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EIGHTEENTH ANNUAL REPORT  
of the  
BOARD OF TRUSTEES  
of the  
TEACHERS' RETIREMENT SYSTEM  
OF THE STATE OF ILLINOIS  
Successor to the  
ILLINOIS STATE TEACHERS' PENSION  
AND RETIREMENT FUND



to the  
SUPERINTENDENT OF PUBLIC INSTRUCTION  
for the  
Year Ending June 30, 1957

AUBREY J. HOLMES, Secretary  
Pension Document Number Forty-Two

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**TEACHERS' RETIREMENT SYSTEM  
OF THE  
STATE OF ILLINOIS**

SPRINGFIELD, ILLINOIS, December 1, 1957

HON. VERNON L. NICKELL,  
*Superintendent of Public Instruction,  
State of Illinois:*

Dear Sir:

In compliance with Section 25-29 of the Teachers' Retirement System Act, we have the honor to submit to you the Eighteenth Annual Report of the Board of Trustees, Teachers' Retirement System of Illinois, successor to the Board of Trustees, Teachers' Pension and Retirement Fund, State of Illinois, for year ending June 30, 1957.

Very respectfully,

AUBREY J. HOLMES,

Secretary, Board of Trustees,  
Teachers' Retirement System  
of the State of Illinois.



(67777—11-57)

## BOARD OF TRUSTEES

VERNON L. NICKELL, *President*  
Superintendent of Public Instruction

WILLIAM H. CARRUTHERS,  
*Superintendent of Schools*  
Murphysboro, Illinois

THELMA ELSON,  
*Member, Faculty, Trewyn Junior High School.*  
Peoria, Illinois.

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ELMER J. HOFFMAN, *Treasurer,*  
State Treasurer.

LATHAM CASTLE, *Attorney General,*  
Attorney.

AUBREY J. HOLMES, *Secretary,*  
Board of Trustees.

ARTHUR STEDRY HANSEN, *Consulting Actuaries, Actuary.*

## **ACCOUNTANTS' REPORT**

**MURPHEY, TURNBULL & JONES**  
**CERTIFIED PUBLIC ACCOUNTANTS**

First National Bank Building  
Springfield, Illinois

Hon. Elbert S. Smith  
Auditor of Public Accounts,  
State of Illinois.

and

The Board of Trustees,  
Teachers' Retirement System  
of the State of Illinois.

We have examined the balance sheet of the Teachers' Retirement System of the State of Illinois as of June 30, 1957 and the related statement of 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.

Accounts receivable from members and School Boards, and provision made for retirement payments and refunds are not susceptible to exact determination. We have reviewed the methods by which these amounts have been computed or estimated; we find the methods to be consistent with those of prior years and consider the results to be reasonable in the light of information available.

These statements do not reflect either actuarial valuations or actuarial liabilities.

In our opinion, subject to the foregoing comments, the accompanying balance sheet and statement of income and expenditures present fairly the financial position of the Teachers' Retirement System of the State of Illinois at June 30, 1957 and the results of its operations for the year then ended, in conformity with generally accepted accounting principles applicable in these circumstances, applied on a basis consistent with that of the preceding year.

(Signed) MURPHEY, TURNBULL & JONES

Springfield, Illinois  
October 21, 1957



**PART ONE**  
**TEACHERS' RETIREMENT SYSTEM**  
**STATEMENT OF ASSETS AND LIABILITIES**  
**JUNE 30, 1957**

**ASSETS**

Cash on deposit with State Treasurer.....		\$ 1,029,885.07
Receivables—		
From members for deficiencies in contributions, plus interest thereon .....	\$ 2,166,564.98	
From School Boards for contributions due for the year 1956-1957 .....	665,032.36	
From State of Illinois, balance of appropriation for 69th biennium.....	1,800,000.00	
Checks returned by banks .....	1,918.90	
		4,633,516.24
Accrued interest receivable on investments .....		739,719.66
Investments, at cost plus accumulated discount and less amortized premium		
Bonds—		
	Book Value	
U. S. Government .....	\$48,974,087.17	
State and Municipal .....	1,000,000.00	
Public Utilities .....	19,151,151.66	
Railroads .....	938,925.26	
Industrials .....	424,377.29	
F.H.A. mortgage loans .....	\$70,488,541.38	
Other real estate mortgage loans.....	20,650,421.03	
Savings and Loan shares .....	737,500.00	
		35,000.00
		91,911,462.41
Assets posted by mortgagor under a F.H.A. loan as a reserve for replacements		
Cash, deposited with State Treasurer.....	\$ 2,435.73	
Bonds, at cost .....	70,925.63	
		73,361.36
Office furniture and equipment, at cost, without allowance for depreciation .....		84,960.42
Office cash fund .....		25.00
		98,472,930.16

**LIABILITIES**

Retirement and other payments due for periods prior to June 30, 1957—estimated .....		\$ 101,026.06
Provision for refunds to members—estimated.....		150,000.00
Reserve for assets posted as replacement reserve by mortgagor under F.H.A. loan .....		73,361.36
		324,387.42
		\$ 324,387.42
Pension Payment Fund—the accumulation of contributions, State appropriations, income and other credits over benefits, expenses and other charges		
Balance—July 1, 1956 .....	\$86,835,110.10	

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Excess of income over expenditures, year ended June 30, 1957 .....	\$11,054,630.67	
Additional salary deductions received for the year 1955-1956 .....	3,711.13	
Donations to the System .....	16.13	
Excess of charges to members for prior service contributions, reinstatements and other prior years' items over collections against the same accounts .....	220,828.40	
Contra credit to offset non-cash charge reflecting contributions credited gratis to accounts of members temporarily disabled (See Statement of Income and Expenditures) .....	34,246.31	
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Fund Balance—June 30, 1957 .....		\$98,148,542.74
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		\$98,472,930.16
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**TEACHERS' RETIREMENT SYSTEM**  
**STATEMENT OF INCOME AND EXPENDITURES**

For The Year Ended June 30, 1957

**INCOME:**

Contributions by members, in all categories .....	\$13,184,018.47	
State of Illinois—		
Common School Fund .....	\$ 7,200,000.00	
Appropriation for contributions for teachers employed by the State .....	7,500.00	
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		7,207,500.00
Interest earned on investments .....		2,737,849.92
Interest on added assessments and refunds .....		32,042.13
Oil and gas royalties .....		13,611.87
Other income—gain on investments .....		3.48
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Total Income .....		\$23,175,025.87

**EXPENDITURES:**

Annuities and Benefits—		
Age retirement—new law .....	\$ 8,023,876.29	
Age retirement—old law .....	1,142,936.17	
Disability .....	526,827.89	
(Including a non-cash charge of \$34,246.31 representing contributions credited gratis to accounts of members temporarily disabled)		
Death .....	220,883.84	
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		\$ 9,914,524.19
Less benefits returned .....	33,087.96	
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Net Annuities and Benefits .....		\$ 9,881,436.23
Refunds of Contributions—		
Withdrawals .....	\$ 1,756,870.50	
Death of members .....	265,361.97	
Death of annuitants .....	25,062.35	
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		2,047,294.82

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## General and Administrative Expenses—

Salaries .....	\$ 139,505.42	
Actuarial Fees .....	6,300.50	
Investment expense—Trust		
Dept. Springfield Marine		
Bank .....	17,349.64	
Investment expense—		
Miscellaneous .....	387.42	
Postage and express .....	6,377.05	
Printing and paper .....	5,997.88	
Travel .....	4,781.71	
Machine repair and rental	2,414.90	
Office expenses, general ..	2,142.88	
Telephone and telegraph..	1,705.54	
Depreciation in value—		
equipment traded .....	4,701.21	
		\$ 191,664.15

Total Expenditures ..... \$12,120,395.20

EXCESS of INCOME over EXPENDITURES..... \$11,054,630.67

**STATEMENT OF SECURITIES OWNED**  
**JUNE 30, 1957**

	Interest Rate	Maturity	Maturity Value
U. S. GOVERNMENT			
Treasury notes .....	2¾ %	8- 1-57	\$ 4,002,000.00
Treasury notes .....	2	8-15-57	2,003,000.00
Savings bonds, Series G.....	2½	1- 1-58	100,000.00
Savings bonds, Series G.....	2½	1- 1-59	100,000.00
Savings bonds, Series G.....	2½	1- 1-60	100,000.00
Savings bonds, Series G.....	2½	7- 1-60	900,000.00
Savings bonds, Series G.....	2½	2- 1-61	100,000.00
Savings bonds, Series G.....	2½	1- 1-62	100,000.00
Savings bonds, Series G.....	2½	11- 1-62	660,000.00
Treasury bonds .....	2½	3-15-58	110,000.00
Treasury bonds .....	3	2-15-95	20,325,500.00
Treasury bonds, Investment Series A..	2½	10- 1-65	600,000.00
Treasury bonds, Investment Series B..	2¾	4- 1-80	9,315,000.00
FHA War Housing Insurance Fund			
Debentures, Series H .....	2½	7- 1-64	2,000.00
Federal Land Bank Consolidated			
Federal Farm Loan Bonds.....	3¾	7-15-57	1,500,000.00
Federal Land Bank Consolidated			
Federal Farm Loan Bonds.....	3⅞	2-14-58	1,500,000.00
Federal Land Bank Consolidated			
Federal Farm Loan Bonds.....	3⅞	5- 1-58	1,370,000.00
Federal Land Bank Consolidated			
Federal Farm Loan Bonds.....	3½	5- 1-71	4,000,000.00
Federal Home Loan Bank Notes....	3.95	1-15-58	500,000.00
Federal Home Loan Bank Notes....	4⅞	3-17-58	200,000.00
Federal National Mortgage Assn.			
Secondary Market Operating			
Debentures .....	4	2-10-58	650,000.00
Federal National Mortgage Assn.			
Secondary Market Operating			
Debentures .....	4.05	4-10-58	750,000.00
Total .....			\$48,887,500.00

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## STATE AND MUNICIPAL:

Northern Illinois Toll Highway Revenue Bonds, Series of 1955.....	3¾ %	1- 1-95	\$ 1,000,000.00
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## RAILROAD FIRST MORTGAGE BONDS:

Chicago Union Station, Series G.....	2⅞ %	7- 1-63	\$ 50,000.00
Cincinnati Union Terminal Co., Series G .....	2¾	8- 1-74	129,000.00
Elgin, Joliet and Eastern R. R., Series A .....	3¼	3- 1-70	116,000.00
Great Northern Ry. Co., Series E....	2¼	1- 1-61	500,000.00
Kansas City Terminal R. R. Co.....	2¾	10- 1-74	150,000.00
Total .....			\$ 945,000.00

## INDUSTRIAL FIRST MORTGAGE BONDS:

B. F. Goodrich Co.....	2¾ %	5- 1-65	\$ 179,000.00
Koppers Co. ....	3	10- 1-64	243,000.00
Total .....			\$ 422,000.00

## PUBLIC UTILITY FIRST MORTGAGE BONDS:

Appalachian Electric Power Co.....	3¼ %	12- 1-70	200,000.00
Bell Telephone Company of Penn.....	5	10- 1-60	315,000.00
Blackstone Valley Gas & Electric Co..	3	11- 1-73	156,000.00
Boston Edison Co. ....	2¾	12- 1-70	250,000.00
Buffalo Niagara Electric Corp.....	2¾	11- 1-75	400,000.00
Central Illinois Light Co.....	3¼	4- 1-63	300,000.00
Central Illinois Public Service Co....	3⅜	10- 1-71	200,000.00
Central Illinois Public Service Co....	3⅜	9- 1-77	250,000.00
Central Illinois Public Service Co....	3⅞	1- 1-79	50,000.00
Cincinnati Gas and Electric Co.....	2¾	10- 1-75	75,000.00
Cleveland Electric Illuminating Co....	3	7- 1-70	400,000.00
Columbus & Southern Ohio Electric Co. ....	3¼	9- 1-70	237,000.00
Commonwealth Edison Co. ....	3	2- 1-77	500,000.00
Connecticut Light and Power Co.....	3	10- 1-80	500,000.00
Consumers Power Co. ....	2⅞	9- 1-75	500,000.00
Dayton Power and Light Co.....	2¾	10- 1-75	450,000.00
Delaware Power and Light Co.....	3	10- 1-73	245,000.00
Detroit Edison Co. ....	3	12- 1-70	340,000.00
Duke Power Company .....	3¼	4- 1-81	500,000.00
Duquesne Light Co. ....	2¾	8- 1-77	400,000.00
Duquesne Light Co. ....	2⅝	10- 1-79	100,000.00
Hackensack Water Co. ....	2⅝	3- 1-76	500,000.00
Houston Lighting and Power Co.....	2⅞	11- 1-74	250,000.00
Illinois Bell Telephone Co.....	2¾	1-15-81	500,000.00
Illinois Power Co. ....	2⅞	3- 1-76	330,000.00
Illinois Power Co. ....	3⅞	2- 1-78	150,000.00
Indiana & Michigan Electric Co.....	3¼	1- 1-69	400,000.00
Iowa Power and Light Co.....	3¼	8- 1-73	99,000.00
Kansas City Power and Light Co....	2¾	12- 1-76	400,000.00
Kansas City Power and Light Co....	2¾	6- 1-80	100,000.00
Louisiana Power and Light Co.....	3	4- 1-74	191,000.00
Michigan Consolidated Gas Co.....	3½	3- 1-69	91,000.00
Michigan Consolidated Gas Co.....	3⅜	3- 1-69	401,000.00
Narragansett Electric Co. ....	3	9- 1-74	220,000.00
New England Telephone and Tele- graph Co. ....	4½	5- 1-61	50,000.00
New Jersey Power and Light Co....	3	3- 1-74	250,000.00
New York Power and Light Corp....	2¾	3- 1-75	250,000.00
New York Telephone Co.....	2¾	7-15-82	500,000.00
Northern States Power Co.....	2¾	10- 1-75	500,000.00
Ohio Edison Co. ....	3	9- 1-74	25,000.00

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Ohio Power Co. ....	3¼ %	10- 1-68	\$ 350,000.00
Ohio Power Co. ....	3	4- 1-78	150,000.00
Oklahoma Gas and Electric Co.....	2¾	2- 1-75	500,000.00
Pacific Gas and Electric Co.....	3	12- 1-79	500,000.00
Pennsylvania Electric Co. ....	3½	9- 1-73	100,000.00
Peoples Gas, Light and Coke Co.....	3	6-16-61	200,000.00
Philadelphia Electric Co. ....	2¾	11- 1-67	400,000.00
Philadelphia Electric Co. ....	2¾	12- 1-81	100,000.00
Public Service Co. of Oklahoma.....	2¾	7- 1-75	500,000.00
Rochester Gas and Electric Corp.....	3¼	3- 1-69	278,000.00
Rochester Telephone Corp. ....	2½	4- 1-81	250,000.00
Southern California Edison Co.....	3	9- 1-65	500,000.00
Southern California Gas Co. ....	3¼	5- 1-78	500,000.00
Tampa Electric Co. ....	2⅝	8- 1-76	249,000.00
Tennessee Gas Transmission Co.....	2¾	4- 1-66	185,000.00
Tennessee Gas Transmission Co.....	3	10- 1-67	48,000.00
Tennessee Gas Transmission Co.....	3	6- 1-69	300,000.00
Texas Electric Service Co.....	2¾	3- 1-75	400,000.00
Texas Power and Light Co.....	2¾	5- 1-75	400,000.00
Union Electric Co. of Missouri.....	3⅜	5- 1-71	500,000.00
Virginia Electric and Power Co.....	2¾	3- 1-75	500,000.00
West Pennsylvania Power Co.....	3	5- 1-74	250,000.00
Wisconsin Electric Power Co.....	2⅝	6- 1-76	290,000.00
Wisconsin Power and Light Co.....	3¼	8- 1-71	100,000.00
<b>Total</b> .....			<b>\$ 19,125,000.00</b>

## SAVINGS AND LOAN SHARES:

Beacon Federal Savings & Loan Association, Milwaukee, Wisconsin .....	\$ 5,000.00
Community Federal Savings & Loan Association, Overland, Missouri .....	5,000.00
East Girard Savings & Loan Association, Philadelphia, Pennsylvania .....	5,000.00
Empire Federal Savings & Loan Association, Milwaukee, Wisconsin .....	5,000.00
First Federal Savings & Loan Association, Atlanta, Georgia .....	5,000.00
Lawn Savings & Loan Association, Chicago, Illinois.....	5,000.00
Olympic Savings & Loan Association, Berwyn, Illinois.....	5,000.00
<b>Total</b> .....	<b>\$ 35,000.00</b>

**STATEMENT OF F.H.A. MORTGAGE LOANS****JUNE 30, 1957**

	Interest Rate	Due	Unpaid Balance
Arundeland, Inc.			
New York, N. Y. ....	3 $\frac{7}{8}$ %	11- 1-84	\$ 2,869,620.70
Commander Apartments, Inc.			
Washington, D. C. ....	3 $\frac{7}{8}$	7- 1-83	915,526.72
East Navy Homes, Inc.			
Millington, Tennessee ....	3 $\frac{7}{8}$	5- 1-83	1,262,001.45
East Village Homes, Inc.			
Oak Ridge, Tennessee ....	4 $\frac{1}{8}$	11- 1-86	3,901,259.86
Gelmarc Towers, Inc.			
Washington, D. C. ....	3 $\frac{7}{8}$	7- 1-83	1,252,669.11
Greenlawn Apartments, Inc.			
Millington, Tennessee ....	3 $\frac{7}{8}$	5- 1-83	433,951.74
Iowa East Corporation			
Memphis, Tennessee ....	3 $\frac{7}{8}$	8- 1-82	96,651.75
LaPaloma Apartments, Inc.			
Memphis, Tennessee ....	3 $\frac{7}{8}$	6- 1-83	424,988.13
Navy Road Apartments, Inc.			
Millington, Tennessee ....	3 $\frac{7}{8}$	1- 1-83	123,507.34
Rock Creek Plaza, Inc.			
Washington, D. C. ....	3 $\frac{7}{8}$	9- 1-83	4,655,801.23
Sedgwick Properties, Inc.			
New York, N. Y. ....	3 9/10	11- 1-83	658,292.84
Stratford Manor, Inc.			
Cincinnati, Ohio ....	3 9/10	6- 1-85	3,921,688.03
Total .....			<u>\$ 20,515,958.90</u>

**STATEMENT OF REAL ESTATE FIRST MORTGAGE LOANS****JUNE 30, 1957**

Swig and Weiler Charity Fund.....	3 $\frac{3}{4}$	Nov. 1, 1972	\$ <u>737,500.00</u>
Lincoln, Illinois			

## PART TWO

## STATEMENT OF STATISTICAL FACTS

Current contributors to the fund at June 30, 1957.....	44,672
Annuitants receiving retirement benefits at June 30, 1957.....	7,714
Members retired during 1956-1957.....	810
Under age retirement .....	675
Under disability .....	135
Total .....	810
Annuitants deceased during 1956-1957 .....	264

## SUMMARY OF RETIREMENT—JULY 1, 1915 TO JUNE 30, 1957

Year	Men	Women	Total
1915-1916.....	84	227	311
1916-1917.....	73	139	212
1917-1918.....	48	127	175
1918-1919.....	50	84	134
1919-1920.....	53	95	148
1920-1921.....	31	78	109
1921-1922.....	32	84	116
1922-1923.....	30	78	108
1923-1924.....	39	74	113
1924-1925.....	29	78	107
1925-1926.....	45	84	129
1926-1927.....	31	103	134
1927-1928.....	45	88	133
1928-1929.....	37	112	149
1929-1930.....	49	95	144
1930-1931.....	53	119	172
1931-1932.....	54	131	185
1932-1933.....	61	140	201
1933-1934.....	62	156	218
1934-1935.....	57	128	185
1935-1936.....	74	131	205
1936-1937.....	37	144	181
1937-1938.....	55	228	283
1938-1939.....	50	167	217
1939-1940.....	113	385	498
1940-1941.....	97	272	368
1941-1942.....	121	324	445
1942-1943.....	94	286	380
1943-1944.....	143	298	441
1944-1945.....	141	313	454
1945-1946.....	112	271	383
1946-1947.....	145	474	619
1947-1948.....	134	290	424
1948-1949.....	154	419	573
1949-1950.....	115	441	556
1950-1951.....	102	384	486
1951-1952.....	128	437	565
1952-1953.....	136	475	611
1953-1954.....	169	541	710
1954-1955.....	177	585	762
1955-1956.....	178	603	781
1956-1957.....	196	614	810

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## ANNUITIES PAID BENEFICIARIES OF THE FUND, 1915-1957

1915-1916.....	\$ 8,528.08
1916-1917.....	130,049.32
1917-1918.....	224,395.18
1918-1919.....	289,650.29
1919-1920.....	342,045.78
1920-1921.....	384,459.97
1921-1922.....	424,528.33
1922-1923.....	466,823.46
1923-1924.....	502,143.22
1924-1925.....	534,874.26
1925-1926.....	566,349.73
1926-1927.....	596,153.67
1927-1928.....	639,622.91
1928-1929.....	671,712.24
1929-1930.....	708,327.03
1930-1931.....	750,217.33
1931-1932.....	790,368.54
1932-1933.....	835,434.55
1933-1934.....	896,525.96
1934-1935.....	949,822.68
1935-1936.....	1,004,371.42
1936-1937.....	1,061,288.48
1937-1938.....	1,260,506.61
1938-1939.....	1,355,549.53
1939-1940.....	1,423,590.90
1940-1941.....	1,566,593.29
1941-1942.....	1,895,248.51
1942-1943.....	1,947,127.37
1943-1944.....	2,091,276.49
1944-1945.....	2,166,132.00
1945-1946.....	2,683,043.97
1946-1947.....	2,684,865.55
1947-1948.....	3,729,060.54
1948-1949.....	4,234,447.77
1949-1950.....	4,559,566.71
1950-1951.....	4,996,393.00
1951-1952.....	5,435,643.70
1952-1953.....	6,039,884.03
1953-1954.....	6,787,246.69
1954-1955.....	7,659,692.72
1955-1956.....	8,652,305.88
1956-1957.....	9,660,552.39

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