

The Commonwealth of Massachusetts

ANNUAL REPORT

OF THE

BOARD OF RETIREMENT

FOR THE

YEAR ENDING NOVEMBER 30, 1923

DEPARTMENT OF TREASURER AND RECEIVER-GENERAL

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The Commonwealth of Massachusetts

REPORT

DIVISION OF BOARD OF RETIREMENT,
STATE HOUSE, BOSTON, November 30, 1923.

To the Honorable Senate and House of Representatives.

The twelfth annual report of the Board of Retirement for the year ending November 30, 1923, is herewith presented for your consideration.

The personnel of the Board remained unchanged during the year. By chapter 205, 1923, the legislature amended the refund annuity option of the law, as outlined in the recommendations of the Board in the eleventh annual report for the year ending November 30, 1922.

The contributory law has been in operation since January 1, 1912, approximately twelve years, and the present fund consists of \$1,681,011.73, which has been deducted from the salaries or wages of the members, and \$268,431.48 which has been credited as interest and extra dividends to the members' accounts, so that the total of the accounts on November 30, 1923, amounts to \$1,949,443.21.

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 \$2.00 to each \$100 of each account as it stood on September 30, 1922; the total thus credited amounted to \$30,094.46.

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: 1919, 4 $\frac{2}{5}$ %; 1920, 4 $\frac{3}{4}$ %; 1921, 4 $\frac{3}{4}$ %; 1922, 4 $\frac{3}{4}$ %; 1923, 5%. 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 November 30, 1923, was 7,612. 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 members 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 143 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, 1,616 new employees have become members of the Association and 1,604 have left the service by reason of death or resignation before becoming eligible for retirement. Retirement allowances were granted to 48 persons during the year, — 19 by reason of reaching the age of seventy, 4 for ordinary permanent disability, 2 with thirty-five or over years of service under age 60, and 23 between sixty and seventy years of age upon their own request. The total of the retiring allowances of the 48 employees retired during the year 1923 is \$22,191.29. Of this amount, \$3,051.88 was annuity derived from the contributions made by the members before retirement and the balance was pension paid from State appropriation.

The following statistics relate to the 48 employees who were retired during the fiscal year 1923.

	Cases.	Average Age at Retirement.	Average Length of Service.	Average Salary Last 5 Years.	Average Annuity.	Average Pension.	Average Retiring Allowance.
Disability cases	4	55	21	\$1,528	\$50 00	\$260	\$310
Retirements at age 60 or over	44	66	26	1,415	65 00	411	476
Total for year	48	66	26	\$1,425	\$64 00	\$400	\$462

The number of employees who have been granted a retirement allowance since the law became operative June 1, 1912, is 410. Since retirement 110 annuitants and 5 non-members have died, so that retirement allowances are now being paid to 295 former employees. Of this number 101 were retired at the age of seventy or over; 12 were retired for permanent disability; 1 non-member who was over fifty-five years of age when the retirement law was passed, was retired upon the request of the department in which he was employed; and 181 were retired upon their request between sixty and seventy years of age.

Present Ages and Number of Persons who are receiving a Retirement Allowance.

AGE.	No.	AGE.	No.	AGE.	No.	AGE.	No.
40	-	53	2	66	10	79	3
41	-	54	2	67	16	80	5
42	-	55	2	68	12	81	2
43	-	56	4	69	21	82	2
44	1	57	2	70	32	83	1
45	-	58	1	71	19	84	1
46	-	59	4	72	26	85	1
47	-	60	4	73	19	86	2
48	1	61	6	74	18	87	-
49	-	62	9	75	9	88	1
50	-	63	6	76	12	89	-
51	-	64	10	77	10		
52	1	65	7	78	11	Total	295

The average age of persons on the retired list is 70.07 years.

During the year ending November 30, 1923, \$98,245.27 was paid as pensions to persons upon the retired list as compared with \$83,599.89 for the previous year. The largest retirement allowance being paid to an individual is \$1,363.00. The average retirement allowance paid to the persons on the list December 1, 1923, is \$382.

The law provides compensation to a widow during her widowhood, or if there is 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 \$140,359.66 and the amount refunded to the heirs or estates of deceased members was \$11,624.07.

The retirement system has 318 members who may voluntarily retire at the age of sixty to seventy during the coming fiscal year; 18 under sixty years of age who have completed thirty-five years of service; and 17 who must retire at the age of seventy, the compulsory retirement age. The number who will voluntarily retire is uncertain. The Board has 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% 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 \$5,866.00 in addition to \$103,634.00, the amount of pensions in force on November 30, 1923.

The expenses of the administration of the system for the year were: salaries \$7,790.16; contingent expenses, \$836.92; reimbursement to institutions for making deductions from members' salaries, etc., \$2,932.32. The reimbursement to State institutions is purely a bookkeeping transaction to show the probable cost of operating the system.

Respectfully submitted,

JAMES JACKSON, *Chairman.*
WARREN A. MERRILL.
JOHN E. FISH, M.D.

Recapitulation of Pension Cost under Non-contributory and Contributory Pension Systems Fiscal Year ending November 30.
(Chapter 32, General Laws.)

YEAR.	NON-CONTRIBUTORY.				CONTRIBUTORY.			
	POLICE.		Retired Women Cleaners (Section 74) (Superintendent of Buildings).	Prison Officers (Sections 46 to 48).	VETERANS.		Teachers, Public Day Schools of Mass. 1 (Sections 6 to 19 and 32 to 38).	State Employees (Sections 1 to 5 and 32 to 38).
	Metropolitan Park (Sections 62 to 73).	Department of Public Safety (Section 68).			Veterans. Civil War (Sections 49 to 55).	Spanish and World Wars (Sections 56 to 60).		
1914	\$19,434 68	\$750 00	-	\$9,709 46	\$59,755 30	\$18,412 74 ²	\$24,918 58	
1915	31,404 72	750 00	-	12,453 56	64,674 33	56,473 29	30,433 91	
1916	30,539 92	1,599 12	-	14,766 64	63,160 10	84,912 66	36,672 76	
1917	35,610 50	1,213 71	-	16,100 00	63,592 01	108,055 85	43,944 47	
1918	40,929 44	875 00	-	17,688 55	59,871 84	135,053 91	49,890 50	
1919	39,062 45	875 00	\$1,156 00	18,203 63	58,370 69	159,044 30	56,052 47	
1920	49,400 00	1,878 22	1,248 00	20,425 73	65,652 11	178,109 78	63,159 09	
1921	55,812 35	13,385 24	1,272 00	22,506 11	72,485 42	224,131 90	72,341 89	
1922	54,438 69	13,280 04	1,676 64	25,086 11	74,612 30	301,670 81	83,599 89	
1923	56,540 00	14,998 44	2,400 00	28,386 18	67,046 94	353,349 41	98,245 27	

Under contributory system the figures represent only the amount paid by the State; the annuities paid from members' contributions are not included.
¹ Reimbursement to cities and towns for the pensions they paid to retired teachers included.
² Pension payment began July 1, 1914.

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 Cleaners (Superintendent of Buildings).	Prison Officers.	VETERANS.		Public Day School Teachers, as of December 31.	State Employees.
		Metropolitan Park.	Department of Public Safety.			Civil War.	Spanish and World Wars.		
1922	\$6,105 00 (10)	\$736 38 (19)	\$1,157 14 (7)	\$300 00 (8)	\$899 50 (32)	\$776 47 (88)	\$750 00 (1)	\$508 38 (558)	\$372 23 (263)
1923	6,318 75 (8)	756 80 (21)	1,170 83 (6)	300 00 (7)	781 16 (37)	834 23 (79)	850 00 (2)	518 99 (608)	382 28 (296)

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.
¹ 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.

Comparative Financial Statement, as of November 30.

YEAR.	Net Accumulated Deposits.	Deposits received during Year.	Interest credited Members' Accounts ¹ during Year.	REFUNDS. ²		PAID TO RETIRED MEMBERS.		Expense of Administration. ³	
				Payments to Estates of Deceased Members.	All Others.	Annuities.	PENSIONS FOR SERVICE.		
							Prior to June 1, 1912.		After June 1, 1912.
1914	\$265,060 87	\$130,667 73	\$5,901 06	\$915 90	\$13,983 79	\$189 74	\$24,728 84	\$7,996 22	
1915	385,530 94	139,394 66	8,926 22	2,674 81	23,057 30	405 93	30,027 98	8,999 45	
1916	512,240 80	157,684 94	16,342 68	2,644 37	39,184 70	802 69	35,870 07	9,725 32	
1917	638,013 12	161,902 50	21,680 12	4,185 44	49,355 91	1,393 80	42,550 67	9,421 15	
1918	745,986 87	176,678 34	26,088 53	5,689 65	83,409 69	2,064 01	47,826 49	9,074 21	
1919	909,670 37	227,661 17	30,923 50	10,819 89	69,785 17	2,969 94	58,082 53	10,289 20	
1920	1,087,916 28	267,235 04	39,870 06	7,496 99	101,888 03	4,171 00	58,937 94	11,786 93	
1921	1,343,677 90	304,107 72	49,168 17	7,282 50	69,186 12	5,739 11	66,438 97	10,790 66	
1922	1,645,229 77	361,510 91	61,103 73	15,662 35	84,861 03	7,582 20	75,908 83	10,937 70	
1923	1,949,443 21	402,467 11	77,897 77	11,624 07	140,359 66	10,235 23	87,291 50	11,559 40	

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.	MEMBERS ADMITTED DURING YEAR.		REFUNDS.		PERMANENT DISABILITY.			NUMBER RETIRED.				MEMBERSHIP.	
	Number to Estates of Deceased Members.	All Others.	PAYMENTS ACCOUNTED IN PERFORMANCE OF DUTY.		Ordinary.	35 or More Years' Service Under Age 60. ²	Voluntary (Age 60 to 70).	Compulsory (Age 70).	Non-members (Age 60 and Over).	Active.	RETIRED. PENSIONERS.		
			Members.	Dependents. ¹							Decased.	Living.	
1912	12	327	-	-	-	1	20	25	-	3,121	3	42	
1913	21	568	-	-	-	-	26	8	2	4,020	3	75	
1914	19	820	-	-	-	-	21	7	-	4,783	5	98	
1915	29	1,017	-	-	3	-	13	8	-	5,399	3	110	
1916	30	1,339	-	-	2	-	15	10	1	5,448	9	138	
1917	33	1,168	-	-	1	1	19	14	1	5,573	9	165	
1918	40	1,446	-	-	2	2	16	6	-	5,423	13	174	
1919	65	1,125	-	-	2	1	16	11	1	6,113	9	196	
1920	38	1,445	-	-	1	2	15	11	1	6,282	15	209	
1921	35	958	-	-	1	2	23	18	-	6,997	12	241	
1922	55	1,270	-	-	2	1	23	12	-	7,648	16	263	
1923	34	1,570	-	-	4	2	23	19	-	7,612	16	295	

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

¹ Payments to widow during widowhood, or if no widow, for benefit of child or children while under sixteen years of age, in case of death of parent from injuries received while in performance of duty.

² Most members with 35 or more years of service retire between the retirement age periods of 60 to 70 years.

NOTICE. — All other figures given in this report are on the basis of the State fiscal year ending November thirtieth.

ANNUAL STATEMENT OF THE CONDITION AND AFFAIRS OF THE STATE EMPLOYEES' RETIREMENT SYSTEM OF THE COMMONWEALTH OF MASSACHUSETTS. CONTRIBUTIONS BEGAN JUNE 1, 1912.

STATEMENT FOR THE YEAR ENDING DEC. 31, 1923, MADE TO THE COMMISSIONER OF
INSURANCE IN COMPLIANCE WITH THE PROVISIONS OF PARAGRAPH 5, SECTION 3,
CHAPTER 32, GENERAL LAWS.

	INCOME.	
Members' deposits		\$104,690 87
Interest received on investments (less \$4,231.12 accrued interest paid on securities purchased during the year)		83,959 08
Members' deposits used to purchase annuities	\$20,825 18	
Interest on same	4,801 01	
		25,626 19
Net increase in book value of securities		2,187 13
Securities sold (gain, selling price over cost)		3,548 66
Received from Commonwealth:		
For payment of pensions for service prior to June 1, 1912	\$86,395 29	
For payment of pensions for service subsequent to June 1, 1912	10,595 75	
For payment of pensions to employees over age 55 on June 1, 1912, who did not join retirement association	1,778 69	
To cover loss in annuity reserve 12-31-22	569 21	
		99,338 94
Credited to members' accounts:		
Regular interest at 3% comp. semi-annually	\$52,178 64	
Extra dividend at 2%	30,092 48	
		82,271 12
For reimbursement of State institutions	\$2,932 32	
For salaries	7,861 08	
For expenses	785 88	
		11,579 28
Total income		\$713,201 27
Balance December 31, 1922		1,775,358 19
Total		\$2,488,559 46

	DISBURSEMENTS.	
Deposits refunded, including interest, to members withdrawing from service		\$140,923 79
Deposits refunded, including interest, to representatives of deceased members		11,153 11
Adjustment of refunds		2 91
Members' deposits used to purchase annuities	\$20,825 18	
Interest on same	4,801 01	
		25,626 19
Payments to retired members:		
Pensions paid for service prior to June 1, 1912	\$86,395 29	
Pensions paid for service subsequent to June 1, 1912	10,595 75	
For payment of minimum pension to employees over age 55 on June 1, 1912, who did not join retirement association	1,778 69	
Annuities purchased by members' contributions	10,434 65	
		109,204 38
Regular interest and extra dividend credited to members' accounts		82,271 12
Salaries and contingent expenses		11,579 28
Refunds to estates of 2 deceased annuitants who at the time of their retirement elected the refund annuity option		945 23
Total disbursements		\$381,706 01
Balance December 31, 1923		2,106,853 45
Total		\$2,488,559 46

	LEDGER ASSETS.	
Investments, par value (Schedule A), \$2,116,600; amortized value		\$2,129,683 15
Cash (credit balance)		—22,829 70
		\$2,106,853 45

	NON-LEDGER ASSETS.	
Accrued interest on investments		25,541 41
Deposits receivable from treasurers of institutions, etc.		30,763 81
Gross assets		\$2,163,158 67

LIABILITIES.

Deposits of members including \$30,763.81 in hand of agents of the Board	\$1,741,369 14
Regular interest and extra dividends credited to members' accounts	294,937 37
Unpaid annuities due Dec. 31, 1923	131 07
Refunds due estates of 2 deceased annuitants who at the time of their retirement elected the refund annuity option	1,157 85
Annuity reserve	\$82,740 33
Annuity reserve surplus	321 28
	<hr/>
Surplus (undivided profits)	83,061 61
	42,501 63
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Total liabilities	\$2,163,158 67

MEMBERSHIP EXHIBIT.

Contributing members:	
Membership December 31, 1922	7,629
Admitted during the year	1,601
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Members retired	44
Members deceased	32
Members left service	1,555
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	1,631
Membership December 31, 1923	7,599
Retired members:	
Members retired December 31, 1922	265
Members retired during year	44
	<hr/>
Members deceased	16
	<hr/>
Members retired December 31, 1923	293

We hereby certify that the above statement is a complete and correct exhibit of the financial condition of the Retirement System of the Commonwealth on the 31st day of December 1923, to the best of our knowledge and belief.

JAMES JACKSON, *Chairman*,
WARREN A. MERRILL,
JOHN E. FISH, M.D., } *Board of Retirement.*

Subscribed and sworn to before me this fifteenth day of February, 1924.

GEORGE B. WILLARD,
Notary Public.