

351.5
IL631
1955/56

15th

ANNUAL REPORT YEAR ENDED AUGUST 31, 1956

ISSUED BY THE AUTHORITY OF THE BOARD OF TRUSTEES OF THE

University Retirement System of Illinois

URBANA, ILLINOIS DECEMBER, 1956

THE LIBRARY OF THE

Original from
DEC 20 1956
UNIVERSITY OF ILLINOIS AT
URBANA-CHAMPAIGN
UNIVERSITY OF ILLINOIS

**EMPLOYERS COVERED BY THE
UNIVERSITY RETIREMENT SYSTEM**

EASTERN ILLINOIS UNIVERSITY CHARLESTON

ILLINOIS COMMISSION OF HIGHER EDUCATION CHICAGO

ILLINOIS STATE NORMAL UNIVERSITY NORMAL

NORTHERN ILLINOIS UNIVERSITY DE KALB

SOUTHERN ILLINOIS UNIVERSITY ALTON, CARBONDALE, EAST ST. LOUIS

STATE GEOLOGICAL SURVEY URBANA

STATE NATURAL HISTORY SURVEY URBANA

STATE WATER SURVEY URBANA

TEACHERS' COLLEGE BOARD SPRINGFIELD

UNIVERSITY CIVIL SERVICE MERIT BOARD URBANA

UNIVERSITY OF ILLINOIS CHICAGO, SPRINGFIELD, URBANA

UNIVERSITY OF ILLINOIS ALUMNI ASSOCIATION URBANA

UNIVERSITY OF ILLINOIS FOUNDATION URBANA

UNIVERSITY RETIREMENT SYSTEM URBANA

WESTERN ILLINOIS UNIVERSITY MACOMB

351.5
IR 631
1953/54

BOARD OF TRUSTEES

OF THE UNIVERSITY RETIREMENT SYSTEM OF ILLINOIS

FROM THE BOARD OF TRUSTEES OF THE UNIVERSITY OF ILLINOIS

CUSHMAN B. BISSELL, Chicago

W. T. HERRICK, Clinton

ROBERT Z. HICKMAN, Danville

FROM THE BOARD OF TRUSTEES OF SOUTHERN ILLINOIS UNIVERSITY

JOHN P. WHAM, Centralia

FROM THE TEACHERS' COLLEGE BOARD

ROYAL A. STIPES, JR., Champaign

MEMBER EX OFFICIO — THE DIRECTOR OF REGISTRATION AND EDUCATION

VERA M. BINKS, Springfield

OFFICERS OF THE BOARD

ROYAL A. STIPES, JR., Champaign, President

EDWARD S. GIBALA, Urbana, Secretary

HERBERT O. FARBER, Urbana, Comptroller

MERWIN Q. LYTLE, Chicago, Treasurer

OTHER OFFICERS AND CONSULTANTS

GEORGE W. GOBLE, Legal Adviser

RUBIN G. COHN, Associate Legal Adviser

DR. L. M. DYKE, Medical Director

A. A. WEINBERG, Consulting Actuary

HASKINS AND SELLS, Auditors

DEPOSITORY

HARRIS TRUST & SAVINGS BANK, Chicago

University Retirement System Office located at
1210 W. Oregon St., Urbana, Illinois
Phone — University Extension 541

2354 div. dep v. 13, 1953/54 ac. v. 11, R2

MEMBERS OF THE EMPLOYEES ADVISORY COMMITTEE

UNIVERSITY OF ILLINOIS — NONACADEMIC

Mr. Raymond F. Brewer, Urbana
Mr. Clifford H. James, Urbana
Mr. Millard Lane, Urbana
Mr. Clinton Quesnell, Chicago Professional Colleges
Mr. Harry E. Summers, Chicago Undergraduate Division

UNIVERSITY OF ILLINOIS — ACADEMIC

Prof. Essel R. Dillavou, Urbana
Prof. Clifford W. Mendel, Urbana
Prof. Eugene F. Scoles, Urbana
Dr. John M. Spence, Chicago Professional Colleges
Prof. Bernard J. Babler, Chicago Undergraduate Division

UNIVERSITY OF ILLINOIS — RETIRED

Prof. Elmer Roberts, Urbana

UNIVERSITIES GOVERNED BY THE TEACHERS' COLLEGE BOARD

Mr. Raymond R. Gregg, Eastern Illinois University
Mr. Preston M. Ensign, Illinois State Normal University
Dr. Eric Johnson, Illinois State Normal University
Dr. Eugene Hellmich, Northern Illinois University
Mr. H. Waldo Horrabin, Western Illinois University

SOUTHERN ILLINOIS UNIVERSITY

Dr. Max M. Sappenfield
Mr. Frank R. Loy

STATE SURVEYS

Miss Enid Townley, Geological Survey
Mrs. Bessie East, Natural History Survey
Mr. Lawrence A. Sticher, Water Survey

CONTENTS

ANNUAL REPORT TO THE PARTICIPANTS	6
RESULTS OF OPERATIONS	7
Membership	7
Income	7
Expenditures	9
Annuity Statistics	9
Disability Benefit Statistics	10
Death Benefit Statistics	10
Refunds	10
Administrative Expenses	10
Assets, Liabilities, and Reserves	12
Investments	12
FINANCIAL STATEMENTS	14
SUMMARY OF BENEFITS	20

ANNUAL REPORT TO THE PARTICIPANTS

In accordance with Section 6.2 (m) of the Act governing the University Retirement System of Illinois, and on behalf of its Board of Trustees, I am submitting herewith the annual report of the Board for the year ended August 31, 1957. This report contains a review of the operations during the past fiscal year, and shows the financial status of the fund at the end of that period. The report also contains a brief summary of the benefits and other provisions of the Act governing the System.

In December 1956 the University Retirement System Board notified you of proposed legislation to improve the schedule of benefits under this System. This legislative program, which included liberal survivors insurance benefits, increase in the maximum retirement annuity, and other changes, was approved by the Illinois General Assembly, but was vetoed by the Governor. Your representatives on the Employees Advisory Committee will again consider these changes as well as other legislative proposals and make recommendations to be submitted to the General Assembly in 1959. May we urge that you write or talk to your representatives on this committee and give them your views on changes in the Retirement System which you feel are desirable. The names of the members on this committee appear in this report. If you prefer, you may forward your comments to Edward S. Gibala, Secretary, 1210 West Oregon Street, Urbana, Illinois, who will present them to the Advisory Committee for consideration.

If you wish information regarding your particular case, write, call, or come to the Retirement System Office. The Secretary of the System or one of the other staff members will be happy to serve you.



R. A. STIPES, JR., *President, Board of Trustees*

Results of Operations for 1958-59

MEMBERSHIP

Every person who is under age 58 at the time of employment must become a member of the University Retirement System after one year of permanent or full-time and continuous employment. If a person is employed on a permanent basis, he may elect to become a member during the first year of employment by filing a notice of election with his employer.

On August 31, 1959, there were 11,767 participants in the System, an increase of 699 or 6.3 per cent over the previous year. Of the 11,767 participants on August 31, 1959, 10,799 were currently employed and 968 had resigned but left their contributions on deposit.

INCOME

The income of the System is derived from (1) employee contributions, (2) employer contributions from the State of Illinois and from trust and federal funds, and (3) interest on investments.

1 Every employee under the System contributes 6 per cent of his earnings to finance part of the cost of his annuity. If he resigns prior to establishing eligibility for a retirement annuity, his contributions plus interest are refunded to him, or, upon his death, to his beneficiary.

Employees also contribute an additional 1 per cent on earnings up to \$8,000 per calendar year. This additional contribution is used to finance a part of the cost of survivors insurance benefits to widows, children under age 18, dependent widowers, and dependent parents. If a person resigns and withdraws his contributions, the survivors insurance contribution is refunded without interest. This contribution is also refunded without interest if a person dies or retires and does not have a beneficiary who could qualify for survivors insurance payments.

Total employee contributions during the year amounted to \$4,009,894. This is 51.1 per cent of the total income received during the year and is an increase of 12.4 per cent over the total employee contributions received during the fiscal year 1957-58.

2 The Act governing the University Retirement System provides that the State of Illinois, through appropriations to the various employers covered by the System, shall make employer contributions at least equal to an amount necessary to pay estimated benefits and expenses during each biennium, plus an amount necessary to maintain reserves sufficient to meet the payment of benefits and expenses for two years following the biennium. Employers also make contributions to the System from trust and federal funds under their control.

Employer contributions during the year amounted to \$2,740,424. This is 35 per cent of the total income received during the year and is an increase of \$66,385 or 2.5 per cent over the previous year.

3 Income of the System in excess of the amount necessary to meet current obligations is promptly invested in good quality medium-term and long-term bonds.

Income from investments during the year amounted to \$1,087,452. This is 13.9 per cent of the total income received during the year and is an increase of \$177,904 or 19.6 per cent over the income from investments received during 1957-58. The average rate of return on all securities held during the past year was 3.26 per cent.

Source of Income

**EMPLOYER
CONTRIBUTIONS
35 per cent**

**INCOME FROM
INVESTMENTS
13.9 per cent**



**EMPLOYEE
CONTRIBUTIONS
51.1 per cent**

EXPENDITURES

Total expenditures during the year amounted to \$2,783,084, as compared with \$2,735,742 for the preceding year. This was an increase of \$47,342 or 1.7 per cent. The increase in total expenditures was relatively small because of a large decrease in the amount of refunds paid to persons who terminated their employment. The refunds during the past year amounted to \$565,503, which was \$164,062 less than the total refunds paid during 1956-57. This indicates a substantial improvement in the turnover rate among participants in the Retirement System.

ANNUITY STATISTICS

At the beginning of the year, there were 643 persons receiving retirement annuities. During the year, 121 participants retired and 38 annuitants died, leaving 726 who were receiving retirement annuities on August 31, 1958. Retirement annuity payments during the year amounted to \$1,374,494, as compared with \$1,207,652 for the year ended August 31, 1957. This was an increase of 13.8 per cent. Employees' contributions provided \$147,034 or 10.7 per cent of the annuities paid during the fiscal year 1957-58, and the balance of \$1,227,460 or 89.3 per cent came from the State of Illinois and from trust and federal funds maintained by the employers.

At the end of the year, 21 persons were receiving reversionary annuities. Reversionary annuity payments during the year amounted to \$28,434.

At the end of the year, 47 beneficiaries were receiving beneficiary annuities resulting from elections by the employees or beneficiaries to have the death benefit paid during the life of the beneficiary instead of in a lump sum. Such payments amounted to \$13,299 during the past year.

DISABILITY BENEFIT STATISTICS

During 1957-58, 278 participants received disability benefits, as compared with 299 during the previous year. Total disability benefits during 1957-58 amounted to \$453,863, an increase of \$6,061 or 1.4 per cent over 1956-57.

The entire cost of the disability benefit program is financed through employer contributions from the State of Illinois and trust and federal funds. The employee contributions are not used for this purpose.

At the end of the year, 44 beneficiaries were receiving beneficiary annuities resulting from elections by the employees or beneficiaries to have the death benefit paid during the life of the beneficiary instead of in a lump sum. Such payments amounted to \$11,355 during the past year.

DISABILITY BENEFIT STATISTICS

During 1956-57, 299 participants received disability benefits, as compared with 290 during the previous year. Total disability benefits during 1956-57 amounted to \$447,802, an increase of \$26,544 or 6.3 per cent over 1955-56.

The entire cost of the disability benefit program is financed through employer contributions from the State of Illinois and trust and federal funds. The employee contributions are not used for this purpose.

DEATH BENEFIT STATISTICS

During the year, 44 participants and 38 annuitants died. Death benefits approved during the year amounted to \$260,925, an increase of \$67,486 or 34.9 per cent over the previous year. Of the total death benefits approved during the year 1956-57, \$154,984 was provided by employer contributions, and \$105,941 by employee contributions. Of the death benefits approved during the year, \$40,018 was set aside to provide monthly beneficiary annuities and the balance of \$220,907 was paid in lump sums to beneficiaries.

REFUNDS

A total of 1,687 participants withdrew their contributions from the System during the past year, as compared with 1,984 during 1955-56. These refunds amounted to \$729,565, an increase of \$10,751 or 1.5 per cent over the previous year.

ADMINISTRATIVE EXPENSES

The expenses incurred in administering the University Retirement System are provided by state appropriations and trust and federal funds. The employee contributions are not used for this purpose.

The administrative expenses during 1956-57 amounted to \$98,158, which was \$1,465 or 1.5 per cent less than the administrative costs for 1955-56.

TABLE 1 RETIREMENT ANNUITIES, DISABILITY BENEFITS, AND REFUNDS PAID AND DEATH BENEFITS APPROVED DURING FISCAL YEARS ENDED AUGUST 31

	RETIREMENT ANNUITIES	DISABILITY BENEFITS	REFUNDS	DEATH BENEFITS
1942	\$	\$ 1,083	\$ 3,789	\$ 35,560
1943	33,366	9,441	15,678	19,381
1944	72,144	32,865	27,124	44,295
1945	97,599	53,393	24,838	44,937
1946	165,119	77,485	44,486	60,000
1947	219,059	114,308	62,658	53,135
1948	263,736	166,962	82,608	96,876
1949	302,038	193,579	135,500	69,966
1950	368,591	223,188	186,523	93,284
1951	434,433	267,328	284,162	127,849
1952	521,288	283,750	328,622	76,134
1953	608,981	325,774	474,411	119,515
1954	674,757	356,961	605,988	114,340
1955	846,816	377,350	659,088	139,587
1956	1,013,896	421,258	718,814	193,439
1957	1,207,652	447,802	729,565	260,925
1958	1,374,494	453,863	565,503	250,526

ASSETS, LIABILITIES, AND RESERVES

As of August 31, 1959, total assets were \$38,828,867. This represents an increase of \$5,435,408 or 16.3 per cent over the previous year. Of the total assets, \$37,130,248 or 95.63 per cent was represented by investments in bonds, \$1,029,573 or 2.65 per cent in cash, and \$669,046 or 1.72 per cent in receivables. The liabilities and reserves at August 31, 1959, were as follows:

	AMOUNT	PERCENTAGE
Employee contributions, held in trust for the benefit of each employee	\$23,541,114	60.6
Reserves for funded annuities in force	2,177,304	5.6
Reserves for annuities provided by State appropriations	2,698,175	6.9
Reserves for employer contributions for funded annuities accruing	3,515,213	9.1
Reserves for additional death benefits	305,851	.9
Reserves for disability benefits	1,144,313	2.9
Reserves for administrative expenses	187,250	.5
Reserves for variation in mortality, interest, and turnover experience	1,925,252	5.0
Reserves for undistributed interest and gains and losses on investments	358,508	.9
Employer contributions advanced	2,847,700	7.3
Miscellaneous liabilities and reserves	128,187	.3
TOTAL	\$38,828,867	100.0

INVESTMENTS

Investments owned by the System as of August 31, 1959, were as follows:

DESCRIPTION OF BONDS	PAR VALUE	AMORTIZED COST
United States Government	\$16,665,000	\$16,534,565
Industrial Corporation	9,670,000	9,641,034
Public Utility	10,667,000	10,784,989
Railroad	170,000	169,660
TOTAL	\$37,172,000	\$37,130,248

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

The average rate of return on all securities held during the past year was 3.26 per cent, as compared with 3.1 per cent for the previous fiscal year. This increase in average yield was due to the purchase of securities at rates of income substantially in excess of the average rates that have prevailed since the System was established in 1941. The average rate of return on securities held on August 31, 1959, was 3.36 per cent.

ERNST & ERNST

CERTIFIED PUBLIC ACCOUNTANTS

231 SOUTH LASALLE STREET · CHICAGO 4, ILLINOIS

ACCOUNTANTS' REPORT

Board of Trustees of the
University Retirement System of Illinois and
Auditor General of the State of Illinois

We have examined the financial statements of the University Retirement System of Illinois for the year ended August 31, 1959. 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.

As stated in Note A to the financial statements, employer contributions have been limited generally 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 certain federal funds and trust funds.

The investment in bonds is carried at amortized cost which was approximately \$4,200,000 greater than the aggregate market prices of the bonds at August 31, 1959; however, it is the practice of the System to hold the bonds until maturity, at which time the face amounts will be realized.

In our opinion, with the comments in the preceding two paragraphs, the accompanying balance sheet, summary of income and expenditures, and summary of changes in reserves present fairly the financial position of the University Retirement System of Illinois at August 31, 1959, 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.

Ernst & Ernst

Chicago, Illinois
October 16, 1959

BALANCE SHEET

UNIVERSITY RETIREMENT SYSTEM OF ILLINOIS

August 31, 1959

ASSETS

Cash in bank

Accounts receivable

Accrued interest receivable

Investment in bonds — at amortized cost (aggregate market prices \$32,915,96)

Furniture and fixtures — carried at no value (cost \$24,165.27)

LIABILITIES

Accounts payable

Benefits payable

Employer contributions advanced

Reserves:

Employee contributions

Funded retirement and reversionary annuities in force

Beneficiary annuities in force

Employer contributions for funded annuities accruing

Retirement and reversionary annuities provided by State appropriations*

Disability benefits

Additional death benefits

Survivors insurance benefits — Note B

Reciprocal benefits

Administrative expenses

Variations in mortality, interest, and turnover experience

Undistributed interest and gains and losses on investments

See notes to financial statements.

* Indicates debit balance.

	\$ 1,029,572.76
	363,875.33
	305,170.67
	37,130,248.01
	—
TOTAL ASSETS	\$38,828,866.77
	\$ 5,609.87
	113,125.34
	2,847,700.00
	\$23,541,113.76
	1,998,409.24
	178,894.57
	3,515,213.10
ite A	2,698,174.85
	1,144,312.85
	305,850.90
	2,246.80*
	11,699.59
	187,250.30
	1,925,251.55
	358,507.65
	35,862,431.56
TOTAL LIABILITIES	\$38,828,866.77

SUMMARY OF INCOME AND EXPENDITURES

UNIVERSITY RETIREMENT SYSTEM OF ILLINOIS

Year Ended August 31, 1959

INCOME	
Employee contributions	\$4,009,894.07
Employer contributions:	
Funded annuities accruing	429,910.63
Retirement and reversionary annuities	1,459,163.22
Disability benefits	559,247.76
Additional death benefits	169,512.12
Requirements for reciprocal benefits (as provided in Section 7.10)	7,500.00
Administrative expenses	115,090.06
Interest on bonds, plus accumulated discount, less amortized premiums	1,112,858.79
Losses on sales or redemptions of bonds	(25,406.73)
TOTAL INCOME	\$7,837,769.92

EXPENDITURES

Annuity payments:

Retirement	\$1,535,852.21
Reversionary	31,739.92
Beneficiary	14,338.76

Benefit payments:

Disability	441,272.95
Death	273,805.51
Survivors insurance	2,262.24

Administrative expenses

Contributions refunded to employees upon separation from service	721,934.88
--	------------

TOTAL EXPENDITURES **\$3,133,438.44****INCOME IN EXCESS OF EXPENDITURES****\$4,704,331.48****DISTRIBUTED TO RESERVES AS FOLLOWS**

Employee contributions	\$3,163,608.78
Funded retirement and reversionary annuities in force	(209,248.43)
Beneficiary annuities in force	(14,338.76)
Employer contributions for funded annuities accruing	429,910.63
Retirement and reversionary annuities provided by State appropriations — Note A	107,708.15
Disability benefits	117,974.81
Additional death benefits	20,057.02
Survivors insurance benefits — Note B	(2,262.24)
Reciprocal benefits	611.37
Administrative expenses	2,858.09
Undistributed interest and gains and losses on investments	1,087,452.06
TOTAL	\$4,704,331.48

See notes to financial statements.

() Indicates negative amount.

SUMMARY OF CHANGES IN RESERVES
UNIVERSITY RETIREMENT SYSTEM OF ILLINOIS
 Year Ended August 31, 1959

	BALANCE September 1, 1958	INCOME in Excess of Expenditures
Employee contributions	\$20,197,708.55	\$3,163,608.78*
Funded retirement and reversionary annuities in force	1,665,743.75	209,248.43*
Beneficiary annuities in force	155,101.80	14,338.76*
Employer contributions for funded annuities accruing	3,092,911.98	429,910.63
Retirement and reversionary annuities provided by State appropriations — Note A	2,515,016.21	107,708.15
Disability benefits	993,187.11	117,974.81
Additional death benefits	301,259.55	20,057.02
Survivors insurance benefits — Note B	—	2,262.24*
Reciprocal benefits	10,765.26	611.37
Administrative expenses	179,021.56	2,858.09
Variations in mortality, interest, and turnover experience	1,869,176.26	
Undistributed interest and gains and losses on investments	178,208.05	1,087,452.06
TOTAL	\$31,158,100.08	\$4,704,331.48*

See notes to financial statements.

* Indicates negative amount.

Notes to Financial Statements, August 31, 1959

Note A. At the conclusion of each fiscal year a determination is made of the reserve requirements on an actuarial basis for the stated benefits. Under the Act establishing the System, the employers are obligated to contribute to employee retirement annuities, disability benefits, additional death benefits, and administrative expenses. Employer contributions have been limited generally 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 certain federal funds 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. The System's unfunded reserve requirements are estimated to be \$72,694,000 as of August 31, 1959.

INTEREST DISTRIBUTION		TRANSFERS		BALANCE August 31, 1959
Additions	Deductions	Additions	Deductions	
585,477.26			\$405,680.83	\$23,541,113.76
49,972.31		\$491,941.61		1,998,409.24
4,653.05		33,478.48		178,894.57
92,787.36			100,396.87	3,515,213.10
75,450.49				2,698,174.85
29,795.61		3,355.32		1,144,312.85
9,037.79			24,503.46	305,850.90
		15.44		2,246.80*
322.96				11,699.59
5,370.65				187,250.30
56,075.29				1,925,251.55
	\$908,942.77	1,790.31		358,507.65
8,942.77	\$908,942.77	\$530,581.16	\$530,581.16	\$35,862,431.56

Note B. The Act governing the University Retirement System of Illinois was amended, effective July 14, 1959, to provide survivors insurance benefits. Employer contributions (provided through State appropriations) for the biennium commencing July 1, 1959, were not taken into income by the System until September 1, 1959, in accordance with the System's policy. Survivors insurance benefits were paid in August, 1959, resulting in a deficit in the reserve account as of August 31, 1959.

SUMMARY OF BENEFITS¹

I PARTICIPATION

With some minor exceptions, every person under age 58 at the time of employment is *required* to become a participant in the Retirement System after one year of permanent or full-time and continuous employment. If a person is employed on a permanent and continuous basis, he may elect to become a participant during the first year of employment.

II EMPLOYEE CONTRIBUTIONS

Normal retirement contributions of 6 per cent of full salary are deducted from the earnings of each employee. An additional 1 per cent for survivors insurance is deducted on earnings up to \$8,000 per calendar year. Both the normal contributions plus interest to the date of termination and the survivors insurance contributions may be withdrawn upon termination of employment prior to age 60.

No refund of normal contributions may be received by a person who terminates his employment after age 60 if he qualifies for a monthly pension of more than \$30; however, the survivors insurance contributions will be refunded at the time of death before retirement or at retirement if at that time the employee does not have a wife, child under 18, dependent husband, or dependent parent who may qualify for the monthly survivors annuity.

III RETIREMENT ANNUITY

A participant qualifies for a retirement annuity if he has 10 or more years of service after September 1, 1941, even though his employment terminates before he reaches the minimum retirement age. He may begin receiving his annuity after attainment of age 60 as a matter of right and between ages 55 and 60 with the approval of his employer and the Retirement Board. A participant must retire by September 1 following his 68th birthday, unless deferment is approved by his employer. If a participant continues his employment until the compulsory retirement date, he may qualify for a retirement annuity even if he has less than 10 years of service.

¹ 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. A handbook containing a detailed explanation of the benefits may be secured from the University Retirement System Office, 1210 W. Oregon St., Urbana, Illinois.

General Retirement Formula

All participants with 10 or more years of service after September 1, 1941, are entitled at age 60 or over to an annuity computed as follows:

$$1\frac{2}{3}\% \times \text{number of years of service} \times \text{Final Rate of Earnings}$$

Final Rate of Earnings is defined as the average earnings during the period of the five consecutive fiscal years in which they were the highest.

The retirement annuity under the general formula may not exceed 60 per cent of Final Rate of Earnings or the amounts set forth below:

DATE RETIREMENT BENEFITS BEGIN	YEARLY MAXIMUM
July 14, 1959 — August 31, 1960	\$7,200
September 1, 1960 — August 31, 1961	7,700
September 1, 1961 — August 31, 1962	8,200
September 1, 1962 — August 31, 1963	8,700
September 1, 1963 — August 31, 1964	9,200
September 1, 1964 — August 31, 1965	9,700
September 1, 1965, and thereafter	No Limit

Upon approval of the employer the participant may begin receiving his annuity between ages 55 and 60 based upon the above general formula; however, his annuity as computed in accordance with this formula would be reduced $\frac{1}{2}$ of 1 per cent for each month that the annuity begins prior to age 60.

Special Retirement Formulas

Persons who began their employment prior to July 1, 1955, may, under certain circumstances, qualify for different formulas which may provide a larger retirement allowance. In this event the Retirement System will apply the formula which provides the greatest retirement annuity.

IV DISABILITY BENEFITS

If a participant with two or more years of service becomes unable to perform the duties of his position, he is entitled to a disability benefit of 50 per cent of his current rate of earnings beginning on the 61st day after his disability begins, or at the expiration of his salary payments from his employer, whichever is later. However, the disability benefit may not exceed the following amounts:

DATE DISABILITY OCCURRED	YEARLY MAXIMUM
July 14, 1959 — August 31, 1960	\$7,200
September 1, 1960 — August 31, 1961	7,700
September 1, 1961 — August 31, 1962	8,200
September 1, 1962 — August 31, 1963	8,700
September 1, 1963 — August 31, 1964	9,200
September 1, 1964 — August 31, 1965	9,700
September 1, 1965, and thereafter	No Limit

Disability benefits may be paid during the first two years of service if the disability is a result of an accident.

Disability benefits may continue during disability until the total amount received by an employee equals 50 per cent of his total earnings during his entire period of service, but disability payments may not be made beyond September 1 following age 68. For example, assume that a person earning \$500 per month becomes disabled after having been a member of the System for 10 years, and during this 10-year period he had earned \$60,000. He would receive disability benefits of \$250 per month until he had received \$30,000. Thus his credits would be sufficient to enable him to receive such payments for 120 months, or 10 years.

A participant receiving disability benefits continues to receive service credit for retirement purposes; therefore, in the above example, the disabled employee would be allowed 20 years of service credits in determining his pension.

V BENEFITS TO DEPENDENTS OF DECEASED PARTICIPANTS

Monthly survivors annuity benefits are available to widows, children under age 18, dependent widowers, and dependent parents of deceased employees who have at least one and one-half years of service. This protection is also available to the dependents of retired employees and former employees with 10 or more years of service, if their retirement and resignation occurred after July 13, 1959.

Benefits of up to \$250 per month will be payable to a widow or dependent widower with children under age 18, and up to \$200 per month will be payable to a surviving beneficiary without such minor children. The exact amount of the monthly survivors benefit depends upon the employee's average salary during the five-consecutive-year period in which his earnings were the highest. These monthly benefits begin immediately if children under age 18 survive; otherwise the monthly payments begin when the beneficiary reaches age 55.

In addition to the monthly survivors annuity, the widow or other dependent beneficiary will receive a lump sum payment of \$1,000 from employer contributions, and if the employee dies prior to retirement, the employee's normal retirement contributions including interest will be refunded.

ILLUSTRATION OF MONTHLY SURVIVORS ANNUITY

Monthly Final Rate of Earnings	Widow, Dependent Husband, or Dependent Parent (30 %)	Widow and 1 Child (60 %)	Widow and 2 or More Children (80 %)*
\$100	\$ 30	\$ 60	\$ 80
200	60	120	160
300	90	180	240
400	120	240	250*
500	150	250*	250*
600	180	250*	250*
666.67	200*	250*	250*

* Maximum

If the employee dies after retirement or after he has resigned, the total survivors annuity may not exceed 80 per cent of the retirement annuity payable or earned by him prior to his death.

If a participant dies *within* one and one-half years after becoming a member of the Retirement System, his dependent beneficiary will generally be entitled to the sum of (1) an amount equal to the employee's average annual salary during the period of his participation, but not less than \$2,000 nor more than \$5,000, (2) the employee's normal retirement contributions including interest, and (3) the employee's survivors insurance contributions.

VI BENEFITS TO NON-DEPENDENT BENEFICIARIES OF DECEASED PARTICIPANTS

A non-dependent beneficiary of an employee who dies before retirement is entitled to \$1,000 from employer contributions plus return of the employee's normal retirement contributions including interest and the employee's survivors insurance contributions. A non-dependent beneficiary of an employee who dies after retirement is entitled to a death benefit equal to the employee's normal retirement contributions and interest at the time of retirement, less the sum of the monthly retirement annuity payments made by the System; or \$500, whichever is greater.

UNIVERSITY OF ILLINOIS-URBANA



3 0112 111112584