

# REPORT

OF THE

# STATE BOARD OF RETIREMENT

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JANUARY, 1920



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## BOARD OF RETIREMENT.

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CHARLES L. BURRILL, *Chairman.*

CARL A. RAYMOND.

JOHN E. FISH, M.D.



# The Commonwealth of Massachusetts

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BOARD OF RETIREMENT,  
STATE HOUSE, BOSTON, Jan. 14, 1920.

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, 1919.

Very truly yours,

CHARLES L. BURRILL,  
*Chairman, Board of Retirement.*



# The Commonwealth of Massachusetts

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## REPORT.

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BOARD OF RETIREMENT, STATE HOUSE,  
BOSTON, MASS., Jan. 14, 1920.

*To the Honorable Senate and House of Representatives.*

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

The personnel of the Board remained unchanged during the year.

On Dec. 1, 1918, there were 5,365 members of the Retirement Association. On Dec. 1, 1919, there were 6,113. During the year 1,910 have joined the association, and 1,190 have forfeited membership therein by reason of death or resignation before becoming eligible to a retirement allowance. In addition, 31 have been retired, 11 by reason of reaching seventy years of age, 2 for permanent disability, 17 upon their own request at the age of sixty or over, and 1 as a non-member of the association upon recommendation of the department in which he was employed.

By deducting from the whole number enrolled those who have died, who have resigned, and who have been retired, we find a net gain in membership of 748.

Since the law became operative on June 1, 1912, 252 employees have been retired, and 53 annuitants and 3 non-members have died since retirement, so that retirement allowances are now being paid to 196 former employees. Of this number, 70 were retired at the age of seventy or over, 7 for permanent disability, 2 non-members for the good of the service upon request of the departments in which they were employed, and 117 retired of their own volition.

The total amount paid to these retired employees during the year ending Dec. 1, 1919, as pensions was \$56,052.47 as compared with \$49,890.50 during the year ending Dec. 1, 1918.

The largest amount payable to any individual was \$1,200. The number of those who received a retirement allowance of one-half the average cash salary for the ten years preceding retirement was 75. The average retirement allowance paid to the whole number who benefited by the system during the year was \$328.05.

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 \$9,446.54, and was equal to \$1.40 on each \$100 of each account as it stood on Sept. 30, 1918.

The accumulated savings refunded to members who left the service were \$69,785.17, and the amount refunded to the heirs or estates of deceased members was \$10,819.89.

The retirement system has 279 members who may voluntarily retire at the age of sixty or over during the next fiscal year, 18 under sixty years of age who have completed thirty-five years of service, and 14 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 \$3,540 in addition to \$60,236.41, the amount of pensions in force on Nov. 30, 1919.

The expenses of the administration of the system for the year were: salaries, \$7,355.50; contingent expenses, \$761.58; reimbursement to institutions for making deductions from members' salaries, etc., \$2,172.12. 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 amendments to the State Retirement Act (chapter 532, Acts of 1911, and amendments and additions thereto):—

The Commonwealth at various times has assumed control of departments or institutions formerly administered by a city, county or corporation. The Commonwealth has provided that the service rendered to an undertaking by certain employees prior to being transferred with the undertaking shall become



a part of the continuous service for the Commonwealth of all who happen to be under fifty-five years of age on the date of transfer. By limiting the benefits of membership in the Retirement Association to only those under age fifty-five, discrimination and injustice result to those over fifty-five years of age at the time when the undertaking is taken over by the Commonwealth.

SECTION 1. Section three, paragraph two, of chapter five hundred and thirty-two of the acts of the year nineteen hundred and eleven, as amended by chapter three hundred and sixty-three of the acts of the year nineteen hundred and twelve, is hereby further amended by adding to said paragraph the following:—All persons who are members of the retirement association established by chapter eight hundred and thirty-two of the acts of the year nineteen hundred and thirteen who enter the service of the commonwealth, and persons in the employ of a department or institution formerly administered by a city, county, or corporation when it is taken over by the commonwealth, shall become members of the retirement association established by chapter five hundred and thirty-two of the acts of the year nineteen hundred and eleven, irrespective of age, and no such employee shall remain in the service of the commonwealth after reaching the age of seventy years,—so that said paragraph shall read as follows:—(2) All employees who enter the service of the commonwealth after the date when the retirement system is established, except persons who have already passed the age of fifty-five years, shall upon completing ninety days of service become thereby members of the association. Persons over fifty-five years of age who enter the service of the commonwealth after the establishment of the retirement system shall not be allowed to become members of the association, and no such employee shall remain in the service of the commonwealth after reaching the age of seventy years. All persons who are members of the retirement association established by chapter eight hundred and thirty-two of the acts of the year nineteen hundred and thirteen who enter the service of the commonwealth, and persons in the employ of a department or institution formerly administered by a city, county, or corporation when it is taken over by the commonwealth, shall become members of the retirement association established by chapter five hundred and thirty-two of the acts of the year nineteen hundred and eleven, irrespective of age, and no such employee shall remain in the service of the commonwealth after reaching the age of seventy years.

The law provides a pension for the periods of employment prior to June 1, 1912, but it does not provide any pension for the period of service rendered to an undertaking after June 1, 1912, from that date up to the date the person enters the

employ of the Commonwealth by the transfer of the department or institution.

SECTION 2. Section six (2), C (b) of chapter five hundred and thirty-two of the acts of the year nineteen hundred and eleven, as amended by chapter three hundred and sixty-three of the acts of the year nineteen hundred and twelve, chapter two hundred and fifty-seven of the acts of the year nineteen hundred and eighteen, section one hundred and seven is hereby further amended by adding after paragraph (b) the following new paragraph: — (c) Any member entitled to retirement under this act whose continuous employment for the commonwealth began at the time a department or institution formerly administered by a city, county, or corporation was taken over by the commonwealth shall receive at retirement in addition to the pension payable under paragraph C (b) of this section an extra pension for life equal to the annuity he would have purchased under two, B (a) of this section by five per cent contribution from the salary paid to him by the department or institution from June first, nineteen hundred and twelve, up to the date of membership in the retirement association, and if such contributions had been accumulated with regular interest, to the date of his retirement.

Certain State employees receive maintenance as a part of their compensation. Contributions to the annuity fund cannot be made from this form of compensation, which results in their contributing only on the part of compensation which is paid in cash, and which reduces in direct proportion the amount they will receive at retirement. While the law has partly corrected this by providing that no retirement allowance shall be less than \$200 per annum, it has not provided what we today believe is a reasonable equivalent, \$300 per annum.

SECTION 3. Section six (2), C (b) of chapter five hundred and thirty-two of the acts of the year nineteen hundred and eleven, as amended by chapter three hundred and sixty-three of the acts of the year nineteen hundred and twelve, is hereby further amended by striking out the words "two hundred dollars", in the third paragraph of said paragraph, and inserting the words: — three hundred dollars, — so that said paragraph shall read as follows: — In the case of members of the association related as husband and wife, if one of the two retires or is retired the other shall have the right also to retire, and shall be paid a retiring allowance proportionate to the amount of his or her accumulated contributions to date, or, in case the allowance thus calculated is less than the minimum allowance of three hundred dollars hereinafter provided for, shall be paid that sum annually.

SECTION 4. Section six (2) E of chapter five hundred and thirty-two of the acts of the year nineteen hundred and eleven, as amended by section one hundred and eight of chapter two hundred and fifty-seven of the acts of the year nineteen hundred and eighteen, is hereby further amended by striking out the words "two hundred dollars" and inserting the words: — three hundred dollars, — so as to read as follows: — *E. Minimum and Maximum Payments.* — In no case shall the total monthly payment to a member be at a rate less than three hundred dollars per year, or at a rate more than one-half the average annual rate of salary or wages of such member during the ten years prior to his retirement.

SECTION 5. Chapter four hundred and nineteen of the acts of the year nineteen hundred and fourteen, as amended by chapter two hundred and fifty-seven, section one hundred and ten, General Acts of the year nineteen hundred and eighteen, is hereby further amended by striking out the words "two hundred dollars" and inserting in place thereof the words: — three hundred dollars, — so as to read as follows: — *Section 1.* Any employee of the commonwealth subject to and affected by chapter five hundred and thirty-two of the acts of nineteen hundred and eleven and amendments thereof may, after fifteen years of continuous service, be retired for permanent disability at a yearly rate of not more than one half of his salary, based on the average annual rate of salary received during the last ten years of service: *provided, however,* that the minimum amount be not less than three hundred dollars and that the tables now in use by the board of retirement be used in determining the amount to be paid, and the board of retirement may call upon the chief surgeon of the land forces of the commonwealth, or, if he is absent or unable to act, may employ a physician to assist it in determining the degree of disability. The decision of the board of retirement shall be final.

The legislative action necessary to embody the above recommendations has been submitted by this Board in a draft of a bill.

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, <sup>1</sup>	REFUNDS. <sup>2</sup>		AMOUNT EXPENDED.				Expense of Administration, <sup>3</sup>
				Deaths.	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	6,019 37	
1914.	265,060 87	130,667 73	5,901 08	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 93	30,027 98	405 93	8,989 45	
1916.	512,240 80	157,684 94	16,342 68	2,644 37	39,164 70	802 69	35,870 07	802 69	9,725 32	
1917.	698,013 12	161,902 50	21,680 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	5,689 65	83,400 69	2,064 01	47,826 49	2,064 01	9,074 21	
1919.	909,670 37	227,661 17	30,923 50	10,819 89	69,785 17	2,969 94	53,082 53	2,969 94	10,289 20	

<sup>1</sup> Includes surplus.

<sup>2</sup> Includes interest accumulations.

<sup>3</sup> 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, <sup>1</sup>
		Death.	All Others.	Disability.	Voluntary.	Compulsory.	Non-members.	RETIRED.		
								Mortality.	Net Pensioners.	
1912.	181	12	327	-	20	25	-	3,121	3	42
1913.	1,522	21	568	-	26	8	2	4,020	3	75
1914.	1,630	19	820	3	21	7	-	4,783	5	98
1915.	1,686	29	1,017	2	13	8	-	5,399	3	119
1916.	1,445	30	1,339	3	15	10	1	5,448	9	138
1917.	1,389	33	1,168	1	20	14	1	5,572	9	165
1918.	1,360	40	1,446	2	16	6	1	5,365	15	174
1919.	1,910	65	1,125	2	17	11	1	5,969	9	196

Membership Feb. 1, 1912, 3,324.

<sup>1</sup> 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 <sup>1</sup> (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 <sup>2</sup>	24,918 58
1915.	31,404 72	2,296 25	750 00	12,453 56	64,074 33	56,473 29	30,433 91
1916.	30,539 92	2,532 00	1,599 12	14,766 64	65,160 10	84,912 66	36,672 76
1917.	35,610 50	4,598 01	1,213 71	16,100 00	63,592 01	108,558 62	43,944 47
1918.	40,929 44	5,306 21	1,875 00	17,688 55	59,871 84	135,537 45	49,890 50
1919.	39,062 45	7,872 30	875 00	18,203 63	58,370 69	158,456 81	56,052 47

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

<sup>1</sup> Reimbursement to cities and towns for the pensions they paid to retired teachers included.

<sup>2</sup> Pension payment began July 1, 1914.

*Comparison of Average Payments to Persons retired 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.				
1919.	\$6,428 66 (7)	\$614 59 (14)	\$875 00 (1)	\$732 42 (25)	\$692 88 (88)	\$373 41 (380)	\$328 05 (196)

The figure at the right of each column shows the number of pensioners under each system November 30; under contributory systems the figures represent the amount paid by the State, and the annuities paid from members' contributions.

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.