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*UNIVERSITY
RETIREMENT SYSTEM
OF ILLINOIS*

ANNUAL REPORT

August 31, 1949

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Original from
UNIVERSITY OF ILLINOIS AT
URBANA-CHAMPAIGN

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*University Retirement System Office
Located at Urbana, Illinois*

*Issued by authority of the Board of Trustees
January, 1950*

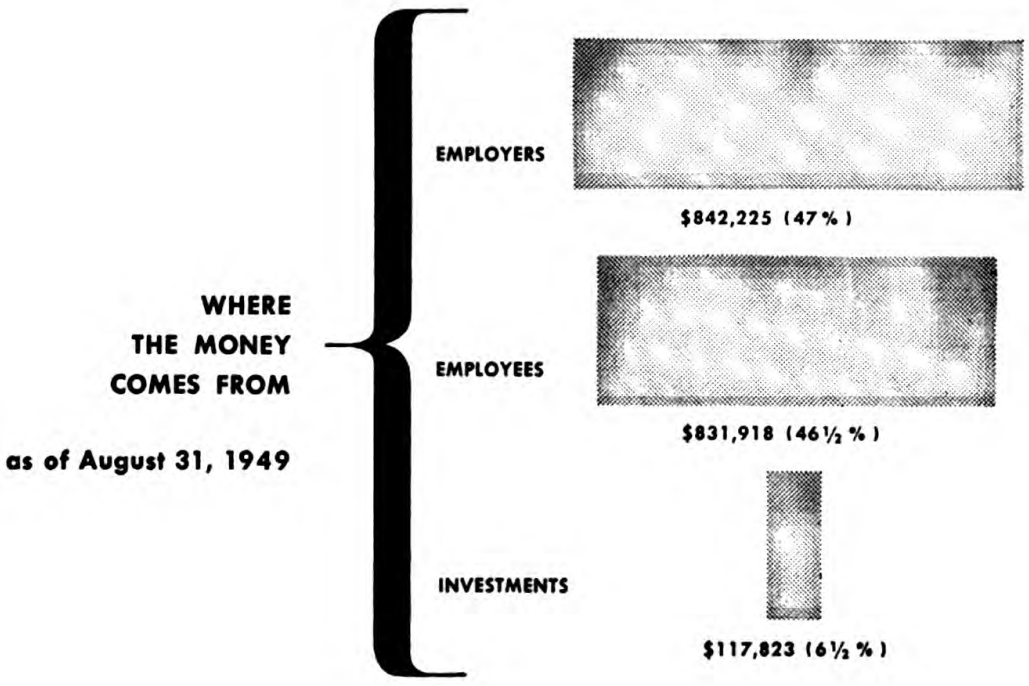
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TO UNIVERSITY RETIREMENT SYSTEM MEMBERS

On completion of the eighth year of operation, 6501 people were members of University Retirement System of Illinois on August 31, 1949. This marks another year of continuous increase and growth of the System, reflected by increased benefits, investments, assets, and appropriations.

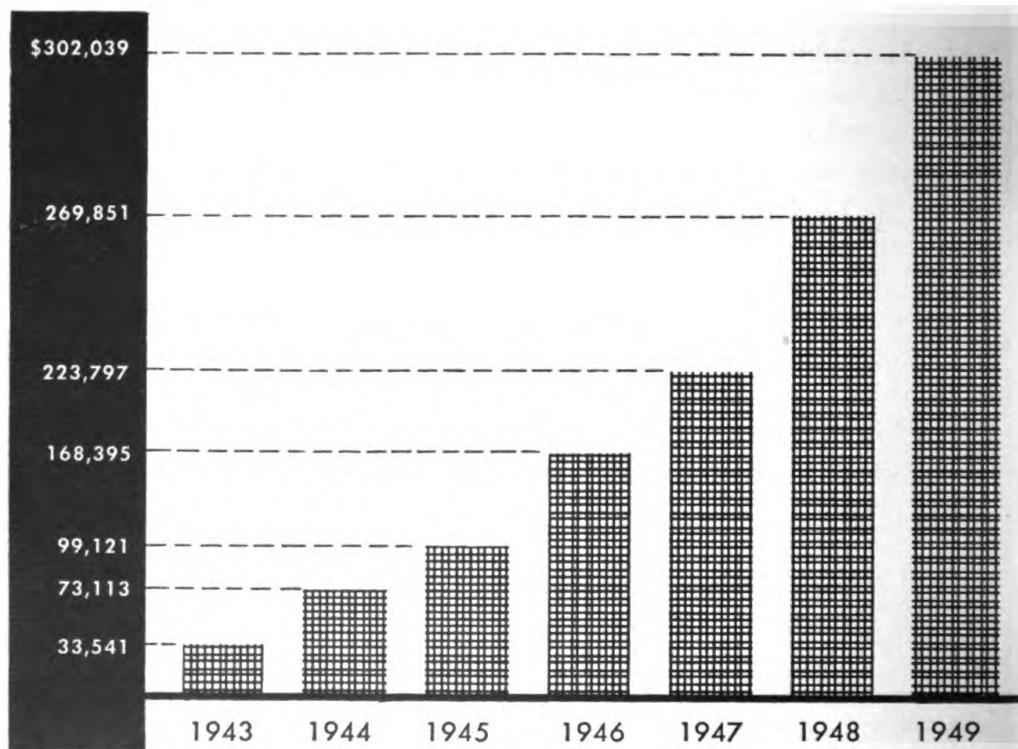
The Employees' Contributions held in trust by the System have increased to \$3,489,923, while the total assets of the System have grown to \$5,055,736, almost 21% greater than last year.

Investments owned by the System reached \$4,919,753, an increase of \$862,879 during the year. Corporation bonds equalled 58.24% of the total book value of all assets of the System. This fact complied with the requirement that investment in non-public obligations cannot exceed 60% of the total book value of all assets of the System.



RETIREMENT ANNUITIES

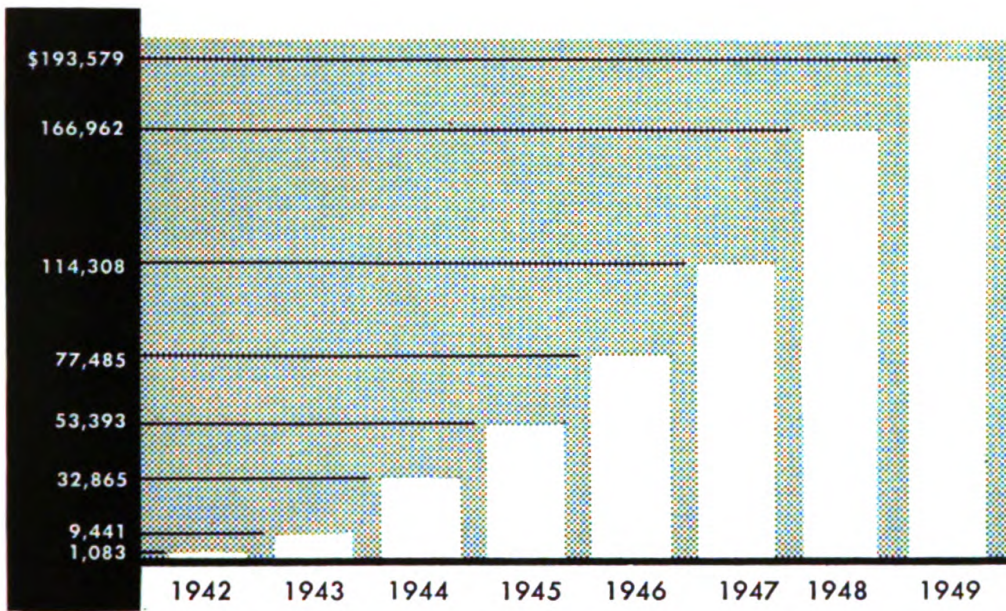
During the fiscal year 43 members retired, 9 retirement annuitants died, leaving 215 who were receiving Retirement Annuities on August 31, 1949. Payments of Retirement Annuities reached \$302,039, a 14% increase over the previous year. No new Reversionary Annuities became effective during the year. Five Reversionary Annuities are in force.



ANNUITIES PAID AT YEARS ENDING AUGUST 31

DISABILITY BENEFITS

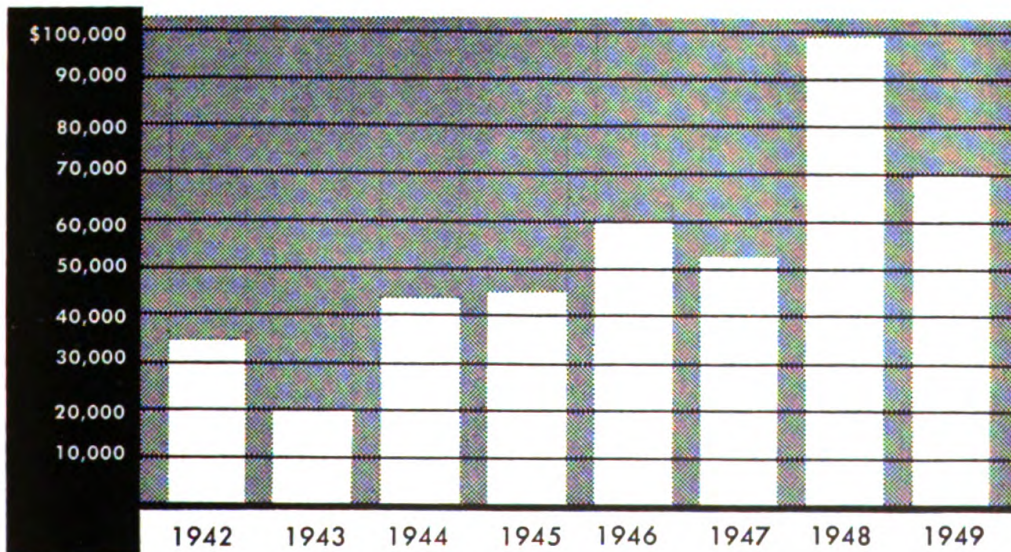
Payments in the form of Disability Benefits reached \$193,579 for the year, continuing the increased trend by being almost 16% greater than last year. At the close of the fiscal year 202 members were receiving Disability Benefits.



DISABILITY BENEFITS PAID AT YEARS ENDING AUGUST 31

DEATH BENEFITS

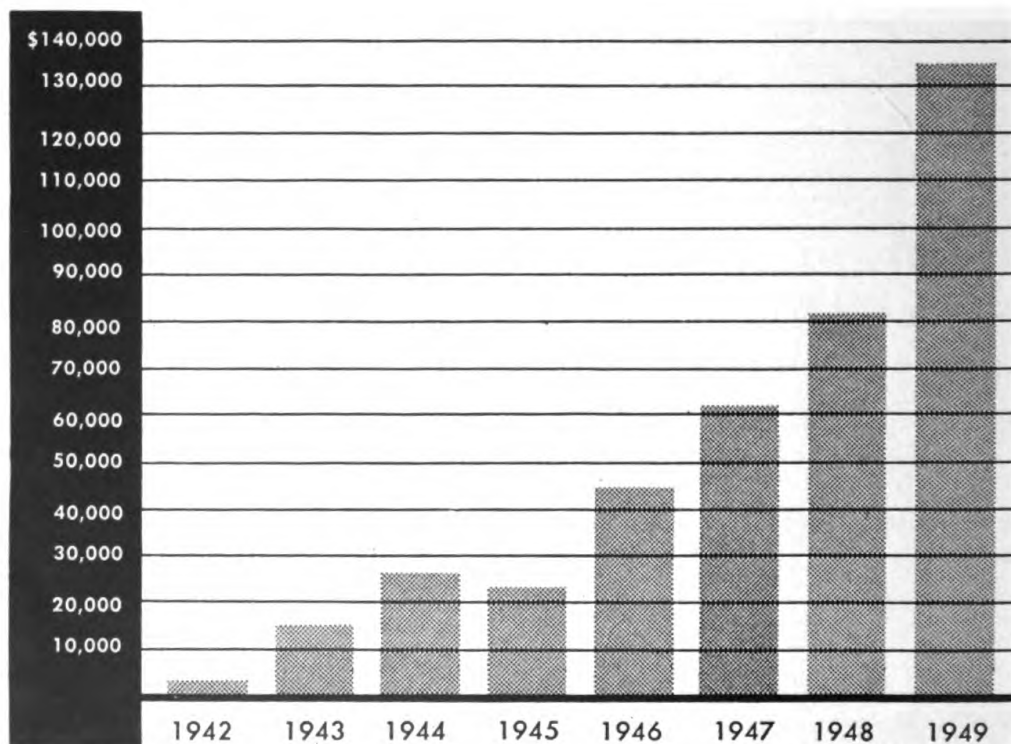
Death Benefits of \$69,966, resulted from 39 members' deaths. Of this number, nine were annuitants. The sum of \$54,966 was paid in cash to Beneficiaries and \$15,000 was used to provide Beneficiary Annuities. At the end of the fiscal year 20 Beneficiary Annuities were being paid.



DEATH BENEFITS PAID AT YEARS ENDING AUGUST 31

SEPARATION BENEFITS

There were 702 people who left the System and withdrew their Contributions. Their withdrawals amounted to \$135,500. This amount represents an increase of 64% over last year for Separation Benefits.



SEPARATION BENEFITS PAID AT YEARS ENDING AUGUST 31

This report was prepared by Ruth E. Kunkel, and is submitted by:
**THE BOARD OF TRUSTEES AND OFFICERS
OF THE UNIVERSITY RETIREMENT
SYSTEM OF ILLINOIS**

GEORGE ROSSETTER & CO.
Certified Public Accountants
First National Bank Building · Chicago · 3

Board of Trustees,
University Retirement System of Illinois:

We have examined the balance sheet of the University Retirement System of Illinois as of August 31, 1949, and the related statements of reserves and income and expenditures for the year then ended. 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.

In our opinion, the accompanying balance sheet and statements of reserves and income and expenditures on the basis set forth in the notes thereto present fairly the financial position of the University Retirement System of Illinois at August 31, 1949, 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.

GEORGE ROSSETTER & Co.

Chicago,
October 27, 1949.

Balance Sheet
August 31, 1949

ASSETS

CASH IN BANK	\$	79,300.97
ACCOUNTS RECEIVABLE		17,740.16
ACCRUED INTEREST RECEIVABLE		38,942.35
INVESTMENTS IN BONDS — at amortized cost (market value, \$4,943,576.25), per Exhibit D		4,919,752.85
FURNITURE AND FIXTURES (cost, \$8,941.22, carried at no value) ...		Nil
TOTAL		\$5,055,736.33

LIABILITIES

ACCOUNTS PAYABLE	\$	486.77
BENEFITS PAYABLE		20,268.53
RESERVES, per Exhibit B:		
Reserve for employee contributions		\$3,489,923.01
Other reserves:		
Reserve for additional death benefits	\$188,232.51	
Reserve for funded retirement and reversionary annuities in force	110,559.21	
Reserve for beneficiary annuities in force	58,542.46	
Reserve for employer contributions for funded current annuities accruing	562,962.25	
Reserve for employer contributions for unfunded current an- nuities (see note)	22,771.59	
Reserve for employer contributions for supplemental annuities (see note)	224,816.71	
Reserve for investments and interest	36,455.25	
Reserve for contingencies	340,718.04	
TOTAL		\$5,055,736.33

EXHIBIT B

SUMMARY OF CHANGES IN RESERVES
 For the Year Ended August 31, 1949

Reserve	Balance, August 31, 1948	Additions			Deductions			Balance August 31, 1949
		Income, per Exhibit C	Interest Distribution	Transfers	Expenditures per Exhibit C	Interest Distribution	Transfers	
Reserve for employee contributions.....	\$2,758,728.29	\$ 831,679.70	\$ 89,636.86		\$152,815.89		\$37,305.95	\$3,489,923.01
Reserve for additional death benefits.....	216,369.51	21,122.58			38,528.20		10,731.38	188,292.51
Reserve for disability benefits.....		162,462.93		\$31,115.97	193,578.90			
Reserve for funded retirement and reversionary annuities in force.....	84,384.71		3,118.64	36,518.10	13,462.24			110,559.21
Reserve for beneficiary annuities in force....	45,913.48		1,427.67	15,000.00	3,798.69			58,542.46
Reserve for reciprocal benefits.....	39.86	238.50		67.76	346.12			
Reserve for employer contributions for funded current annuities accruing.....	424,056.03	128,088.80	14,298.19				3,480.77	562,962.25
Reserve for employer contributions for unfunded current annuities.....	16,282.04	25,988.00			19,498.45			22,771.59
Reserve for employer contributions for supplemental annuities.....	162,326.68	334,433.00			271,942.97			224,816.71
Reserve for investments and interest.....	27,113.67	117,822.94				\$108,481.36		36,455.25
Reserve for administrative expenses.....		39,059.90		15,534.00	54,593.90			
Reserve for contingencies.....	256,365.77	131,070.00					46,717.73	340,718.04
TOTAL.....	\$3,991,580.04	\$1,791,966.35	\$108,481.36	\$98,235.83	\$748,565.36	\$108,481.36	\$98,235.83	\$5,034,981.03

**Statement of Income and Expenditures
For the Year Ended August 31, 1949**

INCOME:	
Employee contributions	\$ 831,679.70
Employer contributions:	
Additional death benefits.....	\$ 21,122.58
Disability benefits.....	162,462.93
Funded current annuities accruing.....	128,088.80
Unfunded current annuities.....	25,988.00
Supplemental annuities	334,433.00
Administrative expenses.....	39,059.90
Contingencies	<u>131,070.00</u>
	842,225.21
Employee contributions transferred from other retirement systems under the provision of the State Retirement Systems Recip- rocal Act	238.50
Interest on bonds, plus accumulated discount, less amortized premium	117,875.78
Profit (or loss) on sale or redemption of bonds	<u>(52.84)</u>
Total Income	<u>\$1,791,966.35</u>
EXPENDITURES:	
Administrative expenses.....	\$ 54,593.90
Annuity payments:	
Retirement.....	\$302,038.94
Reversionary	3,210.84
Beneficiary.....	<u>3,798.69</u>
	309,048.47
Benefit payments:	
Death.....	\$ 54,966.46
Disability.....	193,578.90
Separation.....	<u>135,500.20</u>
	384,045.56
Refunds	877.43
Total Expenditures.....	<u>\$ 748,565.36</u>
EXCESS OF INCOME OVER EXPENDITURES.....	<u><u>\$1,043,400.99</u></u>

EXHIBIT D

**Summary of Investments in Bonds
at August 31, 1949**

	<i>Par Value</i>	<i>Book Value</i>	<i>Market Value</i>
United States Government.....	\$1,970,000.00	\$1,975,040.60	\$1,982,137.50
Public utility	2,100,000.00	2,169,625.33	2,180,340.00
Railroad	20,000.00	20,260.20	20,300.00
Industrial	742,000.00	754,826.72	760,798.75
TOTAL.....	\$4,832,000.00	\$4,919,752.85	\$4,943,576.25

[A detailed schedule may be obtained on request to the University Retirement System of Illinois, Urbana]

NOTE TO FINANCIAL STATEMENTS, AUGUST 31, 1949

At August 31, 1949, no determination had been made of the reserve requirements on an actuarial basis for the stated benefits. Under the Act creating the System, the employers are obligated to contribute to employee retirement annuities, disability benefits, additional death benefits, and administrative expense. Employer contributions are limited under the Act establishing the System to amounts approximately corresponding to the amounts currently needed for the payment of benefits without regard for reserve requirements accruing or having accrued on an actuarial basis except for contributions relative to current annuities on earnings paid from federal and trust funds (which constitute a comparatively minor portion of total earnings of participants). This limitation has resulted in a substantial deficiency in accumulation of reserves and resources on an actuarial basis. The difference between reserve requirements on an actuarial basis and the reserves shown herein constitutes a deferred obligation of employers.

An actuarial determination of the System's reserve requirements as of August 31, 1947, indicated that, as of that date, there were unfunded service requirements of approximately \$11,000,000.00.

*Additional information about
the University Retirement
System of Illinois may be
obtained by writing to its
office, 305 Administration
Building (E), Urbana, Illinois*