

FOR THE YEAR ENDED
31st MARCH 1957

THE YEAR ENDED 31st MARCH 1957

FOR THE YEAR ENDED
JUNE 30, 1957

RETIREMENT BOARD

HON. RAYMOND H. HAWKSLEY, CHAIRMAN
General Treasurer

JOSEPH M. BOISVERT
Woonsocket

HOWARD KENYON
Director of Administration

THOMAS J. MEEHAN
Director of Business Regulation

MICHAEL P. WALSH
Commissioner of Education

JAMES E. CONLON
Sup't, South Kingstown School Department

CHARLES W. HILL
Assistant Controller

JOSEPH B. LEWIS
Secretary

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Employees Retirement System of the
State of Rhode Island

SEVENTEENTH ANNUAL REPORT

OF THE

RETIREMENT BOARD

The Seventeenth Annual Report of the Retirement Board of the Employees Retirement System of the State of Rhode Island, presented herewith, records the operations of the system for the fiscal year ended June 30, 1952. Financial statements and a report by the actuary on a valuation of the assets and liabilities of the system are included to display its financial condition at the close of the year.

Membership Statistics

	<u>State Employees</u>	<u>Teachers</u>	<u>Total</u>
Number of Members, July 1, 1951	5,805	4,464	10,269
<u>Additions</u>			
New members	<u>1,300</u>	<u>346</u>	<u>1,646</u>
Total membership	7,105	4,810	11,915
<u>Terminations</u>			
Retirements	23	61	84
Separations with refund	629	176	805
Deaths while in service	<u>43</u>	<u>15</u>	<u>58</u>
Total terminations	<u>695</u>	<u>252</u>	<u>947</u>
Number of Members, June 30, 1952	<u>6,410</u>	<u>4,558</u>	<u>10,968</u>

Membership of State employees increased 605 during the year which is equal to 10%. This is the largest increase in State employee membership that has occurred during recent years. Teacher membership showed an increase of 94 for the year, being equal to 2%.

The following statistics are pertinent to the changes in the retirement roll during the year:

	<u>State Employees</u>	<u>Teachers</u>	<u>Total</u>
Number at July 1, 1951	178	198	376
Retirements during year	<u>23</u>	<u>61</u>	<u>84</u>
Total	201	259	460
Deaths during year	<u>13</u>	<u>16</u>	<u>29</u>
Number at June 30, 1952	<u>188</u>	<u>243</u>	<u>431</u>

Total annual payments to the annuitants at the close of the year amounted to \$545,815.00.

FINANCIAL REVIEW

Statements illustrating the results of operations for the year are presented as a part of this report. An analysis of these statements discloses that net income of the system,

for the year, amounted to \$2,700,115.56. This is the excess of income from all sources over expenditures for annuities, benefits and refunds. In the preceding year net income amounted to \$2,140,306.22.

The increase in income was due to a larger membership in the system and an increased payroll. Contributions by the members and the State constitute a fixed percentage of salaries under the prescribed method of financing, therefore larger salaries resulting from an expanded membership or upward adjustments in rates, bring about increased revenue requirements from the States and the cities and towns.

The financial condition of the system is steadily improving. This is evidenced by the larger average reserve per member at June 30, 1952 as compared with the preceding year, as will be seen in the following statement.

	<u>June 30</u>	
	<u>1952</u>	<u>1951</u>
<u>Annuity Savings Reserve</u>		
State Employees	\$672.00	\$640.00
Teachers	412.00	265.00
<u>Contingency Reserve</u>		
State Employees	\$573.00	\$517.00
Teachers	369.00	211.00

Continued additions to the reserves are necessary to meet the increasing liabilities of the system. Additional service rendered by the members creates larger pension credits which will eventually mature in the form of retirement annuity payments. These accruing credits must be provided for, at least to a partial degree, in order to cushion the effect of any sharp increase in demands on the system when benefit payments become due. This is the purpose of any systematic plan of funding pension obligations. The method of financing prescribed for the system constitutes a modified form of funding whereby partial reserves are being accumulated to meet accruing liabilities. This procedure reflects a sound policy for the State government.

INVESTMENTS

Total investments of the system at the close of the year amounted to \$11,216,218.30, at par value for bonds and at cost value for stocks. Income on investments was equal to 2.88% on the average amount of investments during the year.

The proportions of the several different types of

securities comprising the investment account of the system were as follows:

United States Government Bonds	93.6%
Federal Land Bank	0.9
Municipal Bonds	2.2
Industrial Bonds	1.3
Bank Stocks	2.0
	<hr/>
	100.0%
	<hr/>

Purchases of securities for the account of the system totalled \$2,961,350.00. Details on these purchases are listed in a separate statement of this report.

No sales or redemptions of securities occurred during the year.

EXPANSION OF OFFICE FACILITIES

The steady and persistent increase in the State-employee membership and the inclusion, during recent years, of teachers of the cities and towns of the State, made it necessary to request larger quarters for the operations of the system.

Such space was made available to the Board during the year and its offices were moved from Room 21 to the third floor of the State House. This change will make it possible

to provide better service to the members and thus carry out, in a more effective manner, the stated objectives of the system.

APPROPRIATION REQUIREMENTS

Appropriations made to the system for the fiscal year dating from July 1, 1952 to June 30, 1953, consisted of the following amounts covering the specified groups of members:

State Employees		\$742,500.00
Teachers		450,000.00
Special pension increases to retirants:		
1947 Authorization	\$16,000.00	
1952 Authorization	<u>18,500.00</u>	<u>34,500.00</u>
		\$1,227,000.00

This compares with an appropriation for the fiscal year covered by this report amounting to \$1,231,000.00.

LEGISLATION

Several amendments affecting the system were made at the 1952 session of the General Assembly and these are

briefly described:

1. Section 3 of Chapter 18 governing the personnel of the retirement board was amended to clarify its provisions and to give effect to the changes in title of certain ex-officio members.

2. Section 7 of Chapter 18 relating to membership of the system was amended to allow a member of the general assembly or an elected state official who rendered service in that capacity or as a state employee, who failed to become a member, or otherwise failed to apply for pension credit for such service, the privilege of obtaining credit for such service by making application prior to December 31, 1952 and contributing the required amounts including interest.

3. Legislation was approved providing minimum additional benefits of not less than \$200.00 in the case of teachers retired for service after at least 35 years of service for whom a minimum amount of \$1,000.00 per year was specified by Chapter 2101, and in the case of teachers retired for disability after at least 20 years of service, for whom the minimum amount of \$800.00 per year was prescribed in such chapter. A special appropriation to cover these increases was made.

Special acts were again approved to provide or extend retirement benefits to certain former State employees beyond the provisions of Chapter 18.

SOCIAL SECURITY COVERAGE FOR MEMBERS
OF RETIREMENT SYSTEM

No change has occurred in the Federal Social Security Act to make it possible to extend social security coverage to members of local retirement systems.

A number of proposals are before Congress aiming at a modification of Section 218(d) of the Social Security Act to allow such coverage. No action has been taken on any of these proposals. Most of the proposals provide that coverage would be subject to the approval of the members of the existing system under a prescribed referendum plan. The provisions of this referendum include a requirement for submitting to the members of the existing system the form of adjustment to be made in the present plan if social security coverage is extended. Coordination of the local retirement systems with social security is contemplated under such a plan. It is also proposed that a provision be written into the federal law to insure that the total pension expectance payable to the members after coordination, from both the local system and social security, would at least be equal to the amount available previous to coordination .

Some delay has occurred in action on these proposals. A subcommittee of the Ways and Means Committee of the House of Representatives has been appointed for the purpose of studying certain phases of the operation of the federal social security program including that relating to public employees. It is possible that action on pending proposals may be deferred until the subcommittee has concluded its work and submits its report. In any event, present indications point to a revision of the present law, at an early date, to make coordination possible between local retirement systems and federal social security in order that the members of such systems may have the benefit of the best features of the two types of programs.

RECOMMENDATIONS

Section 3 of Chapter 18 provides that the retirement board shall submit an annual report which, among other things,

"shall also embody such other data as may be of use in the advancement of knowledge concerning state employee pensions and any recommendations of the board for changes in the laws pertaining to the system."

The board has no proposals to present for amending the provisions of Chapters 18, 2101 or 2102. In its opinion, the present schedule of benefit and contribution provisions is equitable and provides the members of the system with a reasonable pension expectance upon retirement, and appropriate insurance coverage for the hazards of death and disability. Major adjustments in the retirement plan, other than coordination with federal social security, which, although a desirable objective, cannot be accomplished because of a prohibition in the federal law, are not indicated at the present time. If the federal law is revised to permit coordination between the local retirement systems and federal social security, the board will present a plan to bring about coordination on an equitable and nondiscriminatory basis. Until such a revision is made, no action can be taken. The board does not favor the method followed in several other states whereby the local retirement system was repealed for the purpose of extending social security, and later re-enacted on an adjusted basis. Legal questions arise in such a procedure which may affect adversely the accrued rights, benefits and expectancies of the members.

Adjustments of the underlying plan of operations may be required from time to time to give effect to social and

economic trends. These adjustments, if made, should be in accord with established principles in order that adequate coverage may be maintained for all occupational categories comprising the membership of the system on an equitable basis. Minor changes in the retirement plan to eliminate inequities or disparities merit approval, provided these changes involve no major increases in obligations. Any proposals involving substantial increases in liabilities at this time should be discouraged in the interest of a conservative pension policy for the State government.

The board desires again to record its dissatisfaction with special pension legislation in favor of individual State employees. These grants are discriminatory and contrary to principle. Uniformity of allowances to all State employees under the established plan is highly desirable and should be the objective.

CONCLUSION

The broad program for annuities and benefits to State employees and teachers to provide for the hazards of superannuation, death and disability, constitutes an important adjunct of a sound personnel policy for the State. The

efforts of the board will continue to be directed toward the operation of the system in accordance with accepted concepts governing sound pension legislation for public employees to the end that the stated objectives of the system may be achieved in full measure.

In closing, acknowledgment is made of the considerate cooperation of all officers and employees of the State and of the cities and towns who have been directly or indirectly concerned with the operation of the system during the year, and of the faithful and conscientious services of all employees of the board during the year.

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

Chairman.

Secretary.

Employees Retirement System of the
State of Rhode Island

FINANCIAL BALANCE SHEET - JUNE 30, 1952

A S S E T S

Cash		\$ 331,404.01
Investments (par value):		
U.S. Government	\$10,502,500.00	
Federal Land Bank	100,000.00	
State of Rhode Island	1,000.00	
Municipalities in Rhode Island	226,000.00	
Municipalities of Canada	20,000.00	
Industrial Bonds	142,000.00	
Bank Stocks (at cost)	<u>224,768.30</u>	
		<u>11,216,268.30</u>
<u>Total Assets</u>		<u>\$11,547,672.31</u>

R E S E R V E S

Reserve for Special Pension Increases		\$ 3,435.74
Refunds		134.53
Annuity Reserve Account -		
State Employees		4,310,280.34
Teachers		1,879,436.82
Contingency Reserve Account -		
State Employees		3,672,755.16
Teachers		<u>1,681,629.72</u>
<u>Total Reserves</u>		<u>\$11,547,672.31</u>

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Employees Retirement System of the
State of Rhode Island

Statement of Cash Receipts and Disbursements
for the Fiscal Year ended June 30, 1952

Cash Balance July 1, 1951 \$ 592,638.45

Receipts:

State Contribution -		
Employees	\$ 675,000.00 ^x	
Teachers	540,000.00 ^x	
Cities and Towns Contribution -		
Teachers	448,880.00 ^x	
Member Contributions -		
Employees	805,807.73 ^x	
Teachers	779,012.57 ^x	
Contribution - Pension Increases	16,000.00 ⁻	
Income on Investments	280,770.10	
Discount on Investments Purchased	73,984.37	
Special Transfers-Reserve	4,551.48 ^x	
U.S.Treas. for City of Providence	<u>12,125.00</u>	
 Total Receipts		<u>3,636,131.25</u>
 Total Available		\$4,228,769.70

Disbursements:

Refunds due to resignations -		
State Employees	158,196.12 ⁿ	
Teachers	41,956.34 ^x	
Pensions Paid -		
State Employees	224,381.01 ⁿ	
Teachers	465,505.67 ^x	
Pension Increases	14,840.84 ⁻	
Purchase of Investments	2,961,350.00	
Premium & Interest on Purchases	19,009.56	
Postage & Insurance on Bonds	1.15	
Transfer-City of Prov.U.S.Treas. Check	<u>12,125.00</u>	
 Total Disbursements		<u>3,897,365.69</u>
 <u>Cash Balance June 30, 1952</u>		<u>\$ 331,404.01</u>

Employees Retirement System of the
State of Rhode Island

Statement of Investments Owned
June 30, 1952

<u>Description</u>	<u>Par Value</u>
<u>U. S. Government Bonds</u>	
U. S. Treasury Series G 2 $\frac{1}{2}$ %, due 8/1/54	50,000.00
U. S. Treasury Series G 2 $\frac{1}{2}$ %, due 9/1/55	100,000.00
U. S. Treasury Series G 2 $\frac{1}{2}$ %, due 2/1/56	10,000.00
U. S. Treasury Series G 2 $\frac{1}{2}$ %, due 5/1/53	50,000.00
U. S. Treasury Series G 2 $\frac{1}{2}$ %, due 11/1/54	50,000.00
U. S. Treasury Series G 2 $\frac{1}{2}$ %, due 9/1/59	100,000.00
U. S. Treasury Series G 2 $\frac{1}{2}$ %, due 12/1/61	100,000.00
U. S. Treasury Series G 2 $\frac{1}{2}$ %, due 10/1/62	1,000,000.00
U. S. Treasury, 2 $\frac{1}{2}$ %, due 6/15/55-52	80,000.00
U. S. Treasury, 2 $\frac{1}{2}$ %, due 6/15/56-54	50,000.00
U. S. Treasury, 2 $\frac{1}{2}$ %, due 9/15/72-67	97,500.00
U. S. Treasury, 2 $\frac{1}{2}$ %, due 3/15/54-52	30,000.00
U. S. Treasury, 2 $\frac{1}{2}$ %, due 3/15/58-56	30,000.00
U. S. Treasury, 2 $\frac{1}{2}$ %, due 3/15/70-65	195,000.00
U. S. Treasury, 2 $\frac{1}{2}$ %, due 12/15/69-64	100,000.00
U. S. Treasury, 2 $\frac{1}{2}$ %, due 12/15/68-63	650,000.00
U. S. Treasury, 2-3/4%, due 9/15/65-59	20,000.00
U. S. Treasury, 2-3/4%, due 12/15/65-60	90,000.00
U. S. Treasury, 2-3/4%, Investment Series, due 4/1/80-75	3,450,000.00
U. S. Treasury, 2 $\frac{1}{2}$ %, due 3/15/71-66	250,000.00
U. S. Treasury, 2 $\frac{1}{2}$ %, due 12/15/62	300,000.00
U. S. Treasury, 2 $\frac{1}{2}$ %, due 6/15/72-67	2,750,000.00
U. S. Treasury, Series G 2 $\frac{1}{2}$ % due 1/1/64	100,000.00
U. S. Treasury, Series G 2 $\frac{1}{2}$ % due 7/1/60	750,000.00
U. S. Treasury, Series G 2 $\frac{1}{2}$ % due 2/1/62	100,000.00
	<u>\$10,502,500.00</u>
<u>Federal Land Banks</u>	
Bonds due May 1, 1956	100,000.00
	<u>100,000.00</u>

statement of Investments Owned
June 30, 1952

<u>Description</u>	<u>Par Value</u>	
<u>state of Rhode Island</u>		
State Office Building, Registered, 4%, due 6/1/77	1,000.00	1,000.00
<u>Municipalities in Rhode Island</u>		
City of Central Falls, Funding 4%, due 4/1/65	3,000.00	
City of Central Falls, Sewer 4½%, due 7/1/52	5,000.00	
East Smithfield Water District, 3-3/4%, due 9/1/53	3,000.00	
City of Central Falls, Refunding, 2-3/4%, due 6/1/67	10,000.00	
Town of Narragansett, Beach Develop- ment, 3%, due 4/1/63-59	20,000.00	
Town of North Providence, Sewer, 3%, due 9/1/67	35,000.00	
City of Pawtucket, Park, 2½%, due 7/1/60-61	20,000.00	
City of Pawtucket, Highway, 3½%, due 12/1/53-54	9,000.00	
City of Pawtucket, Sewer, 3½%, due 12/1/53-54	10,000.00	
City of Pawtucket, Water, 3½%, due 12/1/53-54	10,000.00	
City of Pawtucket, School, 4½%, due 5/1/54	10,000.00	
Town of Richmond, School, 4%, due 4/1/59-62	4,000.00	
Town of West Warwick, Sewer, 2½%, due 7/1/58-71	28,000.00	
Town of West Warwick, School, 2-3/4%, due 11/1/54-58	15,000.00	
Town of West Warwick, Sewer, 2-3/4%, due 2/1/63	15,000.00	
City of Woonsocket, Water, 4½%, due 6/1/66	5,000.00	
City of Warwick, Water, 4½%, due 10/1/72-73	24,000.00	\$ 226,000.00

Statement of Investments Owned
June 30, 1952

<u>Description</u>	<u>Par Value</u>	
<u>Municipalities of Canada</u>		
Province of Quebec, Dominion of Canada, 3%, due 6/15/57	<u>20,000.00</u>	20,000.00
 <u>Public Utilities, Railroad and Industrial</u>		
Appalachian Power Co., 1st Mortgage, 3½%, due 12/1/70	20,000.00	
Atchison, Topeka and Santa Fe, General Mortgage, 4%, due 10/1/95	10,000.00	
Central Maine Power Co., General and 1st Mortgage, 3½%, due 10/1/70	18,000.00	
Chesapeake and Ohio Railway Co., Mortgage, 3½%, due 8/1/96	9,000.00	
Chicago Union Station, 1st Mortgage, Series F, 3-1/8%, due 7/1/63	10,000.00	
Pennsylvania Railroad Co., General Mortgage, Series A, 4½%, due 6/1/65	12,000.00	
Phillips Petroleum Co., Sinking Fund Debentures, 2-3/4%, due 2/1/64	27,000.00	
Pennsylvania Railroad Equipment Trust, Series K, 2½%, due 7/1/55	20,000.00	
Washington Water Power Company, 1st Mortgage, 3½%, due 6/1/64	<u>16,000.00</u>	142,000.00
 <u>Bank Stocks</u>		
200 shs. Manufacturers Trust Co.	\$ 11,350.00	
545 shs. Providence National Bank	40,251.00	
655 shs. Industrial Trust Company	23,318.00	
40 shs. Rhode Island Hospital Trust Company	4,600.00	
480 shs. Bankers Trust Company	19,150.00	

Statement of Investments Owned
June 30, 1952

<u>Description</u>	<u>Par Value</u>
<u>Bank Stocks (Continued)</u>	
114 shs. Central Hanover Bank and Trust Company - New York	9,050.00
400 shs. Chase National Bank	11,237.50
500 shs. Chemical Bank and Trust Company, New York	16,642.00
45 shs. First National Bank of New York	24,125.00
38 shs. Guarantee Trust Company - New York	20,160.00
2000 shs. Irving Trust Company - New York	21,750.00
500 shs. National City Bank - New York	13,359.80
100 shs. New York Trust Company - New York	<u>9,775.00</u>
	<u>224,768.30</u>
Total	<u>\$11,216,268.30</u>

Statement of Investments Purchased, Sold
and Redeemed During the Fiscal Year
Ended June 30, 1952

Purchases

<u>Description</u>	<u>Par Value</u>
U. S. Treasury, Series "G" 2 $\frac{1}{2}$ %, due January 1, 1964	\$ 100,000.00
U. S. Treasury, 2 $\frac{1}{2}$ % due 6/15/72-67	2,750,000.00
Federal Land Banks due May 1, 1956	100,000.00
200 Shares Manufacturers Trust Co.	<u>11,350.00</u>
Total	<u>\$2,961,350.00</u>

Sales

None

Redemptions

None

REPORT ON AN ACTUARIAL VALUATION OF THE
ASSETS AND LIABILITIES OF THE EMPLOYEES RETIREMENT
SYSTEM OF THE STATE OF RHODE ISLAND
AS OF JUNE 30, 1952

The results of an actuarial valuation of the assets and liabilities of the Employees Retirement System of the State of Rhode Island, as of June 30, 1952, are presented herewith.

Basis of Valuation

The benefit and contribution provisions forming the basis of this valuation are presented in the appendix.

The statistics required for this report concerning the membership of the system were supplied to me in excellent form by Joseph B. Lewis, Secretary.

Membership statistics

	State Employees		
	Male	Female	Total
Number of members	3865	2545	6410
Proportion of total	60.3%	39.7%	100.0%
Annual salaries	\$11,031,627.00	\$5,905,632.00	\$16,937,259.00
Average salary	\$2,854.00	\$2,320.00	\$2,642.00
Average age	47.0	40.0	44.2

	Teachers		
	Male	Female	Total
Number of members	1164	3394	4558
Proportion of total	25.5%	74.5%	100.0%
Annual salaries	\$4,244,966.00	\$11,143,179.00	\$15,388,145.00
Average salary	\$3,647.00	\$3,283.00	\$3,376.00
Average age	41.8	44.7	44.0

	Beneficiaries		
	State Employees	Teachers	Total
Number	188	243	431
Proportion of total	43.6%	56.4%	100.0%
Aggregate annual payments	\$138,039.00	\$407,776.00	\$545,815.00
Average annual payment	\$734.00	\$1,677.00	\$1,266.00
Reserve liability	\$877,870.00	\$2,711,880.00	\$3,589,750.00

Valuation balance sheet

The accompanying Valuation Balance Sheet presents the results of a valuation of the assets and liabilities of the system as of June 30, 1952. The purpose of this valuation is to establish from the actuarial standpoint the accrued and prospective liabilities under the benefit and contribution provisions now in effect.

Employees Retirement System of the
State of Rhode Island

VALUATION BALANCE SHEET - JUNE 30, 1952

A S S E T S

NET PRESENT ASSETS:

Cash	\$ 331,404.01
Investments	<u>11,216,268.30</u>
	\$11,547,672.31

DEFERRED ASSETS:

Obligation of members and of the employers for retirement benefits covering service of members after June 30, 1952, to be discharged by future contributions	\$15,227,690.00
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UNFUNDED LIABILITY:

Deferred obligation of the employers -

Present value of accrued retirement benefits on account of prior service	\$15,972,339.00
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Present value of accrued retirement benefits on account of membership service	9,933,979.00
-------------------------------------------------------------------------------	--------------

Present value of annuities and benefits entered upon and in force	3,589,750.00
-------------------------------------------------------------------	--------------

Liability for disability and death benefits on active members	<u>2,683,710.00</u>
---------------------------------------------------------------	---------------------

\$32,179,778.00

LESS:

Contingent	<u>11,547,672.31</u>	<u>\$20,632,105.69</u>
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Total.....\$47,407,468.00

Employees Retirement System of the
State of Rhode Island

VALUATION BALANCE SHEET - JUNE 30, 1952

L I A B I L I T I E S

Present value of annuities and
benefits entered upon and in
force \$ 3,589,750.00

Present value of retirement benefits
covering service of members sub-
sequent to June 30, 1952 -

State employees	\$7,994,539.00	
Teachers	<u>7,233,151.00</u>	15,227,690.00

Present value of retirement
benefits accruing on account
of service prior to July 1,
1952 -

State employees	\$ 8,958,620.00	
Teachers	<u>16,947,698.00</u>	25,906,318.00

Liability on account of dis-
ability and death benefits
on active members -

Ordinary disability	\$ 466,722.00	
Ordinary death	1,835,113.00	
Accidental disability	209,658.00	
Accidental death	<u>172,217.00</u>	2,683,710.00

Total..... \$47,407,468.00

Results of Valuation

Total accrued liabilities for the various annuity and benefit obligations amounted, at June 30, 1952, to \$32,179,778.00. Accumulated assets of the system consisting of cash and securities which were derived from contributions by the members and the State, totalled at such date, to \$11,547,672.31. The excess of the accrued liabilities over the present assets amounted to \$20,632,105.59. This constitutes the accrued unfunded obligation and is technically referred to as the actuarial reserve deficiency.

The accrued unfunded obligation is to be discharged by future contributions to the system under the prescribed method of financing.

Prior service

This represents an obligation for service rendered prior to July 1, 1936 in the case of State employees and prior to July 1, 1949 in the case of teachers.

The amount of liability on account of State employees is steadily decreasing as members retire or otherwise become separated from service due to death or resignation.

Retirement of members results in a transfer of the obligation to the account representing the beneficiaries.

Increases in salary have the effect of partially offsetting any decreases of liabilities due to separations from service. Since the service retirement allowances are predicated upon the average salary for the highest five consecutive years of service, any upward salary adjustments mitigate the gains due to releases of liability on account of separations from service.

Membership service

The liability on account of membership service consists of two parts, namely: (1) that covering the period from July 1, 1936 to the date of valuation in the case of State employees, and from July 1, 1949 to the date of valuation in the case of the teachers; and (2) that covering the period subsequent to the date of valuation.

Obviously, as members continue in service, the liability for membership service will increase. Pension credits represent services rendered and these credits will continue to become larger. On the other hand, the liability for membership service subsequent to the date of valuation, covering the assumed future

working lifetime of the members, generally remains constant assuming no major changes in the characteristics of the membership or in rates of salary occur. However, this liability has also been increasing due to a larger membership in the system and the upward trend in salaries.

Ordinary death benefit

This benefit is the equivalent of group life insurance and involves total insurance coverage in excess of \$15,000,000.00.

There were 58 claims paid during the year, consisting of 43 State employees and 15 teachers, being about the same as in the preceding year. The average age at death in the case of State employees was 60 years and in the case of teachers 56 years. Average length of service for the deceased State employee was 8.6 years and for the teachers 25.7 years.

Claim payments for the year on account of State employees totalled \$56,716.80 and on account of teachers \$29,922.21. These payments represented the death benefit provided from State contributions. In addition to these amounts, a payment was made of the deceased members' accumulated contributions which are refundable to the designated beneficiaries.

Other benefits

Nonoccupational disability benefits were granted during the year to members who met the minimum service qualifying conditions and presented proof of disability satisfactory to the board. These incidents have been considerably below the expected for the group of members exposed to this risk. Likewise, claims on account of occupational disability or occupational death have been below the number contemplated by standard expectancy tables reflecting these hazards.

Refunds

A total of 805 members withdrew from the system and took refunds of their contributions, thereby terminating their membership, consisting of 629 State employees and 176 teachers. During the preceding year 748 State employees and 109 teachers took refunds. The number appears to be normal for the type of service involved although in some States the separations are at a somewhat heavier rate due to local policies and conditions.


ACTUARIAL INVESTIGATION

The quinquennial actuarial investigation and survey of the operating experience of the system which under the Act must be made as of June 30, 1952, is under way and will shortly be completed. A report on the results of this investigation will be submitted which will include rates of separation and mortality in comparison with assumed standards and will discuss all important phases of the system's operations. This survey will disclose whether any changes are necessary in the standards used in the computation of certain benefits or in measuring the deaths among active and retired members, in rates of interest or other basic factors used in the annual valuations of assets and liabilities.

Conclusion

Operations of the system are progressing satisfactorily. Its administration is being maintained at a high standard of efficiency, reflecting policies and procedures that meet its requirements adequately and effectively.

Respectfully submitted,


A. A. Weinberg,
Actuary.

Employees Retirement System of the
State of Rhode Island

SUMMARY OF BENEFIT AND CONTRIBUTION PROVISIONS

In force June 30, 1952

B E N E F I T S

1. 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.

In the case of a member withdrawing from service prior to the attainment of age 60, the right to a retirement benefit vests in full if his service is 10 years or more, and 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 succeeding 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 1-2/3% of average compensation*, 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 date of retirement.

* 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.

2. Reversionary annuity

A member, upon retirement, has the option of receiving a lesser amount of service retirement allowance for himself and provide, on an actuarial equivalent basis, an annuity for a designated beneficiary to become payable upon his death, in accordance with the several optional privileges prescribed by the law.

3. 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 service of the member.

A member qualifying for this benefit but not having completed at least 15 years of service, is entitled to receive the benefit provided for 15 years of service. If the member first entered service after the age of 45 years, his benefit is limited to 90% of the rate of service retirement allowance for which he would qualify if he remained in service until the age of 60 years and retired at such age.

4. Occupational disability benefit

A member becoming disabled as the direct result of the performance of duty, is entitled to a benefit equal to $66\frac{2}{3}\%$ of his rate of compensation at the date of becoming eligible for this benefit.

5. Non-occupational death benefit

Upon death of a member while in service, from any cause other than occupational disability, his designated beneficiary or the estate of the member is entitled to receive a refund

of his accumulated contributions, without interest, together with an amount provided from State contributions equal to \$200.00 for each year of total service of the member. The payment from State contributions is subject to a minimum of \$500.00 and a maximum amount of \$2,000.00.

If the period of service of the member has been less than one year, the minimum benefit of \$500.00 is reduced by the difference between the amount of accumulated contributions that the member would have had at the end of one year of service had he continued to render service, and the amount of accumulated contributions actually credited at the date of death.

Members of the General Assembly may continue coverage under this benefit after withdrawal from the General Assembly by making an annual contribution of \$15.00.

6. Occupational death benefit

Upon death of a member due to occupational causes, his accumulated contributions, including interest, are payable to such person having an insurable interest in his life as the member shall have designated, or if no such designation shall have been made or if the beneficiary is not alive, payment is to be made to the estate of the member.

In addition to the above payment, the surviving widow is entitled to a benefit equal to 50% of the member's salary at date of death. If no widow survives, or if death of the widow occurs or if the widow remarries before any child of the member has attained age 18, the 50% benefit is payable to the surviving child or children, until their attainment of age 18, or prior death. If there be no widow or child or minor children, the benefit is payable to a dependent father or mother for life.

7. Death benefit after retirement

Upon death of a retired member who did not elect any of the optional provisions of the Act, his beneficiary is entitled to a refund of the excess, if any, of the total member contributions at date of retirement, without interest, over the total benefits paid to him.

8. Refunds

A member, upon withdrawal from the State service, may receive a refund of his contributions to the System equal to the full amount of his contributions, plus interest on the amounts contributed by the member prior to July 1, 1947. No interest is payable on refunds representing amounts contributed by a member after July 1, 1947.

C O N T R I B U T I O N S

By members:

Members of the system are required to contribute at the rate of 5% of salary, which rate is uniform for all employees, both male and female.

By the State of Rhode Island:

The State of Rhode Island is obligated to make regular contributions to meet the cost of the various benefits after applying the amounts contributed by the members. These contributions are made by means of regular annual appropriations.

The contributions by the State for any one year consist of an amount equal to the computed average annual expenditures for the various purposes of the system, for the period of ten years next succeeding the fiscal year in question, after applying against these expenditures the amounts to be contributed by the members. A uniform rate is to be maintained under this method of determination for a period of ten years subsequent to July 1, 1947.

EXTENSION TO SCHOOL TEACHERS - MODIFICATIONS

Effective July 1, 1949, the system was extended to include teachers of the State schools and teachers of the several cities and towns of the State of Rhode Island.

All provisions of the system relating to State employees apply with equal force to such teachers. Prior service credit is extended to teachers covering the period prior to July 1, 1949.

Contributions for leaves of absence during any year may be made for the purpose of receiving pension credit under stated conditions.

Credit for teaching service in any of the public schools of the United States, outside of this State, and in any private schools or institutions not operated for profit is allowed, not exceeding a total of 10 years, upon payment of certain prescribed contributions for such service. Such credit is available, however, only if the outside service was rendered more than 10 years before retirement.

The minimum service retirement allowance in the case of a teacher having rendered at least 35 years of service is \$1,000.00 per year.

Any teacher having at least 20 years of credited service is assured of a minimum ordinary disability allowance (non-occupational) of \$800.00 per year.

All teachers are required to make contributions at a uniform rate of 5% of salary, regardless of age or sex. The cities and towns share with the State, on an equal basis, the remainder of the cost of financing the benefits payable to teachers of the cities and towns, after applying the amounts contributed by the teachers.

Employees Retirement System of the
State of Rhode Island

TABLE 1.

SHOWING NUMBER OF MEMBERS AND ANNUAL SALARIES
AT VARIOUS AGES AS OF JUNE 30, 1952

STATE EMPLOYEES - MALE

<u>Age</u>	<u>Number</u>	<u>Annual Salaries</u>	<u>Age</u>	<u>Number</u>	<u>Annual Salaries</u>
16	2	\$ 4,046.00	55	88	\$250,151.00
17	12	23,932.00	56	96	280,775.00
18	13	26,280.00	57	106	300,102.00
19	17	32,400.00	58	126	356,554.00
20	16	31,046.00	59	94	292,268.00
21	28	54,490.00	60	100	302,325.00
22	34	64,838.00	61	77	216,160.00
23	36	74,348.00	62	69	208,197.00
24	26	55,246.00	63	56	164,306.00
25	53	121,212.00	64	59	168,226.00
26	53	121,823.00	65	40	122,349.00
27	52	122,041.00	66	43	135,361.00
28	75	179,641.00	67	33	83,920.00
29	50	125,576.00	68	42	118,505.00
30	69	168,740.00	69	26	62,180.00
31	59	154,144.00	70	34	94,772.00
32	83	217,461.00	71	32	89,611.00
33	66	175,256.00	72	26	75,790.00
34	67	187,841.00	73	24	69,009.00
35	70	198,679.00	74	18	46,709.00
36	70	174,304.00	75	13	33,824.00
37	70	203,175.00	76	7	24,612.00
38	54	158,882.00	77	10	20,128.00
39	75	225,128.00	78	3	6,480.00
40	102	315,471.00	79	3	6,284.00
41	102	311,927.00	80	1	2,280.00
42	89	277,335.00	81	-	-
43	81	234,407.00	82	2	3,178.00
44	99	299,132.00	83	1	1,872.00
45	101	324,191.00	84	1	3,696.00
46	107	347,084.00	85	-	-
47	115	344,689.00	86	1	300.00
48	106	348,563.00	Unknown	3	2,280.00
49	100	322,827.00			
50	85	253,361.00			
51	86	282,367.00			
52	105	330,570.00			
53	88	267,371.00			
54	115	329,599.00			
			Totals	3865	\$11,031,627.00

Employees Retirement System of the
State of Rhode Island

TABLE 2.

SHOWING NUMBER OF MEMBERS AND ANNUAL SALARIES
AT VARIOUS AGES AS OF JUNE 30, 1952

STATE EMPLOYEES - FEMALE

<u>Age</u>	<u>Number</u>	<u>Annual Salaries</u>	<u>Age</u>	<u>Number</u>	<u>Annual Salaries</u>
16	2	\$ 3,360.00	50	71	\$188,527.00
17	2	3,600.00	51	51	123,343.00
18	27	47,320.00	52	56	142,802.00
19	54	92,520.00	53	43	108,873.00
			54	45	114,156.00
20	66	117,080.00			
21	84	151,540.00	55	39	90,964.00
22	81	147,640.00	56	42	106,973.00
23	74	142,900.00	57	46	106,466.00
24	102	203,340.00	58	39	100,653.00
			59	39	91,798.00
25	86	177,758.00			
26	68	146,760.00	60	49	113,108.00
27	64	150,135.00	61	33	83,891.00
28	61	122,808.00	62	24	65,017.00
29	42	97,440.00	63	21	58,916.00
			64	23	60,751.00
30	54	114,025.00			
31	56	117,378.00	65	21	48,201.00
32	55	119,125.00	66	20	43,062.00
33	41	86,043.00	67	21	48,629.00
34	50	123,876.00	68	12	31,160.00
			69	14	43,424.00
35	47	114,024.00			
36	54	124,692.00	70	15	40,621.00
37	55	140,452.00	71	11	30,890.00
38	38	93,412.00	72	8	22,651.00
39	55	146,109.00	73	4	9,956.00
			74	3	5,525.00
40	37	98,593.00			
41	48	127,340.00	75	-	-
42	46	109,822.00	76	3	7,514.00
43	47	119,204.00	77	1	2,244.00
44	51	137,220.00			
45	43	106,675.00			
46	54	146,685.00			
47	53	150,438.00			
48	47	123,780.00			
49	47	112,423.00			
			Totals	2,545	\$5,905,632.00

Employees Retirement System of the
State of Rhode Island

TABLE 3.

SHOWING NUMBER OF MEMBERS AND ANNUAL SALARIES
AT VARIOUS AGES AS OF JUNE 30, 1952

TEACHERS - MALE

<u>Age</u>	<u>Number</u>	<u>Annual Salaries</u>	<u>Age</u>	<u>Number</u>	<u>Annual Salaries</u>
21	-	-	55	28	\$131,387.00
22	1	\$ 1,800.00	56	20	94,626.00
23	10	23,550.00	57	18	65,733.00
24	16	36,500.00	58	12	58,000.00
25	18	43,750.00	59	12	52,300.00
26	25	58,200.00	60	12	56,650.00
27	32	77,612.00	61	5	21,000.00
28	38	93,637.00	62	9	36,580.00
29	23	61,250.00	63	8	37,883.00
30	30	77,763.00	64	10	43,960.00
31	41	115,141.00	65	8	39,300.00
32	39	121,475.00	66	9	43,250.00
33	38	110,669.00	67	3	15,000.00
34	36	115,460.00	68	5	23,833.00
35	25	87,217.00	69	1	5,000.00
36	22	71,523.00	70	4	16,800.00
37	37	121,237.00	71	-	-
38	41	146,098.00	72	1	4,113.00
39	32	114,508.00			
40	44	161,160.00	Totals	1,164	\$4,244,966.00
41	46	175,462.00			
42	44	164,319.00			
43	40	151,174.00			
44	37	155,023.00			
45	37	145,706.00			
46	33	142,209.00			
47	24	100,206.00			
48	38	167,658.00			
49	31	135,131.00			
50	35	147,467.00			
51	27	115,066.00			
52	23	100,642.00			
53	21	95,018.00			
54	15	65,920.00			

Employees Retirement System of the
State of Rhode Island

TABLE 4.

SHOWING NUMBER OF MEMBERS AND ANNUAL SALARIES
AT VARIOUS AGES AS OF JUNE 30, 1952

TEACHERS - FEMALE

<u>Age</u>	<u>Number</u>	<u>Annual Salaries</u>	<u>Age</u>	<u>Number</u>	<u>Annual Salaries</u>
21	1	\$ 2,400.00	55	85	\$ 304,217.00
22	36	73,350.00	56	93	339,254.00
23	92	186,850.00	57	83	305,646.00
24	106	229,153.00	58	72	263,817.00
25	108	247,229.00	59	66	247,826.00
26	85	210,183.00	60	57	219,573.00
27	59	144,161.00	61	71	270,608.00
28	47	127,758.00	62	61	231,756.00
29	55	153,622.00	63	40	155,550.00
30	44	125,476.00	64	44	165,868.00
31	51	146,747.00	65	43	167,191.00
32	46	136,424.00	66	34	125,340.00
33	39	112,487.00	67	24	90,840.00
34	57	170,465.00	68	17	64,621.00
35	71	214,124.00	69	28	108,083.00
36	44	137,949.00	70	16	60,867.00
37	54	171,372.00	71	3	8,600.00
38	53	171,616.00	72	1	3,150.00
39	71	235,138.00	73	2	8,200.00
40	55	184,021.00			
41	80	266,013.00			
42	95	313,764.00			
43	117	401,807.00			
44	106	365,086.00			
45	125	431,782.00			
46	112	390,855.00			
47	109	376,148.00			
48	106	379,808.00			
49	103	368,931.00			
50	107	383,432.00			
51	71	259,532.00			
52	89	312,580.00			
53	84	294,259.00			
54	76	272,150.00			
			Totals	3,394	\$11,143,179.00