

Employees' Retirement System

THIRTY-SEVENTH ANNUAL REPORT
of the
RETIREMENT BOARD
FISCAL YEAR ENDED JUNE 30, 1973



State of Rhode Island and Providence Plantations

THIRTY-SEVENTH ANNUAL REPORT

of the

RETIREMENT BOARD

FISCAL YEAR ENDED JUNE 30, 1973

MEMBERS OF RETIREMENT BOARD

(as constituted June 30, 1973)

Ex Officio Members

RAYMOND H. HAWKSLEY, General Treasurer, Chairman

KEVIN K. COLEMEN, Director of Administration

ALBERT B. WEST, Director of Business Regulation

HON. JOSEPH S. GENDRON, Chairman, Senate Finance Committee

HON. ALFRED TRAVERS, Jr., Chairman, House Finance Committee

Appointed by the Governor

JOHN J. HUDSON
(Public Representative)

Representing Commissioner of Education

DR. WILLIAM P. ROBINSON
Associate Commissioner of Education
(Ex officio delegate)

Elected by Teachers

NORMAN R. BERGERON
Cranston School Department
(Teachers' Representative)

Representing Municipal Employees

RALPH D. CUCULO
(Retired)

Representing Municipal Employers

PAUL E. BASSETT
(Finance Director, City of Pawtucket)

* * * * *

Administrative Staff

JOSEPH G. IANNELLI, Executive Director

JOHN F. SULLIVAN, Administrative Assistant

SARTO R. GAMACHE, Senior Accountant

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STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS



EMPLOYEES' RETIREMENT SYSTEM OF THE
STATE OF RHODE ISLAND

ROOM 304, STATE HOUSE, PROVIDENCE, RHODE ISLAND 02903

Joseph G. Iannelli
Executive Director

November 30, 1973

To His Excellency
The Honorable Philip W. Noel
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 Thirty-Seventh Annual Report of the Retirement Board of the Employees' Retirement System of the State of Rhode Island covering the fiscal year ended June 30, 1973.

Respectfully submitted,

Raymond H. Hawksley
Chairman

FINANCIAL AND STATISTICAL FACTS IN BRIEF

<u>At Year-End</u>	<u>1973</u>	<u>1972</u>
Reserves (Net Assets)	\$180,221,987	\$162,861,738
Number of Contributing Members -		
State Employees	14,373	13,952
Teachers	12,683	10,651
Number of Pensioners -		
State Employees	2,665	2,408
Teachers	2,204	2,074
Unfunded Accrued Liability -		
State Employees	\$114,256,163	\$ 85,746,775
Teachers	\$237,759,264	\$206,425,586
<u>For the Year</u>		
Total Revenue	\$ 39,782,662	\$ 35,103,228
Total Expenditures	\$ 22,417,236	\$ 18,841,136
Member contributions	\$ 13,114,858	\$ 12,269,817
Employer contributions	\$ 16,372,459	\$ 14,533,494
Investment Income	\$ 9,449,804	\$ 8,172,427
Miscellaneous Revenue	\$ 845,653	134,810
Pension and Benefit Payments	\$ 19,956,083	\$ 16,822,080
Refunds of Member Contributions	\$ 2,295,573	\$ 2,014,734
Miscellaneous Expenditures	\$ 165,579	\$ 17,738
Number of Retirements (All types)	633	765
Deaths Among Retirants (All types)	215	154

Employees' Retirement System of the
State of Rhode Island

THIRTY-SEVENTH ANNUAL REPORT OF THE RETIREMENT BOARD
FOR THE FISCAL YEAR ENDED JUNE 30, 1973

The Thirty-Seventh Annual Report of the Retirement Board of the Employees' Retirement System of the State of Rhode Island covering the fiscal year ended June 30, 1973 is presented herewith.

The report reviews financial and statistical facts on the operations of the system for the year and its financial condition at the end of the year. Included also is a report on an actuarial valuation of the system.

MEMBERSHIP AT END OF YEAR

	<u>Male</u>	<u>Female</u>
<u>State Employee Contributors -</u>		
Number	7,488	6,885
Proportion of total	52.1%	47.9%
Aggregate salaries	\$65,991,744	\$46,322,280
Average salary	\$8,813	\$6,728
Average age	45.0	41.6
Average service	8.9	7.6

	<u>Male</u>	<u>Female</u>
<u>Teacher-Members -</u>		
Number	4,743	7,940
Proportion of total	37.4%	62.6%
Aggregate salaries	\$48,867,129	\$79,296,780
Average salary	\$10,303	\$9,987
Average age	37.3%	40.1%
Average service	9.3	9.9

Pensioners -

State Employees (including Legislators) -

Number	1,428	1,237
Proportion of total	53.6%	46.4%
Aggregate pensions	\$3,928,910	\$2,764,462
Average pension	\$2,751	\$2,235

Teacher-Members -

Number	390	1,814
Proportion of total	17.7%	82.3%
Aggregate pensions	\$2,529,124	\$10,669,510
Average pension	\$6,485	\$5,882

FINANCIAL FACTS

Total reserves at June 30, 1973 amounted to \$180,221,987. This compares with \$162,861,738 at the end of the preceding year.

Revenues from member contributions, employer contributions, investment income and miscellaneous sources amounted to

\$39,782,662. Expenditures during the year for pensions and benefits, refunds and other purposes totalled \$22,417,237. Excess revenues of \$17,365,425 were credited to the revenues to provide for the additional liability incurred during the year on account of pension credits earned by the members.

Income from investments for the year was \$9,303,799. This amount was equal to 23.3% of total revenues. In addition, a capital gain of \$146,005 was realized during the year.

The system operates on a jointly contributory basis with both the employees and employers sharing in its cost. State employees contribute 5% of salary. Teacher-members, because of their greater longevity and other basic characteristics, contribute 6% of salary. The remainder of the cost for State employees is assumed by the State. The employer's requirements for teacher-members are shared equally by the State and the applicable Cities and Towns.

The employers' share is a rate per cent of total salaries reflecting projected requirements for pension and benefit payments for a specified period of years, after giving effect to contributions by the beneficiaries. Consideration is also given in the determination of these requirements for other factors of actuarial significance.

The rates of contribution for employers for the 5-year period dating from July 1, 1972 as determined under the partial

method of funding prescribed by the law, and recommended by the actuary, are as follows:

State of Rhode Island, for State employee members	6.5%
State of Rhode Island and Cities and Towns of the State, for teacher-members, each contributing one-half of the cost	9.0%

These rates are applicable to the salaries currently payable to the members in arriving at the amounts to be contributed by the employers to the system.

UNFUNDED ACCRUED LIABILITY

According to the report of the actuary, the unfunded accrued liability at the close of the year for past service credits amounted to \$352,015,427. The increase for the year was \$59,843,066. As explained by the actuary, the increase was due for the most part to the partial funded method in effect for the financing of the employers' costs and in some measure to a revision in the actuarial functions used in the valuation to reflect more closely the operating experience of the system.

The rate of funding, otherwise referred to as the "security ratio", at June 30, 1973 was 33.9%. This rate represents the extent to which the total accrued liabilities at the balance sheet date are covered by net present assets. The above rate compares with 35.8% a year ago.

INVESTMENT OPERATIONS

The investment account as of June 30, 1973 amounted to \$179,232,685 at par value for bonds and cost value for stocks. The securities acquired and disposed of during the year were as follows:

Securities Acquired:

U. S. Treasury Bonds	\$ 5,106,000
Certificates of Deposit	34,550,000
Commercial Paper	52,400,000
Public Utility Bonds	4,200,000
Bank Stocks	209,275
Preferred Stocks	303,268
Common Stocks	<u>12,273,991</u>
Total	<u>\$109,042,534</u>

Securities Disposed of:

U. S. Treasury Bonds	\$ 5,381,500
Commercial Paper	51,600,000
State and Municipal Bonds	91,000
Railroad Bonds	400,000
Public Utility Bonds	510,000
Industrial Bonds	96,333
Preferred Stocks	101,636
Common Stocks	82,719
Certificates of Deposit	<u>32,350,000</u>
Total	<u>\$ 90,613,188</u>

Net Increase in Investment Account for the Year

\$ 18,429,346

A summary of the investments owned at the close of the year according to type of security is as follows:

<u>Type of Investment</u>	<u>Par Value for Bonds and Cost for Stocks</u>	<u>Per Cent of Total</u>
U. S. Government	\$ 23,034,000	12.8%
Certificates of Deposit	3,500,000	2.0
Federal Land Bank	2,000,000	1.1
Federal National Mortgage Association	1,085,000	0.6
International Bank for Reconstruction	700,000	0.4
Commercial Paper	9,600,000	5.4
State & Municipal Bonds	1,219,000	0.7
Railroad Bonds	2,566,000	1.4
Public Utility Bonds	56,731,000	31.7
Industrial Bonds	21,711,734	12.1
Bank Stocks	4,937,167	2.7
Corporate Stocks	51,525,494	28.7
Mutual Funds	623,290	0.4
Total	\$179,232,685	100.0%

The investment income return from interest and dividends and capital gain amounted to \$9,449,804. Investment income was equal to 5.42% as a proportion of average assets. The total internal rate of return on investments, however, was at a considerably higher rate. Total return includes interest and dividend income, realized and unrealized gains and losses.

The market value of equity investments at June 30, 1973, consisting of common and preferred stocks and mutual funds, showed a substantial increase over cost.

The policy on investments in effect for the system is in accord with the most progressive standards. A well diversified account of investments has been accumulated producing reasonable rates

of income. The securities comprising the investment account are all of high quality. Sales of investments are made as opportunities arise for improving and upgrading the investment account with continuous emphasis on total return.

1973 AMENDMENTS

The several changes made at the 1973 session of the General Assembly are briefly summarized:

1. OPTIONAL ANNUITY. (a) State employees and teachers may now elect an optional annuity while in service if they are aged 50 years or over and have at least 20 years of service; (b) the 30-day restriction for the payment of an annuity under this option upon death of a retired member is removed; and (c) a state employee or teacher who elected an optional annuity while in service will be covered during the time he or she is in an inactive status subject to certain conditions.

2. TEACHERS INSURANCE ANNUITY ASSOCIATION. Teachers of state Colleges and Universities and certain other personnel who in 1967 elected to transfer from the Employees' Retirement System to T.I.A.A. may reinstate their membership in the system prior to July 1, 1974 if they left their contribution credits in the system and did not withdraw these credits, under prescribed conditions and restrictions.

3. RETIREMENT CONDITIONS. State employees and teachers may now retire beginning at age 55 after 30 years of credited service at an unreduced retirement annuity. Under the established formula, the rate of retirement annuity for 30 years is 60% of final average salary (3 year average).

4. CREDITS FOR EDUCATION LEAVE. The 1-year deadline for the purchase of pension credits for educational leave following reentry into service has been removed.

5. MEMBERS OF THE LEGISLATURE. The rate of pension for legislators has been fixed at \$300 for each year of service. Provision has also been made for a benefit to a surviving spouse upon death of a member effective as of January 1, 1975.

APPROPRIATIONS FOR 1973-1974 FISCAL YEAR

Appropriation requirements from the State and the Cities and Towns for the teacher-members consist of a rate per cent of payroll computed according to the formula prescribed by the law. The rate varies for state employees and teachers due to differences in basic characteristics of these occupational categories for pension purposes. As previously explained, the rate is determined by averaging the projected expenditures by the system for a period of years applying as an offset against these expenditures the expected member contributions. This is at best a makeshift method which will require revision to provide more adequate revenue for the system in keeping with its constantly increasing requirements.

The rates of contributions established by the foregoing procedure are 6.5% of payroll for state employees and 9.0% of payroll for teachers. The State of Rhode Island and the Cities and Towns share equally in the cost of financing pensions for teachers.

The appropriations budgeted by the State for the system for the 1973-1974 fiscal year are presented below with the amounts for the preceding year being shown for comparison:

	<u>Fiscal Year Ended June 30th</u>	
	<u>1973-1974</u>	<u>1972-1973</u>
<u>State Employees -</u>		
6.5% of total compensation paid to the members during the fiscal year preceding the submission of the budget to the General Assembly	\$6,561,729	\$5,696,095
<u>Teacher-Members -</u>		
4.5% of total compensation paid to the members during the fiscal year preceding the submission of the budget to the General Assembly	\$5,123,494	\$4,528,599

CONCLUDING COMMENT

The results of operations for the year were satisfactory. A normal increase in reserves is recorded. Management and administrative policies are geared to high standards thus providing the membership with prompt and efficient service. An actuarial

valuation is made each year as a check of its current operating results and to disclose the financial condition of the system at the end of the year from a technical standpoint. The report of the actuary is presented herein.

The board hereby acknowledges the cooperation and service rendered during the year by officials of the State government and hereby records its appreciation of the competency and dedicated efforts of the members of the administrative staff of the system.

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

RAYMOND H. HAWKSLEY, Chairman

KEVIN K. COLEMAN

ALBERT B. WEST

HON. JOSEPH S. GENDRON

HON. ALFRED TRAVERS, Jr.

JOHN J. HUDSON

DR. WILLIAM P. ROBINSON

NORMAN R. BERGERON

RALPH D. CUCULO

PAUL E. BASSETT

JOSEPH G. IANNELLI
Executive Director

REPORT OF THE ACTUARY

On An Actuarial Valuation of the System
as of June 30, 1973

An actuarial valuation of a retirement system is undertaken to establish the liabilities and reserve requirements for the accrued and prospective pension credits under the established benefit schedule. An actuarial balance sheet is prepared showing the accrued and prospective liabilities and the present and prospective assets available to meet these liabilities.

A calculation is made of the liabilities incurred for the several benefit obligations. The reserves required to meet these accrued liabilities for the lifetime of the members are determined. The factors of mortality, turnover in employment and interest earnings are basic in this procedure. Other factors are prominent in the actuarial process, including rates of salary and their progression until retirement of the members, disability expectancies and the ages at which members may be expected to retire.

Rates reflecting these basic factors that were formulated in a previous survey and investigation of operating experience of the system were applied in this valuation. Because of the marked variance in basic characteristics between State employees and teacher-members, separate rates were applied. Because of the diverse physiological conditions and employment

factors between male and female members, a further division in rates was made for the factor of sex. Some variations from these established standards frequently occur in current operations. These are also considered by means of special adjustments of the results of the valuation.

BASIS OF VALUATION

The benefit and contribution provisions of the retirement plan forming the basis of the valuation are summarized in the appendix of this report. The several assumptions relative to the actuarial factors applied in this valuation are as follows:

1. Mortality expectancy: The 1951 Group Annuity Table (modified)
2. Interest rate: Compound interest at 5% per annum
3. Turnover factors: Assumed annual rates of withdrawal from all causes -

Age	Rate per 1,000
20	247
25	198
30	162
35	120
40	91
45	60
50	33
55	15
60 and over	Mortality only

4. Future salary increment: An annual increment of 4½%
5. Average age at retirement: 62 years
6. Disability rates: Class (1) rates of disablement from the Society of Actuaries 1952 Inter-company study were used. It was assumed that 15% of all disablements would occur in line of duty.

7. Marital status: 85% of employees in service assumed to be married with the average age of the wives 4 years less than that of the employees. 65% of the employees retiring on pension were married
8. Administrative expense: None provided

MEMBERSHIP STATISTICS

Detailed statistics forming the basis of the valuation were compiled and tabulated. Statistical tables reflecting this data are presented in the appendix. A summary thereof is as follows:

ACTIVE MEMBERS	State Employees		Teachers	
	Male	Female	Male	Female
Number	7,488	6,885	4,743	7,940
Percent of total	52.1%	47.9%	37.4%	62.6%
Annual salaries	\$65,991,744	\$46,322,280	\$48,867,129	\$79,296,780
Average salary	\$8,813	\$6,728	\$10,300	\$9,987
Average age	45.0	41.6	37.3	40.1
Average service	8.9	7.6	9.3	9.9

<u>RETIREMENTS</u>	<u>State Employees</u>		<u>Teachers</u>	
	<u>Male</u>	<u>Female</u>	<u>Male</u>	<u>Female</u>
Number	1,428	1,237	390	1,814
Percent of total	53.6%	46.4%	17.7%	82.3%
Average age at June 30, 1973	70.6	75.2	69.8	70.5
Retirements during year	204	191	47	191
Average age at retirement	63.2	63.6	62.4	63.7
Terminations	85	53	10	63
Average age at death	72.6	73.1	78.5	79.7

RESULTS OF VALUATION

The financial stability of any retirement system may be determined by comparing the accrued liabilities for earned pension credits, at the end of a fiscal period, by present assets. This assumes that the accruing pension credits are fully funded currently, and that the accrued pension liability is being systematically amortized.

This is not the case with the Employees' Retirement System which receives only a part of its currently accruing cost requirements. The system is funded on a partial reserve basis with the contributions by the State being at a lesser rate than the total cost of the accruing pension credit. The rate of funding for the system, or security ratio as it is commonly referred to, is only 33.9%. This is the extent to which the accrued liabilities are covered by net present assets.

The contributions by the employers are determined as the average annual requirements for benefits according to a 5-year projection of pension expenditures by the system. The rate per cent of contributions for the period of 5 years effective July 1, 1972 is 6.5% of payroll for State employees and 9.0% of payroll for teacher-members. The latter cost is shared equally by the State and the cities and towns. Partial funding results in a deferment of part of the currently incurred pension cost with the consequent increase in the actuarial deficit. As a result, the unfunded accrued liability or actuarial deficit is steadily increased. Such unfunded liability has been in an upward trend for a number of years and will in all probability continue to increase for an indeterminate period.

Even if full funding of currently accruing pension credits is provided, the unfunded accrued liability would continue to increase by the accruing interest on the unfunded liability at the rate of interest assumption in effect, which is 5% per annum.

Actuarial reserve funding. The full cost of financing current service of the members of the system, as a percentage of payroll, according to actuarial criteria which reflects the accrual principle, is as follows:

	<u>State Employees</u>	<u>Teacher Members</u>	<u>Composite</u>
Normal cost as a percentage of payroll	16.2%	20.3%	18.4%
Less, member contributions	<u>5.0</u>	<u>6.0</u>	<u>5.5</u>
Cost to the Employers	11.2%	14.3%	12.9%

VALUATION BALANCE SHEET

A Valuation Balance Sheet is presented in the following pages displaying the financial condition of the system at June 30, 1973. From a technical standpoint, a sound financial condition exists when the system has present assets equal to the difference between (a) the total of all accrued and prospective liabilities, and (b) the present value of future contributions to be received according to the prescribed rates. A system attaining this status will have provided in full for all accrued pension credits in accordance with actuarial requirements.

VALUATION BALANCE SHEET

JUNE 30, 1973

VALUATION BALANCE SHEET - JUNE 30, 1973
Statement of Assets, Liabilities and Reserves

A S S E T S

NET PRESENT ASSETS:

Cash	\$	(276,998)
Investments (Amortized book value for bonds - cost for stocks)		178,555,278
Accrued interest receivable		<u>1,982,540</u>
		\$180,260,820
Less, Accounts Payable		<u>38,833</u>
		\$180,221,987

DEFERRED ASSETS:

Present value of future contributions on account of service credits after July 1, 1973

State employees - Members	\$ 38,388,512	
State of Rhode Island	60,123,493	
Teacher-Members - Members	\$ 49,337,923	
State of Rhode Island	45,436,204	
Cities and Towns	<u>45,436,204</u>	238,722,336

UNFUNDED ACCRUED LIABILITY:

Due from employers for unfunded pension credits -

State of Rhode Island	\$233,135,795	
Cities and Towns ^{1/}	<u>118,879,632</u>	
		352,015,427

TOTAL ASSETS

\$770,959,750

^{1/} The State of Rhode Island and the Cities and Towns share equally in the financing of teachers' pensions.

VALUATION BALANCE SHEET - JUNE 30, 1973
Statement of Assets, Liabilities and Reserves

LIABILITIES AND RESERVE REQUIREMENTS

FUTURE SERVICE LIABILITY:

State employees	\$ 98,512,005	
Teacher-members	<u>140,210,331</u>	\$238,722,336

RESERVE REQUIREMENTS:

RESERVE FOR MEMBER CONTRIBUTIONS -

<u>State Employees -</u>		
For service retirement and disability annuities	\$ 14,446,396	
For future refunds	<u>18,933,851</u>	33,380,247

Teacher-Members -

For service retirement and disability annuities	\$ 30,135,787	
For future refunds	<u>15,399,162</u>	45,534,949

RESERVE FOR TEACHERS' SURVIVOR BENEFITS -

5,620,780

RESERVE FOR EMPLOYER CONTRIBUTIONS -

For service retirement and disability annuities on active members -

<u>State Employees -</u>		
Total requirements	\$ 99,635,138	
Less, Employee Contributions	<u>14,446,396</u>	85,188,742

Teacher-Members -

Total requirements	\$213,513,083	
Less, Employee contributions	<u>30,135,787</u>	183,377,296

RETIREMENT AND BENEFITS RESERVE -

State employees		59,722,143
Teacher-members		<u>119,413,257</u>

TOTAL LIABILITIES AND RESERVES

\$770,959,750

The following explanation of the several items comprising the Valuation Balance Sheet is given to facilitate an understanding of their function and meaning.

Net Present Assets comprise the assets on hand as shown by the financial reports supplied by the system as of June 30, 1973.

Deferred Assets consist of the obligations of the members and the employers for service to be rendered subsequent to June 30, 1973. They represent actuarially determined amounts, giving effect to the factors of mortality, interest, turnover and others that enter into the computation of liabilities and annuities and benefits that accrue on account of future service.

Unfunded Accrued Liability constitutes the amounts accrued and unpaid on account of service rendered prior to the balance sheet date. This is an accrued obligation of the State and the Cities and Towns to be discharged in future years by increased financial allocations to the system.

Future Service Liability is an offset to Deferred Assets and represents the present value of the proportionate pension credits to be earned by the members during future service extending from the balance sheet date to the assumed ages of retirement.

Reserve for Members' Contributions consists of the total of members' contribution credits at the balance sheet date. Part of these credits is payable as a refund in future years to members withdrawing from service on account of resignation,

dismissal or death. The remainder is to be applied to finance a portion of the annuities and benefits payable to members now in service who will ultimately qualify for retirement.

Reserve for Teachers' Survivor Benefits represents the accumulation of contributions by the teacher-members and the Cities and Towns towards the survivor benefit provision specifically applicable to these members.

Reserve for Employer Contributions represents the amounts that must be provided to finance the employers' portion of the accrued pension credits for those employees now in service who will ultimately qualify for retirement and disability pensions.

Retirement and Benefits Reserve constitutes the amount reserved to payout during the future lifetime of the pensioners presently on the pension roll the pensions granted and in force at the balance sheet date.

CERTIFICATION

The accompanying Valuation Balance Sheet exhibits the assets, accrued liabilities and reserves of the system as of June 30, 1973. Present assets were taken from the financial statements submitted by the Senior Accountant of the system.

In our opinion, this Valuation Balance Sheet correctly presents the condition of the Employees' Retirement System of the State of Rhode Island at June 30, 1973 after giving effect to all accrued liabilities and actuarial reserve requirements for the several annuities and benefits under the applicable law in effect at such date.

A. A. Weinberg
Actuary

November 30, 1973

RECONCILIATION OF THE INCREASE IN
THE UNFUNDED ACCRUED LIABILITY

1. Normal cost requirements -		
12.9% of payroll of \$240,477,933		\$31,021,653
Less, employers' contributions for the year		<u>16,372,459</u>
Deficiency in current year's contributions		\$14,649,194
2. Interest on the unfunded accrued liability at June 30, 1972		14,608,618
3. Increase in liability due to 1973 amendments		9,331,452
4. Adjustment of actuarial factors to reflect current operating experience -		
(a) Salary projection scale		13,916,211
(b) Mortality		<u>8,690,591</u>
TOTAL		\$61,196,066
Less, excess investment income above the 5% interest rate assumption		<u>1,353,000</u>
BALANCE		<u>\$59,843,066</u>

FUTURE PENSION AND BENEFIT PAYOUTS

For the purpose of illustrating the importance of adequate funding of pension obligations on a systematic basis, giving effect to the accruing aspects thereof, there is presented herein a projection of pension and benefit payouts for a number of years in the future. Such a statement should serve to dramatize and focus attention on the magnitude of the pension obligation and its full meaning in terms that may be readily understood by the public officials having to do with the formulation of budgets and more particularly by members of the Legislature.

The following projection of future pension payouts clearly illustrate the amounts of pension payments that the system will be required to meet in future years under the present conditions of the retirement plan.

<u>Year</u>	<u>Amounts of future pension payments (in millions)</u>
1973	\$18.9
1976	27.7
1979	37.3
1982	49.2
1985	62.4

It should also be noted that any liberalizing changes in the provisions of the plan will effect an increase in the foregoing amounts.

FINANCING THE PENSION OBLIGATION

The cost of retirement benefits in any year is represented by the value of the pension credits earned by the active members during the year. These yearly pension credits form a proportionate part of the ultimate retirement benefits which would become due and payable to the members as they qualify for retirement by fulfilling the prescribed conditions as to age and service.

Pension and benefit payments during any year, therefore, are derived from a combination or accumulation of earned pension credits covering a number of productive years which represent the total periods of service rendered by the annuitants. It is the accumulation of these pension credits during the service of the members which constitutes the reserve requirements for financing the pension payments to the qualifying members when the obligations mature. This current accumulation of pension credits represents the real cost of the benefits for any fiscal period.

The foregoing illustrates the accrual or reserve principle that governs a retirement system. Actuarial criteria reflect the accrual concept. It underlies all retirement system operations. Even if a retirement law did not specifically spell out the methods of financing the pension credits, the accrual principle would be implicit in its basic provisions. Rates of contribution are formulated with the view of accumulating adequate

reserves representing the pension credits to meet the ultimate payouts for the retirement benefits. Revenues from these rates are substantially in excess of the current expenditures for retirement benefits. This excess represents the reserve for meeting the future pension and benefit payments.

It is this reserve which is created by the application of these contribution rates that seems to be a source of temptation to officials of government, particularly those having to do with the formulation of budgets. This has brought about the withholding of revenues from the retirement system by means of arbitrary reductions in appropriations below the actual requirements for the accruing pension credits. Pressures also arise from time to time for the application or diversion of some or all of the accumulated reserves for other governmental purposes.

The Employees' Retirement System of the State of Rhode Island has been affected by this process. It has experienced a substantial curtailment of prescribed revenues during recent years. The effect of this practice, if continued, will be a steady depletion of its reserves and a deterioration of its financial condition. This has already occurred as will be noted by a reduction in the funded rate or security ratio this past year. In the course of time, if this process is continued, the assets of the system would be reduced to a point where a diversion of members' contribution credits may be necessary to

meet a part or all of current pension payments. The statement of projected payouts under the existing benefit schedule referred to in the preceding section of this report is irrefutable evidence of the shortcomings of a policy designed to curtail the revenues of the system below its accruing cost requirements.

In its true concept, pension cost is a current operating expense of government. It is an obligation which cannot logically be deferred. It has a direct and immediate relationship to the entire fiscal operations of government. There is no short cut method or formula for financing this cost. A retirement plan is considered to be a legitimate employee welfare program of governmental concern. The principle that government should bear a measure of responsibility for employees whose productivity has become impaired due to old age or disability is now generally accepted. Since this is the case, government should face up to its responsibility in this area. It should be willing to meet the cost of pensions on the most practical and economical basis. This basis is the one that reflects the accruing or current budgeting concept.

FINANCIAL STATEMENTS

1. Financial Balance Sheet, June 30, 1973
2. Statement of Revenues and Expenditures,
Fiscal Year Ended June 30, 1973
3. Analysis of Revenues and Expenditures for
the Year Ended June 30, 1973
4. Analysis of Investment Income for the
Year Ended June 30, 1973
5. Pertinent Financial Facts for State
Employees and Teacher-members in
Comparison.

FINANCIAL BALANCE SHEET - JUNE 30, 1973

A S S E T S

Cash		\$	(276,998)
Accrued Interest Receivable			1,982,540
Investments	\$179,232,683		
Less: Unamortized Discounts and Premiums on Bonds (Net)	<u>677,405</u>		
Net Investments			<u>178,555,278</u>
Total Assets			<u>\$180,260,820</u>

LIABILITIES AND RESERVES

Current Liabilities

Unclaimed Benefits \$ 38,834

Members' Contribution Reserves

State Employees	\$33,380,247		
Teachers	42,940,627		
Teachers' Survivors	<u>2,594,322</u>	\$ 78,915,196	78,915,196

General Reserves

State Employees	\$64,356,986		
Teachers	31,322,117		
Teachers' Survivors	5,620,780		
Certain State Employees	4,067		
Certain Teachers	<u>2,840</u>	101,306,790	<u>101,306,790</u>

Total Liabilities and Reserves \$180,260,820

STATEMENT OF REVENUES AND EXPENDITURES
FISCAL YEAR ENDED JUNE 30, 1973

REVENUES

<u>Member Contributions -</u>		
State Employees	\$ 5,332,134	
Teachers	7,335,072	
Teachers' Survivors	436,788	
Insurance Premiums -		
Legislators	\$ 2,175	
Retired Legislators	8,689	
	<u>10,864</u>	\$13,114,858
<u>General Fund Appropriations -</u>		
State Employees	\$ 3,753,007	
State Employees a/c FF Costs	2,212,089	
Teachers	4,528,599	
Certain State Employees	2,000	
Certain Teachers	<u>2,167</u>	10,497,862
<u>Municipal Contributions -</u>		
Teachers	\$ 5,446,162	
Teachers' Survivors	<u>428,437</u>	5,874,599
<u>Other Contributions -</u>		
Employee transfers - Municipal	\$ 728,925	
Miscellaneous Refunds	5,874	
Unclaimed Benefits	15,616	
Miscellaneous Receipts - Interest	<u>95,238</u>	845,653
<u>Investment Income:</u>		
Interest Earnings	\$ 9,303,799	
Capital Gain	<u>146,005</u>	9,449,804
TOTAL REVENUES		<u>\$39,782,776</u>

-continued-

EXPENDITURES

<u>Pensions and Death Benefits -</u>		
State Employees		
Legislators		
Teachers	\$ 6,193,906	
Teachers' Survivors	233,376	
Certain State Employees	12,337,720	
Certain Teachers	71,313	
	12,065	
	<u>1,840</u>	\$18,850,220
<u>Death Benefits:</u>		
State Employees		
Legislators	\$ 786,911	
Teachers	19,200	
	<u>299,752</u>	1,105,864
<u>Refunds of Contributions -</u>		
State Employees		
Teachers	\$ 1,020,814	
Teachers' Survivors	1,002,856	
Interest - Teachers' Survivors' Contribution Refunds	168,383	
To Municipalities a/c Teachers	16,235	
To Municipalities a/c Teachers' Survivors	62,506	
	<u>24,779</u>	2,295,573
<u>Sundry -</u>		
Unclaimed Benefits	\$ 7,292	
Miscellaneous Refunds	154,283	
Transferred to Municipal	<u>4,005</u>	165,580
<u>Investment Expense -</u>		
Postage and Insurance on Purchases		<u>114</u>
TOTAL EXPENDITURES		<u>\$22,417,351</u>
EXCESS OF REVENUE OVER EXPENDITURES		<u>\$17,365,425</u>

ANALYSIS OF REVENUES AND EXPENDITURES
FISCAL YEAR ENDED JUNE 30, 1973

REVENUES	State Employees		Teachers		Totals
	Amount	%	Amount	%	
Members' Contributions	\$ 5,342,998	31.0%	\$ 7,771,861	34.5%	\$13,114,859
State Contributions	5,967,096	34.6	4,530,765	20.1	10,497,862
Municipal Contributions			5,874,598	26.1	5,874,598
Investment Earnings	5,140,631	29.7	4,309,059	19.1	9,449,690 ^{1/}
Miscellaneous	805,662	4.7	39,992	0.2	845,653
Total Revenues	\$17,256,387	100.0%	\$22,526,275	100.0%	\$39,782,662
EXPENDITURES					
Pensions	\$ 6,027,551	34.9%	\$11,487,005	51.0%	
Cost of Living Adjustment	411,796	2.4	923,868	4.1	\$18,850,220
Death Benefits	806,111	4.7	299,753	1.3	1,105,864
Refunds - Contributions	1,020,814	5.9	1,274,760	5.7	2,295,574
Miscellaneous	164,626	1.0	953		165,579
Total Expenditures	\$ 8,430,898	48.9	\$13,986,339	62.1	\$22,417,237
Excess Revenues over Expenditures to Reserves	\$ 8,825,488	51.1%	\$ 8,539,937	37.9%	\$17,365,425

^{1/} After deduction for investment expense of \$114.

ANALYSIS OF INVESTMENT INCOME
FISCAL YEAR ENDED JUNE 30, 1973

Investment Income - Interest and Dividends		\$8,677,076
Add:		
Accrued Interest June 30, 1973	\$1,982,540	
Accrued Interest July 1, 1972	1,839,409	
Discounts Amortized	\$ 143,131	
Total Additions	536,458	
Total		679,589
		\$9,356,665
Less:		
Accrued Interest Purchased	\$ 25,817	
Premiums Amortized	27,049	
Total Deductions		52,866
Net Investment Earnings		\$9,303,799
Capital Gain		146,005
Total Investment Income		\$9,449,804

PERTINENT FINANCIAL FACTS FOR STATE EMPLOYEES
AND TEACHER MEMBERS IN COMPARISON

Fiscal Year Ended June 30	Excess Revenues over Expenditures				Investment Earnings	
	State Employees	%	Teachers	%	State Employees	Teachers
1964	\$3,922,270	61%	\$3,781,204	52%	\$1,703,561	\$1,185,300
1965	3,912,384	58	3,685,550	47	1,631,495	1,175,104
1966	4,270,947	58	4,094,079	47	2,149,896	1,587,190
1967	5,975,756	63	4,343,414	45	2,226,426	1,659,054
1968	5,405,979	57	5,410,877	47	2,485,590	1,888,900
1969	6,112,717	56	6,455,394	48	3,533,471	2,771,795
1970	7,102,438	59	7,621,756	49	3,503,336	2,840,989
1971	7,984,606	58	7,089,543	40	4,062,592	3,359,023
1972	8,782,514	56	7,479,578	39	4,463,637	3,708,529
1973	8,825,489	51	8,539,937	38	5,140,631	4,309,059

Fiscal Year Ended June 30	Unfunded Liability		Per Cent Funded	
	State Employees	Teachers	State Employees	Teachers
1964	\$ 30,189,200	\$ 63,004,266	66.4%	27.6%
1965	32,921,317	67,457,744	67.0	28.5
1966	33,760,447	74,430,890	69.5	28.9
1967	39,715,316	77,297,416	70.8	29.6
1968	41,032,997	83,612,994	72.4	30.8
1969	40,688,000	87,646,000	74.0	32.9
1970	43,969,000	94,614,000	72.8	34.7
1971	54,877,000	117,486,000	69.2	32.7
1972	85,746,775	206,425,856	57.7	24.6
1973	114,256,163	237,759,264	54.8	23.0

SUMMARY OF INVESTMENT OPERATIONS
JULY 1, 1972 TO JUNE 30, 1973

Total Investments at July 1, 1972	\$160,803,338
<u>ADD:</u>	
Purchases during the year	109,042,535
	<u>\$269,845,873</u>
<u>DEDUCT:</u>	
Redemptions and Sales during the year	90,613,188
TOTAL INVESTMENTS AT JUNE 30, 1973	<u><u>\$179,232,685</u></u>

SUMMARY OF INVESTMENT ACCOUNT
BY TYPE OF INVESTMENT

<u>Type of Investment</u>	<u>Cost or Par</u>	<u>Proportion of Total</u>
U. S. Government	\$ 23,034,000	12.85%
Certificates of Deposits	3,500,000	1.95
Federal Land Bank	2,000,000	1.11
Federal National Mortgage Association	1,085,000	0.61
International Bank for Reconstruction	700,000	0.39
Commercial Paper	9,600,000	5.36
State & Municipal Bonds	1,219,000	0.67
Railroad Bonds	2,566,000	1.43
Public Utilities Bonds	56,731,000	31.66
Industrial Bonds	21,711,734	12.15
Bank Stocks	4,937,167	2.72
Corporate Stocks	51,525,494	28.75
Mutual Funds	623,290	0.35
Total	\$179,232,685	100.00%

DETAILED LISTING OF INVESTMENTS OWNED

<u>Description</u>	<u>Rate of Interest</u>	<u>Maturity</u>	<u>Carrying Value</u>
<u>UNITED STATES OF AMERICA</u>			
Treasury bonds	4%		\$ 1,000,000
Treasury bonds	4-1/8	8/15/73	850,000
Treasury bonds	5-3/4	11/15/73	875,000
Treasury bonds	4-1/8	11/15/74	670,000
Treasury bonds	7-3/4	2/15/74	700,000
TREASURY Bonds	4-1/8	2/15/74	1,000,000
Treasury bonds	4-1/4	5/ 5/74	500,000
Treasury bonds	5-7/8	5/15/74	1,000,000
Treasury bonds	5-7/8	8/15/75	97,000
Treasury bonds	5-7/8	2/15/76	700,000
Treasury bonds	8	2/15/76	1,363,000
Treasury bonds	7-3/4	2/15/77	700,000
Treasury bonds	6	8/15/77	1,000,000
Treasury bonds	6-1/4	11/15/78	759,000
Treasury bonds	6-1/4	8/15/79	550,000
Treasury bonds	6-1/4	8/15/79	1,500,000
Treasury bonds	6-1/4	8/15/79	1,000,000
Treasury bonds	4	8/15/79	200,000
Treasury bonds	6-7/8	2/15/80	500,000
Treasury bonds	3-1/4	5/18/80	1,825,000
Treasury bonds	4-1/8	6/15/83	500,000
Treasury bonds	4-1/4	5/15/85	500,000
Treasury bonds	3-1/2	5/15/85	1,945,000
Treasury bonds	4-1/4	2/15/90	2,300,000
Treasury bonds	4-1/8	8/15/92	1,000,000
Treasury bonds	4-1/8	5/15/94	
Total United States of America			\$ 23,034,000
<u>CERTIFICATES OF DEPOSITS</u>			
Columbus National Bank	8	8/21/73	\$ 3,500,000
<u>THE TWELVE FEDERAL LAND BANKS</u>			
Cons. Federal Farm Loan	4-3/4	4/21/75	\$ 500,000
Cons. Federal Farm Loan	5	2/24/76	500,000
Cons. Federal Farm Loan	5-3/8	7/20/76	500,000
Cons. Federal Farm Loan	4-1/8	2/20/78	500,000
Total Federal Land Bank Bonds			\$ 2,000,000

Description	Rate of Interest	Maturity	Carrying Value
<u>FNMA</u>			
Federal National Mortgage Asso.	5-7/20%	4/ 1/79	\$ 100,000
Federal National Mortgage Asso.	5-2/5	6/23/80	340,000
Federal National Mortgage Asso.	5-1/4	4/ 1/81	445,000
Federal National Mortgage Asso.	5-1/5	1/19/82	200,000
Total Federal National Mortgage Association			\$ 1,085,000

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

Bonds	4-1/4	1/15/79	\$ 100,000
Bonds	5-3/8	4/ 1/92	600,000
Total International Bank for Reconstruction and Development			\$ 700,000

COMMERCIAL PAPER

Family Finance	Disct.	7/19/73	\$ 3,000,000
F. W. Woolworth	Disct.	7/19/73	1,000,000
I. T. & T. Aetna Corp.	Disct.	8/30/73	2,000,000
J. P. Stevens Co.	Disct.	7/27/73	1,100,000
Macy Credit Corp.	Disct.	7/19/73	2,500,000
Total Commercial Paper			\$ 9,600,000

STATE OF RHODE ISLAND

Blackstone Valley Sewer District			
Loan of 1952:			
Series B	2-1/2%	5/ 1/86	\$ 50,000
Series C	2-3/4	8/ 1/83	120,000
Series D	4	9/ 1/75	100,000
Penal & Charitable Inst.	4	3/ 1/77	10,000
State Office Building	4	6/ 1/77	12,000
Third Courthouse Loan	4	3/20/81	22,000
Washington Bridge Loan	4	5/ 1/77	6,000
Total State of Rhode Island			\$ 320,000

MUNICIPALITIES

Description	Rate of Interest	Maturity	Carrying Value
City of Central Falls:			
Refunding	2.9%		
City of Cranston:			
School, Series A	2-1/2	6/1/73-74	\$ 3,000
School, Series E	2.7	6/ 1/76	45,000
School, Series C	2.9	2/15/78-79	68,000
School, Series B	3.6	11/15/76-78	70,000
Sewerage, Series E	1-3/4	7/1/73-76	55,000
Sewerage, Series H	1.8	10/1/80-81	5,000
Sewerage, Series D	2	3/ 1/76	10,000
Sewerage, Series I	2-1/2	6/ 1/78	4,000
Town of Cumberland:			
Water Supply Installation	1.9	6/ 1/76	15,000
City of East Providence:			
Elementary School	3-3/4	1/ 1/76	3,000
Sewer Trunk Extension	2-1/5	2/ 1/78	15,000
Street and Drainage	3-3/4	7/1/71-76	28,000
Town of Hopkinton:			
School Building and Equipment	2-3/4	2/1/76-78	45,000
Town of Jamestown:			
School Construction	3	12/1/82-84	20,000
Town of Johnston:			
School	2.9	12/1/72-74	22,000
Town of Lincoln:			
Elementary School Buildings and Equipment	3-1/2	9/1/71-74	32,000
Town of Narragansett:			
Beach Repair	2.7	3/ 1/76	30,000
School Construction	3.7	1/1/77-80	48,000
City of Newport:			
Sewer and Anti-Pollution	3.7	5/ 1/82	34,000
Town of North Kingstown:			
Land Purchase and School Building	3-1/2	7/ 1/76	15,000
Town of North Providence:			
Funding	3-1/2	4/ 1/76	60,000
Highway Reconstruction	3-1/3	7/1/75-76	25,000
Sewer	3	7/1/75-76	20,000
City of Providence:			
Fire Dept. Modernization	2	6/1/72-74	5,000
Highway Construction	2	1/ 1/74	20,000
Sewer Construction	2	1/ 1/74	4,000
Town of Smithfield:			
School	2-3/4	1/ 1/74	16,000
Town of Warwick:			
Highway	2-2/5	6/1/69-76	25,000
School	2-7/10	10/1/73-74	35,000
School	3-1/4	10/1/84-86	30,000
Water	4-1/2	10/ 1/79	5,000
		10/1/72-73	12,000

Description	Rate of Interest	Maturity	Carrying Value
<u>MUNICIPALITIES - continued</u>			
Town of West Warwick: Sewer	2-7/10%	7/1/78-79	\$ 30,000
Town of Woonsocket: Junior High School Sewer	4-1/4 4-1/2	4/15/71-77 6/1/72-74	40,000 <u>5,000</u>
Total Municipalities			\$ 899,000
<u>RAILROADS</u>			
Alabama Great Southern Railroad: Equipment Trust	5-1/2	8/1/79-80	\$ 198,000
Atchison, Topeka & Santa Fe Railway: General Mortgage	4	1/ 1/95	100,000
Atlantic Coast Line Railway: Bonds	5-5/8	8/15/79	129,000
Baltimore & Ohio Railroad Co.: First Consolidated Mortgage Series B	4	9/ 1/80	350,000
Chesapeake & Ohio Railway Co.: Refunding and improvement mortgage, Series E Series H	3-1/2 3-7/8	8/ 1/96 12/ 1/73	9,000 194,000
Chicago, Burlington & Quincy Railroad Co.: Equipment Trust	4	8/ 1/77	200,000
Great Northern Railway Co.: Equipment Trust	4-1/4	4/15/75	115,000
Louisville & Nashville Rail- road Co.: Equipment trust Series EE Equipment trust Series RR Equipment trust Series QQ	4 5-1/8 4-3/8	3/15/75 3/15/75 8/15/77	100,000 387,000 134,000
Norfolk & Western Railway Co.: Equipment Trust Series I Equipment Trust Series J	3-7/8 4	1/ 1/74 5/ 1/75	250,000 100,000
Seaboard Airline Railroad Co.: Equipment Trust Series X St. Louis & San Francisco Railway Co.: Equipment Trust Series O	4-1/8 4-3/8	4/15/75 5/15/77	100,000 <u>200,000</u>
Total Railroads			\$ 2,566,000

Description	Rate of Interest	Maturity	Carrying Value
<u>PUBLIC UTILITIES</u>			
Alabama Power Co.: First Mortgage First Mortgage American Tel. & Tel. Co.: Debentures	4-7/8% 4-7/8	5/ 1/89 9/ 1/95	\$ 195,000 100,000
Debentures Debentures Debentures Debentures Debentures Debentures Debentures Debentures	3-3/8 3-3/8 4.385 3-7/8 4-3/8 5-1/2 4-3/4 5-1/8	12/ 1/73 4/ 1/85 4/ 1/85 7/ 1/90 2/ 1/94 1/ 1/97 6/ 1/98 4/ 1/01	300,000 200,000 125,000 100,000 250,000 250,000 100,000 200,000
Appalachian Elec. Power Co.: First Mortgage First Mortgage First Mortgage	7-1/2 4-5/8	12/ 1/98 3/ 1/87 5/ 1/88	500,000 25,000 100,000
Arkansas Power & Light Arkansas Power & Light Arkansas Power & Light Arkansas Power & Light Arkansas Power & Light	8 8 8 8	6/ 1/03 6/ 1/03 6/ 1/03 6/ 1/03	250,000 250,000 250,000 250,000
Baltimore Gas & Electric Co. Baltimore Gas & Electric Co. Baltimore Gas & Electric Co.	4-7/8 7-5/8 7-5/8	6/ 1/80 9/ 1/01 9/20/01	89,000 500,000 500,000
Bell Telephone Co. of Pa.: Debentures Debentures	3 4-3/4	4/15/74 5/ 1/01	100,000 200,000
Blackstone Valley Elec. Co. Buffalo Niagara Electric Co. Carolina Power & Light Co. Central Illinois Light Co.	6-1/2 2-3/4 5-1/8 4	6/ 1/97 11/ 1/75 4/ 1/96 7/ 1/88	100,000 500,000 250,000 100,000
Central Maine Power Co.: First and General Mortgage First and General Mortgage Central Power & Light Co. Chesapeake Potomac Tel. Chesapeake Potomac Tel. Cincinnati Gas & Electric	3-3/8 4-7/8 4-3/4 7-1/4 8-3/4 4-1/8	4/ 1/85 5/ 1/87 4/ 1/89 5/ 1/09 3/ 1/10 5/ 1/87	50,000 48,000 25,000 500,000 500,000 250,000
Columbia Gas System, Inc.: Debentures Debentures	3-5/8 4-7/8 9	9/ 1/80 10/ 1/90 5/ 1/75	150,000 150,000 500,000
Columbus & Southern Ohio Commonwealth Edison Co.: Sinking Fund Debentures Sinking Fund Debentures Sinking Fund Debentures Sinking Fund Debentures Sinking Fund Debentures Sinking Fund Debentures Sinking Fund Debentures	4-1/4 6-3/4 6-1/4 3-1/8 6-3/8 3-3/4	3/ 1/87 7/ 1/98 2/ 1/98 10/ 1/04 10/ 1/98 3/ 1/88	50,000 400,000 850,000 75,000 500,000 50,000

Description	Rate of Interest	Maturity	Carrying Value
<u>PUBLIC UTILITIES - continued</u>			
Connecticut Light & Power Co.:		9/ 1/74	\$
First Refunding Mortgage	3%	2/ 1/90	50,000
First Refunding Mortgage	4-7/8	10/ 1/00	100,000
Connecticut Light	8-7/8		500,000
Consolidated Edison Co.:		12/ 1/93	
First Refunding Mortgage	4-5/8	4/ 1/77	300,000
First Refunding Mortgage	2-5/8	10/ 1/86	125,000
First Refunding Mortgage	4-1/4	10/ 1/87	300,000
First Refunding Mortgage	5	6/ 1/88	225,000
First Refunding Mortgage	4		100,000
Consolidated Natural Gas Co.:		6/ 1/82	
Debentures	4-7/8	8/ 1/83	84,000
Debentures	4-3/8	2/ 1/85	200,000
Debentures	5	7/ 1/95	133,000
Debentures	9		500,000
Consumers Power Co.:		8/ 1/91	
First Mortgage	4-5/8	8/ 1/89	250,000
First Mortgage	4-5/8	1/ 1/01	250,000
First Mortgage	7-1/2	2/ 1/82	500,000
Dayton Power & Light Co.	3-1/4	10/ 1/99	100,000
Dayton Power	8-1/4	6/ 1/88	500,000
Delaware Power & Light Co.	3-7/8	11/ 1/98	250,000
Delmarva Power	7		250,000
Detroit Edison Co.:		11/15/76	
Gen. Ref. mortgage	3-3/8	5/15/80	200,000
Gen. Ref. mortgage	3-1/4		100,000
Duke Power Co.:		1/ 1/75	
First Refunding Mortgage	3	2/ 1/92	100,000
First Refunding Mortgage	4-1/2	3/ 1/00	100,000
Duke Power	8-1/2	7/1/84	1,000,000
Duquesne Light Co.	3-1/8	1/ 1/03	60,000
Duquesne Light Co.	7-1/4	1/ 1/03	500,000
Duquesne Light Co.	7-1/4		500,000
Florida Power & Light Co.:		6/ 1/78	
First Mortgage	3-1/8	3/ 1/95	100,000
First Mortgage	4-5/8	6/ 1/02	100,000
Florida Power Corp.:		10/ 1/90	1,000,000
First Mortgage	7-3/8	11/ 1/95	91,000
First Mortgage	4-3/4	12/ 1/98	250,000
First Mortgage	4-7/8	1/10/01	250,000
Florida Power	7		250,000
General Telephone Co. of California:			250,000
First Mortgage	7-5/8		
First Mortgage		9/ 1/86	50,000
First Mortgage	4-1/2	6/ 1/87	50,000
First Mortgage	5	12/ 1/95	100,000
Debentures	5	3/ 1/92	200,000
Debentures	5-3/4	12/ 1/98	500,000
Georgia Power	7-1/8	4/ 1/01	500,000
	7-3/8		

Description	Rate of Interest	Maturity	Carrying Value
<u>PUBLIC UTILITIES - continued</u>			
Gulf State Utilities Co.:			
First Mortgage	5-1/4%		
First Mortgage	4-7/8	12/ 1/89	\$ 100,000
Gulf State	7-7/8	7/ 1/90	200,000
Hartford Electric	9-1/4	12/ 1/00	500,000
Hartford Electric	7-5/8	5/ 1/00	500,000
Houston Lighting & Power Co.:		12/ 1/01	500,000
First Mortgage			
First Mortgage	4-3/4	11/ 1/87	25,000
Idaho Power Co.	4-7/8	8/ 1/89	75,000
Illinois Bell Telephone Co.:	5	5/15/89	250,000
First Mortgage			
First Mortgage	3-1/8	4/ 1/84	53,000
First Mortgage	4-1/4	3/ 1/88	100,000
First Mortgage	4-3/8	3/ 1/94	100,000
First Mortgage	6	7/ 1/98	250,000
First Mortgage	8	6/ 1/05	500,000
Indiana & Michigan Elec. Co.:			
Sinking Fund Debentures	5-1/8	6/ 1/86	100,000
First Mortgage	4-3/4	11/ 1/88	50,000
Iowa Electric	7-7/8	12/ 1/00	500,000
Iowa Power & Light Co.	4-5/8	1/ 1/91	200,000
Kansas City Power	7-1/8	2/ 1/99	500,000
Kansas Gas & Electric Co.	4-5/8	1/ 1/91	250,000
Long Island Lighting Co.:			
First Mortgage	3-5/8	11/ 1/85	50,000
First Mortgage	3-5/8	12/ 1/76	275,000
Louisiana Power & Lights	5	4/ 1/90	200,000
Louisiana Power & Lights	7-1/2	11/ 1/02	500,000
Metropolitan Edison	6-7/8	10/ 1/92	295,000
Michigan Bell Telephone Co.:			
Debentures	6-3/8	2/ 1/05	500,000
Debentures	4-5/8	8/ 1/96	175,000
Michigan Bell Telephone	8-5/8	2/ 1/10	500,000
Michigan Consolidated Co.	3-1/2	8/ 1/76	150,000
Minnesota Power & Light Co.	4-3/4	3/ 1/87	50,000
Monogahela Power Co.	3	9/ 1/77	50,000
Mountain State T. & T.	8	10/ 1/09	1,000,000
Narragansett Electric Co.:			
First Mortgage	3	9/ 1/74	121,000
First Mortgage	3-1/2	3/ 1/86	200,000
New Bedford Gas	8-1/8	12/ 1/95	482,000
New England Power	4	6/ 1/88	200,000
New England Power	7-5/8	7/ 1/02	1,000,000
New England Tel. & Tel. Co.	7-3/8	10/15/97	700,000
New Jersey Bell Telephone Co.	3-1/4	5/ 1/84	100,000
New Jersey Bell Telephone Co.	4-7/8	11/ 1/00	100,000
New Jersey Power & Light Co.	5	10/ 1/90	100,000
New Orleans Public Service	5	6/ 1/91	200,000
New York Power & Light Co.	2-3/4	3/ 1/75	100,000
New York State Electric & Gas Corp.	4-5/8	5/ 1/91	200,000

Description	Rate of Interest	Maturity	Carrying Value	Description	Rate of Interest	Maturity	Carrying Value
<u>PUBLIC UTILITIES - continued</u>				<u>PUBLIC UTILITIES - continued</u>			
New York Telephone Co.:	3-1/8%	2/ 1/78	\$ 150,000	Philadelphia Electric Co.:			
Refunding Mortgage	3	10/15/89	110,000	First Mortgage	5%		
Refunding Mortgage	4-1/8	7/ 1/93	100,000	First Mortgage	3-1/8	10/ 1/89	\$ 100,000
Refunding Mortgage	4-1/8	7/ 1/93	25,000	Philadelphia Electric	8	4/ 1/85	80,000
Refunding Mortgage	4-7/8	1/ 1/06	250,000	Public Service Co. of Colorado:		8/15/75	500,000
Refunding Mortgage	7-1/2	3/ 1/09	500,000	First Mortgage	4-3/8		
Refunding Mortgage		1/ 1/88	300,000	First Mortgage	4-1/2	5/ 1/87	100,000
Niagara Mohawk Power Co.:	3-7/8	4/ 1/90	200,000	Public Service Ind.	7-5/8	10/ 1/91	200,000
General Mortgage	4-3/4	6/ 1/84	151,000	Public Service Co. of New		1/ 1/01	1,000,000
General Mortgage	5			Hampshire	3-1/4		
Northern Illinois Gas Co.		5/ 1/88	300,000	Public Service Elec. & Gas Co.:		11/ 1/84	96,000
Northern Natural Gas:	7-1/4	11/ 1/88	250,000	Debentures	4-5/8		
Debentures	7			Debentures	5-3/4	3/ 1/77	301,000
Northern States Power Co.:	2-3/4	10/ 1/75	50,000	First Ref. Mortgage	4-3/4	6/ 1/91	200,000
First Mortgage	2-3/4	2/ 1/74	100,000	First Ref. Mortgage	4-5/8	9/ 1/95	250,000
First Mortgage	4	7/ 1/88	100,000	First Ref. Mortgage	5-1/8	8/ 1/88	65,000
First Mortgage	2-3/4	1/ 1/74	191,000	Southern Bell	2-7/8	6/ 1/89	200,000
First Mortgage	6-3/4	6/ 1/98	500,000	Southern California Edison Co.:		7/ 1/87	250,000
First Mortgage	7	1/ 1/09	500,000	First Mortgage	3-1/8		
Northwest Bell	6-1/4	1/ 1/09	500,000	First Ref. Mortgage	4-3/8	8/15/76	130,000
Northwestern Bell Tel.	5	2/ 1/06	250,000	First Ref. Mortgage	5-1/4	9/1/85	100,000
Ohio Bell Telephone Co.				First Ref. Mortgage	6-3/8	5/15/91	250,000
Ohio Edison Co.:	2-3/4	4/ 1/75	75,000	South Central Bell Tel.	8-1/2	2/15/93	400,000
First Mortgage	4-3/4	6/ 1/91	100,000	Southwestern Bell Tel. Co.:		11/ 1/01	500,000
First Mortgage	6-5/8	10/ 1/79	500,000	Debentures	3-1/8	5/ 1/83	100,000
First Mortgage	4-7/8	11/ 1/87	100,000	Southwestern Bell:	8-3/4	8/ 1/07	1,000,000
Oklahoma Gas & Elec. Co.:	2-3/4	2/ 1/75	100,000	Debentures	6-3/4	6/ 1/08	250,000
First Mortgage	3-7/8	6/ 1/88	200,000	Southwest Bell Telephone	8-1/4	9/ 1/05	750,000
First Mortgage	5-1/8	1/ 1/97	250,000	Southwest Bell	6-7/8	2/ 1/11	500,000
Pacific Gas & Electric Co.:				Southwestern Public Service Co.	3.35	2/ 1/81	50,000
First & ref. mortgage	3	6/ 1/74	350,000	Tampa Electric Co.	4-1/4	7/ 1/88	150,000
First & ref. mortgage	4-1/2	12/ 1/86	50,000	Tennessee Gas Transmission Co.:			
First & ref. mortgage	3-3/8	12/ 1/88	50,000	First Mortgage Pipeline	3-7/8	2/ 1/76	50,000
First & ref. mortgage	4-1/2	6/ 1/93	200,000	First Mortgage Pipeline	4-3/4	11/ 1/76	58,000
First & ref. mortgage	4-5/8	6/ 1/97	150,000	First Mortgage Pipeline	5-1/4	11/ 1/79	78,000
Pacific Power & Light Co.	5-3/8	6/ 1/98	250,000	Tennessee Valley Authority	8-1/4	10/15/94	500,000
Pacific Tel. & Tel. Co.:	5	10/ 1/95	100,000	Texas Electric Service Co.	4-1/2	2/ 1/95	100,000
Debentures	4-3/8			Texas Power & Light Co.	4-1/2	1/ 1/91	250,000
Debentures	3-1/8	8/15/88	300,000	Texas Power & Light Co.	7-1/2	2/ 1/02	1,000,000
Debentures	3-5/8	11/15/89	100,000	Union Electric Co. of			
Pennsylvania Electric Co.:	4-5/8	8/15/91	50,000	Missouri:			
First Mortgage	7-7/8	6/ 1/00	150,000	First Mortgage	4-3/8	3/ 1/88	100,000
First Mortgage	2-3/4	12/ 1/01	1,000,000	First Mortgage	7-3/8	5/ 1/99	500,000
Pennsylvania Power & Light Co.	3	6/ 7/76	100,000	The Union Light, Heat &			
Peoples Gas Light & Coke Co.	4-5/8	3/ 1/84	100,000	Power Co.	5	7/ 1/89	200,000
		10/ 1/75	650,000	United Gas Corp.	5	11/ 1/80	88,000
		5/ 1/86	182,000	Utah Power & Light Co.	4-7/8	9/ 1/90	100,000
				Virginia Electric & Power Co.:			
				First Ref. Mortgage	3-7/8	6/ 1/88	200,000
				First Ref. Mortgage	4-5/8	9/ 1/90	150,000
				Virginia Electric	7-3/8	3/ 1/01	500,000

Description
PUBLIC UTILITIES - continued

Washington Gas Light Co.
West Penn. Power Co.:
First Mortgage
First Mortgage
West Penn Power
Western Union Telegraph Co.
West Texas Utilities
Wisconsin Power & Light Co.
Wisconsin Public Service Corp.
Wisconsin Telephone Co.:
Debentures

Rate of Interest

4-7/8%

2-7/8

4-7/8

9-5/8

5-1/4

7-1/4

8

3-1/4

7-1/4

5-1/2

Maturity

5/ 1/86

3/ 1/79

12/ 1/95

6/ 1/00

2/ 1/87

1/ 1/99

7/ 1/01

10/ 1/84

8

5/15/99

7/ 1/92

Carrying Value

\$ 100,000

100,000

275,000

500,000

250,000

250,000

1,000,000

100,000

500,000

25,000

\$ 56,731,000

Total Public Utilities

BANKS

The Chase Manhattan Bank:
Convertible Notes
Philadelphia National Bank

4.6

4-7/8

5-1/2

6/ 2/90

5/ 1/93

3/ 1/92

\$ 600,000

500,000

200,000

\$ 1,300,000

Total Banks

INDUSTRIAL AND MISCELLANEOUS

American Car & Foundry Co.:
Equipment Trust
Allied Chemical & Dye Corp.
Alluminum Co. of America
American Can Co.:
Debentures
Debentures
American Tobacco Co.
Anheuser Busch, Inc.
Avco Corp.
Baxter Laboratories
Beneficial Finance Co.:
Debentures
Debentures
Bethlehem Steel Corp.:
Consolidated Mortgage Sink-
ing Fund, Series K
Debentures
Burrroughs Corporation
Caterpillar Tractor Co.
Commercial Credit Corp.:
Debentures
Debentures

5-1/2

3-1/2

3-7/8

3-3/4

4-3/4

5-7/8

4-1/2

7-1/2

4-3/8

5

4-3/4

3

5.4

4-3/8

4-1/2

4-7/8

4/15/82

4/ 1/78

4/ 1/83

4/ 1/88

7/15/90

7/ 1/92

3/ 1/89

11/ 1/93

11/ 1/91

11/ 1/77

5/15/93

1/ 1/79

1/15/92

7/ 1/83

11/ 1/77

9/15/87

10/ 1/74

134,000

300,000

50,000

200,000

100,000

250,000

150,000

250,000

250,000

100,000

100,000

100,000

350,000

172,000

300,000

150,000

100,000

Description
INDUSTRIAL AND MISCELLANEOUS - continued

Continental Can Co.
Continental Oil Co.
Dana Corp.
Dow Chemical Co.
Dow Chemical Co.
Eaton, Yale & Towne, Inc.
Family Finance Corp.
Food Machine Chemical
Ford Motor Co.
General American Transportation
Corp.:
Equipment Trust
Equipment Trust
General Aniline & Film Corp.
General Electric Co.
General Motors Acceptance Corp.:
Debentures
Debentures
Debentures
Debentures
W. T. Gra nt Co.
Gulf Oil Corp.
Household Finance Corp.:
Debentures
Debentures
Industrial Equipment Trust
International Harvester Co.
Lakehead Pipeline Co.
Liggett & Myers Tobacco Co.
Local Finance Corp.
Lone Star Cement Co.
MacMillan L. T. D.
Montgomery Ward & Co.
National Cash Register
National Tea Co.
North American Car Corp.
Nabisco
Northwest Bancorporation
The Outlet Co.
Pan American Airlines
Pittsburg Plate Glass
Proctor & Gamble Co.
R. J. Reynolds Tobacco Co.
Scott Paper Co.
Sears, Roebuck Acceptance Corp.:
Debentures
Debentures
Shell Oil Co.
Standard Oil of California
Standard Oil of Indiana

Rate of Interest

4-5/8%

3

6

7-3/4

8-7/8

5-1/2

5

4-1/4

8-1/8

4-7/8

4.6

5-7/8

3-1/2

3-5/8

5

4

4-7/8

4-3/4

5.35

4-7/8

5

6-3/4

4-5/8

7-1/8

6

5-1/2

4-7/8

6-1/2

4-7/8

5.6

5

4.7

7-3/4

4-3/4

5-1/2

4-1/2

Maturity

10/ 1/85

11/ 1/84

12/ 1/91

7/15/99

5/ 1/00

3/15/92

10/15/81

7/15/92

1/15/90

5/ 1/80

11/15/85

12/ 1/91

5/ 1/78

9/ 1/75

8/15/77

3/ 1/79

12/ 1/87

1/ 1/87

6/15/91

9/15/93

7/ 1/92

5/15/83

11/ 1/79

4/15/93

5/ 1/92

6/ 1/78

7/ 1/90

7/15/92

8/ 1/90

6/15/91

8/ 1/77

12/15/72-74

5/ 1/01

10/15/90

4-3/4

7/ 1/86

2/15/89

5-1/4

6/15/95

9/ 1/81

10/ 1/73

6/ 1/00

7/15/82

8/ 1/83

8/ 1/86

8/ 1/92

10/ 1/93

Carrying Value

\$ 248,000

161,000

200,000

500,000

1,000,000

250,000

200,000

250,000

500,000

77,000

125,000

250,000

300,000

100,000

25,000

200,000

200,000

250,000

250,000

150,000

250,000

183,000

350,000

400,000

500,000

200,000

250,000

500,000

28,000

100,000

500,000

250,000

100,000

200,000

100,000

1,000,000

50,000

722,000

500,000

600,000

192,000

Description	Rate of Interest	Maturity	Carrying Value
<u>INDUSTRIAL AND MISCELLANEOUS - continued</u>			
Texaco, Inc.	3-5/8%	5/ 1/83	\$ 300,000
Textron, Inc.	5-7/8	5/ 1/92	200,000
Trailer Train Co.	7-1/8	12/ 1/82	133,334
Trans. World Airlines	4	3/ 1/92	200,000
Union Carbide Corp.	5.3	5/ 1/97	1,000,000
United Nuclear	5	2/ 1/88	100,000
United States Steel Corp.	4	7/15/83	350,000
Western Electric	8-3/8	10/ 1/95	1,000,000
Weyerhaeuser Co.	5.2	5/ 1/91	500,000
Xerox Corp.	6	11/ 1/95	11,400
Total Industrial and Miscellaneous			\$ 20,411,734

BANK STOCKS	Number of Shares	Carrying Value
Bank of America	9,310	\$ 376,229
B. T. New York Corp.	7,000	301,813
The Chase Manhattan Bank - New York	10,530	444,509
Chemical Bank New York Trust Co.	6,000	210,886
Continental Illinois National Bank & Trust Company of Chicago	16,456	270,096
First National Bank of Boston	6,098	224,559
First National City Bank of New York	14,894	474,185
Industrial National Bank of R. I.	19,095	431,282
Manufacturers Hanover Trust Co.	10,000	126,013
Morgan Guaranty Trust Co. of New York	5,500	302,421
Rhode Island Hospital Trust Co.	24,892	722,466
State Street and Trust Co.	5,670	113,635
United States Trust Co. of New York	4,200	242,831
Western Bancorporation	22,900	696,243
Total Bank Stocks		\$ 4,937,168

CORPORATE STOCK - COMMON	Number of Shares	Carrying Value
Aetna Life Insurance	5,000	\$ 218,587
Allegheny Power System, Inc.	22,000	513,989
American Cynamid Co.	28,000	825,932
American Electric Power Co., Inc.	19,200	586,281
American Home Products Corp.	21,000	363,048
American Hospital Supply Co.	9,000	155,520
American Telephone & Telegraph Co.	13,000	693,873
Arizona Public Service Co.	25,000	602,229
Atlantic Richfield	15,000	905,834

Description	Number of Shares	Carrying Value
<u>CORPORATE STOCK - COMMON - continued</u>		
Becton Dickinson Co.	19,000	\$ 790,033
Bristol Myers	14,000	942,016
Burroughs Corp.	3,000	548,041
Campbell Soup Co.	14,000	320,455
Caterpillar Tractor Co.	10,000	436,893
Central & Southwest Corp.	14,000	571,407
Chubb Corporation	18,000	445,360
Cleveland Electric Illuminating Co.	13,000	452,280
Commonwealth Edison Co.	14,999	499,406
Connecticut General Life Insurance Co.	16,500	650,935
Consumers Power Co.	17,000	530,372
Corn Products Co.	11,000	442,382
C. P. C. Industries	10,000	315,695
Crown Zellerbach Corp.	12,000	357,788
Diamond International Corp.	5,000	92,483
Dow Chemical Co.	7,000	413,016
E. I. DuPont de Nemours & Co., Inc.	4,000	479,549
Eastman Kodak Co.	8,700	409,080
Exxon Corp.	11,000	712,424
Firestone Tire & Rubber Co.	20,000	535,350
Florida Power Corp.	7,000	326,668
Florida Power & Light Corp.	22,000	774,634
The Foxboro Co.	18,000	498,650
Franklin Life Insurance Co.	15,000	385,833
Friendly Ice Cream	12,000	340,150
General Electric Co.	24,000	992,590
General Foods Corp.	32,000	995,941
General Motors Corp.	11,000	720,021
General Public Utilities Corp.	22,000	568,005
Gillette Co.	7,000	301,407
Gulf Oil Corp.	29,000	790,570
Gulf States Utilities Co.	18,000	387,983
Hewlett Packard	6,000	355,885
Honeywell, Inc.	7,000	557,560
I. N. A. Corporation	9,000	375,134
International Business Machine	6,102	655,542
International Nickel Co. of Canada Ltd.	13,000	352,745
International Paper Co.	15,000	512,128
International Paper Corp.	18,000	352,074
Iowa Electric Light & Power Co.	6,000	142,709
Iowa Power & Light Co.	10,000	252,047
Johns-Manville Corp.	14,000	338,477
Kennecott Copper Corp.	15,000	494,594
Kimberly Clark Corp.	22,666	498,305
Liberty National Insurance	14,000	452,835
Merck & Co., Inc.	15,000	260,347
Middle South Utilities, Inc.	14,000	701,148
Minnesota Mining & Manufacturing Co.	10,000	333,431
Mobil Oil Co.		

Description
CORPORATE STOCK - COMMON - continued

	<u>Number of Shares</u>	<u>Carrying Value</u>
Monsanto Co.	15,999	\$ 690,828
Montgomery Ward & Co.	10,000	202,869
National Cash Register	22,000	737,795
Niagara Mohawk Power Corp.	26,000	480,590
Northeast Utilities	18,000	263,294
Northern States Power Co.	25,000	729,798
Ohio Edison Co.	20,000	490,152
Owens Corning Fiberglass Corp.	14,000	598,752
Panhandle Eastern	12,000	434,078
J. C. Penney Co.	10,000	306,210
Pfizer (Chas.) Co.	26,000	784,093
Phillips Petroleum Co.	19,000	633,136
Polaroid Corp.	6,000	408,052
Proctor & Gamble	5,000	223,045
Radio Corp. of America	16,000	418,883
Scott Paper Co.	33,000	705,396
G. D. Searle & Co.	30,000	717,250
Sears, Roebuck & Co.	7,500	310,396
Shell Oil Co.	13,000	631,146
Southern Co.	26,000	655,945
Squibb Beech-Nut	9,000	482,156
Standard Oil Co. - California	13,000	759,285
Standard Oil Co. - Indiana	13,000	696,646
Standard Oil Co. - Ohio	9,000	720,245
Texaco, Inc.	28,000	877,620
Texas Gas Transmission Corp.	12,000	422,764
Texas Instruments	6,000	267,726
Texas Utilities	23,000	589,115
Transamerica Corp.	18,000	235,520
Union Carbide	25,000	1,145,395
Union Electric Co.	21,000	414,284
U. S. Fidelity & Guaranty Co.	11,400	335,679
U. S. Gypsum Co.	33,000	1,007,412
Virginia Electric & Power Co.	27,000	641,489
Warner Lambert	22,000	885,602
Westinghouse Electric Corp.	16,000	381,141
Weyerhaeuser Co.	14,000	583,492
Xerox Corp.	8,000	789,681
Total Corporate Stock -Common		<u>\$ 50,184,633</u>

CORPORATE STOCK PREFERRED

American Express	1,000	\$ 67,758
American Telephone & Telegraph	1,000	52,250
Arco	4,000	94,227

Description
CORPORATE STOCK PREFERRED - continued

	<u>Number of Shares</u>	<u>Carrying Value</u>
Champion International Corp.		
C. N. A. Financial Corp.	6,000	\$ 175,456
I. T. T. Corp.	11,000	356,175
Northern Illinois Gas	3,000	84,164
Quaker Oats Co.	363	12,247
F. W. Woolworth	2,500	185,259
	6,000	<u>313,325</u>
Total Corporate Stock Preferred		<u>\$ 1,340,861</u>
 <u>INVESTMENT COMPANIES AND TRUSTS</u>		
Affiliated Fund, Inc.		
Incorporated Income Fund	47,436	\$ 251,031
Massachusetts Investors Trust	20,353	152,568
	19,690	<u>219,691</u>
Total Investment Companies and Trusts		<u>\$ 623,290</u>
 <u>TOTAL INVESTMENTS - EMPLOYEES' RETIREMENT FUND</u>		
		<u>\$179,232,685</u>

INVESTMENTS ACQUIRED DURING THE YEAR

Description	Rate of Interest	Maturity	Par Value
<u>UNITED STATES OF AMERICA</u>			
U. S. Treasury - Notes	5-7/8%	2/15/76	\$ 97,000
U. S. Treasury - Notes	5-7/8	2/15/76	700,000
U. S. Treasury - Notes	6-1/4	8/15/79	759,000
U. S. Treasury - Bonds	6-1/4	8/15/79	550,000
U. S. Treasury - Notes	6-1/4	8/15/79	1,500,000
U. S. Treasury - Notes	6-1/4	8/15/79	1,000,000
U. S. Treasury - Notes	6-7/8	5/18/80	500,000
Total United States of America			\$ 5,106,000

CERTIFICATE OF DEPOSIT

Description	Rate of Interest	Maturity	Par Value
Old Stone National Bank	4-3/4	10/19/72	\$ 1,300,000
Columbus National Bank	4-7/8	11/16/72	3,500,000
Columbus National Bank	5	12/21/62	3,500,000
Columbus National Bank	5	1/22/73	3,500,000
Columbus National Bank	5-3/8	2/21/73	3,500,000
Columbus National Bank	5-3/8	3/23/73	3,500,000
R. I. Hospital Trust	6.65	4/19/73	200,000
Columbus National Bank	6-3/4	4/23/73	3,500,000
R. I. Hospital Trust	7-1/8	6/14/73	1,550,000
Columbus National Bank	7	5/23/73	3,500,000
Columbus National Bank	7-1/4	6/23/73	3,500,000
Columbus National Bank	8	8/21/73	3,500,000
Total Certificates of Deposit			\$ 34,550,000

COMMERCIAL PAPER

Description	Maturity	Amount
American Credit Corporation	4/19/73	\$ 1,800,000
Associated Dry Goods	9/21/72	1,000,000
Associated Dry Goods	3/15/73	1,500,000
City Products	11/29/72	1,500,000
City Products	1/30/73	1,500,000
City Products	3/30/73	500,000
Delmarva Power & Light	4/ 2/73	1,500,000
Equitable Life Mort. & Realty	10/19/72	700,000
Family Finance	10/19/72	1,500,000
Family Finance	8/17/72	1,000,000
Family Finance	9/21/72	1,000,000
Family Finance	11/16/72	1,000,000

COMMERCIAL PAPER - continued

Description	Maturity	Amount
Family Finance	2/26/73	\$ 2,000,000
Family Finance	6/21/73	2,000,000
Family Finance	7/19/73	3,000,000
Pruehauf Co.	10/19/72	1,000,000
Pruehauf Co.	12/21/72	2,500,000
Pruehauf Co.	6/28/73	1,500,000
W. Woolworth	3/30/73	1,000,000
W. Woolworth	7/19/73	1,000,000
Goodyear Tire & Rubber	12/29/72	1,500,000
T. T. Aetna Corp.	9/21/72	1,000,000
T. T. Aetna Corp.	8/30/73	2,000,000
P. Stevens Co.	7/27/73	1,100,000
Gorrillard Div. of Loews Theatre	6/28/73	1,000,000
Macy Credit Corp.	2/15/73	1,500,000
Macy Credit Corp.	7/19/73	2,500,000
Mass. Mutual Mort. & Realty	1/18/73	2,000,000
Mass. Mutual Mort. & Realty	3/15/73	500,000
Motorola, Inc.	10/30/72	1,500,000
Schenley, Inc.	6/14/73	200,000
Sperry Rand Corp.	8/17/72	1,000,000
Sperry Rand Corp.	10/30/72	1,000,000
Sperry Rand Corp.	1/18/73	1,000,000
Sperry Rand Corp.	6/26/73	2,000,000
S. S. Kresge	5/29/73	1,500,000
U. S. Industries	4/27/73	1,500,000
U. S. Industries	5/17/73	1,100,000
Total Commercial Paper		\$ 52,400,000

PUBLIC UTILITY BONDS

Description	Rate of Interest	Maturity	Carrying Value
Arkansas Power & Light	8%	6/ 1/03	\$ 250,000
Arkansas Power & Light	8	6/ 1/03	250,000
Arkansas Power & Light	8	6/ 1/03	250,000
Arkansas Power & Light	8	6/ 1/03	250,000
Arkansas Power & Light	8	1/ 1/03	500,000
Duquesne Light Co.	7-1/4	1/ 1/03	500,000
Duquesne Light Co.	7-1/4	11/ 1/02	500,000
Louisiana Power & Light	7-1/2	7/ 1/02	1,000,000
New England Power	7-5/8	10/15/97	700,000
New England Telephone	7-3/8		
Total Public Utility Bonds			\$ 4,200,000

Description	Number of Shares	Amount
<u>PREFERRED STOCK</u>		
Champion International Corp.	3,000	\$ 72,319.35
C. N. A.	1,000	28,800.43
F. W. Woolworth	4,000	202,148.80
Total Preferred Stocks		\$ 303,268.58
<u>BANK STOCKS</u>		
Bankers Trust	1,000	\$ 58,308.50
Chase Manhattan	1,590	96,548.20
Chemical Bank - New York Trust	1,000	54,418.00
Total Bank Stocks		\$ 209,274.70
<u>OTHER COMMON STOCKS</u>		
Aetna Life Casualty	750	\$ 55,179.90
Allegheny Power System	2,000	45,252.20
American Cynamid	5,000	141,896.60
American Electric Power	1,000	28,813.00
American Home Products	1,000	127,150.00
American Telephone	1,000	51,406.00
Arizona Public Service	2,000	46,182.75
Atlantic Richfield	9,000	561,310.05
Becton Dickinson	16,000	666,580.55
Bristol Myers	14,000	942,015.80
Burroughs Corp.	1,000	228,650.00
Campbell Soup	2,000	55,085.48
Caterpillar Tractor	2,000	140,551.00
Central Southwest	1,500	66,486.00
Cleveland Elect. Illum.	1,000	34,338.00
Commonwealth Edison	2,000	69,303.50
Connecticut General Life	2,000	158,534.00
Consumer Power	2,000	58,342.78
CPC International	9,000	283,456.00
Crown Zellerbach	5,000	134,900.40
Dow Chemical Co.	5,000	413,016.25
Exxon Corp.	1,000	92,570.00
Firestone Tire & Rubber	6,000	137,492.60
Florida Power Corp.	3,000	133,836.95
Florida Power & Light Co.	2,000	65,953.80
Foxboro Co.	2,000	176,336.40
Franklin Life Insurance Corp.	6,000	56,466.00
Friendly Ice Cream	2,000	340,150.25
General Foods	12,000	571,592.50
General Motors	21,000	77,635.50
General Public Utilities	1,000	43,793.50
	2,000	

Description	Number of Shares	Amount
<u>OTHER COMMON STOCKS - continued</u>		
Gillette Co.	2,000	\$ 124,335.25
Gulf Oil Corp.	14,000	348,841.00
Gulf State Utilities Corp.	1,000	20,262.00
Hewlett Packard Co.	1,000	91,566.00
I. B. M.	588	243,145.00
I. N. A.	1,500	64,026.20
Iowa Electric Light & Power	5,000	95,420.86
Iowa Power & Light Company	4,000	95,498.50
Johns Manville Corp.	2,000	50,442.00
Kennecott Copper	9,000	208,733.00
Kimberly Clark	1,000	34,463.50
Liberty National Life Ins.	1,000	40,989.50
Middle South Utilities	1,000	22,525.50
Mobil Oil Co.	2,000	145,984.00
Montgomery Ward & Co.	2,000	47,116.25
National Cash Register	15,000	488,768.10
Niagara Mohawk Power	2,000	34,217.75
Northeast Utilities	2,000	32,370.00
Northern State Power	3,720	93,664.20
Ohio Edison Co.	2,000	46,308.50
Owens Corning Fiberglass	4,000	188,544.60
Panhandle Eastern Pipeline	2,000	72,917.90
Pfizer, Inc.	3,000	131,968.00
Phillips Petroleum Corp.	9,000	356,586.00
Poloroid Corp.	500	54,275.00
Scott Paper Co.	15,000	217,248.63
Shell Oil	6,000	287,279.00
Standard Oil of California	3,000	216,868.75
Standard Oil of Indiana	1,000	89,683.50
Standard Oil of Ohio	9,000	720,245.06
Southern Co.	2,000	41,151.63
Texas Gas Transmission	6,000	219,709.80
Texas Utilities	10,000	352,696.70
Transamerica Corp.	1,000	29,944.75
Union Carbide	1,029	16,703.68
Union Electric	3,000	132,506.50
U. S. Fidelity	2,000	36,361.88
U. S. Gypsum	1,000	43,123.00
Virginia Electric Power	11,000	278,754.50
Warner Lambert	2,000	43,730.63
Xerox Corp.	2,000	213,592.00
	1,300	197,145.00
Total Other Common Stocks		\$ 12,273,991.38
Total Purchases During the Year		\$109,042,534.66

INVESTMENTS DISPOSED OF DURING THE YEAR

<u>Description</u>	<u>Rate of Interest</u>	<u>Maturity</u>	<u>Par Value for Bonds or Commercial Paper or Cost for Stocks</u>
<u>UNITED STATES TREASURY</u>			
Treasury Bonds	4%	8/15/72	\$ 759,000
Treasury Bonds	3-7/8	11/15/74	1,500,000
Treasury Bonds	2-1/2	12/15/72	700,000
Treasury Bonds	2-1/2	9/15/72	97,500
Treasury Bonds	5-3/4	2/15/75	550,000
Treasury Notes	5-3/4	2/15/75	1,000,000
Treasury Bonds	7-3/4	5/15/73	275,000
Treasury Bonds	7-3/4	5/15/73	500,000
Total United States Treasury			\$ 5,381,500
<u>CERTIFICATES OF DEPOSIT</u>			
R. I. Hospital Trust National Bank	4-1/2	7/20/72	\$ 1,300,000
Old Stone Savings Bank	4-3/4	10/19/72	1,300,000
Columbus National Bank	4-7/8	11/16/72	3,500,000
Columbus National Bank	5	12/21/72	3,500,000
Columbus National Bank	5	1/22/73	3,500,000
Columbus National Bank	5-3/8	2/21/73	3,500,000
Columbus National Bank	5-3/8	3/23/73	3,500,000
R. I. Hospital Trust National Bank	6.65	4/19/73	200,000
Columbus National Bank	6-3/4	4/23/73	3,500,000
Columbus National Bank	7	5/23/73	3,500,000
R. I. Hospital Trust National Bank	7-1/8	6/14/73	1,550,000
Columbus National Bank	7-1/4	6/23/73	3,500,000
Total Certificates of Deposit			\$32,350,000

COMMERCIAL PAPER

Allied Store Credit Corp.	Disct.	8/29/72	\$ 1,000,000
American Credit Corp.	Disct.	8/29/72	1,000,000
American Credit Corp.	Disct.	4/19/73	1,800,000
Associated Dry Goods	Disct.	9/21/72	1,000,000
Associated Dry Goods	Disct.	3/15/73	1,500,000
City Products Corp.	Disct.	11/29/72	1,500,000
City Products Corp.	Disct.	1/30/73	1,500,000
City Products Corp.	Disct.	3/30/73	500,000
City Products Corp.	Disct.	4/ 2/73	1,500,000

COMMERCIAL PAPER - continued

<u>Description</u>	<u>Rate of Interest</u>	<u>Maturity</u>	<u>Par Value for Bonds or Commercial Paper or Cost for Stocks</u>
Delmarva Power & Light	Disct.	10/19/72	\$ 700,000
Equitable Life Mort. & Realty	Disct.	10/19/72	1,500,000
Family Finance	Disct.	7/28/72	1,000,000
Family Finance	Disct.	8/17/72	1,000,000
Family Finance	Disct.	9/21/72	1,000,000
Family Finance	Disct.	11/16/72	1,000,000
Family Finance	Disct.	2/26/73	2,000,000
Fruehauf Co.	Disct.	6/21/73	2,000,000
Fruehauf Co.	Disct.	10/19/72	1,000,000
Fruehauf Co.	Disct.	12/21/72	2,500,000
Fruehauf Co.	Disct.	6/28/73	1,500,000
F. W. Woolworth	Disct.	3/30/73	1,000,000
Goodyear Tire & Rubber	Disct.	12/29/72	1,500,000
I. T. T. Aetna	Disct.	7/28/72	1,000,000
I. T. T. Aetna	Disct.	9/21/72	1,000,000
Lorillard - Loews Theatre	Disct.	6/28/73	1,000,000
Macy Credit Corp.	Disct.	2/15/73	1,500,000
Mass. Mutual Mort. Realty	Disct.	1/18/73	2,000,000
Mass. Mutual Mort. Realty	Disct.	3/15/73	500,000
Motorola, Inc.	Disct.	10/30/72	1,500,000
Schenely Industries	Disct.	9/20/72	1,500,000
Schenely Industries	Disct.	6/14/73	200,000
Sperry Rand	Disct.	8/17/72	1,000,000
Sperry Rand	Disct.	10/30/72	1,000,000
Sperry Rand	Disct.	1/18/73	1,000,000
Sperry Rand	Disct.	6/26/73	2,000,000
Sperry Rand	Disct.	5/29/73	1,500,000
S. S. Kresge	Disct.	7/20/72	1,800,000
United Merchants & Mfg.	Disct.	7/20/72	1,500,000
U. S. Industries	Disct.	4/27/73	1,500,000
U. S. Industries	Disct.	5/17/73	1,100,000
U. S. Industries	Disct.		
Total Commercial Paper			\$51,600,000
<u>STATE MUNICIPAL BONDS</u>			
City of Central Falls	2.9%	6/ 1/73	\$ 4,000
Refund	4-1/2	6/ 1/73	10,000
City of Woonsocket - Sewer	4.6	10/15/72	25,000
Town of Cumberland - School	3	12/ 1/73	8,000
Town of Jamestown - School	2.9	9/ 1/72	20,000
Town of Johnstown - School		7/ 1/72	2,000
Town of North Providence	3		
Funding			

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Par Value for
Bonds or Com-
mercial Paper
or Cost for
Stocks

<u>Description</u>	<u>Rate of Interest</u>	<u>Maturity</u>	
<u>STATE MUNICIPAL BONDS - continued</u>			
Town of North Providence	3%	6/ 1/73	\$ 5,000
Funding		6/ 1/73	5,000
Town of North Providence	3	10/ 1/72	<u>12,000</u>
Serew	4-1/2		\$ 91,000
Town of Warwick - Water			
Total State Municipal Bonds			<u></u>
<u>RAILROAD BONDS</u>			
Great Northern Equipment	4-1/8	3/ 1/73	\$ 200,000
Southern Pacific Co.	5-5/8	12/ 1/72	100,000
Southern Railway Co. -			<u>100,000</u>
Equipment Trust	4-1/4	11/15/72	\$ 400,000
Total Railroad Bonds			<u></u>
<u>PUBLIC UTILITY BONDS</u>			
New Bedford Gas	8-1/8	12/ 1/72	\$ 10,000
Tampa-Electric -			<u>500,000</u>
Promissory Note	8.6	9/30/72	\$ 510,000
Total Public Utility Bonds			<u></u>
<u>INDUSTRIAL BONDS</u>			
American Car & Foundry Co.	5-1/2	4/15/73	\$ 17,000.00
American Car & Foundry Co.	5-1/2	5/15/73	16,000.00
North American Corp.	4.7	5/21/73	50,000.00
Trailer Train Equipment	7-1/8	12/ 1/72	<u>13,333.33</u>
Total Industrial Bonds			\$ 96,333.33
<u>PREFERRED STOCK</u>			
American Express	Number of Shares		
	1,500		\$ 101,635.50
<u>COMMON STOCK</u>			
Continental Oil Co.	3,000		\$ 82,719.50
Total Securities Disposed of During Year			<u>\$90,613,188.33</u>

A P P E N D I X

Summary of Benefit and Contribution

Provisions

Statistical Tables

SUMMARY OF BENEFIT AND CONTRIBUTION PROVISIONS^{1/}

B E N E F I T S

Service retirement allowance. (a) Retirement is optional with a member upon attainment of the age of 60 years, provided he has completed at least 10 years of credited service. Members should verify their service credits with the retirement office well in advance of their retirement date.

Any member with 30 years of service may retire at age 55, also under age 55, at a reduced allowance; being the actuarial equivalent of the value of the allowance at age 55.

Any member may retire after 35 years of service, regardless of age, without discount.

(b) A member withdrawing from service prior to the attainment of age 60, has the right to a retirement benefit vests after 10 years of service. If the member does not take a refund, the retirement allowance will become available upon his attainment of age 60.

(c) All members, except elected or term appointive officials, are subject to retirement at age 70. School teachers attaining age 70 during a school year are permitted to continue in service until the end of the school year.

(d) The service retirement allowance is equal to

- 1.7% for each of the first 10 years of credited service
- 1.9% for each of the next 10 years of service and
- 2.4% for each year of service above 20, based upon the highest average salary for any 3 consecutive years within the total service. The maximum rate of retirement annuity is 80% of such average salary.

(See special provisions for members of the General Assembly in the latter part of this summary.)

(e) Options. Upon or after attainment of age 60 and the completion of 10 years of service, or beginning at age 50 after 20 years of service, a member may elect to receive 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, whether death occurs while in service or while on retirement, or while in an inactive membership status under prescribed conditions.

(f) Re-employment of retirees. A retired state employee or teacher may be re-employed up to 75 days during a year without loss of pension payments. If service is continued beyond 75 days, pension payments are suspended. No additional service credit accrues during any service after retirement.

^{1/} In force and effect June 30, 1973

Post-retirement adjustment. (a) State employees who retired prior to January 1, 1968 were granted a cost-of-living adjustment of 1-1/2% per year based upon their original grant of pension, not compounded, up to January 1971 and 3% per year after 1971 without any maximum limitation.

(b) Teachers who retired prior to January 1, 1968 were granted the same adjustment as above beginning July 1, 1970.

(c) State employees and teachers who retired after January 1, 1968 were granted a 3% increase in retirement pensions for each year effective as of January 1st following their 3rd year on retirement.

Non-occupational disability. A benefit is available to any member having at least 7 years of credited service. The benefit is equal to the amount of the service retirement allowance covering the period of total credited service of the member subject to a minimum benefit of 26.5% of average salary for the 3 highest consecutive years.

Occupational disability. A member becoming disabled while under age 65 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. (a) 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, together with an amount provided from State contributions equal to \$400 for each year of total service of the member. The payment from State contributions is subject to a minimum amount of \$2,000 for 5 years of service or less, and a maximum of \$8,000 for 20 years of service or over.

(b) A member of the General Assembly may continue coverage for this benefit after withdrawal from the General Assembly by making an annual contribution of \$15.00.

Occupational death. (a) 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.

(b) 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 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.

A State employee member retiring on or after July 1, 1964 and a teacher-member retiring on or after May 26, 1966, receives continued coverage for ordinary death benefit but on a reduced basis, reduced 25% on each anniversary date of retirement of the amount of the benefit accumulated at date of retirement to a minimum of 25% but not less than \$2,000. The minimum payment of \$2,000 is payable regardless of date of retirement.

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.

F I N A N C I N G

By members. (a) State employee members of the system are required to contribute at the rate of 5% of salary. This rate is uniform for all employees, both male and female.

(b) Teacher-members contribute 6% of salary. This is a uniform rate for all teachers.

(c) Contributions by members, both State employees and teachers, cease upon the completion of 38 years of credited service.

By the State of Rhode Island. (a) 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.

(b) 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 five 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 five years from July 1, 1972.

(c) The State's contribution on account of State employees was 5.55% of total salaries from July 1, 1967 to June 30, 1972. Beginning July 1, 1972, the rate is 6.5% of total salaries.

(d) In the case of teacher-members, the rate of employer contributions, shared equally by the State and the cities and towns, was 7.80% of total salaries from July 1, 1967 to June 30, 1972. Beginning July 1, 1972, the rate is 9.0% of total salaries.

MODIFICATIONS AFFECTING MEMBERS OF THE GENERAL ASSEMBLY

(a) Members of the General Assembly became eligible for the optional benefit on July 1, 1960. Members contribute 30% of salary. A member may retire beginning at age 55 after 8 years of service. The retirement annuity is equal to \$1,600.00 for 8 years of service increased \$300.00 for each year of service above 8 years to a maximum of \$6,000.00 per year.

(b) If a former member of the General Assembly (not on retirement) reenters service of any agency or division of the State government other than as a member of the General Assembly and renders at least 2 years of service, he may elect the above formula or the regular service retirement allowance described hereinbefore, whichever is greater.

(c) If the spouse of a member is elected to the General Assembly, the spouse is entitled to the pension credit accumulated by the deceased member.

(d) In the case of a member whose death occurs while in service as a member after 8 years of service, the spouse is entitled to the annuity earned by the deceased member.

(e) A member is entitled to 1 year pension credit for service in the armed forces of 6 months or more in any one year.

(f) A member may retire after 20 years of service regardless of age.

INTERCHANGE OF PENSION CREDIT

Any member of the system transferring from State service to teaching service or to employment with a municipality covered by the Municipal Employees' Retirement System, or vice versa, may continue membership in the system covering the service to which a transfer is made by requesting a transfer of member contributions.

PURCHASE OF PENSION CREDITS

(a) Out-of-state teaching. Teachers in the state with previous service in out-of-state schools may purchase pension credits for such service up to 5 years of such out-of-state teaching service during the first 3 years of service in this state at a cost of 10% of their salary at date of purchase.

(b) In-state private school teaching. The same conditions apply to this service as stated above.

(c) Any member may purchase credit for military service rendered prior to entry into membership, for a period not exceeding 4 years, at a cost of 10% of his first year's earnings.

(d) Previous municipal or state service. Any member having such service for which no contributions were made may obtain credit therefor by making certain contributions under prescribed conditions.

(e) State agencies transferred to the federal government. Any State employee transferred to federal service during the period from January 1942 to November 1946, or who was employed by the National Reemployment Service in the State from 1933 to 1937, may acquire credit for this service under prescribed conditions.

EXTENSION TO PUBLIC SCHOOL TEACHERS - MODIFICATIONS

(a) On 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.

(b) 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.

(c) 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 5 years, upon payment of prescribed contributions. Such credit is available, however, only if the outside service was rendered more than 10 years before retirement.

SUMMARY OF PROVISIONS FOR SURVIVORS' BENEFITS
FOR SCHOOL TEACHERS

Beginning July 1, 1963, survivors' benefits are provided certain designated beneficiaries of teachers, namely, a widow or widower, a dependent parent and minor children under age 18. Specifically, the beneficiaries under this provision are:

(a) A widow who was married to the deceased teacher at least one year prior to death, or was the mother of his son or daughter, or legally adopted his son or daughter while married to him while such son or daughter was under age 18, or was married to him at the time both of them legally adopted a child under age 18;

(b) A widower who was married to the teacher for not less than one year prior to the date of her death, is the father of her children, or legally adopted a child while married to her while the child was under age 18;

(c) A natural parent, a stepparent of the deceased member by marriage contracted before the member attained age 18, or an adopting parent who adopted the deceased teacher before the teacher attained age 18;

(d) Children, including a stepchild who was in that capacity for at least one year before the death of the member, or an adopted child of the member regardless of length of adoption;

(e) Former divorced wife who is the mother of his child or children, who legally adopted his child or children while married to him and while they were under age 18, was married to the member at the time both of them legally adopted a child under age 18.

Widows' benefits. Payable during widowhood at age 62 or over of the widow, provided she was living with the husband at time of death. The amount of benefit payable is as follows:

<u>Last annual salary</u>	<u>Monthly Benefit</u>	<u>Last annual salary</u>	<u>Monthly Benefit</u>
\$1200	\$ 48.70	\$3600	\$ 86.70
1800	60.30	4200	95.70
2400	69.30	4800 and over	104.80
3000	78.40		

Benefits for annual salary not shown in this schedule must be determined by the retirement board.

Mother's benefit. Payable to a widow who is not entitled to a widow's benefit provided (a) she has in her care a child of a member entitled to child's benefits and was living with the teacher-member at the time of his death, and (b) she has not remarried. The amount of benefit payable is as follows:

<u>Last annual salary</u>	<u>Widow and 1 child</u>	<u>Widow and 2 children</u>	<u>Widow and 3 or more children</u>
\$1200	\$ 88.50	\$ 88.50	\$ 88.50
1800	109.60	120.00	120.00
2400	126.00	161.60	161.60
3000	142.60	202.40	202.40
3600	157.60	236.40	240.00
4200	174.00	254.00	254.00
4800	190.60	254.00	254.00

Benefits for salaries not shown above must be determined by the retirement board.

When the youngest child attains age 18, the widow is entitled to receive the widow's annuity.

Child's benefits. These benefits are payable on account of any unmarried child under age 18 who was dependent upon the teacher at the time of his death or the child was disabled which had its origin prior to age 18. The monthly amounts of benefit payable are as follows:

<u>Last annual salary</u>	<u>One child</u>	<u>Two children</u>	<u>Three or more children</u>
\$1200	\$ 44.30	\$ 88.50	\$ 88.50
1800	54.80	109.60	120.00
2400	63.00	126.00	161.60
3000	71.30	142.60	202.40
3600	78.80	157.60	236.40
4200	87.00	174.00	254.00
4800	95.30	190.60	254.00

Benefits for amounts of salary not shown above must be determined by the retirement board.

Widower's benefit. Payable to the widower of a deceased teacher-member upon attainment of age 62 who is not entitled to a social security benefit from his own earnings equal to or greater than the amount of this benefit. The rates of benefit are the same as those prescribed for a widow.

Parent's benefit. Payable to a dependent parent or parents of a teacher who did not leave a widow, widower or eligible child surviving him, who had attained age 65 and payable while the parent is unmarried, and is not entitled to a social security benefit from his own earnings equal to or greater than the amount of this benefit. The rates of benefit are the same as those prescribed for a widow.

Refunds. Upon death of any member while in service leaving no dependents eligible to benefits, a refund is payable of his contributions towards this benefit, plus interest.

If a member leaves the service before retirement with 5 years of service or more, he is entitled to a refund of his contributions for this purpose. If service is less than 5 years, no refund is payable.

Social security. The survivors' annuity provisions described herein do not apply to teachers of any city or town who prior to July 1, 1963 elected coverage for its teachers under the federal social security act.

Financing. A survivor's benefit fund was created to which teachers make additional contributions equal to 1-1/2% of salary up to salary of \$4,800 per year which are to be matched equally by the cities and towns. The State of Rhode Island, through the Employees' Retirement Board, is designated as administrator of this program. The State assumes the cost of administration.

No member or dependents are eligible for benefits unless contributions had been made for at least 6 consecutive calendar months prior to death or retirement. However, any teacher who retired between April 21, 1962 and September 1, 1963 may become eligible for this program by contributing for at least 6 months 3% of salary based upon his last rate of salary, provided he makes written application to the retirement board on or before September 1, 1963.

TABLE 1. Number of STATE EMPLOYEES and Annual Salaries - Classified by 5-year Age Groups

M A L E

<u>Age Group</u>	<u>Number</u>	<u>Annual Salaries</u>
Less than 25	641	\$ 4,634,042
25 to 29 incl.	491	4,274,079
30 to 34 incl.	549	4,910,745
35 to 39 incl.	722	6,619,243
40 to 44 incl.	833	8,127,515
45 to 49 incl.	851	7,783,828
50 to 54 incl.	960	7,980,949
55 to 59 incl.	983	8,621,558
60 to 64 incl.	844	7,634,374
65 and over	614	5,405,411
Totals	<u>7,488</u>	<u>\$65,991,744</u>

TABLE 2. Number of STATE EMPLOYEES and Annual Salaries - Classified by 5-year Age Groups

<u>F E M A L E</u>		
<u>Age Group</u>	<u>Number</u>	<u>Annual Salaries</u>
Less than 25	1,376	\$ 7,632,299
25 to 29 incl.	348	2,946,825
30 to 34 incl.	309	2,037,448
35 to 39 incl.	436	2,918,930
40 to 44 incl.	668	4,564,014
45 to 49 incl.	902	5,995,658
50 to 54 incl.	1,005	7,091,133
55 to 59 incl.	928	6,145,880
60 to 64 incl.	576	4,271,044
65 and over	337	2,719,049
Totals	<u>6,885</u>	<u>\$46,322,280</u>

TABLE 3. Number of STATE EMPLOYEES and Annual Salaries - Classified by 5-year Service Groups

<u>M A L E</u>		
<u>Length of Service</u>	<u>Number</u>	<u>Annual Salaries</u>
Less than 5 years	2,551	\$18,882,398
5 to 9 yrs. incl.	1,906	16,285,715
10 to 14 yrs. incl.	1,221	11,388,420
15 to 19 yrs. incl.	861	8,348,927
20 to 24 yrs. incl.	432	4,926,818
25 to 29 yrs. incl.	311	3,220,119
30 yrs. and over	206	2,939,347
Totals	<u>7,488</u>	<u>\$65,991,744</u>

TABLE 4. Number of STATE EMPLOYEES and Annual Salaries - Classified by 5-year Service Groups

<u>F E M A L E</u>		
<u>Length of Service</u>	<u>Number</u>	<u>Annual Salaries</u>
Less than 5 years	2,732	\$16,063,392
5 to 9 yrs. incl.	1,958	11,734,572
10 to 14 yrs. incl.	936	7,011,915
15 to 19 yrs. incl.	549	4,814,034
20 to 24 yrs. incl.	326	3,001,983
25 to 29 yrs. incl.	221	2,077,131
30 yrs. and over	163	1,619,253
Totals	<u>6,885</u>	<u>\$46,322,280</u>

TABLE 5. Number of TEACHER-MEMBERS and Annual Salaries - Classified by 5-year Age Groups

<u>M A L E</u>		
<u>Age Group</u>	<u>Number</u>	<u>Annual Salaries</u>
Under age 25	591	\$ 4,968,268
25 to 29 incl.	977	9,008,100
30 to 34 incl.	764	6,995,106
35 to 39 incl.	684	7,880,007
40 to 44 incl.	506	5,519,687
45 to 49 incl.	391	4,426,850
50 to 54 incl.	274	3,023,631
55 to 59 incl.	289	3,298,578
60 to 64 incl.	159	2,327,107
65 and over	108	1,419,795
Totals	<u>4,743</u>	<u>\$48,867,129</u>

TABLE 6. Number of TEACHER-MEMBERS and Annual Salaries - Classified by 5-year Age Groups

<u>F E M A L E</u>		
<u>Age Group</u>	<u>Number</u>	<u>Annual Salaries</u>
Under age 25	1,787	\$16,483,275
25 to 29 incl.	1,130	11,653,036
30 to 34 incl.	601	5,467,804
35 to 39 incl.	576	4,963,271
40 to 44 incl.	601	5,788,614
45 to 49 incl.	584	5,934,103
50 to 54 incl.	678	7,280,163
55 to 59 incl.	793	8,693,027
60 to 64 incl.	744	8,248,202
65 and over	446	4,785,285
Totals	<u>7,940</u>	<u>\$79,296,780</u>

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TABLE 7. Number of TEACHER-MEMBERS and Annual Salaries - Classified by 5-year Service Groups

M A L E

<u>Length of Service</u>	<u>Number</u>	<u>Annual Salaries</u>
Less than 5 years	1,657	\$15,428,908
5 to 9 yrs. incl.	1,192	10,868,131
10 to 14 yrs. incl.	836	9,313,866
15 to 19 yrs. incl.	812	9,948,820
20 to 24 yrs. incl.	58	641,474
25 to 29 yrs. incl.	55	657,209
30 to 34 yrs. incl.	69	954,394
35 to 39 yrs. incl.	41	656,600
40 yrs. and over	23	397,727
Totals	<u>4,743</u>	<u>\$48,867,129</u>

TABLE 8. Number of TEACHER-MEMBERS and Annual Salaries - Classified by 5-year Service Groups

<u>F E M A L E</u>		
<u>Length of Service</u>	<u>Number</u>	<u>Annual Salaries</u>
Less than 5 years	3,179	\$29,458,910
5 to 9 yrs. incl.	1,344	11,131,233
10 to 14 yrs. incl.	1,193	11,210,649
15 to 19 yrs. incl.	1,660	20,137,383
20 to 24 yrs. incl.	86	1,010,402
25 to 29 yrs. incl.	100	1,243,816
30 to 34 yrs. incl.	96	1,488,134
35 to 39 yrs. incl.	113	1,463,700
40 yrs. and over	169	2,152,553
Totals	<u>7,940</u>	<u>\$79,296,780</u>

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REPORTS

TABLE 8. Number of TEACHER-MEMBERS and Annual Salaries - Classified by 5-year Service Groups

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- 11 Board Members
- 6 Office
- 2 Actuary
- 3 State Library
- 1 Governor
- 1 Lt. Governor
- 1 Secretary of State
- 1 Attorney General
- 1 Fiscal Assistant - House Finance
- 1 Bureau of Audit
- 1 Controller
- 1 Budget Director
- 1 Chief Accountant
- 1 Government Research - URI
- 1 Federal Auditor (DES)
- 1 Bureau of Census (Washington)
- 1 Library of Congress

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