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The Commonwealth of Massachusetts

ANNUAL REPORT

OF THE

TEACHERS' RETIREMENT BOARD

FOR THE

YEAR ENDING DECEMBER 31, 1923

DEPARTMENT OF EDUCATION



DEPARTMENT OF EDUCATION

STATE HOUSE, BOSTON

PAYSON SMITH, *Commissioner of Education*

Members of Advisory Board

THE COMMISSIONER OF EDUCATION, *Chairman, ex officio*

Term expires

- 1923. SARAH LOUISE ARNOLD, Riverbank Court, Cambridge
- 1923. MRS. ELLA LYMAN CABOT, 1 Marlborough Street, Boston
- 1924. ARTHUR H. LOWE, Fitchburg
- 1924. WALTER V. McDUFFEE, Central High School, Springfield
- 1925. A. LINCOLN FILENE, 426 Washington Street, Boston
- 1925. THOMAS H. SULLIVAN, Slater Building, Worcester

GEORGE H. VARNEY, *Business Agent*

THOMAS J. GREEHAN, *Chief Clerk*

Teachers' Retirement Board

CLAYTON L. LENT, *Secretary*

Members of Board

PAYSON SMITH, *Chairman*, STATE HOUSE, BOSTON

HARRY SMALLEY, FALL RIVER

ELLEN A. STILLINGS, LOWELL

The Commonwealth of Massachusetts

TENTH ANNUAL REPORT OF THE TEACHERS' RETIREMENT BOARD.

To the Honorable Senate and House of Representatives.

The active membership of the Teachers' Retirement Association increased by 711 during the year 1923. There are now 15,296 active members, of whom 4,934 are teachers who served in Massachusetts prior to July 1, 1914 and voluntarily joined the Association and 10,362 are teachers who entered the service of this State for the first time since that date and were required to join.

Eighty-one teachers retired during the year 1923, their annual retiring allowances amounting to \$49,845.12. Of this amount, \$5,625.08 was annuity derived from the contributions made by the members before retirement and the balance was pension paid from State appropriations. The retirements for the year were as follows:— On account of disability before attaining age 60, 4; voluntary retirements, ages 60 to 69, 63; compulsory retirements at age 70, 14. On December 31, 1923, there were 608 retired teachers living. The annual retiring allowances for these teachers amount to \$315,548.60, of which \$295,231.02 is pension paid from State appropriations and \$20,317.58 is annuity.

The following statistics relate to the 81 teachers who were retired during the year 1923:

	Number of Retirements.	Average Age at Retirement.	Average Length of Service.	Average Salary Last 5 Years.	Average Annuity.	Average Pension.	Average Retiring Allowance.
Retirements before age 60 on account of disability	4	54.25	33.75	\$1,148 69	\$36 89	\$321 92	\$358 81
Retirements at age 60 or over, without credit for prior service ¹	2	66.00	2.50	—	12 02	13 36	25 38
Retirements at age 60 or over, with credit for prior service ¹	75	64.97	38.46	1,589 30	72 71	572 08	644 79

¹ Teachers who served in Massachusetts prior to July 1, 1914, who have at the time of retirement 15 years of service in this State, the last 5 of which are continuous, receive a pension from the State based on their total service.

There are 902 members of the Retirement Association who during the year 1924 will be eligible to retire at the age of 60 or over, 23 of whom will be required to retire at the compulsory age of 70.

The members' deposits for the year amounted to \$1,119,921.95, an increase of \$73,831.68 over the deposits received in 1922. Refunds amounting to \$262,517.51 were made to teachers who left the service of the public schools and \$30,565.77 was paid to the estates of deceased members. There was also \$4,710.36 paid to the estates of deceased annuitants who elected the form of annuity which provides that in the event of death before receiving in annuity payments the amount which the member had to his credit at the time of retirement, the balance shall be paid to his estate.

The income over disbursements amounted to \$1,056,237.72. The gross assets on December 31, 1923 were \$5,910,775.86 and the total liabilities were \$5,852,666.32, leaving a surplus of \$58,109.54.

Interest at the rate of $4\frac{1}{2}\%$ was credited to the accounts of the members on Dec. 31, 1923. The interest credited to the accounts of the teachers in active service amounted to \$210,818.87, and \$6,614.26 was credited to the accounts of members who have left the service without withdrawing the contributions.

The rate of assessment for the school year beginning July 1, 1923, was fixed by the Board at 5% of the annual salary of each member, subject to the provision of the law which requires that the minimum annual assessment shall be \$35 and the maximum annual assessment \$100. Notice has been given by the Board of its intention to continue this rate of assessment for the school year beginning July 1, 1924.

The Board has estimated that the following amounts will be needed for the fiscal year beginning Dec. 1, 1923:

Pensions for members of the Retirement Association	\$322,000 00
Reimbursement of cities and towns in accordance with Sec. 16, Chapter 32 of the General Laws	79,313 18
Expenses of administration	10,842 00
Total	\$412,155 18

RECOMMENDATIONS FOR LEGISLATION.

1. To Permit Teachers to Accumulate in the Teachers' Annuity Fund the Amount Necessary for Membership in the Teachers' Retirement Association.

The Massachusetts Teachers' Retirement System was established on July 1, 1914. Teachers who served in Massachusetts prior to that date are permitted by law to become members at any time before attaining the age of seventy by paying their back assessments with interest. The back assessments with interest which a teacher would now have to pay would in some cases amount to quite a substantial sum.

In order to assist these teachers, it is proposed that the amount due to join the Association may be paid in instalments, the teacher being enrolled in the Association when the full amount due on account of back assessments and interest has been accumulated in the Retirement Fund.

The Retirement Board permitted teachers to join the Retirement Association in substantially this manner from May 11, 1916 to September 18, 1923. On September 18, 1923, the Attorney General, in reply to a request for an opinion, informed the Board that under the existing provisions of the retirement law, the back assessments could not be paid in instalments.

2. Relative to Membership in the State Teachers' Retirement Association of the Teachers Employed in the County Agricultural Schools.

When the Massachusetts Teachers' Retirement System was established in 1914, it was the opinion of the Retirement Board that the teachers employed in the county agricultural schools were subject to the provisions of the teachers' retirement law and therefore they have been enrolled as members of the Teachers' Retirement Association.

We now find, however, that the Retirement Board placed too broad an interpretation on the membership requirements of the law and that the county agricultural school teachers have been enrolled in error.

It is the opinion of the Commissioner of Education and the other members of the Retirement Board that these teachers should be members of the Teachers' Retirement Association.

Chapter 333 of the Acts of 1923 indicates that it was also probably the intention of the Legislature to include these teachers in the Teachers' Retirement Association as that chapter provides that the Norfolk County Agricultural School teachers shall not be members of the Norfolk County Retirement Association.

Consequently a bill has been prepared providing that the county agricultural school teachers shall be members of the Teachers' Retirement Association and excluded from membership in the county retirement associations.

Respectfully submitted,

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

STATEMENT FOR THE YEAR ENDING DEC. 31, 1923, MADE TO THE
INSURANCE COMMISSIONER BY THE SECRETARY OF THE
TEACHERS' RETIREMENT BOARD.

INCOME.

Members' deposits		\$1,119,921 95
Deposits transferred from State Employees' Retirement Association		5,044 61
Interest received on investments (less \$12,165.61 accrued interest paid on securities purchased during the year)		242,786 18
Members' deposits used to purchase annuities	\$42,726 24	
Interest on same	7,545 91	
		<u>50,272 15</u>
Net increase in book value of securities		7,484 22
Received from Commonwealth:		
For payment of pensions for service prior to July 1, 1914	\$262,338 21	
For payment of pensions for service subsequent to July 1, 1914	17,962 11	
For reimbursement of cities and towns	73,027 16	
For administration expenses	10,044 36	
		<u>363,371 84</u>
Total income		\$1,788,880 95

DISBURSEMENTS.

Deposits refunded, including interest, to members withdrawing from teaching service		\$262,517 51
Deposits refunded, including interest, to estates of members who died before retirement		30,565 77
Balance of deposits and interest refunded to estates of deceased annuitants who elected a refund annuity		4,710 36
Transferred to State Employees' Retirement Association for members who entered the State service		3,243 49
Members' deposits used to purchase annuities	\$42,726 24	
Interest on same	7,545 91	
		<u>50,272 15</u>
Payments to retired members:		
Pensions paid for service prior to July 1, 1914	\$262,338 21	
Pensions paid for service subsequent to July 1, 1914	17,962 11	
Annuities purchased by members' contributions	17,962 11	
		<u>298,262 43</u>
Reimbursement of cities and towns on account of pensions paid to teachers retired subsequent to July 1, 1914:		
Boston	\$71,158 04	
Brookline	873 32	
Wellesley	995 80	
		<u>73,027 16</u>

Administration expenses for calendar year 1923:

Salaries of employees	\$8,483 75	
Sundry contingent expenses	1,560 61	
		<u>\$10,044 36</u>
Total payments		\$732,643 23
Income over disbursements		\$1,056,237 72

ASSETS.

Investments, par value (Schedule A), \$5,857,779.08; amortized value		\$5,835,543 27
Cash		6,673 15
Accrued interest on investments		68,559 44
		<u>\$5,910,775 86</u>

LIABILITIES.

Deposits of members in active service	\$4,820,034 87	
Regular interest credited to same	707,401 73	
		<u>\$5,527,436 60</u>
Deposits of members who have withdrawn from the service of the public schools without requesting a refund of the amount to their credit	\$137,927 12	
Regular interest credited to same	22,309 79	
		<u>160,236 91</u>
Due representatives of deceased members		2,497 68
Annuity reserve		162,483 88
Interest paid in advance		11 25
Surplus		58,109 54
		<u>\$5,910,775 86</u>

MEMBERSHIP EXHIBIT.

Membership Dec. 31, 1922		15,143
Voluntary members admitted to Retirement Association during 1923		84
Teachers required by law to become members		2,030
Reinstated		348
		<u>17,605</u>
Total		17,605
Number deceased during the year 1923	88	
Number left service	1,603	
Transferred to State Employees' Retirement Association	10	
		<u>1,701</u>
Membership Dec. 31, 1923		15,904

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, 1923, to the best of my knowledge and belief.

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

Subscribed and sworn to before me this thirty-first day of January, 1924.

EDMUND S. COGSWELL,
Notary Public.

STATEMENT FOR THE YEAR ENDING DEC. 31, 1923 MADE TO THE SECRETARY OF THE TEACHERS' RETIREMENT BOARD IN COMPLIANCE WITH THE PROVISIONS OF PAR. 5, SEC. 14, CHAPTER 32 OF THE GENERAL LAWS.

INCOME.

Received from secretary of the Teachers' Retirement Board . . .	\$1,119,921 95
Transferred from Retirement Fund for State Employees . . .	5,044 61
Interest received on investments (less \$12,165.61 accrued interest paid on securities purchased during year) . . .	242,786 18
Total receipts . . .	\$1,367,752 74
Ledger assets December 31, 1922 . . .	4,845,849 48
Total . . .	\$6,213,602 22

PAYMENTS.

Annuities . . .	\$22,672 47
Deposits refunded to members withdrawing from the teaching service, and to representatives of deceased members . . .	293,083 28
Transferred to Retirement Fund for State Employees . . .	3,243 49
Premium on securities purchased (less \$5,050.70 discount) . . .	22,342 50
Discount on securities sold . . .	7,808 25
Total payments . . .	\$349,149 99
Balance . . .	\$5,864,452 23

ASSETS.

Investments, par value (Schedule A) . . .	\$5,857,779 08
Cash . . .	6,673 15
Total assets . . .	\$5,864,452 23

I hereby certify that the above 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, 1923.

JAMES JACKSON,
Treasurer and Receiver General.

Subscribed and sworn to before me this fourteenth day of January, 1924.

GEORGE 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	338
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
Dec. 31, 1921	37	2,056	2,143	5,110	8,528	13,638	97	487
Dec. 31, 1922	127	2,048	2,175	5,044	9,541	14,585	93	558
Dec. 31, 1923	84	2,030	2,114	4,934	10,362	15,296	81	608

Financial Statement.

YEAR ENDING —	Deposits received during Year.	Pay-ments to Members with-drawn.	Pay-ments to Estates of De-ceased Members.	PAYMENTS TO RE-TIRED MEMBERS.		Gross Assets.
				Annuity.	Pension.	
Dec. 31, 1914 ¹	\$113,153 34	\$17 50	—	80 60	\$18,412 74	\$113,499 59
Dec. 31, 1915	336,679 34	2,096 21	\$706 94	136 71	56,473 29	437,910 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
Dec. 31, 1919	578,891 19	118,921 10	14,234 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
Dec. 31, 1921	946,838 94	167,236 91	11,444 97	10,111 82	177,072 57	3,842,384 60
Dec. 31, 1922	1,046,830 56	205,779 69	24,228 31	14,077 61	245,079 94	4,854,410 54
Dec. 31, 1923	1,124,966 56	262,517 51	35,276 13	17,962 11	280,300 32	5,910,775 86

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

SCHEDULE A.
Securities (Bonds and Notes).

DESCRIPTION.	Rate (Per Cent).	Per Value.	Amortized Value Dec. 31, 1923.	Accrued Interest Dec. 31, 1923.
Akron, Ohio	4½	\$21,000 00	\$21,443 51	\$236 25
Akron, Ohio	5½	20,000 00	20,090 61	366 67
Ansonia, Conn.	4	20,000 00	20,000 00	400 00
Athol, Mass.	4	10,000 00	9,710 82	166 67
Baltimore, Md.	5	175,000 00	194,450 26	2,500 00
Belmont, Mass.	3½	3,000 00	2,742 35	8 75
Boston, Mass.	3½	77,000 00	70,287 69	253 75
Boston, Mass.	4	22,000 00	21,704 60	440 00
Bourne, Mass. (Notes)	5¾	6,000 00	6,000 00	143 75
Bridgeport, Conn.	4½	38,000 00	38,847 59	712 50
Bristol, Conn.	5	40,000 00	43,212 49	333 33
Bristol, R. I.	3½	10,000 00	9,265 89	116 67
Brockton, Mass.	3½	8,000 00	7,734 21	75 83
Burrillville, R. I.	3½	6,000 00	5,619 98	70 00
Cambridge, Mass.	3½	54,000 00	49,963 88	799 17
Canton, Mass. (Notes)	6	8,000 00	8,000 00	200 00
Cincinnati, Ohio	4½	11,500 00	11,204 48	172 50
Cincinnati, Ohio	4½	30,000 00	29,755 81	7 50 ¹
Cincinnati, Ohio	5	75,000 00	76,794 35	—
Cleveland, Ohio	4½	92,000 00	95,995 05	1,316 25
Cleveland, Ohio	4¾	25,000 00	26,039 95	395 83
Cleveland, Ohio	5	100,000 00	106,776 04	1,249 99
Cleveland, Ohio	5½	55,000 00	55,872 08	1,008 33
Cohasset, Mass. (Notes)	5¾	12,000 00	12,000 00	28 75
Columbus, Ohio	4½	25,000 00	24,646 00	375 00
Columbus, Ohio	5	100,000 00	108,718 16	416 66
Cranston, R. I.	4	28,500 00	28,498 46	147 50
Dayton, Ohio	5	2,000 00	2,049 40	50 00
Dayton, Ohio	5½	25,000 00	27,297 06	114 58
Dayton, Ohio	5	10,000 00	10,253 89	41 67
Detroit, Mich.	5	280,000 00	289,638 79	3,850 00
Detroit, Mich.	5½	2,400 00	2,382 55	48 00
E. Bridgewater, Mass. (Notes)	4½	65,000 00	58,658 10	819 58
Fall River, Mass.	3½	25,000 00	23,768 37	333 33
Fall River, Mass.	4	10,000 00	10,067 84	145 83
Flint, Mich.	5	10,000 00	9,857 90	66 67
Gardner, Mass.	6	50,000 00	54,532 59	500 00
Grand Rapids, Mich.	4	4,000 00	4,000 00	67 08
Hanover, Mass. (Notes)	5¾	500 00	495 60	3 96
Holbrook, Mass. (Notes)	4¾	2,000 00	2,000 00	47 92
Huntington, Mass. (Notes)	5¾	15,000 00	15,210 04	3 75 ¹
Lansing, Mich.	4½	7,500 00	7,285 52	150 00
Lewiston, Me.	4	9,000 00	8,952 80	60 00
Lexington, Mass.	4	5,000 00	4,658 60	43 75
Lynn, Mass.	3½	26,000 00	24,337 81	511 45
Malden, Mass.	4	1,500 00	1,465 68	9 57
Medfield, Mass. (Notes)	4½	15,000 00	15,000 00	100 00
Medford, Mass.	4	15,000 00	8,752 60	150 00
Metropolitan Water	3	10,000 00	8,752 60	375 00
State of Michigan	4½	150,000 00	153,308 17	375 00
State of Michigan	5¾	312,000 00	327,502 71	8,222 49
Middleboro, Mass.	4	4,000 00	3,944 50	26 67

¹ Interest paid in advance.

SCHEDULE A — *Concluded.*

DESCRIPTION.	Rate (Per Cent).	Par Value.	Amortized Value Dec. 31, 1923.	Accrued Interest Dec. 31, 1923.
Milwaukee, Wis.	4½	\$50,000 00	\$51,616 65	\$1 25 00
Minneapolis, Minn.	4	12,000 00	11,816 50	120 00
Minneapolis, Minn.	4½	23,000 00	23,676 04	345 00
Minnesota Rural Credit	4½	25,000 00	25,656 45	515 62
State of Minnesota	4¾	100,000 00	104,625 00	211 11
State of Missouri	4½	100,000 00	100,492 10	750 00
State of Missouri	5	320,000 00	341,711 22	5,333 33
Needham, Mass. (Notes)	4½	1,400 00	1,340 96	—
New Bedford, Mass.	3½	2,000 00	1,714 51	35 00
New Bedford, Mass.	4	3,000 00	2,792 14	60 00
New London, Conn.	3½	4,000 00	3,813 98	35 00
Newton, Mass.	4	65,000 00	64,536 43	883 33
New York State	4½	600 00	616 93	9 00
Providence, R. I.	4	50,000 00	50,000 00	333 33
Providence, R. I.	4½	125,000 00	133,537 71	2,343 75
Revere, Mass. (Notes)	4½	27,860 00	26,867 51	407 45
Revere, Mass. (Notes)	5	1,000 00	992 53	4 16
St. Paul, Minn.	4	12,000 00	12,000 00	150 00
St. Paul, Minn.	4½	158,000 00	158,832 94	2,002 50
St. Paul, Minn.	5½	100,000 00	109,036 20	1,833 34
South Hadley, Mass.	4	1,000 00	1,000 00	20 00
Swampscott, Mass.	3½	20,000 00	18,447 44	233 34
Swampscott, Mass.	3.6	6,500 00	6,473 52	22 75
Taunton, Mass.	3½	3,000 00	2,771 85	8 75
Taunton, Mass.	4	1,000 00	975 11	3 33
Tisbury, Mass.	4	30,000 00	30,000 00	400 01
Toledo, Ohio	4½	1,000 00	1,055 16	22 50
Toledo, Ohio	5	25,000 00	26,081 46	520 83
U. S. Liberty Bonds	4¼	1,524,900 00	1,402,642 45	14,146 28
U. S. Treasury Certificates	4¾	750,200 00	748,024 01	6,642 39
U. S. Treasury Notes	4¾	100,000 00	100,000 00	1,385 42
Wakefield, Mass. (Notes)	6	2,000 00	2,000 00	50 00
Walpole, Mass. (Notes)	4½	419 08	414 54	3 14
Waterbury, Conn.	4½	21,000 00	20,659 76	446 25
Westfield, Mass.	3½	2,000 00	1,940 41	5 83
Woonsocket, R. I.	3½	6,000 00	5,719 06	35 00
Woonsocket, R. I.	4½	58,000 00	58,946 30	217 50
Worcester, Mass.	3½	13,000 00	11,921 62	227 50
		\$5,857,779 08	\$5,835,543 27	\$68,559 44