

# **PENNSYLVANIA STATE EMPLOYEES' RETIREMENT SYSTEM**



**1975**



COMMONWEALTH OF PENNSYLVANIA  
STATE EMPLOYEES' RETIREMENT SYSTEM  
204 LABOR & INDUSTRY BUILDING  
HARRISBURG, PENNSYLVANIA  
17120

Telephone  
717-787-6293

To His Excellency, Milton J. Shapp,  
Governor of the Commonwealth of Pennsylvania,  
Members of the General Assembly, and  
Members and Retirees

Transmitted herewith is the Annual Report of the State Employees' Retirement System to the membership as of December 31, 1974.

At the above date the System had 132,716 contributing members and 28,176 retirees receiving benefits totaling \$96,137,676.77 during the last year.

The State Employees' Retirement Fund as of December 31, 1974 had an asset book value of \$1,397,737,612.99. Investment earnings during the year were \$86,654,083.11. The System's operating costs of \$1,050,731.73 represent less than 1/2 of 1% of new cash money.

The Board continues to follow a prudent policy of assuring the security and integrity of the funds while improving its investment opportunities.

Sincerely yours,

A handwritten signature in cursive script, appearing to read "Sol E. Zubrow".

Sol E. Zubrow  
Chairman

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# State Employes' Retirement System

## Board

Sol E. Zubrow, Chairman  
Honorable Grace M. Sloan, ex officio  
(Represented by Frank N. Happ)  
William J. Moran  
Honorable Paul J. Smith  
Honorable C. DeLores Tucker  
Honorable Vincent X. Yakowicz

## Staff

Richard L. Witmer, Secretary  
Robert L. Cusma, Assistant Secretary  
Aldo Mastrine, Director Retirement Counseling  
Frances Fantini, Staff Statistician  
Paul Millard, Chief Office Services  
Larry Barbour, Chief Accounting  
Joseph Fuller, Chief Annuity Division  
Ruth Granoff, Chief Membership Division  
John Corrigan, Chief Withdrawal Division  
Robert Bowers, Chief Data Processing

### Legal Counsel

Raymond Kleiman, Esq., Deputy Attorney General

### Medical Counsel

Mark Berger, M.D.  
Stanley R. Goldman, M.D.

### Comptroller

Edward T. Durkin

## Advisors

### Investment Counsel

Mellon Bank N.A.  
Pittsburgh, Pa.

### Mortgage Supervisor

The Fidelity Bank  
Philadelphia, Pa.

### Consulting Actuaries

Huggins & Company, Inc.  
Philadelphia, Pa.

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## Retirement Board



Left to right: William J. Moran, Hon. C. DeLores Tucker, Hon. Paul J. Smith, Sol E. Zubrow, Hon. Vincent X. Yakowicz, and Frank N. Happ, representing Hon. Grace M. Sloan.

# Secretary's Report

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On January 2, 1975, Governor Milton J. Shapp appointed five members to the Board of Trustees, naming Sol E. Zubrow as Chairman. The new Board moved quickly to establish monthly meetings and assign committee responsibilities. The Board will be active and aggressive in addressing itself to all phases of the System.

1974 proved to be a busy but productive year for the Retirement Board Staff. New legislation (Act No. 31, March, 1974) brought a deluge of applications for retirement because of the additional benefits. The purchase of military service time was made available to a larger number of members resulting in excess of 13,000 applications for estimates and purchase.

Among the many changes heralded by Act No. 31, 1974 was mandatory retirement counseling. Every department, agency, board and commission now provide this service. Counselors have attended a series of training sessions and will continue their efforts to achieve a high level of efficiency. Agency Retirement Counselors are helping the Retirement Board and staff to provide members with the finest possible service.

Active members of the Retirement System should see their counselors at least a month prior to their effective retirement date. Your future is involved and we want you to be credited with all the benefits you have earned. Why not take time to acquaint yourself with the choices so that you may make the best possible selection to suit your particular needs and life style?

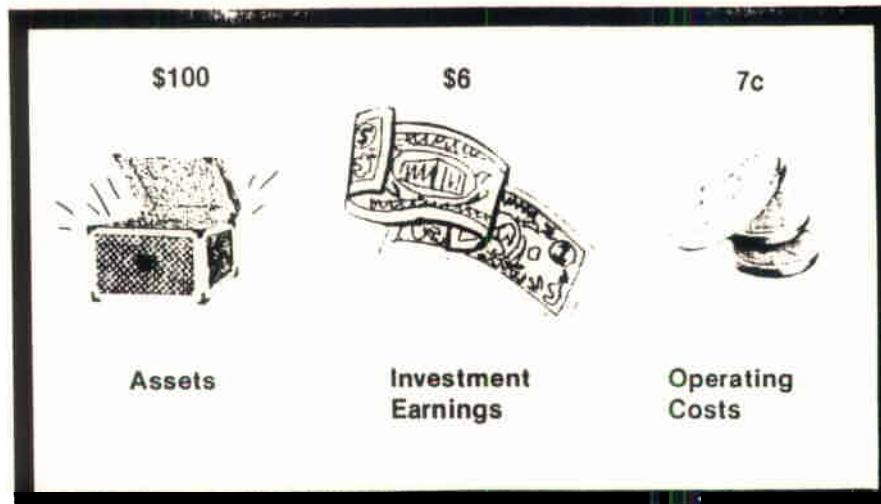
We continue to provide counseling service for retirees at the Retirement Board offices located on the second floor of the Labor & Industry Building in Harrisburg.

With each passing year we attempt to provide retirees and contributing members alike with more and more information. Some of these reports are general in nature -- others provide you with specific information about your personal account. We particularly urge you to keep those papers dealing with your account in a safe place. Most of you will need this data at some future time to assist in verifying creditable time, filing tax reports, and a number of other questions pertaining to your personal financial matters. These papers can be of the utmost importance to you, so please retain them with other valuable papers.

## Administration

The staff consists of sixty employees. All salaries, capital expenditures, service fees, and general expenses are paid as required from interest earnings in excess of the 4% mandated interest being credited to members accounts. Each year the administrative budget is reviewed by the Legislature during the regular budget hearings.

Administrative costs have consistently remained at less than 1/2 of 1% of our receipts. The following illustration depicts the amount of money spent for operating costs as compared with assets and investment earnings.



During the coming summer months, a team of college students will be working on a review of all active members files. This effort is being made to insure the completeness and accuracy of all data pertaining to each contributing member.

Activity in 1974 reached an all time high. The staff processed 12,246 applications for withdrawal of contributions and 3,490 applications for annuity. 34,980 accounts were processed for new members and recertification of service credits. 1,827 security transactions were effected during the year.

As of December 31, 1974, we reflected a net increase of 2,185 new annuitants bringing the total to 28,176 with a monthly payroll of \$7,338,236.56, an increase of \$1,581,343.68 over the previous year.

# Composition of Fund

(Calendar Year Ending December 31, 1974)

DOLLAR COMPOSITION BY SECURITY CLASSIFICATION AT PAR VALUE

DESCRIPTION	December 31, 1974		December 31, 1973	
	Par Value	Percent	Par Value	Percent
U. S. Post Office Mortgages	\$ 8,096,526	0.6%	\$ 8,386,251	0.7%
VA and FHA Home Mortgages	94,803,916	6.8	86,435,117	7.3
FHA Project Mortgages	15,803,940	1.1	14,960,112	1.3
FHA Mortgage Debentures	1,851,700	0.1	1,719,400	0.1
Pennsylvania Higher Education Assistance Agency and Local Municipals	385,700	—	416,700	—
Common Stock (at cost)	95,588,946	6.8	29,868,148	2.5
Corporate Issues				
Industrial	625,769,419	44.8	542,108,428	45.9
Railroads	36,654,694	2.6	56,965,681	4.8
Public Utilities	501,254,795	35.9	427,492,705	36.2
Deposits for Payment of Investments in Transit	17,594,047	1.3	14,064,493	1.2
	<u>\$1,397,803,683</u>	<u>100.0%</u>	<u>\$1,182,417,035</u>	<u>100.0%</u>

## CASH RECEIPTS AND DISBURSEMENTS

Cash Balance December 31, 1973	\$ 319,356.68	
Investments December 31, 1973	<u>1,182,097,678.40</u>	
<b>Total December 31, 1973</b>		<b>\$1,182,417,035.08</b>
<b>Receipts January 1, 1974 to December 31, 1974</b>		
Members' Contributions	\$ 86,613,632.50	
Interest on Bonds and Mortgages	83,962,254.12	
State and State Agencies Contributions		
(a) State Annuity Accumulation Account	140,712,634.61	
(b) Pennsylvania State Police Benefit Account	2,500,000.00	
(c) Casualty Premium Tax - Police Benefit Account	3,577,433.14	
(d) Enforcement Officers Benefit Account	1,052,000.00	
Discount on Securities Purchased	<u>10,451,007.33</u>	
<b>Total Receipts</b>	<b>\$ 328,868,961.70</b>	
<b>Disbursements January 1, 1974 to December 31, 1974</b>		
Members' Withdrawal Refunds	\$ 14,215,847.29	
Superannuation Allowance	73,711,803.58	
Disability Allowance	3,993,203.02	
Voluntary and Involuntary Withdrawal Allowance	10,766,694.97	
Pennsylvania State Police Allowance	5,391,207.19	
Enforcement Officers Allowance	589,714.51	
Judges Additional Allowance	<u>285,354.68</u>	
Annuitants Medical Hospitalization	1,251,427.71	
Accrued Interest on Bonds Purchased	2,226,328.49	
Administration Expense	1,050,731.73	
<b>Total Disbursements</b>	<b>\$ 113,482,313.17</b>	
<b>Total Receipts over Total Disbursements</b>		<b>215,386,648.53</b>
<b>BALANCE DECEMBER 31, 1974 PLUS 1974 RECEIPTS OVER DISBURSEMENTS</b>		
		<b><u>\$1,397,803,683.61</u></b>
Cash Balance December 31, 1974	\$ 66,070.62	
Investment Balance December 31, 1974	<u>1,397,737,612.99</u>	
<b>TOTAL DECEMBER 31, 1974</b>		<b><u>\$1,397,803,683.61</u></b>

# Balance Sheet

(Calendar Year Ending December 31, 1974)

## ASSETS

Cash on Deposit in Treasury	\$ 66,070.62
Investments at cost (Note 1)	1,381,043,283.74
Interest Receivable on Investments	21,273,167.84
Contributions Receivable:	
Employes	4,106,871.38
State	52,822,445.78
<b>TOTAL ASSETS</b>	<b><u>\$1,459,311,839.36</u></b>

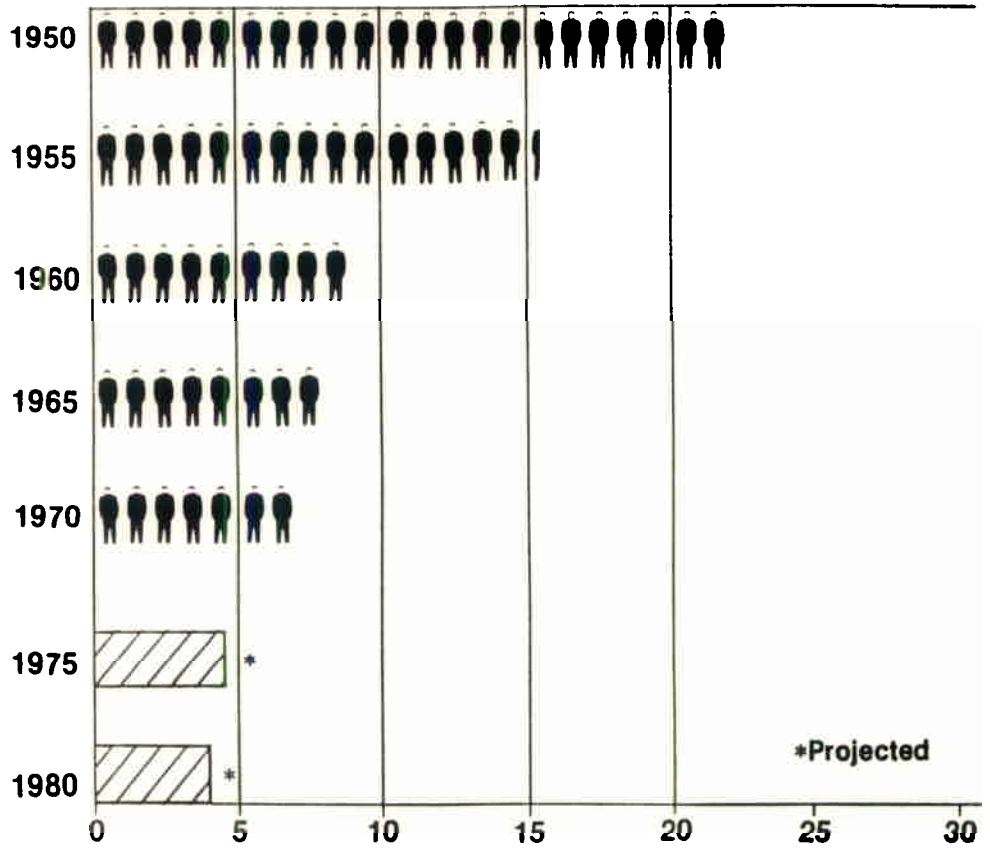
## LIABILITIES AND RESERVES

Members Annuity Savings	\$ 554,742,865.68
State Annuity Accumulation Account	138,947,724.34
Reserves:	
Members Annuity	154,500,496.36
State Annuity	535,971,293.82
Pennsylvania State Police - Members Annuity Reserve	7,071,399.14
Pennsylvania State Police - <b>Benefit Account</b>	60,537,568.44
Pennsylvania Enforcement Officers <b>Benefit</b> Account	5,976,426.39
Annuities Payable	133,920.09
Capital Blue Cross Payable	124,206.06
Federal Withholding Tax Payable	63,278.00
Members Withdrawal Payable	1,242,285.04
State Withholding Tax Payable	376.00
<b>TOTAL LIABILITIES AND RESERVES</b>	<b><u>\$1,459,311,839.36</u></b>

<b>Note 1: Investments at Cost:</b>	
Par Value	\$1,397,737,612.99
Net Accrual on Investments Owned After Amortization	16,694,329.25
Total Cost	<u>\$1,381,043,283.74</u>



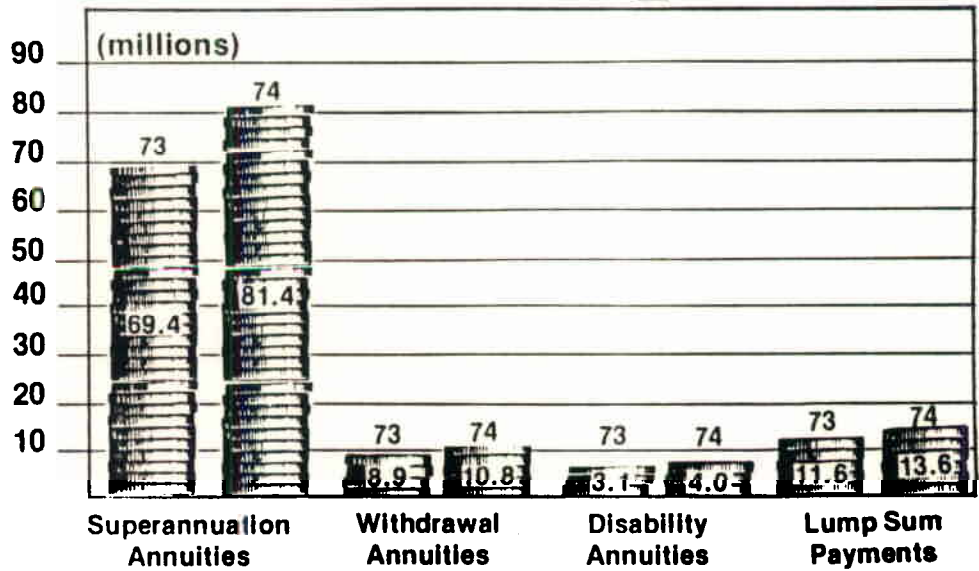
# Number of Active Members for Each Annuitant



\*Projected

## Benefits Paid

1973  
1974





## Active Members

Is your beneficiary designation up to date?

Do you see your agency retirement counselor in matters pertaining to your retirement?

Did you know you should see your agency retirement counselor at least 30 days prior to retirement?

Do you keep all personal retirement documents you receive?

## Retirees

Do you write or print clearly when corresponding with the Retirement Board?

Do you always use your Social Security Number when contacting us?

Do you advise us of changes of address?

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