

administering these provisions. This will mean a large increase in administrative costs. A high degree of administration will be entailed in the application of this benefit because of the various discretionary provisions in the bill, the prescribed qualifications of dependency and the inclusion of other factors to govern the payment of benefits to dependents.

Retirement Board,
Employees' Retirement System of the
State of Rhode Island,

RAYMOND H. HAWKSLEY, Chairman

JOSEPH M. BOISVERT^{1/}

FRANCIS P. SMITH

JOHN J. WRENN

JOSEPH H. O'DONNELL, JR.

ANDREW A. DI PRETE

WILLIAM P. ROBINSON, JR.

JAMES E. CONLON

CHARLES W. HILL

RALPH CINQUEGRANA
Secretary

^{1/} Deceased

REPORT OF THE ACTUARY ON AN
ACTUARIAL VALUATION OF THE SYSTEM

An actuarial valuation of the assets and liabilities of the Employees' Retirement System of the State of Rhode Island as of June 30, 1962 has been completed and the results are presented herewith.

Membership has continued its upward trend both as to State employees and teachers. The increase during the year was approximately 5.8%. The proportion of male teacher-members participating in the system has again shown an increase. The proportion now is 33.0% of the total teacher membership compared with 32.0% last year and 30.9% two years ago. A similar trend is noted in other States.

The current financial condition has improved steadily. This is evidenced by the increase in reserves, particularly the contingent reserves. This is illustrated in the following statement:

	1962	J u n e 30th 1961	1960
Contribution credits:			
State employees	\$12,623,508.00	\$11,545,488.00	\$10,364,646.00
Teachers	13,202,310.00	11,493,402.00	9,846,782.00
Contingent reserves:			
State employees	\$19,372,362.00	\$16,827,133.00	\$14,672,183.00
Teachers	7,857,533.00	6,999,594.00	6,043,168.00

The retirement plan as presently constituted which operates as a full supplement to federal social security compares favorably with those in effect in other States for State employees and teachers. A large obligation has been assumed by the State and the cities and towns under the dual coverage program. Additional liberalizing changes may seriously jeopardize the stability of the system and its ability to meet its future obligations.

The Valuation Balance Sheet included as a part of this report presents the obligations of the system and illustrates its true financial condition. The unfunded accrued liability is shown separately for the State of Rhode Island and the Cities and Towns and are clearly indicated.

BASIS OF VALUATION

The benefit and contribution provisions forming the basis of this report are summarized in the appendix. The valuation was made according to the rates of mortality and separation established by our previous survey of the operating experience of the system completed as of June 30, 1958. The rate of interest assumed in this valuation was 3% per annum. This represents a conservative rate according to the investment experience of the system and the established investment authority.

A quinquennial actuarial survey and investigation is due to be completed as of June 30, 1963 for the verification of the actuarial functions applied in the annual actuarial valuations.

STATISTICAL DATA

The statistics required for this report were compiled by the office staff under the able direction of Ralph P. Cinquegrana, Secretary, and supplied to us in excellent form. Detailed tables reflecting these statistics are presented in the appendix. A summary of these statistics is as follows:

	<u>State employees</u>	
	<u>Male</u>	<u>Female</u>
Number of members	6,050	4,087
Proportion of total	59.7%	40.3%
Annual salaries	\$27,730,681.00	\$15,683,496.00
Average salary	\$4,584.00	\$3,837.00
Average age	46.5	44.1
Average total service	8.0	7.5
	<u>Teacher members</u>	
Number of members	2,354	4,790
Proportion of total	33.0%	67.0%
Annual salaries	\$12,742,724.00	\$25,667,884.00
Average salary	\$5,413.00	\$5,359.00
Average age	39.6	44.1
Average total service	9.6	13.6

Members with Prior Service^{1/}

	<u>State Employees</u>	
	<u>Male</u>	<u>Female</u>
Number of members	341	181
Proportion of total	65.3%	34.7%
Annual salaries	\$2,340,318.00	\$988,719.00
Average salary	\$6,863.00	\$5,463.00
Average years of prior service	6.4	5.6

	<u>Teacher Members</u>	
Number of members	623	1,823
Proportion of total	25.5%	74.5%
Annual salaries	\$4,275,928.00	\$11,321,203.00
Average salary	\$6,863.00	\$6,210.00
Average years of prior service	12.4	16.8

^{1/} Service prior to July 1, 1936 in the case of State employees, and July 1, 1949 in the case of teachers.

ACTUARIAL VALUATION

The valuation is made for the purpose of establishing the liabilities for the accrued and prospective benefit obligations

which are computed by actuarial formulas and procedure. In the calculation of these liabilities, the same principles as applied are those that pertain to any insurance obligations. A determination is made of the reserves required for the obligations as they mature. The factors of mortality and interest are basic in such a determination. In a valuation of a retirement system, however, it is the function of the actuary to properly appraise and evaluate the effect of additional factors such as turnover, ages at retirement, rates of disability, etc. Actuarial functions reflecting these factors are established based generally upon past experience, and used in forecasting the course of future operations. A forecast of the future, therefore, is fundamental in such a valuation.

The rates developed in our actuarial survey as of June 30, 1958, with appropriate modifications reflecting current operations, were used in measuring the effect of these factors. Separate rates were used for the State employees and the teacher members, with a further division between male and female individuals to give effect to appropriate physiological conditions and employment factors.

Any variations in future experience from the assumptions are adjusted currently by a revision of the basic factors.

The financial condition of the system is determined each year through the annual actuarial valuation and an actuarial balance sheet is prepared to give effect to revisions and changes. Because of the long-term character of pension obligations, a forecast of future trends must be based upon operating experience for an extended period of time. Short term fluctuations and temporary factors cannot be accepted as indicative of the long term basic trend.

ACCRUED LIABILITY

The accrued liability consists of pension credits earned by the members in service, and those who left service with vested rights. The amount of this liability is \$79,587,982.00. Of this amount, the members are obligated for \$15,498,623.00 and the State and Cities and Towns in the amount of \$64,089,359.00.

A matured liability exists on account of members who are on retirement. The amount of this liability, which includes present and prospective beneficiaries, is \$36,237,469.00.

The liability for future refunds to those members who may leave service before acquiring vested rights was established at \$10,327,195.00.

The sum of these three liability items amounted to \$126,152,646.00 and constitutes the total accrued liability. To meet this

liability, the system has accumulated assets totalling \$53,055,713.00. The difference between the total accrued liability and the total present assets is \$73,096,933.00, which represents the unfunded accrued liability.

FUTURE SERVICE LIABILITY

The liability for retirement annuities on account of service to be rendered by the members after June 30, 1962, to the dates when these annuities will probably mature, has been established at \$38,252,237.00. This is the present value of such future service pension credits at dates of maturity.

In the computation of this liability, assumptions were made as to the probable periods of future service, the credits to be released by deaths and separations from service, future salary rates and the ages at which the credits may mature. These assumptions were based upon past experience, current operating factors and our estimate of probable future trends.

To meet the foregoing liability, the members will contribute to the system during their future service, assuming the present rates of contribution maintain and the foregoing factors prevail according to assumptions, the amount of \$13,625,954.00, leaving a remainder to be provided from employer contributions, that is, by the State and the Cities and Towns of \$24,626,283.00.

These amounts constitute the present value, as of June 30, 1962, of such future contributions for the assumed periods of service.

VALUATION BALANCE SHEET

A retirement system is considered to be financially sound from an actuarial standpoint when it has assets equal to the difference between (1) the total of all accrued and prospective liabilities, and (2) the present value of future contributions to be received by the system. This is known as the actuarial reserve. The actuarial reserve may also be defined to mean actual assets on hand equal to all accrued liabilities at the balance sheet date.

The Valuation Balance Sheet showing the results of the valuation made as of June 30, 1962 is presented in the following pages.

VALUATION BALANCE SHEET

June 30, 1962

Employees' Retirement System of the
State of Rhode Island

VALUATION BALANCE SHEET - JUNE 30, 1962

Statement of Assets, Liabilities and Reserves

A S S E T S

PRESENT ASSETS:

Cash		620,860.00
Investments		
Bonds (at par value)	\$35,536,500.00	
Stocks (at cost)	16,898,353.00	52,434,853.00

DEFERRED ASSETS:

Future service pension credits on account of service subsequent to July 1, 1962		
State employees -		
Members	\$ 6,488,548.00	
State of Rhode Island	12,251,149.00	
Teachers -		
Members	7,137,406.00	
State of Rhode Island	6,187,567.00	
Cities and Towns	6,187,567.00	38,252,237.00

UNFUNDED ACCRUED LIABILITY:

Due from employers for un- funded accrued pension credits		
State of Rhode Island	\$47,911,244.00	
Cities and Towns (see footnote)	25,185,689.00	73,096,933.00
TOTAL ASSETS		<u>\$164,404,883.00</u>

Note: Under the law governing the system, the cities and towns of the State assume one-half of the cost of teachers' pensions.

Employees' Retirement System of the
State of Rhode Island

VALUATION BALANCE SHEET - JUNE 30, 1962

Statement of Assets, Liabilities and Reserves

CURRENT LIABILITIES:

None

RESERVE REQUIREMENTS:

<u>RESERVE FOR MEMBER CONTRIBUTIONS -</u>		
<u>State Employees -</u>		
For service retirement and disability annuities	\$ 5,988,454.00	
For future refunds	6,635,054.00	\$ 12,623,508.00
<u>Teacher Members -</u>		
For service retirement and disability annuities	\$ 9,510,169.00	
For future refunds	3,692,141.00	13,202,310.00

RESERVE FOR EMPLOYER CONTRIBUTIONS -

For service retirement and dis- ability annuities on active members -		
<u>State Employees</u>		20,275,254.00
<u>Teacher Members</u>		43,814,105.00

RETIREMENT AND BENEFITS RESERVE -

Actuarial Value of Service retirement, disability and beneficiary annuities in force -		
<u>State Employees -</u>		
Service retirement	\$11,348,930.00	
Disability	666,987.00	
Other	309,424.00	12,325,341.00
<u>Teacher Members -</u>		
Service retirement	\$22,901,553.00	
Disability	973,432.00	
Other	37,143.00	23,912,128.00

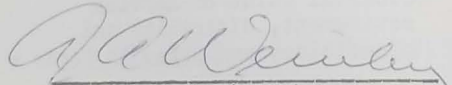
FUTURE SERVICE LIABILITY:

Present value of future service pension credits -		
State Employees	\$17,307,867.00	
Teachers	20,944,370.00	38,252,237.00
TOTAL LIABILITIES AND RESERVES		<u>\$164,404,883.00</u>

CERTIFICATION

The accompanying Valuation Balance Sheet exhibits all assets, accrued liabilities and reserves of the system as of June 30, 1962. Present assets embodied in this statement were taken from the report of the Bureau of Audits, Department of Administration, State of Rhode Island, on an examination of the financial reports of the system as of such date.

In our opinion, the accompanying Valuation Balance Sheet correctly presents the condition of the Employees' Retirement System of the State of Rhode Island at June 30, 1962, giving effect to all accrued liabilities and actuarial reserve requirements for the several annuities and benefits under the applicable law as the same was in effect at such date.


A. A. Weinberg
Actuary

February 28, 1963

FINANCIAL STATEMENTS

Reproduced from the Report on
Examination of Financial Records
of the Bureau of Audits, Department
of Administration, State of Rhode
Island.

Employees' Retirement System of the
State of Rhode Island

FINANCIAL BALANCE SHEET - JUNE 30, 1962

A S S E T S

Cash		\$ 620,860.00
Investments -		
Bonds (at par value)	\$35,536,500.00	
Stocks (at cost)	<u>16,898,353.00</u>	<u>52,434,853.00</u>
<u>Total Assets</u>		<u>\$53,055,713.00</u>

R E S E R V E S

Annuity Savings Reserve:		
State Employees	\$12,623,508.00	
Teachers	13,202,310.00	
Contingent Reserve:		
State Employees	19,372,362.00	
Teachers	<u>7,857,533.00</u>	
<u>Total Reserves</u>		<u>\$53,055,713.00</u>

Employees' Retirement System of the
State of Rhode Island

Statement of Cash Receipts and Disbursements
Fiscal Year Ended June 30, 1962

Cash Balance July 1, 1961 \$ 674,035.00

Receipts:

Discounts on Investments Purchased	\$ 74,822.00	
Investments Sold	3,526,947.00	
Premium on Investments Sold	4,392.00	
Income from Investments	1,878,772.00	
Members' Contributions:		
State Employees	2,088,104.00	
Teachers	2,261,433.00	
General Fund Appropriations:		
State Employees	2,108,200.00	
Teachers	1,261,090.00	
Municipal Contributions:		
Teachers	1,285,922.00	
Refunds	304.00	
Death Benefit Premiums	<u>540.00</u>	
Total Receipts		<u>14,490,526.00</u>
Total Available		<u>\$15,164,561.00</u>

Disbursements:

Refunds of Member Contributions:		
State Employees	\$ 456,582.00	
Teachers	292,040.00	
Benefits paid to employees including ordinary death benefits and death Retirement Allowances:		
State Employees	\$1,423,142.00	
Teachers	2,506,879.00	
Purchase of Investments	9,826,199.00	
Accrued Interest on purchases	35,994.00	
Commission-Postage Insurance	2,685.00	
Inter Fund Transfer	<u>180.00</u>	
Total Disbursements		<u>14,543,701.00</u>

Cash Balance June 30, 1962 \$ 620,860.00

INVESTMENTS AT JUNE 30, 1962

Description	Rate	Maturities	Par Value (Bonds) or Cost (Stocks)
United States of America:			
Treasury Bills	Discount	1/15/63	\$ 2,000,000
Treasury Notes	5 %	8/15/64	200,000
Treasury Notes	1-1/2	4/ 1/65	400,000
Treasury Notes	1-1/2	10/ 1/65	1,000,000
Treasury Notes	1-1/2	10/ 1/66	1,300,000
Treasury Bonds	3-3/4	5/15/66	150,000
Treasury Bonds	2-1/2	12/15/68-63	1,350,000
Treasury Bonds	2-1/2	12/15/69-64	100,000
Treasury Bonds	2-1/2	6/15/72-67	2,550,000
Treasury Bonds	2-1/2	9/15/72-67	97,500
Treasury Bonds	2-1/2	12/15/72-67	700,000
Treasury Bonds	2-1/2	6/15/83-78	1,825,000
Treasury Bonds	3-1/4	2/15/90	1,945,000
Treasury Bonds	3-1/2		
TOTAL UNITED STATES OF AMERICA			\$13,617,500
The Twelve Federal Land Banks:			
Consolidated Federal Farm Loan	4-1/2	4/20/64	\$ 250,000
International Bank for Re-construction & Development:			
Bonds	3-1/2	10/15/71	\$ 400,000
Bonds	4-1/4	1/15/79	100,000
TOTAL INTERNATIONAL BANK FOR RE-CONSTRUCTION AND DEVELOPMENT			\$ 500,000
State of Rhode Island:			
Blackstone Valley Sewer District Loan of 1952:			
Series B	2-1/2	5/ 1/86	50,000
Series C	2-3/4	8/ 1/83	120,000
Series D	4	9/ 1/75	100,000
Penal and Charitable Institutions			
Institutions	4	3/ 1/77	10,000
State Office Building	4	6/ 1/77	12,000
Third Courthouse Loan	4	3/20/81	22,000
Washington Bridge Loan	4	5/ 1/77	6,000
TOTAL STATE OF RHODE ISLAND			\$ 320,000

- continued -

Description	Rate	Maturities	Par Value (Bonds) or Cost (Stocks)
Municipalities:			
City of Central Falls:			
Refunding	2-3/4%	6/ 1/66-67	\$13,000
Refunding	2.90	6/ 1/73-74	7,000
Refunding	3.90	8/ 1/71	35,000
School	2-1/4	7/ 1/68	10,000
\$ 65,000			
City of Cranston:			
Construction & Equip.	1-3/4	7/ 1/63	\$10,000
School, Series A	2-1/2	6/ 1/76	45,000
School, Series E	2.70	2/15/78-79	68,000
School, Series C	2.90	11/15/76-78	70,000
School, Series B	3.60	7/ 1/69-76	65,000
Sewerage, Series E	1-3/4	10/ 1/80-81	5,000
Sewerage, Series H	1.80	3/ 1/76	10,000
Sewerage, Series D	2	6/ 1/78	4,000
Sewerage, Series I	2-1/2	6/ 1/76	15,000
			292,000
Town of Cumberland:			
School	4.60	10/15/71-72	\$45,000
Water Supply Installation	1.90	1/ 1/76	3,000
			48,000
City of East Providence:			
Elementary School	3.75	2/ 1/78	\$15,000
School Building	2.20	3/ 1/72	25,000
School Building	2-1/2	7/ 1/70	25,000
School Building	3-1/2	4/ 1/69	7,000
Sewer Trunk Extension	2-1/2	7/ 1/70-76	48,000
Sewer	2.70	2/ 1/67	95,000
Sewer	3-1/2	4/ 1/65-69	145,000
Street and Drainage	2.70	2/ 1/67	5,000
Street and Drainage	3.75	2/ 1/76-78	45,000
			410,000
Town of Glocester:			
School Construction and Extension	2.70	8/ 1/67-69	30,000
Town of Hopkinton:			
School Bldg. & Equip.	2-3/4	12/ 1/82-84	20,000
Town of Jamestown:			
School Construction	3	12/ 1/72-74	30,000

-continued-

Description	Rate	Maturities	Par Value (Bonds) or Cost (Stocks)	
Municipalities - continued:				
Town of Johnston:				
Sanitary District Sewer	3-1/2%	9/ 1/87	\$ 50,000	
School	2.90	9/1 /65-74	<u>107,000</u>	\$157,000
Town of Lincoln:				
Elementary School Bldg. and Equipment	3-1/2	3/ 1/76	\$ 30,000	
Junior High School Building & Equipment	2.35	3/ 1/67	<u>15,000</u>	45,000
Town of Narragansett:				
Beach Development	3	4/ 1/63	\$ 10,000	
Beach Repair	2.70	1/ 1/77-80	48,000	
School Construction	3.70	5/ 1/82	<u>34,000</u>	92,000
City of Newport:				
Sewer & Anti-pollution	3.70	7/ 1/76	\$ 15,000	
Water Works	2-1/4	3/ 1/68-70	<u>9,000</u>	24,000
Town of North Kingstown:				
Land Purchase and School Building	3.50	4/ 1/76	\$ 60,000	
School	2.75	2/ 1/65	<u>15,000</u>	75,000
Town of North Providence:				
Funding	3	7/ 1/62-72	\$ 32,000	
Funding	3	6/ 1/72-73	10,000	
Funding	3-1/2	7/ 1/63-76	30,000	
Highway Reconstruction	3-1/2	7/ 1/63-76	60,000	
Sewer	3	9/ 1/67	35,000	
Sewer	3	6/ 1/72-74	15,000	
Sewer	3-1/2	7/ 1/63	<u>5,000</u>	187,000
City of Pawtucket:				
Refunding	2-3/4	6/ 1/68	\$ 3,000	
Water	2-5/8	9/ 1/67	<u>5,000</u>	8,000
Town of Portsmouth:				
Fire District Water	4-1/4	5/ 1/76-79		65,000

- continued -

Description	Rate	Maturities	Par Value (Bonds) or Cost (Stocks)	
Municipalities-continued:				
City of Providence				
Fire Dept.Modernization	2 %	1/ 1/74	\$20,000	
Highway Construction	2	1/ 1/74	4,000	
Sewer Construction	2	1/ 1/74	16,000	
Water Supply	4	1/ 3/68	35,000	
Water Supply	4-1/4	2/ 1/64	<u>46,000</u>	\$ 121,000
Town of Smithfield:				
School	2-3/4	6/ 1/67-76		50,000
City of Warwick:				
Highway	2.40	10/ 1/73-74	\$35,000	
School	2.70	12/ 1/84-86	30,000	
School	3.10	12/ 1/68	2,000	
School	3-1/4	10/ 1/79	5,000	
Water	4-1/2	10/ 1/72-73	<u>24,000</u>	96,000
Town of Westerly:				
School	4.20	9/ 1/69-70		50,000
Town of West Warwick:				
Sewer	2-1/2	7/ 1/62-71	\$20,000	
Sewer	2.70	7/ 1/78-79	30,000	
Sewer	2-3/4	2/ 1/63	<u>15,000</u>	65,000
City of Woonsocket:				
Junior High School	4-1/4	4/15/71-77	\$48,000	
Sewer	4-1/2	6/ 1/72-74	25,000	
Water	4-1/4	6/ 1/66	<u>5,000</u>	<u>78,000</u>
TOTAL MUNICIPALITIES				<u>\$2,008,000</u>

- continued -

Description	Rate	Maturities	Par Value (Bonds) or Cost (Stocks)
Railroads:			
Atchison, Topeka & Santa Fe General Mortgage	4%	10/1/95	\$ 100,000
Baltimore & Ohio Railway Co. First Consolidated Mortgage, Series B	4%	9/1/80	50,000
Boston & Maine Railroad Co. Equipment Trust	6%	3/1/67	25,000
Chesapeake & Ohio Railway Co. Equipment Trust	3%	2/20/70	\$ 50,000
Refunding and Improvement Mortgage, Series E	3-1/2	8/1/96	9,000
Refunding and Improvement Mortgage, Series H	3-7/8	12/1/73	<u>94,000</u>
Chicago Union Station Co.: First Mortgage, Series F	3-1/8	7/1/63	10,000
Chicago, Burlington & Quincy Railroad Co.: First and Refunding Mort	2-7/8	8/1/70	50,000
Chicago, Milwaukee, St. Paul & Pacific Railroad Co.: Equip. Trust, Series XX	4-1/2	8/1/66	\$ 50,000
Equip. Trust, Series XX	4-1/2	2/1/67	<u>50,000</u>
Louisville & Nashville RR Co. Equip. Trust, Series W	4-1/2	5/15/64	150,000
Missouri Pacific Railroad Co. Equip. Trust, Series Q	4	5/ 1/64	100,000
New York Central Railroad Co. Second Equip. Trust of 1952	3-1/8	5/15/63	3,000
New York, New Haven & Hartford Railroad Co. Equip. Trust, Series A	3-3/4	1/1/63-66	70,000

-continued-

Description	Rate	Maturities	Par Value (Bonds) or Cost (Stocks)
Railroads - continued:			
North American Car Corp: Equipment Trust	4.6%	12/15/69-70	\$100,000
Equipment Trust	4.7	12/15/72-74	<u>150,000</u> \$ 250,000
Northern Pacific Railway Equipment Trust	3-1/8	2/16/69	100,000
Pennsylvania Railroad Co. Gen. Mortgage, Series A	4-1/2	6/ 1/65	12,000
Seaborad Air Line Railroad Equip. Trust, Series P	2-7/8	11/1/69	\$ 50,000
Equip. Trust, Series K	3	11/15/65	<u>10,000</u> 60,000
Southern Pacific Company: Equip. Trust, Series 17	4	6/ 1/66	\$150,000
Equip. Trust, Series NN	2-5/8	4/ 1/68	10,000
Equip. Trust, Series RR	3-1/8	9/ 1/68	50,000
Equip. Trust, Series VV	4	11/ 1/68	<u>100,000</u> 310,000
Southern Railway Company: Equip. Trust, Series TT	3	8/ 1/63	\$ 10,000
Equip. Trust, Series WW	4	4/16/66	<u>100,000</u> 110,000
Wabash Railroad Company: Equip. Trust, Series D	2-3/4	1/ 1/63	\$ 10,000
Equip. Trust, Series G	3	4/ 1/67	<u>50,000</u> 60,000
TOTAL RAILROADS			<u>\$1,713,000</u>
Public Utilities:			
American Telephone & Telegraph Co.:			
Debentures	3-3/8	12/1/73	\$200,000
Debentures	3-7/8	7/1/90	100,000
Debentures	4-3/8	4/1/85	200,000
Debentures	4-5/8	2/1/94	250,000
Debentures	4-3/4	6/1/98	100,000
Debentures	5	11/1/83	<u>100,000</u> \$ 950,000

- continued -

Description	Rate	Maturities	Par Value (Bonds) or Cost (Stocks)
Public Utilities-continued:			
Appalachian Electric Power:			
First Mortgage	3-1/4%	12/1/70	\$ 75,000
First Mortgage	4	5/1/88	100,000
First Mortgage	4-5/8	3/1/87	<u>25,000</u> \$ 200,000
Baltimore Gas & Elec.Co.:			
First Refunding Mortgage	4-7/8	6/1/80	228,000
Sinking Fund			
Bell Telephone Company of Pennsylvania:			
Debentures	4-3/4	5/1/2001	200,000
Boston Edison Company:			
First Mortgage, Series G	5-1/4	10/1/89	200,000
Brooklyn Union Gas Co.:			
First Mortgage	5-1/8	6/1/86	100,000
Central Illinois Light Co.:			
First Mortgage	4	7/1/88	100,000
Central Maine Power Co.:			
First & General Mortgage	3-3/8	4/1/85	\$ 50,000
First & General Mortgage	3-1/2	10/1/70	18,000
First & General Mortgage	4-7/8	5/1/87	<u>50,000</u> 118,000
Central Power & Light Co.:			
First Mortgage, Series I	4-3/4	4/1/89	25,000
Columbia Gas System, Inc.:			
Debentures, Series E	3-5/8	9/1/80	\$150,000
Debentures, Series N	5-3/8	10/1/84	<u>146,000</u> 296,000
Commonwealth Edison Company:			
Sinking Fund Debentures	3-1/8	10/1/2004	75,000
Connecticut Light & Power Co.:			
First Refunding Mortgage Series P	4-7/8	2/1/90	100,000

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Description	Rate	Maturities	Par Value (Bonds) or Cost (Stocks)
Public Utilities-continued:			
Consolidated Edison Company of New York, Inc.			
First Refunding Mortgages:			
Series M	4-1/4%	10/1/86	\$200,000
Series N	5	10/1/87	100,000
Series O	4	6/1/88	100,000
Series P	5-1/8	6/1/89	<u>100,000</u> \$ 500,000
Consolidated Natural Gas Co.:			
Debentures	4-3/8	8/1/83	\$200,000
Debentures	4-7/8	6/1/82	98,000
Debentures	5	2/1/85	<u>100,000</u> 398,000
Consumers Power Co.:			
First Mortgage	4-5/8	8/1/91	\$200,000
First Mortgage	4-3/4	10/1/87	<u>70,000</u> 270,000
Dallas Power & Light Co.:			
First Mortgage	5-1/4	12/1/89	150,000
Delaware Power & Light Co.:			
First Mortgage and Collateral Trust	3-7/8	6/1/88	250,000
Detroit Edison Company:			
Refunding Mortgage	3-1/4	5/15/80	100,000
Duke Power Company:			
First Refunding Mortgage	3	1/1/75	\$100,000
First Refunding Mortgage	5-1/8	2/1/90	<u>100,000</u> 200,000
Duquesne Light Company:			
First Mortgage	3-1/8	7/1/84	60,000
Florida Light & Power Co.:			
First Mortgage	3-1/8	6/1/78	100,000
Florida Power Corporation:			
First Mortgage	4-3/4	10/1/90	98,000
General Telephone Company of California:			
First Mortgage	4-1/2	9/1/86	\$ 50,000
First Mortgage	5	6/1/87	<u>50,000</u> 100,000

- continued -

Description	Rate	Maturities	Par Value (Bonds) or Cost (Stocks)
Public Utilities-continued:			\$ 44,000
Georgia Power Co.:			
First Mortgage	5-3/4%	9/ 1/89	
Gulf States Utilities Co.:			\$200,000
First Mortgage	4-5/8	7/ 1/90	<u>100,000</u>
First Mortgage	5-1/4	12/ 1/89	300,000
Houston Lighting & Power Co.:			\$ 25,000
First Mortgage	4-3/4	11/1/87	<u>75,000</u>
First Mortgage	4-7/8	8/1/89	100,000
Idaho Power Co.:			100,000
First Mortgage	5	5/15/89	
Illinois Bell Telephone Co.:			\$ 53,000
First Mortgage, Series C	3-1/8	4/1/84	<u>100,000</u>
First Mortgage, Series E	4-1/4	3/1/88	<u>100,000</u>
First Mortgage, Series F	4-3/8	3/1/94	253,000
Indiana and Michigan Elec. Co.:			\$ 50,000
First Mortgage	4-3/4	11/1/88	<u>100,000</u>
Sinking Fund Debentures	5-1/8	6/1/86	150,000
Iowa Power & Light Co.:			200,000
First Mortgage	4-5/8	1/1/91	
Kansas Gas & Electric Co.:			250,000
First Mortgage	4-5/8	1/1/91	
Long Island Lighting Company:			\$ 50,000
First Mortgage, Series H	3-3/8	11/1/85	<u>50,000</u>
First Mortgage, Series K	5-1/4	7/1/89	100,000
Louisiana Power & Light Co.:			200,000
First Mortgage	5	4/1/90	
Michigan Bell Telephone Co.:			100,000
Debentures	4-5/8	8/1/96	
Narragansett Electric Co.:			\$ 29,000
First Mortgage, Series A	3	9/1/74	<u>200,000</u>
First Mortgage, Series E	3-1/2	3/1/86	229,000

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Description	Rate	Maturities	Par Value (Bonds) or Cost (Stocks)
Public Utilities-continued:			
New England Power Co.:			
First Mortgage, Series H	4%	6/1/88	\$ 200,000
New Jersey Bell Telephone Co.:			
Debentures	3-1/4	5/1/84	\$100,000
Debentures	4-7/8	11/1/2000	<u>100,000</u> 200,000
New Orleans Public Service, Inc.:			
First Mortgage	5	6/1/91	200,000
New York State Elec. & Gas. Corp.:			
First Mortgage	4-5/8	5/1/91	200,000
New York Telephone & Telegraph:			
Refunding Mortgage:			
Series H	3	10/15/89	\$110,000
Series K	4-1/8	7/ 1/93	<u>100,000</u> 210,000
Niagara Mohawk Power Company			
General Mortgage	3-7/8	6/1/88	\$300,000
General Mortgage	4-3/4	4/1/90	<u>200,000</u> 500,000
Northern Illinois Gas Co.:			
First Mortgage	5	6/1/84	100,000
Northern States Power Co.:			
First Mortgage	4	7/1/88	100,000
Ohio Edison Co.:			
First Mortgage	4-3/4	6/1/91	100,000
Ohio Power Co.:			
First Mortgage	4-7/8	11/1/87	100,000
Oklahoma Gas & Electric Co.:			
First Mortgage	3-7/8	6/1/88	200,000
Pacific Gas & Electric Co.:			
First & Refunding Mortgage			
Series Z	3-3/8	12/1/88	\$ 50,000
Series AA	4-1/2	12/1/86	50,000
Series GG	4-1/2	6/1/93	<u>200,000</u> 300,000

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Description	Rate	Maturities	Par Value (Bonds) or Cost (Stocks)	
Public Utilities-continued:				
Pacific Telephone & Telegraph:				
Debentures	3-1/8%	11/15/89	\$100,000	
Debentures	3-5/8	8/15/91	50,000	
Debentures	4-3/8	8/15/88	<u>100,000</u>	\$ 250,000
Pennsylvania Electric Co.:				
First Mortgage	3-1/8	3/1/84		100,000
Peoples Gas Light & Coke Co.:				
First & Refunding Mortgage Series J	4-5/8	5/1/86		197,000
Philadelphia Electric Co.:				
First Refunding Mortgage	3-1/8	4/1/85	\$ 80,000	
First Refunding Mortgage	5	10/1/89	<u>100,000</u>	180,000
Public Service Co. of Colorado:				
First Mortgage	4-3/8	5/1/87	\$100,000	
First Mortgage	4-1/2	10/1/91	<u>100,000</u>	200,000
Public Service Company of New Hampshire:				
First Mortgage, Ser.H	3-1/4	11/1/84		96,000
Public Service Elec. & Gas Co.:				
Debentures	4-5/8	3/1/77	\$ 58,000	
First Refunding Mortgage	4-5/8	8/1/88	65,000	
First Refunding Mortgage	5-1/8	6/1/89	<u>200,000</u>	323,000
Southern Bell Telephone & Telegraph Company				
Debentures	5	6/1/86		50,000
Southern California Edison Co.:				
First Refunding Mortgage Series M	4-3/8	9/1/85		100,000
Southern California Gas Co.:				
First Mortgage, Series C	5-1/8	7/1/83		56,000
Southwestern Public Service Company				
First Mortgage	3.35	2/1/81		50,000

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Description	Rate	Maturities	Par Value (Bonds) or Cost (Stocks)	
Public Utilities-continued:				
Tampa Electric Co.:				
First Mortgage	4-1/4%	7/1/88	\$ 50,000	
First Mortgage	5	7/1/90	<u>100,000</u>	\$ 150,000
Tennessee Gas Transmission:				
First Mortgage Pipe Line	3-7/8	2/1/76	\$ 50,000	
First Mortgage Pipe Line	4-3/4	11/1/76	72,000	
First Mortgage Pipe Line	5-1/4	11/1/79	<u>95,000</u>	217,000
Texas Power & Light Co.:				
First Mortgage	4-1/2	1/1/91		250,000
Union Electric Co. of Missouri:				
First Mortgage	4-3/8	3/1/88		100,000
The Union Light, Heat & Power:				
First Mortgage	5	7/1/89		200,000
United Gas Corp.:				
First Mortgage and Collateral Trust	5	11/1/80		99,000
Utah Power & Light Co.:				
First Mortgage	4-7/8	9/1/90		100,000
Virginia Elec. & Power Co.:				
First Refunding Mortgage- Series O	3-7/8	6/1/88	\$200,000	
Series P	4-5/8	9/1/90	<u>100,000</u>	300,000
Washington Water Power Co.:				
First Mortgage	3-1/2	6/1/64		16,000
Western Pennsylvania Power Co.:				
First Mortgage, Series R	5-1/8	6/1/89		125,000
Western Union Telegraph Co.:				
Sinking Fund Debentures	5-1/4	2/1/87		250,000
Wisconsin Public Service Corp.:				
First Mortgage	3-1/4	10/1/84		100,000

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Description	Rate	Maturities	Par value (Bonds) or Cost (Stocks)
Public Utilities-continued: Wisconsin Telephone Company: Debentures	4-1/2%	7/ 1/ 92	\$ 25,000
Worcester County Electric Co.: First Mortgage Series E	5-3/8	12/ 1/89	100,000 \$12,888,000
TOTAL PUBLIC UTILITIES			
Industrials: Allied Chemical & Dye Corp.: Debentures	3-1/2	4/ 1/78	\$ 300,000
American Can Co.: Debentures	3-3/4	4/ 1/88	\$100,000
Debentures	4-3/4	7/15/90	100,000 200,000
Atlantic Refining Co.: Debentures	2-5/8	1/15/66	100,000
Beneficial Finance Co. Debentures	5	11/1/77	100,000
Bethlehem Steel Corp.: Consolidated Mortgage Sinking Fund, Ser. K	3	1/ 1/79	100,000
Burroughs Corporation Sinking Fund Debentures	4-3/8	7/ 1/83	175,000
C.I.T. Financial Corp.: Debentures	3-5/8	9/ 1/70	\$100,000
Debentures	4-1/4	10/ 1/71	100,000 200,000
Continental Oil Co.: Sinking Fund Debentures	3	11/ 1/84	161,000

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Description	Rate	Maturities	Par Value (Bonds) or Cost (Stocks)
Industrials-continued: Douglas Aircraft Co., Inc.: Convertible Subordinate Debentures	4 %	2/1/77	\$ 10,000
Family Finance Corp.: Debentures	5	10/15/81	200,000
General American Transportation Corp.: Equipment Trust	4-7/8	5/1/80	95,000
General Electric Company Debentures	3-1/2	5/1/76	300,000
General Motors Acceptance: Debentures	3-1/2	3/15/72	\$150,000
Debentures	3-5/8	9/ 1/75	100,000
Debentures	4	3/ 1/79	100,000
Debentures	5	8/15/77	25,000 375,000
National Tea Company: Sinking Fund Debentures	5	8/ 1/77	37,000
Phillips Petroleum Co.: Sinking Fund Debentures	2-3/4	2/ 1/64	27,000
Proctor & Gamble Co.: Debentures	3-7/8	9/ 1/81	100,000
R. J. Reynolds Tobacco Co.: Debentures	3	10/ 1/73	100,000
Sears, Roebuck Acceptance Corporation: Debentures	5	7/15/82	50,000
Sears, Roebuck & Co.: Sinking Fund Debentures	4-3/4	8/1/83	210,000
Shell Oil Company: Sinking Fund Debentures	4-5/8	8/1/86	300,000

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Description	Rate	Maturities	Par Value (Bonds) or Cost (Stocks)
Industrials-continued: Standard Oil Company of Indiana: Debentures	4-1/2%	10/1/83	\$ 200,000
Standard Oil Company of New Jersey: Debentures	2-3/8	5/15/71	250,000
Texaco, Inc.: Debentures	3-5/8	5/1/83	300,000
United States Steel Corporation: Sinking Fund Debentures	4	7/15/83	350,000
			\$4,240,000
TOTAL INDUSTRIALS			

Description	Number of Shares	Par Value (Bonds) or COST (STOCKS)
Bank Stocks:	6,510	\$ 232,554
Bank of America	3,555	90,357
Bankers Trust Company of New York	4,160	192,374
Chase Manhattan Bank-New York	2,800	109,094
Chemical Bank New York Trust Co.		
Continental Illinois National Bank & Trust Company of Chicago	3,400	270,096
First National Bank of Boston	2,999	133,559
First National City Bank of New York	3,121	174,863
Industrial National Bank of Rhode Island	19,513	499,274
Irving Trust Company - New York	7,793	197,670
Manufacturers Hanover Trust Company	4,166	124,392
Morgan Guaranty Trust Company of New York	6,100	405,849
National Shawmut Bank of Boston	2,100	99,312
The Philadelphia National Bank	1,000	38,250
Plantations Bank of Rhode Island	6,500	204,474
Rhode Island Hospital Trust Company	22,100	922,663
State Street Bank & Trust Co.	5,400	113,635
United States Trust Company of New York	1,050	70,631
Western Bancorporation	3,100	80,503
TOTAL BANK STOCKS		\$3,959,550

Description	Number of Shares	Par Value (Bonds) Or COST (STOCKS)
Investment Companies and Trusts:		
Affiliated Fund, Inc.	43,050	\$ 251,031
Boston Fund, Inc.	21,900	354,129
Diversified Investment Fund, Inc.	22,477	200,995
Fundamental Investors, Inc.	60,901	461,896
Incorporated Income Fund	19,757	152,568
Incorporated Investors	29,000	252,244
Massachusetts Investors Trust	19,690	219,691
The George Putnam Fund of Boston	4,468	50,052
Wellington Fund, Inc.	18,500	252,086
TOTAL INVESTMENT COMPANIES AND TRUSTS		\$2,194,692
Corporate Stocks:		
Blackstone Valley Gas & Elec. Co.- 5.6% Preferred	1,000	\$ 101,820
Boston Edison Company - 4.25% Cumulative Preferred	500	50,813
Minneapolis-Honeywell Regulator Co.- 3% Convertible Preference	1,000	107,560
Narragansett Electric Company - 4-1/2% Cumulative Preferred	2,200	106,700
Southern California Edison Co. - 4.24% Cumulative Preferred	2,000	51,100
4.78% Cumulative Preferred	1,500	38,325
Standard Oil Company of California- 3.30% Cumulative Preferred	1,000	86,476
Abbott Laboratories	2,000	114,937
Aetna Life Insurance Co.	1,500	143,213
Allied Chemical Corporation	3,500	172,546
Amerada Petroleum Corp.	1,500	113,423
American Cyanamid Co.	2,500	134,087
American Electric Power Co., Inc.	2,500	153,366
American Home Products, Inc.	1,000	67,582
American Hospital Supply Corp.	2,000	44,574
American Sterilizer Co.	1,500	47,591
American Telephone & Telegraph Co.	1,000	122,162
Automatic Canteen Co. of America	3,530	123,385
Beechnut Life Savers, Inc.	2,000	122,877
Bethlehem Steel Corporation	2,500	126,195
Campbell Soup Co.	2,500	126,531
Caterpillar Tractor Co.	11,000	36,625

Description	Number of Shares	Par Value (Bonds) Or COST (STOCKS)
Corporate Stocks - continued:		
Central & Southwest Corp.	3,000	\$ 104,048
Champion Spark Plug Company	2,500	106,391
Cleveland Electric Illuminating Co.	1,977	103,482
Commonwealth Edison Company	4,226	122,230
Connecticut General Life Insurance Co.	800	121,900
Consolidated Edison Co. of New York, Inc.	200	20,298
Consumers Power Co.	4,000	109,088
Continental Casualty Co.	1,250	106,938
Continental Oil Co. of Delaware	2,500	127,507
Corning Glass Works	1,000	152,022
Crown Zellerbach Corp.	1,650	87,922
Diamond National Corp.	2,500	92,483
E.I. DuPont deNemours & Co., Inc.	1,000	220,893
Eastman Kodak Co.	1,000	110,097
Federal Insurance Co.	3,000	219,150
The Foxboro Co.	2,000	90,354
Franklin Life Insurance Co.	700	83,080
General Electric Co.	2,900	230,676
General Foods Corporation	1,000	83,773
General Motors Corporation	3,500	119,726
General Portland Cement Co.	4,000	156,785
Ginn & Co.	1,000	24,699
Gorham Manufacturing Co.	2,000	52,000
W. T. Grant Co.	3,000	96,672
Gulf Oil Corporation	2,500	101,817
Gulf States Utilities Co.	2,600	101,497
Harcourt, Brace & World Co., Inc.	900	25,396
Hartford Fire Insurance Co.	3,000	171,692
Holt, Rhinehart & Winston, Inc.	1,000	24,057
Indiana General Corp.	3,000	115,592
Insurance Co. of North America	2,000	179,046
International Business Machines Corp.	725	218,376
International Harvester Co.	2,000	98,174
International Nickel Co. of Canada, Ltd.	3,000	145,098
International Paper Co.	3,060	103,605
Iowa Electric Light & Power Co.	3,000	96,506
Johns Manville Corp.	2,000	111,327
Kimberly Clark Corp.	1,768	145,350
McGraw-Hill Publishing Co., Inc.	1,000	27,225
Merck & Co., Inc.	1,500	119,904
Middle South Utilities, Inc.	4,000	97,913
Minnesota Mining & Manufacturing Co.	1,000	76,016
Monsanto Chemical Co.	2,388	100,874

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Description	Number of Shares	Par Value (Bonds) Or COST (STOCKS)
Corporate Stocks - continued:		
Montgomery Ward & Co.	3,000	
National Steel Corporation	2,000	\$ 121,267
Niagara Mohawk Power Corp.	300	74,736
North American Aviation, Inc.	1,000	14,190
Northern States Power Co.	3,000	51,191
The Norwich Pharmacal Co.	2,500	107,590
Ohio Edison Co.	2,500	113,210
Outboard Marine Corp.	1,200	111,167
Owens Corning Fiberglas Corp.	1,400	38,781
Panhandle Eastern Pipe Line	2,000	129,149
J.C. Penney Co.	2,000	97,956
Charles Pfizer & Co.	3,000	87,375
Phillips Petroleum Co.	2,000	95,473
Plough, Inc.	1,500	92,006
Polaroid Corp.	200	100,935
Proctor & Gamble Co.	1,000	38,316
Radio Corp. of America	1,000	58,153
Scott Paper Co.	6,000	55,875
Sears, Roebuck & Co.	2,000	192,189
Sinclair Oil Corporation	2,500	96,043
Socony Mobil Oil Company, Inc.	3,000	124,976
Standard Oil Company of New Jersey	3,000	127,460
Texaco, Inc.	4,124	162,333
Texas Utilities Co.	3,000	155,645
Transamerica Corp.	5,100	112,797
Union Bag-Camp Paper Corporation	5,000	170,780
Union Carbide Corporation	2,500	204,157
Union Electric Co.	3,000	288,135
United States Gypsum Co.	1,000	102,653
United States Steel Corporation	2,500	108,590
Virginia Electric & Power Co.	3,000	212,183
Western Massachusetts Companies	2,000	122,271
Westinghouse Electric Corp.	3,000	40,500
		142,374
TOTAL CORPORATE STOCKS		\$10,744,111
TOTAL INVESTMENTS - EMPLOYEES' RETIREMENT FUND AT JUNE 30, 1962		\$52,434,853

A P P E N D I X

Summary of Benefit and Contribution Provisions

Statistical Tables

Employees' Retirement System of the State of Rhode Island

SUMMARY OF BENEFIT AND CONTRIBUTION PROVISIONS

B E N E F I T S

Service retirement allowance. Retirement is optional with a member upon attainment of the age of 60 years, provided he has at least 10 years of credited service. Any member completing 30 years of service may retire under age 60 on a reduced allowance which is the actuarial equivalent of the amount payable at age 60.

In the case of a member withdrawing from service prior to the attainment of age 60, the right to a retirement benefit vests in the member if his service credit is 10 years or more. The retirement allowance will become available to the member upon attainment of age 60, provided he has not taken a refund of his contributions.

Retirement of a member is compulsory on the first day of the calendar month next following that in which he attained age 70, unless the member requests permission to continue in service, in which case the retirement board may permit his continuation in service beyond such age for periods of one year.

The service retirement allowance is equal to $1\frac{2}{3}\%$ of average compensation^{1/}, multiplied by the number of years of total service, not to exceed 45 years, subject to a maximum of 75% of the rate of compensation at the date of retirement.

Options. A member, upon or after attainment of age 60, and the completion of 10 years of service, has certain specific options whereby he may receive a lesser amount of service retirement allowance for himself in order to provide, on an actuarial equivalent basis, an annuity for a designated beneficiary to become payable upon his death, whether death occurs while in service or thereafter while on retirement.

Non-occupational disability benefit. This benefit is available to any member having at least 10 years of credited service. The benefit is equal to 90% of the amount of the service retirement allowance covering the period of total credited service of the member.

^{1/} Average compensation means the average annual compensation earnable by a member during the five consecutive years within his total service when such average was the highest.