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**REPORT**  
**OF THE**  
**STATE TEACHERS**  
**RETIREMENT**  
**SYSTEM**

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SEPTEMBER 1, 1984 TO AUGUST 31, 1985

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REPORT

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OF THE

STATE

TEACHERS RETIREMENT SYSTEM

OF OHIO



SEPTEMBER 1, 1934 TO AUGUST 31, 1935

## RETIREMENT BOARD

JOSEPH T. TRACY, President..... Auditor of State

JOHN W. BRICKER..... Attorney General

E. L. BOWSER..... Director of Education

M. EMMA BROOKES, Vice President.. Principal of Miles School, Cleveland, O.

O. H. BENNETT..... County Supt. of Schools, Hamilton County,  
Cincinnati, O.

W. E. KERSHNER, Secretary, Ohio State Savings Bldg.,  
Gay and Third Streets, Columbus, Ohio.

GEORGE M. POGUE, Assistant Secretary.

To the Retirement Board, State Teachers Retirement System:

I have the honor to submit the financial report of the State Teachers Retirement System for the year beginning September 1, 1934 and ending August 31, 1935.

Very truly yours,

W. E. KERSHNER,

*Secretary.*

Columbus, Ohio.

July 1, 1936.

Columbus, Ohio, July 1, 1936.

HON. JOSEPH T. TRACY,  
President, Retirement Board,  
State Teachers Retirement System,  
Columbus, Ohio.

Dear Sir:

We have made an examination of the State Teachers Retirement System and hereby certify the following reports to be true and correct statements of the financial condition of the respective funds thereof, according to the books and accounts of said Retirement System, for the year ending August 31, 1935.

R. E. KIRK,  
H. D. SMITH,  
*State Examiners.*

# State Teachers Retirement System

## BALANCE SHEET

As of August 31, 1935

### ASSETS

#### Current Assets:

Cash on Hand and in Banks..... \$2,148,942.42

#### Accounts Receivable (Estimate):

Teachers Savings Fund..... \$32,100.00

Employers Accumulation Fund (N. C.).. 460,800.00

Employers Accumulation Fund (D. C.).. 495,600.00

#### Accrued Interest on Defaulted Bonds,

Notes and Interest..... 155,505.42

Regular Interest (Actual)..... 161,630.66

Total Accounts Receivable..... 1,305,636.08

#### Securities:

Bonds and Notes in State Treasury..... 67,685,593.88

Total Current Assets.....\$71,140,172.38

#### Fixed Assets:

Office Furniture and Equipment..... 12,906.00

Total Assets .....\$71,153,078.38

### LIABILITIES

Reserve for Members' Credit.....\$31,875,415.95

Reserve for Future Service of Present Teachers 16,778,736.14

Reserve for Prior Service of Super. Pensioners.. 14,729,466.55

Reserve for Prior Service of Disability Pensioners 1,796,122.38

Reserve for City Pensioners..... 711,210.70

Reserve for Present Annuities..... 5,222,381.55

Reserve for Advance Interest..... 26,839.11

Total Liabilities .....\$71,140,172.38

### SURPLUS

Investment in Office Furniture and Equipment..... 12,906.00

Total Liabilities and Surplus.....\$71,153,078.38

## RECEIPTS AND DISBURSEMENTS

Cash on Hand, August 31, 1934..... \$2,367,592.11

### Receipts

Contributions from Members (T. S. F.).....	\$2,415,986.89
Normal Contribution from School Districts.....	1,089,716.44
Deficiency Contribution from School Districts.....	1,159,825.96
Bonds and Notes Retired (Par Value).....	9,536,768.25
Interest on Investments.....	3,482,760.21
Interest on Delayed Contributions.....	6.59
Discount on Bonds Purchased.....	26,093.95
Premium on Bonds Retired in Advance.....	178.51
Interest on Bank Deposits.....	11,894.56
Additional Annuities Purchased.....	33,200.00
Received for Outside Service.....	19,092.15
Reinstatements .....	4,512.49
Refunds .....	125.09

Total Receipts ..... 17,780,161.09

\$20,147,753.20

### Disbursements

Refunds Account of Withdrawal from Service.....	\$852,097.81
Refunds Account of Death.....	127,988.25
Paid to Superannuation Pensioners.....	2,064,197.77
Paid to City Pensioners.....	106,828.52
Paid to Disability Pensioners.....	226,090.04
Bonds and Notes Purchased (Par Value).....	14,124,844.57
Premium on Bonds Purchased.....	249,673.28
Accrued Interest on Bonds and Notes Purchased.....	171,092.78
Operating Expense .....	72,980.20
Refund Outside Service Purchased.....	238.81
Overpayments Refunded .....	2,778.75

Total Disbursements ..... \$17,998,810.78

Cash on Hand and in Banks, August 31, 1935..... \$2,148,942.42

## TEACHERS SAVINGS FUND

Balance, August 31, 1934..... \$29,670,059.16

### Receipts

Contributions from Members.....	\$2,415,986.89
Reinstatements .....	4,512.49
Transferred from Guarantee Fund (Interest).....	1,197,579.39
Transferred from Annuity and Pension Reserve Fund.....	24,465.76
Refunds .....	26.60

Total Receipts ..... 3,642,571.13

\$33,312,630.29



**Disbursements**

Refunds Account of Withdrawal from Service.....	\$852,097.81
Refunds Account of Death.....	127,988.25
Transferred to Annuity and Pension Reserve Fund....	487,765.09
Transferred to Normal Contribution Fund.....	5.31
Transferred to Deficiency Contribution Fund.....	269.65
Overpayments Refunded .....	1,188.23
	<hr/>
Total Disbursements .....	1,469,314.34
	<hr/>
Balance, August 31, 1935.....	\$31,843,315.95

**EMPLOYERS ACCUMULATION FUND****Normal Contribution**

Balance, August 31, 1934.....	\$18,016,703.40
-------------------------------	-----------------

**Receipts**

From Boards of Education.....	\$1,089,716.44
Transferred from Guarantee Fund (Interest)....	720,612.03
Transferred from A. & P. R. Fund.....	23,008.14
Transferred from Teachers Savings Fund.....	5.31
Refunds .....	9.99
	<hr/>
Total Receipts .....	1,833,351.91
	<hr/>
	\$19,850,055.31

**Disbursements**

Paid to Disability Pensioners.....	\$167,560.58
Transferred to A. & P. R. Fund.....	462,487.77
Overpayments Refunded .....	472.58
	<hr/>
Total Disbursements .....	630,520.93
	<hr/>
Balance N. C., August 31, 1935.....	\$19,219,534.38

**Deficiency Contribution**

Balance, August 31, 1934.....	\$12,056,494.43
-------------------------------	-----------------

**Receipts**

From Boards of Education.....	\$1,159,825.96
For Outside Service.....	19,092.15
Transferred from Guarantee Fund (Prior Service)	1,500,000.00
Transferred from Guarantee Fund (Interest)....	509,678.55
Transferred from Teachers Savings Fund.....	269.65
Refunds .....	71.97
	<hr/>
Total Receipts .....	3,188,938.28
	<hr/>
	\$15,245,432.71

**Disbursements**

Paid to Superannuation Pensioners.....	\$1,623,910.48
Paid to City Pensioners.....	106,828.52
Paid to Disability Pensioners.....	1,891.07
Refund Outside Service Purchased.....	238.81
Overpayments Refunded .....	591.19

Total Disbursements ..... 1,733,460.07

Balance D. C., August 31, 1935..... 13,511,972.64

Balance E. A. F., August 31, 1935.....\$32,731,507.02

**EXPENSE FUND**

Balance, August 31, 1934..... \$5,266.65

**Receipts**

Transferred from Guarantee Fund.....	\$70,000.00
Refund .....	2.50

Total Receipts ..... 70,002.50

\$75,269.15

**Disbursements****Operating Expense:**

Salaries and Wages.....	\$48,372.53
Office Equipment .....	1,490.28
Office Supplies .....	459.89
Printing and Stationery.....	2,809.05
Rent .....	5,100.00
Postage .....	3,767.71
Telegraph .....	17.83
Telephone .....	630.47
Medical Examinations .....	961.00
Machine Rental .....	1,321.34
Freight, Express and Drayage.....	166.12
Actuarial Expense .....	1,200.00
Insurance and Surety Bonds.....	918.40
Audit of Retirement Fund.....	3,145.24
Miscellaneous .....	740.01

Total Operating Expense..... \$71,099.87

**Traveling Expense:**

W. E. Kershner, Secretary.....	\$579.37
George M. Pogue, Assistant Secretary.....	244.08
O. L. Brodrick, Auditor.....	278.21
Miss M. Emma Brookes, Board Member...	372.92

**II**

O. H. Bennett, Board Member.....	268.39	
Miscellaneous .....	137.36	
Total Traveling Expense.....	1,880.33	
Overpayments Refunded .....	5.00	
Total Disbursements .....		72,985.20
Balance, August 31, 1935.....		\$2,283.93

**GUARANTEE FUND**

Balance, August 31, 1934..... \$1,867,852.33

**Receipts**

Interest on Investments.....	\$3,482,760.21	
Interest on Delayed Contribution.....	6.59	
Interest on Bank Deposits.....	11,894.56	
Discount on Bonds Purchased.....	26,093.95	
Premium on Bonds Retired in Advance.....	178.51	
Total Receipts .....		3,520,933.82
		\$5,388,786.15

**Disbursements**

Accrued Interest on Bonds and Notes Purchased.....	\$171,092.78	
Premium on Bonds Purchased.....	249,673.28	
Transferred to T. S. Fund (Interest on Contributions)	1,197,579.39	
Transferred to N. C. (Interest on N. C.).....	720,612.03	
Transferred to D. C. (Interest on D. C.).....	509,678.55	
Transferred to D. C. (To strengthen reserve for prior service) .....	1,500,000.00	
Transferred to A. & P. R. F. (Int. on A. & P. R. F.)..	176,631.22	
Transferred to Expense Fund (Operating Expense)...	70,000.00	
Refund (Interest overpayments).....	521.75	
Total Disbursements .....		4,595,789.00
		\$792,997.15

**ANNUITY AND PENSION RESERVE FUND**

Balance, August 31, 1934..... \$3,848,733.70

**Receipts**

Transferred from Teachers Savings Fund.....	\$487,765.09	
Transferred from Normal Contribution.....	462,487.77	
Transferred from Guarantee Fund (Interest).....	176,631.22	
Additional Annuities Purchased by Members.....	33,200.00	
Refunds .....	14.03	
Total Receipts .....		1,160,098.11
		\$5,008,831.81

**Disbursements**

Paid to Superannuation Pensioners.....	\$440,287.29	
Paid to Disability Pensioners.....	56,638.39	
Transferred to Teachers Savings Fund.....	24,465.76	
Transferred to Normal Contribution.....	23,008.14	
		<hr/>
Total Disbursements .....		544,399.58
		<hr/>
Balance, August 31, 1935.....	\$4,464,432.23	

**INVESTMENT ACCOUNT**

Bonds and Securities on Hand, August 31, 1934 (Par Value)...	\$63,097,517.56	
Bonds and Notes Purchased (Par Value).....	14,124,844.57	
		<hr/>
Total .....		\$77,222,362.13
Bonds and Notes Due for Retirement.....	\$7,518,053.08	
Bonds and Notes Past Due, August 31, 1934.....	3,144,163.57	
		<hr/>
Total Bonds and Notes Due.....	\$10,662,216.65	
Less:		
Bonds and Notes Past Due August 31, 1935.....	1,895,851.01	
		<hr/>
		\$8,766,365.64
Bonds Retired in Advance, August 31, 1935.....	770,402.61	
		<hr/>
Total Bonds and Notes Retired.....		9,536,768.25
		<hr/>
Bonds and Securities on Hand, August 31, 1935.....	\$67,685,593.88	

**INTEREST ACCOUNT**

Interest Earned on Investments, September 1, 1934 to August 31, 1935 .....	\$3,195,941.28	
Interest Receivable August 31, 1934.....	216,197.95	
		<hr/>
Total Interest Due on Investments.....	\$3,412,139.23	
Less:		
Interest Receivable August 31, 1935.....	162,985.15	
		<hr/>
		\$3,249,154.08
Interest Received in Advance August 31, 1935..	\$26,839.11	
Interest on Bonds Retired in Advance.....	3,301.21	
Accrued Interest Received on Deferred Payments.	203,254.61	
Accrued Interest Refunds.....	211.20	
		<hr/>
		233,606.13
		<hr/>
Total Interest Received on Investments.....		\$3,482,760.21
Discount on Bonds Purchased.....	\$26,093.95	

Premium on Bonds Sold.....	178.51	
		26,272.46
		<u>\$3,509,032.67</u>
Less:		
Accrued Interest on Bonds and Notes Purchased.....	\$171,092.78	
Premium on Bonds Purchased.....	249,673.28	
Interest Refunds .....	521.75	
		421,287.81
		<u>\$3,087,744.86</u>
Interest on Bank Deposits (Active).....	\$11,772.47	
Interest on Bank Deposits (Inactive).....	122.09	
		11,894.56
		<u>\$3,099,639.42</u>
Total Net Interest.....		

### BALANCE

**August 31, 1935**

Teachers Savings Fund.....	\$31,843,315.95	
Employers Accumulation Fund (N. C.).....	19,219,534.38	
Employers Accumulation Fund (D. C.).....	13,511,972.64	
Annuity and Pension Reserve Fund.....	4,464,432.23	
Guarantee Fund .....	792,997.15	
Expense Fund .....	2,283.95	
		<u>\$69,834,536.30</u>
Total .....		
Cash on Hand.....	\$2,148,942.42	
Securities in State Treasury.....	67,685,593.88	
		<u>\$69,834,536.30</u>
Total .....		
State Treasurer's Statement of Balance.....	\$69,973,804.62	
Less—Outstanding Warrants .....	139,268.32	
		<u>\$69,834,536.30</u>
Net Total .....		

## AFFIDAVIT

County of Franklin }  
 State of Ohio } ss.

I do solemnly swear that the foregoing financial statements are true and accurate representations of the receipts, disbursements and balances in the various funds, as shown on the books of the Ohio State Teachers Retirement System for the year beginning September 1, 1934, and ending August 31, 1935.

(Signed) W. E. KERSHNER,  
 Secretary.

Subscribed in my presence and sworn to before me this 24th day of September, 1935.

(Signed) O. L. BRODRICK,  
 Notary Public.

## AFFIDAVIT

County of Franklin }  
 State of Ohio } ss.

I, Harry S. Day, Treasurer of the State of Ohio, being first duly sworn, do hereby certify that the following is the balance in the State Teachers Retirement System on August 31, 1935:

Inactive Account .....	\$26,159.50
Active Account .....	2,261,609.02
Bond Account .....	67,685,593.88
Cashier's .....	442.22

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Balance ..... \$69,973,804.62

Further, affiant saith not.

(Signed) HARRY S. DAY,  
 Treasurer of State of Ohio.

Sworn to before me and subscribed in my presence this 24th day of September, 1935.

(Signed) RUTH BOYD,  
 Notary Public in and for Franklin County,  
 State of Ohio.

## FUNDS OF THE STATE TEACHERS RETIREMENT SYSTEM

In order to make clear the various funds of the retirement system it is necessary to explain the general plan of the system.

Teachers who were in active service in Ohio, prior to the establishment of the retirement system, September 1, 1920, are called "Present Teachers."

Those who began active service as teachers in Ohio after September 1, 1920, are called "New Entrants."

Service rendered in the schools of Ohio prior to September 1, 1920, is called "Prior Service."

Service rendered after that date is called "Future Service."

Each teacher deposits 4% of his salary (not to exceed \$2,000.00 a year) in the Teachers Savings Fund and these deposits with interests accumulations (4% compounded annually) are called "Accumulated Deductions."

A teacher may retire for superannuation after teaching thirty-six years in Ohio, or after attaining the age of 60. A teacher may be retired for permanent disability after ten years of service.

This discussion will apply only to superannuation retirement. Disability retirement will be explained later.

If all teachers in service in Ohio on September 1, 1920, had been New Entrants, it would have been necessary only to prepare for the future. In that case there would have been no liability for prior service and the two important funds would have been: The Teachers Saving Fund, which receives the 4% deposits of teachers and interest earned by this fund; and the Normal Contribution Fund, which receives the contributions of boards of education in anticipation of pensions to be granted for service after September 1, 1920.

At retirement (for superannuation) a teacher receives for service after September 1, 1920, a retirement allowance consisting of (a) an annuity purchased by the teacher with his savings in the Teachers Savings Fund, and (b) an equal pension from the Normal Contribution Fund. When a teacher retires, his accumulated deductions are transferred to the Annuity and Pension Reserve Fund and an equal amount from the Normal Contribution Fund is transferred to the same fund. These two amounts constitute the reserve value of the retirement allowance for service after September 1, 1920.

Teachers pay to the Teachers Savings Fund 4% of their salaries not to exceed \$2,000.00 a year. Boards of Education contribute to the Normal Contribution Fund 1.7% of the same payroll. If all the teachers in service should ultimately retire, the rate to be paid in the Normal Contribution Fund would, of course, be 4%. If no teachers retired ultimately, but all withdrew from service or died prior to retirement, then the rate of the Normal Contribution would be zero. This rate then will be somewhere between zero and 4%, depending on the withdrawal and mortality experience of the System.

The balance in the Normal Contribution Fund, at any time, must equal that portion of the Teachers Savings Fund belonging to teachers who will ultimately retire, plus the state's share of liability for disability retirements. Or, in other words, the amount in the Normal Contribution Fund, at any time, must equal the amount that would remain in the Teachers Savings Fund, if all the teachers who would

withdraw from service or die prior to retirement and withdraw their money, should do so at once. The balance in each of these funds at the close of each year since the beginning of the Retirement System is shown in the following table:

Year Ending	Teachers Savings Fund	Normal Contribution Fund
August 31, 1921.....	\$1,941,722.72	\$883,502.51
August 31, 1922.....	3,775,938.98	1,908,311.74
August 31, 1923.....	5,520,419.49	3,220,128.48
August 31, 1924.....	7,833,749.59	4,841,248.32
August 31, 1925.....	9,732,786.04	6,374,418.17
August 31, 1926.....	11,730,901.15	7,704,642.87
August 31, 1927.....	13,789,177.60	9,001,533.70
August 31, 1928.....	15,985,125.11	10,443,348.26
August 31, 1929.....	18,377,597.73	12,046,627.96
August 31, 1930.....	20,935,083.20	13,596,479.07
August 31, 1931.....	23,623,483.53	14,884,192.75
August 31, 1932.....	26,057,669.78	15,831,229.08
August 31, 1933.....	27,805,162.72	16,823,180.22
August 31, 1934.....	29,670,059.16	18,016,703.40
August 31, 1935.....	31,843,315.95	19,219,534.38

### REFUNDS BECAUSE OF WITHDRAWALS AND DEATHS

The only amounts taken from the Teachers Savings Fund in addition to the amounts transferred to the Annuity and Pension Reserve Fund, on account of teachers retiring, are for refunds to teachers in the event of withdrawal from service prior to retirement and to their beneficiaries in the event of death prior to retirement. The amounts so refunded are shown in the following table:

Year Ending	Withdrawals	Deaths
August 31, 1921.....	\$65,228.14	\$1,300.20
August 31, 1922.....	223,212.10	11,465.60
August 31, 1923.....	393,215.64	15,149.99
August 31, 1924.....	547,914.05	27,974.97
August 31, 1925.....	642,096.81	29,488.18
August 31, 1926.....	683,397.31	39,248.67
August 31, 1927.....	759,267.29	58,815.39
August 31, 1928.....	760,573.45	57,846.95
August 31, 1929.....	740,880.22	74,616.19
August 31, 1930.....	731,757.13	91,295.64
August 31, 1931.....	699,266.98	87,125.18
August 31, 1932.....	763,910.87	100,993.64
August 31, 1933.....	1,053,790.64	122,065.29
August 31, 1934.....	980,794.75	110,760.01
August 31, 1935.....	852,097.81	127,988.25
<b>Totals .....</b>	<b>\$9,897,403.19</b>	<b>\$956,134.15</b>



## GUARANTEE FUND

This fund receives all interest earnings on investments. From this fund the interest earnings are transferred each year to the other funds. The table below shows the interest earned each year:

Year Ending	Interest Received		
	On Investments	From Banks	Total
August 31, 1921.....	\$18,720.38	\$13,472.05	\$32,192.43
August 31, 1922.....	309,445.05	23,558.31	333,003.36
August 31, 1923.....	506,067.13	30,966.45	537,033.58
August 31, 1924.....	833,620.47	22,017.29	855,637.76
August 31, 1925.....	1,018,476.11	39,996.85	1,058,472.96
August 31, 1926.....	1,331,966.97	44,350.20	1,376,317.17
August 31, 1927.....	1,562,250.18	33,305.74	1,595,555.92
August 31, 1928.....	1,740,196.04	28,120.47	1,768,316.51
August 31, 1929.....	2,013,179.67	17,565.66	2,030,745.33
August 31, 1930.....	2,327,405.88	19,443.69	2,346,849.57
August 31, 1931.....	2,481,188.96	32,841.55	2,514,030.51
August 31, 1932.....	2,586,543.23	20,932.80	2,607,476.03
August 31, 1933.....	2,710,538.97	40,227.18	2,750,766.15
August 31, 1934.....	3,235,027.65	15,663.59	3,250,691.24
August 31, 1935.....	3,482,760.21	11,894.56	3,494,654.77
Totals.....	\$26,157,386.90	\$394,356.39	\$26,551,743.29

The amount of interest transferred from the Guarantee Fund to other funds is shown in the following table:

Year Ending	Teachers Savings Fund	Employers Accumulation Fund		Annuity and Pension Reserve Fund
		Normal Contribution	Deficiency Contribution	
August 31, 1921...	\$35,707.22	\$6,953.46	\$17,035.69	\$2.89
August 31, 1922...	114,983.22	50,126.42	87,847.40	1,193.98
August 31, 1923...	188,898.08	100,126.90	137,888.36	2,811.97
August 31, 1924...	262,490.46	159,451.54	199,481.42	5,879.91
August 31, 1925...	346,541.84	215,560.26	252,907.07	8,828.28
August 31, 1926...	422,724.92	269,444.30	290,926.90	13,291.99
August 31, 1927...	502,222.93	320,731.83	320,895.92	19,153.24
August 31, 1928...	585,249.62	372,808.19	348,951.39	27,011.80
August 31, 1929...	675,315.55	429,954.49	372,064.47	35,260.94
August 31, 1930...	770,415.98	489,696.95	394,066.54	46,327.02
August 31, 1931...	872,275.51	550,547.40	425,262.75	65,234.34
August 31, 1932...	971,047.79	596,115.53	455,169.86	87,065.25
August 31, 1933...	1,048,468.57	629,829.27	464,128.03	116,907.48
August 31, 1934...	1,115,663.62	674,359.54	470,335.81	149,868.88
August 31, 1935...	1,197,579.39	720,612.03	509,678.55	176,631.22
Totals.....	\$9,109,584.70	\$5,586,318.11	\$4,746,640.16	\$755,469.19

### TOTAL AMOUNT PAID FOR PENSIONS

Year Ending August 31	Superannuation Pensions	Disability Pensions	City Pension System Pensions	Total Pensions Paid
1921 .....		\$859.56	\$89,805.19	\$90,664.75
1922 .....	\$160,557.71	9,136.42	192,676.71	362,370.84
1923 .....	249,683.63	19,822.91	188,627.12	458,133.66
1924 .....	341,391.13	34,471.71	197,650.44	573,513.28
1925 .....	419,998.30	44,998.28	197,670.20	662,666.78
1926 .....	525,451.83	60,471.87	186,779.89	772,703.59
1927 .....	623,074.14	83,464.24	175,439.74	881,978.12
1928 .....	726,301.79	103,931.75	168,875.43	999,108.97
1929 .....	841,167.97	117,183.68	159,040.19	1,117,391.84
1930 .....	974,503.95	134,553.79	149,672.72	1,258,730.46
1931 .....	1,104,104.32	145,431.13	140,430.69	1,389,966.14
1932 .....	1,282,328.83	158,974.50	133,167.26	1,574,470.59
1933 .....	1,579,671.89	177,339.29	125,853.72	1,882,864.90
1934 .....	1,868,357.78	198,557.67	117,290.26	2,184,205.71
1935 .....	2,064,197.77	226,090.04	106,828.52	2,397,116.33
Totals.....	\$12,760,791.04	\$1,515,286.84	\$2,329,808.08	\$16,605,885.96

### RESERVES FOR PENSIONS ALREADY GRANTED

A teacher retiring for superannuation is given a prior service pension of 1½% of his average salary for the ten years immediately preceding retirement, not to exceed \$2,000.00, multiplied by the number of years of service in the public schools of Ohio prior to September 1, 1920. This pension is paid from the Deficiency Contribution Fund. This fund receives the contributions of Boards of Education to meet the liability assumed each year for prior service pensions granted. To be solvent, it must contain, at all times, the full reserve value of pensions for prior service of all pensioners still living. The rate paid by Boards of Education to this fund is based on the total reserve values of all pensions for prior service granted during the year. Ultimately this rate will no longer be needed, because a time will come when all teachers who were in service prior to September 1, 1920, will have died, or withdrawn from service, or retired. The rate paid to this fund is determined by dividing the total reserves for all pensions granted for prior service during the year by the total payroll of the state. This rate was 1.75% for 1932-33. In order to meet the reserve for pensions granted in 1933-34 the rate should have been 3.19%. Boards of Education, however, were given a credit of 1.44%, leaving the contribution for all Boards of Education for 1934-35, 1.75% for the Deficiency Contribution Fund. This is met by a transfer from the Guarantee Fund in addition to the regular 4% interest earned.

The Annuity and Pension Reserve Fund contains the reserves for future service pensions and is made up by transfers of the savings of teachers who are retiring, plus an equal amount from the Normal Contribution Fund. These funds must earn 4% interest to be sufficient to guarantee pensions already granted. The balances in these two funds at the close of each year are shown by the following table:

Year Ending	Balance in	
	Deficiency Contribution Fund	Annuity and Pension Reserve Fund
August 31, 1921.....	\$1,624,499.11	\$369.96
August 31, 1922.....	2,892,160.68	36,006.40
August 31, 1923.....	3,961,798.29	85,305.12
August 31, 1924.....	5,787,946.85	166,641.18
August 31, 1925.....	7,130,390.42	244,997.49
August 31, 1926.....	7,976,689.42	385,619.69
August 31, 1927.....	8,708,677.51	525,182.98
August 31, 1928.....	9,370,375.35	722,241.69
August 31, 1929.....	10,029,773.77	919,424.68
August 31, 1930.....	10,543,086.96	1,189,904.61
August 31, 1931.....	11,428,456.24	1,801,805.97
August 31, 1932.....	11,865,307.54	2,251,925.71
August 31, 1933.....	11,890,042.08	2,981,283.04
August 31, 1934.....	12,056,494.43	3,848,733.70
August 31, 1935.....	13,511,972.64	4,464,432.23

### DISABILITY RETIREMENT

Disability retirement is not in any sense health and accident insurance. Teachers may retire for Superannuation after thirty-six years of service or after attaining the age of sixty. A teacher who has taught at least ten years in Ohio and who cannot serve thirty-six years or until sixty years of age on account of a failure of health, probably permanent, may be retired for permanent disability. The teacher, or the Board of Education or some friend may make application for disability retirement. The recommendation of the Medical Examiner is a determining factor in granting or refusing disability retirement. The retirement board has a right to order an examination of a disability pensioner each year for five years. A teacher who recovers sufficiently to teach again is taken from the list.

The disability pension is 1.2% of the final average salary multiplied by the total years of service, with a minimum of 30% of the final average salary and a maximum of 90% of the probable superannuation retirement allowance were the teacher to remain in service and retire regularly at sixty.

The deposits of a teacher retiring for disability are used to apply on the cost of the allowance and the remainder is paid from the normal contribution fund.

### BONDS OF OFFICERS

The Treasurer of State is custodian of the funds of the Retirement System. In addition to his regular bond given to the state, he gives a special bond of \$100,000.00 to the Retirement System. The Secretary of the Retirement System is also under a bond of \$25,000.00 and the Assistant Secretary a bond of \$5,000.00. All employees of the office who have anything to do with either the incoming or outgoing checks are under a blanket bond of \$15,000.00. In view of the fact that practically all receipts and all disbursements are made by checks these bonds are undoubtedly safe.

## AUDIT

The business of the Retirement System's office is subject to exactly the same audit by the Bureau of Inspection and Supervision of Public Offices as is given other state departments. The report of the examiner for each year is on file in the office of the Bureau, and also in the office of the Retirement System.

## INVESTMENTS

The funds of the Retirement System are invested in Ohio municipal bonds. A list of all investments is on file in this office and in the report of the annual audit made by the examiner for the Bureau of Inspection and Supervision of Public Offices.

## TYPES OF BONDS

On January 1, 1936, the bonds held by the Retirement System were of the following types and amounts, all Ohio bonds:

Schools .....	\$43,487,761.75	or 62.64%
County .....	7,307,307.34	or 10.53%
City .....	14,449,384.33	or 20.81%
Village .....	3,905,082.37	or 5.63%
Township .....	270,760.37	or .39%
	\$69,420,296.16	100.00%

The school bonds are distributed as follows:

City .....	\$15,855,164.87
Exempted Village .....	1,988,742.45
Village .....	9,331,348.26
Rural .....	16,312,506.17
	\$43,487,761.75

## SUPERANNUATION RETIREMENT, 1920-1935

Year Ending August 31st	Number Retired			Number of Deaths to 8-31-35			Number Living on 8-31-35		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
1921	146	178	324	99	111	210	47	67	114
1922	79	113	192	49	44	93	30	69	99
1923	77	104	181	36	37	73	41	67	108
1924	69	99	168	20	32	52	49	67	116
1925	75	125	200	37	43	80	38	82	120
1926	78	123	201	24	26	50	54	97	151
1927	70	125	195	14	24	38	56	101	157
1928	77	129	206	22	18	40	55	111	166
1929	79	159	238	17	21	38	62	138	200
1930	93	166	259	14	14	28	79	152	231
1931	107	199	306	13	30	43	94	169	263
1932	138	331	469	9	19	28	129	312	441
1933	113	358	471	8	11	19	105	347	452
1934	118	248	366	5	2	7	113	246	359
1935	105	229	334	0	0	0	105	229	334
Totals	1424	2686	4110	367	432	799	1057	2254	3311

## DISABILITY RETIREMENT, 1920-1935

Year Ending August 31st	Number Retired			Removed from List			Remaining on List		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
1921	2	8	10	2	7	9	0	1	1
1922	13	39	52	10	32	42	3	7	10
1923	13	51	64	9	31	40	4	20	24
1924	22	39	61	20	27	47	2	12	14
1925	18	41	59	9	21	30	9	20	29
1926	20	71	91	15	42	57	5	29	34
1927	12	56	68	7	34	41	5	22	27
1928	27	77	104	16	38	54	11	39	50
1929	23	43	66	17	27	44	6	16	22
1930	16	78	94	3	40	43	13	38	51
1931	27	61	88	13	22	35	14	39	53
1932	19	81	100	5	35	40	14	46	60
1933	26	67	93	8	17	25	18	50	68
1934	31	79	110	11	18	29	20	61	81
1935	25	68	93	4	12	16	21	56	77
Totals	294	859	1153	149	403	552	145	456	601

## SUPERANNUATION AND DISABILITY RETIREMENTS

Year Ending August 31st	Number Retired			Removed from List			Remaining on List		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
1921	148	186	334	101	118	219	47	68	115
1922	92	152	244	59	76	135	33	76	109
1923	90	155	245	45	68	113	45	87	132
1924	91	138	229	40	59	99	51	79	130
1925	93	166	259	46	64	110	47	102	149
1926	98	194	292	39	68	107	59	126	185
1927	82	181	263	21	58	79	61	123	184
1928	104	206	310	38	56	94	66	150	216
1929	102	202	304	34	48	82	68	154	222
1930	109	244	353	17	54	71	92	190	282
1931	134	260	394	26	52	78	108	208	316
1932	157	412	569	14	54	68	143	358	501
1933	139	425	564	16	28	44	123	397	520
1934	149	327	476	16	20	36	133	307	440
1935	130	297	427	4	12	16	126	285	411
<b>Totals</b>	1718	3545	5263	516	835	1351	1202	2710	3912

## DEATHS AMONG CITY PENSIONERS, 1921-1935

(This table deals with those retired before the State System was in operation.)

## Deaths in Year Ending August 31st

Number of Pensioners	Deaths in Year Ending August 31st															Total Deaths	Number Living 8-31-1935	
	1921	1922	1923	1924	1925	1926	1927	1928	1929	1930	1931	1932	1933	1934	1935			
Men .....	60	0	3	1	1	8	1	4	3	1	3	3	2	0	0	2	32	28
Women .....	532	15	20	20	17	23	23	21	13	27	19	15	18	16	25	21	293	239
	592	15	23	21	18	31	24	25	16	28	22	18	20	16	25	23	325	267

## TABLE OF SUPERANNUATION ANNUITY RATES

Age	Male	Female	Age	Male	Female
50	13.3478	14.7738	73	6.3364	7.4016
51	13.0710	14.4888	74	6.0448	7.0835
52	12.7890	14.1982	75	5.7586	6.7700
53	12.5022	13.9023	76	5.4783	6.4617
54	12.2108	13.6013	77	5.2047	6.1592
55	11.9150	13.2955	78	4.9378	5.8628
56	11.6153	12.9853	79	4.6780	5.5730
57	11.3119	12.6707	80	4.4261	5.2904
58	11.0053	12.3522	81	4.1818	5.0152
59	10.6957	12.0300	82	3.9459	4.7479
60	10.3839	11.7049	83	3.7183	4.4887
61	10.0699	11.3769	84	3.4994	4.2381
62	9.7544	11.0464	85	3.2892	3.9961
63	9.4380	10.7143	86	3.0880	3.7632
64	9.1211	10.3806	87	2.8956	3.5392
65	8.8041	10.0459	88	2.7121	3.3245
66	8.4878	9.7110	89	2.5377	3.1192
67	8.1726	9.3762	90	2.3720	2.9231
68	7.8590	9.0420	91	2.2151	2.7363
69	7.5478	8.7092	92	2.0670	2.5589
70	7.2394	8.3782	93	1.9270	2.3905
71	6.9343	8.0495	94	1.7958	2.2314
72	6.6332	7.7238	95	1.6726	2.0811

The table gives the cost of an annuity of \$1.00 for either sex and for any age from 50 to 95.

### PLAN OF THE OHIO SYSTEM

The Ohio State Teachers Retirement System is a reserve system in which the teacher, by her 4% deposits with the attendant interest earnings, builds up a reserve over the period of active service. When she retires this reserve is matched by a like amount contributed by the state.

For teachers with prior service an additional amount is provided through state contributions.

### HOW RETIREMENT ALLOWANCES ARE COMPUTED

A. At superannuation retirement the allowance for future service (after September 1, 1920) is computed as follows:

d = 4% deposits and interest earnings.

r = annuity rate per \$1 of annuity.

a = annuity provided by teacher's deposits.

p = allowance provided by the state (equal to the annuity purchased by the teacher.)

c = retirement allowance (a + p)

$$\frac{d}{r} + p = c$$

B. A teacher who has prior service credit in Ohio, in addition to the above retirement allowance, receives a prior service allowance computed as follows:

$s$  = final average salary (not to exceed \$2,000).

$o$  = years of prior service in the public schools of Ohio (outside credit purchased by the teacher is regarded as Ohio prior service).

$p'$  = prior service allowance.

$$s \times 1\frac{1}{3}\% \times o = p'$$

The entire retirement allowance for a teacher with prior service credit would be the sum of the above amounts.

The final average salary is found by dividing the total earnings of the teacher during the ten years immediately preceding retirement by the number of years in which any part of such amount was earned. If the teacher taught only part of a year, this year must be considered an integer in making up the divisor. In case the final average salary is over \$2,000.00 the excess above this amount is disregarded.

When retiring on superannuation retirement a teacher may, if she so desires, purchase additional annuity up to an amount equal to her final average salary. The purchase price must be in multiples of \$100.00. (See annuity table on another page.)

Also, at retirement there are various options that may be chosen, making it possible to have a retirement allowance guaranteed for a certain number of years, or in other cases to make provision for the care of a dependent after the death of the pensioner.

**Table showing the approximate amount of a teacher's deposits on a uniform salary for 36 years**

Uniform Salary of	Annual Deposit	Total 4% Deposits	Interest Earnings	Total Deposits at End of 36 Years
\$800.00	\$32.00	\$1,152.00	\$1,380.00	\$2,532.00
900.00	36.00	1,296.00	1,553.00	2,849.00
1,000.00	40.00	1,440.00	1,725.00	3,165.00
1,100.00	44.00	1,584.00	1,898.00	3,482.00
1,200.00	48.00	1,728.00	2,071.00	3,799.00
1,300.00	52.00	1,872.00	2,243.00	4,115.00
1,400.00	56.00	2,016.00	2,416.00	4,432.00
1,500.00	60.00	2,160.00	2,589.00	4,749.00
1,600.00	64.00	2,304.00	2,761.00	5,065.00
1,700.00	68.00	2,448.00	2,934.00	5,382.00
1,800.00	72.00	2,592.00	3,106.00	5,698.00
1,900.00	76.00	2,736.00	3,279.00	6,015.00
2,000.00	80.00	2,880.00	3,452.00	6,332.00

Interest on monthly deposits for the current year are figured at 2% on the yearly deposit in the above table. The actual amount of this interest will depend upon the promptness of the school district in sending in the teacher's contribution.