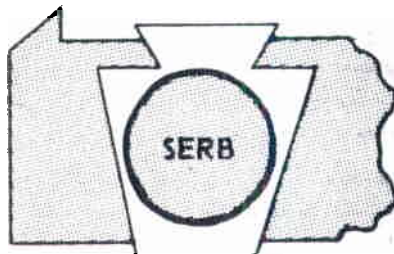


Commonwealth of Pennsylvania



STATE EMPLOYEES' RETIREMENT BOARD



**ANNUAL REPORT
FOR
1972**

Milton J. Shapp
Governor

C. DeLores Tucker
Secretary of the Commonwealth

Richard L. Witmer
Secretary

YOUR GROWING FUND

By the time you receive this report, your Retirement Fund will have crossed the one billion dollar threshold -- a lot of money.

Many times we hear comments that suggest there are sufficient funds to pay for increased benefits or perhaps a cost of living increase for retirees without the need for additional tax dollars. This just is not the case. Every penny of this money is committed and more is needed for the future to provide a continuing flow of pension checks not only to those presently retired but those who will retire in the future. Funds must also be available to pay returns of contributions and death benefits.

Three years ago our monthly payroll to annuitants amounted to approximately three million dollars. The present payroll is five million dollars per month. Salary increases mean higher pensions and more costs to be assumed by the Fund.

So you see the Retirement Fund is growing, the number of retirees is growing, and the future liability is growing. Healthy growth of the Fund is necessary if we are to meet our commitment to your future.

RETIREMENT CHECKS

Monthly retirement is paid in the same manner as salary -- after the specified time has elapsed. Your retirement check is payable on the first of the month for the month just passed. The Retirement Board Staff mails checks approximately two days in advance to provide the U. S. Mail Service ample time for delivery. Holidays and Sundays occasionally may cause a delay. When feasible, we endeavor to compensate for this possibility.

Be assured that the Staff will strive to provide you with the best possible service.

COMPOSITION OF FUND
(Fiscal Year Ending June 30, 1972)

DOLLAR COMPOSITION BY SECURITY CLASSIFICATION AT PAR VALUE

DESCRIPTION	JUNE 30, 1972		JUNE 30, 1971	
	PAR VALUE	PERCENT	PAR VALUE	PERCENT
U.S. POST OFFICE MORTGAGES	\$ 8,794,926	0.9%	\$ 9,051,066	1.1%
VA AND FHA HOME MORTGAGES	74,840,673	7.7	68,505,890	8.2
FHA PROJECT MORTGAGES	13,559,531	1.4	11,266,138	1.4
FHA MORTGAGE DEBENTURES	4,765,000	0.5	4,801,600	0.6
PENNSYLVANIA TURNPIKE COMMISSION	--	--	1,500,000	0.2
PENNSYLVANIA HIGHER EDUCATION ASSISTANCE AGENCY AND LOCAL MUNICIPALS	488,700	--	511,700	--
CORPORATE ISSUES:				
INDUSTRIALS	527,588,044	54.5	434,302,470	52.2
RAILROADS	65,481,230	6.8	69,484,947	8.4
PUBLIC UTILITIES	255,950,115	26.5	208,904,025	25.3
DEPOSITS FOR PAYMENT OF INVESTMENTS IN TRANSIT	16,330,710	1.7	23,077,906	2.8
TOTAL	\$ 967,498,929	100.0%	\$ 831,405,742	100.0%

CASH RECEIPTS AND DISBURSEMENTS

CASH BALANCE JUNE 30, 1971	\$ 713,218.61	
INVESTMENTS JUNE 30, 1971	830,692,524.02	
TOTAL JUNE 30, 1971		\$ 831,405,742.63
RECEIPTS JULY 1, 1971 TO JUNE 30, 1972		
MEMBERS' CONTRIBUTIONS	62,588,188.68	
INTEREST ON BONDS AND MORTGAGES	51,447,925.97	
STATE AND STATE AGENCIES CONTRIBUTIONS		
(A) STATE ANNUITY ACCUMULATION ACCOUNT	102,000,555.89	
(B) PENNSYLVANIA STATE POLICE BENEFIT ACCOUNT	100,000.00	
(C) CASUALTY PREMIUM TAX - POLICE BENEFIT ACCOUNT	2,576,978.10	
(D) ENFORCEMENT OFFICERS BENEFIT ACCOUNT	--	
DISCOUNT ON SECURITIES PURCHASED	2,129,254.92	
TOTAL RECEIPTS	\$ 220,840,903.56	
DISBURSEMENTS JULY 1, 1971 TO JUNE 30, 1972		
MEMBERS' WITHDRAWAL REFUNDS	\$ 18,405,508.05	
SUPERANNUATION ALLOWANCE	49,634,863.43	
DISABILITY ALLOWANCE	2,086,215.90	
VOLUNTARY AND INVOLUNTARY WITHDRAWAL ALLOWANCE	7,123,937.00	
PENNSYLVANIA STATE POLICE ALLOWANCE	4,050,866.79	
ENFORCEMENT OFFICERS ALLOWANCE	376,421.05	
JUDGES ADDITIONAL ALLOWANCE	218,041.76	
ANNUITANTS MEDICAL HOSPITALIZATION	696,687.74	
ACCRUED INTEREST ON BONDS PURCHASED	839,959.00	
ADMINISTRATION EXPENSE	749,038.20	
LOSS ON SALE OF INVESTMENTS	566,178.16	
TOTAL DISBURSEMENTS	\$ 84,747,717.08	
TOTAL RECEIPTS OVER TOTAL DISBURSEMENTS		136,093,186.48
BALANCE JUNE 30, 1971 PLUS 1972 RECEIPTS OVER DISBURSEMENTS		\$ 967,498,929.11
CASH BALANCE JUNE 30, 1972	\$ 982,272.28	
INVESTMENTS JUNE 30, 1972	966,516,656.83	
TOTAL JUNE 30, 1972		\$ 967,498,929.11

Agencies Served	98
Membership (July 1, 1972)	
Active	121,901
Annuitants	22,893
Total	144,794

Contribution Accounts	
Withdrawn (1971)	18,007
In amount of	\$ 18,405,508.05

Average Monthly Annuity	No. of Annuitants
1960 \$111.30	8,236
1965 \$135.03	12,305
1970 \$191.23	17,681
1972 \$200.26	22,893

HELPFUL HINTS

Annuitants

Please write or print legibly.

Always use your Social Security Number when contacting the Retirement Board.

Notify the Board at once if you change your address.

Active Members

Contact your Agency Retirement Counselor 30 days prior to retirement to insure prompt processing and timely payment of annuity.

If leaving State service with less than 10 years of service be sure to make application for return of contributions. Your account ceases to earn interest on the day you leave State employment.

Your Agency Retirement Counselor is available to assist you with all retirement problems.

Chairman

* Hon. C. DeLores Tucker
Secy. of Commonwealth

Members

* Hon. Grace M. Sloan
Mr. J. Warren Bullen, Jr.
Hon. Robert Lee Jacobs
Mr. Sol E. Zubrow

* Ex Officio

Finance Committee

Hon. C. DeLores Tucker
Mr. Frank N. Happ
(representing the Hon. Grace M. Sloan)
Mr. Sol E. Zubrow
Secretary - Mr. Richard L. Witmer

Investment Counsel

Mellon National Bank and Trust Company
Pittsburgh, Pa.

Mortgage Supervisor

The Fidelity Bank
Philadelphia, Pa.

Consulting Actuaries

Huggins & Company, Inc.
Philadelphia, Pa.