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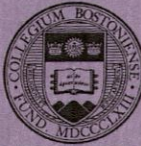
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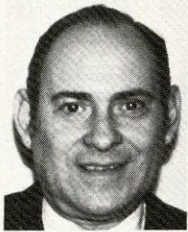
Public Employees Retirement System of Ohio 1972

TABLE OF CONTENTS

In Last Five Years	3
Survivor Benefits	4
Disability Benefits	5
Monthly Benefit Trends	6, 7
Financial Statement	8, 9
Notes to Financial Statement	9
Summary of Investments	10
Summary of Reserves 1972	10, 11
Summary of Income	11
Statement of Changes in Funds	12, 13
Statement of Actuary	12
Report from State Auditor	13
Operating Expenses	14
Membership Services	15
Call Us	16



DORIS WOOD, Chairman
Miscellaneous
Employees
Batavia



RAPHAEL HORWITZ
State Employees
Columbus



CHARLES E. HUGHES
Municipal Employees
Dayton



MARK McELROY
County Employees
Cleveland



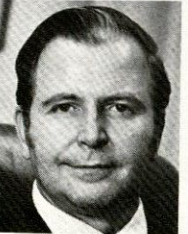
WILLIAM J. BROWN
Attorney General



PAUL A. COREY
Director, Department of
State Personnel



JOSEPH T. FERGUSON
Auditor of State



JOSEPH J. SOMMER
Director,
Department of
State Personnel
(Effective April 1, 1973)



J. DOUGLASS PETERS
Executive Director

ASSISTANT DIRECTORS

NORMAN E. LUST
Comptroller

RICHARD D. MYERS
Benefits

WILLIAM S. McLAUGHLIN
Administration

ROBERT A. McLAUGHLIN
Investments

WILLIAM G. WILCOX
Public Relations

In last five years, Benefit Payments by Public Employees Retirement System have increased 63%

- Major changes in the Ohio retirement law, plus the steady growth in the number of retirants, survivors and disabled, have in the last five years brought a \$32 million increase in benefit payments by the Public Employees Retirement System. During 1972 the System issued monthly payments totalling \$84,355,688*, compared with \$51,867,394 five years ago, a gain of 63%. During 1971 these payments totalled \$70,398,548.

- In that same period of time the number of individuals receiving monthly payments continued to grow, moving from a total of 33,692 in 1968, to 43,762 as of the close of 1972. The percentage gain was 30%, less than half the percentage increase in monthly benefit payments, however.

- The upward trends by types of payment in the past five years are illustrated on the following pages of this report. Bar graphs have been used to show the year by year growth in survivor and disability benefit payments. A line graph, on pages 6 and 7, includes all types of payments (including those to retirants), month by month over the five years.

- Increases of the past five years are a continuation of a trend that gained its initial impetus 17 years ago in 1955 when the Ohio Legislature provided increases ranging from 10% to 100% for those already retired and enacted the age and service method of calculating future benefit amounts. Previously they had been calculated as annuities based only on the amounts, with interest, contributed by the members and their employers.

- The first age and service formula in 1955 provided that the retirement system could use 1.5% of Final Average Salary in calculating benefit amounts. For those who earn \$4,300 or less annually a dollar minimum of \$63 times the number of years of service credit was established. Four years later the formula was changed (in 1959) to 1.65% and the dollar minimum to \$72; and, in 1965, to 1.75% and \$76.

- There were no further changes until 1968, the start of the period covered by this Report. In that year the formula was increased to 1.90% and the dollar minimum to \$82. The current formula of 2.00% and \$86 minimum became effective for those retiring on July 1, 1971, and thereafter. The increases were added initially to benefits paid in January 1972.

- Apart from changes in the formula there have been numerous other amendments to the law in the past five years as members of the legislature sought to keep the increases in benefit amounts in line with those occurring in living costs.

- For those already retired on July 1, 1968, the legislature enacted a sliding scale of increases geared to percentage gains in the cost-of-living. Retirants received as much as 24.3% more if they had retired before 1956. None received a raise of less than \$3 more per month.

- Those who retired in that year came under the new 1.90% benefit formula, and for those with 40 or more years of service credit the benefit limitation was increased to as high as 85% of Final Average Salary. The limit previously was 80%.

- A major change in survivor provisions of the law became effective in September 1970. After that date, the Final Average Salary of a member became the determining factor for benefit amounts along with the former basic benefit schedule. For example, a surviving widow with four dependent children could receive 60% of her late husband's average salary; a widow with one child 40%. Whereas previously children were excluded at age 18, these amendments extended survivor protection to unmarried dependent children to age 22, if they are students.

- To further assure that benefits would move upward with the cost of living, the Legislature, in 1970, adopted an automatic cost-of-living increase related to the Consumer Price Index, effective with July 1971 payments to all who as of that month had received at least 37 monthly payments. The amendment provided that these increases, amounting to 1½%, be continued each year thereafter that the Consumer Price Index showed an increase of 1½% or more. The second round of these increases started in July 1972.

- Long-time retirants received further relief from rising living costs starting in January 1972. An amendment enacted in 1971 for those who had retired prior to July 1, 1968, provided for an additional payment of \$2 per month for each year of retirement up to December 31, 1971 up to a maximum of \$50. The minimum increase was \$6. Total benefit payments in 1972 showed a 19.8% increase.

- During the closing days of the 1972 session of the Legislature, increases similar to those granted retirants in 1972 were extended to those receiving survivor payments. The increases, which started with the January 1973 payments to survivors, were based on the number of full years between the date of death of a member and December 31, 1972. An allowance of \$2 per month for each full year was authorized up to a maximum increase of \$50. The minimum increase was \$8.

*Note: This figure is total of monthly payments and does not include one-time payments. The total including one-time payments is \$89,980,378.

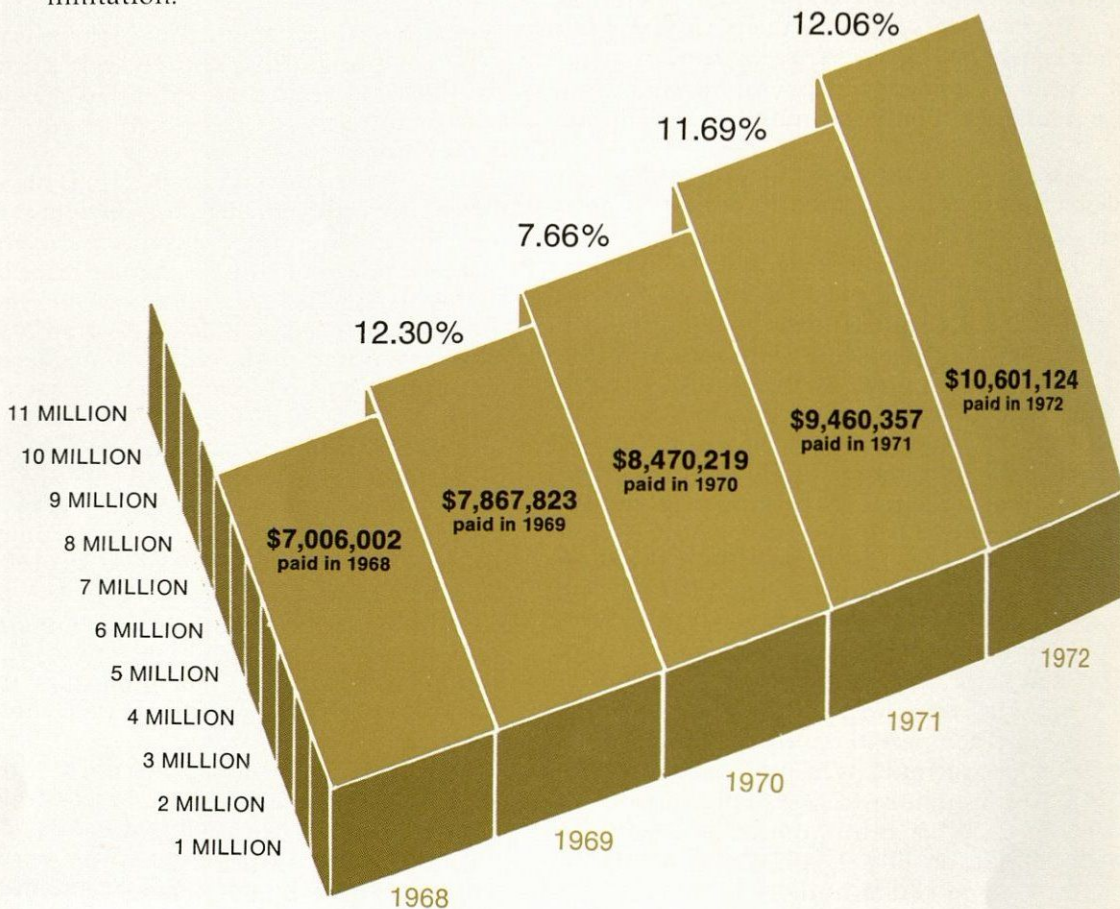
Survivor Benefits— Amendments of 1968 and 1970 bring significant increases

In the five years covered by this report total Survivor payments have increased 51%; the number of payments 35%. The upward trend is illustrated by bar graphs on this page.

The greatest annual increase, 12.30%, occurred in 1969, due both to the influence of amendments enacted in mid 1968 and to a greater-than-usual increase in the number receiving survivor payments. Increases as high as 24.3% in individual survivor payments were made possible; the number of payments to survivors increased 9.04%, largest percentage gain in the five year period.

The amendments of September 1970 brought another significant improvement in benefits for survivors. A new schedule of benefits related to a member's Final Average Salary (up to 60%) was introduced and benefit eligibility extended to children age 18 and beyond to include unmarried dependent children ages 18 to 22 if they continued in school. In the ensuing two years payments increased about 12% each year.

The following year, in 1971, the Legislature approved a measure that eliminated the three-year marriage requirement for a widow or widower as a qualification for sole survivor benefits. Further, eligibility for survivor protection was extended to 27 months after job termination instead of the previous 21-month limitation.



percentage increases in number of payments

	1968	1969	1970	1971	1972
Number receiving as of December 31	4,658	5,079	5,425	5,907	6,308
		9.04%	6.81%	8.88%	6.79%

Note: Annual totals exclude one-time payment. For example, the total including one-time payments, in 1972 was \$11,124,531.

Disability Benefits—

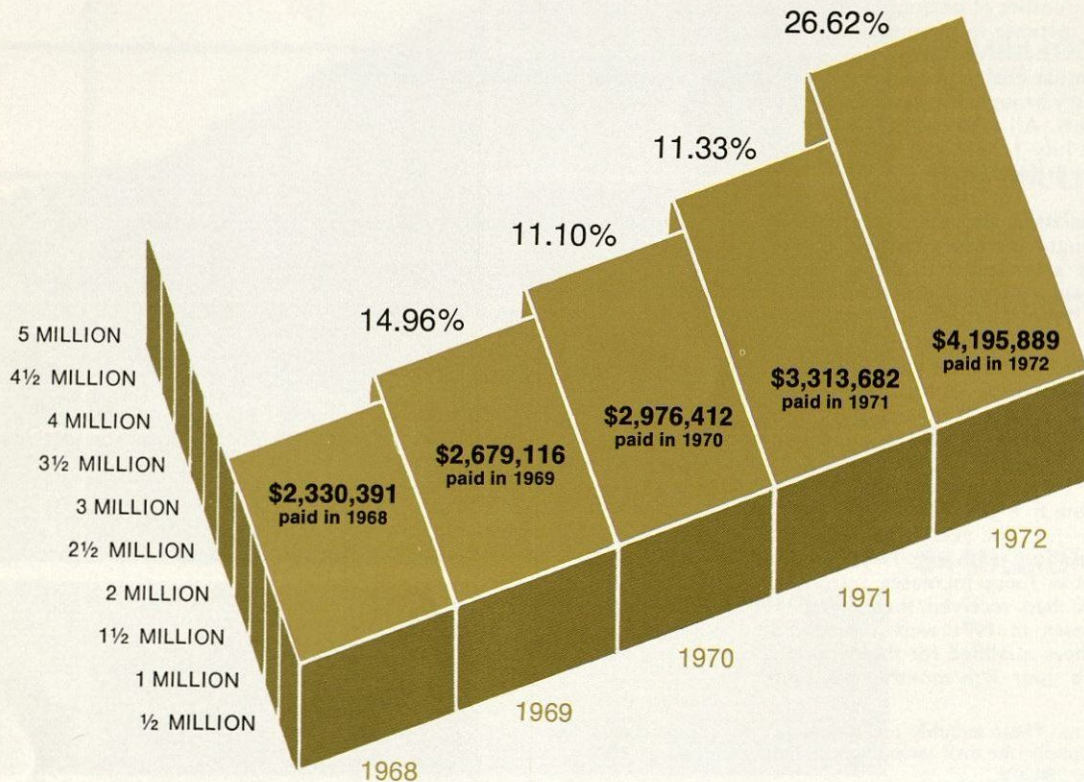
80% increase in total payments registered in five years

Disability benefits increased 26.62% in 1972, reaching a total of \$4,195,889 compared with \$3,313,682 in 1971. The increase was the largest in any one year for the period covered by this report, as will be noted in the bar graph on this page.

Of the three types of payments (retirement, survivor and disability) made by PERS, those to the permanently disabled showed the greatest increase over the five year period, registering an 80% gain in 1972 over 1968. The number of payments as of December 1972 was 40% higher than five years ago.

Those receiving disability benefits shared in the increases that went to other retirants because of the amendments of 1968, 1970, 1971 and 1972. These changes in the law along with the increasing number of disability applicants were the principal factors influencing the amount of annual payments.

Disability applicants are limited to a maximum payment of 60% of their Final Average Salaries, with the percentage determined by the number of years of service credit. In addition to the years of actual public employment, the law permits the Retirement System to add the number of years between the start of disability and the applicant's 60th birthday. Any applicant with an accumulative total of 30 years of service credit or more will receive 60% of his Final Average Salary in disability payments.



percentage increases in number of disability payments

	1968	1969	1970	1971	1972
Number receiving as of December 31	1,382	1,494	1,571	1,723	1,937
		8.10%	5.15%	9.68%	12.42%

Note: Annual totals exclude one-time payments.

Effect of legislative changes illustrated in line graph of monthly benefit trends

The effect of changes in the retirement law or monthly benefit payments may be noted in the line graph on this page. Month-to-month payments as well as annual totals for each of the past five years are illustrated.

For example, as of December 31, 1968, there were 33,692 individuals receiving retirement, survivor or disability payments. Payments in that month totalled \$4,659,307. Five years later, as of December 31, 1972, the number receiving had increased to 43,762, and payments that month totalled \$7,397,997.

The year 1972, with a total payout of \$84,355,688* is indicative of the effect of legislative amendments on payments. The year's total represented a 19.83% gain over the total of 1971, highest for the five-year period. Although there was a 7.51% increase in the number of persons receiving, the principal cause of the increase in payments was legislative.

For members newly retired in 1972 a benefit formula change from 1.90% to 2.00% of Final Average Salary brought increases starting with January 1972 payments. All who had retired for age or disability effective July 1, 1971 and thereafter qualified under the new benefit formula.

For those who had retired prior to July 1, 1968, legislation also effective with January 1972 payments brought increases ranging as high as \$50 per month. The amendment to the law provided a \$2 per month increase for each full year of retirement to December 31, 1971. The minimum increase was \$6 per month.

The cost of this last increase alone was \$4,753,656 for the year 1972. Part of that cost was paid through a special legislative appropriation of \$1,560,058 for the 1972-73 biennium.

Benefits paid in the month of January, 1972, totalled \$6,661,013 compared with \$6,194,483 in December 1971, an increase of \$466,530, largest for any month in the five years.

The year 1972 also marked the second round, beginning with the July payments, of the automatic cost-of-living increases, introduced the year before. All who had received their initial 1½% cost-of-living increases in 1971 were included in the second round. Others qualified for their initial cost-of-living increase with their 37th monthly payment.

*Note: These monthly totals exclude one-time payments. For example, the total including one-time payments, in 1972 was \$89,980,378.



Number receiving as of Dec. 31 each year
Percentage increase

33,692

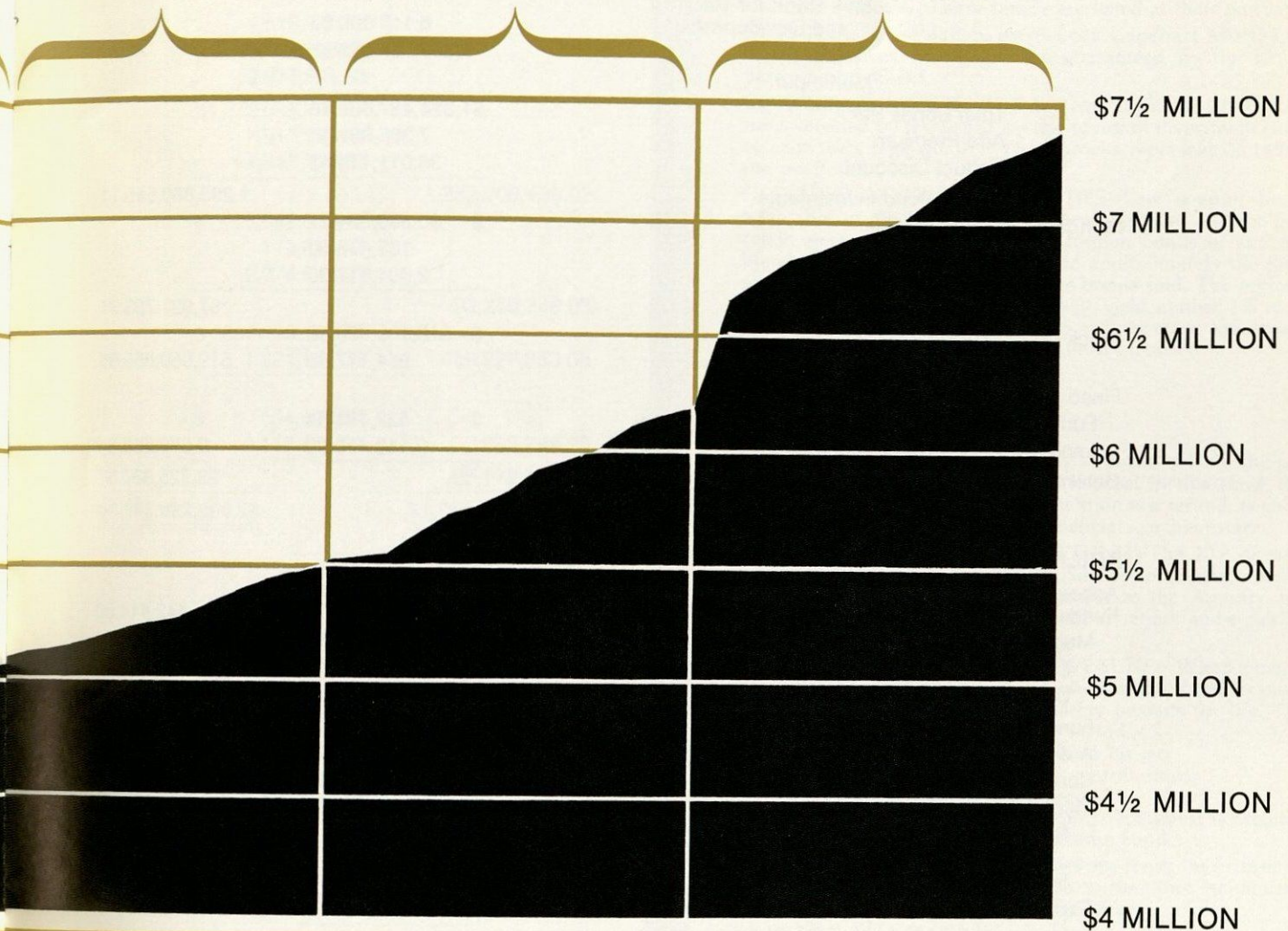
35,903

6.56%

1970
TOTAL PAID
 \$63,442,269
 Increase 8.12%

1971
TOTAL PAID
 \$70,398,548
 Increase 10.96%

1972
TOTAL PAID
 \$84,355,688
 Increase 19.83%



MAJOR CHANGES IN LAW
 9-4-70 — New schedule of survivor benefits; students included to age 22

MAJOR CHANGES IN LAW
 7-1-71 — Formula changed from 1.9% to 2.00% effective 1-1-72
 7-1-71 — First 1½% cost-of-living increases paid
 12-31-71 — Eligibility for survivor benefits extended 27 months after job termination

MAJOR CHANGES IN LAW
 1-1-72 — For those retired prior to 7-1-68 increases of not less than \$6 or more than \$50 per month
 7-1-72 — Second round of 1½% cost-of-living increases paid.

37,973
 5.77%

40,705
 7.19%

43,762
 7.51%

Statement of Assets, Liabilities, and Reserves

1972

ASSETS

Cash and Temporary Investments		\$ 44,441,971.32
Accounts Receivable		31,618,995.68
Investments		
Bonds — Par Value — U. S. Treasury	\$ 274,900.00	
Federal Land Bank	730,000.00	
F. N. M. A.	6,500,000.00	
U. S. Merchant Marine	1,680,000.00	
Int'l. Bank for Reconst. and Development	6,115,000.00	
Corporate	1,309,187,962.86	
Municipal		
Total Bonds Par	\$1,324,487,862.86	
Add Premium	7,383,861.68	
Deduct Discount	36,011,179.43	
Book Value Bond Investments		1,295,860,545.11
Mortgages (Capehart) Par	\$ 90,360,924.11	
Add Premium	165,476.60	
Deduct Discount	2,604,617.00	
Book Value Mortgages		87,921,783.71
Stock (At Cost) Common	\$ 518,105,738.30	
Preferred Convertible	954,117.35	519,059,855.65
Fixed Assets		
Furniture, Fixtures and Equipment	\$ 522,101.64	
Land and Home Office Building	2,148,448.70	2,670,550.34
Deferred Loss on Sale of Securities		23,725,687.57
TOTAL ASSETS		\$2,005,299,389.38

LIABILITIES AND RESERVES

Accounts Payable — Investments		\$ 442,414.80
Funds		
Members' Savings Fund	\$ 571,358,946.16	
Employer Fund Liability ⁽¹⁾	\$1,035,167,575.65	
Unfunded Accrued Liability ⁽¹⁾	604,041,482.00	
Funded Employer Liability — Employers' Accumulation Fund	431,126,093.65	
A & P R Fund	844,948,933.25	
Survivor Benefit Fund	156,463,457.92	
Income Fund	97,095.19	
Reserve to Fund 1971 Increases (Covers Part Unfunded by Appropriation)		
Interest Guar. (Members at Retirement)		
Expense Fund	378,772.96	
Total Funds		2,004,373,299.13
Short Term Investment Income		128,937.52
Allowance for Replacement —		
Furniture, Fixtures and Equipment	\$ 274,184.69	
Building	80,553.24	354,737.93
For Guarantee of Interest Maintenance		
Investments		
Mortality Contingencies		
TOTAL LIABILITIES AND RESERVES		\$2,005,299,389.38

⁽¹⁾Unfunded Accrued Liability Based on Annual Actuarial Valuation — Active and Inactive Members

1971

	\$	2,614,676.59	
		29,489,779.02	
\$		39,158,000.00	
		600,000.00	
		2,500,000.00	
		2,711,000.00	
		4,515,000.00	
		1,206,160,292.87	
		16,677,000.00	
		<u>\$1,272,321,292.87</u>	
		7,917,900.45	
		28,032,754.30	
			1,252,206,439.02
\$		95,852,629.11	
		173,018.57	
		<u>2,774,901.65</u>	
			93,250,746.03
\$		357,403,187.73	
		1,824,165.35	
		<u></u>	359,227,353.08
\$		504,339.50	
		2,148,448.70	
		<u></u>	2,652,788.20
			25,179,162.49
		<u>\$1,764,620,944.43</u>	
	\$		1,791,135.91
\$		515,789,037.44	
\$904,992,664.94			
493,691,881.00			
		411,300,783.94	
		657,985,627.47	
		135,207,119.09	
		1,942,699.00	
		26,682,043.56	
		9,965,436.00	
		<u>240,108.62</u>	
			1,759,112,855.12
			10,410.28
\$		200,291.12	
		40,200.00	
		<u></u>	240,491.12
\$		1,502,939.00	
		1,509,864.00	
		453,249.00	
		<u></u>	3,466,052.00
		<u>\$1,764,620,944.43</u>	

Notes to Financial Statement

ASSETS

CASH—Only enough cash is on deposit at the State Treasury to meet the outstanding checks written for benefit payments, refunds and expenses.

ACCOUNTS RECEIVABLE—Principally these are employers' contributions due for the last quarter of 1972.

BONDS—66.05% of P.E.R.S. money is invested in bonds—U.S. Government and those of corporations rated A or higher. The corporate holdings include bonds issued by industries, utilities, and railroads. These bonds are listed at their par value.

MORTGAGES—P.E.R.S. owns only Capehart Mortgages. These Capehart Mortgages are guaranteed by the United States Government.

CORPORATE STOCK—P.E.R.S. owns stocks in 91 corporations selected by the Board, on the advice of investment counsel, for their high quality. These stocks represent 26.14% of the portfolio.

DEFERRED LOSS ON SECURITIES—Low coupon bonds were sold in 1969 and 1970 at a deep discount and the proceeds were reinvested in higher coupon bonds at approximately the same deep discount and approximately the same maturity and same par value as the bonds sold. The replacement bonds will mature at par; will yield almost 1% more each year until maturity and thus will increase investment income about \$750,000 each year until maturity.

LIABILITIES

FUNDS

MEMBERS' SAVINGS FUND—The deductions from the pay of all employee members is held in trust in this fund. Return of his entire account, as a benefit or as a refund, is guaranteed to each member or his beneficiary or his estate.

EMPLOYERS' ACCUMULATION FUND—The 10% of payroll paid by the State and the 9% paid by local governments are held in this fund for later transfer to the Annuity and Pension Reserve Fund when a member retires and qualifies for benefits.

ANNUITY AND PENSION RESERVE FUND—When a member retires, enough money is set aside in this fund to guarantee the present value of his monthly benefits for life. The amount set aside for each retiree includes:

- 1) all retirement deductions from his pay;
- 2) his employer's "matching" contributions;
- 3) interest earned by these funds.

Then annually, as required by statute, 4% interest is credited into the A & PR Fund from the Income Fund.

INCOME FUND—Includes all income from investments. Money from this source is credited to the other funds each year. The 1972 interest has been credited.

EXPENSE FUND—Early each year the Retirement Board adopts a budget to pay operating costs for the coming year. The money remaining at the close of 1972 from the budgeted amount is shown here.

RESERVES

The reserve items shown in the 1971 report as "Guarantee of Interest Maintenance; Investments; Mortality Contingencies" have been merged in 1972 into the Income Fund before the year end transfers, in order to conform to uniform reporting standards. They are included in the fund totals, but not carried separately, in the 1972 report.

Summary of investments at end of 1972

SECURITIES HELD	PAR VALUE	YIELD AT COST⁽¹⁾	% OF PORT- FOLIO
U. S. Government and Agencies Bonds:			
U. S. Treasury	\$ 274,900	6.58	
Federal Land Bank	730,000	4.56	
Federal Nat'l Mortgage Association . .	6,500,000	5.81	
U. S. Gov't. Insured Merchant Marine .	<u>1,680,000</u>	5.02	
Total	\$ 9,184,900		.46
International Bank for Reconstruction & Development	6,115,000	5.92	.31
Corporate Bonds:			
Industrial	\$215,833,198		
Telephone	324,308,000		
Public Utilities	724,128,765		
Railroad General & Terminal	2,226,000		
Railroad Equipment Trust Certificates	<u>42,692,000</u>		
Total Corporate Bonds	1,309,187,963	6.03	66.05
Mortgages (Capehart)	90,360,924	4.55	4.56
Short Term Investments (Maturity—less than 30 days)	48,100,000	5.35	2.43
Stocks (at Cost):			
Common	518,105,738	3.18	26.14
Preferred Convertible	<u>954,118</u>	3.14	<u>.05</u>
TOTAL PORTFOLIO	<u>\$1,982,008,643</u>	5.20	<u>100.00</u>

⁽¹⁾Yield at Cost is determined by dividing the annual earnings of an investment by the price paid. This excludes any changes in value resulting from market fluctuations—realized or otherwise.

Summary of reserves required to pay benefits to those who retired in 1972

Type of Benefit	Number
Age and Service	4,147
Disability	362
Survivor	<u>613</u>

Average Reserve for all types of benefits

Sources of income 1972-1971

Employing Unit	1972	1971
EMPLOYERS' CONTRIBUTIONS		
State of Ohio	\$ 57,770,252.77	\$ 49,833,227.24
Municipalities	31,702,960.00	29,554,717.92
Counties	33,474,626.45	29,551,571.32
Miscellaneous	9,697,554.29	8,634,786.01
Total Contributions	<u>\$132,645,393.51</u>	<u>\$117,574,302.49</u>
EMPLOYEES' CONTRIBUTIONS		
State of Ohio	\$ 44,483,272.76	\$ 38,341,633.88
Municipalities	27,124,367.05	25,286,593.18
Counties	28,640,166.43	25,283,953.96
Miscellaneous	8,297,051.74	7,387,830.85
Total Contributions	<u>\$108,544,857.98</u>	<u>\$ 96,300,011.87</u>
TOTALS		
EMPLOYEE-EMPLOYER CONTRIBUTIONS		
State of Ohio	\$102,253,525.53	\$ 88,174,861.12
Municipalities	58,827,327.05	54,841,311.10
Counties	62,114,792.88	54,835,525.28
Miscellaneous	17,994,606.03	16,022,616.86
Total Contributions	<u>\$241,190,251.49</u>	<u>\$213,874,314.36</u>
INVESTMENT INCOME		
Type of Investment		
Bonds	\$ 73,022,069.68 ⁽¹⁾	\$ 65,855,046.18 ⁽¹⁾
Commercial Paper (short term)	749,935.04	478,122.89
Mortgages	3,944,869.84 ⁽¹⁾	4,168,697.27 ⁽¹⁾
Stocks	14,405,693.19	10,016,346.40
Total Investment Income	<u>\$ 92,122,567.75</u>	<u>\$ 80,518,212.74</u>
TOTAL CONTRIBUTIONS AND INVESTMENT INCOME	<u><u>\$333,312,819.24</u></u>	<u><u>\$294,392,527.10</u></u>

⁽¹⁾ Net of Premium Amortization

(also includes survivors and those who retired on disability)

Average Per Benefit From:

Total Reserves	Member Savings Fund	Employer Accumulation Fund
\$124,943,104.	\$ 7,663.	\$22,465.
\$ 16,460,377.	\$ 6,511.	\$38,960.
\$ 17,968,440.	\$13,017.	\$50,138.
<hr/>		
\$ 31,115.	\$ 7,242.	\$23,873.
	23.28%	76.72%

Statement of changes in Funds and Reserves for the year ended December 31, 1972

	<u>Balance January 1 1972</u>	<u>Income In Excess Of Expenditures</u>
FUNDS		
Members' Savings Fund	\$ 515,789,037.44	\$ 83,812,410.70
Employers' Accumulation Fund	411,300,783.94	113,259,032.33
Future Survivor Annuities	28,017,716.04	13,196,725.69
Retirement Annuities	657,321,849.14	(77,035,319.67)*
Statutory Cost of Living Adjustment	663,778.33	267,978.42*
Survivor Annuities	107,189,403.05	(11,123,715.40)*
Administrative Expenses	240,108.62	(2,144,746.36)
Income Fund	38,590,178.56	113,115,987.82
RESERVE for Guarantee of Interest Maintenance	1,502,939.00	
RESERVE for Guarantee of Investments	1,509,864.00	
RESERVE for Guarantee of Mortality Contingencies	453,249.00	
TOTAL	<u>\$1,762,578,907.12</u>	<u>\$233,348,353.53</u>

*Disbursement Accounts Off-Set By Miscellaneous Receipts

Statement by Actuary

The most recent completed valuation of the System, as of December 31, 1971, by the actuarial firm of Gabriel, Roeder, Smith and Company of Detroit, Michigan, found the System in sound condition. The data for the 1972 valuation is now in preparation.

Included in the Report of the 1971 valuation are the following statements from Mr. Richard G. Roeder:

"The December 31, 1971 actuarial valuations of members indicate the following about the previously established employer contribution rates:

"(1) The employer rates are sufficient to fully fund the costs of benefit commitments being made to members for their service currently being rendered.

"(2) After satisfying current cost requirements, the remainder of the employer rates are sufficient to fund over a reasonable period of future years the unfunded portion of liabilities for service already rendered.

"Overall Condition. Based upon these December 31, 1971 valuations of members it is our opinion that the Public Employees Retirement System of Ohio continues in sound condition in accordance with accepted actuarial principles."

Interest Distribution Addition	Interest Distribution Deduction	Transfer Addition	Transfer Deduction	Balance December 31, 1972
\$ 8,708,511.81		\$ 178,086.07	\$ 37,129,099.86	\$ 571,358,946.16
37,775,124.00	\$ 8,708,511.81	33,505,936.00	156,006,270.81	431,126,093.65
1,066,550.00		1,156,433.00	15,002,550.00	28,434,874.73
28,152,328.00		235,578,319.03		844,017,176.50
				931,756.75
4,463,340.00		27,499,555.54		128,028,583.19
		2,283,410.70		378,772.96
	71,457,342.00	3,466,052.00	83,617,781.19	97,095.19
			1,502,939.00	—0—
			1,509,864.00	—0—
			453,249.00	—0—
<u>\$80,165,853.81</u>	<u>\$80,165,853.81</u>	<u>\$303,667,792.34</u>	<u>\$295,221,753.86</u>	<u>\$2,004,373,299.13</u>

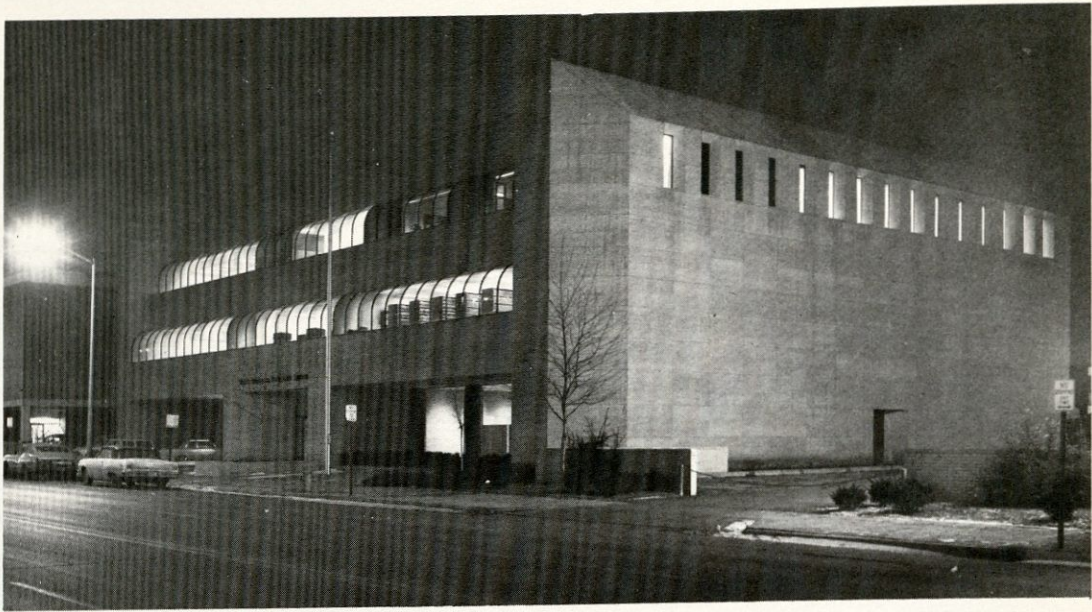
Report by State Auditor



The Office of the Bureau of Inspection and Supervision of Public Offices from the Auditor of State makes an annual audit and inspection of the funds of the Public Employees Retirement System of Ohio.

During the Summer of 1972 such an audit was made covering the period of January 1, 1971 to December 31, 1971. This Report was delivered to the Retirement System in January of 1973 and submitted to the Retirement Board at its February 1973 meeting.

The summarization of that audit states in part: "The audit and examination disclosed the records and accounts of the Public Employees Retirement System to be neatly, currently and accurately maintained. . . ."



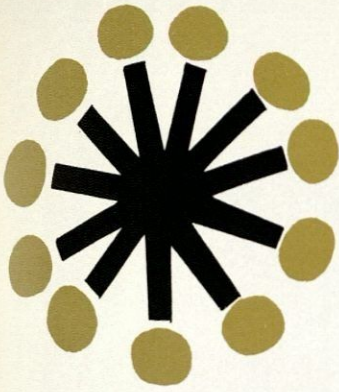
THE PERS BUILDING AT 277 EAST TOWN STREET
First occupied in August 1970

Operating Expenses and Capital Expenditures—1972

ITEMS

Salaries and Wages	\$1,200,870.95
Employer Contribution (PERS)	98,275.91
Insurance and Workmen's Compensation	33,143.24
Actuarial Service	16,395.00
Audit Service	3,667.48
Investment Service and Expense	180,228.47
Medical Examinations and Investigations	17,120.54
Microfilm	4,849.60
Printing, Publications and Subscriptions	36,611.86
Postage	68,969.95
Equipment (Includes: Rent, Repair, Contract)	154,650.30
Telephone, Telegraph, Freight and Express	25,046.91
Office Supplies	33,538.94
Travel (Staff, Director, Board)	23,871.50
Retirement Study Commission	26,717.50
Replacement Expense	114,246.81
Building Occupancy	108,973.83
Miscellaneous	7,066.57
Total Operating Expenses	\$2,154,245.36
Capital Expenditures	17,762.14
Total Operating Expenses and Capital Expenditures	\$2,172,007.50

NOTE: The statutes require that all the operating costs of the Retirement System be paid from investment income. These costs in 1972 amounted to 2.36% of that income.



Membership Services

Special services to members are among the most important functions of the Retirement System. A brief summary of these services appears in the following listing:

- An individual savings account is maintained for each employee, showing the exact amount of his salary deductions on a month-to-month basis.
- Annual savings statements are distributed through payroll officers to all members; an annual accounting of payments is sent to all who have received benefits.
- Annual Reports are sent to all members; other publications include an Investment Portfolio Statement and formal Annual Report distributed to all employer units.
- Interview assistance is provided in the Central Office as well as telephone assistance to all who call.
- Field representatives regularly visit employer units throughout Ohio; speakers and displays are available on request.
- Deductions from benefits for Blue Cross-Blue Shield and Medicare premiums are made when requested at time of retirement.
- Brush-up sessions for payroll and personnel officers are conducted periodically at PERS headquarters or when requested.
- Estimates of benefit amounts are mailed on request to those contemplating retirement.
- A comprehensive set of informational literature is available to all members; all new members receive information and a membership card.
- A monthly publication, HOWDY, containing current information and announcements is sent to all receiving benefits.
- Deductions for income tax purposes will be made automatically for retirants when requested.

The Ohio retirement law provides the public employees of this state with probably their most valuable "fringe" benefit. All state, municipal and county employees are required to belong to the Retirement System, as well as all miscellaneous public employer units, such as public libraries, townships, various park and conservancy districts, housing authorities and the like. In all, there were 246,633 active and inactive members as of Dec. 31, 1972.

A brief summary of the rights and benefits of members follows:

1. SURVIVOR BENEFITS . . . Should you die, after 18 months of full-time public service, your spouse and children may qualify for monthly benefits based on the number of dependent survivors and your final average salary. If you have neither spouse nor dependent children then your dependent parents at age 65 or older may qualify.

2. DISABILITY BENEFITS . . . Should you become totally and presumably permanently disabled, for any cause before you reach age 60, you are assured of a regular monthly income if you have been on your job full-time for at least five years.

3. RETIREMENT BENEFITS . . . When you are old enough (age 60 or later) and have at least five full years of service credit in covered public employment you can retire and qualify for a monthly in-

come for life, and, if you so elect, for the life of your spouse. The amount is based on your earnings, age, and length of public employment.

4. AUTOMATIC SAVINGS . . . The money deducted from your salary belongs to you. It is fully refundable. Should you leave public employment before you qualify for other benefits, or if you prefer a refund, your money will be returned by mail, if you request it, three months after your public job is ended.

5. PROTECTION AGAINST INFLATION . . . An automatic 1½% cost-of-living increase is paid to retirants, starting with their 37th monthly payment in each year that the Consumer Price Index shows an increase of that percentage or more in the cost of living.



for your telephone assistance



Members or employer representatives wishing information or assistance on retirement matters are invited to visit the PERS offices and talk with an interviewer. Or, often a phone call will suffice. If you have a specific question the answer may be expedited if you will direct your call to one of the following persons:

- General Information and Appointments469-2085
- Benefit Applications John Dodson469-3433
- Blue Cross-Blue Shield Joyce Manley469-3093
- Estimates Robert Wooddell469-2047
- Payments—Lost Checks Phil Meteer469-3513
- Refunds Mary Jenkins469-3401
- Survivor & Disability Tina Bevilacqua469-3252

(The area code for long distance is 614)

THE PUBLIC EMPLOYEES RETIREMENT SYSTEM OF OHIO

277 East Town Street

Columbus, Ohio 43215