

The Commonwealth of Massachusetts

ANNUAL REPORT

OF THE

BOARD OF RETIREMENT

FOR THE

YEAR ENDING NOVEMBER 30, 1921

DEPARTMENT OF TREASURER AND RECEIVER-GENERAL



BOSTON

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BOARD OF RETIREMENT.

JAMES JACKSON, *Chairman.*

WARREN A. MERRILL.

JOHN E. FISH, M.D.

The Commonwealth of Massachusetts

DIVISION OF BOARD OF RETIREMENT,
116 STATE HOUSE, BOSTON, March 6, 1922.

*To the Honorable Senate and House of Representatives, State House, Boston,
Mass.*

GENTLEMEN: — I transmit to you herewith, for the use of the Legislature, the annual report of the Board of Retirement for the fiscal year ending Nov. 30, 1921.

Very truly yours,

JAMES JACKSON,
Chairman.

The Commonwealth of Massachusetts

REPORT.

DIVISION OF BOARD OF RETIREMENT,
STATE HOUSE, BOSTON, March 6, 1922.

To the Honorable Senate and House of Representatives.

The tenth annual report of the Board of Retirement for the year ending Nov. 30, 1921, is herewith presented for your consideration.

The third term of Mr. Carl A. Raymond, the elected member of the Board by the members of the Retirement Association, who has served since it was organized in 1912, expired on Feb. 16, 1921. Mr. Raymond declined re-election, and the contest, held under the direction of the Commissioner of Insurance, resulted in the election of Mr. Warren A. Merrill of the Department of Mental Diseases for a term of three years.

The provisions of the contributory law have been in operation approximately ten years, and during that period of time amendments have been made to certain laws which were passed before the general contributory law, and which provided for the retirement of certain classes of employees under a non-contributory law, so that now all who enter the State or metropolitan district service, with the exception of certain veterans and judges, have no pension rights under a non-contributory law, but must be retired under the general contributory law. Veterans of the World or Spanish War may be retired under either the general contributory law or under a special non-contributory act.

The present fund consists of \$1,185,237.37, which has been deducted from the salary or wages of the members, and \$158,440.53, which has been credited as interest and extra dividends to the members' accounts, so that the total of the accounts on Nov. 30, 1921, amounts to \$1,343,677.90.

The Insurance Department made the annual examination in accordance with the law, and following the report, the Board, with the approval of the Commissioner of Insurance, credited an extra dividend of \$1.75 to each \$100 of each account as it stood on Sept. 30, 1920; the total thus credited amounted to \$17,465.43.

The interest derived from the investment of the annuity funds has provided for the last five years substantially the following yearly rate of distribution to the members' accounts: 1917, $4\frac{1}{2}$ per cent; 1918, $4\frac{2}{5}$ per cent; 1919, $4\frac{2}{5}$ per cent; 1920, $4\frac{3}{4}$ per cent; 1921, $4\frac{3}{4}$ per cent. The annuity fund is invested according to restrictions and limitations of the statutes in only the securities which are a legal investment for the sinking funds of the Commonwealth, these being principally the obligations of Commonwealths and subdivisions thereof.

The membership of the Retirement Association when it was first organized was 3,324, and the membership on Nov. 30, 1921, was 6,997. When the contributory law was passed all persons in the service who were not provided with a pension under some non-contributory law were given the option of becoming a member of the association, and thus providing for themselves a pension. They had the option of accepting the pension privilege, and of those who declined to accept the right to a future pension, there appears to be only about 168 now in the service out of an average normal pay roll of about 11,500 employees, who by their own act are not entitled to any pension from the State.

During the year 1,752 new employees have become members of the association and 993 have left the service by reason of death or resignation before becoming eligible for retirement. Retirement allowances were granted to 44 persons during the year, — 18 by reason of reaching the age of seventy, 1 for permanent disability, and 25 between sixty and seventy years of age upon their own request.

The number of employees who have been granted a retirement allowance since the law became operative June 1, 1912, is 324. Since retirement 79 annuitants and 4 non-members have died, so that retirement allowances are now being paid to 241

former employees. Of this number, 83 were retired at the age of seventy or over; 8 were retired for permanent disability; 2 non-members, who were over fifty-five years of age when the retirement law was passed, were retired upon the requests of the departments in which they were employed; and 148 were retired upon their request between sixty and seventy years of age.

The following number at present ages, nearest birthday, are receiving a retirement allowance:—

AGE.	Number.	AGE.	Number.	AGE.	Number.
40	-	57	1	74	16
41	-	58	3	75	12
42	-	59	1	76	11
43	1	60	2	77	6
44	-	61	2	78	3
45	-	62	7	79	3
46	-	63	6	80	4
47	1	64	4	81	3
48	-	65	13	82	1
49	-	66	8	83	2
50	-	67	18	84	2
51	1	68	14	85	-
52	-	69	13	86	1
53	-	70	27	87	-
54	3	71	16	88	-
55	2	72	22	89	-
56	1	73	11		

During the year ending Nov. 30, 1921, \$72,318.13 was paid as pensions to persons upon the retired list as compared with \$63,159.09 for the previous year. The largest retirement allowance being paid to an individual is \$1,362.92. The average retirement allowance paid to the persons on the list Dec. 1, 1921, is \$355.

By chapter 487, Acts of 1921, an amendment was made to the law providing compensation to a widow during her widow-

hood, or if no widow, for the benefit of a child or children under sixteen years, of one-half the member's rate of pay in case of the death of a member from an injury received through no fault of his own while in the discharge of his duty. One payment is now being made under this act.

The accumulated savings refunded to members who left the service were \$69,186.12, and the amount refunded to the heirs or estates of deceased members was \$7,282.50.

The retirement system has 300 members who may voluntarily retire at the age of sixty to seventy during the coming fiscal year; 14 under sixty years of age who have completed thirty-five years of service; and 15 who must retire at the age of seventy, the compulsory retirement age. The number who will voluntarily retire is uncertain. The Board had submitted estimates of the amount of appropriation required to pay the cost of pensions for the next fiscal year upon experience it has gained that 7 per cent of the members eligible to retire will voluntarily retire in addition to those who must retire at the age of seventy. This will require about \$5,740 in addition to \$79,884.62, the amount of pensions in force on Nov. 30, 1921.

The expenses of the administration of the system for the year were: salaries, \$7,398.50; contingent expenses, \$1,045.05; reimbursement to institutions for making deductions from members' salaries, etc., \$2,347.10. The reimbursement to State institutions is purely a bookkeeping transaction to show the probable cost of operating the system.

RECOMMENDATIONS FOR LEGISLATION.

The Board recommends the following amendments to the State Retirement Act (chapter 32, General Laws, sections 1 to 5, inclusive):—

The Board of Retirement has been advised by the Attorney-General that under the terms of the statutes deductions can be made only from the compensation paid in money. Many persons in the service of State institutions are boarded and housed at the expense of the Commonwealth, and the scale of cash compensation paid is accordingly lower than it would be otherwise.

The basis upon which assessments are made is one of the most important factors in determining the quantum of a retirement allowance, and inequality in the amount of retirement allowance results under the existing law between employees who receive full compensation in cash and those who receive in addition to cash some other form of compensation.

Section one of chapter thirty-two of the General Laws is hereby amended by adding after the word "meanings", in the second line, the following:— "Salary or wages", cash received for regular services plus such allowance for other compensation not paid in cash as may be hereinafter provided.

Section three of chapter thirty-two of the General Laws is hereby amended by adding at the end of said section the following new paragraph:— The board shall add to the cash payment for regular services in cases where a state institution employee receives a non-cash allowance to cover compensation, in the form of full or complete boarding and housing in accordance with the practice in such state institution, an amount at the rate of five dollars per week, which amount, added to the cash, shall be subject to annuity fund assessments.

To change the provisions of law in cases where a husband and wife are both employed by the State and one retires, the other may retire irrespective of age or length of service, so that the latter will only be entitled to a pension from the State equal to the annuity purchasable from his or her contributions, even though such pension and annuity may be less than the minimum provided for persons who have served the otherwise required period of years and attained the otherwise required age.

Section five of chapter thirty-two of the General Laws is hereby amended by striking out the following subparagraph of paragraph (2) C (b):— "Where members of the association are husband and wife, if one of the two retires or is retired the other may also retire, and shall be paid a retiring allowance proportionate to the amount of his accumulated contributions to date, or, in case the allowance thus calculated is less than the minimum allowance hereinafter provided for, shall be paid that sum annually", and inserting in place thereof the following new subparagraph:— Where members of the association are husband and wife, if one of the two retires or is retired the other may, irrespective of age and service, on the date on which the husband or wife is retired, be retired by the board,

and if so retired shall be paid at the attained age the retiring allowances provided under paragraph (2) *B* and *C* of this section; provided, however, that the minimum allowance provided under section five (2) *E* shall not apply to a member whose retirement allowance is granted under this paragraph.

It is recommended that legislation be passed to incorporate into the law these recommendations.

Respectfully submitted,

JAMES JACKSON, *Chairman.*

WARREN A. MERRILL.

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.		
							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	139,364 66	8,926 22	2,674 81	23,057 30	405 93	30,027 98	405 93	8,999 45
1916	512,240 80	157,684 94	16,342 68	2,644 37	39,164 70	802 69	35,870 97	802 69	9,725 32
1917	638,013 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	227,681 17	30,923 50	10,819 89	69,785 17	2,969 94	53,082 53	2,969 94	10,289 20
1920	1,087,910 28	262,235 04	33,870 06	7,486 99	101,888 03	4,171 00	59,937 94	4,221 15	11,786 93
1921	1,343,677 90	304,107 72	49,168 17	7,282 50	69,186 12	5,739 11	60,453 97	5,839 16	10,790 65

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.		Members killed and Deaths from Injuries received while on Duty. ¹	
		Death.	All Others.	PERMANENT DIS-ABILITY.	Volun-tary (Age 70).		Compul-sory (Age 70).	Non-members (Age 60 and Over).	Active.		RETIRED.
					Injured while on Duty.	Ordinary.					
1912	181	12	327	—	20	25	—	3,121	3	42	
1913	1,522	21	568	—	21	8	2	4,020	3	75	
1914	1,630	19	820	—	26	7	—	4,783	5	98	
1915	1,686	29	1,017	3	13	8	—	5,399	3	119	
1916	1,445	30	1,339	—	15	10	1	5,448	9	138	
1917	1,389	33	1,168	1	20	14	1	5,573	9	165	
1918	1,360	40	1,446	—	10	6	—	5,365	15	174	
1919	1,910	65	1,125	—	17	11	1	5,969	15	196	
1920	1,679	38	1,445	2	15	11	1	6,282	13	209	
1921	1,752	35	958	1	25	18	—	6,997	12	241	

¹ Payments to widow during widowhood, or if no widow, for benefit of child or children while under sixteen years of age.

Membership, Feb. 1, 1912, 3,324.

Recapitulation of Yearly Pension Cost under Non-contributory and Contributory Pension Systems. (Chapter 32, General Laws.)

YEAR. ¹	NON-CONTRIBUTORY.				CONTRIBUTORY.			
	POLICE.		Judges (Sections 61 to 67).	Retired Women Clean- ers (Section 74). (Super- intendent of Buildings).	Prison Officers (Sections 46 to 48).	Veterans, Civil War (Sec- tions 49 to 55).	Public Day School Teach- ers ¹ (Sec- tions 6 to 19 and 32 to 38).	State Em- ployees (Sections 1 to 5 and 32 to 38).
	Metropolitan Park (Sec- tions 62 to 73).	Department of Public Safety (Sec- tion 68).						
1913	\$1,738 75	\$750 00	\$14,779 44	—	\$7,923 60	\$58,305 54	—	\$17,576 31
1914	1,940 50	750 00	19,434 68	—	9,709 46	59,755 30	\$18,412 74 ²	24,918 58
1915	2,296 25	750 00	31,404 72	—	12,453 56	64,674 33	56,473 29	30,433 91
1916	2,532 00	1,599 12	30,539 92	—	14,766 64	65,160 10	84,012 66	36,672 76
1917	4,598 01	1,213 71	35,610 50	—	16,100 00	65,332 01	108,558 62	43,944 47
1918	5,806 21	875 00	40,929 44	\$1,156 00	17,688 55	59,871 84	135,537 45	49,890 50
1919	7,872 30	875 00	39,062 45	1,248 00	18,203 63	58,370 69	158,456 81	56,052 47
1920	9,486 88	1,878 22	49,400 00	1,248 00	20,425 73	65,652 11	178,109 78	63,159 09
1921	13,385 24	6,613 23	55,812 35	1,272 00	22,506 11	72,485 42	224,131 90	72,341 89

¹ Reimbursement to cities and towns for the pensions they paid to retired teachers included. ² Pension payment began July 1, 1914.

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

Comparison of Average Annual Payments to Persons on Retired Lists November 30, under Non-contributory and Contributory Pension Systems.

YEAR.	NON-CONTRIBUTORY.				CONTRIBUTORY.			
	Judges.	POLICE.		Retired Women Clean- ers (Super- intendent of Buildings).	Prison Officers.	Veterans, Civil War.	Public Day School Teach- ers, as of December 31.	State Em- ployees.
		Metropolitan Park.	Department of Public Safety.					
1920	\$6,225 00 (8)	\$656 43 (19)	\$1,118 73 (4)	\$156 00 (8)	\$729 19 (30)	\$748 13 (63)	\$385 01 (409)	\$233 97 (203)
1921	6,975 00 (8)	704 48 (19)	1,150 83 (6)	156 00 (8)	755 10 (31)	762 92 (94)	455 98 (487)	354 76 (249)

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.

Public school teachers with fifteen years of service who served prior to July 1, 1914 (five preceding retirement), minimum, \$400. Under State Employees' Act of 1911, minimum of \$200 to all retired prior to Aug. 26, 1920, and \$300 to all retired after said date.