

**Employees Retirement System
of the State of
Rhode Island**

**TWENTY-SECOND ANNUAL REPORT
OF THE
RETIREMENT BOARD**

**For the Fiscal Year Ended
June 30, 1957**

Employees Retirement System of the
State of Rhode Island

TWENTY-SECOND ANNUAL REPORT

of the

RETIREMENT BOARD

For the Fiscal Year Ended

June 30, 1957

February 27, 1958

To his Excellency
The Honorable Dennis J. Roberts
Governor, State of Rhode Island
and Providence Plantations
Providence, Rhode Island

Sir:

I take pleasure in submitting herewith, for transmittal to the General Assembly, the TWENTY-SECOND ANNUAL REPORT of the Retirement Board of the Employees' Retirement System of the State of Rhode Island, setting forth the financial condition of the system at June 30, 1957, and the results of its operations for the fiscal year ended on that date.

Respectfully submitted,

Raymond H. Hawksley
Chairman

RETIREMENT BOARD
(as constituted June 30, 1957)

HON. RAYMOND H. HAWKSLEY, CHAIRMAN
General Treasurer

JOSEPH M. BOISVERT
Woonsocket

HON. GEORGE D. GREENHALGH
Chairman, Finance Committee
The Senate

HON. JOHN J. WRENN
Chairman, Finance Committee
House of Representatives

JAMES C. COLTON
Director of Administration

MORTIMER W. NEWTON
Director of Business Regulation

MICHAEL F. 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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FINANCIAL AND STATISTICAL FACTS

Financial

	<u>Fiscal Year Ended June 30</u>	
	<u>1957</u>	<u>1956</u>
Net Assets at End of Year	\$26,248,656.57	\$22,906,371.15
Investments	25,721,261.35	22,537,737.93
Total Income for Year	5,569,484.26	5,061,752.00
Member Contributions	2,348,342.64	2,221,274.83
State Contributions	1,744,750.00	1,601,815.25
Contributions by Cities and Towns	713,700.00	645,401.10
Total Expenditures	2,227,198.84	1,899,539.83
Pension and Benefit Payments	1,773,251.17	1,563,710.51
Refunds to Withdrawing Members	430,811.25	371,110.57

Statistical

Number of Members at End of Year:

Male	6,355	6,036
Female	7,299	6,824

Number of Members on Retirement at End of Year:

Male	276	247
Female	572	502

Number of Retirements During Year	147	108
Deaths Among Retirants During Year	48	31
Deaths Among Members	58	87
Number of Withdrawal Benefits (refunds)	1,183	920

Employees Retirement System of the
State of Rhode Island

TWENTY-SECOND ANNUAL REPORT
OF THE RETIREMENT BOARD

The Twenty-Second Annual Report of the Retirement Board of the Employees Retirement System of the State of Rhode Island is presented herewith.

This report embodies financial data showing the financial condition of the system at June 30, 1957, and the results of operations for the fiscal year ended on that date. Statistical data reflecting the operating experience of the system and the results of the regular actuarial valuation are also included.

MEMBERSHIP STATISTICS

<u>State Employees</u>	<u>Male</u>	<u>Female</u>	<u>Combined</u>
Number at July 1, 1956	4,632	3,060	7,692
Entrants during the year	<u>701</u>	<u>664</u>	<u>1,365</u>
Totals	<u>5,333</u>	<u>3,724</u>	<u>9,057</u>
Less, Separations -			
Deaths	39	7	46
Withdrawals with refund	435	387	822
Retirements	<u>40</u>	<u>21</u>	<u>61</u>
Number at June 30, 1957	<u><u>4,819</u></u>	<u><u>3,309</u></u>	<u><u>8,128</u></u>

<u>Teacher-members</u>	<u>Male</u>	<u>Female</u>	<u>Combined</u>
Number at July 1, 1956	1,404	3,764	5,168
Entrants during the year	<u>195</u>	<u>522</u>	<u>717</u>
Totals	<u>1,599</u>	<u>4,286</u>	<u>5,885</u>
Less, Separations -			
Deaths	1	11	12
Withdrawals with refunds	48	213	261
Retirements	<u>14</u>	<u>72</u>	<u>86</u>
Number at June 30, 1957	<u>1,536</u>	<u>3,990</u>	<u>5,526</u>

BENEFICIARIES

<u>State Employees</u>	<u>Male</u>	<u>Female</u>	<u>Combined</u>
Number at July 1, 1956	178	112	290
<u>Add</u> - Allowances during year	<u>39</u>	<u>22</u>	<u>61</u>
Totals	217	134	351
<u>Deduct</u> - Terminations by death	<u>19</u>	<u>12</u>	<u>31</u>
Number at June 30, 1957	<u>198</u>	<u>122</u>	<u>320</u>

Teacher-members

Number at July 1, 1956	69	390	459
<u>Add</u> - Allowances during year	<u>14</u>	<u>72</u>	<u>86</u>
Totals	83	462	545
<u>Deduct</u> - Terminations by death	<u>5</u>	<u>12</u>	<u>17</u>
Number at June 30, 1957	<u>78</u>	<u>450</u>	<u>528</u>

RESULTS OF OPERATIONS

Income for the year amounted to \$5,569,484.26. Expenditures for pension and benefit payments, refunds and other purposes, totalled \$2,227,198.84. Net income, being the excess of income over expenditures was \$3,342,285.42, resulting in an increase in reserves in that amount. This compares with a net income for the preceding fiscal year of \$3,162,212.17.

Total reserves at June 30, 1957, amounted to \$26,248,656.57. This compares with the amount of \$22,906,371.15 at the close of the preceding year. A comparison of the members' contribution credits and contingent reserves for the two years is as follows:

	<u>J u n e 3 0 t h</u>	
	<u>1957</u>	<u>1956</u>
Contribution credits -		
State employees	\$7,822,868.69	\$7,059,061.75
Teachers	5,923,327.27	5,026,543.67
Contingent reserve -		
State employees	8,782,643.07	7,555,863.36
Teachers	3,719,817.54	3,248,658.34

It will be noted that while the contingent reserve for the State employees has been maintaining a level substantially above the members' contribution credits, the reserve for teachers remains considerably below their contribution credits. The unsatisfactory

condition in the case of the teachers as compared the the State employees may be attributed to larger pension cost on their account due principally to the following factors: (1) longer service at retirement; (2) earlier retirement; and (3) greater longevity among pensioners.

INVESTMENTS

Investments at the close of the year classified according to types of security were as follows:

<u>Type of Investment</u>	<u>Par Value (or Cost)</u>	<u>Per Cent of Total</u>
United States Government	\$14,612,500.00	56.8%
International Bank for Reconstruction and Development Bonds	400,000.00	1.6
State of Rhode Island	264,000.00	1.0
Cities and Towns in Rhode Island	1,958,000.00	7.6
Canadian Securities	20,000.00	0.1
Corporate Bonds - Public Utility, Railroad and Industrial	4,377,000.00	17.0
Corporate Stocks	1,593,529.95	6.2
Bank Stocks (at cost)	<u>2,496,231.40</u>	<u>9.7</u>
TOTALS	<u><u>\$25,721,261.35</u></u>	<u><u>100.0%</u></u>

The average rate of income on investments for the year was 3.20%. This compares with an average rate of income for the preceding year of 2.93%.

A marked change in the distribution of investments as to types of security has occurred during recent years. United States Government securities five years ago represented more than 92% of the entire investment account. This proportion has been steadily reduced until at June 30, 1957, it stands at slightly below 56.8%. Corporate securities now comprise 17.0% of the account and investments in bank stocks have been increased where they now represent 9.7% of the total account.

A better balance has been established for the investment account between the various types of securities which are eligible for the investment of the retirement system reserves. At the same time the average yield on investments has been substantially increased.

APPROPRIATIONS

Appropriations by the General Assembly for the fiscal year ending June 30, 1957, were as follows:

State Employees

4½% of assumed payroll of the members for the year	\$1,134,000.00
Pension increases - Chapter 2037, P. L. 1948 on account of retired members	12,500.00
Pension increases - Chapter 3017, P. L. 1952 on account of retired members	15,700.00

(continued)

Teachers

Normal requirements - 3% of
assumed payroll of the members 1/ \$750,000.00

Pension increases -
Chapter 3000, P. L. 1952
for retired members 2,750.00

Special Appropriation

Hercules A. Altieri \$3,080.00

1/ The total contribution rate on account of teacher-members from the cities and towns is 6% of payroll. This is shared equally by the State and the Cities and Towns.

LEGISLATION

Legislation approved during the year affecting the system is summarized as follows:

Chapter 60. The ordinary death benefit shall be payable upon death of a member "before the first payment on the service retirement allowance is due and payable." Previously the benefit was limited only to deaths occurring prior to a member's termination of service.

Chapter 70. Teachers are made eligible for prior service credit, i. e. service prior to July 1, 1949, if they were in service during the 1949-1950 school year. Previously such teachers were required to be in service on July 1, 1949, in order to qualify for such credit. Any teacher not qualifying for prior service credit under such conditions, may become eligible therefor by completing five years of contributing service subsequent to July 1, 1949. Any permanent or long term substitute teacher who serves or who has served during a school year at least three quarters of the number of days that the public schools are required by law to be in session during such year are entitled to credit for a year of service.

Chapter 71. Any retired teacher may substitute as a teacher in the public schools of the state for a period of not more than 50 days in any one school year without any forfeiture or reduction in the retirement benefit payments.

In addition to the foregoing, four special acts were approved to permit employees specifically named therein to purchase certain service credit not allowed under the regular provisions of the retirement act. One retired state trooper has been made eligible for teaching service without cessation of his state pension payments. Ten other special acts were approved extending special pension payments to former state employees outside of the retirement law.

Chapter 98 amended the social security enabling law to permit the application of the "partition" plan of social security coverage whereby one retirement system would be established, for future entrants which would provide for full retirement system benefits and social security with participation therein compulsory as to such future entrants and optional as to present members. The second system would consist of the present plan of benefits and contributions limited only to present members who do not elect to join the new system.

Chapter 135 amended the Act governing the Municipal Employees Retirement System. The amendments, for the most part, established uniformity with the provisions governing State employees and teachers, with respect to disability and death benefits and refunds, and clarified the accounting procedures relating to the system. Certain administrative changes were also made.

Special legislative acts modifying the provisions of the retirement act for the purpose of providing service credits to certain state employees, or a special retirement or survivors benefits not specifically prescribed by the retirement act is decidedly objectionable from the standpoint of sound pension principle. Such legislation is discriminatory against the large number of members of the retirement system who are limited to the specific provisions of the act governing the retirement system. Furthermore, it is contrary to a constructive and objective pension policy for the State of Rhode Island uniformly applicable to all employees.

FINANCING THE SYSTEM'S OBLIGATIONS

In the annual report last year reference was made to a possible realignment of contribution rates on the part of the members and the employers in accordance with the actuary's recommendations.

The rate of contribution by the State on account of State employees was originally fixed at $4\frac{1}{2}\%$ of salaries. The rate of contribution on account of teacher members was set at 6% of salaries, to be shared equally by the State and the cities and towns. The law contemplates that the rates of contribution be examined periodically on the basis of operating experience and in the light of probable trends in respect to prospective payments to be made by the system reflecting actuarial determination.

During the year under review the actuary, after a survey of the problem, recommended certain upward adjustments in contribution rates to meet the upward trend in pension payments and in expectation of further substantial increases in future years. In view of the higher pension cost in the case of teacher members due to (1) greater longevity, (2) larger pension payments because of a higher salary level and (3) longer average period of service, part of the increases in rate on their account should be imposed on the teachers. The actuary recommended that since a retroactive application of such a change may create a hardship on the teacher members, the effective date thereof be fixed at July 1, 1958.

Following consideration of this report, the Retirement Board authorized an increase in the rate of contribution by the State on account of State employees from 4-1/2% to 5% of payroll. The Board further resolved that the rate of contributions on the part of the State and the cities and towns for teacher-members be increased from 6% to 7% of payroll, to be shared equally by the State and the cities and towns. It recommended also that the retirement act be amended to increase the rate of contributions by teacher-members from 5% to 6% of salary to give effect to the higher pension cost on account of these members.

The foregoing changes are all to become effective with the fiscal year beginning July 1, 1958.

FEDERAL SOCIAL SECURITY

The Commission on federal social security coverage for members of retirement systems in the State of Rhode Island recommended for the Employees Retirement System of the State of Rhode Island the "partition" plan of social security coverage. Under this plan members would be given the right to elect social security coverage in addition to the provisions of the retirement system without any change in such provisions. Thus the members would have the benefit of the two programs in full measure.

To implement this decision of the Commission, an amendment to the Federal Social Security Act was proposed to include the State of Rhode Island among the several States named in said Act as having authority to separate the retirement system into two parts, one for those members who did not desire social security in addition to the retirement system benefits and the other for those members who elected social security coverage, as well as for future entrants into the system who are to come into the new system compulsorily. Such amendment was approved.

Accordingly, a referendum on the question of partition and social security coverage, as required by Section 218 of the Federal Social Security Act was scheduled to be held prior to March 1, 1958. If a majority of the State employee members vote affirmatively in favor of this plan, the new system, providing for combined benefits, will become operative. In the case of teacher-members from the cities

and towns, each city or town must be considered as constituting a separate retirement system under the federal law. The teacher-members from each such system must vote as a separate group on this question. A majority approval of the individual group is required to make the plan effective as to such group.

CONCLUSION

The policies of the Board are directed constantly towards the improvement of the system in accordance with accepted concepts of good retirement planning and of efficient administration consistent with its basic aims and objectives.

Retirement Board
Employees Retirement System of the
State of Rhode Island

Chairman

Secretary

Employees Retirement System of the
State of Rhode Island

Statement of Cash Receipts and Disbursements
for the Fiscal Year ended June 30, 1957

Cash Balance July 1, 1956 \$ 368,633.22

Receipts:

State Contributions -		
Employees	\$1,080,000.00	
Teachers	664,750.00	
Cities and Towns Contributions -		
Teachers	713,700.00	
Member Contributions -		
Employees	1,217,178.00	
Teachers	1,131,164.64	
Contribution - Pension Increases	28,200.00	
Income on Investments	772,571.18	
Refunds	9.56	
Transfer - Special Account	3,380.00	
Investments (Matured)	363,000.00	
Discount on Sale of Investments	<u>50,000.00</u>	
	Total Receipts	<u>6,023,953.38</u>
	Total Available	\$6,392,586.60

Disbursements:

Refunds due to resignations -		
State Employees	\$ 321,494.59	
Teachers	109,316.66	
Pensions Paid -		
State Employees	466,076.06	
Teachers	1,281,317.49	
Pension Increases	25,857.62	
Purchase of Investments	3,596,523.42	
Accrued Interest on		
Investments Purchased	7,964.56	
Premium or Discount on		
Investments Purchased (Net)	14,127.54	
Postage and Insurance on		
Investments Purchased	44.32	
Discount on Investments Sold	<u>1,000.00</u>	
	Total Disbursements	<u>5,823,722.26</u>
	Cash Balance June 30, 1957	\$ 568,864.34

Employees Retirement System of the
State of Rhode Island

INVESTMENTS

<u>Description</u>	<u>Rate</u>	<u>Maturities</u>	<u>Par Value (Bonds) Or Cost (Stocks)</u>
<u>United States of America:</u>			
Savings Bonds, Series G	2-1/2%	9/ 1/59	\$ 100,000.00
Savings Bonds, Series G	2-1/2	7/ 1/60	750,000.00
Savings Bonds, Series G	2-1/2	12/ 1/61	100,000.00
Savings Bonds, Series G	2-1/2	2/ 1/62	100,000.00
Savings Bonds, Series G	2-1/2	10/ 1/62	1,000,000.00
Savings Bonds, Series G	2-1/2	1/ 1/64	100,000.00
Savings Bonds, Series G	2-1/2	3/15/70	195,000.00
Savings Bonds, Series G	2-1/2	3/15/71	250,000.00
Treasury Bonds, Series K	2.76	7/ 1/66	100,000.00
Treasury Bonds	2-3/8	3/15/59	30,000.00
Treasury Bonds	2-1/2	3/15/58	30,000.00
Treasury Bonds	2-1/2	11/15/61	130,000.00
Treasury Bonds	2-1/2	12/ 1/68	100,000.00
Treasury Bonds	2-1/2	12/15/68-63	2,750,000.00
Treasury Bonds	2-1/2	12/15/69-64	100,000.00
Treasury Bonds	2-1/2	6/15/72-67	2,550,000.00
Treasury Bonds	2-1/2	9/15/72-67	97,500.00
Treasury Bonds	2-1/2	12/15/72-67	700,000.00
Treasury Bonds	2-3/4	12/15/65-60	90,000.00
Treasury Bonds	2-3/4	4/ 1/80-75	3,450,000.00
Treasury Bonds	3-1/4	6/15/83-78	1,825,000.00
Federal Land Banks	2-1/4	5/ 1/59	15,000.00
Federal Land Banks	2-1/2	2/ 1/60	50,000.00
			<hr/>
			\$14,612,500.00
<u>State of Rhode Island:</u>			
Blackstone Valley Sewer District Loan of 1952:			
Series B	2-1/2	5/ 1/86	\$ 50,000.00
Series C	2-3/4	8/ 1/83	120,000.00
Highway Improvement Loan of 1955, Series A	3-1/4	3/ 1/84	50,000.00
Penal and Charitable Institutions	4	3/ 1/77	10,000.00
Third Courthouse Loan	4	3/20/81	22,000.00
State Office Building - Registered	4	6/ 1/77	12,000.00
			<hr/>
			264,000.00

(Continued)

Investments - (Continued)

<u>Description</u>	<u>Rate</u>	<u>Maturities</u>	<u>Par Value (Bonds) Or Cost (Stocks)</u>
City of Central Falls:			
Refunding	2-3/4	6/ 1/66-67	\$ 13,000.00
Refunding	2.90	6/ 1/73-74	7,000.00
Refunding	3.90	8/ 1/71	35,000.00
School	2-1/4	7/ 1/68	10,000.00
			<hr/>
			\$ 65,000.00
City of Cranston:			
Construction and Equipment	1-3/4%	7/ 1/63	\$ 10,000.00
School, Series A	2-1/2	6/ 1/76	45,000.00
School, Series E	2.70	2/15/78-79	68,000.00
School, Series C	2.90	11/15/76-78	70,000.00
School, Series B	3.60	7/ 1/69-76	65,000.00
Sewerage, Series E	1-3/4	10/ 1/80-81	5,000.00
Sewerage, Series H	1.80	3/ 1/76	10,000.00
Sewerage, Series D	2	6/ 1/78	4,000.00
Sewerage, Series I	2-1/2	6/ 1/76	15,000.00
			<hr/>
			292,000.00
Town of Cumberland:			
School	3-1/2	5/15/77-79	\$ 90,000.00
Water Supply Installation	1.90	1/ 1/76	3,000.00
Water	3-1/2	5/15/77-79	60,000.00
			<hr/>
			153,000.00
Town of East Providence:			
School Building	2.20	3/ 1/72	\$ 25,000.00
School Building	2-1/2	7/ 1/70	25,000.00
School Building	3-1/2	4/ 1/69	7,000.00
School Building	2-1/2	7/ 1/70-76	48,000.00
Sewer Trunk Extension	2.70	2/ 1/67	95,000.00
Sewer	3-1/2	4/ 1/65-69	145,000.00
Sewer	2.70	2/ 1/67	5,000.00
			<hr/>
			350,000.00
Town of Gloucester:			
School Construction and Extension	2.70	8/ 1/67-69	30,000.00
Town of Hopkinton:			
School Building and Equipment	2-3/4	12/ 1/82-84	20,000.00

(Continued)

Investments - (Continued)

Description	Rate	Maturities	Par Value (Bonds) Or Cost (Stocks)	
			\$	
Town of Jamestown: School Construction	3 %	12/ 1/72-74	\$	30,000.00
Town of Johnston: Sanitary District Sewer School	3-1/2 2.90	9/ 1/87 9/ 1/65-74	\$	50,000.00 <u>107,000.00</u>
				157,000.00
Town of Lincoln: Elementary School Building and Equipment	3-1/2	3/ 1/76	\$	30,000.00
Junior High School Building and Equipment	2.35	3/ 1/67		<u>15,000.00</u>
				45,000.00
Town of Narragansett: Beach Development Beach Repair	3 2.70	4/ 1/59-63 1/ 1/77-80	\$	21,000.00 <u>48,000.00</u>
				69,000.00
City of Newport: Sewer and Anti-Pollution Water Works	3.70 2-1/4	7/ 1/76 3/ 1/68-70	\$	15,000.00 <u>9,000.00</u>
				24,000.00
Town of North Kingstown: School	2.75	2/ 1/65		15,000.00
Town of North Providence: Funding	3	7/ 1/62-72	\$	32,000.00
Funding	3	6/ 1/72-73		10,000.00
Funding	3-1/2	7/ 1/75		15,000.00
Highway Reconstruction	3-1/2	7/ 1/63-76		75,000.00
Sewer	3	9/ 1/67		35,000.00
Sewer	3	6/ 1/72-74		15,000.00
Sewer	3-1/2	7/ 1/63		<u>5,000.00</u>
				187,000.00

(Continued)

Investments -(Continued)

<u>Description</u>	<u>Rate</u>	<u>Maturities</u>	<u>Par Value (Bonds) Or Cost (Stocks)</u>
City of Pawtucket:			
Park	2-1/4	7/ 1/60-61	\$ 20,000.00
Refunding	2-3/4	6/ 1/68	3,000.00
Water	2-5/8	9/ 1/67	<u>5,000.00</u>
			\$ 28,000.00
Town of Portsmouth:			
Fire District Water	4-1/4	5/ 1/76-79	65,000.00
City of Providence:			
Fire Department			
Modernization	2	1/ 1/74	\$ 20,000.00
Highway Construction	2	1/ 1/74	4,000.00
Sewer Construction	2	1/ 1/74	16,000.00
Water Supply	4	1/ 3/68	35,000.00
Water Supply	4-1/4	2/ 1/64	<u>46,000.00</u>
			121,000.00
Town of Richmond:			
School	4	4/ 1/59-62	4,000.00
Town of Smithfield:			
School	2-3/4	6/ 1/67-76	50,000.00
City of Warwick:			
Highway	2.40%	10/ 1/73-74	\$ 35,000.00
School	2.70	12/ 1/84-86	30,000.00
School	3.10	12/ 1/68	2,000.00
School	3-1/4	10/ 1/79	5,000.00
Water	4-1/2	10/ 1/72-73	<u>24,000.00</u>
			96,000.00
Town of West Warwick:			
School	2-3/4	11/ 1/57-58	\$ 6,000.00
Sewer	2-1/2	7/ 1/58-71	28,000.00
Sewer	2.70	7/ 1/78-79	30,000.00
Sewer	2-3/4	2/ 1/63	<u>15,000.00</u>
			79,000.00

(Continued)

Investments - (Continued)

<u>Description</u>	<u>Rate</u>	<u>Maturities</u>	<u>Par Value (Bonds) Or Cost (Stocks)</u>
City of Woonsocket: Junior High School Sewer Water	4-1/4% 4-1/2 4-1/4	4/15/71-77 6/ 1/72-74 6/ 1/66	\$ 48,000.00 25,000.00 5,000.00
			\$ 78,000.00
Province of Quebec, Dominion of Canada	3	7/15/57	20,000.00
American Telephone & Telegraph Co.:			
Debentures	3-3/8	12/ 1/73	\$ 50,000.00
Debentures	3-7/8	7/ 1/90	100,000.00
Debentures	4-3/8	4/ 1/85	100,000.00
			250,000.00
Appalachian Electric Power Co.:			
First Mortgage	3-1/4	12/ 1/70	\$ 20,000.00
First Mortgage	4-5/8	3/ 1/87	25,000.00
			45,000.00
Atchison, Topeka and Santa Fe:			
General Mortgage	4	10/ 1/95	10,000.00
Baltimore & Ohio Railroad Co.:			
First Consolidated Mortgage, Series B	4	9/ 1/80	50,000.00
Beacon Associated, Inc.:			
Sinking Fund Subordinated Debentures	5-3/4	1/ 1/70	100,000.00
Bethlehem Steel Corporation:			
Consolidated Mortgage Sinking Fund, Seried K	3	1/ 1/79	100,000.00
Boston & Maine Railroad Co.:			
Equipment Trust	6	3/ 1/67	25,000.00

(Continued)

Investments - (Continued)

<u>Description</u>	<u>Rate</u>	<u>Maturities</u>	<u>Par Value (Bonds) Or Cost (Stocks)</u>
C. I. T. Financial Corp.:			
Temporary Debentures	3-5/8%	9/ 1/70	\$ 50,000.00
Debentures	4-1/4	10/ 1/71	<u>75,000.00</u>
			\$ 125,000.00
Central Maine Power Co.:			
First and General Mortgage	3-3/8	4/ 1/85	\$ 50,000.00
First and General Mortgage	3-1/2	10/ 1/70	<u>18,000.00</u>
			68,000.00
Chesapeake and Ohio Railroad Co.:			
Equipment Trust	2-7/8	12/ 1/61	\$ 50,000.00
Equipment Trust	3	2/20/60-70	100,000.00
Refunding and Improvement Mortgage, Series E	3-1/2	8/ 1/96	9,000.00
Refunding and Improvement Mortgage, Series H	3-7/8	12/ 1/73	<u>94,000.00</u>
			253,000.00
Chicago and Union Station:			
First Mortgage, Series F	3-1/8	7/ 1/63	10,000.00
Chicago, Burlington, & Quincy Railroad Co.:			
First and Refunding Mortgage	2-7/8	8/ 1/70	50,000.00
Chicago, Milwaukee, St. Paul, & Pacific Railroad Co.:			
Equipment Trust, Series UU	3-3/8	7/ 1/59	100,000.00
Columbia Gas System, Inc.:			
Debentures, Series E	3-5/8	9/ 1/80	100,000.00
Commonwealth Edison Company:			
Sinking Fund Debentures	3-3/8	10/ 1/2004	75,000.00
Continental Oil Co.:			
Sinking Fund Debentures	3	11/ 1/84	50,000.00
Detroit Edison Company:			
Refunding Mortgage	3-1/4	5/15/80	100,000.00

(Continued)

Investments - (Continued)

<u>Description</u>	<u>Rate</u>	<u>Maturities</u>	<u>Par Value (Bonds) Or Cost (Stocks)</u>
Douglas Aircraft Co., Inc. Convertible Subordinate Debentures	4%	2/ 1/77	\$ 10,000.00
Duke Power Company: First Mortgage Refunding	3	1/ 1/75	100,000.00
Duquesne Light Company: First Mortgage	3-1/8	7/ 1/84	50,000.00
Florida Light and Power Co.: First Mortgage	3-1/8	6/ 1/78	100,000.00
General Electric Company: Debentures	3-1/2	5/ 1/76	50,000.00
General Motors Acceptance Corp.: Debentures	3-1/2	3/15/72	\$ 150,000.00
Debentures	3-5/8	9/ 1/75	100,000.00
			<hr/> 250,000.00
General Telephone Company of California: First Mortgage	4-1/2	9/ 1/86	50,000.00
Gulf, Mobile, and Ohio Railroad Co.: Equipment Trust, Series G	3-1/8	3/ 1/62	10,000.00
Illinois Bell Telephone Co.: First Mortgage Series C	3-1/8	4/ 1/84	\$ 45,000.00
First Mortgage	4-1/4	3/ 1/88	50,000.00
			<hr/> 95,000.00
International Bank for Reconstruction and Development Bonds	3-1/2	10/15/71	400,000.00
Long Island Lighting Company: First Mortgage, Series H	3-3/8	11/ 1/85	50,000.00
Mount Hope Bridge Authority: Bridge Revenue	2.60	12/ 1/69	250,000.00

(Continued)

Investments - (Continued)

<u>Description</u>	<u>Rate</u>	<u>Maturities</u>	<u>Par Value (Bonds) Or Cost (Stocks)</u>
Narragansett Electric Co.:			
First Mortgage, Series A	3%	9/ 1/74	\$ 8,000.00
First Mortgage, Series E	3-1/2	3/ 1/86	<u>200,000.00</u>
			\$ 208,000.00
New Jersey Bell Telephone Co.:			
Debentures	3-1/4	5/ 1/84	100,000.00
New York Central Railroad Co.:			
Equipment Trust	3-5/8	9/15/59-60	\$ 100,000.00
Second Equipment Trust of 1952	2-1/8	5/15/63	<u>3,000.00</u>
			103,000.00
New York, New Haven, & Hartford Railroad Co.:			
Equipment Trust, Series A	3-3/4	1/ 1/63-66	70,000.00
New York Telephone & Telegraph Co.:			
Refunding Mortgage, Series H	3	10/15/89	100,000.00
Northern Pacific Railway Co.:			
Equipment Trust	3-1/8	2/16/69	100,000.00
Pacific Gas & Electric Co.:			
First and Refunding Mortgage, Series Z	3-3/8	12/ 1/88	\$ 50,000.00
First and Refunding Mortgage	4-1/2	12/ 1/86	<u>50,000.00</u>
			100,000.00
Pacific Telephone & Telegraph Co.:			
Debentures	3-1/8	11/15/89	\$ 50,000.00
Debentures	3-5/8	8/15/91	50,000.00
Debentures	4-3/8	8/15/88	<u>100,000.00</u>
			200,000.00

(Continued)

Investments - (Continued)

<u>Description</u>	<u>Rate</u>	<u>Maturities</u>	<u>Par Value (Bonds) Or Cost (Stocks)</u>
Pennsylvania Electric Co.: First Mortgage	3-1/8%	3/ 1/84	\$ 90,000.00
Pennsylvania Railroad Co.: General Mortgage, Series A	4-1/2	6/ 1/65	12,000.00
Philadelphia Electric Co.: First Refunding Mortgage	3-1/8	4/ 1/85	50,000.00
Phillips Petroleum Co.: Sinking Fund Debentures	2-3/4	2/ 1/64	27,000.00
Proctor & Gamble Corp.: Debentures	3-7/8	9/ 1/81	25,000.00
Public Service Company of New Hampshire: First Mortgage, Series H	3-1/4	11/ 1/84	75,000.00
Public Service Electric & Gas Co.: Debentures	4-5/8	3/ 1/77	50,000.00
Seaboard Air Line Railroad Co.:			
Equipment Trust, Series P	2-7/8	11/ 1/69	\$ 50,000.00
Equipment Trust, Series K	3	11/15/65	<u>10,000.00</u>
			60,000.00
Southern Pacific Company:			
Equipment Trust, Series NN	2-5/8	4/ 1/68	\$ 10,000.00
Equipment Trust, Series RR	3-1/8	9/ 1/68	<u>50,000.00</u>
			60,000.00
Southern Railway Company:			
Equipment Trust, Series TT	3	8/ 1/63	10,000.00
Southwestern Public Service Company:			
First Mortgage	3.35	2/ 1/81	50,000.00
Standard Oil Company of New Jersey:			
Debentures	2-3/8	5/15/71	100,000.00

(Continued)

Investments - (Continued)

<u>Description</u>	<u>Rate</u>	<u>Maturities</u>	<u>Par Value (Bonds) Or Cost (Stocks)</u>
Tennessee Gas Transmission Co.:			
First Mortgage Pipe Line	3-7/8%	2/ 1/76	\$ 50,000.00
First Mortgage Pipe Line	4-3/4	11/ 1/76	<u>75,000.00</u>
			\$ 125,000.00
Texas, New Mexico Railway Co.:			
Equipment Trust, Series A	2-3/4	5/ 1/61	10,000.00
Wabash Railroad Company:			
Equipment Trust, Series D	2-3/4	1/ 1/63	\$ 10,000.00
Equipment Trust, Series G	3	4/ 1/67	<u>50,000.00</u>
			60,000.00
Washington Water Power Co.:			
First Mortgage	3-1/2	6/ 1/64	16,000.00
Wisconsin Public Service Corp.:			
First Mortgage	3-1/4	10/ 1/84	50,000.00
Blackstone Valley Gas & Electric Co. - 5.6% Preferred - 1,000 shares			101,820.00
Boston Edison Company - 4.25% Cumulative Preferred - 500 shares			50,812.50
Narragansett Electric Company - 4-1/2% Cumulative Preferred - 900 shares			47,400.00
Southern California Edison Co. - 4.24% Cumulative Preferred - 2,000 shares			51,100.00
Affiliated Fund, Inc. - 24,600 shares			150,530.88
Bank of America - 3,500 shares			133,328.65
Bankers Trust Company of New York - 500 shares			20,390.00
Boston Fund, Inc. - 8,900 shares			150,842.97
Central and South West Corp. - 1,000 shares			36,750.00

(Continued)

Investments - (Continued)

<u>Description</u>	<u>Par Value (Bonds)</u> <u>Or Cost (Stocks)</u>
Chase Manhattan Bank - New York - 1,500 shares	\$ 60,812.50
Chemical Corn Exchange Bank Co., New York - 1,300 shares	49,346.50
Continental-Illinois National Bank & Trust Company of Chicago - 3,000 shares	263,900.00
Diversified Investment Fund, Inc. - 10,300 shares	100,219.00
First City National Bank, Houston - 600 shares	29,902.86
First National Bank of Boston - 1,200 shares	71,325.00
First National City Bank of New York - 1,000 shares	39,052.22
Fundamental Investors, Inc. - 8,900 shares	150,943.27
General Motors Corporation - 3,000 shares	94,443.75
Gorham Manufacturing Co. - 2,000 shares	52,000.00
Guaranty Trust Company - New York - 3,600 shares	234,496.25
The Hanover Bank - New York - 1,000 Shares	37,813.00
Incorporated Investors - 10,100 shares	100,798.00
Industrial National Bank of Providence - 14,400 shares	374,664.35
Iowa Electric Light & Power Co. - 1,700 shares	49,300.00
Irving Trust Company - New York - 6,000 shares	159,687.50
Manufacturers Trust Co. - New York - 2,000 shares	82,712.50
Massachusetts Investors Trust - 15,000 shares	169,091.28
Merchants National Bank of Boston - 1,500 shares	65,000.00
National Shawmut Bank of Boston - 2,000 shares	94,887.50
New York Trust Company - New York - 400 shares	23,125.00
The Outlet Company - 600 shares	42,914.75

(Continued)

Investments - (Continued)

<u>Description</u>	<u>Par Value (Bonds) Or Cost (Stocks)</u>
Plantations Bank of Rhode Island - 115 shares	\$ 6,398.57
Rhode Island Hospital Trust Company - 7,800 shares	631,707.75
Second Bank - State Street Trust Co. - 1,300 shares	81,575.00
Shawmut Association - 1,000 shares	23,750.00
Socony Mobil Oil Company, Inc. - 1,000 shares	49,105.00
Transamerica Corp. - 500 shares	20,750.00
U. S. Trust Company of New York - 500 shares	36,106.25
Wellington Fund, Inc. - 11,000 shares	<u>150,958.55</u>
TOTAL INVESTMENTS - EMPLOYEES' RETIREMENT FUND	<u><u>\$25,721,261.35</u></u>

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, 1957

This report presents 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, 1957.

Basis of valuation

The benefit and contribution provisions of the plan of operation governing the system forming the basis of this valuation are summarized in the appendix.

The valuation was made according to the 1937 Standard Annuity Mortality Table and 3% interest.

Membership

	- State Employees -	
	Male	Female
Number of members	4,819	3,309
Proportion of total	59.3%	40.7%
Annual salaries	\$19,096,968.00	\$10,923,439.00
Average age	46.8	42.2
Average total service	8.3	7.4

	- Teacher-members -	
	Male	Female
Number of members	1,536	3,990
Proportion of total	27.8%	72.2%
Annual salaries	\$7,741,941.00	\$19,500,498.00
Average age	41.0	44.8
Average total service	11.3	15.0

Beneficiaries

State Employees - Male

	<u>Number</u>	<u>Annual Payments</u>	<u>Reserve Requirements</u>
Retirement annuities -			
Maximum rate	134	\$170,622	\$1,508,859
Option 1	25	30,958	228,978
Option 2	15	21,479	296,022
Option 3	8	17,030	203,913
Actuarial equivalent	1	1,349	17,090
Disability annuities -			
Ordinary disability	9	10,603	131,453
Ordinary disability -			
Option 1	1	644	8,156
Accidental disability	5	2,088	29,574
Totals	198	\$254,773	\$2,424,045

(continued)

Beneficiaries - (Continued)

State Employees - Female

	<u>Number</u>	<u>Annual Payments</u>	<u>Reserve Requirements</u>
Retirement annuities -			
Maximum rate	93	\$107,994	\$1,185,643
Option 1	13	15,258	141,646
Actuarial equivalent	2	5,530	88,335
Disability annuities -			
Ordinary disability	6	3,401	51,371
Ordinary disability -			
Option 1	1	645	8,696
Accidental disability	2	2,524	33,229
Beneficiary annuities	<u>5</u>	<u>5,955</u>	<u>66,339</u>
Totals	<u>122</u>	<u>\$141,307</u>	<u>\$1,575,259</u>

Teachers - Male

	<u>Number</u>	<u>Annual Payments</u>	<u>Reserve Requirements</u>
Retirement annuities -			
Maximum rate	52	\$139,787	\$1,345,442
Option 2	8	14,338	209,108
Option 3	9	21,198	271,459
Actuarial equivalent	4	8,711	119,163
Disability annuities -			
Ordinary disability	<u>5</u>	<u>7,874</u>	<u>109,961</u>
Totals	<u>78</u>	<u>\$191,908</u>	<u>\$2,055,133</u>

(continued)

Beneficiaries - (Continued)

Teachers - Female

	<u>Number</u>	<u>Annual Payments</u>	<u>Reserve Requirements</u>
Retirement annuities -			
Maximum rate	412	\$ 985,998	\$11,094,227
Option 1	5	11,680	123,557
Option 2	2	2,741	42,819
Option 3	1	1,627	21,781
Actuarial equivalent	3	8,018	125,532
Disability annuities -			
Ordinary disability	26	38,397	600,042
Accidental disability	<u>1</u>	<u>2,667</u>	<u>60,334</u>
Totals	<u>450</u>	<u>\$1,051,128</u>	<u>\$12,068,292</u>

Summary of beneficiaries

	<u>Number</u>	<u>Annual Payments</u>	<u>Reserve Requirements</u>
State Employees -			
Male	198	\$ 254,773	\$ 2,424,045
Female	122	141,307	1,575,259
Teachers -			
Male	78	191,908	2,055,133
Female	<u>450</u>	<u>1,051,128</u>	<u>12,068,292</u>
Totals	<u>848</u>	<u>\$1,639,116</u>	<u>\$18,122,729</u>

Results of valuation - Unfunded liability \$48,645,898.00

Total liabilities at June 30, 1957, amounted to \$98,567,284.00, of which the sum of \$67,370,377.00, had accrued at June 30, 1957. The assets available to meet these liabilities, after providing for future refunds, totalled \$18,724,479.00. The accrued unfunded obligation, therefore, was \$48,645,898.00. This constitutes a deferred obligation of the State of Rhode Island and the cities and towns, to be discharged by future contributions under the prescribed method of financing.

Reserves for annuities and benefits - \$18,122,729.00

The reserve liabilities on account of persons in receipt of pensions and benefits constitute the amounts required to pay out these pensions and benefits during the remainder of the lifetime of the beneficiaries.

Accrued liability on active members - \$49,247,648.00

This liability consists of the earned pension credits of the State employees and teachers prior to July 1, 1936 and July 1, 1949, respectively, and earned pension credits for service rendered by the members between those dates and June 30, 1957.

Future service liability - \$31,196,907.00

This liability represents the value of the benefits to be earned by the present members during service subsequent to June 30, 1957. Effect has been given to the probable separations from service of certain members during future years due to death or resignation.

Other benefits

The experience of the system for a number of years indicates that a much smaller number of claims for death and disability benefits has been incurred than in the case with other governmental agencies. Disability claims will probably increase in future years, especially in the case of teacher-members although a reverse trend may be expected in connection with death incidents.

Valuation balance sheet

The accompanying Valuation Balance Sheet presents the financial condition of the system from a technical standpoint at June 30, 1957, taking into account all accrued and prospective liabilities for benefit payments to be made subsequent to that date.

VALUATION BALANCE SHEET - JUNE 30, 1957

A S S E T S

PRESENT ASSETS

Net present assets	\$26,248,656.00	
Less, releases of member contributions on account of refunds and death benefits	<u>7,524,177.00</u>	\$18,724,479.00

DEFERRED ASSETS

Obligation of the members and the employer for retirement and disability annuities covering service of members for the remainder of their active working lifetime subsequent to June 30, 1957 -

State Employees -		
Members	\$ 5,585,912.00	
State	<u>8,480,773.00</u>	14,066,685.00
Teachers -		
Members	\$ 4,946,180.00	
State	6,092,021.00	
Cities and towns	<u>6,092,021.00</u>	17,130,222.00

DEFERRED OBLIGATION OF THE STATE OF RHODE ISLAND AND CITIES AND TOWNS

Accrued Unfunded Liability - Present value of annuities and benefits in force, and accrued liabilities for retirement annuities and disability annuities on account of service prior to July 1, 1957, after credit for available present assets	<u>48,645,898.00</u>
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Total Assets	<u>\$98,567,284.00</u>
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VALUATION BALANCE SHEET - JUNE 30, 1957

L I A B I L I T I E S

ACCRUED LIABILITIES

Reserve requirements
for annuities and
benefits in force -

State Employees	\$ 3,999,304.00	
Teachers	<u>14,123,425.00</u>	\$18,122,729.00

Present value of accrued
requirements for retire-
ment annuities, disability
annuities and death bene-
fits at June 30, 1957 -

State Employees -

Male	\$11,289,695.00	
Female	<u>5,245,790.00</u>	16,535,485.00

Teachers -

Male	\$ 6,389,174.00	
Female	<u>26,322,989.00</u>	32,712,163.00

PROSPECTIVE LIABILITIES

Present value of retirement
annuities and disability
annuities on account of
service to be rendered
after June 30, 1957 -

State Employees	\$14,066,685.00	
Teachers	<u>17,130,222.00</u>	<u>31,196,907.00</u>

Total Liabilities \$98,567,284.00

The valuation discloses that the unfunded accrued liability of the system increased during the year from \$41,967,246.85 to \$48,645,898.00. This increase was due principally to the partial reserve method of financing the system.

To a minor extent it may be attributed to a substantial increase in salary rates of the members, particularly State employees, effective July 1, 1957. While the effective date is after the date of valuation, this change was taken into account. Although the salary scale applied in previous valuations provided for systematic increases in salaries, the relatively large increase that occurred on July 1, 1957 necessitated a revision of the salary scale to conform to a new set of conditions.

Under the method of financing prescribed for the system, the unfunded accrued liability will continue to increase for a number of years. This increase can be mitigated by an upward adjustment in contribution rates on the part of the State and the cities and towns, as well as the members of the system. The necessity for such adjustment is indicated by the operating experience of the past years and by a computed projection of expected payments by the system for the ensuing ten years.

To illustrate the financial status of the system at this time on a current basis, a comparison is made of total present assets with the amount of current and matured obligations. The latter item is represented by the contribution credit accounts of the

computed estimates. Cost calculations disclose that the following increases in contribution rates will be necessary.

On account of State employees	1/2 of 1% of payroll
On account of teacher members	2% of payroll

In the case of State employees, it is recommended that the increase be assumed entirely by the State. For teacher members, however, the increase in rate should be imposed on both the teachers and the employers, and divided equally between them. Thus, the teachers would contribute an additional 1% of salary, and the State and cities and towns, as employers, would contribute an additional 1%. Pension cost in the case of the teachers is considerably higher than for State employees due principally to greater longevity and an increase in rate to the teachers is warranted.

An adjustment in contributions by the members will require legislative action since the rate of contribution by members is specifically prescribed by Chapter 18. An increase in contributions by the employers may be authorized by the retirement board.

It is recommended that the changes in rate be made effective as of the beginning of the next fiscal year, namely, July 1, 1958.

Statistics illustrating the upward trend in membership and annuitants, and in pension and death benefit payments, during the last 10 years are as follows:

<u>June 30th</u>	<u>Members</u>		<u>Annuitants</u>	
	<u>State</u>		<u>State</u>	
	<u>Employees</u>	<u>Teachers</u> ^{1/}	<u>Employees</u>	<u>Teachers</u> ^{1/}
1948	4446	-	139	-
1949	4700	-	155	-
1950	5688	4287	162	137
1951	5805	4464	178	198
1952	6410	4558	188	243
1953	6538	4681	213	307
1954	7039	4745	239	374
1955	7259	4823	255	417
1956	7692	5168	290	459
1957	8128	5526	320	528

^{1/} Teachers became members on July 1, 1949

<u>Year Ended</u> <u>June 30th</u>	<u>Pension and Death Benefit Payments</u>	
	<u>State</u>	
	<u>Employees</u>	<u>Teachers</u>
1948	\$116,200.00	-
1949	149,000.00	-
1950	193,700.00	\$ 251,200.00
1951	198,500.00	365,400.00
1952	254,300.00	465,500.00
1953	301,200.00	620,200.00
1954	324,700.00	788,600.00
1955	362,600.00	923,700.00
1956	467,600.00	1,096,000.00
1957	491,900.00	1,281,300.00

Investment policy

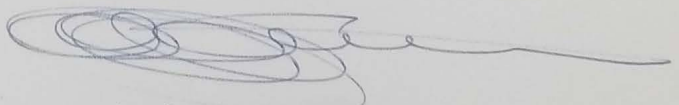
A broader distribution of investments has occurred during recent years resulting not only in greater diversification of investment but also in considerably larger income. A more enlightened policy has been established, within conservative limitations.

It has been noted that funds are being diverted in increasing amounts to corporate securities and high grade common stocks of banks and mutual funds. This reflects a realistic approach to an important basic problem in the operation of the retirement system and is in accord with the underlying trend in the investment operations of retirement systems.

Conclusion

The adjustments in rates of contribution discussed herein, and recommended to the retirement board in a previous report, are necessary for the maintenance of a condition of financial stability for the system and to insure its continued progress. It is hoped that these adjustments will promptly be made.

Respectfully submitted,



A. A. Weinberg
Actuary

Employees Retirement System of the
State of Ohio

Summary of Benefit and Contribution Provisions

As of June 30, 1970

A P P E N D I X A

Summary of Benefit and Contribution Provisions

Employees Retirement System of the
State of Rhode Island

SUMMARY OF BENEFIT AND CONTRIBUTION PROVISIONS

In force June 30, 1957

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 $1-2/3\%$ of average compensation, $\frac{1}{5}$ 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.

$\frac{1}{5}$ 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.

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.

A member qualifying for this benefit but not having completed 15 years of service, is entitled to receive the benefit prescribed 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.

Occupational disability benefit

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

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 amount of \$500.00 and a maximum of \$5,000.00.

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.

Occupational death benefit

Upon death of a member due to occupational causes, his accumulated contributions, including interest, are payable to such person 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 upon death of the widow, 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 minor child or children, the benefit is payable to a dependent father or mother for life.

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 retirement benefits paid to him. The minimum payment in such a case is an amount equal to five monthly installments of the retirement allowance, or the sum of \$300.00, whichever is the greater.

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 fiscal year are to 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 from 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 school or institution not operated for profit is allowed, not exceeding a total of 10 years, upon payment of certain contributions. 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. The minimum was increased in 1952 under a formula which provided an additional amount of not less than \$200.00 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. This amount was increased in 1952 under a formula which provided an additional payment of not less than \$200.00 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.

A P P E N D I X B

Statistical Tables

Year	Number of Members	Annual Salary
1	1	100.00
2	2	200.00
3	3	300.00
4	4	400.00
5	5	500.00
6	6	600.00
7	7	700.00
8	8	800.00
9	9	900.00
10	10	1000.00
11	11	1100.00
12	12	1200.00
13	13	1300.00
14	14	1400.00
15	15	1500.00
16	16	1600.00
17	17	1700.00
18	18	1800.00
19	19	1900.00
20	20	2000.00
21	21	2100.00
22	22	2200.00
23	23	2300.00
24	24	2400.00
25	25	2500.00
26	26	2600.00
27	27	2700.00
28	28	2800.00
29	29	2900.00
30	30	3000.00
31	31	3100.00
32	32	3200.00
33	33	3300.00
34	34	3400.00
35	35	3500.00
36	36	3600.00
37	37	3700.00
38	38	3800.00
39	39	3900.00
40	40	4000.00
41	41	4100.00
42	42	4200.00
43	43	4300.00
44	44	4400.00
45	45	4500.00
46	46	4600.00
47	47	4700.00
48	48	4800.00
49	49	4900.00
50	50	5000.00
51	51	5100.00
52	52	5200.00
53	53	5300.00
54	54	5400.00
55	55	5500.00
56	56	5600.00
57	57	5700.00
58	58	5800.00
59	59	5900.00
60	60	6000.00
61	61	6100.00
62	62	6200.00
63	63	6300.00
64	64	6400.00
65	65	6500.00
66	66	6600.00
67	67	6700.00
68	68	6800.00
69	69	6900.00
70	70	7000.00
71	71	7100.00
72	72	7200.00
73	73	7300.00
74	74	7400.00
75	75	7500.00
76	76	7600.00
77	77	7700.00
78	78	7800.00
79	79	7900.00
80	80	8000.00
81	81	8100.00
82	82	8200.00
83	83	8300.00
84	84	8400.00
85	85	8500.00
86	86	8600.00
87	87	8700.00
88	88	8800.00
89	89	8900.00
90	90	9000.00
91	91	9100.00
92	92	9200.00
93	93	9300.00
94	94	9400.00
95	95	9500.00
96	96	9600.00
97	97	9700.00
98	98	9800.00
99	99	9900.00
100	100	10000.00
TOTALS	4,000	200,000.00

Employees Retirement System of the
State of Rhode Island

TABLE 1

Showing Number of Members and Annual Salaries
Classified by Age

STATE EMPLOYEES - MALE

<u>Age</u>	<u>Number</u>	<u>Annual Salaries</u>	<u>Age</u>	<u>Number</u>	<u>Annual Salaries</u>
	1	\$ 1,860.00	50	141	\$ 612,084.00
16	12	23,175.00	51	143	608,484.00
17	22	46,290.00	52	139	616,151.00
18	34	73,196.00	53	139	624,634.00
19			54	133	586,452.00
20	32	71,449.00			
21	49	128,971.00	55	111	459,902.00
22	42	102,501.00	56	120	512,323.00
23	47	123,070.00	57	147	591,220.00
24	53	144,265.00	58	112	462,246.00
			59	150	598,426.00
25	61	164,112.00			
26	65	202,949.00	60	112	435,360.00
27	80	252,945.00	61	117	468,033.00
28	60	180,074.00	62	101	412,298.00
29	62	210,098.00	63	109	453,071.00
			64	85	376,014.00
30	80	263,397.00			
31	86	326,777.00	65	80	348,477.00
32	87	339,903.00	66	54	222,414.00
33	98	387,963.00	67	44	209,157.00
34	82	319,013.00	68	35	138,735.00
			69	32	135,690.00
35	85	325,859.00			
36	76	314,372.00	70	22	100,423.00
37	102	407,474.00	71	14	62,524.00
38	90	354,203.00	72	16	50,067.00
39	78	330,237.00	73	20	72,789.00
			74	10	29,325.00
40	97	414,702.00			
41	97	375,098.00	75	14	55,516.00
42	97	414,053.00	76	6	34,330.00
43	94	404,131.00	77	10	41,575.00
44	104	435,433.00	78	5	25,422.00
			79	10	38,772.00
45	117	504,856.00			
46	126	517,264.00	80	3	13,396.00
47	110	497,796.00	81	2	4,819.00
48	123	492,540.00	82	2	2,225.00
49	128	540,611.00	83	3	9,538.00
			84	1	3,439.00
		46.8 years			
Average age		\$3,962.85	TOTALS	4,819	\$19,096,968.00
Average annual salary					

Employees Retirement System of the
State of Rhode Island

TABLE 2

Showing Number of Members and Annual Salaries
Classified by Age

STATE EMPLOYEES - FEMALE

<u>Age</u>	<u>Number</u>	<u>Annual Salaries</u>	<u>Age</u>	<u>Number</u>	<u>Annual Salaries</u>
	1	\$ 1,860.00	50	82	\$ 285,893.00
16	13	25,287.00	51	79	299,996.00
17	37	75,930.00	52	73	269,016.00
18	82	172,538.00	53	73	252,609.00
19			54	82	274,078.00
20	69	163,746.00			
21	69	170,120.00	55	89	342,179.00
22	83	216,055.00	56	63	222,778.00
23	80	208,149.00	57	81	293,890.00
24	68	179,400.00	58	54	184,732.00
			59	62	226,404.00
25	68	192,804.00			
26	65	198,698.00	60	54	185,745.00
27	64	191,988.00	61	51	185,044.00
28	60	189,518.00	62	56	192,203.00
29	50	152,686.00	63	40	148,022.00
			64	38	150,919.00
30	59	191,454.00			
31	55	170,967.00	65	39	136,450.00
32	56	187,467.00	66	28	113,612.00
33	48	150,569.00	67	17	65,541.00
34	53	169,520.00	68	14	65,527.00
			69	19	77,140.00
35	70	217,186.00			
36	71	222,756.00	70	15	52,559.00
37	70	213,817.00	71	13	46,573.00
38	58	200,023.00	72	7	23,585.00
39	76	299,622.00	73	5	21,158.00
			74	6	30,444.00
40	73	244,607.00			
41	76	262,951.00	75	5	21,517.00
42	79	278,432.00	76	5	20,479.00
43	68	224,160.00	77	2	7,679.00
44	77	285,697.00	78	1	4,004.00
45	68	239,712.00	81	1	
46	72	252,072.00			
47	81	278,080.00			
48	65	243,355.00			
49	71	248,998.00			
			TOTALS	3,309	\$10,923,439.00

Average age 42.2 years
Average annual salary \$3,301.13

Employees Retirement System of the
State of Rhode Island

TABLE 3

Showing Number of Members and Annual Salaries
Classified by Years of Service

STATE EMPLOYEES - MALE

<u>Years of Service</u>	<u>Number</u>	<u>Annual Salaries</u>	<u>Years of Service</u>	<u>Number</u>	<u>Annual Salaries</u>
1	625	\$ 1,679,909.00			
2	470	1,703,735.00	30	18	\$ 107,101.00
3	501	1,719,593.00	31	19	127,154.00
4	366	1,335,106.00	32	9	50,614.00
			33	10	64,824.00
5	305	1,066,756.00	34	2	10,704.00
6	265	965,515.00			
7	208	790,780.00	35	3	12,590.00
8	267	1,040,101.00	36	8	57,598.00
9	178	734,407.00	37	7	42,848.00
			38	3	21,968.00
10	279	1,340,982.00	39	6	32,803.00
11	142	618,894.00			
12	76	354,313.00	40	1	3,973.00
13	94	389,520.00	42	3	12,488.00
14	105	456,055.00	43	4	22,667.00
15	165	725,163.00	47	1	9,957.00
16	116	528,481.00	49	5	26,808.00
17	139	663,488.00			
18	105	552,410.00	53	1	6,160.00
19	38	187,668.00			
			TOTALS	4,819	\$19,096,968.00
20	46	317,993.00			
21	62	340,765.00			
22	39	263,870.00			
23	17	78,920.00			
24	22	156,462.00			
25	20	94,656.00			
26	17	90,772.00			
27	26	144,114.00			
28	13	73,060.00			
29	13	73,223.00			

Average annual salary \$3,962.85
Average years of service 8.3 years

Employees Retirement System of the
State of Rhode Island

TABLE 4

Showing Number of Members and Annual Salaries
Classified by Years of Service

STATE EMPLOYEES - FEMALE

<u>Years of Service</u>	<u>Number</u>	<u>Annual Salaries</u>	<u>Years of Service</u>	<u>Number</u>	<u>Annual Salaries</u>
1	674	\$ 1,587,166.00	30	9	\$ 44,483.00
2	316	933,806.00	31	4	21,622.00
3	350	1,066,842.00	32	9	36,955.00
4	195	608,553.00	33	3	13,453.00
5	176	553,041.00	34	1	3,617.00
6	190	629,075.00	35	4	16,754.00
7	98	331,792.00	36	3	13,224.00
8	209	748,465.00	37	3	17,049.00
9	125	461,374.00	38	2	9,119.00
10	149	634,639.00	39	5	19,710.00
11	109	391,740.00	40	1	5,083.00
12	74	295,728.00	41	3	14,424.00
13	72	273,294.00	45	1	3,439.00
14	80	322,781.00	47	1	3,140.00
15	84	333,772.00	51	1	9,478.00
16	71	254,911.00			
17	66	265,481.00			
18	38	159,019.00			
19	23	93,721.00			
			TOTALS	3,309	\$10,923,439.00
20	37	176,826.00			
21	43	196,862.00			
22	14	68,999.00			
23	13	56,283.00			
24	5	22,196.00			
25	6	30,331.00			
26	8	41,698.00			
27	10	48,568.00			
28	10	44,430.00			
29	14	60,496.00			

Average annual salary \$3,301.13
Average years of service 7.4 years

Employees Retirement System of the
State of Rhode Island

TABLE 5

Showing Number of Members and Annual Salaries
Classified by Age

TEACHERS - MALE

<u>Age</u>	<u>Number</u>	<u>Annual Salaries</u>	<u>Age</u>	<u>Number</u>	<u>Annual Salaries</u>
22	4	\$ 14,100.00	55	34	\$ 199,588.00
23	11	39,002.00	56	24	138,126.00
24	25	84,393.00	57	20	120,328.00
			58	19	114,559.00
25	33	115,087.00	59	14	89,765.00
26	35	125,075.00			
27	52	189,583.00	60	24	155,187.00
28	51	192,462.00	61	16	95,282.00
29	64	246,402.00	62	16	87,411.00
			63	7	45,250.00
30	42	175,981.00	64	12	68,174.00
31	62	262,061.00			
32	61	264,380.00	65	5	30,345.00
33	59	265,724.00	66	2	11,650.00
34	45	211,070.00	67	5	29,550.00
			68	5	30,225.00
35	48	223,731.00	69	4	23,270.00
36	48	224,580.00			
37	48	250,772.00	70	3	15,475.00
38	44	225,284.00	71	3	16,800.00
39	40	214,537.00	72	1	5,200.00
			75	1	4,200.00
40	43	227,347.00			
41	21	111,960.00	TOTALS	1,536	\$7,741,941.00
42	39	206,397.00			
43	46	245,630.00			
44	30	168,501.00			
			Average age		41.0 years
45	42	237,120.00	Average annual salary		\$5,040.33
46	45	263,000.00			
47	46	275,851.00			
48	36	209,689.00			
49	35	208,569.00			
50	37	205,807.00			
51	35	215,862.00			
52	25	140,627.00			
53	35	223,849.00			
54	34	197,123.00			

Employees Retirement System of the
State of Rhode Island

TABLE 6

Showing Number of Members and Annual Salaries
Classified by Age

TEACHERS - FEMALE

<u>Age</u>	<u>Number</u>	<u>Annual Salaries</u>	<u>Age</u>	<u>Number</u>	<u>Annual Salaries</u>
		\$ 14,091.00	55	122	\$ 651,602.00
	5	134,840.00	56	78	436,359.00
21	40	436,515.00	57	96	520,672.00
22	130	443,694.00	58	85	472,929.00
23	128		59	83	451,489.00
24		412,594.00			
	116	331,004.00	60	81	441,246.00
25	94	381,633.00	61	82	454,063.00
26	105	264,714.00	62	73	394,808.00
27	71	314,695.00	63	58	327,115.00
28	80		64	52	290,167.00
29		291,226.00			
	67	242,544.00	65	34	188,778.00
30	53	229,714.00	66	53	291,070.00
31	53	187,573.00	67	40	229,577.00
32	41	218,339.00	68	20	109,486.00
33	48		69	18	105,026.00
34		189,242.00			
	43	259,353.00	70	11	55,525.00
35	55	263,460.00	71	2	6,500.00
36	54	245,057.00	72	1	4,800.00
37	56	348,590.00	74	2	11,546.00
38	72				
39		434,698.00	75	1	5,876.00
40	85	303,050.00			
41	63	378,271.00	TOTALS	3,990	\$19,500,498.00
42	75	400,153.00			
43	81	468,298.00			
44	90				
		436,745.00	Average age		44.8 years
45	91	596,682.00	Average annual salary		\$4,887.34
46	115	706,969.00			
47	134	800,519.00			
48	151	698,956.00			
49	134				
		854,751.00			
50	160	756,287.00			
51	139	716,418.00			
52	133	676,319.00			
53	124	614,870.00			
54	112				

Employees Retirement System of the
State of Rhode Island

TABLE 7

showing Number of Members and Annual Salaries
Classified by Years of Service

TEACHERS - MALE

<u>Years of Service</u>	<u>Number</u>	<u>Annual Salaries</u>	<u>Years of Service</u>	<u>Number</u>	<u>Annual Salaries</u>
1	159	\$ 600,913.00	30	27	\$ 164,047.00
2	159	624,146.00	31	15	97,999.00
3	127	533,962.00	32	16	89,316.00
4	64	277,269.00	33	13	84,130.00
5	59	263,201.00	34	4	24,500.00
6	87	397,811.00	35	5	34,250.00
7	109	517,403.00	36	3	17,050.00
8	128	715,082.00	37	6	47,675.00
9	36	186,586.00	38	2	12,375.00
10	20	108,960.00	39	3	20,900.00
11	45	254,845.00	40	1	6,075.00
12	19	113,870.00	42	1	5,875.00
13	15	84,174.00	44	3	15,975.00
14	9	49,524.00			
15	29	169,719.00	47	1	6,100.00
16	24	141,081.00	TOTALS	1,536	\$7,741,941.00
17	24	129,712.00			
18	31	185,978.00			
19	32	184,265.00			
20	35	205,986.00			
21	27	162,533.00			
22	37	216,041.00			
23	28	167,038.00			
24	10	58,505.00			
25	14	95,550.00			
26	25	149,920.00			
27	37	229,811.00			
28	22	140,792.00			
29	25	150,997.00			

Average annual salary \$5,040.33
Average years of service 11.3 yrs.

Employees Retirement System of the
State of Rhode Island

TABLE 8

Showing Number of Members and Annual Salaries
Classified by Years of Service

TEACHERS - FEMALE

<u>Years of Service</u>	<u>Number</u>	<u>Annual Salaries</u>	<u>Years of Service</u>	<u>Number</u>	<u>Annual Salaries</u>
	406	\$ 1,506,178.00	30	76	\$ 437,030.00
1	333	1,323,651.00	31	76	429,644.00
2	339	1,426,326.00	32	71	399,450.00
3	285	1,278,335.00	33	75	432,053.00
4			34	48	269,447.00
	168	740,764.00			
5	110	474,763.00	35	42	236,957.00
6	80	350,010.00	36	42	237,889.00
7	286	1,456,230.00	37	27	154,635.00
8	49	236,346.00	38	48	272,244.00
9			39	41	231,299.00
	42	215,312.00			
10	48	240,968.00	40	35	199,850.00
11	54	287,664.00	41	42	235,180.00
12	42	220,310.00	42	28	161,471.00
13	52	270,631.00	43	27	155,355.00
14			44	28	155,078.00
	50	272,469.00			
15	63	338,938.00	45	26	149,095.00
16	55	295,489.00	46	13	77,120.00
17	52	276,487.00	47	14	83,193.00
18	48	269,703.00	48	4	24,015.00
19			49	3	14,300.00
	60	328,981.00			
20	70	376,604.00	50	2	12,375.00
21	67	370,285.00			
22	61	337,054.00	TOTALS	3,990	\$19,500,498.00
23	49	267,464.00			
24					
	41	223,450.00			
25	97	554,987.00			
26	71	394,680.00			
27	67	375,504.00			
28	77	433,235.00			
29					

Average annual salary \$4,887.34
Average years of service 15.0 yrs