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20th  
ANNUAL  
REPORT



OF THE BOARD OF TRUSTEES OF THE  
TEACHERS' RETIREMENT SYSTEM OF THE STATE OF ILLINOIS

JUNE 30, 1959

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Arthur Stedry Hansen, Consulting Actuaries, Actuary

# ANNUAL REPORT

In accordance with Section 25-30 of the Act governing the Teachers' Retirement System of the State of Illinois, an annual report of the Board of Trustees of the system has been prepared each year since establishment of the present retirement system in 1939.

On behalf of the Board, I herewith submit the Twenty-second Annual Report for the fiscal year ended June 30, 1961. This report summarizes activities of the retirement system during the fiscal year 1960-61 and indicates the status of the System at the end of the year.

The accounts have been audited by Turnbull and Schussele, Certified Public Accountants, and an actuarial valuation has been prepared by Arthur Stedry Hansen, Consulting Actuaries. Reports and financial statements of the auditor and the actuary are included in this report.

A copy of this Twenty-second Annual Report is being transmitted to the Honorable George T. Wilkins, Superintendent of Public Instruction, State of Illinois, for inclusion in his biennial report to the Governor.

Respectfully submitted,



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

Springfield, Illinois  
December 1, 1961



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**TURNBULL AND SCHUSSELE**  
CERTIFIED PUBLIC ACCOUNTANTS

FIRST NATIONAL BANK BUILDING

**SPRINGFIELD, ILLINOIS**

TELEPHONE 544-8407

RALPH W. TURNBULL, C. P. A.  
HALBERT A. SCHUSSELE, C. P. A.

MEMBERS  
AMERICAN INSTITUTE OF  
CERTIFIED PUBLIC ACCOUNTANTS  
ILLINOIS SOCIETY OF  
CERTIFIED PUBLIC ACCOUNTANTS

We have examined the fiscal matters and financial transactions of the Teachers' Retirement System, State of Illinois, for the period July 1, 1960 to June 30, 1961. 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.

These statements reflect assets, liabilities and operations of the System as shown in its accounts, and do not attempt to present the condition of the System from the actuarial view. The amount shown as reserve for annuity payments to retired members is as determined by the System's regularly retained actuary.

In our opinion, subject to an actuarial determination of all reserve requirements for the several annuities and benefits under the applicable law for both retired members and members who have not reached retirement status, the accompanying statements present correctly the current position of the Teachers' Retirement System as of June 30, 1961, and the results of its operations for the year then ended, all in conformity with fiscal and accounting practices established by the State of Illinois for such agencies.



Certified Public Accountants

Teachers' Retirement System of the State of Illinois

**BALANCE SHEET**

June 30, 1961

**ASSETS**

|  |                |                         |
|--|----------------|-------------------------|
| Cash on deposit with State Treasurer<br>and office cash fund.....              | \$             | 535,126.43              |
| Receivables  |                |                         |
| From members .....   | \$3,836,850.41 |                         |
| From School Boards.....  | 1,405,868.61   |                         |
| From State of Illinois<br>(4th Quarter 1960-61).....                           | 1,229,166.70   |                         |
| Checks returned by banks.....  | <u>56.00</u>   | 6,471,941.72            |
| Interest receivable on investments.....  |                | 1,051,297.59            |
| Investments (cost plus accumulated discount, less<br>amortized premium)* ..... |                | 166,942,673.92          |
| Mineral Rights (valued at \$1.00 per acre).....                                |                | 2,643.00                |
| Office Furniture and Equipment (cost less<br>depreciation reserve) .....       |                | <u>49,389.19</u>        |
|  |                | <u>\$175,053,071.85</u> |

**LIABILITIES AND RESERVES**

|   |    |                         |
|---|----|-------------------------|
| Current liabilities for benefits and refunds.....   | \$ | 132,526.46              |
| Administrative expenses payable.....  |    | 12,924.47               |
| Liability for benefit payments to retired members<br>estimated to be payable during fiscal year 1961-62.. |    | 17,000,000.00           |
| Reserve for Members' Accumulations (including<br>approximately \$22,000,000 interest).....                |    | 155,842,098.66          |
| Reserve for benefit payments to retired members<br>(less \$17,000,000 for fiscal year 1961-62).....       |    | 156,043,540.00          |
| Reserve for Survivor Benefits.....  |    | <u>7,394,268.84</u>     |
|   |    | \$336,425,358.43        |
| Excess of liabilities and reserves over present<br>assets of the System.....                              |    | <u>161,372,286.58</u>   |
|   |    | <u>\$175,053,071.85</u> |

\*NOTE: Additional information about investments appears on page 6. A complete Statement of Securities Owned may be examined at the System's Offices.

Teachers' Retirement System of the State of Illinois

**STATEMENT OF INCOME AND EXPENDITURES**

Year ended June 30, 1961

**INCOME**

|  |                 |                        |
|--|-----------------|------------------------|
| Contributions by members, in all categories..... | \$24,303,124.86 |                        |
| State of Illinois.....                           | 14,757,500.00   |                        |
| Interest on investments.....                     | 5,644,155.77    |                        |
| Oil and gas royalties.....                       | <u>3,907.84</u> |                        |
|  |                 | <u>\$44,708,688.47</u> |

**EXPENDITURES**

Annuities and benefits:

|                         |                   |                        |
|-------------------------|-------------------|------------------------|
| Age Retirement .....    | \$14,957,768.06   |                        |
| Disability .....        | 518,567.56        |                        |
| Death .....             | 9,604.18          |                        |
| Survivor Benefits ..... | <u>691,363.63</u> |                        |
|                         |                   | <u>\$16,177,303.43</u> |

Refunds of contributions:

|                          |                  |              |
|--------------------------|------------------|--------------|
| Withdrawals .....        | \$2,736,690.07   |              |
| Death of Members.....    | 383,258.75       |              |
| Death of Annuitants..... | <u>68,756.61</u> | 3,188,705.43 |

|   |                   |                        |
|---|-------------------|------------------------|
| General and Administrative Expenses.....        | <u>275,317.30</u> | <u>19,641,326.16</u>   |
| Excess of Current Income over Expenditures..... |                   | <u>\$25,067,362.31</u> |

**OTHER INCOME (Net)**

|   |                  |                  |                               |
|---|------------------|------------------|-------------------------------|
| Net gain on securities sold.....                          | \$               | 28,933.81        |                               |
| Less:   |                  |                  |                               |
| Net loss on equipment<br>traded in .....                  | \$               | 1,366.26         |                               |
| Allowance for depreci-<br>ation of equipment .....        | <u>13,621.27</u> | <u>14,987.53</u> | <u>13,946.28</u>              |
| Excess of income over expenditures and other charges..... |                  |                  | <u><u>\$25,081,308.59</u></u> |

Teachers' Retirement System of the State of Illinois

**SUMMARY OF SECURITIES OWNED**

June 30, 1961

| Bonds:                                | Market Value           | Book Value                     |
|---------------------------------------|------------------------|--------------------------------|
| U. S. Government.....                 | \$67,807,711.08        | \$ 69,874,141.17               |
| State and Municipal.....              | 892,500.00             | 1,000,000.00                   |
| Public Utilities .....                | 15,698,760.00          | 18,567,961.61                  |
| Railroads .....                       | 383,273.75             | 449,421.49                     |
| Industrials .....                     | 406,895.00             | 423,096.81                     |
|                                       | <u>\$85,189,139.83</u> | <u>\$ 90,314,621.08</u>        |
| F.H.A. Mortgage Loans.....            |                        | 76,031,083.22                  |
| Other Real Estate Mortgage Loans..... |                        | 596,969.62                     |
|                                       |                        | <u><u>\$166,942,673.92</u></u> |

**SUMMARY OF INVESTMENT INCOME**

Year Ended June 30, 1961

|                                  |                               |
|----------------------------------|-------------------------------|
| Bonds:                           |                               |
| U. S. Government.....            | \$ 2,146,247.92               |
| State and Municipal.....         | 37,500.00                     |
| Public Utilities .....           | 549,735.62                    |
| Railroads .....                  | 19,805.52                     |
| Industrials .....                | 11,892.38                     |
| F.H.A. Mortgage Loans.....       | 2,855,876.22                  |
| Other real estate Mortgage Loans | 23,098.11                     |
|                                  | <u><u>\$ 5,644,155.77</u></u> |



**ARTHUR STEDRY HANSEN CONSULTING ACTUARIES**  
CHICAGO DALLAS DENVER

ARTHUR S. HANSEN 1930-55  
ORVILLE C. BEATTIE  
DONALD I. BROTHERS  
ALAN A. GROTH  
RUSSELL R. REAGH  
ROBERT V. THONANDER  
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JOHN A. HAAG  
DAVIS H. ROENISCH  
RICHARD J. WILLIAMS  
HAROLD A. REISE  
RALPH JACQMIN



GENERAL OFFICES  
1080 GREEN BAY ROAD  
LAKE BLUFF, ILLINOIS  
FROM CHICAGO:  
BROADWAY 3-2345  
FROM OTHER POINTS:  
CEDAR 4-3400

120 S. LA SALLE STREET  
CHICAGO 3, ILLINOIS  
FINANCIAL 6-0101

November 29, 1961

Board of Trustees  
Teachers' Retirement System  
of the State of Illinois  
Springfield, Illinois

Actuarial Estimate  
as of June 30, 1961

Gentlemen:

In accordance with the provisions of the Teachers' Retirement System of the State of Illinois, we have made an estimate of the required Reserves and Unfunded Obligation of the System as of June 30, 1961.

Our estimate is based upon a census of retired members as of June 30, 1961 and a census of active and inactive members as of June 30, 1959, modified by information in the Auditor's report for the year ended June 30, 1961.

The estimate does not consider changes in the System which are effective after June 30, 1961.

It is our opinion that the attached statements are a fair representation of the actuarial condition of the Fund as of June 30, 1961.

Respectfully submitted,

*Arthur Stedry Hansen*  
Consulting Actuaries

Teachers' Retirement System of the State of Illinois

**ACTUARIAL BALANCE SHEET**

June 30, 1961

**RESOURCES**

|  |                             |
|--|-----------------------------|
| Assets less current liabilities from Audit Report..... | \$171,070,771               |
| Unfunded obligation of State.....                      | <u>476,535,172</u>          |
| Total Resources .....                                  | <u><u>\$647,605,943</u></u> |

**REQUIREMENTS**

|                           |                             |
|---------------------------|-----------------------------|
| For retired members.....  | \$173,043,540               |
| For active members.....   | 445,583,409                 |
| For inactive members..... | <u>28,978,994</u>           |
| Total Requirements .....  | <u><u>\$647,605,943</u></u> |

Teachers' Retirement System of the State of Illinois

**Actuarial Costs and Obligations  
of the State**

Year Ended June 30, 1961

Determination of Accrued State Costs

|   |                   |
|---|-------------------|
| Costs for benefits earned by members' service during year ..... | \$ 33,345,000     |
| Members' contributions for year.....                            | <u>24,303,125</u> |
| State cost for benefits earned during year.....                 | \$ 9,041,875      |
| Unfunded Obligation of State                                    |                   |
| Beginning of year.....  | \$465,942,799     |
| Interest rate .....   | <u>x3.5%</u>      |
| Interest on unfunded obligation of State.....                   | <u>16,307,998</u> |
| Total accrued State cost for year.....                          | \$ 25,349,873     |

Change in Unfunded Obligation

|   |                             |
|---|-----------------------------|
| Unfunded obligation of State at beginning of year     | 465,942,799                 |
| Accrued State cost for year.....                      | \$ 25,349,873               |
| State contribution for year.....                      | <u>14,757,500</u>           |
| Excess of cost over contribution.....                 | <u>10,592,373</u>           |
| Unfunded obligation of State as of June 30, 1961..... | <u><u>\$476,535,172</u></u> |

