

Commonwealth of Pennsylvania



DEPARTMENT OF STATE  
STATE EMPLOYEES' RETIREMENT BOARD



ANNUAL REPORT  
FOR  
1973

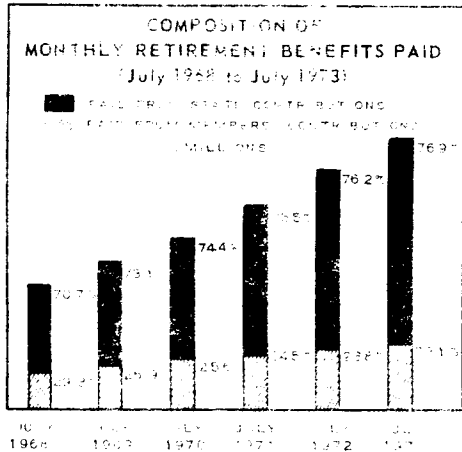
Milton J. Shapp  
Governor

C. DeLores Tucker  
Secretary of the Commonwealth

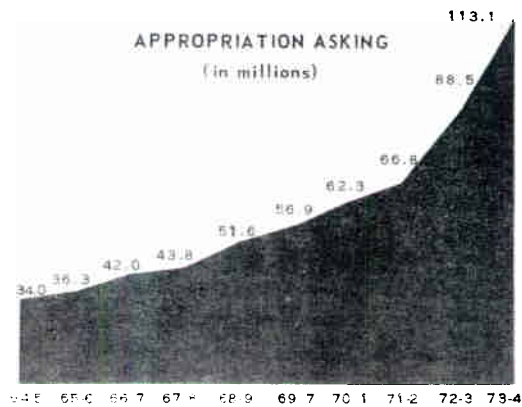
Richard L. Witmer  
Secretary of SERB

Retirement has become an ever increasing part of our daily lives. It is also big business. Public employe retirement systems today account for over 66 billion dollars.

Your own system has grown at a rapid rate. Six short years ago the monthly payments to retirees were \$2.3 million. Now we send out checks in excess of \$5.4 million each month. The following chart shows the growth of the annuity payments and the composition of these payments as a ratio of state contributions to members' contributions.



Increased wages and benefits have brought greater costs to the Commonwealth at an accelerating rate. Mortality improvement, expanding work force, and inflation also add to the cost of maintaining your fund. The next chart will give you some idea of the need for more tax monies to support the obligations of the system. Note that appropriation askings more than tripled in ten years.



In today's mobile society, thousands of Pennsylvanians are employed in state government. Many remain to become career employes but a substantial number leave before attaining eligibility for vesting or retirement. Returns of members' contributions, with interest, amounted to \$113,000,000 over the last 13 years.

To cope with the growing number in both dollars and members, the retirement board has continued to modernize systems and techniques. More data has been computerized. New terminals are providing the staff with immediate information on annuitants' pay status, medical/hospital payments, active members service, salary and location. Calculations are done on programmed equipment to improve speed and accuracy. The staff is continuing its efforts to maximize service to active members and retirees alike.

1974 will mark the golden anniversary of the Pennsylvania State employes' retirement system. We plan to provide you with a more extensive annual report than any previously prepared. We hope that you find these communications informative and helpful.

**COMPOSITION OF FUND**  
(Fiscal Year Ending June 30, 1973)

**DOLLAR COMPOSITION BY SECURITY CLASSIFICATION AT PAR VALUE**

DESCRIPTION	JUNE 30, 1973		JUNE 30, 1972	
	PAR VALUE	PERCENT	PAR VALUE	PERCENT
U.S. POST OFFICE MORTGAGES	\$ 8,548,779	0.7%	\$ 8,794,926	0.9%
VA AND FHA HOME MORTGAGES	81,759,660	7.3	74,540,673	7.7
FHA PROJECT MORTGAGES	13,700,564	1.3	13,559,531	1.4
FHA MORTGAGE DEBENTURES	1,719,400	0.1	4,765,000	0.5
PENNSYLVANIA HIGHER EDUCATION ASSISTANCE				
AGENCY AND LOCAL MUNICIPALS	441,700	--	488,700	--
COMMON STOCK	18,920,856	1.7	--	--
CORPORATE ISSUES				
INDUSTRIALS	673,843,850	51.0	527,588,044	54.5
RAILROADS	59,727,180	5.4	65,481,230	6.8
PUBLIC UTILITIES	349,802,205	31.3	255,950,115	26.5
DEPOSITS FOR PAYMENT OF INVESTMENTS	10,337,937	0.9	16,439,710	1.7
IN TRANSIT				
	<u>\$1,118,801,741</u>	<u>100.0%</u>	<u>\$ 967,498,929</u>	<u>100.0%</u>

**CASH RECEIPTS AND DISBURSEMENTS**

CASH BALANCE JUNE 30, 1972	\$ 982,272.28	
INVESTMENTS JUNE 30, 1972	<u>966,512,656.83</u>	
TOTAL JUNE 30, 1972		\$ 967,498,929.11
RECEIPTS JULY 1, 1972 TO JUNE 30, 1973		
MEMBERS' CONTRIBUTIONS	78,698,889.36	
INTEREST ON BONDS AND MORTGAGES	63,257,297.28	
STATE AND STATE AGENCIES CONTRIBUTIONS		
(A) STATE ANNUITY ACCUMULATION ACCOUNT	95,248,769.07	
(B) PENNSYLVANIA STATE POLICE BENEFIT ACCOUNT	--	
(C) CASUALTY PREMIUM TAX - POLICE BENEFIT ACCOUNT	3,058,176.39	
(D) ENFORCEMENT OFFICERS BENEFIT ACCOUNT	--	
DISCOUNT ON SECURITIES PURCHASED	<u>3,603,483.85</u>	
TOTAL RECEIPTS	<u>\$ 240,862,615.95</u>	
DISBURSEMENTS JULY 1, 1972 TO JUNE 30, 1973		
MEMBERS' WITHDRAWAL REFUNDS	11,269,033.30	
SUPERANNUATION ALLOWANCE	59,563,664.11	
DISABILITY ALLOWANCE	2,727,122.64	
VOLUNTARY AND INVOLUNTARY WITHDRAWAL ALLOWANCE	7,885,532.35	
PENNSYLVANIA STATE POLICE ALLOWANCE	3,986,492.88	
ENFORCEMENT OFFICERS ALLOWANCE	388,937.92	
JUDGES ADDITIONAL ALLOWANCE	212,277.17	
ANNUITANTS MEDICAL HOSPITALIZATION	731,021.80	
ACCRUED INTEREST ON BONDS PURCHASED	1,920,773.73	
ADMINISTRATION EXPENSE	<u>874,948.10</u>	
TOTAL DISBURSEMENTS	<u>\$ 89,559,804.00</u>	
TOTAL RECEIPTS OVER TOTAL DISBURSEMENTS		<u>151,302,811.95</u>
BALANCE JUNE 30, 1972 PLUS 1973 RECEIPTS OVER DISBURSEMENTS		<u>\$ 1,118,801,741.06</u>
CASH BALANCE JUNE 30, 1973	\$ 495,270.36	
INVESTMENTS JUNE 30, 1973	<u>1,118,306,470.70</u>	
TOTAL JUNE 30, 1973		<u>\$ 1,118,801,741.06</u>

## IS YOUR BENEFICIARY DESIGNATION UP TO DATE?

A recurring problem faced by your retirement board is that of the member who dies without having filed an up-to-date beneficiary designation form. Many members forget to name new beneficiaries to accord with changes in their personal or family circumstances. Perhaps you neglected to reassign your beneficiary designation after your marriage, the birth of a child, or other changes in your personal affairs. Regardless of your intent, and of our desire to comply with that intent, we are legally required to make all payments due at your death to the beneficiary shown on your latest record.

We suggest that you review your beneficiary designation at least once a year to make sure that the right person or persons and their current addresses are on file. Please do not contact the board to ask who your designated beneficiary is. The fastest and easiest procedure for all concerned is for you to simply file a new "Nomination of Beneficiaries" form which will immediately take precedence over any earlier filings.

For help in completing the form, active employees should contact their agency retirement counselor and annuitants should contact the retirement board.

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### SOME PENSION!

The Association of Indonesian Pensioners reported recently that some 80,000 of its members receive the grand sum of \$1.32 a month.

## IN CASE YOU'RE WONDERING

### Agencies Served

98

### Membership (July 1, 1973)

Active	130,391
Annuitants	<u>24,792</u>
Total	155,183

### Contribution Accounts

Withdrawn (1972-1973)	13,852
In amount of	\$11,269,033.90

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
1973 \$209.52	24,792

## 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 before you retire to insure prompt processing and timely payment of annuity.

If you are leaving State employment with less than 10 years of service, be sure to apply for return of contributions. Your account stops earning interest the day you leave State employment.

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

**STATE EMPLOYES' RETIREMENT BOARD**

**Chairman**

\* Hon. C. DeLores Tucker

**Members**

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

\* Ex Officio

**Finance Committee**

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