
FIFTH ANNUAL REPORT

OF THE

TEACHERS' RETIREMENT BOARD

FOR THE

YEAR ENDING DECEMBER 31, 1918



BOSTON

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SUPERVISOR OF ADMINISTRATION.

The Commonwealth of Massachusetts

TEACHERS' RETIREMENT BOARD,
BOSTON, March 24, 1919.

To the Honorable Senate and House of Representatives.

GENTLEMEN: — I transmit to you herewith, for the use of the Legislature, the annual report of the Teachers' Retirement Board for the year ending Dec. 31, 1918.

Respectfully yours,

FRANK H. HARDISON,
Chairman.



The Commonwealth of Massachusetts.

FIFTH ANNUAL REPORT OF THE TEACHERS' RETIREMENT BOARD.

To the Honorable Senate and House of Representatives.

The fifth annual report of the Teachers' Retirement Board is herewith presented for your consideration.

In accordance with the provisions of the retirement law, 1,902 teachers, who in the year 1918 entered the service of the public schools of this State for the first time, were enrolled as members of the Teachers' Retirement Association. This was an unusually large number of enrollments, being 243 more than the compulsory enrollments of any previous year. There were also 80 teachers, who served prior to July 1, 1914, who became members by paying their back assessments with interest. The teachers who forfeited membership by resigning their positions numbered 1,392. On account of the influenza epidemic the deaths for the year, 83 in number, were almost double those of any previous year. There were 44 deaths in 1916 and 45 deaths in 1917. On Dec. 31, 1918, the total membership was 11,177. Of these teachers, 338 were on the retired list.

The total deposits received by the Retirement Board from July 1, 1914, to Dec. 31, 1918, amounted to \$1,741,529.84. In 1918 the deposits were \$477,475.66. Refunds in 1918 amounting to \$89,486.40 were made to teachers who resigned their positions, and \$5,808.36 was paid to the estates of deceased members. Since July 1, 1914, teachers who have resigned their positions have received in refunds \$176,640.15, and \$12,839.28 has been paid on account of deaths. In the case of many teachers who died it was found that they left no estate except the contributions with interest which they had to their credit

in the annuity fund. The compulsory saving required of the members under the retirement law has undoubtedly resulted in the teachers creating an estate which they otherwise would not have accumulated.

Under the provisions of the retirement law the rate of interest to be credited to the members' accounts is determined by the Retirement Board. The Board fixed the rate to be credited to the accounts of the members on Dec. 31, 1918, at 4 per cent. The interest credited to the accounts of members in active service was \$50,006.50, and \$2,040.42 was credited to the accounts of members who have left the service of the public schools, but have not withdrawn their contributions. On Dec. 31, 1918, the total assets of the Retirement Association amounted to \$1,680,036.81.

The Retirement Board has given notice of its intention to fix the rate of assessment for the school year, beginning July 1, 1919, at 5 per cent. of the annual salary of each member, subject to the provision of the law, however, which requires that the minimum annual assessment shall be \$35 and the maximum annual assessment \$100. Assessments have been at this rate since the organization of the Retirement Association.

Retiring allowances were granted during the year as follows:

On account of disability (teachers under sixty years of age),	17
Voluntary retirements (sixty to sixty-nine years of age),	43
Compulsory retirements (age seventy),	5
	<hr/>
Total,	65

The annual retiring allowances for the 338 retired members living on Dec. 31, 1918, amounted to \$125,688.68. In 1918 the amount paid to retired members was \$113,843.14, of which \$2,785.10 was derived from the contributions of members who paid assessments before retiring, and the balance, \$111,058.04, was paid by the State.

Mr. Harry Smalley, who has been a member of the Board since 1914, was re-elected in 1918 for the term of three years from Nov. 1, 1918. Hon. Robert Luce of Waltham was also re-elected in 1918 to serve as the seventh member of the Board for the term of one year from Feb. 1, 1918.

The following estimate of the amount needed for the fiscal year ending Nov. 30, 1919, was submitted to the Supervisor of Administration and the Auditor of the Commonwealth:—

Pensions for members of the Retirement Association, . . .	\$130,000 00
Reimbursement of cities and towns in accordance with the provisions of section 13 of the retirement law, . . .	29,769 55
Expenses of administration,	7,580 00
	<hr/>
Total,	\$167,349 55

There are three minor changes which should be made in the retirement law.

At present any teacher having the option of joining the Retirement Association may do so by paying the assessments, with interest, which he would have paid had he become a member on Sept. 30, 1914. The law does not restrict application for membership to teachers who have not attained the age of seventy. This restriction should be made, however, as members of the association are obliged to retire upon attaining the age of seventy. To permit a teacher who remained in service beyond the age of seventy to become a member of the association, and receive a retiring allowance, is unfair to teachers who voluntarily joined in 1914.

The retirement law originally provided that if a member withdrew from the service of the public schools, the amount which he had to his credit in the annuity fund should be refunded in four annual installments. In 1916 the law was so amended that refunds may now be made in one sum to teachers who have not contributed six annual assessments. It now seems desirable to extend this privilege to all teachers, unless, in the discretion of the Retirement Board, it seems advisable that payments be made in quarterly installments. This quarterly installment provision is put in to guard against the possible contingency of a large number of teachers withdrawing, and the cash on hand not being sufficient to make the payments.

Chapter 589 of the Acts of 1908 established a pension system for teachers employed in the city of Boston. Chapter 498 of the Acts of 1908 permits cities and towns which accepted the provisions of the act to retire teachers. Section 13 of the retire-

ment law provides for the reimbursement of a city or town retiring teachers under the provisions of the above acts, in order to prevent double taxation. The Retirement Board is of the opinion that reimbursement should be granted only in cases where the retirement would have been approved by the Board had the teacher been a member of the Massachusetts Teachers' Retirement Association. The retirement on account of disability of members of the Retirement Association who have not attained the age of sixty, and the retirement of members of the association sixty years of age or over on account of inefficiency, is subject to the approval of the Massachusetts Teachers' Retirement Board. If the reimbursement of a city or town is not subject to the same restrictions as apply to the retirement of members of the State Teachers' Retirement Association, an undue burden may be placed upon the State.

Bills providing for these changes have been incorporated in the report of the committee appointed to investigate the educational conditions in the State.

Respectfully submitted,

FRANK H. HARDISON, *Chairman.*

ROBERT LUCE.

WALTER V. McDUFFEE.

HARRY SMALLEY.

PAYSON SMITH.

ELLEN A. STILLINGS.

AUGUSTUS L. THORNDIKE.

ANNUAL STATEMENTS
OF THE
CONDITION AND AFFAIRS
OF THE
TEACHERS' RETIREMENT SYSTEM OF THE
COMMONWEALTH OF MASSACHUSETTS.

ESTABLISHED JULY 1, 1914.

STATEMENT FOR THE YEAR ENDING DEC. 31, 1918, MADE
TO THE INSURANCE COMMISSIONER BY THE SECRETARY
OF THE TEACHERS' RETIREMENT BOARD.

INCOME.

Members' deposits,	\$476,984 64
Deposits transferred from State Employees' Retirement Association,	491 02
Interest received on investments (less \$4,352.21 accrued interest paid on bonds purchased during the year),	54,692 41
Interest received on bank balances,	273 09
Discount on investments (less \$5,073.92 premium),	4,292 48
Members' deposits used to purchase annuities, \$11,778 80	
Interest on same,	806 65
	12,585 45

Received from Commonwealth: —

For payment of pensions for service prior to July 1, 1914,	\$108,272 94
For payment of pensions for service subsequent to July 1, 1914,	2,785 10
For reimbursement of cities and towns,	23,995 87
For administration expenses,	6,413 18
	141,467 09

Total income, \$690,786 18

DISBURSEMENTS.

Deposits refunded, including interest, to members withdrawing from teaching service,	\$89,486 40
Deposits refunded, including interest, to representatives of deceased members,	5,808 36
Transferred to State Employees' Retirement Association for members who entered the State service,	1,425 04
Members' deposits used to purchase annuities, \$11,778 80	
Interest on same,	806 65
	12,585 45

Amount carried forward, \$109,305 25

<i>Amount brought forward,</i>		\$109,305 25
Payments to retired members:—		
Pensions paid for service prior to July 1, 1914,	\$108,272 94	
Pensions paid for service subsequent to July 1, 1914,	2,785 10	
Annuities purchased by members' contributions,	2,785 10	
	<hr/>	113,843 14
Reimbursement of cities and towns on account of pensions paid to teachers retired subsequent to July 1, 1914:—		
Boston,	\$22,490 03	
Brookline,	799 96	
Wellesley,	705 88	
	<hr/>	23,995 87
Administration expenses for calendar year 1918:—		
Salary of secretary,	\$2,133 32	
Salaries of regular clerks,	2,601 18	
Extra clerks, etc.,	196 00	
Printing,	399 61	
Postage,	582 80	
Stationery and office supplies,	308 39	
Travel and telephone,	157 29	
Miscellaneous,	34 59	
	<hr/>	6,413 18
Total payments,		\$253,557 44
Income over disbursements,		\$437,228 74
Ledger assets Dec. 31, 1917,		1,204,991 66
		<hr/>
Ledger assets Dec. 31, 1918,		\$1,642,220 40
ASSETS.		
Investments, par value (Schedule A),	\$1,437,500 00	
Cash,	204,720 40	
	<hr/>	
Total ledger assets,		\$1,642,220 40
Accrued interest on investments,	\$19,165 36	
Amortized value of investments over par value,	18,651 05	
Total non-ledger assets,	<hr/>	37,816 41
		<hr/>
Gross assets,		\$1,680,036 81

LIABILITIES.

Deposits of members in active service,	\$1,469,324 81	
Regular interest credited to same,	107,730 45	
		<hr/> \$1,577,055 26
Deposits of members who have withdrawn from the service of the public schools without requesting a refund of the amount to their credit,	\$54,078 85	
Regular interest credited to same,	4,249 90	
		<hr/> 58,328 75
Due representatives of deceased members,	4,583 65	
Annuity reserve,	27,597 69	
Surplus,	12,471 46	
		<hr/>
Total liabilities,	\$1,680,036 81	

MEMBERSHIP EXHIBIT.

Membership Dec. 31, 1917,	10,534
Voluntary members admitted to Retirement Association during the year 1918,	80
Teachers required by law to become members,	1,902
Reinstated,	136
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Total,	12,652
Number deceased during the year 1918,	83
Number left service,	1,382
Transferred to State Employees' Retirement Association,	10
	<hr/>
	1,475
	<hr/>
Membership Dec. 31, 1918,	11,177

I hereby certify that the above statement is a complete and correct exhibit of the financial condition of the Teachers' Retirement System of the Commonwealth of Massachusetts on the thirty-first day of December, 1918, to the best of my knowledge and belief.

CLAYTON L. LENT,
Secretary, Teachers' Retirement Board.

Subscribed and sworn to before me this twenty-fourth day of January, 1919.

EDMUND S. COGSWELL,
Justice of the Peace.

My commission expires July 6, 1922.

STATEMENT FOR THE YEAR ENDING DEC. 31, 1918, MADE
TO THE INSURANCE COMMISSIONER IN COMPLIANCE
WITH THE PROVISIONS OF PARAGRAPH 5, SECTION 11,
CHAPTER 832, ACTS OF 1913.

INCOME.

Received from secretary of Teachers' Retirement Board,	\$477,257 73
Transferred from retirement fund for State employees,	491 02
Interest on bonds (less \$4,352.21 accrued interest),	54,692 41
Discount (less \$5,073.92 premium on investments),	4,292 48
Balance on hand Dec. 31, 1917,	111,491 66
	<hr/>
Total receipts,	\$648,225 30

PAYMENTS.

Annuities,	\$2,785 10
Deposits refunded to members withdrawing from the teaching service and to representatives of deceased members,	95,294 76
Transferred to retirement fund for State employees,	1,425 04
	<hr/>
Total payments,	\$99,504 90

ASSETS.

Bonds and notes, par value (Schedule A),	\$1,437,500 00
Cash,	204,720 40
	<hr/>
Total assets,	\$1,642,220 40

I hereby certify that the above statement is a correct exhibit of the financial condition of the Teachers' Retirement System of the Commonwealth of Massachusetts on the thirty-first day of December, 1918.

CHARLES L. BURRILL,
Treasurer and Receiver General.

Subscribed and sworn to before me this seventh day of January, 1919.

GEORGE B. WILLARD,
Notary Public.

COMPARATIVE MEMBERSHIP AND FINANCIAL STATEMENTS.

Membership Statement.

YEAR ENDING —	ENROLLED DURING YEAR.			MEMBERS IN ACTIVE SERVICE.			Re-tired during Year.	Mem-bers on Retired List.
	Voluntary.	Com-pulsory.	Total.	Voluntary.	Com-pulsory.	Total.		
Dec. 31, 1914, ¹	6,185	1,187	7,372	6,037	1,170	7,207	130	129
Dec. 31, 1915,	142	1,562	1,704	5,954	2,472	8,426	66	186
Dec. 31, 1916,	99	1,591	1,690	5,822	3,619	9,441	46	226
Dec. 31, 1917,	103	1,659	1,762	5,676	4,571	10,247	77	287
Dec. 31, 1918,	80	1,902	1,982	5,453	5,386	10,839	65	338

Financial Statement.

YEAR ENDING —	Deposits received during Year.	Pay-ments to Mem-bers with-drawn.	Pay-ments to Estates of De-ceased Mem-bers.	PAYMENTS TO RE-TIRED MEMBERS.		Gross Assets.
				Annuity.	Pension.	
Dec. 31, 1914, ¹	\$113,153 34	\$17 50	—	\$0 60	\$18,412 74	\$113,499 59
Dec. 31, 1915,	336,679 34	2,096 21	\$706 94	136 71	56,473 29	457,910 14
Dec. 31, 1916,	376,998 65	32,066 91	2,402 29	542 97	75,608 38	824,105 89
Dec. 31, 1917,	437,222 85	52,973 13	3,921 69	1,304 34	91,244 45	1,242,582 53
Dec. 31, 1918,	477,475 66	89,486 40	5,808 36	2,785 10	111,058 04	1,680,036 81

¹ Six months' period. Date of establishment of system, July 1, 1914.

SCHEDULE A.

Bonds.

DESCRIPTION.	Rate (Per Cent.).	Par Value.	Amortized Value Dec. 31, 1918.
Akron, Ohio,	4½	\$26,000	\$26,886 58
Akron, Ohio,	5½	20,000	20,687 30
Ansonia, Conn.,	4	20,000	20,000 00
Athol, Mass.,	4	10,000	9,632 53
Belmont, Mass.,	3½	3,000	2,631 08
Boston, Mass.,	3½	33,000	30,282 35
Boston, Mass.,	4	24,000	23,614 40
Bridgeport, Conn.,	4½	43,000	44,617 68
Bristol, R. I.,	3½	10,000	8,849 06
Brockton, Mass.,	3½	8,000	7,562 19
Burrillville, R. I.,	3½	6,000	5,540 99
Chicago, Ill.,	4	11,000	11,000 00
Cincinnati, Ohio,	4½	11,500	11,115 12
Cleveland, Ohio,	4½	85,000	89,817 75
Cleveland, Ohio,	5	80,000	81,137 08
Columbus, Ohio,	4½	25,000	24,607 47
Cranston, R. I.,	4	38,000	37,968 15
Dayton, Ohio,	5	52,000	54,534 50
Dayton, Ohio,	5½	25,000	27,800 32
Des Moines, Ia.,	4	13,000	12,983 92
Essex County, Mass.,	4	5,000	5,000 00
Fall River, Mass.,	3½	11,000	10,266 91
Fitchburg, Mass.,	4	10,000	9,966 42
Flint, Mich.,	4¼	6,000	6,159 35
Flint, Mich.,	5	10,000	10,132 59
Gloucester, Mass.,	3½	10,000	9,769 37
Indianapolis, Ind.,	4	50,000	48,522 80
Jackson, Mich.,	4½	26,000	27,235 13
Kennebec, Me.,	3½	36,000	34,273 00
Lawrence, Mass.,	4	13,000	12,932 89
Lexington, Mass.,	4	1,000	996 69
Lowell, Mass.,	4	3,000	2,994 76
Malden, Mass.,	4	1,000	1,000 00
Medford, Mass.,	4	15,000	15,000 00
Metropolitan Water,	3	10,000	8,519 82

SCHEDULE A — *Concluded.*

DESCRIPTION.	Rate (Per Cent.).	Par Value.	Amortized Value Dec. 31, 1918.
Metropolitan Water,	3½	\$15,000	\$14,100 43
Middleborough, Mass.,	4	4,000	3,815 47
Minneapolis, Minn.,	4	7,000	7,000 00
Minneapolis, Minn.,	4½	38,000	38,990 38
Natick, Mass.,	4	27,000	27,177 02
New London, Conn.,	3½	4,000	3,757 56
New York State,	4½	231,000	247,888 64
Peabody, Mass.,	3½	5,000	4,926 37
Peabody, Mass.,	4	3,000	2,979 59
Peoria, Ill.,	4½	10,000	10,219 98
Portland, Me.,	3½	2,000	1,920 25
Quincy, Mass.,	4	1,000	998 90
Racine, Wis.,	4½	16,000	17,036 27
Rochester, N. Y.,	4½	5,000	5,066 65
Rutland, Vt.,	4	5,000	4,898 10
St. Louis, Mo.,	4	25,000	25,000 00
St. Paul, Minn.,	4	12,000	12,000 00
St. Paul, Minn.,	4½	83,000	82,034 22
South Hadley, Mass.,	4	1,000	966 97
Stoughton, Mass.,	4	1,000	989 58
Swampscott, Mass.,	3½	20,000	17,845 55
Syracuse, N. Y.,	4	25,000	23,924 80
Taunton, Mass.,	4	4,000	3,947 18
Tisbury, Mass.,	4	30,000	30,000 00
Toledo, Ohio,	4½	1,000	1,072 50
Wakefield, Mass.,	4	1,000	996 72
Westfield, Mass.,	3½	2,000	1,867 84
Whitman, Mass.,	5½	25,000	25,000 00
Woonsocket, R. I.,	3½	6,000	5,571 53
Woonsocket, R. I.,	4	20,000	20,000 00
Woonsocket, R. I.,	4½	58,000	60,120 35
	—	\$1,437,500	\$1,456,151 05