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# 24<sup>th</sup> ANNUAL REPORT

OF THE BOARD OF TRUSTEES OF THE  
TEACHERS' RETIREMENT SYSTEM OF THE STATE OF ILLINOIS  
JUNE 30, 1963

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## BOARD OF TRUSTEES

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Peoria

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Centralia

JAMES H. VAUGHN  
Lincoln

AUBREY J. HOLMES  
Executive Secretary

---

Treasurer	- William J. Scott Treasurer, State of Illinois
Legal Adviser	- William G. Clark Attorney General, State of Illinois
Actuary	- Arthur Stedry Hansen Consulting Actuaries
Investment Counsel	- Springfield Marine Bank

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## ANNUAL REPORT

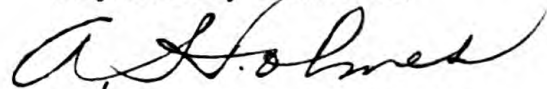
*16F65, dir. qyf, 1962/63, cert. ix.*  
In accordance with Section 16-175 of the Act governing the Teachers' Retirement System of the State of Illinois, an annual report of the Board of Trustees of the System has been prepared each year since establishment of the present retirement system in 1939.

On behalf of the Board, I herewith submit the Twenty-fourth Annual Report for the fiscal year ended June 30, 1963. The report summarizes activities of the retirement system during the fiscal year 1962-63 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-fourth Annual Report is being transmitted to the Honorable Ray Page, 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  
State of Illinois

Springfield, Illinois  
April 1, 1964



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**TURNBULL AND SCHUSSELE**  
**CERTIFIED PUBLIC ACCOUNTANTS**

RALPH W. TURNBULL, C.P.A.  
HALBERT A. SCHUSSELE, C.P.A.  
E. NEIL CHANDLER, C.P.A.

FIRST NATIONAL BANK BUILDING  
**SPRINGFIELD, ILLINOIS**  
AREA CODE 217 544-8407

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

December 17, 1964

Auditor General, State of Illinois,  
519 New State Office Building,  
Springfield, Illinois.

Under authorization contained in your letter of June 16, 1964, we have examined the fiscal matters and financial transactions of the Teachers' Retirement System, State of Illinois, for the period July 1, 1963 to June 30, 1964. 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, except for the amount shown as reserve for annuity payments to retired members, which 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 members who have not reached retirement status as well as retired members, the accompanying statements present fairly the financial position of the Teachers' Retirement System as of June 30, 1964, 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.

Respectfully submitted,

  
Certified Public Accountants

Teachers' Retirement System of the State of Illinois

**BALANCE SHEET**

JUNE 30, 1963

ASSETS

Cash on Deposit with State Treasurer		\$	973,309.13
Receivables			
From School Boards	\$1,697,908.87		
From State of Illinois (4th Quarter 1962-63)	<u>1,824,347.63</u>		3,522,256.50
Interest and Dividends due on Investments			1,782,444.17
Investments (Book value)			227,850,118.65
Mineral Rights (valued at \$1.00 per acre)			2,643.00
Office Furniture and Equipment			<u>70,375.92</u>
			<u>\$234,201,147.37</u>

LIABILITIES AND RESERVES

Current liabilities for benefits and refunds		\$	103,624.81
Administrative expenses payable			12,613.78
Liability for benefit payments to retired members estimated to be payable during fiscal year 1963-64			24,000,000.00
Reserve for members' accumulations (Including approximately \$29,000,000 interest)			184,651,971.97
Reserve for benefit payments to retired members (Less \$24,000,000 for fiscal year 1963-64)			222,007,200.00
Reserve for survivor benefits			16,079,137.12
Reserve for supplementary payments			<u>773,528.65</u>
			\$447,628,076.33
Excess of liabilities and reserves over present assets of the System			<u>213,426,928.96</u>
			<u>\$234,201,147.37</u>

Teachers' Retirement System of the State of Illinois

**STATEMENT OF INCOME AND EXPENDITURES**

Year ended JUNE 30, 1963

INCOME

Contributions by members, in all categories	\$28,970,178.29
State of Illinois	21,928,308.92
Income earned on investments	8,588,580.20
Oil and gas royalties	<u>18,546.74</u>
	\$59,505,614.15

EXPENDITURES

Annuities and Benefits:	
Age Retirement	\$20,182,380.34
Disability	537,159.34
Death	1,106.28
Survivor Benefits	908,461.71
Supplementary payments	<u>2,230,308.92</u>
	\$23,859,416.59
Refunds of Contributions:	
Withdrawals	\$3,581,238.27
Death of Members	363,640.54
Death of Annuitants	<u>52,367.14</u>
	3,997,245.95
General and Administrative Expense	<u>366,798.78</u>
	<u>28,223,461.32</u>
Excess of Income over Expenditures	\$31,282,152.83

OTHER INCOME AND CHARGES (Net)

Depreciation of equipment	\$ (16,214.16)
Loss on Equipment Traded	( 1,105.04)
Gain on Securities Sold	<u>24,415.87</u>
	<u>7,096.67</u>
	<u>\$31,289,249.50</u>

Teachers' Retirement System of the State of Illinois

**SUMMARY OF SECURITIES OWNED**

JUNE 30, 1963

Bonds :		
U. S. Government	\$ 26,745,491.10	\$ 28,978,039.20
State and Municipal	942,500.00	1,000,000.00
Corporate	<u>27,283,725.00</u>	<u>29,426,950.23</u>
	<u>\$ 54,971,716.10</u>	\$ 59,404,989.43
Common Stock	<u>\$ 5,704,680.00</u>	5,238,984.17
Real Estate Mortgage Loans		509,936.80
F.H.A. Mortgage Loans		90,934,070.46
Corporate Debentures		38,980,130.63
Corporate Notes		31,814,622.80
Equipment Trust Certificates		<u>967,384.36</u>
		<u>\$227,850,118.65</u>

**SUMMARY OF INVESTMENT INCOME**

Year Ended JUNE 30, 1963

Bonds :	
U. S. Government	\$ 959,692.11
State and Municipal	37,500.00
Corporate	804,666.42
Common Stock	153,246.25
Real Estate Mortgage Loans	19,889.72
F.H.A. Mortgage Loans	3,985,173.87
Corporate Debentures	1,625,978.14
Corporate Notes	956,418.65
Equipment Trust Certificates	<u>46,015.04</u>
	<u>\$8,588,580.20</u>



**ARTHUR STEDRY HANSEN CONSULTING ACTUARIES**  
CHICAGO NEW YORK DALLAS FORT WORTH HOUSTON MILWAUKEE OKLAHOMA CITY DENVER

ORVILLE C. BEATTIE  
DONALD I. BROTHERS  
ALAN A. GROTH  
ROBERT V. THONANDER  
NORMAN N. STROM  
WILLIAM M. BRET, JR.  
DAVIS H. ROENISCH  
JOHN J. VOLAND

LOGAN O. JOHNSON  
RICHARD C. KEATING  
THEODORE A. SWEENEY  
MILTON G. ELLENBY  
ELMER G. HANSON  
RICHARD J. WILLIAMS  
RALPH JACOMIN  
JAMES I. PETERSON  
ROBERT C. WAREHAM  
EDWARD J. MULLEN  
LARRY M. FISHER



GENERAL OFFICES  
1080 GREEN BAY ROAD  
LAKE BLUFF, ILL. 60044  
CE 4-3400  
FROM CHICAGO: BR 3-2345

ONE N. LA SALLE STREET  
CHICAGO, ILL. 60602  
FI 6-0101

January 20, 1965

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

Gentlemen:

Actuarial Estimate as of June 30, 1964

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, 1964.

The estimate is based on a census and valuation of retired members as of June 30, 1964 and a census and valuation of active and inactive members as of June 30, 1962 adjusted for growth of the System since that date.

In our opinion the attached statements are a fair representation of the actuarial condition of the Fund as of June 30, 1964.

Respectfully submitted,

*Arthur Stedry Hansen*  
*Consulting Actuaries*

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Teachers' Retirement System of the State of Illinois

**ACTUARIAL BALANCE SHEET**

JUNE 30, 1963

RESOURCES

Assets less Current Liabilities	\$234,084,909
Deferred Obligation of State	<u>471,562,930</u>

<u>TOTAL RESOURCES</u>	<u>\$705,647,839</u>
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REQUIREMENTS

Retired	\$249,579,496
Active Members	434,585,843
Inactive Members	<u>21,482,500</u>

<u>TOTAL REQUIREMENTS</u>	<u>\$705,647,839</u>
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Teachers' Retirement System of the State of Illinois

**Actuarial Costs and Obligations  
of the State**

JUNE 30, 1963

Determination of Accrued State Costs

Costs for benefits earned by members' service during year		\$ 40,740,761
Members' contributions for year		<u>28,970,178</u>
State Cost for Year		\$ 11,770,583
Unfunded obligation of State at Beginning of Year	\$461,048,411	
Interest rate	<u>x4%</u>	
Interest on unfunded obligation of State		<u>18,441,936</u>
Total accrued State cost for year		\$ 30,212,519

Change in Unfunded Obligation

Unfunded obligation of State at Beginning of Year		\$461,048,411
Accrued State Cost for year	\$ 30,212,519	
State Contribution for year	<u>19,698,000</u>	
Excess of Cost over Contribution		<u>10,514,519</u>
Unfunded obligation of State as of June 30, 1963		<u>\$471,562,930</u>

