

The Commonwealth of Massachusetts

---

ANNUAL REPORT

OF THE

BOARD OF RETIREMENT

FOR THE

Year Ending November 30, 1926

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Department of Treasurer and Receiver-General



MASS.  
DOCS.  
COLL.

Publication of this Document approved by the Commission on Administration and Finance

# The Commonwealth of Massachusetts

## REPORT

Division of Board of Retirement,  
State House, Boston, December 31, 1926.

To the Honorable Senate and House of Representatives.

The fifteenth annual report of the Board of Retirement is herewith presented for your consideration.

The contributory law has been in operation since January 1, 1912, approximately fifteen years, and the present fund consists of \$2,603,522.38, which has been deducted from the salaries or wages of the members, and \$557,985.68 which has been credited as interest and extra dividends to the members' accounts, so that the total of the accounts of members contributing on December 31, 1926 amounts to \$3,166,508.06.

The annuity reserve for the payment of annuities to members on the retired list December 31, 1926 was \$135,742.00, and the gross assets on said date were \$3,354,894.11. 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 September 30, 1925. The total thus credited amounted to \$43,165.65.

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: 1922, 4¾%; 1923, 5%; 1924, 5%; 1925, 5%; 1926, 4¾%. 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 accumulated savings refunded to members who left the service were \$207,183.07, and the amount refunded to the heirs or estates of deceased members was \$34,866.53.

The contributing members of the Retirement Association when it was first organized were 3,324, and the contributing members on November 30, 1926, were 8,693.

During the year ending November 30, 1926, 1867 new employees have become members of the Association and 1,507 have left the service by reason of death or resignation before becoming eligible for retirement. Retirement allowances were granted to 37 persons during the year, 17 by reason of reaching the age of seventy, 3 for ordinary disability, 2 for permanent disability resulting from accidental injury in line of duty, 1 under age sixty who had completed thirty-five years of service retired voluntarily, and 14 between sixty and seventy years of age upon their request. The total of the retiring allowances of the 37 employees retired during the year ending November 30, 1926 is \$19,846.40. Of this amount, \$3,865.10 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 37 employees who were retired during the year November 30, 1926.

	Cases	Average Age at Retirement	Average Length of Service	Average Salary Last 5 Years	Average Annuity	Average Pension	Average Retiring Allowance
Disability Ordinary . . . . .	3	54	24.75	\$1045.	\$28.07	\$267.45	\$295.52
Accidental . . . . .	2	62	13.00	1492.	51.70	605.05	656.75
Retirements at age 60 or over	32	68.18	24.18	1766.	116.95	443.14	560.09
Total for year . . . . .	37	66.45	22.68	\$1680.	\$104.47	\$431.92	\$536.39

The number of employees who have been granted a retirement allowance since the law became operative, June 1, 1912, is 532, and the total number of payments granted to widows on account of death of husband from accidental injuries received in line of duty is 3. Since retirement 178 annuitants and 5 non-members have died, so that retirement allowances are now being paid to 349 former employees. Of this number 123 were retired at the age of seventy or over; 186 were retired upon their request between sixty and seventy years of age; 12 were retired with 35 years of service under age sixty; 4 were wives retired at time of retirement of husbands; 19 were retired for

ordinary permanent disability, and 4 were retired for permanent accidental disability because of such injuries received in the line of duty; 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.

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 members' 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. Three payments are now being made under this act. The largest payment to a widow is \$750.00; the average is \$614.28.

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

Age	No.	Age	No.	Age	No.	Age	No.
40 . . . . .	-	53 . . . . .	2	66 . . . . .	13	79 . . . . .	7
41 . . . . .	-	54 . . . . .	2	67 . . . . .	17	80 . . . . .	7
42 . . . . .	1	55 . . . . .	1	68 . . . . .	12	81 . . . . .	7
43 . . . . .	-	56 . . . . .	4	69 . . . . .	12	82 . . . . .	3
44 . . . . .	-	57 . . . . .	4	70 . . . . .	33	83 . . . . .	3
45 . . . . .	-	58 . . . . .	5	71 . . . . .	28	84 . . . . .	2
46 . . . . .	-	59 . . . . .	3	72 . . . . .	32	85 . . . . .	1
47 . . . . .	1	60 . . . . .	2	73 . . . . .	25	86 . . . . .	2
48 . . . . .	-	61 . . . . .	7	74 . . . . .	16	87 . . . . .	1
49 . . . . .	-	62 . . . . .	6	75 . . . . .	24	88 . . . . .	-
50 . . . . .	-	63 . . . . .	8	76 . . . . .	14	89 . . . . .	1
51 . . . . .	2	64 . . . . .	9	77 . . . . .	14	90 . . . . .	-
52 . . . . .	-	65 . . . . .	11	78 . . . . .	8	91 . . . . .	1
						Total . . . . .	349

The average age of persons on the retired list is 70.46 years.

During the year ending November 30, 1926, \$128,330.75 was paid as pensions to persons upon the retired list as compared with \$120,003.93 for the previous year. The largest retirement allowance being paid to an individual is \$1,960.74. The annuity from the savings of the retired member is \$207.16 and the pension paid by the State is \$1,753.58. The average retirement allowance paid to the persons on the list November 30, 1926, is \$413.97.

The retirement system has 389 members who may voluntarily retire at the age of sixty to seventy during the coming fiscal year; 20 under sixty years of age who have completed thirty-five years of service; and 21 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 \$6,200 in addition to \$132,800.00, the amount of pensions in force on November 30, 1926. The Board has requested an appropriation of \$139,000 to cover the cost of pensions for the year ending November 30, 1927.

The expenses of the administration of the system for the year were: Salaries, \$8,998.15; contingent expenses, \$649.08; reimbursement to institutions for making deductions from members' salaries, etc., \$3,000.00. The reimbursement to State institutions is purely a bookkeeping transaction to show the probable cost of operating the system.

**AMENDMENT TO THE RETIREMENT LAW PASSED BY THE GENERAL COURT DURING THE SESSION OF 1926.**

Under Chapter 300, Acts of the year 1926 a member who has at some time contributed 3% of his salary or wages and who has changed or shall change to the 5% basis of contribution may make up the amount due to make his account equal to the sum which 5% contributions would have amounted to for the period during which he contributed 3% of his salary or wages.

The law provides for the payment of the amount due as follows:

- (1) (a) Members under sixty years of age may pay the amount in one sum or,
  - (b) may pay the amount by installments, but all installments must be paid within five years or before the member reaches age sixty.
- (2) Members over sixty must pay the amount due in one sum.

At the time of retirement a member who pays the sum will have the pensions for all of his service plus the annuity figured on what 5% contributions will provide in a retirement allowance. All of the service includes the service during which actual contributions were made to the Annuity Fund and also the service prior to June first, nineteen hundred and twelve, where the pension under paragraph (2) C (b) sec. 5, Chapter 32, General Laws, is figured on assumed contributions from the salary received.

#### RECOMMENDATION.

Members of the Retirement Association for employees of the Commonwealth are required by law to contribute a per cent of their salary or wages at the time of each payment. These contributions are kept by the State in an Annuity Fund and invested in securities legal for the investment of the sinking funds of the Commonwealth. The income from the investment of the Annuity Fund is credited as interest to the members' accounts compounded semi-annually on June 30th and December 31st. "Regular interest," as defined in the law, will not permit the Board to pay to a member who leaves the State service between compound interest dates any additional interest for the period from the previous compound interest date to the time of termination of service; nor will it allow his account to remain in the fund until after the succeeding compound interest date in order not to suffer loss of interest. The estate of a deceased member who died while in the service will not receive any additional interest for the period of service subsequent to the last compound interest date even though the law in certain instances requires that payment of the accounts shall not be made until three months from the date of death of the member. The Board of Retirement recommends that the law be amended so that interest may be computed on the amount of a member's account at the last compound interest date from said date to the first day of the month in which service ended in the case of retirement or refund, or to the first day of the month in which payment is made in the case of death while in the service.

Respectfully submitted,

WILLIAM S. YOUNGMAN, *Chairman.*  
WARREN A. MERRILL.  
JOHN E. FISH.

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

YEAR	NON-CONTRIBUTORY						CONTRIBUTORY			
	Judges (Sections 61 to 67)	Court Officers and Messengers (Section 66)	Police Metro- politan Park (Sections 69 to 73)	Department of Public Safety (Section 68)	Retired Women Cleaners (Section 74) (Superintendent of Buildings)	Prison Officers (Sections 46 to 48)	Veterans, Civil War (Sections 49 to 55)	Spanish and World Wars (Sections 56 to 60)	Retired by Met. District	Teachers, Public Schools of Mass. 1 to 5 and 32 to 38)
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	-	2,532 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	-	108,055 85	43,944 47
1918	40,929 44	-	5,806 21	875 00	-	17,688 55	59,871 84	-	135,053 91	49,890 50
1919	39,062 45	-	7,872 30	875 00	\$1,156 00	18,203 63	58,370 69	-	159,044 30	56,052 47
1920	49,400 00	-	9,486 88	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	6,613 23	1,272 00	22,506 11	72,485 42	-	224,131 90	72,341 89
1922	54,438 69	-	13,280 04	7,995 00	1,676 64	25,086 11	74,612 30	\$750 00	301,670 81	83,599 89
1923	56,540 00	-	14,998 44	7,024 99	2,400 00	28,386 18	67,046 94	937 36	353,227 48	98,245 27
1924	50,550 00	\$228 39	16,018 99	7,024 99	2,088 46	28,189 35	63,514 93	1,700 00	389,898 04	110,348 44
1925	52,257 66	464 00	20,606 30	8,285 00	1,671 41	27,583 67	57,211 51	2,871 68	446,909 06	120,003 93
1926	50,324 00	464 00	25,393 19	7,030 33	1,500 00	29,050 41	48,429 88	4,350 00	518,002 61	128,330 75

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>Payments to widow during widowhood, or if no widow, for the 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 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	Court Officers and Messengers	Police Metro- politan Park	Department of Public Safety	Retired Women Cleaners (Superintendent of Buildings)	Prison Officers	Veterans and World Wars Retired by: State	Civil War	Spanish and World Wars Retired by: Met. District	Public Day School Teachers, as of December 31	STATE EMPLOYEES Members	Dependents
1925	6,113 19 (9)	232 00 (2)	886 12 (30)	1,183 57 (7)	300 00 (5)	753 50 (38)	900 00 (4)	865 04 (63)	936 00 (1)	555 31 (750)	395 47 (345)	614 28 (3)
1926	6,101 88 (10)	232 00 (2)	869 51 (27)	1,165 00 (5)	300 00 (5)	766 23 (39)	875 00 (5)	833 53 (56)	936 00 (1)	577 73 (852)	413 97 (349)	614 28 (3)

A figure in parentheses in any column shows the number of pensioners under each system November 30; under contributory systems the figures represent the amount paid by the State, plus 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. <sup>1</sup>Pensions paid by the State and by the several counties in the same proportion as the salaries were paid at the time of retirement.

*Comparative Financial Statement as of December 31st.*

YEAR	Deposits Received During the Year	Interest and Surplus Credited Members' Accounts During the Year	Refunds of Deposits and Interests		ANNUITIES		Contributing Members		Reserve for Payment of Annuities To Retired Members	Gross Assets	Rate of Surplus Credited to Members' Accounts
			To Estates or the Beneficiaries of Deceased Members	To Members Who Left the Service	Deposits and Interest of Members Retired During Year to Purchase	Paid During Year to Retired Members	Net Deposits	Net Interest			
1912	\$54,737 11	\$278 74	\$22 73	\$1,352 23	\$149 60	\$3 67	\$53,212 55	\$278 74	\$149 53	\$53,831 61	-
1913	108,255 86	2,630 88	354 54	6,966 58	926 65	81 79	153,296 68	2,833 58	1,042 59	159,122 78	1 1/8 %
1914	132,142 37	7,587 34	1,101 92	15,213 21	1,626 71	204 98	267,786 14	10,075 86	2,524 89	282,380 79	1 1/2 %
1915	140,750 10	10,681 48	2,541 65	23,911 50	4,808 71	430 12	380,253 02	19,799 34	4,889 50	410,455 26	1 1/2 %
1916	151,663 02	18,196 52	2,819 27	40,319 47	5,803 73	846 24	485,953 61	35,890 02	8,602 71	549,954 50	1 1/2 %
1917	169,200 46	23,370 72	4,532 00	50,844 19	6,857 23	1,450 64	596,946 60	55,511 06	14,596 19	687,823 90	1 1/2 %
1918	176,071 58	27,648 72	6,575 11	83,334 85	7,407 79	2,124 26	682,637 94	76,222 27	20,092 37	806,261 36	1 1/2 %
1919	224,562 91	32,993 48	9,513 08	99,674 41	9,874 14	3,058 87	825,887 84	101,467 13	27,688 53	988,821 53	1 1/2 %
1920	272,480 80	42,465 44	7,496 99	99,219 03	12,248 85	4,272 91	989,814 74	133,521 60	36,666 25	1,200,076 44	1 1/2 %
1921	308,478 58	52,898 43	7,356 19	70,122 22	19,834 13	5,900 70	1,210,501 20	176,809 61	51,825 63	1,489,063 57	1 1/2 %
1922	367,408 79	65,325 45	16,162 12	87,389 89	20,299 24	7,744 97	1,466,713 45	229,570 35	67,075 58	1,827,095 86	1 1/2 %
1923	404,690 87	82,271 12	11,153 11	140,923 79	25,626 19	10,434 65	1,710,605 33	294,937 37	82,740 33	2,163,158 67	2 %
1924	443,704 72	98,448 62	9,804 00	127,692 04	31,684 58	12,778 96	2,003,384 45	375,130 87	103,211 44	2,567,712 86	2 %
1925	474,821 44	115,396 18	19,888 83	191,446 16	27,720 65	15,337 06	2,267,274 35	462,386 80	121,120 00	2,939,150 89	2 %
1926	510,791 24	126,421 55	34,866 53	207,183 07	31,281 36	17,920 64	2,608,522 38	557,985 68	135,742 00	3,354,894 11	1 3/4 %

..Regular Interest, interest at three per cent per annum, compounded semi-annually on the last days of December and June and reckoned for full three and six months' periods only. Surplus is extra interest, in addition to regular interest, and is distributed on June thirtieth of said year and is figured on the accumulation of the account on the preceding September thirtieth. To obtain the interest rate each year add 3% to the rate of surplus, i. e., 1926, 3 + 1 3/4 = 4 3/4%.

*Comparative Statement of Membership, as of November 30.*

YEAR	Members Admitted during Year	REFUNDS		RETIRED FOR PERMANENT DISABILITY		NUMBER RETIRED						MEMBERSHIP			
		Number to Estates of Deceased Members	All Others	Payments account injuries received in performance of duty		35 or More Years Service Under Age 60 2	Voluntary (age 60 to 70)	Com-pulsory (age 70)	Retirement with Spouse		Non-members (Age 60 and Over)	Total Retired During Year (De-pend-ents Ex-cluded)	Active	RETIRED	
				Members	De-pend-ents				Ordinary	Wife				Hus-band	Deceased
1912	181	12	327	-	-	20	25	-	-	-	45	3,121	2	43	-
1913	1,522	21	568	-	-	26	8	-	-	2	36	4,020	4	75	-
1914	1,630	19	820	1	-	21	6	-	-	-	28	4,783	5	98	-
1915	1,686	29	1,017	3	-	13	8	-	-	-	24	5,399	4	118	-
1916	1,445	30	1,339	2	-	15	10	-	-	1	28	5,448	8	138	-
1917	1,361	33	1,168	1	-	18	14	1	1	1	36	5,573	12	162	-
1918	1,360	40	1,446	3	-	14	6	1	1	-	24	5,423	12	174	-
1919	1,910	65	1,125	2	-	15	11	1	1	1	31	6,113	9	196	-
1920	1,679	38	1,445	1	-	14	10	1	1	-	28	6,282	16	208	-
1921	1,752	35	958	1	1	22	18	1	1	1	44	6,997	11	241	1
1922	2,014	55	1,270	2	2	22	12	1	1	-	37	7,649	16	262	1
1923	1,616	34	1,570	4	4	22	19	1	1	-	48	7,613	16	294	-
1924	1,971	35	1,224	4	4	28	16	1	1	-	51	8,274	16	329	-
1925	1,781	40	1,610	4	4	2	9	2	2	-	35	8,370	22	342	3
1926	1,867	57	1,450	4	3	1	21	1	1	(6)	37	8,693	11	349	3
				(4)	(3)	(13)	(273)	(201)	(4)		(532)		(183)		

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.—The figures given in this statement are on the basis of the year ending December thirty-first.

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

STATEMENT FOR THE YEAR ENDING DEC. 31, 1926, MADE TO THE COMMISSIONER OF  
INSURANCE IN COMPLIANCE WITH THE PROVISIONS OF PARAGRAPH 5, SECTION 3,  
CHAPTER 32, GENERAL LAWS.

INCOME

Members' deposits		\$510,791 24
Interest received on investments (less \$5,792.68) accrued interest paid on securities purchased during the year)		132,980 29
Members' deposits used to purchase annuities	\$23,867 72	
Interest on same	7,413 64	
		31,281 36
Adjustment in book value of securities (amortized values)		
Securities sold (gain, selling price over cost)		7 34
Received from Commonwealth:		
For payment of pensions for service prior to June 1, 1912	\$101,929 65	
For payment of pensions for service subsequent to June 1, 1912	18,371 89	
For payment of pensions to employees over age 55 on June 1, 1912, who did not join retirement association	200 00	
For payment of pensions to members retired for permanent accidental injuries	2,341 46	
For payments to widows, or in case of no widow, to children because of death of parent from accidental injuries received in course of employment	1,842 85	
Under special legislative acts	1,219 96	
		125,905 81
To cover loss in annuity reserve 12-31-25		2,806 27
Credited to members' accounts:		
Regular interest at 3% comp. semi-annually	\$83,255 90	
Extra dividend at 1 3-4%	43,165 65	
		126,421 55
For reimbursement of State institutions	\$3,000 00	
For salaries	9,015 33	
For expenses	715 96	
		12,731 29
Adjustment of refunds		04
Total income		\$942,925 19
Balance December 31, 1925		2,858,292 94
Total		\$3,801,218 13

DISBURSEMENTS

Deposits refunded, including interest, to members withdrawing from service		\$172,316 54
Deposits refunded, including interest, to representatives of deceased members		34,866 53
Adjustment of refunds		
Members' deposits used to purchase annuities	\$23,867 72	
Interest on same	7,413 64	
		31,281 36
Pensions paid to retired members and to dependents of members who died from injuries received in course of employment		125,905 81
Annuities paid to members from their contributions		17,920 64
Regular interest and extra dividend credited to members' accounts		126,421 55
Salaries and contingent expenses		12,731 29
Refunds to estates of 3 deceased annuitants who at the time of their retirement elected the refund annuity option		2,145 53
Adjustment book value of securities (amortized values)		2,821 38
Deposits, Normal School to teachers' retirement board		1,794 60
Total disbursements		\$528,205 23
Balance December 31, 1926		3,273,012 90
Total		\$3,801,218 13

LEDGER ASSETS.

Investments, par value \$3,180,650; amortized value	\$3,277,718 61
Cash (credit balance)	4,705 71
	\$3,273,012 90

NON-LEDGER ASSETS.

Accrued interest on investments	\$41,988 06
Deposits receivable from treasurers of institutions, etc.	39,893 15
Due from Commonwealth, net loss in annuity fund	
Gross assets	\$3,354,894 11



LIABILITIES.

Deposits of members including \$39,893.15 in hand of agents of the Board . . . . .	\$2,608,522 38	
Regular interest and extra dividends credited to members' accounts . . . . .	557,985 68	
Unpaid annuities due Dec. 31, 1926 . . . . .	7 23	
Refunds due estates of deceased annuitants who at the time of their retirement elected the refund annuity option . . . . .		417 50
Annuity reserve . . . . .	\$135,742 00	
Annuity reserve surplus . . . . .	713 43	
		136,455 43
Surplus (undivided profits) . . . . .		51,505 89
Total liabilities . . . . .		\$3,354,894 11

MEMBERSHIP EXHIBIT

Contributing members:			
Membership December 31, 1925 . . . . .		8366	
Admitted during the year . . . . .		1892	
			10,258
Members retired . . . . .		38	
Members deceased . . . . .		60	
Members left service . . . . .		1,434	
			1,532
Membership December 31, 1926 . . . . .			8,726
Retired members:			
Members retired December 31, 1925 . . . . .		342	
Members retired during year:—			
Between 60-70 years age . . . . .		14	
At age 70 . . . . .		16	
With 35 years' service under age 60 . . . . .		1	
Ordinary disability . . . . .		5	
Accidental disability . . . . .		2	38
			29
Retired members who died during year . . . . .			29
Members retired December 31, 1926 . . . . .			351
Non-members:			
To widow or child of deceased member . . . . .		3	
Special Legislative act . . . . .		1	
Under Sec. 5 (2) C (b) . . . . .		1	
			5
Total on pension roll, December 31, 1926 . . . . .			356

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, 1926, to the best of our knowledge and belief.

WILLIAM S. YOUNGMAN }  
 WARREN A. MERRILL } Board of Retirement.  
 JOHN E. FISH }

Subscribed and sworn to before me this fourteenth day of February, 1927.

WALTER S. KENDALL,  
 Notary Public.