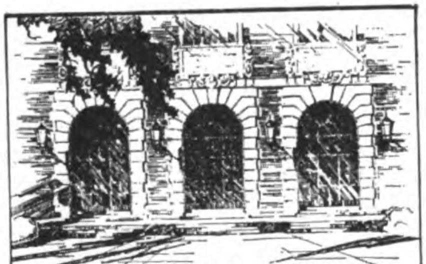

UNIVERSITY RETIREMENT SYSTEM OF ILLINOIS

TENTH ANNUAL REPORT

YEAR ENDING AUGUST 31, 1951

EMPLOYERS*

EASTERN ILLINOIS STATE COLLEGE CHARLESTON

ILLINOIS STATE NORMAL UNIVERSITY NORMAL

NORTHERN ILLINOIS STATE TEACHERS COLLEGE DE KALB

SOUTHERN ILLINOIS UNIVERSITY CARBONDALE

STATE GEOLOGICAL SURVEY URBANA

STATE NATURAL HISTORY SURVEY URBANA

STATE WATER SURVEY URBANA

TEACHERS' COLLEGE BOARD SPRINGFIELD

UNIVERSITY OF ILLINOIS CHICAGO, SPRINGFIELD, URBANA

UNIVERSITY RETIREMENT SYSTEM URBANA

WESTERN ILLINOIS STATE COLLEGE MACOMB

*
The 67th General Assembly of the state of Illinois enacted legislation which created the University Civil Service Merit Board which will become an Employer as of January 1, 1952

UNIVERSITY

RETIREMENT

SYSTEM

OF

ILLINOIS

TENTH ANNUAL REPORT FOR YEAR ENDING AUGUST 31, 1951

ISSUED BY AUTHORITY OF THE

BOARD OF TRUSTEES OF THE

UNIVERSITY RETIREMENT SYSTEM OF ILLINOIS

URBANA, ILLINOIS

MARCH 1952

University Retirement System Office located at

305 Administration (E) Urbana, Illinois

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ANNUAL REPORT TO PARTICIPANTS:

As a Participant in the Retirement System, you are interested in the various benefits to which you may become entitled in the future. You are also interested in the progress and growth of the System during the past year and in the policy which has been adopted in the operation of the System and the investment of its funds.

The System completed ten years of operations on August 31, 1951. During those ten years various amendments to the Retirement Act were adopted which have improved the status of the Participants and of the System, the objective of which is to provide a sound and efficient means of providing benefits to the employees and their dependents, in case of old age, disability, death and termination of employment. The Reciprocal Act was passed in 1947 and provided for the allowance of credits between the State Employees' Retirement System of Illinois, the Teachers' Retirement System of the state of Illinois, and the University Retirement System of Illinois.

With ten years of successful operation behind it, the System can begin its second decade with the feeling that it has corrected many of the inconsistencies in the administration of the Act which are certain to appear in the beginning years of operation.

The data which follow are intended to show the condition of the Retirement System as of August 31, 1951, in regard to the following:

1. Benefits available
2. Financial status
3. Investment policy
4. Progress and growth of the System

The presentation of these data at the close of each year has been recognized by the Board of Trustees as one of its many obligations, and it is hoped that the Participants will profit from such presentation by having a more thorough knowledge of the operations of the System and the benefits which are available.

This report was prepared by Lloyd Morey, Comptroller, and Ruth E. Kunkel, Secretary. The accounts of the System have been audited by George Rossetter and Company, Certified Public Accountants, and their report is included herein. A Report on the Actuarial Valuation of the System as of August 31, 1950, has been submitted by A. A. Weinberg, Consulting Actuary, who also has aided in the preparation of the Statistical Tables.

John R. Fornof, *President*
BOARD OF TRUSTEES
UNIVERSITY RETIREMENT SYSTEM
OF ILLINOIS

SUMMARY OF BENEFITS*

1 RETIREMENT ANNUITIES

A Participant in the University Retirement System may retire between the ages of 55 and 60 *if* consent is given by his Employer and the Retirement Board. He *may* retire at age 60 as a matter of right, and neither the consent of the Employer nor of the Retirement Board is required. He *must* retire on September 1 following his 68th birthday unless deferment is requested and approval by his Employer is given.

The University Retirement System Act provides for the following three methods of computing the amount of the Annuity, and the method which provides the largest Annuity will be used, provided the Employee meets the requirements of that method.

Basic Method

The basic method of determining the amount of the Retirement Annuity is the Money-Purchase or the Actuarial Equivalent method. All Retirement Annuities are calculated by this method unless Rule 1 or Rule 2, described below, would provide a larger Annuity. Under this method the Retirement Annuity is determined by the amount of Contributions that have been deducted from the Participant's salary (3½% to September 1, 1949 and 5% thereafter), the amount of the Employer's contributions (7% of salary), and the age of the Participant on the date the Retirement Annuity is to begin.

To illustrate this method, assume that a Participant who is employed after September 1, 1949 receives Average Annual Earnings of $4,600 for 20 years. At retirement, his Normal Contributions including interest would be $6,250 and the Employer's Contributions including interest, would be 1.4 times that amount, or $8,750. Thus his total Contributions would be $15,000. The monthly Retirement Annuity is then determined by multiplying the total Contributions by the actuarial factor

* This summary is intended to set forth a simple explanation of the benefits provided and does not purport to be a substitute for the language used in the applicable Law.

which is based on the age at the time of retirement. The following table shows the amount of the monthly Annuity which an Employee with total Contributions of $15,000, would receive between the ages of 60 and 68.

AGE AT RETIREMENT	TOTAL CONTRIBUTIONS	ACTUARIAL FACTOR	MONTHLY RETIREMENT ANNUITY
60	$15,000	.0070205	$105.31
61	15,000	.0072532	108.80
62	15,000	.0075002	112.50
63	15,000	.0077628	116.44
64	15,000	.0080425	120.64
65	15,000	.0083403	125.10
66	15,000	.0086573	129.86
67	15,000	.0089944	134.92
68	15,000	.0093545	140.32

Rule 1

Every Participant who retires will be entitled to have his Annuity calculated in accordance with the Money-Purchase method. In most cases, however, the Participant will prefer to have it calculated under Rule 1, especially if his Final Rate of Earnings is materially higher than his average earnings. Rule 1 applies only to the Participant who resigns after age 65 with 20 or more years of Service. The Retirement Annuity will be 1½% of Final Rate of Earnings for each year of service, plus $150, under this method, subject to certain maximum and minimum limitations. Under Rule 1, a person with 20 years of Service and Final Rate of Earnings of $4,600, would receive a Retirement Annuity of $1,530 a year (30% of $4,600 = $1,380; $1,380 + $150 = $1,530).

Final Rate of Earnings is the average of the Participant's annual rate of Earnings for the five consecutive years in which his rates of Earnings were the highest. For example, assume that between 1960 and 1965 the Participant's rates of Earnings were $4,200, $4,400, $4,600, $4,800, and $5,000, and that during these five years his Earnings were greater than the Earnings during any other consecutive five-year period. The average of those Earnings would be $4,600 and this would be considered his Final Rate of Earnings.

If the Participant retires under Rule 1, his Annuity will not be more than 60% of his Final Rate of Earnings nor more than $4,000 a year. He will receive a minimum Annuity of $50 per month if such minimum Annuity of $50 per month is not greater than 60% of his Final Rate of Earnings.

Rule 2

Rule 2 will apply only if the Participant meets the following conditions:

(1) He must be at least age 65 when he terminates his employment.

(2) He must have been a permanent and continuous Employee at some time during the period from September 1, 1940 through August 31, 1941.

(3) He must have credit for 15 or more years of Service in the System, including employment before September 1, 1941.

(4) He must have become a Participant in this System by September 1, 1942; OR, prior to January 1, 1944, if he became a Participant as a result of the transfer of the Illinois Eye and Ear Infirmary to the University of Illinois.

The Retirement Annuity under Rule 2 will be 25% of his Final Rate of Earnings plus 1 per cent for each year of Service, but not over 50% of his Final Rate of Earnings nor over $4,000.

Additional Annuity

During the 1951 session, the General Assembly amended Section 4.2 of the Retirement Act and as a result many Employees will receive a larger Annuity upon retiring.

Prior to that amendment, it was possible that an Employee who had received the maximum Annuity at age 68 could have retired at age 65 and received the same Annuity. As a result of this 1951 amendment, when an Employee retires and is entitled to the maximum Annuity, the Retirement System will determine on what date he first became entitled to that maximum Annuity.

All contributions made by the Employee from that date to the time he retires will be considered Additional Contributions, and will be used to purchase an Annuity for him in addition to the maximum allowed under the rules described above.

For example, assume that an Employee who retires at age 68 is entitled to receive an Annuity of $4,000 a year. Assume also that, if he had retired at age 65 he would have received an Annuity of $4,000 a year. If the Contributions which he made after age 65, plus interest, equal $1,000, he would receive an Additional Annuity of approximately $112 a year.

2 REVERSIONARY ANNUITIES

The Act creating the University Retirement System provides that the Participant may elect to receive a reduced Retirement Annuity during his life in order to provide a Reversionary Annuity for his dependent Beneficiary. If such plan is elected by the Participant he will receive a smaller Retirement Annuity than he would ordinarily receive but his Beneficiary will receive an Annuity after his death.

Unless the election of a Reversionary Annuity is made at least five years before the Participant retires, evidence of good health must be submitted. Once an election is made, the Participant may not revoke that election within five years before he retires, but if the dependent Beneficiary dies *before* the Participant retires, the Participant will receive his regular Retirement Annuity rather than the reduced Retirement Annuity.

3 DEATH BENEFITS

If an Employee dies while participating in this System, a Death Benefit will be paid as follows:

(a) To a non-dependent Beneficiary, the sum of the Employee's Contributions together with interest to the date of death, or $500, whichever is greater.

(b) To a dependent Beneficiary, an amount equal to the Final Rate of Earnings of the Participant but not less than $2,000 nor more than $5,000; or the sum of the Employee's Contributions plus interest to the date of death, whichever is greater.

EXCEPTION:

If a Participant dies within the first five years of Service from a condition existing at the date of first participation, the Death Benefit will be the sum of the Employee's Contributions, plus interest (currently at 3%) to the date of death.

If the Participant has resigned prior to the date of his death but has not withdrawn his Contributions, a Death Benefit is payable consisting of his Contributions to the System plus interest.

The Death Benefit payable after the Employee's retirement is as follows:

(a) To a non-dependent Beneficiary, $500.

(b) To a dependent Beneficiary, whichever of the following is the greatest:

(1) The Participant's Contributions which he had made prior to retirement, plus interest, less the Annuity payments he had received to the date of his death.

(2) Six times the monthly Supplemental Annuity. (The Supplemental Annuity is the portion of the Retirement Annuity which is provided from credit granted for Service prior to the date the person became a Participant in the System, as per Rule 2, Item 4.)

(3) $500.

Dependency for the purpose of determining the amount of the Death Benefit, is defined by the Retirement Board as follows:

> "One who bears toward the Participant any one of the following relationships: wife; husband; son, daughter, or any child toward whom the Participant stands in *loco parentis* and who is under twenty-one years of age or who is devoting substantially his full time to school work; or any parent, brother, sister, or other relative toward whose support the Participant contributed. As to such persons, no further evidence of dependency than one of the above relationships need be furnished.
>
> In all other cases the Board will determine dependency on the circumstances of the case."

If the Participant has designated two or more Beneficiaries, and at the time of his death any Beneficiary is dependent upon him as defined above, the total Death Benefit shall be computed as though all Beneficiaries were dependent; however, only those Beneficiaries who are dependent shall share in the portion of the Death Benefit in excess of the Participant's Contributions plus interest.

When a Death Benefit is payable to the estate of the Participant, if one or more of the persons sharing in the estate are dependents, as defined above, it will be assumed that the estate is dependent for the purpose of determining the amount of the Death Benefit.

The Participant may designate that the Death Benefit shall be paid either in a lump sum or as a monthly income during the life of the Beneficiary. If he designates that the Death Benefit shall be paid in the form of a life income, and if the amount of such life income would be $10 or more per month, neither the Retirement Board nor the Beneficiary will have the power to change the method of payment.

If the Participant does not designate how such Death Benefit is to be paid, or if he designates that the Beneficiary shall receive a lump sum, the Beneficiary has the power to elect whether to receive the full amount of the Death Benefit in a lump sum, part in a lump sum and the balance as life income, or all as life income.

4 DISABILITY BENEFITS

In general, the Participant is entitled to Disability Benefits for any mental or physical disability which keeps him from doing any job paying at least as much as he could receive as Disability Benefit. The results of medical examinations and a certificate from the Employer determine whether he is entitled to Disability Benefits.

An exception is that if the disability is a result of a condition which existed at the time the Participant first became a Participant, he will not be entitled to Disability Benefits unless he has been employed and has participated in the System for at least five years.

Disability Benefits begin 61 days after disability occurs if the Participant is not receiving salary or sick benefits from his Employer at that time, and if he files his application within 90 days from the date of disability. If he is receiving salary or sick benefits from his Employer on the 61st day after disability occurs, Disability Benefits will begin on the day such payments by the Employer cease.

The Disability Benefit payable is one-half of the rate of earnings of the Participant at the time he becomes disabled but not more than $4,000 a year. That amount is paid until he has received one-half of his total earnings during the entire period for which he has received Service credit in the System, or until disability ceases. If he is still entitled to receive Disability Benefits after age 68 he will continue to receive them until his Retirement Annuity would amount to as much or more than the Disability Benefit. During the time he is disabled, the System will continue to credit to his account the 5% Contribution which he had been making at the time of disability.

5 SEPARATION BENEFITS

If the Participant resigns he may apply for withdrawal of his Contributions plus interest at any time prior to age 60. But if at the time he applies, he is a Contributing member of the Teachers' Retirement System or the State Employees' Retirement System, no Separation Benefit will be paid. If application is made after age 60, a Separation Benefit will be paid only if his Contributions plus interest and the Employer's Contributions plus interest are not sufficient to provide a Retirement Annuity of at least $10 per month.

Upon acceptance of a Separation Benefit the Participant forfeits any Service credit or equity which he may have had in the System. But if he is later employed and contributes for three years to this System, the State Employees' Retirement System, or the Teachers' Retirement System, he may reinstate this forfeited credit by paying back the amount of the Separation Benefit, plus interest (currently at 3%) to the date of repayment.

6 VESTED INTEREST

There are certain cases in which the Participant may not wish to accept a Separation Benefit after resigning, because it would be to his advantage to leave his Contributions on deposit. The Participant has a vested interest in Employer's Contributions if he resigns after reaching age 55, or if he resigns before age 55 but has 15 or more years of Service, at least 10 of which are after September 1, 1941. If such Participant accepts a Separation Benefit, he will receive only the amount of his Contributions plus interest, but if he leaves his Contributions on deposit until age 60, at which time he would be entitled to retire, his Retirement Annuity would be determined by the amount of his Contributions plus interest, and the amount of the Employer's Contributions plus interest.

7 RECIPROCAL BENEFITS

In 1947, the General Assembly passed an Act to provide for reciprocal allowance of credits for retirement, death and disability benefits between the State Employees' Retirement System of Illinois, the University Retirement System of Illinois, and the Teachers' Retirement System of the state of Illinois. Only those Employees who have made Contributions to one of the other Systems will be concerned with this section.

The Reciprocal Act is a plan for the continuity or preservation of credits accrued under the different systems, and not a plan for the transfer of credits. In determining *eligibility* for a retirement annuity, death benefit, or disability benefit, however, the system to which the person last made contributions shall take into account his entire length of service credited under all of the systems covered by the Reciprocal Act. In determining whether a Participant has a vested interest in the University Retirement System, service credited in such other systems may be counted toward the 15 years of service required to become entitled to a vested interest.

(a) Retirement Annuities

Although service credited in one or both of the other systems shall be considered in determining *eligibility* for benefits in the University Retirement System, such service cannot be considered in determining the annuity calculated under Rule 1 or Rule 2.

For example, if an employee retires at age 65 with five years of service in the University Retirement System and 15 years of service previously credited in the State Employees' Retirement System, his retirement annuity provided by the five years of service credited in the University Retirement System would be calculated by the basic method because he does not have sufficient service in the University Retirement System to qualify for Rule 1 or Rule 2. His retirement annuity provided by the 15 years of service credited in the State Employees' Retirement System would be calculated in accordance with the provisions of the Act creating that system. The total retirement annuity would be the sum of the annuities thus calculated.

(b) Disability Benefits

The amount of the disability benefit and the period during which payments are to be made shall be determined by the Act governing the system under which the employee is serving at the time disability occurs.

If the employee is disabled while a member of the University Retirement System, the amount of his disability benefit will be 50% of his rate of earnings at the time of disability. However, the period during which payments are to be made will be extended because earnings in the other systems will be added to the earnings in this System to determine the period during which disability benefits can be paid.

For example, assume that an employee with total earnings of $3,000 while a member of the Teachers' Retirement System, $3,000 while a member of the State Employees' System and $4,000 while a member of the University System, of which he is presently a contributing member, becomes disabled. The disability benefit paid to him would be at the rate of 50% of his rate of earnings at the time of disability. This amount would be paid until such payments equal $5,000 (one-half of his total earnings in all systems).

(c) Death Benefits

The amount of the death benefit shall be determined by the Act governing the system under which the employee last served. (See Section 3.) If the death benefit is based on employee contributions, it will include contributions made to the other systems.

To illustrate, assume that an employee who made contributions of $750 while a member of the Teachers' Retirement System, dies while a contributing member of the University Retirement System, in which he is credited with six years of service, contributions of $1,000, and Final Rate of Earnings of $5,000. If the beneficiary of such employee is dependent upon him in accordance with the rules prescribed by the University Retirement System Board, the amount of the death benefit would be equal to the Final Rate of Earnings of $5,000. If the Beneficiary of such Participant is not dependent upon him, the amount of the death benefit would be $1,750, consisting of the Participant's contributions credited in the University Retirement System plus the employee's contributions credited in the Teachers' Retirement System.

(d) Concurrent Employment

Cases may arise whereby an employee is working part time in a position covered by the University Retirement System and part time in a position covered by one or more of the other systems. If a claim for benefits arises during such period of concurrent employment, the system under which the employee receives the greatest portion of his total compensation shall administer the claim.

CONTRIBUTIONS

EMPLOYEES

Each Employee contributes 5% of each payment of earnings. The rate prior to September 1, 1949 was 3½%. The Employee's contribution is used for one of the following benefits:

(a) Part of the Death Benefit

(b) Part of the Retirement Annuity

(c) All of the Separation Benefit

EMPLOYERS

Under the Act, the State is responsible for payment of benefits described in the previous section. However, actual Contributions from the State are limited to an amount required to pay the benefits and expenses during each Fiscal Year, and to accumulate a reserve equal to the estimated amount of one year's benefits and expenses. It is not intended that a large reserve be established, but only such amounts as may be currently required, together with a reasonable sum for contingencies.

Trust and Federal funds are required to contribute currently in full to cover their obligations on an accrued basis. Charges against them, as well as charges against institutions and agencies for current obligations, are billed on the basis of costs to the System of benefits and other expenses.

RESULTS OF OPERATIONS FOR 1950-51

Total income of the System for the year amounted to $3,569,825, as compared with $3,323,308 for the preceding Fiscal Year. This was an increase of 7.4% over the total income for the previous year and may be accounted for as follows:

1. Employee Contributions increased 10.4% due to the rise in salaries over the previous Fiscal Year and an increase in the number of Participants.
2. Employer Contributions increased 1.6%.
3. Interest on investments increased 41.3%.

Total expenditures during the year were $1,177,656 as compared with $926,393 for the preceding Fiscal Year. This was an increase of $251,263 or 27% over the previous year. This increase in total expenditures was due to the following:

1. Retirement, Reversionary, and Beneficiary Annuities increased 18% over the amount paid for these benefits during the last Fiscal Year.
2. Death Benefit payments increased 60% over the previous year.
3. Disability Benefit payments increased 19.8%.
4. Separation Benefit payments increased 52%.

The large increase in the above expenditures during the year ending August 31, 1951, reflects the growth of the System in providing benefits to a greater number of employees and also in an increase in the amount of the benefits paid.

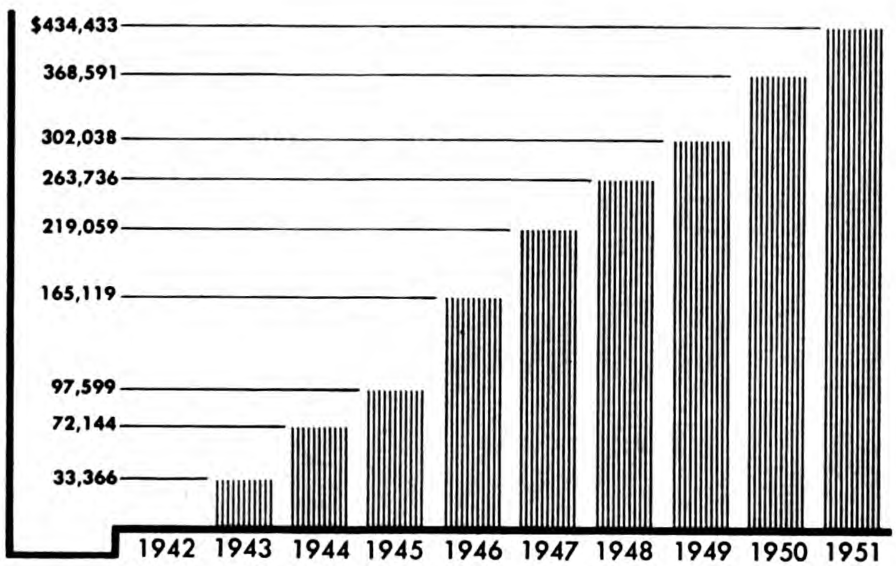
Despite the fact that total expenditures increased 27% during the year, administrative expenses decreased $1,925 or 2.8%, and from 7.3% to 5.6% of total expenditures.

ANNUITIES

At the beginning of the year, there were 259 persons receiving Retirement Annuities. During the year 56 members retired and 13 Annuitants died, leaving 302 who were receiving Retirement Annuities on August 31, 1951. Retirement Annuity payments during the year amounted to $434,433, which is 17.9% greater than the previous year.

At the end of the year, six persons were receiving Reversionary Annuities. Reversionary Annuity payments during the year amounted to $4,066 which is 26.6% greater than the previous year.

At August 31, 1951, 28 Beneficiaries were receiving Beneficiary Annuities. Payments during the year for Beneficiary Annuities amounted to $6,493 which is 26.2% greater than the previous year.

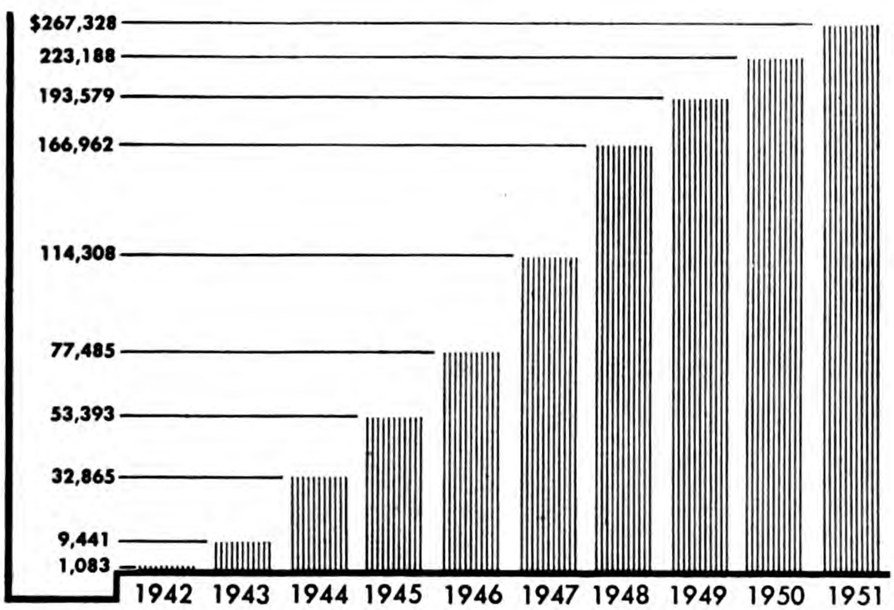


RETIREMENT ANNUITIES PAID DURING YEARS ENDING AUGUST 31

DISABILITY BENEFITS

Disability Benefit payments amounted to $267,328 during the year as compared to $223,188 for the previous year. This was an increase of 19.8%.

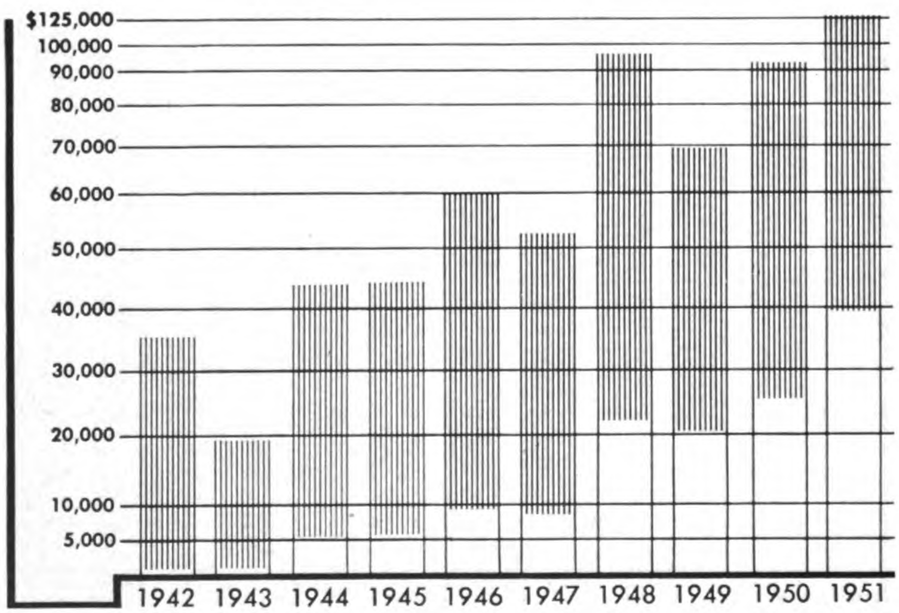
During the year 223 members received Disability Benefits as compared with 212 during the previous year.



DISABILITY BENEFITS PAID DURING YEARS ENDING AUGUST 31

DEATH BENEFITS

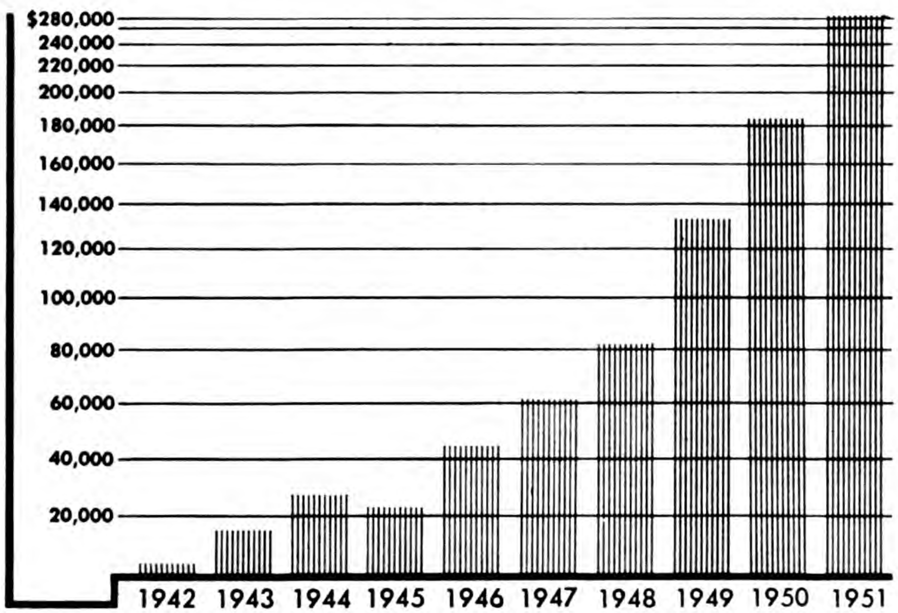
Death Benefits of $127,849 resulted from 52 deaths. Of this number, 13 were Annuitants. The sum of $115,389 was paid in cash and $12,460 was used to provide Beneficiary Annuities. Of the total Death Benefits $78,445 came from Employer Contributions, and $49,404 from Employee Contributions and earnings thereon.



DEATH BENEFITS PAID DURING YEARS ENDING AUGUST 31

SEPARATION BENEFITS

A total of 1,410 Participants withdrew their contributions from the System as compared to 1,055 for the previous year. These withdrawals amounted to $284,162 which is an increase of 52.3% over the previous year. The number of withdrawals from the System has increased sharply since 1949 due to the amendment to the Retirement Act which makes participation compulsory for those permanent and continuous employees who are under 30 years of age. Prior to this 1949 amendment, participation was optional under age 30.



SEPARATION BENEFITS PAID DURING YEARS ENDING AUGUST 31

ASSETS AND INVESTMENTS

At August 31, 1951, total assets were $9,876,008, an increase of $2,399,380 or 32.1% over the previous year. Of the total assets, $9,718,467 or 98.4% was represented by investments in bonds.

Investments owned by the System as of August 31, 1951, were as follows:

TYPE	PAR VALUE	BOOK VALUE	MARKET VALUE
U.S. Government	$3,990,000.00	$4,020,276.18	$3,982,443.75
Public Utility	3,904,000.00	4,007,363.20	3,814,732.50
Railroad	20,000.00	20,240.37	19,800.00
Industrial	1,651,000.00	1,670,587.03	1,634,575.00
TOTAL	**$9,565,000.00**	**$9,718,466.78**	**$9,451,551.25**

A detailed schedule of the above may be inspected at the office of the System in Urbana.

According to the Act creating this System, the investments in non-public obligations cannot exceed 60% of the total book value of all assets of the System at any time. At the end of the year, the investment in non-public obligations was 57.7% of the total book value of assets at that date. The average rate of return on the funds invested by the System during the past year of operation was 2.59%, as compared with 2.57% for the previous year.

The Board of Trustees has adopted the policy of purchasing good quality medium-term bonds and long-term bonds which qualify under the provisions of the Retirement Act. As funds become available, they are invested immediately in such bonds in order to obtain the greatest possible income. Such income in 1950-51 amounted to $229,649.18.

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, 1951, 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, 1951, 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
December 21, 1951

BALANCE SHEET
August 31, 1951

Cash in bank	
Accounts receivable	
Accrued interest receivable	
Investments in bonds—at amortized cost (market value: $9,451,551.25), per Exhi	
Furniture and fixtures—carried at no value (cost: $12,522.88)	
TOTAL	

Accounts payable	
Benefits payable	
Reserves, per Exhibit B:	
Reserve for employee contributions	
Other reserves:	
Reserve for additional death benefits	
Reserve for disability benefits	
Reserve for funded retirement and reversionary annuities in force	
Reserve for beneficiary annuities in force	
Reserve for employer contributions for funded current annuities accruing	
Reserve for employer contributions for unfunded current annuities (see note)	
Reserve for employer contributions for supplemental annuities (see note)	
Reserve for undistributed interest and gains on investments	
Reserve for administrative expenses	
Reserve for annuities, benefits, and administrative expenses (as provided in	
Reserve for variations in mortality, interest, and turnover experience	
TOTAL	

ASSETS

			$ 52,032.76
			24,495.97
			81,012.54
			9,718,466.78
			Nil
			$9,876,008.05

LIABILITIES

			$ 2,623.30
			49,318.79
		$6,270,202.93	
	$333,358.90		
	171,911.51		
	219,296.54		
	84,837.40		
	900,240.73		
	70,651.21		
	550,410.54		
	91,467.58		
	429.13		
...ction 4.1 (1) (e))	690,541.45		
	440,718.04	3,553,863.03	9,824,065.96
			$9,876,008.05

SUMMARY OF CHANGES IN RESERVES
For the Year Ended August 31, 1951

RESERVE	BALANCE, August 31, 1950	INCOME, per Exhibit D
Reserve for employee contributions	$4,854,280.30	$1,660,603.4
Reserve for additional death benefits	265,935.20	145,868.8
Reserve for disability benefits	105,406.99	333,832.2
Reserve for funded retirement and reversionary annuities in force	154,082.81	
Reserve for beneficiary annuities in force	76,541.74	
Reserve for reciprocal benefits	519.09	768.1
Reserve for employer contributions for funded current annuities accruing	721,219.41	168,890.4
Reserve for employer contributions for unfunded current annuities	51,117.58	56,318.0
Reserve for employer contributions for supplemental annuities	412,359.21	510,061.0
Reserve for undistributed interest and gains on investments	54,273.08	229,443.1
Reserve for administrative expenses		66,213.7
Reserve for annuities, benefits, and administrative expenses (as provided in Section 4.1 (1)(e))	345,443.08	347,826.0
Reserve for variations in mortality, interest, and turnover experience	390,718.04	50,000.0
TOTAL	**$7,431,896.53**	**$3,569,825.0**

SUMMARY OF INVESTMENTS IN BONDS
at August 31, 1951

United States Government	
Public utility	
Railroad	
Industrial	
TOTAL	

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

ADDITIONS		DEDUCTIONS			
NTEREST DISTRI-BUTION	TRANSFERS	EXPENDITURES, per Exhibit D	INTEREST DISTRIBUTION	TRANSFERS	BALANCE, August 31, 1951
60,336.99		$ 328,123.45		$ 76,894.33	$6,270,202.93
		70,659.77		7,785.41	333,358.90
		267,327.76			171,911.51
6,043.95	$ 85,628.31	26,458.53			219,296.54
2,328.35	12,459.87	6,492.56			84,837.40
	2,727.63	4,014.84			Nil
23,539.33				13,408.44	900,240.73
		36,784.37			70,651.21
		372,009.67			550,410.54
			$192,248.62		91,467.58
		65,784.63			429.13
				2,727.63	690,541.45
					440,718.04
192,248.62	**$100,815.81**	**$1,177,655.58**	**$192,248.62**	**$100,815.81**	**$9,824,065.96**

Par Value	Book Value	Market Value
3,990,000.00	$4,020,276.18	$3,982,443.75
3,904,000.00	4,007,363.20	3,814,732.50
20,000.00	20,240.37	19,800.00
1,651,000.00	1,670,587.03	1,634,575.00
,565,000.00	**$9,718,466.78**	**$9,451,551.25**

SUMMARY OF INCOME AND EXPENDITURES
for the Year Ended August 31, 1951

INCOME:
Employee contributions
Employer contributions:
Additional death benefits
Disability benefits
Funded current annuities accruing
Unfunded current annuities
Supplemental annuities
Administrative expenses
Annuities, benefits, and administrative expenses (as provided in Section 4.1 (1)
Variations in mortality, interest, and turnover experience
Contributions transferred from other retirement systems under the provisions of S
Interest on bonds, plus accumulated discount, less amortized premium
Loss on sale or redemption of bonds (debit*)
Total income
EXPENDITURES:
Administrative expenses
Annuity payments:
Retirement
Reversionary
Beneficiary
Benefit payments:
Death
Disability
Separation
Total expenditures
EXCESS OF INCOME OVER EXPENDITURES

E:

		$1,660,603.42
	$145,868.88	
	333,832.28	
	168,890.43	
	56,318.00	
	510,061.00	
	66,213.76	
	347,826.00	
	50,000.00	1,679,010.35
Retirement Systems Reciprocal Act		768.12
		229,649.18
		206.06*
		$3,569,825.01

		$ 65,784.63
	$434,433.25	
	4,066.04	
	6,492.56	444,991.85
	115,389.07	
	267,327.76	
	284,162.27	666,879.10
		$1,177,655.58
		$2,392,169.43

Note to Financial Statements, August 31, 1951

At August 31, 1951, 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 expenses. 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, 1950, indicated that, as of that date, there were unfunded requirements approximating $24,000,000.00.

STATISTICAL TABLES

The following statistical tables concerning the benefits paid by the System, the number of Participating Employees, and the number of inactive Participants, shows the progress and growth of the System since its creation on September 1, 1941.

RETIREMENT ANNUITIES — TABLE 1

being paid at August 31, 1951
by length of service at date of retirement

Length of service at retirement	AVERAGE MONTHLY PAYMENT Male		Female	
years	No.	Amount	No.	Amount
1-4	3	$13	..	$..
5-9	12	19	5	23
10-14	7	22	5	15
15-19	25	94	13	73
20-24	35	106	23	82
25-29	52	147	20	103
30-34	37	184	8	145
35-39	22	194	10	152
over 39	19	175	6	128
TOTAL	**212**		**90**	
AV. MONTHLY PAYMENT		**$135**		**$ 95**

RETIREMENT ANNUITIES — TABLE 2

being paid at August 31, 1951
by age at end of fiscal year

Age	AVERAGE MONTHLY PAYMENT Male		Female	
	No.	Amount	No.	Amount
55-59	3	$41	5	$41
60-64	10	40	8	33
65-69	47	151	30	114
70-74	105	144	32	105
75-79	41	128	13	96
over 79	6	98	2	18
TOTAL	**212**		**90**	
AV. MONTHLY PAYMENT		**$135**		**$ 95**

DISABILITY BENEFITS — TABLE 3

being paid at August 31, 1951
by age at end of fiscal year

Age	Male No.	Male Amount	Female No.	Female Amount
	AVERAGE MONTHLY PAYMENT			
under 40	1	$140	3	$87
40-44	3	148	3	91
45-49	5	147	10	111
50-54	6	148	9	111
55-59	18	149	11	105
60-64	18	171	18	136
over 64	29	131	23	98
TOTAL	**80**		**77**	
AV. MONTHLY PAYMENT		**$147**		**$110**

DEATH BENEFITS — TABLE 4

during fiscal year
by length of service at date of death

Length of service (years)	Male No.	Male Amount	Female No.	Female Amount
	AVERAGE AMOUNT OF DEATH BENEFIT			
under 1	. .	$.	. .	$. . . . .
1-4	4	3,861	1	500
5-9	10	2,330	1	1,981
10-14	6	3,249	1	625
15-19	4	2,402	1	1,469
20-24	7	1,693	. .	. . . . .
25-29	6	4,333	. .	. . . . .
30-34	5	2,196	1	2,832
35-39	2	997	2	500
over 39	1	766	. .	. . . . .
TOTAL	**45**		**7**	
AVERAGE PAYMENT		**$2,654**		**$1,201**

DEATH BENEFITS — TABLE 5

during fiscal year by age at date of death

Age at death	AVERAGE AMOUNT OF DEATH BENEFIT — Male No.	Male Amount	Female No.	Female Amount
under 40	8	$3,774	1	$ 500
40-44	3	1,878	..	.....
45-49	..	.....	1	1,469
50-54	1	2,055	1	625
55-59	8	3,335	1	1,981
60-64	8	4,001	..	.....
65-69	5	2,372	1	2,832
70-74	10	1,001	1	500
over 74	2	500	1	500
TOTAL	**45**		**7**	
AVERAGE PAYMENT		**$2,654**		**$1,201**

SEPARATION BENEFITS — TABLE 6

paid during fiscal year ended August 31, 1951
by age at date of payment

Age	AVERAGE SEPARATION BENEFIT — Male No.	Male Amount	Female No.	Female Amount
under 20	..	$......	13	$ 51.92
20-24	44	100.65	291	91.48
25-29	141	183.59	320	142.78
30-34	137	252.03	108	178.96
35-39	81	399.70	51	258.53
40-44	57	461.97	37	271.11
45-49	28	333.36	33	414.27
50-54	14	509.46	19	296.79
55-59	14	282.91	13	268.92
60-64	6	219.60	3	175.47
TOTAL	**522**		**888**	
AVERAGE PAYMENT		**$278.35**		**$156.38**

MALE PARTICIPATING EMPLOYEES* **TABLE 7**

at August 31, 1951 by age at end of fiscal year

Age	No.	Average Annual Rate of Earnings	Average Contributions on Deposit**
under 20	5	$2,510	$ 108
20-24	148	2,860	178
25-29	562	3,565	294
30-34	786	4,202	446
35-39	731	4,846	751
40-44	686	5,283	969
45-49	581	5,434	1,203
50-54	442	5,530	1,399
55-59	411	5,185	1,469
60-64	285	5,804	1,788
over 64	135	5,201	1,652

TOTAL 4,772
AVERAGE ANNUAL RATE OF EARNINGS $4,819
AVERAGE CONTRIBUTIONS ON DEPOSIT $ 924

FEMALE PARTICIPATING EMPLOYEES* **TABLE 8**

at August 31, 1951 by age at end of fiscal year

Age	No.	Average Annual Rate of Earnings	Average Contributions on Deposit**
under 20	58	$1,898	$ 50
20-24	481	2,280	123
25-29	529	2,700	215
30-34	298	3,052	325
35-39	313	3,341	530
40-44	336	3,490	626
45-49	316	3,736	820
50-54	266	3,537	875
55-59	256	3,725	967
60-64	123	3,575	1,035
over 64	54	3,148	98

TOTAL 3,030
AVERAGE ANNUAL RATE OF EARNINGS $3,118
AVERAGE CONTRIBUTIONS ON DEPOSIT $ 518

* Including Disability Benefit Recipients
** Not including Additional Contributions

MALE PARTICIPATING EMPLOYEES* — TABLE 9

at August 31, 1951 by length of service at end of fiscal year

Length of service — years	No.	Average Annual Rate of Earnings	Average Contributions on Deposit**
under 1	259	$3,578	$ 65
1-4	2,333	4,406	488
5-9	876	4,684	1,030
10-14	349	5,481	1,568
15-19	223	5,438	1,569
20-24	313	5,767	1,771
25-29	215	6,174	1,995
30-34	134	6,918	2,264
35-39	47	7,024	2,390
over 39	23	7,451	2,505

TOTAL 4,772
AVERAGE ANNUAL RATE OF EARNINGS $4,819
AVERAGE CONTRIBUTIONS ON DEPOSIT $ 924

FEMALE PARTICIPATING EMPLOYEES* — TABLE 10

at August 31, 1951 by length of service at end of fiscal year

Length of service — years	No.	Average Annual Rate of Earnings	Average Contributions on Deposit**
under 1	531	$2,353	$ 39
1-4	1,384	2,935	296
5-9	491	3,249	732
10-14	172	3,700	1,070
15-19	133	3,958	1,183
20-24	172	4,237	1,329
25-29	87	4,415	1,396
30-34	45	4,531	1,502
35-39	9	3,829	1,298
over 39	6	4,507	1,431

TOTAL 3,030
AVERAGE ANNUAL RATE OF EARNINGS $3,118
AVERAGE CONTRIBUTIONS ON DEPOSIT $ 518

* Including Disability Benefit Recipients
** Not including Additional Contributions

MALE AND FEMALE PARTICIPANTS (Inactive) **TABLE 11**

at August 31, 1951
by age at end of fiscal year

	TOTAL CONTRIBUTIONS ON DEPOSIT*					
	Male		Female		Total	
Age	**No.**	**Amount**	**No.**	**Amount**	**No.**	**Amount**
under 20	1	$ 35	6	$ 81	7	$ 116
20-24	18	1,478	68	3,966	86	5,444
25-29	62	9,622	104	16,734	166	26,356
30-34	63	16,351	62	15,150	125	31,501
35-39	60	14,445	73	15,492	133	29,937
40-44	75	17,730	71	14,045	146	31,775
45-49	64	24,731	60	14,611	124	39,342
50-54	42	13,463	54	14,588	96	28,051
55-59	35	12,329	26	7,055	61	19,384
60-64	13	4,148	7	1,845	20	5,993
over 64	28	53,101	18	16,294	46	69,395
TOTAL	**461**	**$167,433**	**549**	**$119,861**	**1,010**	**$287,294**

* Not including Additional Contributions