

The Commonwealth of Massachusetts

ANNUAL REPORT

OF THE

TEACHERS' RETIREMENT BOARD

FOR THE

YEAR ENDING DECEMBER 31, 1920

DEPARTMENT OF EDUCATION



BOSTON

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The Commonwealth of Massachusetts

DEPARTMENT OF EDUCATION.

PAYSON SMITH, *Commissioner of Education.*

MEMBERS OF ADVISORY BOARD.

SARAH LOUISE ARNOLD, Cambridge.

Mrs. ELLA LYMAN CABOT, Boston.

A. LINCOLN FILENE, Boston.

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WALTER V. McDUFFEE, Springfield.

THOMAS H. SULLIVAN, Worcester.

TEACHERS' RETIREMENT BOARD.

CLAYTON L. LENT, *Secretary.*

Members of Board.

PAYSON SMITH, *Chairman*, State House, Boston.

HARRY SMALLEY, Fall River.

ELLEN A. STILLINGS, Lowell.

DEPARTMENT OF EDUCATION.

DIVISION OF ELEMENTARY AND SECONDARY EDUCATION AND NORMAL SCHOOLS.

DIVISION OF VOCATIONAL EDUCATION.

DIVISION OF UNIVERSITY EXTENSION.

DIVISION OF IMMIGRATION AND AMERICANIZATION.

DIVISION OF THE BLIND.

DIVISION OF PUBLIC LIBRARIES.

TEACHERS' RETIREMENT BOARD.

MASSACHUSETTS AGRICULTURAL COLLEGE.

MASSACHUSETTS NAUTICAL SCHOOL.

BRADFORD DUFFEE TEXTILE SCHOOL.

NEW BEDFORD TEXTILE SCHOOL.

LOWELL TEXTILE SCHOOL.

The Commonwealth of Massachusetts

DEPARTMENT OF EDUCATION,
TEACHERS' RETIREMENT BOARD, BOSTON, March 22, 1921.

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, 1920.

Respectfully yours,

PAYSON SMITH,
Chairman.

The Commonwealth of Massachusetts

SEVENTH ANNUAL REPORT OF THE TEACHERS' RETIREMENT BOARD.

To the Honorable Senate and House of Representatives.

The Teachers' Retirement Association, established on July 1, 1914, has increased in membership from 7,336 on Dec. 31, 1914, to 13,120 on Dec. 31, 1920. The membership of 13,120 includes 409 retired teachers, and 5,237 active members who served in the public schools prior to July 1, 1914, and who voluntarily joined the Retirement Association. All other members of the Retirement Association are teachers who entered the service of the public schools for the first time after July 1, 1914. There was a net increase in membership of 1,138 for the year ending Dec. 31, 1920, obtained as follows:—

Teachers who entered the service of the public schools for the first time, who were required to join the association,	2,123
Teachers who served in Massachusetts prior to July 1, 1914, who joined by paying back assessments with interest,	137
Former members of the association who re-entered the service of the public schools and who were reinstated as members in accordance with the provisions of the retirement law,	335
Total,	<hr/> 2,595
Members of the association who left the public school service,	1,373
Members of the association who entered the service of the Commonwealth,	19
Deaths,	65
	<hr/> 1,457
Net increase in membership,	<hr/> 1,138

The deposits received during the fiscal year from the members of the Retirement Association amounted to \$808,581.60, an increase of \$229,690.41 over the deposits received in 1919. Refunds amounting to \$147,261.63 were made to teachers who left the service of the public schools, and \$10,528.69 was paid to the estates of deceased members. The net income over disbursements amounted to \$720,973.09. The gross assets on Dec. 31, 1920, were \$2,927,277.16, and the total liabilities were \$2,926,681.51, leaving a surplus of \$595.65.

There were 55 teachers retired in 1920. The retiring allowances granted to these teachers amounted to \$26,686.24, of which \$2,057.68 was derived from the members' own contributions. The retirements for the year included six teachers who were retired on account of disability before attaining the age of sixty. Since 1917 the retirements each year have been as follows: —

1917,	77
1918,	65
1919,	58
1920,	55

There has been a decrease each year in the number of retirements, notwithstanding the fact that the number of persons over sixty years of age and eligible to retire has increased from 409 on Jan. 1, 1916, to 650 at the present time. The high cost of living, the increase in teachers' salaries, and the shortage of teachers have had a tendency to keep teachers in service until they feel that they are forced to retire on account of poor health. This is shown by the fact that six of the teachers retired since July 1, 1920, have died. This tendency to remain in service is also indicated by the large percentage of retirements at the age of seventy. Of the 49 teachers who retired at the age of sixty or over, 16 retired at the age of seventy. The number of retirements at each age was as follows: forty-four, 1; fifty, 1; fifty-three, 1; fifty-seven, 2; fifty-eight, 1; sixty, 5; sixty-one, 6; sixty-two, 6; sixty-three, 4; sixty-four, 1; sixty-five, 3; sixty-six, 4; sixty-seven, 2; sixty-nine, 2; seventy, 16.

There are now 409 retired teachers living, and their annual retiring allowances amount to \$157,470.48.

The Board has estimated that the following amounts will be needed for the fiscal year beginning Dec. 1, 1920:—

Pensions for members of the Retirement Association, . . .	\$165,000 00
Reimbursement of cities and towns, in accordance with section 16, chapter 32 of the General Laws,	47,105 37
Expenses of administration,	10,045 00
	<hr/>
Total,	\$222,150 37

The Retirement Board recommended to the Joint Special Committee on Pensions, appointed to consider the entire question of pensions and retirement allowances, that the following changes be made in the retirement law (chapter 32, General Laws):—

1. That paragraph (10) of section 10 of the General Laws be amended so that the minimum pension to be paid to a person retired on account of disability shall be increased from one-thirtieth of \$250 for each year of service to one-thirtieth of \$350 for each year of service.

2. That paragraph (2) of section 9 be amended so that no member shall pay further assessments after the sum of his assessments with interest shall amount to a sum sufficient to purchase an annuity, in accordance with the provisions of section 10, paragraph (3), clause (a), of \$800 at age sixty. Also, that paragraph (5) of section 10 be amended so that the maximum accumulation of assumed assessments allowed under that paragraph shall be increased from the amount which at age sixty would purchase an annuity of \$500 to the amount which at age sixty, and in accordance with paragraph (3), clause (a) of section 10, will purchase an annuity of \$800.

3. The Board is of the opinion that it may be advisable to increase the maximum annual assessment from \$100 to \$150, but it does not feel that it can make such a recommendation without first obtaining the approval of the members of the Retirement Association. The rights of a member who voluntarily joined the association under the condition that the maximum annual assessment was \$100 should be considered.

4. It is the opinion of the Board that an improvement over the present Board of three members would be a Board of five members, consisting of the Commissioner of Education, three members of the Retirement Association elected one each year to serve for a period of three years, and the fifth member to be appointed by the Governor.

Respectfully submitted,

PAYSON SMITH, *Chairman.*
HARRY SMALLEY.
ELLEN A. STILLINGS.

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, 1920, MADE
TO THE INSURANCE COMMISSIONER BY THE SECRETARY
OF THE TEACHERS' RETIREMENT BOARD.

INCOME.

Members' deposits,	\$806,536 26
Deposits transferred from State Employees' Retirement Association,	2,045 34
Interest received on investments (less \$13,084.55 accrued interest paid on securities purchased during the year),	103,219 16
Interest received on bank balances,	343 39
Members' deposits used to purchase annuities, \$16,600 94	
Interest on same,	1,544 25
	18,145 19
Received from Commonwealth: —	
For payment of pensions for service prior to July 1, 1914,	\$137,292 46
For payment of pensions for service subsequent to July 1, 1914,	5,868 71
For reimbursement of cities and towns,	34,948 61
For administration expenses,	8,184 89
	186,294 67
Total income,	\$1,116,584 01

DISBURSEMENTS.

Deposits refunded, including interest, to members withdrawing from teaching service,	\$147,261 63
Deposits refunded, including interest, to representatives of deceased members,	10,528 69
Transferred to State Employees' Retirement Association for members who entered the State service,	3,935 45
Members' deposits used to purchase annuities, \$16,600 94	
Interest on same,	1,544 25
	18,145 19
Net decrease in book value of securities,	23,576 58
	18,145 19
<i>Amount carried forward,</i>	\$203,447 54

<i>Amount brought forward,</i>		\$203,447 54
Payments to retired members:—		
Pensions paid for service prior to July 1, 1914,	\$137,292 46	
Pensions paid for service subsequent to July 1, 1914,	5,868 71	
Annuities purchased by members' contributions,	5,868 71	
	<hr/>	149,029 88
Reimbursement of cities and towns on account of pensions paid to teachers retired subsequent to July 1, 1914:—		
Boston,	\$33,694 42	
Brookline,	548 31	
Wellesley,	705 88	
	<hr/>	34,948 61
Administration expenses for calendar year 1920:—		
Salaries of employees,	\$6,748 35	
Sundry contingent expenses,	1,436 54	
	<hr/>	8,184 89
Total payments,		\$395,610 92
Income over disbursements,		\$720,973 09
ASSETS.		
Investments, par value (Schedule A), \$2,905,579.08; amortized value,		\$2,769,056 95
Cash,		124,901 42
Accrued interest on investments,		33,318 79
		<hr/>
Gross assets,		\$2,927,277 16
LIABILITIES.		
Deposits of members in active service,	\$2,534,826 32	
Regular interest credited to same,	257,734 24	
	<hr/>	\$2,792,560 56
Deposits of members who have withdrawn from the service of the public schools without requesting a refund of the amount to their credit,		
	\$70,095 55	
Regular interest credited to same,	8,164 33	
	<hr/>	78,259 88
<i>Amount carried forward,</i>		\$2,870,820 44

<i>Amount brought forward,</i>	\$2,870,820 44
Due representatives of deceased members,	1,737 89
Annuity reserve,	53,544 77
Interest paid in advance,	578 41
Surplus,	595 65
	<hr/>
Total liabilities,	\$2,927,277 16

MEMBERSHIP EXHIBIT.

Membership Dec. 31, 1919,	11,982
Voluntary members admitted to Retirement Association during 1920,	137
Teachers required by law to become members,	2,123
Reinstated,	335
	<hr/>
Total,	14,577
Number deceased during the year 1920,	65
Number left service,	1,373
Transferred to State Employees' Retirement Associa- tion,	19
	<hr/>
	1,457
	<hr/>
Membership Dec. 31, 1920,	13,120

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, 1920, to the best of my knowledge and belief.

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

Subscribed and sworn to before me this first day of March, 1921.

PETER F. J. CARNEY,
Notary Public.

My commission expires July 26, 1927.

STATEMENT FOR THE YEAR ENDING DEC. 31, 1920, MADE TO
THE INSURANCE COMMISSIONER IN COMPLIANCE WITH
THE PROVISIONS OF PARAGRAPH 5, SECTION 14 OF
CHAPTER 32 OF THE GENERAL LAWS.

INCOME.

Received from secretary of Teachers' Retirement Board,	\$806,879 65
Transferred from retirement fund for State employees,	2,045 34
Interest received on investments (less \$13,084.55 accrued interest paid on securities purchased during the year),	103,219 16
Discount on securities purchased (less \$2,017.50 premium),	120,842 18
	<hr/>
Total receipts,	\$1,032,986 33
Ledger assets Dec. 31, 1919,	2,187,083 95
	<hr/>
Total,	\$3,220,070 28

PAYMENTS.

Annuities,	\$5,868 71
Deposits refunded to members withdrawing from the teach- ing service, and to representatives of deceased members,	157,790 32
Transferred to retirement fund for State employees,	3,935 45
Discount on securities sold (less \$4,620 premium),	21,995 30
	<hr/>
Total payments,	\$189,589 78
Balance,	\$3,030,480 50

ASSETS.

Investments, par value (Schedule A),	\$2,905,579 08
Cash,	124,901 42
	<hr/>
Total assets,	\$3,030,480 50

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, 1920.

JAMES JACKSON,
Treasurer and Receiver-General.

Subscribed and sworn to before me this eighteenth day of January, 1921.

GEO. B. WILLARD,
Notary Public.

COMPARATIVE MEMBERSHIP AND FINANCIAL STATEMENTS.

Membership Exhibit.

YEAR ENDING —	ENROLLED DURING YEAR.			MEMBERS IN ACTIVE SERVICE.			Retired during Year.	Members on Retired List.
	Voluntary.	Compulsory.	Total.	Voluntary.	Compulsory.	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	333
Dec. 31, 1919,	94	1,771	1,865	5,283	6,319	11,602	58	380
Dec. 31, 1920,	137	2,123	2,260	5,237	7,474	12,711	55	409

Financial Statement.

YEAR ENDING —	Deposits received during Year.	Payments to Members withdrawn.	Payments to Estates of Deceased Members.	PAYMENTS TO RETIRED 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	88,486 40	5,808 36	2,785 10	111,058 04	1,680,036 81
Dec. 31, 1919,	578,891 19	118,921 10	14,284 32	4,060 53	129,274 75	2,199,645 49
Dec. 31, 1920,	808,581 60	147,261 63	10,528 69	5,868 71	143,161 17	2,927,277 16

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, 1920.	Accrued Interest Dec. 31, 1920.
Akron, Ohio,	4½	\$25,000 00	\$25,692 89	\$281 25
Akron, Ohio,	5½	20,000 00	20,465 46	366 67
Ansonia, Conn.,	4	20,000 00	20,000 00	400 00
Athol, Mass.,	4	10,000 00	9,661 86	166 67
Belmont, Mass.,	3½	3,000 00	2,672 49	8 75
Boston, Mass.,	3½	77,000 00	69,179 24	253 75
Boston, Mass.,	4	27,000 00	26,611 91	540 00
Bourne, Mass. (notes),	5¾	15,000 00	15,000 00	359 37
Bridgeport, Conn.,	4½	43,000 00	44,304 13	806 25
Bristol, R. I.,	3½	10,000 00	9,004 03	116 67
Brockton, Mass.,	3½	9,000 00	8,551 56	84 58
Burrillville, R. I.,	3½	6,000 00	5,570 70	70 00
Cambridge, Mass.,	3½	54,000 00	48,831 72	799 17
Canton, Mass. (notes),	6	20,000 00	20,000 00	500 00
Cincinnati, Ohio,	4½	41,500 00	40,893 35	840 00
Cincinnati, Ohio,	5	75,000 00	76,970 85	1,875 00
Cleveland, Ohio,	4½	85,000 00	89,421 98	1,237 50
Cleveland, Ohio,	5	80,000 00	80,850 29	583 32
Cohasset, Mass. (notes),	5.75	30,000 00	30,000 00	71 88
Columbus, Ohio,	4½	25,000 00	24,621 84	375 00
Cranston, R. I.,	4	38,000 00	37,980 54	163 34
Dana, Mass. (note),	6.10	5,000 00	5,000 00	-
Dayton, Ohio,	5	2,000 00	2,056 75	50 00
Dayton, Ohio,	5½	25,000 00	27,612 69	114 58
East Bridgewater (notes),	4½	4,800 00	4,621 49	96 00
Fall River, Mass.,	3½	31,000 00	28,534 15	501 66
Fall River, Mass.,	4	25,000 00	23,575 14	333 33
Falmouth, Mass. (notes),	5	15,000 00	15,000 00	156 25
Flint, Mich.,	5	10,000 00	10,108 53	145 83
Gardner, Mass.,	4	10,000 00	9,696 14	66 67
Gloucester, Mass.,	3½	10,000 00	9,934 42	87 50
Hanover, Mass. (notes),	5¾	6,000 00	6,000 00	100 62
Hanover, Mass. (notes),	6	4,000 00	4,000 00	70 00
Holbrook, Mass. (notes),	4¾	1,000 00	967 20	7 92

SCHEDULE A — *Continued.*

DESCRIPTION.	Rate (Per Cent).	Par Value.	Amortized Value Dec. 31, 1920.	Accrued Interest Dec. 31, 1920.
Huntington, Mass. (notes),	5¾	\$3,500 00	\$3,500 00	\$33 85
Lewiston, Me.,	4	7,500 00	7,198 13	150 00
Lexington, Mass.,	4	10,000 00	9,795 80	66 67
Lynn, Mass.,	3½	5,000 00	4,562 41	43 75
Malden, Mass.,	4	26,000 00	24,198 39	511 45
Medfield, Mass. (notes),	4½	2,000 00	1,898 74	12 76
Medford, Mass.,	4	15,000 00	15,000 00	100 00
Metropolitan Water,	3	10,000 00	8,607 42	150 00
Metropolitan Water,	3½	15,000 00	14,180 84	262 50
Metropolitan Water,	4¼	34,000 00	34,000 00	722 50
Metropolitan Park Loan, Series 2,	4¼	90,000 00	90,000 00	1,912 50
Metropolitan Sewerage Loan, South,	4½	26,000 00	26,000 00	390 00
Middleborough, Mass.,	4	4,000 00	3,863 44	26 67
Minneapolis, Minn.,	4	7,000 00	7,000 00	70 00
Minneapolis, Minn.,	4½	38,000 00	38,759 03	270 00
Natick, Mass.,	4	27,000 00	27,107 69	450 00
Needham, Mass. (note),	4½	1,400 00	1,299 02	—
New London, Conn.,	3½	4,000 00	3,778 79	35 00
Orange, Mass.,	4	10,000 00	9,842 10	133 33
Peoria, Ill.,*	4½	10,000 00	10,114 10	225 00
Portland, Me.,	3½	2,000 00	1,964 22	35 00
Revere, Mass. (notes),	4½	30,860 00	28,913 21	443 07
Revere, Mass. (notes),	5	2,000 00	1,948 15	8 32
St. Paul, Minn.,	4	12,000 00	12,000 00	150 00
St. Paul, Minn.,	4½	83,000 00	82,159 24	690 00
South Hadley, Mass.,	4	1,000 00	979 27	20 00
Springfield, Mass.,	3½	10,000 00	9,928 72	116 67
Stoughton, Mass.,	4	1,000 00	998 13	3 33
Swampscott, Mass.,	3½	20,000 00	18,069 96	233 34
Swampscott, Mass.,	3.6	6,500 00	6,296 69	22 75
Taunton, Mass.,	3½	3,000 00	2,709 46	8 75
Taunton, Mass.,	4	4,000 00	3,959 84	63 33
Tisbury, Mass.,	4	30,000 00	30,000 00	400 01
Toledo, Ohio,	4½	1,000 00	1,065 96	22 50
United States Liberty Bonds,	4¼	1,349,900 00	1,232,471 45	12,596 81

SCHEDULE A — *Concluded.*

DESCRIPTION.	Rate (Per Cent).	Par Value.	Amortized Value Dec. 31, 1920.	Accrued Interest Dec. 31, 1920.
Wakefield, Mass. (notes),	6	\$47,200 00	\$47,200 00	\$355 00
Walpole, Mass. (note),	4½	419 08	399 91	3 14
Westfield, Mass.,	3½	2,000 00	1,894 97	5 83
Whitman, Mass. (notes),	5½	15,000 00	15,000 00	215 43
Woonsocket, R. I.,	3½	6,000 00	5,626 85	35 00
Woonsocket, R. I.,	4½	58,000 00	59,678 33	217 50
Worcester, Mass.,	3½	13,000 00	11,695 34	227 50
	-	\$2,905,579 08	\$2,769,056 95	\$33,318 79