000.00	10,000.00
Total United States Government Bonds.....			\$ 500,000.00	\$ 502,396.88	\$ 501,460.57
<b>CORPORATION BONDS</b>					
<b>PUBLIC UTILITY BONDS</b>					
Alabama Power Company 1st	3 1/2%	1-1-72	\$ 20,000.00	\$ 22,000.00	\$ 21,370.67
Appalachian Elec. Power Co. 1st	3 1/4%	12-1-70	20,000.00	21,825.00	21,661.10
Bell Telephone of Penna. 1st Ref. C.	5%	10-1-60	20,000.00	26,000.00	25,568.70
California Oregon Power Co. 1st	4%	4-1-66	20,000.00	21,725.00	21,600.53
Central Ill. Public Service Co. 1st A	3 3/8%	10-1-71	20,000.00	21,475.00	21,304.57
Dallas Power & Light 1st	3 1/2%	2-1-67	20,000.00	21,800.00	22,045.17
Detroit Edison Co. Gen. & Ref. H	3%	12-1-70	20,000.00	21,250.00	21,174.50
Florida Power & Light 1st	3 1/2%	1-1-74	20,000.00	21,800.00	21,467.27
Gulf States Utilities 1st & Ref. D.	3 1/2%	5-1-69	20,000.00	22,125.00	22,080.20
Illinois Bell Telephone Co. 1st A	2 3/4%	1-15-81	20,000.00	20,450.00	20,363.65
Northern States Power of Wis. 1st	3 1/2%	3-1-64	10,000.00	11,000.00	10,987.60
Pacific Gas & Electric 1st & Ref. I	3 1/2%	6-1-66	20,000.00	22,100.00	21,812.30
Southern Bell Tel. & Tel. Deb.	3%	7-1-79	30,000.00	32,325.00	32,175.30
Southern Calif. Edison 1st Ref.	3%	9-1-65	10,000.00	10,575.00	10,598.40
Southwestern Gas & Elect. Co. 1st A	3 1/4%	2-1-70	30,000.00	32,250.00	32,139.40
Total Public Utility Bonds.....			\$ 300,000.00	\$ 328,700.00	\$ 326,349.36

SCHEDULE A-1 (Cont'd)

STATEMENT OF INVESTMENTS OWNED

August 31, 1944

Description	Interest Rate	Maturity	Balance at August 31, 1944		
			Par Value	Quoted Market Value	Amortized Cost
<b>INDUSTRIAL BONDS</b>					
American Tobacco Co. Deb.	3 $\frac{7}{8}$ %	4-15-62	\$ 30,000.00	\$ 31,350.00	\$ 30,445.20
Atlantic Refining Co. Deb.	3 $\frac{7}{8}$ %	9- 1-53	20,000.00	20,600.00	20,841.20
Celanese Corp. of America Deb.	3 $\frac{1}{2}$ %	7- 1-62	20,000.00	21,075.00	20,853.67
Crane Company S.F. Deb.	2 $\frac{1}{4}$ %	10- 1-50	30,000.00	30,562.50	30,535.94
Dow Chemical Co. Deb.	2 $\frac{1}{4}$ %	9- 1-50	20,000.00	20,525.00	20,477.20
Electric Auto-Lite Co. Deb.	2 $\frac{1}{4}$ %	12-15-50	13,000.00	13,292.50	13,194.26
Firestone Tire & Rubber Co. Deb.	3 $\frac{7}{8}$ %	5- 1-61	20,000.00	20,750.00	20,490.67
Inland Steel Company 1st F.	3 $\frac{7}{8}$ %	4- 1-61	30,000.00	31,837.50	31,401.97
John Morrell & Company Deb.	3 $\frac{7}{8}$ %	5- 1-58	20,000.00	20,200.00	20,243.20
National Distillers Prod. S.F. Deb.	3 $\frac{1}{4}$ %	3- 1-49	20,000.00	20,550.00	20,512.80
*Seovill Mfg. Company Deb.	3 $\frac{1}{4}$ %	7- 1-50	1,000.00	1,025.00	1,033.55
Socony Vacuum Oil Co. Deb.	3 $\frac{7}{8}$ %	7- 1-64	20,000.00	21,150.00	21,255.33
Standard Oil Co. of California Deb.	2 $\frac{3}{4}$ %	8- 1-66	20,000.00	20,550.00	20,446.13
Swift & Company Deb.	2 $\frac{3}{4}$ %	5- 1-61	20,000.00	20,625.00	20,523.47
Texas Corporation Deb.	3 $\frac{7}{8}$ %	4- 1-59	20,000.00	21,250.00	20,939.07
Union Oil Co. of California Deb.	3 $\frac{7}{8}$ %	8- 1-59	20,000.00	21,100.00	20,861.67
Westinghouse Elec. & Mfg. Co. Deb.	2 $\frac{1}{4}$ %	11- 1-51	20,000.00	20,300.00	20,222.80
Youngstown Sheet & Tube 1st S.F.D.	3 $\frac{1}{4}$ %	11- 1-60	30,000.00	31,500.00	30,660.60
Total Industrial Bonds			\$ 374,000.00	\$ 388,242.50	\$ 384,938.73
Total Corporation Bonds			\$ 674,000.00	\$ 716,942.50	\$ 711,288.09
Grand Total			\$1,174,000.00	\$1,219,339.38	\$1,212,748.66

NOTE: Amortization is on an effective interest yield basis in compliance with the Act creating the University Retirement System of Illinois.

\*Called as of September 1, 1944.



SCHEDULE A-2

SUMMARY OF TRANSACTIONS INVOLVING RESERVES

	Balance Aug. 31, 1943	Additions				Deductions			Balance Aug. 31, 1944
		Revenues	Transfers	Interest distributed	Gain on call of bonds	Expendi- tures	Transfers	Loss on call of bonds	
Reserve for									
Additional death									
benefits.....	\$ 91,125.73	\$ 75,240.00							\$127,216.90
Disability benefits.....	44,056.23	36,040.00							47,230.88
Funded retirement									
annuities.....	3,282.14		\$ 6,576.39	\$ 241.05					9,048.42
Beneficiary annuities...	4,798.32		9,023.80	216.63					13,288.67
Retirement annuities:									
Federal funds.....	34,196.17	17,282.41		1,247.71			139.58		52,586.71
Trust funds.....	16,840.86	16,704.23		596.03					34,141.12
Unfunded current									
annuities.....		1,065.90							
Supplemental annuities		70,246.20							
Interest earned in ex-									
cess of interest dis-									
tributed.....	482.31			2,450.54					2,932.85
Gains or losses on in-									
vestments.....				\$100.22				\$ 9.49	90.73
Administrative expense	771.60	15,000.00							2,257.10
Contingencies.....		50,000.00							50,000.00
	<u>\$195,553.36</u>	<u>\$281,578.74</u>	<u>\$15,600.19</u>	<u>\$4,751.96</u>	<u>\$100.22</u>	<u>\$150,074.69</u>	<u>\$8,706.91</u>	<u>\$ 9.49</u>	<u>\$338,793.38</u>