
REPORT

OF THE

STATE BOARD OF RETIREMENT

JANUARY, 1919



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BOARD OF RETIREMENT.

CHARLES L. BURRILL, *Chairman.*

CARL A. RAYMOND.

JOHN E. FISH, M.D.

The Commonwealth of Massachusetts

BOARD OF RETIREMENT,
STATE HOUSE, BOSTON, JAN. 29, 1919.

HON. JOSEPH E. WARNER, *Speaker of the House of Representatives, State House, Boston, Mass.*

DEAR SIR:— I transmit to you herewith for the use of the Legislature the annual report of the Board of Retirement for the year ending Nov. 30, 1918.

Very truly yours,

C. L. BURRILL,
Chairman, Board of Retirement.



The Commonwealth of Massachusetts

REPORT.

BOARD OF RETIREMENT, STATE HOUSE,
BOSTON, MASS., JAN. 29, 1919.

To the Honorable Senate and House of Representatives.

The Board of Retirement presents for your consideration its seventh annual report.

The term of Mr. Carl A. Raymond, second member of the Board, expired on Feb. 16, 1918. An election held under the direction of the Insurance Commissioner resulted in Mr. Raymond's being re-elected for a three-year term.

On Dec. 1, 1917, there were 5,573 members of the Retirement Association. On Dec. 1, 1918, there were 5,365. During the year 1,360 have joined the association, and 1,544 have forfeited membership therein by reason of death or resignation before becoming eligible to a retirement allowance. In addition, 24 have been retired, 6 by reason of reaching seventy years of age, 2 for permanent disability, 15 upon their own request at the age of sixty or over, and 1 as being the wife of a retired member.

By deducting from the whole number enrolled those who have died, who have resigned, and who have been retired we find a net loss in membership of 208. This was, no doubt, in a large measure due to unusual opportunities offered by employment conditions due to the war.

Since the law became operative on June 1, 1912, 221 employees have been retired, and 44 annuitants and 3 non-members have died since retirement, so that retirement allowances are now being paid to 174 former employees. Of this number, 61 were retired at the age of seventy or over, 7 for permanent

disability, 1 non-member for the good of the service, upon request of the department in which he was employed, and 105 retired of their own volition.

The total amount paid to these retired employees during the year ending Dec. 1, 1918, as pensions was \$49,890.50, as compared with \$43,944.47 during the year ending Dec. 1, 1917. The largest amount payable to any individual was \$1,158.88. The number of those who received the maximum retirement allowance, one-half the average cash salary for the ten years preceding retirement, was 72. The average retirement allowance paid to the whole number who benefited by the system during the year was \$315.12.

During the year an examination of the annuity fund was made by the Massachusetts Insurance Department in accordance with the law, and a distribution of the surplus to the individual accounts of members authorized. The total credited amounted to \$7,927.49, and was equal to \$1.40 on each \$100 of each account as it stood on Sept. 30, 1917.

The accumulated savings refunded to members who left the service were \$83,400.69, and the amount refunded to the heirs or estates of deceased members was \$5,689.65.

The retirement system has 279 members who may voluntarily retire at the age of sixty or over during the next fiscal year, 5 under sixty years of age who have completed thirty-five years of service, and 11 who must retire at the age of 70, the compulsory retirement age. The number who will voluntarily retire is uncertain. The Board has submitted its estimates for appropriation upon experience that it has gained that 7 per cent. of the voluntary eligibles will retire. This will require about \$6,100 in addition to \$52,408.51, the amount of pensions in force on Nov. 30, 1918.

The expenses of the administration of the system for the year were: salaries, \$6,107.02; contingent expenses, \$736.31; reimbursement to institutions for making deductions from members' salaries, etc., \$2,230.88. The reimbursement to State institutions is purely a bookkeeping transaction to show the probable cost of operating the system.

The Board begs to suggest the following two amendments to the State Retirement Act (chapter 532, Acts of 1911, and amendments and additions thereto): —

In section 1 amend definition of "continuous service," in paragraph (f), by adding at the end thereof the following:— *provided, however*, such reinstatement may occur after the expiration of two years in the case of employees in the military or naval service of the United States (or her allies) who are engaged in war or detained thereafter, awaiting demobilization or release, so that said paragraph shall read as follows:—

(f) The words "continuous service" mean uninterrupted employment, with these exceptions: a lay-off on account of illness or reduction of force, and a leave of absence, suspension or dismissal followed by reinstatement within two years: *provided, however*, such reinstatement may occur after the expiration of two years in the case of employees in the military or naval service of the United States (or her allies) who are engaged in war or detained thereafter, awaiting demobilization or release.

The present definition of "continuous service" would make necessary a refund of accounts of those members, who, owing to enrollment in the military or naval service of the United States in the present war, may be separated from the service of the Commonwealth, on leave of absence or otherwise, for a period extending over two years. This further entails loss of credit for service rendered prior to their subsequent reinstatement, and materially impairs their probable retirement allowances. In order that these members may not be deprived of credit for prior service owing to absence extending over two years on account of the war, we submit herewith draft of a bill to secure for them such continuous service credit.

Amend section 4 by striking out paragraph (6), A, B, C, D, E, F and G, and substituting the following:—

(6) The treasurer and receiver general and the board of retirement shall each file in the office of the insurance commissioner on or before the fifteenth day of February in each year, unless for cause the insurance commissioner shall have granted an extension of time, a sworn statement which shall be in a form prescribed by the insurance commissioner and which shall exhibit the financial condition of the retirement system on the thirty-first day of the preceding December. The treasurer and receiver general shall also file each year a copy of said statement with the board of retirement.

The present law does not require the Board of Retirement to file a report of its financial condition with the Insurance

Commissioner. Owing to the fact that some of the data for the report, such as returns from institutions, are not received until late in January, it is practically impossible to prepare a report for filing in January. Under ordinary circumstances February 15 would allow sufficient time. These recommendations have been embodied in the draft of a bill submitted.

CHARLES L. BURRILL, *Chairman.*

CARL A. RAYMOND.

JOHN E. FISH, M.D.

Comparative Financial Statement, as of November 30.

YEAR.	Net Accumulated Deposits.	Yearly Deposits.	Interest credited Members' Accounts. ¹	REFUNDS. ²		AMOUNT EXPENDED.				Expense of Administration. ³
				Death.	All Others.	Annuities.	PENSIONS.		Subsequent.	
							Prior.	Subsequent.		
1912.	\$46,430 70	\$47,500 76	—	\$22 73	\$1,343 21	\$2 29	\$5,341 42	\$2 29	\$5,082 66	
1913.	144,271 66	105,438 37	\$1,227 73	354 54	6,540 04	72 34	17,503 97	72 34	6,619 37	
1914.	265,060 87	130,667 73	5,901 06	915 90	13,983 79	189 74	24,728 84	189 74	7,996 22	
1915.	385,530 94	139,394 66	8,926 22	2,674 81	23,057 30	405 63	30,027 98	405 63	8,999 45	
1916.	512,240 80	157,684 94	15,342 68	2,644 37	39,164 70	802 69	35,870 07	802 69	9,725 32	
1917.	638,013 12	161,902 50	21,080 12	4,195 44	49,355 91	1,393 80	42,550 67	1,393 80	9,421 15	
1918.	745,986 87	176,678 34	26,088 53	5,089 65	83,400 69	2,064 01	47,826 49	2,064 01	9,074 21	

¹ Includes surplus.

² Includes interest accumulations.

³ Includes salaries, contingent expenses and reimbursement to State institutions.

Comparative Statement of Membership, as of November 30.

YEAR.	Admitted during Year.	REFUNDS.			NUMBER RETIRED.				MEMBERSHIP.			Accounts payable. ¹	
		Death.	All Others.	Disability.	Voluntary.	Compulsory.	Non-members.	RETIRED.		Active.	Mortality.		Net Pensioners.
								Mortality.	Net Pensioners.				
1912.	181	12	327	—	20	25	—	3	3,121	3	42	—	
1913.	1,522	21	568	—	26	8	2	3	4,020	3	75	—	
1914.	1,630	19	820	—	21	7	—	5	4,783	5	98	17	
1915.	1,686	29	1,017	3	13	8	—	3	5,399	3	119	27	
1916.	1,445	30	1,339	2	15	10	1	9	5,448	9	138	55	
1917.	1,389	33	1,168	1	20	14	1	9	5,573	9	165	59	
1918.	1,360	40	1,563	2	10	6	—	15	5,365	15	174	57	

Membership Feb. 1, 1912, 3,324.

¹ Unclaimed accounts of members who have left the service.

Recapitulation of Yearly Pension Cost under Non-contributory and Contributory Pension Systems.

YEAR.	NON-CONTRIBUTORY.					CONTRIBUTORY.		
	Judges.	POLICE.		Prison Officers.	Veterans.	Teachers (Chapter 832, Acts of 1913).	State Employees (Chapter 532, Acts of 1911).	
		Metropolitan Park Commission.	District.					
1913,	\$14,779 44	\$1,738 75	\$750 00	\$7,923 60	\$58,305 54	-	\$17,576 31	
1914,	19,434 68	1,940 50	750 00	9,709 46	59,755 30	\$18,412 74 ¹	24,918 58	
1915,	31,404 72	2,296 25	750 00	12,453 56	64,674 33	56,473 29	30,433 91	
1916,	30,539 92	2,452 00	1,599 12	14,766 64	65,160 10	75,608 38	36,672 76	
1917,	35,610 50	4,598 01	1,213 71	16,100 00	63,592 01	91,747 22	43,944 47	
1918,	40,929 44	5,806 21	875 00	17,688 55	59,871 84	111,058 04	49,890 50	

Under contributory system the figures represent only the amount paid by the State; the annuities paid from members' contributions are not included.

¹ Pension payment began July 1, 1914.

Comparison of Average Yearly Pensions granted under Non-contributory and Contributory Pension Systems, as of November 30.

YEAR.	NON-CONTRIBUTORY.					CONTRIBUTORY.		
	Judges.	POLICE.		Prison Officers.	Veterans.	Teachers (Chapter 832, Acts of 1913, as of Dec. 31.	State Employees (Chapter 532, Acts of 1911).	
		Metropolitan Park Commission.	District.					
1917,	\$6,432 00 (7)	\$574 75 (9)	\$875 00 (1)	\$702 00 (25)	\$683 21 (94)	\$362 70 (287)	\$295 90 (165)	
1918,	6,250 00 (6)	552 46 (7)	875 00 (1)	728 30 (27)	666 37 (87)	361 99 (338)	303 27 (174)	

The figure at the right of each column shows the number of pensioners under each system; under contributory systems the figures represent *only the amount paid by the State*; the annuities paid from members' contributions are not included. Annuities will be as large as the pension paid by the State. Teachers with fifteen years of service on July 1, 1914 (five preceding retirement), minimum, \$300. Minimum of \$200 to all under chapter 532, Acts of 1911.