State of Rhode Island and Providence Plantations

ANNUAL REPORT
OF THE
RETIREMENT BOARD

June 30, 1983

HON. ANTHONY J. SOLOMON

General Treasurer

EMPLOYEES' RETIREMENT SYSTEM OF THE STATE OF RHODE ISLAND

Annual Report

RETIREMENT BOARD

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General Treasurer

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Director of Administration

Anthony Trifelli
Teacher Representative

Representative Robert B. Tucker,
House Finance Chairman

Ronald L. Wrigley, Designee of
State Budget Director

Joseph G. Iannelli, Executive Director

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Report of the Board

ANTHONY J. SOLOMON
GENERAL TREASURER

State of Rhode Island and Providence Plantations
TREASURY DEPARTMENT
OFFICE OF THE GENERAL TREASURER
PROVIDENCE

November 30, 1983

The Honorable J. Joseph Garrahy
Governor, State of Rhode Island
and Providence Plantations
State House
Providence, Rhode Island 02903

Dear Governor Garrahy:

I take pleasure in submitting herewith for transmittal to the General Assembly, the Forty-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, 1983.

Respectfully submitted,

ANTHONY J. SOLOMON
General Treasurer

REPORT OF THE RETIREMENT BOARD

The Forty-seventh Annual Report of the Retirement Board covering the fiscal year ended June 30, 1983.

The report covers in detail through the exhibits, schedules and statistics, the operations for the year and its condition as June 30th, together with the Actuary's valuation and recommendations.

FINANCIAL FACTS

Total Reserves at the end of the year were 17.3% or $94,068,069 higher than the previous year, for a total of $637,286,992.

Revenues from all sources for the year amounted to $71,887,334 for State Employees and $81,291,037 for Public School Teachers. Expenditures for the year amounted to $27,506,558 and $31,603,444 for State Employees and Teachers, respectively.

Chart (A) depicts the sources of Revenue and Expenditures.

Income from investments for the year amounted to $54,544,160 including a capital gain of $1,555,250. This represents 35.61% of the total revenues. This income is equal to a return of 5.4% and is compared to the return of previous years in Chart (B).

Pension benefits, which represent the major expenditure item, amounted to $21,760,793 for State Employees and Legislators, and $24,292,078 for Teachers and Teachers' Survivors. Added to this was the Cost-of-Living Adjustment, which amounted to $1,967,459 for State Employees, and $5,457,931 for Teachers. A comparative chart of the Cost-of-Living Adjustment graphically depicts the facts in this regard and the trend thereof in Chart (C), which covers the last ten (10) years.

UNFUNDED ACCRUED LIABILITY

This item is thoroughly covered in the Actuary's Report section.

The unfunded (accrued) liability for the State Employees was $415,267,300 and $668,059,500 for Teachers.

CONCLUDING COMMENT

Consistent with prior years, a normal increase in reserves was recorded. In keeping with established procedures, an actuarial valuation was made which illustrates current operational results and the financial condition of the system at the end of the fiscal year. The results of operations were satisfactory.

Service to participating members is always paramount in the operation and conduct of our staff. To this end, we have held numerous pre-retirement educational courses in the past year. Evaluations made by the attendees indicate that valuable insights regarding retirement were made. We shall continue to conduct pre-retirement seminars to make our members aware of the benefits available for retirement purposes.

A sincere thanks is extended to the officials of our State government and members of the administrative staff for their cooperation and dedicated service rendered during the year.

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

Joseph G. Iannelli
Executive Director

Financial Statements

COMPARATIVE FINANCIAL BALANCE SHEET

ASSETS	1983	1982
Cash	$ [illegible]	$ [illegible]
Cash	--	[illegible]
Accrued Interest Receivable	[illegible]	[illegible]
Investments (At amortized book value for bonds and cost of stock)	[illegible]	[illegible]
	[illegible]	[illegible]

LIABILITIES & RESERVES		
Current Liabilities		
Unclaimed Benefits	[illegible]	[illegible]
Members' Contribution Reserves		
State Employees	[illegible]	[illegible]
Teachers	[illegible]	[illegible]
Teachers' Survivors	[illegible]	[illegible]
Total Member Reserves	[illegible]	[illegible]
General Reserves		
State Employees	[illegible]	[illegible]
Teachers	[illegible]	[illegible]
Teachers' Survivors	[illegible]	[illegible]
Certain State Employees	[illegible]	[illegible]
Certain Teachers	[illegible]	--
Total General Reserves	[illegible]	[illegible]
TOTAL LIABILITIES AND RESERVES	[illegible]	[illegible]

STATEMENT OF REVENUES AND EXPENDITURES
YEAR ENDED - JUNE 30, 1983

REVENUES

Member Contributions		
State Employees	$ [illegible]	
Legislators	[illegible]	
Teachers	[illegible]	
Teachers' Survivors	[illegible]	
Int. Transfer - Legislators	[illegible]	$ [illegible]
State Contributions		
State Employees	[illegible]	
Teachers	[illegible]	
General - State Employees & Teachers	[illegible]	[illegible]
Employer Contributions		
Teachers	[illegible]	
Teachers' Survivors	[illegible]	[illegible]
Investment Income		
Interest	[illegible]	
Net Gain/Loss	[illegible]	
Realized Gain or (Loss)	[illegible]	
Inc. Unrealized Gains	--	[illegible]
Other Income		
Miscellaneous Income	[illegible]	
Employees State Municipal	[illegible]	
Unclaimed Benefits	[illegible]	
Credits - Service Purchase	[illegible]	
Supplemental Pay - Teachers	[illegible]	[illegible]
Total Revenues		$153,[illegible]

EXPENDITURES

Retirement Benefits		
State Employees	24,047,158	
Legislators	694,804	
Teachers	29,225,072	
Teachers' Survivors	497,664	
Transfer State Employees & Teachers	8,650	
Supplemental Pay - Teachers	24,874	54,498,222
Death Benefits		
State Employees	704,131	
Legislators	29,200	
Teachers	312,454	1,045,785
Refunds of Contributions		
State Employees	2,007,131	
Teachers	1,222,178	
Teachers' Survivors	112,695	
Interest on Refunds - Survivors	25,743	
Municipalities	180,664	
State	224	3,548,835
Investment Expense		
Custody & Insurance	8	8
Other Expense		
Other Expense Refunds		
Employees Transfers-Municipal	17,660	
Miscellaneous Benefits		17,660
Total Expenditures		$59,110,510
Excess Revenues Over Expenditures		$ 94,068,069

ANALYSIS OF REVENUES & EXPENDITURES
FISCAL YEAR ENDED - JUNE 30, 1983

REVENUES	Amount	%	Amount	%	TOTAL
Member Contributions	$15,444,544	21.48	$18,552,453	22.82	$33,996,997
State Contributions	28,130,363	39.13	17,148,324	21.10	45,278,687
Municipal Contributions			19,134,677	23.54	19,134,677
Investment Earnings	28,172,059	39.19	26,372,101	32.44	54,544,160
Miscellaneous	140,568	00.20	83,482	00.10	224,050
TOTAL REVENUES	$71,887,534	100.00	$81,291,037	100.00	$153,178,571
EXPENDITURES					
Pensions	$21,780,753	30.30	$24,292,078	29.88	$ 46,072,831
Cost-of-Living Adjust.	2,967,459	4.13	5,457,932	6.71	8,425,391
Death Benefits	733,331	1.02	312,454	0.39	1,045,785
Refunds-Contributions	2,007,355	2.79	1,541,480	1.90	3,548,835
Miscellaneous	17,660	0.02			17,660
TOTAL EXPENDITURES	$27,506,558	38.26	$31,603,944	38.88	$59,110,502
EXCESS REVENUES OVER EXPENDITURES -- TO RESERVES	$44,380,976	61.74	$49,687,093	61.12	$94,068,069

DISTRIBUTION OF EXCESS REVENUE

Unclaimed Benefits	$ 17,331
Members' Reserves	
State	13,417,021
Teachers	16,806,585
Survivors	410,795
General Reserves	
State	30,947,874
Teachers	30,051,453
Survivors	2,415,860
Certain Employees	1,150
T O T A L --	$94,068,069

ANALYSIS OF INVESTMENT INCOME
FISCAL YEAR ENDED JUNE 30, 1983

Investment Income - Interest		$ 43,581,039
ADD:		
Accrued Interest June 30, 1983	$9,565,689	
Accrued Interest July 1, 1983	8,758,967	
	$ 806,722	
Discounts Amortized	814,719	
Total Additions		1,621,441
T O T A L --		$ 45,202,480
LESS:		
Accrued Interest Purchased	$2,179,365	
Premiums Amortized	163,137	
Total Deductions		$ 2,342,502
Net Interest Earned		$42,859,978
Dividends		10,130,940
TOTAL EARNED ON INVESTMENTS		$52,990,918
CAPITAL GAIN		1,553,250
INVESTMENT INCOME		$54,544,168
Less Postage --		8
NET INVESTMENT INCOME --		$54,544,160

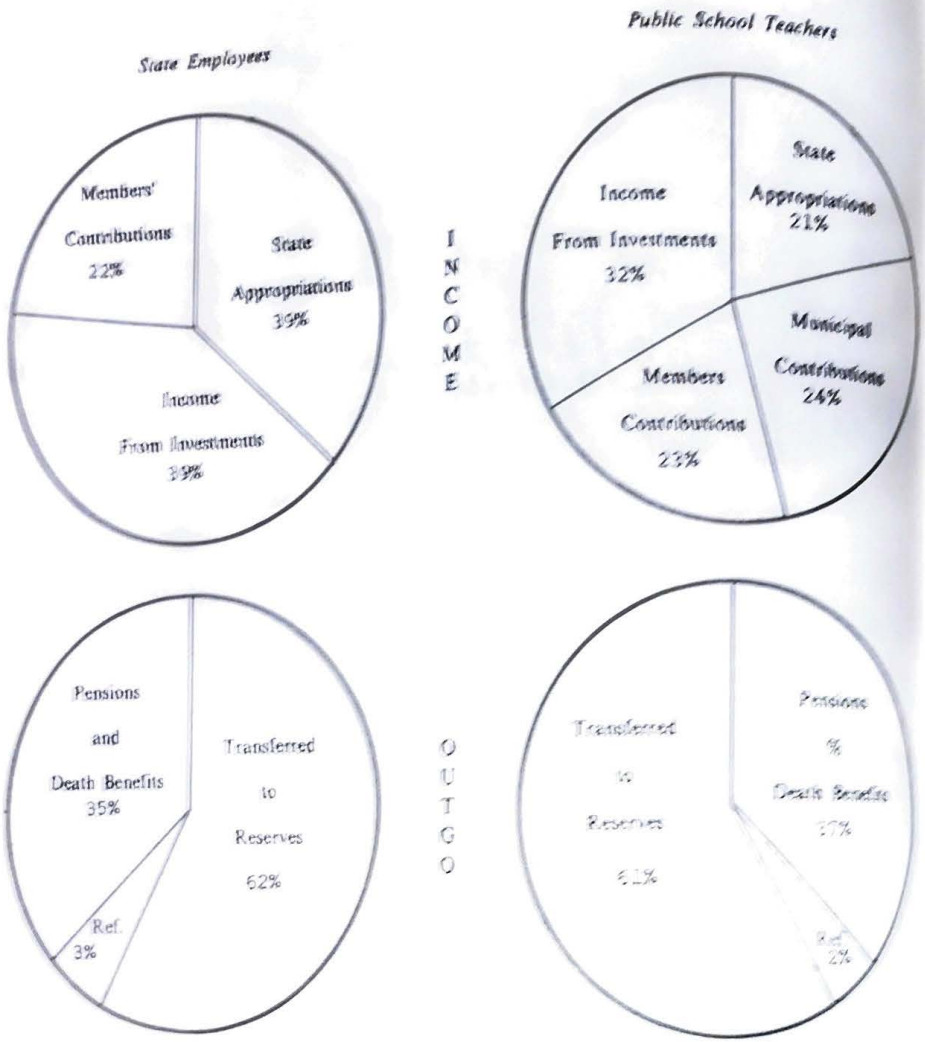
DISTRIBUTION OF INVESTMENT INCOME
FISCAL YEAR ENDED -- JUNE 30, 1983

	EMPLOYEES	TEACHERS	TEACHERS' SURVIVORS	TOTAL
MEMBER RESERVES				
Balance July 1, 1983	$82,628,251	113,536,024	6,287,524	202,451,799
Balance June 30, 1983	92,361,077	127,472,311	6,686,410	226,519,798
GENERAL RESERVES				
Balance July 1, 1982	199,973,352	122,238,642	18,466,479	340,678,473
Balance June 30, 1983	206,442,436	131,196,676	18,477,941	356,117,053
T O T A L --	581,405,116	494,443,653	49,918,354	1,125,767,123
AVERAGE	290,702,558	247,221,827	24,959,177	562,883,562
PERCENT	51.65	43.92	4.43	100.00
DISTRIBUTION	28,172,059	23,955,795	2,416,306	54,544,160

Highlights

CHART A

SOURCES OF REVENUE AND HOW EXPENDED



Ref. Denotes Refunds

CHART 'B'

INVESTMENT RATE OF RETURN

YEAR	RATE OF RETURN
1983	9.4%
1982	10.2
1981	9.3
1980	8.5
1979	7.4
1978	6.7
1977	6.6
1976	6.5
1975	6.3
1974	5.8
1973	5.4
1972	5.3
1971	5.3
1970	5.0

CHART 'C'

COST-OF-LIVING ADJUSTMENT

	STATE EMPLOYEES		TEACHERS	
YEAR	PENSION BENEFITS	COST OF LIVING ADJUSTMENT	PENSION BENEFITS	COST OF LIVING ADJUSTMENT
72-73	$ 5,782,110	411,796	11,413,852	923,868
73-74	6,685,643	502,378	12,778,668	1,119,746
74-75	8,118,371	612,196	14,076,602	1,367,603
75-76	9,635,536	748,731	15,216,413	1,647,312
76-77	11,045,772	906,030	16,279,438	1,948,642
77-78	12,638,920	1,097,430	17,382,026	2,269,569
78-79	14,007,233	1,317,011	18,986,600	2,698,815
79-80	15,743,067	1,563,271	20,653,181	3,128,123
80-81	16,738,846	2,049,888	20,962,025	4,036,193
81-82	18,718,665	2,575,727	22,409,596	5,005,960
82-83	21,105,380	2,941,778	23,767,139	5,457,932

CHART 'D'

COMPARATIVE PERTINENT FINANCIAL FACTS FOR STATE EMPLOYEES AND TEACHER MEMBERS

Fiscal Year Ended June 30	EXCESS REVENUES OVER EXPENDITURES				INVESTMENT EARNINGS	
	State Emp.	%	Teachers	%	State Emp.	Teachers
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
1974	10,237,173	52	9,264,517	37	6,159,198	5,215,129
1975	12,210,282	53	10,587,575	38	7,065,233	6,006,428
1976	13,679,596	52	11,404,410	39	8,361,655	7,102,844
1977	15,604,153	52	16,654,090	46	9,370,122	8,056,179
1978	18,913,113	54	20,608,794	49	10,596,621	9,364,238
1979	16,192,484	46	16,004,751	41	13,001,764	11,694,352
1980	26,252,892	57	23,016,169	47	16,866,504	15,206,410
1981	31,480,978	59	31,151,555	53	20,782,136	18,833,067
1982	40,162,709	61	39,532,861	57	25,290,552	23,195,936
1983	44,380,976	62	49,687,094	61	28,172,059	26,372,102

Report of the Actuary

EMPLOYEES' RETIREMENT SYSTEM
OF THE STATE OF RHODE ISLAND

Actuarial Valuation as of
June 30, 1983

January 23, 1984

Board of Trustees
Retirement Board of Employees'
Retirement System
State of Rhode Island
198 Dyer Street
Providence, RI 02903

Dear Members of the Board:

We are pleased to submit herewith our Actuarial Valuation of the Employees' Retirement System of the State of Rhode Island as of June 30, 1983.

Our report analyzes the actuarial status of the System, and projects the cost requirements for the Board to certify to the Legislature.

We received a great deal of help from State employees in obtaining the information which forms the basis of this report. Most important, Mr. Joseph G. Iannelli, Executive Director; Mr. John F. Sullivan, Assistant Director; and Mr. Carlo Mencucci, Principal Accountant, were available whenever needed to answer any questions and provide any information requested. Indeed, the material they provided on their own initiative anticipated many of our needs.

For convenience, this report is divided into the following sections:

Appended to this report is our actuarial certificate detailing the cost factors, assumptions, and plan of benefits used for the valuation.

We will be pleased to meet with you to discuss this report at your convenience.

Sincerely,

MARTIN E. SEGAL COMPANY, INCORPORATED

By _____
Sherman G. Sass
Senior Vice President

By _____
Joseph C. Demty, A.S.A., M.A.A.A
Actuary

/tlwj

I. SUMMARY

Benefit Provisions

The Employees' Retirement System of the State of Rhode Island covers most State employees. Legislators and elected officials may become members on an optional basis. State college teachers may elect coverage under the T.I.A.A. program. State employees contribute 6* per cent of their annual earnings and Teachers contribute 7* per cent.

The System provides unreduced benefits of 1.7 per cent of earnings for the first ten years of service; 1.9 per cent for the next ten years; and 2.4 per cent per year of service over 20 years up to a maximum of 80 per cent of earnings for all years of service. Such benefits are available to members at least age 55 with 30 years of service or age 60 with 10 years of service, or after 35 years at any age. State correctional officers may retire at age 50 if they have 20 years of service, at 2 per cent for each year of service. Benefits are based on the average of the highest three consecutive years' earnings. After the third anniversary of retirement, "cost-of-living increases" amounting to 3 per cent per year of the original award are provided, independent of actual changes in the Consumer Price Index. Beginning January 1, 1981, the cost-of-living increases are computed at the rate of 3 per cent compounded annually.

The Plan also provides non-service-connected disability and vested benefits after five and ten years of service, respectively; service-connected disability pensions with no minimum service requirement; widow's benefits for service-connected death; and certain lump sum death benefits.

More detail can be found in the actuarial certificate following this report.

*These rates are scheduled to increase by 0.5 per cent on July 1, 1985.

Employee Data

We received data on 15,748 active State Employees and 9,971 Teachers as of June 30, 1983 who were participating in the System. On the average, the State Employees were age 44 and had 9 1/2 years of service; Teachers were age 41 1/2 with 14 years of service.

Retiree Data

We received data on 4,941 State Employee pensioners and 351 beneficiaries as of June 30, 1983. The pensioners' average monthly benefit was $425. There were 2,967 retired Teachers and 104 beneficiaries; the average monthly benefit was $825 for the pensioners. The benefit amounts include an adjustment for the cost-of-living provision. Of all the pensioners on the rolls, 9 per cent had retired in the year ended June 30, 1983.

Retirement Fund

As of June 30, 1983, the assets of the Retirement Fund, including Teachers Survivors Reserves, amounted to $617 million. These assets are available as an offset to the actuarial liabilities for future benefits.

Actuarial Valuation

Our valuation was prepared as of June 30, 1983. Our calculations were based on reasonable assumptions as to expected future experience and are the same as those used in our previous actuarial valuation. We used the "entry age normal cost" method, which spreads the cost of each employee's projected pension as a level percentage of his earnings from date of hire to assumed retirement.

The employer normal cost* for State Employees is $12.4 million. This represents 5.0 per cent of the reported payroll of participating State Employees as of June 30, 1983. The employer normal cost for Teachers is $10.3 million or 4.1 per cent of reported participating payroll.

For State Employees, the actuarial accrued liability* (representing the cost of the benefits allocated to years before July 1, 1983) is $742 million, of which $283 million represents the liability to those already receiving pensions. The unfunded actuarial accrued liability at the end of the year is $415 million. For Teachers, the actuarial accrued liability is $851 million, of which $307 million is for those receiving pensions. The unfunded actuarial accrued liability stands at $668 million.

The value of the System's vested benefits is $1.34 billion. Thus, the assets are short of this amount by $735 million (excluding assets of the Teachers Survivors program).

For the fiscal year 1984-85, the State's statutory funding schedule, as amended effective July 1, 1978, calls for a contribution of 100 per cent of the State's normal cost and 85 per cent of the interest on the unfunded actuarial accrued liability. This amounts to 14.2 per cent of the projected 1984-85 payroll of $275 million for State Employees and 18.7 per cent of projected payroll of $176 million for Teachers. (Half of the cost for Teachers is paid for by the municipalities.) According to the statute as amended, the percentages of normal cost and interest on the unfunded liability required to be contributed are scheduled to increase until fiscal 1989-90 and that in later years the full normal cost and amortization of unfunded liabilities will be required.

*Please refer to the "Actuarial Assumptions and Methods" section of the report for definitions of these terms.

II. EMPLOYEE DATA

We received data on 15,748 State Employees and 9,971 Teachers participating in the System on June 30, 1983. The data included age, service, sex, and salary for each participant. The average salary of the participants was $16,400 for State Employees (see Note below), and $25,300 for Teachers. The data included 276 Correctional Officers and 144 Legislators.

Tables 1A and 1B give detailed age, service and average salary data on State Employees and Teachers, respectively. In preparing these tables, we assumed an annual salary of $10,000 for the State Employees for whom earnings were missing, and a $15,000 annual salary was imputed for Teachers with unknown compensation.

Tables 2A and 2B summarize certain basic statistics on active State Employees and Teachers and compare them to those of the previous year. During the year, average salary for State Employees increased by 5.3 per cent while Teachers' average salary increased by 10.9 per cent (see Note below). Aggregate payroll increased by 5.4 per cent for State Employees and by 7.7 per cent for Teachers.

Overall, the data was in good condition. We recommend that the Board continue its practice of storing all basic participant information on computer files.

Note: The salaries reported for State Employees were as of June 30, 1983 and for Teachers as of July 1, 1983. This is consistent with the salaries used in the last valuation.

Table 1A

Number and Average Salaries of Employees in Active Service as of June 30, 1983 by Age and by Years of Service

STATE EMPLOYEES

Age	Total	Years of service: 0 - 4	5 - 9	10 - 14	15 - 19	20 - 24	25 - 29	30 - 34	35 and over	Unknown
Total	15,748 $16,400	5,004 $14,200	4,533 $16,100	3,184 $16,700	1,455 $18,700	776 $20,600	637 $21,800	218 $22,900	121 $24,500	35 $13,100
Under 20	41 $11,400	41 $11,400	--	--	--	--	--	--	--	--
20 - 24	796 12,700	711 12,700	85 $12,900	--	--	--	--	--	--	--
25 - 29	1,926 14,200	1,062 14,200	777 14,100	86 $13,800	--	--	--	--	--	1 $11,600
30 - 34	2,180 16,200	778 15,000	908 17,000	451 16,600	43 $16,000	--	--	--	--	--
35 - 39	1,933 17,700	648 15,300	582 18,100	520 20,000	163 18,800	17 $16,800	--	--	--	3 11,700
40 - 44	1,480 17,700	441 15,300	417 17,300	325 18,100	197 21,900	89 21,200	10 $18,600	--	--	1 13,100
45 - 49	1,500 17,100	408 14,300	385 16,700	327 16,400	170 19,600	132 22,600	60 21,800	18 $19,800	--	--
50 - 54	1,833 16,900	382 14,000	495 15,900	425 16,100	210 19,300	151 21,500	106 21,500	53 20,100	8 $20,300	3 25,300
55 - 59	2,111 17,000	327 14,100	469 15,500	557 15,400	328 17,700	187 20,500	127 23,300	73 24,100	42 22,800	1 27,800
60 - 64	1,433 16,800	152 15,200	323 15,000	363 14,900	255 17,200	143 18,900	104 20,600	45 23,500	47 24,500	1 30,800
65 and over	441 17,500	8 8,800	87 15,300	128 14,400	89 18,100	56 18,800	30 22,200	19 27,500	24 26,400	--
Unknown	74 4,400	46 900	5 6,600	2 14,200	1 --	1 20,900	--	--	--	20 10,000

Table 18

Number and Average Salaries of Employees in Active Service
as of June 30, 1983 by Age and by Years of Service

TEACHERS

Age	Total	Years of Service								
		0 - 4	5 - 9	10 - 14	15 - 19	20 - 24	25 - 29	30 - 34	35 and over	Unknown
Total	9,871 $25,300	1,005 $19,900	1,212 $21,700	1,968 $20,100	1,901 $20,300	924 $22,300	303 $28,900	238 $28,800	93 $28,300	202 $20,300
Under 20	3 $20,000	--	--	--	--	--	--	--	--	3 $20,000
20 - 24	50 $14,400	44 $13,800	1 $23,300	--	--	--	--	--	--	5 $20,200
25 - 29	341 $18,200	329 $17,100	12 $20,400	1 $22,300	--	--	--	--	--	34 $18,800
30 - 34	2,110 $24,000	222 $19,000	868 $23,300	839 $23,200	1 $23,300	--	--	--	--	80 $18,200
35 - 39	2,401 $25,900	128 $21,400	281 $24,700	1,548 $20,100	421 $20,400	3 $20,800	--	--	--	32 $22,800
40 - 44	1,322 $26,100	110 $21,600	139 $24,800	424 $20,300	584 $20,200	203 $27,300	--	--	--	18 $21,800
45 - 49	1,032 $27,000	50 $23,100	88 $25,300	238 $20,300	230 $20,200	330 $28,000	103 $28,200	2 $28,800	--	5 $24,300
50 - 54	961 $27,200	26 $22,300	63 $25,800	217 $20,400	163 $20,400	181 $27,300	227 $28,800	30 $28,100	10 $27,300	6 $28,100
55 - 59	788 $27,000	19 $24,300	40 $25,200	148 $20,400	172 $25,800	132 $28,400	103 $28,300	120 $28,200	48 $28,300	3 $24,400
60 - 64	112 $28,600	1 $20,800	8 $25,200	43 $25,800	28 $20,000	24 $28,300	38 $27,000	38 $28,300	30 $27,100	2 $28,000
65 and over	55 $26,900	1 $20,200	2 $27,400	8 $27,300	13 $26,200	10 $27,400	8 $27,200	8 $28,100	3 $28,800	--
Unknown	107 $20,800	12 $18,400	13 $22,200	17 $23,800	3 $23,200	1 $28,200	2 $28,800	1 $24,400	1 $18,000	37 $19,000

Table 2B

Statistical Data on Active Teachers
on June 30, 1983 and 1982

	June 30, 1983	June 30, 1982
Number of covered employees	9,971	10,133
Total annual salary	$252,176,400	$231,043,000
Average annual salary	$ 25,300	$ 22,800
Average age	41 1/2	41
Average years of service	14	13
Number eligible for service retirement	606	599
Number vested but not eligible to retire	6,441	5,881

See note in text on salary data.

RHODE ISLAND ERS

III. RETIREE DATA

The data on retired members and beneficiaries included age, sex, monthly benefit, retirement date, option, and type of pension.

The following are significant statistics on the retired group:

	State Employees	Teachers
Pensioners:		
Number	4,961	2,947
Average age	70 1/2	72 1/2
Average monthly benefit	$415	$825
Beneficiaries:		
Number	351	196
Average age	74	74
Average monthly benefit	$387	$593

Table 3A gives distributions of the 340 new State Employee pensions in the current year by type of pension and amount. Table 4A does the same for age retirement. Tables 3B and 4B are similar for the 166 new Teacher pensions.

Tables 5A and 5B give distributions for all pensions in force at the end of the fiscal year be type and amount. Tables 6A and 6B do the same by age.

Overall, the data on retirees was quite good. A minor problem, which has no impact on cost, is that some beneficiaries may not be classified as such and therefore they would be treated as pensioners.

The data on terminated employees with vested rights to a deferred benefit did not include enough information to calculate the total cost for them. We did, however, again this year, include a cost equal to their accumulated employee contributions. We again recommend that information regarding terminated vested employees be maintained by the System so that it can be incorporated in future valuations and reflected in the costs.

Table 3A

Pensions Awarded in the Year Ended June 30, 1983
by Type and by Monthly Amount

STATE EMPLOYEES

Monthly amount	Total	Type of pension				
		Service	Ordinary Disability	Accidental Disability	Legislator	Beneficiary
Total	380	309	32	3	8	8
$ 50 - 99	10	8	1	1	--	--
100 - 149	16	14	2	--	--	--
150 - 199	52	39	11	1	--	1
200 - 249	34	32	1	--	--	1
250 - 299	33	24	5	--	2	2
300 - 349	26	22	2	--	1	1
350 - 399	22	20	2	--	--	--
400 - 449	17	16	--	--	1	--
450 - 499	24	21	3	--	--	--
500 - 599	24	17	2	1	4	--
600 - 699	16	13	3	--	--	--
700 - 799	8	8	--	--	--	--
800 - 899	13	11	--	--	--	2
900 - 999	8	8	--	--	--	--
1,000 - 1,099	9	8	--	--	--	1
1,100 - 1,199	7	7	--	--	--	--
1,200 - 1,299	8	8	--	--	--	--
1,300 - 1,399	8	8	--	--	--	--
1,400 - 1,499	2	2	--	--	--	--
1,500 - 1,999	15	15	--	--	--	--
2,000 - 2,499	6	6	--	--	--	--
2,500 - 2,999	3	3	--	--	--	--
3,000 - 3,499	1	1	--	--	--	--

RHODE ISLAND ERS

Table 3B

Pensions Awarded in the Year Ended June 30, 1983
by Type and by Monthly Amount

TEACHERS

Monthly amount	Total	Type of pension		
		Service	Ordinary Disability	Beneficiary
Total	166	151	8	7
$ 100 - 149	1	1	--	--
150 - 199	3	2	1	--
250 - 299	2	1	1	--
300 - 349	1	--	--	1
350 - 399	5	4	--	1
400 - 449	9	8	--	1
450 - 499	6	6	--	--
500 - 599	13	12	1	--
600 - 699	10	9	1	--
700 - 799	12	10	1	1
800 - 899	17	16	1	--
900 - 999	12	12	--	--
1,000 - 1,099	21	18	2	1
1,100 - 1,199	13	13	--	--
1,200 - 1,299	9	8	--	1
1,300 - 1,399	13	13	--	--
1,400 - 1,499	6	6	--	--
1,500 - 1,999	11	10	--	1
2,000 - 2,499	2	2	--	--

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Table 4A

Pensions Awarded in the Year Ended June 30, 1983
by Type and by Age on Effective Date

STATE EMPLOYEES

Age on effective date	Total	Type of pension				
		Service	Ordinary Disability	Accidental Disability	Legislator	Beneficiary
Total	360	309	32	3	8	8
30 - 34	1	--	--	1	--	--
35 - 39	3	--	1	--	--	2
45 - 49	2	--	1	--	1	--
51	4	--	2	--	1	1
52	11 2	1	1	--	--	--
53	2	1	1	--	--	--
54	3	--	3	--	--	--
55	13	4	4	--	5	--
56	10	7	2	--	--	1
57	41 4	--	4	--	--	--
58	8	4	2	1	--	1
59	6	1	4	--	--	1
60	44	44	--	--	--	--
61	25	22	2	--	--	1
62	170 60	57	1	1	--	1
63	21	20	1	--	--	--
64	20	20	--	--	--	--
65	46	45	1	--	--	--
66	26	24	1	--	1	--
67	105 13	12	1	--	--	--
68	13	13	--	--	--	--
69	7	7	--	--	--	--
70 and over	27	27	--	--	--	--

RHODE ISLAND ERS

Table 4B

Pensions Awarded in the Year Ended June 30, 1983
by Type and by Age on Effective Date

TEACHERS

Age on effective date	Total	Type of pension		
		Service	Ordinary Disability	Beneficiary
Total	166	151	8	7
35 - 39	1	--	1	--
40 - 44	1	--	1	--
45 - 49	2	--	1	1
50	2	--	1	1
52	1	--	1	--
53	14 1	1	--	--
55	10	8	1	1
56	4	4	--	--
57	9	6	2	1
58	23 3	2	--	1
59	7	7	--	--
60	36	36	--	--
61	14	14	--	--
62	90 21	21	--	--
63	10	10	--	--
64	9	9	--	--
65	13	13	--	--
66	3	3	--	--
67	32 7	6	--	1
68	5	5	--	--
69	4	4	--	--
70 and over	3	2	--	1

RHODE ISLAND ERS

Table 5A

Pensions in Payment Status on June 30, 1983
by Type and by Monthly Amount

STATE EMPLOYEES

Monthly amount	Total	Type of pension				
		Service	Ordinary Disability	Accidental Disability	Legislator	Beneficiary
Total	5,292	4,315	401	95	130	351
Under $50	40	30	--	6	--	4
$ 50 - 99	308	251	22	12	--	23
100 - 149	671	585	43	8	--	35
150 - 199	711	582	92	6	--	31
200 - 249	600	444	89	9	19	39
250 - 299	464	360	41	3	23	37
300 - 349	361	277	28	4	23	29
350 - 399	283	230	21	4	9	19
400 - 449	239	190	12	4	9	24
450 - 499	244	192	12	10	11	19
500 - 599	327	237	13	10	36	31
600 - 699	236	196	15	8	--	17
700 - 799	171	151	6	4	--	10
800 - 899	128	107	3	5	--	13
900 - 999	82	77	1	--	--	4
1,000 - 1,099	81	75	1	1	--	4
1,100 - 1,199	74	70	1	--	--	3
1,200 - 1,299	61	55	--	--	--	6
1,300 - 1,399	51	47	1	1	--	2
1,400 - 1,499	33	32	--	--	--	1
1,500 - 1,999	90	90	--	--	--	--
2,000 - 2,499	24	24	--	--	--	--
2,500 - 2,999	10	10	--	--	--	--
3,000 - 3,499	3	3	--	--	--	--

Table 5B

Pensions in Payment Status on June 30, 1983
by Type and by Monthly Amount

TEACHERS

Monthly amount	Total	Type of pension			
		Service	Ordinary Disability	Accidental Disability	Beneficiary
Total	3,071	2,859	95	13	104
Under $50	1	1	--	--	--
$ 50 - 99	7	7	--	--	--
100 - 149	19	17	--	--	2
150 - 199	41	35	2	--	4
200 - 249	56	52	2	--	2
250 - 299	70	62	6	--	2
300 - 349	96	72	10	--	14
350 - 399	101	88	6	--	7
400 - 449	118	99	13	--	6
450 - 499	97	78	6	--	13
500 - 599	235	206	13	1	15
600 - 699	267	246	13	--	8
700 - 799	422	404	9	--	9
800 - 899	342	330	5	1	6
900 - 999	329	318	5	1	5
1,000 - 1,099	291	277	5	6	3
1,100 - 1,199	201	197	--	2	2
1,200 - 1,299	117	111	--	2	4
1,300 - 1,399	112	112	--	--	--
1,400 - 1,499	55	54	--	--	1
1,500 - 1,999	80	79	--	--	1
2,000 - 2,499	10	10	--	--	--
2,500 - 2,999	3	3	--	--	--
3,000 - 3,499	1	1	--	--	--

Table 6A

Pensions in Payment Status on June 30, 1983
by Type and by Age

STATE EMPLOYEES

Age on June 30, 1983	Total	Type of pension				
		Service	Ordinary Disability	Accidental Disability	Legislator	Beneficiary
Total	5,292	4,315	401	95	130	351
25 - 29	1	--	--	1	--	--
30 - 34	7	--	4	2	--	1
35 - 39	13	1	6	3	--	3
40 - 44	12	--	7	5	--	--
45 - 49	26	--	15	6	3	2
50 - 54	67	8	39	10	3	7
55 - 59	197	71	73	20	19	14
60 - 64	762	582	105	17	26	32
65 - 69	1,452	1,275	86	11	23	57
70 - 74	1,317	1,159	47	16	23	72
75 - 79	796	702	16	3	14	61
80 - 84	429	360	3	1	11	54
85 - 89	149	115	--	--	6	28
90 - 94	53	35	--	--	2	16
95 - 99	8	4	--	--	--	4
100 - 104	3	3	--	--	--	--

RHODE ISLAND ERS

Table 6B

Pensions in Payment Status On June 30, 1983
by Type and by Age

TEACHERS

Age on June 30, 1983	Total	Type of pension			
		Service	Ordinary Disability	Accidental Disability	Beneficiary
Total	3,071	2,859	95	13	104
35 - 39	3	--	2	--	1
40 - 44	6	1	3	1	1
45 - 49	8	1	4	1	2
50 - 54	16	2	9	1	4
55 - 59	95	65	18	3	9
60 - 64	421	389	21	3	8
65 - 69	597	569	15	4	9
70 - 74	729	707	9	--	13
75 - 79	645	613	6	--	26
80 - 84	304	288	3	--	13
85 - 89	171	158	4	--	9
90 - 94	61	53	1	--	7
95 - 99	12	11	--	--	1
100 - 104	2	1	--	--	1
105 - 109	1	1	--	--	--

RHODE ISLAND ERS

IV. RETIREMENT FUND

The State maintains the Employees' Retirement Fund. The Retirement Board provided us with financial statements as of June 30, 1983.

The Fund receives all member and employer contributions. The assets are invested by the State Investment Commission, with the income being added to the Fund and available for reinvestment.

Payments from the Fund are primarily for refunds of employee contributions, lump sum death benefits, and pension payments. Contribution refunds occur when an employee terminates employment and elects to take a refund, or when he dies after retirement without having received payments from the Fund equal to his total contributions.

Table 7 gives a summary of income and expenditures for the years ended June 30, 1983 and 1982.

At June 30, 1983 assets totalled approximately $637 million. Table 8 shows the composition of the assets and compares them to those of the previous year. About 71 per cent of the Fund was invested in fixed income securities such as bonds and notes.

The financial statements indicate that 51 per cent of the assets relate to State Employees, 44 per cent are for Teachers, and 4 per cent relate to Teachers Survivors benefits. There is also a small unallocated reserve for unclaimed benefits. Table 9 shows the allocation of assets in detail for 1983 and 1982.

Table 7

Summary Statement of Income and Expenses
For the Years Ended June 30, 1983 and 1982

	1983		1982	
Employer contributions	$64,413,364		$57,216,108	
Member contributions	33,996,997		29,071,481	
Total contributions	$98,410,361		$86,287,588	
Less: Administration expenses	8		5	
Net contribution income		$98,410,353		$86,287,583
Net miscellaneous items		206,390		145,699
Investment income:				
Dividends	$10,130,940		$ 8,108,168	
Interest	42,859,978		39,935,687	
Capital gains and losses	1,553,250		442,649	
Net investment income		54,544,169		48,486,504
Total income available for benefit payments		$153,160,911		$134,919,787
Benefits payments:				
Pension benefits		$54,498,222		$49,850,309
Death benefits		1,045,785		1,138,648
Contribution refunds		3,548,835		4,235,260
Total benefit payments		59,092,842		55,224,217
Excess of income over expenses		$94,068,070		$79,695,570

Note: Detail figures may not add to totals shown because of rounding.

RHODE ISLAND ERS

Table 8

Assets as of June 30, 1983 and 1982

	1983		1982	
Cash		$(2,844,161)		$ 1,261,334
Accrued interest receivable		9,365,690		8,758,967
Investments				
Government bonds	$245,255,816		$195,827,588	
Corporate bonds	117,403,000		128,648,333	
Common and preferred stocks	177,985,432		139,923,147	
Certificates of deposit and repurchase agreements	46,335,203		31,948,553	
Commercial paper	49,041,958		42,894,516	
Miscellaneous	150,000		--	
(Less) Unamortized premiums and discounts	(5,805,946)	630,565,463	(5,843,315)	533,198,620
Total Assets		$637,286,992		$543,218,922

Note: Detail figures may not add to totals shown because of rounding.

RHODE ISLAND ERS

Table 9

Allocation of Assets by Plan
as of June 30, 1983 and 1982

	1983		1982	
State Employees:				
Employer reserves	$234,614,495		$199,973,353	
Member reserves	92,361,077		82,828,251	
Total State Employees reserves		$326,975,572		$282,801,604
Teachers:				
Employer reserves	$155,152,471		$122,238,842	
Member reserves	127,672,311		113,536,024	
Total Teacher reserves		282,824,782		235,774,866
Teachers Survivors:				
Employer reserves	$ 20,894,248		$ 18,666,479	
Member reserves	6,686,410		6,287,524	
Total Teachers Survivors reserves		27,580,658		24,954,002
Unallocated:				
Unclaimed benefit reserve		105,980		88,630
Total assets		$637,286,992		$543,218,922

Note: Detail figures may not add to totals shown because of rounding.

RHODE ISLAND ERS

V. ACTUARIAL ASSUMPTIONS AND COST METHOD

The actual cost of a pension plan consists of the benefit payments and administrative expenses less any investment earnings. An actuarial cost method aims to budget this cost so as to establish a reasonable relationship between employer pension contributions and the employee services that give rise to the pension obligation. The result is an employer contribution which anticipates future payments. A fund accumulates which earns investment income, thus reducing the ultimate cost.

Calculating the appropriate contribution requires that projections, and therefore assumptions, be made as to future experience. Some items, such as mortality rates, can be predicted fairly accurately. Others, such as future salary increases are, of course, subject to considerable variation. It will be useful to identify the assumptions used, particularly since broad questions of fiscal policy are implicit in certain of the assumptions. These assumptions are the same as those used in the June 30, 1982 study.

Mortality Rates

We assumed that mortality rates would conform with the 1971 Group Annuity Mortality Table. This is the most commonly used table of pension plan mortality, and we believe it is a reasonable basis for estimating experience under the System. Table 10 gives some life expectancies determined from this table.

Salary Projections

The System provides benefits that are based on the three highest consecutive years' salary for each employee. To assume that each employee's salary will be the same in the three years before retirement as it is today would seriously understate the System's cost. Accordingly, we use a salary projection to anticipate future increases in earnings.

Additionally, it is appropriate to compute pension normal costs which are level as a percentage of payroll rather than level as a dollar amount, and a salary projection is also used for this purpose. If the cost were calculated as a level dollar amount for an individual, the cost might be a high per cent of his pay when he is young and a lower per cent of his higher salary at a later age. By the use of a salary projection, the contribution for an individual, all other things remaining the same, tends to stay at the same percentage over the years.

How to project future salaries is a major policy question. To what extent should one seek to anticipate, through present contributions, the full impact on pension costs of future salary changes?

For purposes of our cost determination, we have made a moderate allowance for general salary increases in the future. We also reflect salary increases as the result of longevity and promotions. The scale has relatively greater increases at the younger ages to correspond with the State's salary schedules. The salary scale factors are:

Age	Present Salary as a % of Age 65 Salary	Annual Increases (Rate %)
20	17.45	4.84
25	22.07	4.75
30	27.76	4.59
35	34.62	4.39
40	42.68	4.08
45	51.76	3.72
50	61.77	3.45
55	72.98	3.33
60	86.08	3.16

As will appear, the problem of salary projection has a parallel in the question of choosing an assumption as to future investment yield and the two are somewhat interrelated.

Termination Rates

In any employee group, many employees will terminate and receive less than full benefits. Employees terminating with less than ten years of active service, for example, receive only a refund of their contributions. The termination assumption anticipates the release of State and Town funds that may have been accumulated for such people, thus resulting in a reduced ongoing cost.

We assumed that terminations each year from all causes would be as follows:

State Employees (Rate %)

Age	Death*	Disability	Withdrawal	Total*
20	.05	.06	21.20	21.31
25	.06	.09	15.80	15.95
30	.08	.11	11.60	11.79
35	.11	.15	8.40	8.66
40	.16	.22	6.20	6.58
45	.29	.36	4.20	4.85
50	.53	.61	2.60	3.73
55	.85	1.01	--	1.86
60	1.31	--	--	1.31

15% of the above disability rates are service-connected.

Teachers (Rate %)

Age	Death*	Disability	Withdrawal	Total*
20	.05	.06	12.39	12.50
25	.06	.09	9.70	9.85
30	.08	.11	7.50	7.69
35	.11	.15	5.66	5.92
40	.16	.22	4.14	4.52
45	.29	.36	2.75	3.41
50	.53	.61	1.35	2.49
55	.85	1.01	--	1.86
60	1.31	--	--	1.31

15% of the above disability rates are service-connected.

*Rates shown are for men; rates for women are slightly lower.

Note: Detail figures may not add to totals shown because of rounding.

Retirement Ages

The System provides unreduced benefits as early as age 55 for general employees and age 50 for State Correctional Officers. We have assumed State Employees will retire at age 64, or upon the completion of ten years of service if later. Teacher retirements are assumed to occur when the teacher has attained age 63 and has completed ten or more years of service. In any case where the employee already meets these assumed conditions of age and service, it is assumed that he or she will retire immediately.

Post-Retirement Increases

Following the third anniversary of retirement, cost-of-living increases are regularly provided to pensioners. Our calculations assumed 3 per cent annual benefit increases as provided by Statute. Cost-of-living increases are now "compounded" from year to year. With this valuation we took into account the adjustment effective January 1, 1984.

Investment Return

Investment return has a major effect on the ultimate cost of a retirement system. In general, if a system is actuarially funded (so that it has a reserve which is earning substantial investment income, a yield of 6 per cent - in contrast to a 5 per cent yield - could reduce annual costs by 16-20 per cent.

An assumption must be made concerning future yields. It must be a rate that will be valid for the long-run, that is, not only for money invested today or next year, but also for money invested 40 or more years from now.

We select an investment return assumption of 6 1/2 per cent per year for our calculation. This assumption takes account of probable moderate long-term inflation but is not tied directly to the higher rates currently available.

Actuarial Cost Method

We have used the "entry age normal" actuarial cost method. This method spreads the cost of the benefits to be provided to an individual as a level percentage of his pay from his date of employment to his assumed date of retirement. The normal cost for the entire system is equal to the sum of the normal costs for all participants. In a rough sense, it can be visualized as the cost of benefits earned during the current year.

The accrued actuarial liability represents the amount by which the future normal costs fall short of meeting the cost of future benefit payments. It can also be viewed, roughly, as the value of benefits accrued for service prior to the valuation date.

Overall Actuarial Basis

We believe that our assumptions, taken as a whole, are reasonable. To the extent that actual experience is better or worse than assumed, actuarial gains or losses will develop, with corresponding decreases or increases in future costs.

Missing Data

It was necessary to make certain "nonactuarial" assumptions where data was missing or incomplete. In all cases, we assumed such individuals had the same characteristics as other participants, taking into account the known characteristics (e.g. male members age 37 with unknown services were assumed to have the same service distribution as male members age 37 with known service).

Table 16

Expected Number of Years of Life
Remaining at Specified Ages

Age	Male	Female
55	22.7	28.4
56	21.9	27.6
57	21.1	26.8
58	20.3	25.9
59	19.5	25.0
60	18.8	24.2
61	18.0	23.4
62	17.3	22.6
63	16.5	21.9
64	15.8	21.1
65	15.1	20.3
66	14.4	19.6
67	13.8	18.8
68	13.1	18.1
69	12.5	17.3
70	11.9	16.5
71	11.3	15.8
72	10.8	15.0
73	10.3	14.3
74	9.7	13.6
75	9.3	12.9

1971 Group Annuity Mortality Table.

RHODE ISLAND ERS

VI. RESULTS OF VALUATION

State Employees

The costs for State Employees as of June 30, 1983 developed as follows:

	Item	Amount	% of Payroll
(1)	Participating payroll	$258,062,900	--
(2)	Employer normal cost	12,884,300	5.0%
(3)	Unfunded actuarial liability	415,265,300	--
(4)	Interest on unfunded actuarial liability	25,344,900	9.8
(5)	Total annual cost payable July 1, 1983--Interest only = (2) + (4)	38,229,200	14.8
(6)	Total annual cost payable monthly = (5) plus 1/2 year interest -- Interest only	39,471,600	15.3

The funding statute calls for the State to contribute 100 per cent of the projected normal cost plus 95 per cent of the interest on the unfunded actuarial accrued liability (as of June 30, 1983) for the 1984-85 fiscal year. Based on this requirement and a projected participating payroll of $275,400,000, the 1984-85 employer contribution "rate per cent" for State Employees is 14.2 per cent of payroll, developed below.

	Item	Amount	% of Projected Payroll
(7)	Projected 1984-85 participating payroll	$275,400,000	--
(8)	1984-85 employer normal cost = 5.0% x (7)	13,770,000	5.0%
(9)	Required contribution payable July 1, 1984 = 1.00 x (8) + .95 x (4)	37,847,700	13.7
(10)	Required contribution payable monthly = (9) plus interest adjustment	39,077,800	14.2

The calculations as completed determine the employer contribution to be paid into the retirement fund at the beginning of each year with interest earnings starting from that date. In fact, the money is deposited monthly. Thus, about half a year's interest is lost, and the contribution must be increased to reflect this. Line 6 and 10, on the previous page include this adjustment.

The "full cost" of the System's benefits (Line 6) is 15.3 per cent of payroll, exactly the same as for the previous year.

Teachers

The cost for Teachers as of June 30, 1983 developed as follows:

	Item	Amount	% of Payroll
(1)	Participating payroll	$252,176,400	--
(2)	Employer normal cost	10,275,000	4.1%
(3)	Unfunded actuarial liability	648,059,500	--
(4)	Interest on unfunded actuarial liability	40,773,700	16.2
(5)	Total annual cost payable July 1, 1983--Interest only = (2) + (4)	51,048,700	20.2
(6)	Total annual cost payable monthly = (5) plus 1/2 year interest -- Interest only	52,707,800	20.9

Note: Detail figures may not add to totals shown because of rounding.

Applying the funding statute to the Teachers' costs and a projected participating payroll of $276,000,000 gives a contribution "rate per cent" requirement for fiscal 1984-85 of 18.7 per cent. Half of this rate (9.35%), is payable by the State and half by the municipalities. The "rate per cent" is developed below:

	Item	Amount	% of Participating Payroll
(7)	Projected 1984-85 participating payroll	$276,000,000	--
(8)	1984-85 employer normal cost = 4.0745% x (7)	11,245,600	4.1%
(9)	Required contribution payable July 1, 1984 = 1.00 x (8) + .95 x (4)	49,980,600	18.1
(10)	Required contribution payable monthly = (9) plus interest adjustment	51,605,000	18.7

The calculations as completed assume that the employer contributions will be paid into the retirement fund at the beginning of each fiscal year and will start to earn interest from that date. In fact, the money will be deposited monthly. Thus, about a half a year's interest is lost, and the contribution must be increased to reflect this. Lines 5 and 19, above, include this adjustment.

The "full cost", measured by line 5 above, is 29.9 per cent of payroll. This compares to 29.5 per cent for the previous year.

We believe that the funding program as set forth in the state statute is a reasonable basis for funding the Rhode Island Teachers Retirement System. If the statutory funding program is followed without change, the System will be fully funded -- that is, the assets will equal the actuarial liability on June 30, 2014. In the interim, the assets are projected to be sufficient at all times to meet the cash requirements for projected benefit payments.

Teacher Survivors

Because data on dependents of teachers is not available, it is not possible to do a complete analysis of the teachers survivor program. However, through the use of standard rates for members and for a spouse and children, we were able to determine that the current assets of $97 million together with the future income stream is sufficient to cover the actuarial liabilities of this program. Currently the employee and the employer each contribute one per cent of salary up to $3,500. The employee contribution of $192 annually. Last year, the [illegible] of the approximately 5,300 members [illegible] payments were sufficient [illegible]

Value of Vested Benefits

In private pension plans, it is customary for the actuary to provide the "value of vested benefits". This figure is used by accountants in preparing financial statements, but as a disclosure item and as a factor in determining the provision for pension expense, in accordance with Opinion No. 8 of the Accounting Principles Board of the American Institute of Certified Public Accountants, "Accounting for the Cost of Pension Plans". While we recognize that the State may not be covered by this opinion, a brief discussion of this subject may be helpful.

The "value of vested benefits" represents the single sum value under the plan's investment income and mortality assumptions of all benefits to present and former employees which do not have future employment by the employer as a required condition for their receipt. Thus, it includes the present value of an immediate or deferred pension for all pensioners, beneficiaries, and active participants with at least ten years of service. For active employees with less than ten years of service and inactive vested employees, only the accumulated employee contributions are included.

For the Employees' Retirement System, the value of vested benefits as of June 30, 1983 is as follows:

	State Employees	Teachers
Active members	$322,666,600	$391,769,800
Inactive members	6,169,100	5,[illegible]
Retired members	282,767,100	308,766,100
Total value of vested benefits	$611,602,800	$705,035,300
Assets	326,975,600	282,424,800
Unfunded value of vested benefits	$312,387,200	$422,610,500

Overall Status of System

Legislation in January, 1979 effectively returned the System to its former statutory funding schedule beginning with the 1979-80 fiscal year. Actually, the accelerated funding provided for by the General Assembly in 1978 was never used as the basis for determining contributions as its effective date was deferred for one year to July 1, 1979, by which time the further revision of the law superseded it.)

Under the funding law as amended, the Employers will not begin to pay the full normal cost and an amortization payment until the fiscal year beginning July 1, 1986. Thus, for fiscal 1984-85, as reported earlier, the employer cost is 100 per cent of the normal cost and 35 per cent of the interest payment on the unfunded actuarial accrued liability. The scheduled percentages are:

Fiscal year beginning on July 1	Normal cost	Interest on unfunded liability
1984	100%	35%
1985 and thereafter	100%	100%

As the funding law currently exists, beginning with the fiscal year starting July 1, 1986, the statutory contribution will consist of the normal cost, amortization of the June 30, 1985 unfunded liability based on the sum-of-the-digits method over 30 years, and interest on the unfunded actuarial accrued liability.

APPENDIX

MODEL PLAN SUMMARY STATEMENT BY CITY AND TOWN PARTICIPATION
IN TEACHERS' RETIREMENT SYSTEM FOR PURPOSES OF
FINANCIAL STATEMENTS AND REPORTS,
MUNICIPAL BOND REGISTRATION STATEMENTS, ETC.

The (city) (town) of _____ provides retirement benefits to its public school teachers through its participation in the Rhode Island Retirement System, a statutory, mandatory, statewide, multi-employer retirement system, which first covered Rhode Island teachers on July 1, 1949. This System is administered as a unified statewide system by the State Retirement Board, the composition of which is set forth in the pertinent state statute. The assets are held in the custody of the State Treasurer as an undivided single fund.

The actuarial costs of the retirement benefits are partially funded by employee contributions of 7 per cent of pay increasing to 7 1/2 per cent July 1, 1985. The net employer actuarial costs are determined annually by the actuary and as provided by statute are certified by the Retirement Board to the Department of Administration as a rate per cent of payroll, payable one half by the State of Rhode Island and one half by the (city) (town). The statute provides for increasing graduated percentages of the annual normal cost and interest on the unfunded liability until the year beginning July 1, 1986 when the full normal cost and amortization payments on a 30-year schedule are required. For the year beginning July 1, 1984, 100 per cent of the normal cost and 35 per cent of the interest on the unfunded liability are the required levels of actuarial funding.

Actuarial valuations prepared by Martin E. Segal Company, applying the entry age normal cost method, assuming 6 1/2 per cent interest return on invested assets and applying assumed rates of salary progression, allowance for post-retirement increases and other actuarial assumptions—all as set forth in the published annual reports of the Retirement Board—reveal the following comparative highlights of the last three years for the Teachers' System as a whole:

Year Ending June 30,

	1990	1991	1992
Active participants	14,892	14,222	9,301
Retirants and beneficiaries	2,312	2,404	2,301
Inactive participants	1,496	1,204	1,157
Total, for accrued pension benefits	$388,019,104	$412,114,304	$395,155,304
Net assets	104,312,104	97,114,304	103,612,804

Year Ended June 30,

	1990	1991	1992
Employer contributions	$22,601,412	$24,013,204	$22,394,316
Member contributions	14,812,212	14,113,604	4,312,804
Total contributions	$36,413,624	$42,203,304	$22,707,116
Net investment income	19,112	17,104	4,104
Transfer income	4,312,412	12,312,104	12,312,104
Total income available for benefit payments	$22,142,142	$44,104,412	$27,104,412
Total benefit payments	18,404,812	18,202,412	21,314,212
Excess of income over expenses	$18,412,212	$25,412,104	$4,412,412

Note: Totals figures may not add to totals shown because of rounding.

Actuarial costs and liabilities, as shown in the summary presentation, are determined in the aggregate for the Teachers System. Accordingly, employer contributions are first determined in the aggregate for all participating employers in this multi-employer system, and then expressed as a rate per cent of the aggregate active payroll, and one-half this rate per cent is then prorated to each participating employer as the actuarial cost factor to be met at its participation date. The remaining one-half of the employer cost is contributed by the Teachers. Employer contributions by fiscal year ending June 30 _____ for each of the last three years (together with the amount for the current year) based on the prorated rate per cent of 3.12 per cent are as follows:

Year Ending June 30

	1990	1991	1992 (est.)
Participating employer contributions			
Employer cost factor			

[illegible]

[illegible] Teachers Retirement System, Article 5, Legal Compliance, Independent Actuaries Attesting the Retirement Fund Cost Adequate as January 30, 1992.

"We believe that the funding principles set forth in the State Statutes is a reasonable basis for funding the State Teachers Retirement System. If the statutory funding principle is not followed, funding the System will be fully funded-that is, the assets will equal the actuarial liabilities on June 30, 2004. If the actuarial assumptions are projected to be sufficient at all times to meet the cash requirements for projected benefit payments."

According to the statutory funding schedule, the contributions required each year of the class (year of _____) and the Trustee will increase as the System moves toward funding of the full annual cost. Alternatively, however, because the actuarial funding results in the accumulation of reserves that are invested, the required appropriation will be significantly less than would be required if these reserves were in a pay-as-you-go basis.

January 23, 1984

EMPLOYEES' RETIREMENT SYSTEM OF THE STATE OF RHODE ISLAND

CERTIFICATE OF ACTUARIAL VALUATION

This is to certify that we have prepared an actuarial valuation of the plan as of June 30, 1983.

This certificate contains the following attached exhibits:

EXHIBIT I - Actuarial Cost for Year Beginning July 1, 1983

A. State Employees

B. Teachers

EXHIBIT II - Actuarial Assumptions and Cost Method

EXHIBIT III - Summary of Plan Provisions

To the best of my knowledge, the information supplied in this actuarial valuation is complete and accurate (except as noted in Exhibit I) and in my opinion the assumptions used in the aggregate (a) are reasonably related to the experience of the plan and to reasonable expectations and (b) represent my best estimate of anticipated experience under the plan.

MARTIN E. SEGAL COMPANY, INCORPORATED

By: Joseph C. Demty

Joseph C. Demty, A.S.A., M.A.A.A.
Actuary

EXHIBIT I

ACTUARIAL COST FOR YEAR BEGINNING JULY 1, 1983

A. STATE EMPLOYEES

The valuation was made with respect to the following data supplied to us by the Retirement Board:

a. 15,748 active participants (including 6,181 fully vested) with total annual salaries of $258,062,900

b. 1,614 inactive participants

c. 5,292 pensioners (including 351 beneficiaries of deceased pensioners and active employees)

The cost factors as of the valuation date are as follows:

1.	Total normal cost		$ 28,368,100
2.	Projected employee contributions		15,483,800
3.	Employer normal cost		12,884,300
4.	Actuarial liability - total		742,240,900
	Active employees	$455,344,700	
	Inactive employees	4,149,100	
	Pensioners (including beneficiaries of deceased pensioners and active employees)	282,747,100	
5.	Assets		326,975,600
6.	Unfunded actuarial liability		415,265,300

Liability for accrued vested benefits: $639,362,800

Note: Included are 84 active employees unknown as to age, service, or both. Status of beneficiaries was unclear. The liability included for inactive employees is the sum of their accumulated contributions.

Line 5 ÷ 4 44.05%

EXHIBIT D

ACTUARIAL COST FOR YEAR BEGINNING JULY 1, 1993

A. TEACHERS

The valuation was made with respect to the following data supplied to us by the Retirement Board:

a. 4,971 active participants (including 7,047 fully vested) with total annual salaries of $252,276,400

b. 1,435 inactive participants

c. 3,071 pensioners (including 104 beneficiaries of deceased pensioners and active employees)

The cost factors as of the valuation date are as follows:

1. Total normal cost		[illegible]
2. Projected employee contributions		[illegible]
3. Employer normal cost		[illegible]
4. Actuarial liability - total		[illegible]
Active employees	[illegible]	
Inactive employees	[illegible]	
Pensioners (including beneficiaries of deceased pensioners and active employees)	[illegible]	
5. Assets		[illegible]
b. Unfunded actuarial liability		[illegible]

Liability for accrued vested benefits: [illegible]

Note Included are 257 active employees unknown as to age, service, or both. Status of beneficiaries was unknown. The liability included for inactive employees is the sum of their accumulated contributions.

EXHIBIT E

ACTUARIAL ASSUMPTIONS AND COST METHOD

Mortality rates -- 1971 Group Annuity Mortality Table

Disability mortality before age 65 -- Age 65 mortality under stipulated table

Termination rates before retirement:

State Employees (Rate I)

Age	Death	Disability	Withdrawal	Total
20	.05	.06	11.20	11.31
25	.06	.09	15.80	15.95
30	.08	.11	11.60	11.79
35	.11	.15	8.40	8.66
40	.16	.22	6.10	6.58
45	.29	.36	4.20	4.85
50	.53	.64	2.60	3.77
55	.85	1.00	--	1.86
60	1.31	--	--	1.31

15% of the above disability rates are service-connected.

Teachers (Rate II)

Age	Death	Disability	Withdrawal	Total
20	.065	.06	12.190	12.255
25	.06	.09	9.870	9.960
30	.08	.11	7.550	7.740
35	.11	.15	5.660	5.925
40	.16	.22	4.140	4.532
45	.29	.36	2.775	3.441
50	.53	.61	1.135	2.244
55	.85	1.001	--	1.86
60	1.31	--	--	1.131

5% of the above disability rates are service-connected.

*Rates shown for men; rates for women are slightly lower.

Note: Detail rates may not add to totals shown due to rounding.

Salary scale:

Age	Present salary as a % of salary at 65	Annual increase (Rate %)
20	17.45	4.84
25	22.07	4.75
30	27.76	4.59
35	34.62	4.39
40	42.68	4.08
45	51.76	3.72
50	61.77	3.45
55	72.98	3.33
60	86.08	3.16

Includes allowance for inflation of 3% per year.

Unknown characteristics of employees: Same as those exhibited by employees with known characteristics. Unknown salary is assumed to be $10,000 for State Employees and $15,000 for Teachers.

Retirement age -- State Employees: 64, or completion of service requirement if later. Teachers: 63, or completion of service requirement if later.

Post-retirement increases -- 3% compounded annually

Percent married -- Social Security awards during 1972

Net investment return -- 6 1/2%

Valuation of assets -- At amortized book value for bonds and at cost for stocks

Actuarial cost method -- Entry age normal cost

EXHIBIT III

SUMMARY OF PLAN PROVISIONS

Service pension

	General Employees			Correctional Officers	Legislators	
Age requirement:	60	55	None	50	55	None
	or		or		or	
Service requirement:	10 yrs.	30 yrs.	35 yrs.	20 yrs.	8 yrs.	20 yrs.

Amount: 1.7% of final average salary up to 10 years of service plus 1.9% per year for the next 10 years of service plus 2.4% for each additional year of service to a maximum of 80%. Final average salary is defined as the average of compensation earned during the highest 3 consecutive years prior to termination. Correctional officers receive 2% of final average salary per year of service. Legislators receive $300 per year of service to a maximum of $6,000. Retirement is mandatory at age 70 except for elected officials. For correctional officers, mandatory retirement is the later of age 55 and the completion of 20 years of service.

Early retirement

Age requirement: None
Service requirement: 30 years
Amount: Regular pension accrued, reduced by 6% for each year of age less than 55.

Disability

Non-occupational:

Age requirement: None
Service requirement: 5 years
Amount: Regular pension based on service accrued and final average salary at disability, payable immediately. The minimum retirement percentage is 17%, regardless of service.

Occupational:

Age requirement: None
Service requirement: None
Amount: 66 2/3% of final salary, payable immediately

Vesting

Age requirement: None
Service requirement: 10 years
Amount: Regular pension accrued, payable at age 60.

Pre-retirement death benefits

Lump sum benefit:

Age requirement: None
Service requirement: None
Amount: (a) $400 per year of service to a maximum of $8,000 and with a minimum of $2,000.
(b) Refund of employee contribution

Spouses' benefit (applicable only if elected by employee):

Age requirement:	60	or 50	Legislators: None
Service requirement:	10 yrs.	20 yrs.	8 yrs.

Amount: Benefit employee would have received had he retired the day before he died and elected the joint and survivor option.

Occupational death benefit:

Age requirement: None
Service requirement: None
Amount: (a) 50% of salary to spouse or children under age 18, less workmen's compensation
(b) Refund of employee contributions.

Post-retirement death benefit

Lump sum benefit:

(a) 100% of employee contributions, less benefits paid.
(b) Pre-retirement death benefit, reduced 20% per year of retirement, but not less than $2,000.

Employee contribution rate:

Date	State Employees	Teachers	Legislators
Prior to 7/1/79	5%	6%	20%
7/1/79 - 6/30/82	5 1/2	6 1/2	3%
7/1/82 - 6/30/85	6	7	3%
7/1/85 and later	6 1/2	7 1/2	3%

Available options:

Joint and survivor with 50% or 100% continued to the beneficiary after the death of the employee.

Post-retirement cost of living increases:

3% of current amount, compounded, to pensioners and beneficiaries following the third anniversary of retirement.

Investments

SUMMARY OF INVESTMENTS

OPERATIONS: (July 1, 1982 - June 30, 1983)

Total Investments - July 1, 1982	$228,642,135
ADD:	
Purchases During the Year	834,784,226
	$1,063,426,361
DEDUCT:	
Redemptions and Sales During the Year	427,254,952
TOTAL INVESTMENTS - June 30, 1983	$ 636,171,409

INVESTMENT ACCOUNT: (By Type of Security)

U. S. Government	$223,107,000	35.07%
Government National Mortgage	7,708,816	1.21
Federal National Mortgage	1,440,000	0.23
International Bank for Reconstruction	1,600,000	0.25
Certificates of Deposit	40,732,885	6.40
Repurchase Agreement	8,800,000	1.38
Commercial Paper	49,741,957	7.82
Federal Home Loan	300,000	0.05
Miscellaneous	250,000	0.04
Railroad Bonds	100,000	0.02
Public Utility Bonds	76,810,000	12.07
Industrial Bonds	40,493,000	6.36
Common Stocks	168,367,840	26.47
Bank Stock	8,038,178	1.26
Preferred Stock	[illegible]	[illegible]
	$636,171,409	100.00%

INVESTMENTS OWNED

DESCRIPTION	INTEREST	MATURITY	[illegible] VALUE
UNITED STATES OF AMERICA			
U. S. Treasury Notes	[illegible]	[illegible]	[illegible]
" " "	[illegible]	[illegible]	[illegible]
" " "	[illegible]	[illegible]	[illegible]
" " "	[illegible]	[illegible]	[illegible]
" " "	[illegible]	[illegible]	[illegible]
" " "	[illegible]	[illegible]	[illegible]
" " "	[illegible]	[illegible]	[illegible]
" " "	[illegible]	[illegible]	[illegible]
" " "	[illegible]	[illegible]	[illegible]
" " "	[illegible]	[illegible]	[illegible]
" " "	[illegible]	[illegible]	[illegible]
" " "	[illegible]	[illegible]	[illegible]
" " "	[illegible]	[illegible]	[illegible]
" " "	[illegible]	[illegible]	[illegible]
" " "	[illegible]	[illegible]	[illegible]
" " "	[illegible]	[illegible]	[illegible]
" " "	[illegible]	[illegible]	[illegible]
" " "	[illegible]	[illegible]	[illegible]
" " "	[illegible]	[illegible]	[illegible]
" " "	[illegible]	[illegible]	[illegible]
" " "	[illegible]	[illegible]	[illegible]
" " "	[illegible]	[illegible]	[illegible]
" " "	[illegible]	[illegible]	[illegible]
" " "	[illegible]	[illegible]	[illegible]
" " "	[illegible]	[illegible]	[illegible]
" " "	[illegible]	[illegible]	[illegible]
U. S. Treasury Bonds	[illegible]	[illegible]	[illegible]
" " "	[illegible]	[illegible]	[illegible]
" " "	[illegible]	[illegible]	[illegible]
" " "	[illegible]	[illegible]	[illegible]
" " "	[illegible]	[illegible]	[illegible]
" " "	[illegible]	[illegible]	[illegible]
" " "	[illegible]	[illegible]	[illegible]
" " "	[illegible]	[illegible]	[illegible]
" " "	[illegible]	[illegible]	[illegible]
" " "	[illegible]	[illegible]	[illegible]
" " "	[illegible]	[illegible]	[illegible]
" " "	[illegible]	[illegible]	[illegible]
" " "	[illegible]	[illegible]	[illegible]
" " "	[illegible]	[illegible]	[illegible]
" " "	[illegible]	[illegible]	[illegible]
" " "	[illegible]	[illegible]	[illegible]

INVESTMENTS OWNED

DESCRIPTION	INTEREST	MATURITY	CARRYING VALUE
UNITED STATES OF AMERICA			
U. S. Treasury Bonds	8.375	8-15-00	5,000,000
" " "	8.000	8-15-01	1,000,000
" " "	13.375	8-15-01	6,500,000
" " "	11.625	11-15-02	2,500,000
" " "	10.750	5-15-03	3,000,000
" " "	8.250	5-15-05	3,600,000
" " "	9.125	5-15-09	3,600,000
" " "	10.000	5-15-10	19,300,000
" " "	13.875	5-15-11	8,000,000
" " "	14.000	11-15-11	2,500,000
TOTAL - U. S. TREASURY			$233,207,000
GOVERNMENT NATIONAL MORTGAGE ASSOCIATION			
Note - Pool #5158	7-1/4	1-15-04	303,619.60
Note - Pool #4877	7-3/4	5-15-04	321,412.71
Note - Pool #3807	7-3/4	6-15-04	675,784.95
Note - Pool #4633	7-1/4	5-15-05	678,091.89
Note - Pool #7298	7-3/4	5-15-05	488,322.11
Note - Pool #8005	8-1/2	2-15-06	1,314,384.34
Note - Pool #12180	7-1/2	6-15-06	544,067.63
Note - Pool #12168	7-1/2	6-15-06	1,588,929.17
Note - Pool #12978	8.00	9-15-06	299,630.55
Note - Pool #13268	8.00	11-15-06	695,105.16
Note - Pool #15089	8.00	1-15-07	529,458.23
TOTAL - GOVERNMENT NATIONAL MORTGAGE ASSOCIATION			$7,752,816.63
FEDERAL NATIONAL MORTGAGE ASSOCIATION			
Note	7.95	7-15-88	1,000,000.00
Note	7.00	6-15-92	250,000.00
Note	7.15	12-15-97	1,150,000.00
			$2,400,000.00
FEDERAL HOME LOAN			
Note	7.65	5-25-87	800,000.00

INVESTMENTS OWNED

DESCRIPTION	INTEREST	MATURITY	CARRYING VALUE
INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT			
Bonds	5-3/8%	4-01-92	$ 600,000.00
Bonds	7-3/4	8-01-87	1,000,000.00
TOTAL - INTERNATIONAL BANK FOR RECONSTRUCTION & DEVELOPMENT			$1,600,000.00
CERTIFICATES OF DEPOSIT			
Heritage Loan	8.0	7-15-83	100,000.00
Greenwood Credit Union	8.65	7-18-83	100,000.00
Morgan Bank of Delaware	8.65	7-19-83	1,000,367.26
Manufacturers Hanover	8.55	7-19-83	1,000,000.00
Citizens Bank	8-3/8	7-25-83	600,000.00
Home Loan Investment Assoc.	8-3/8	7-25-83	200,000.00
R. I. C.U.L. Corp. Credit Union	8.85	7-29-83	1,000,000.00
Citizens Bank	8.25	7-29-83	1,000,000.00
R. I. Federal Savings	9.15	7-25-83	1,000,000.00
State Street Bank	8.30	7-29-83	1,000,000.00
Citizens Trust	8.25%	8-9-83	1,578,590.28
Mfg. Hanover	8.65	8-15-83	1,000,000.00
Chase Manhattan	8.65	8-15-83	1,250,000.00
Shawmut Bank	8.25	8-16-83	1,750,000.00
Citizens Trust	8.25	8-16-83	1,750,000.00
Citizens Trust Co.	8-3/8	8-31-83	2,000,000.00
R. I. State Employees' Credit Union	8-3/4	7-16-83	250,000.00
Woonsocket Institution for Savings	8.75	7-14-83	300,000.00
Citizens Bank	8-5/8	7-18-83	300,000.00
Peoples Trust	9.00	7-29-83	750,000.00
R. I. Federal Savings	8.85	7-29-83	1,750,000.00
Marquette Credit Union	8.25	7-29-83	100,000.00
Citizens Bank	8-5/8	7-29-83	500,000.00
R.I.S.E. Credit Union	9.00	8-1-83	200,000.00
R.I.S.E. Credit Union	9.00	8-1-83	200,000.00
People's Bank	9.125	8-1-83	300,000.00
Citizens Bank	9.00	8-1-83	2,000,000.00
Woonsocket Institution for Savings	8.90	8-12-83	500,000.00
Old Stone Bank	9-1/8	8-30-83	1,000,000.00
R. I. Federal Savings	9.00	8-30-83	1,000,000.00

INVESTMENTS OWNED

DESCRIPTION	INTEREST	MATURITY	CARRYING VALUE
CERTIFICATES OF DEPOSIT			
Citizens Bank	8-7/8	8-30-83	854,485.60
Citizens Bank	8-7/8	8-31-83	1,000,000.00
R. I. Federal Savings	9.00	9-12-83	500,000.00
R. I. Hospital Trust National Bank	9.25	9-13-83	5,000,000.00
Woonsocket Institution for Savings	9.15	9-13-83	300,000.00
Old Stone Bank	9.50	9-30-83	5,000,000.00
Fleet National Bank	11.375	8-9-83	2,000,000.00
TOTAL - CERTIFICATES OF DEPOSIT			$40,732,883.12
COMMERCIAL PAPER			
Lehman Bros.	8-3/4	7-19-83	978,125.00
First Boston Corp.	8-1/2	7-19-83	978,750.00
Chase Manhattan	8.60	7-19-83	1,000,000.00
Merrill Lynch	8.50	7-19-83	1,000,000.00
Kenney Branisel	8.40	7-19-83	979,000.00
Goldman Sachs	8-5/8	7-19-83	2,000,000.00
Kenney Branisel	8-1/4	7-29-83	980,062.50
First Boston Corp.	8.30	7-29-83	979,941.67
Goldman Sachs	8-3/8	7-29-83	2,500,000.00
Kenney Branisel	8-1/4	8-2-83	979,375.00
Merrill Lynch	8.30	8-4-83	1,500,000.00
First Boston Corp.	8.20	8-8-83	979,272.22
Goldman Sachs	8.40	8-8-83	3,000,000.00
Goldman Sachs	8.40	8-15-83	2,500,000.00
A. G. Becher	8.60	8-16-83	978,022.22
Merrill Lynch	8.30	8-16-83	978,788.89
First Boston Corp.	8.30	8-16-83	978,788.89
Kenney Branisel	8.30	8-16-83	978,788.89
Merrill Lynch	8.45	8-31-83	975,354.17
A. G. Becher	8-5/8	8-31-83	974,843.75
Goldman Sachs	8-3/8	8-31-83	1,000,000.00
Goldman Sachs	8-3/8	8-31-83	1,000,000.00
Merrill Lynch	8-3/4	7-29-83	985,659.72
First Boston Corp.	8-3/4	7-29-83	985,659.72
Goldman Sachs	8-3/4	7-29-83	1,000,000.00
Merrill Lynch	9.40	8-1-83	991,644.44
Kenney Branisel	9.40	8-1-83	991,777.78
Lehman Bros.	9.15	8-1-83	1,487,800.00
Goldman Sachs	9.30	8-1-83	1,487,600.00

INVESTMENTS OWNED

DESCRIPTION	INTEREST	MATURITY	CARRYING VALUE
COMMERCIAL PAPER			
Old Stone Bank	9.375	8-1-83	1,000,000.00
Kenney Branisel	8.75	8-30-83	979,340.28
A. G. Becher	9.05	8-30-83	978,631.94
Merrill Lynch	8.85	8-30-83	1,500,000.00
Goldman Sachs	8.85	8-30-83	2,500,000.00
Fleet National Bank	9-1/8	8-30-83	1,000,000.00
A. G. Becher	9-1/8	9-13-83	980,736.11
Merrill Lynch	9-1/4	9-13-83	1,000,000.00
Kenney Branisel	9.10	9-27-83	977,250.00
Goldman Sachs	9.15	9-27-83	1,000,000.00
First Boston Corp.	9.20	9-28-83	976,744.44
TOTAL - COMMERCIAL PAPER			$49,041,957.63
RAILROADS			
Atchison, Topeka & Santa Fe Railway-General Mortgage	4.00	7-01-95	100,000.00
TOTAL - RAILROADS			$ 100,000.00
MISCELLANEOUS			
Limited Partnership Narragansett First Fund			200,000.00
State of Israel Bond	7.50	6-1-95	150,000.00
TOTAL - MISCELLANEOUS			$ 350,000.00
REPURCHASE AGREEMENTS			
Citizens Bank	8.50	7-1-83	4,600,000.00
Carolan & Co.	9.50	9-1-83	1,002,320.00
TOTAL - REPURCHASE AGREEMENTS			$5,602,320.00

INVESTMENTS OWNED

DESCRIPTION	INTEREST	MATURITY	CARRYING VALUE
PUBLIC UTILITIES			
American Tel. & Tel. Co.-			
Debentures	4-3/8	4-01-85	175,000.00
American Tel. & Tel.	4-3/4	11-01-92	800,000.00
Debentures	4-3/8	2-01-94	250,000.00
Debentures	5-1/2	1-01-97	250,000.00
Debentures	4-3/4	6-01-98	100,000.00
Debentures	5-1/8	4-01-01	200,000.00
Debentures	8.80	5-15-05	2,000,000.00
American Tel. & Tel.	8-5/8	2-01-07	2,000,000.00
American Tel. & Tel.	7-5/8	9-01-01	1,000,000.00
Baltimore Gas & Electric			
Bell Tel. Co. of Pa.-			
Debentures	4-3/4	5-01-01	200,000.00
Blackstone Valley Elec. Co.	6-1/2	6-01-97	100,000.00
Brockton Edison	8-3/8	9-01-03	500,000.00
Carolina Power & Light Co.	5-1/8	4-01-96	250,000.00
Central Illinois Light Co.	4.00	7-01-88	100,000.00
Chesapeake Potomac Tel.	8-5/8	4-01-09	500,000.00
Chesapeake Potomac Tel.	7-1/4	5-01-09	500,000.00
Chesapeake Potomac Tel.	8-3/4	3-01-10	500,000.00
Cincinnati Gas & Electric	4-1/8	5-01-87	250,000.00
Columbia Gas System, Inc.-			
Debentures	4-7/8	10-01-90	150,000.00
Commonwealth Edison-			
Sinking Fund Debentures	6-1/4	2-01-98	850,000.00
Sinking Fund Debentures	6-3/4	7-01-98	400,000.00
Sinking Fund Debentures	6-3/8	10-01-98	500,000.00
Sinking Fund Debentures	8.00	10-15-03	1,000,000.00
Connecticut Light & Power Co.-			
First Refunding Mortgage	4-7/8	2-01-90	100,000.00
Connecticut Light	8-7/8	10-01-00	500,000.00
Consolidated Edison Co.-			
First Refunding Mortgage	4-5/8	12-01-93	300,000.00
First Refunding Mortgage	4-1/4	10-01-86	300,000.00
First Refunding Mortgage	5.00	10-01-87	225,000.00
First Refunding Mortgage	4.00	6-01-88	100,000.00
Consolidated Natural Gas Co.-			
Debentures	9.00	7-01-95	472,000.00
Consumers' Power Co.-			
First Mortgage	4-5/8	8-01-91	250,000.00
First Mortgage	4-5/8	8-01-89	250,000.00
First Mortgage	7-1/2	11-01-01	500,000.00
Dayton Power & Light Co.-			
Dayton Power & Light Co.	8-1/4	10-01-99	500,000.00
First Mortgage	8.00	11-01-03	1,000,000.00
Delaware Power & Light Co.	3-7/8	5-01-88	250,000.00
Delmarva Power	7.00	11-01-98	250,000.00
Duke Power Co.-			
First Refunding Mortgage	4-1/2	2-01-92	100,000.00

INVESTMENTS OWNED

DESCRIPTION	INTEREST	MATURITY	CARRYING VALUE
PUBLIC UTILITIES			
Duke Power Co.-			
Duke Power	4-1/2	2-01-92	300,000.00
Duke Power	7.00	2-01-99	500,000.00
Duke Power	8-1/2	3-01-00	1,000,000.00
Duke Power	8-3/8	10-01-06	1,000,000.00
Duquesne Light Co.	7-1/4	1-01-03	1,000,000.00
Florida Power & Light Co.-			
First Mortgage	4-5/8	3-01-95	100,000.00
Florida Power & Light Co.	5.00	12-01-95	500,000.00
Florida Power & Light Co.	11.30	5-11-10	2,000,000.00
Florida Power Corp.	7-3/8	6-01-02	1,000,000.00
First Mortgage	4-7/8	11-01-95	250,000.00
First Mortgage	7.00	12-01-98	250,000.00
Florida Power	7-5/8	1-10-01	250,000.00
General Telephone of California-			
First Mortgage	5.00	12-01-95	100,000.00
Debentures	5-3/4	3-01-92	200,000.00
Debentures	7-1/8	12-01-98	500,000.00
General Telephone of Ohio	10-1/4	12-01-04	1,000,000.00
Hartford Electric	9-1/4	5-01-00	500,000.00
Hartford Electric	7-5/8	12-01-01	500,000.00
Illinois Bell Telephone Co.-			
First Mortgage	4-1/4	3-01-88	100,000.00
First Mortgage	4-3/8	3-01-94	100,000.00
First Mortgage	6.00	7-01-98	250,000.00
First Mortgage	8.00	6-01-05	500,000.00
Iowa Electric	7-7/8	12-01-00	500,000.00
Iowa Power & Light Co.	4-5/8	1-01-91	200,000.00
Kansas City Power	7-1/8	2-01-99	500,000.00
Kentucky Utilities Co.	9-1/8	4-01-04	1,400,000.00
Louisiana Power & Light	7-1/2	11-01-02	500,000.00
Madison Gas & Electric	9-3/4	5-01-04	1,000,000.00
Metropolitan Edison	6-7/8	10-01-92	295,000.00
Michigan Bell Telephone Co.-			
Debentures	6-3/8	2-01-05	500,000.00
Debentures	4-5/8	8-01-96	175,000.00
Michigan Bell Telephone	8-5/8	2-01-10	500,000.00
Mountain State Tel. & Tel.	8.00	10-01-09	1,000,000.00
Narragansett Electric Co.-			
First Mortgage	3-1/2	3-01-86	200,000.00
New Bedford Gas (Commonwealth)	8-1/8	12-01-95	367,000.00
New England Power	4.00	6-01-88	200,000.00
New England Power	7-5/8	7-01-02	1,000,000.00
New England Power	8-5/8	8-01-03	1,000,000.00

INVESTMENTS OWNED

DESCRIPTION	INTEREST	MATURITY	CARRYING VALUE
New England Tel. & Tel	8.00	11-15-84	500,000.00
New England Tel. & Tel.	7-3/8	10-15-87	700,000.00
New Jersey Bell Tel. Co.	4-7/8	11-01-00	100,000.00
New Jersey Power & Light Co.	5.00	10-01-90	100,000.00
New Orleans Public Service	5.00	6-01-91	300,000.00
New York Telephone Co.:			
Refunding Mortgage	3.00	10-15-89	110,000.00
Refunding Mortgage	4-1/8	7-01-93	125,000.00
Refunding Mortgage	4-7/8	1-01-06	250,000.00
Refunding Mortgage	7-1/2	3-01-09	500,000.00
Niagara Mohawk Power Co.:			
General Mortgage	3-7/8	5-01-88	300,000.00
General Mortgage	4-3/4	4-01-90	200,000.00
Northern Illinois Gas Co.	5.00	6-01-84	151,000.00
Northern Illinois Gas Co.	8.00	7-01-98	1,000,000.00
Northern States Power Co.:			
First Mortgage	4.00	7-01-88	100,000.00
First Mortgage	5-3/4	5-01-98	500,000.00
Northwest Bell	7.00	1-01-09	500,000.00
Northwestern Bell Tel.	6-1/4	1-01-07	500,000.00
Northwestern Bell Tel.	8-1/8	3-15-17	500,000.00
Oklahoma Gas & Electric Co.:			
First Mortgage	3-7/8	6-01-88	200,000.00
First Mortgage	5-1/8	1-01-97	250,000.00
Pacific Gas & Electric Co.:			
First & Ref. Mortgage	4-1/2	6-01-93	200,000.00
First & Ref. Mortgage	4-5/8	6-01-97	150,000.00
First & Ref. Mortgage	5-3/8	6-01-98	250,000.00
Pacific Tel. & Tel.	4-3/8	8-15-88	300,000.00
Debentures	8-3/8	2-01-17	25,000.00
Debentures	4-5/8	5-01-00	215,000.00
Pennsylvania Electric Co.:			
Pennsylvania Electric Co.	7-7/8	12-01-01	1,000,000.00
First Mortgage	3-1/8	3-01-84	100,000.00
Pennsylvania Power	8-1/4	12-01-06	600,000.00
Potomac Electric Power Co.	8-3/8	1-15-09	1,500,000.00
Public Service Co. of Colorado:			
First Mortgage	4-3/8	5-01-87	100,000.00
First Mortgage	4-1/2	10-01-91	300,000.00
Public Service Ind.	7-5/8	1-01-01	1,000,000.00
Public Service Electric and Gas Co.:			
Debentures	5-3/4	5-01-91	300,000.00
First Ref. Mortgage	4-3/4	9-01-95	250,000.00
First Ref. Mortgage	5-1/8	6-01-89	300,000.00
Southern Bell Tel. & Tel.	8-1/4	4-15-16	2,000,000.00
Southern Bell Tel. & Tel.	8-1/8	5-01-17	1,700,000.00

INVESTMENTS OWNED

DESCRIPTION	INTEREST	MATURITY	CARRYING VALUE
Southern California Edison Co.:			
Southern California Edison	7-1/4	7-01-84	1,000,000.00
First Mortgage	8-1/8	10-15-94	700,000.00
First Ref. Mortgage	4-3/8	9-01-85	100,000.00
First Ref. Mortgage	5-1/4	5-15-91	250,000.00
First Ref. Mortgage	6-3/8	2-15-93	400,000.00
Southern California Edison	8.00	9-16-96	400,000.00
South Central Bell Tel.	8-1/2	11-01-01	500,000.00
Southern New England Tel.	8-1/8	5-01-06	500,000.00
Southwestern Bell Tel. Co.:			
Southwestern Bell	8-3/4	8-01-97	1,000,000.00
Debentures	5-3/4	6-01-88	250,000.00
Southwest Bell Telephone	8-1/4	9-01-85	750,000.00
Southwest Bell Telephone	5-7/8	2-01-11	500,000.00
Southern Bell Tel. & Tel.	8.00	2-15-14	2,000,000.00
Southwestern Bell Tel.	8-1/4	1-01-14	2,000,000.00
Southwestern Bell Tel.	9-1/4	1-15-15	2,000,000.00
Tampa Electric Co.	4-1/4	7-01-88	150,000.00
Tennessee Valley Authority	8-1/4	10-15-94	500,000.00
Tennessee Valley Authority	7-3/4	7-01-98	1,000,000.00
Tennessee Valley Authority	7.70	10-01-98	3,000,000.00
Union Light, Heat, and Power Co.	5.00	7-01-89	200,000.00
Utah Power & Light Co.	4-7/8	9-01-90	100,000.00
Virginia Elec. & Power Co.:			
First Ref. Mortgage	3-7/8	6-01-88	200,000.00
First Ref. Mortgage	4-5/8	9-01-90	150,000.00
Virginia Electric	7-3/8	3-01-01	500,000.00
Washington Gas & Light Co.	4-7/8	5-01-86	100,000.00
West Penn Power Co.:			
First Mortgage	4-7/8	12-01-95	275,000.00
West Penn Power	9-5/8	6-01-00	500,000.00
Western Union Telegraph Co.	5-1/4	2-01-87	250,000.00
West Texas Utilities	7-1/4	1-01-99	250,000.00
Wisconsin Power & Light Co.	8.00	7-01-01	1,000,000.00
Wisconsin Public Service Corp.	3-1/4	10-01-84	100,000.00
Wisconsin Telephone Co.	7-1/4	5-15-99	500,000.00
TOTAL - PUBLIC UTILITIES			$76,810,000.00

INVESTMENTS OWNED

DESCRIPTION	INTEREST	MATURITY	CARRYING VALUE
BANKS			
American Savings & Loan of California	9.50	6-30-85	250,000.00
R. I. Hospital Trust Co.	8.00	8-31-84	3,500,000.00
Citicorp	8-1/8	7-01-07	500,000.00
J. P. Morgan Co.	8.00	3-15-86	2,000,000.00
Philadelphia National Bank	5-1/2	3-01-92	200,000.00
Columbus National Bank	8.50	2-23-87	300,000.00
Industrial National Bank	8.25	1-01-96	100,000.00
Beneficial Corp.	7.50	11-01-96	500,000.00
Household Finance	12.00	4-15-87	2,000,000.00
Fleet National Bank	10.50	11-01-07	950,000.00
INDUSTRIAL AND MISCELLANEOUS			
American Brands, Inc.	8-1/8	3-01-85	1,000,000.00
American Can Co.- Debentures	4-3/4	7-15-90	100,000.00
American Cyanamid Co.	8-3/8	3-15-06	2,500,000.00
Avco Corp.	7-1/2	11-30-93	250,000.00
Beneficial Finance Co.- Debentures	4-3/4	5-15-93	100,000.00
Citicorp.	8.45	2-15-07	500,000.00
Bethleham Steel Corp.	8.45	3-01-05	600,000.00
Commercial Credit Corp.- Debentures	4-7/8	9-15-87	150,000.00
Chrysler Corp.	10.35	6-1-90	2,000,000.00
Chrysler Corp.	10.35	6-1-90	1,000,000.00
Chrysler Corp.	10.35	6-1-90	1,000,000.00
Dow Chemical Co.	7-3/4	7-15-99	500,000.00
Dow Chemical Co.	8-7/8	5-01-00	849,000.00
Dow Chemical Co.	8-1/2	1-15-06	2,500,000.00
Dupont E. I. DeNemours	8-4/5	11-15-04	2,000,000.00
Exxon Corp.	6.50	7-15-90	350,000.00
Exxon Corp.	6.00	11-01-97	1,000,000.00
Ford Motor Credit Co.	9.00	2-01-84	1,000,000.00
Ford Motor Credit Co.	9.50	1-15-85	1,000,000.00
General Motors Acceptance Corp.- Debentures	4-7/8	12-01-87	750,000.00
General Motors Acceptance	7.3	7-15-85	500,000.00
General Motors Acceptance	4.5	11-01-85	2,040,000.00
General Motors Acceptance	7-1/8	9-01-92	500,000.00
General Motors Acceptance	8-1/8	10-15-96	1,000,000.00
General Motors Acceptance	8-1/4	11-15-06	400,000.00
Gulf Oil Corp.	5.35	6-15-91	250,000.00
Gulf Oil Corp.	8-1/2	11-15-95	500,000.00

INVESTMENTS OWNED

DESCRIPTION	INTEREST	MATURITY	CARRYING VALUE
INDUSTRIAL AND MISCELLANEOUS			
Household Finance Corp.- Household Finance	7-1/4	1-01-90	200,000.00
Debentures	4-7/8	9-15-93	150,000.00
Mobile Oil Co.	8.50	6-15-01	173,200.00
Monsanto Chemical Co.	8-3/4	5-15-08	1,000,000.00
Northwest Bancorporation	4-3/4	10-15-90	250,000.00
Phillips Petroleum Co.	11.25	5-1-13	1,000,000.00
Pittsburg Plate Glass	9.00	6-15-95	500,000.00
Scott Paper Co.	8-7/8	6-01-00	808,000.00
U. S. Steel Holding Co.	12.50	3-1-94	1,772,800.00
TOTAL - BANKS, INDUSTRIAL AND MISCELLANEOUS			$40,493,000.00

INVESTMENTS OWNED

COMMON STOCKS	NO. OF SHARES	COST
BANKS AND HOLDING COMPANIES		
Bank of America	160,000	$ 3,026,523.94
Citicorp	20,000	510,995.36
Fleet Financial	86,285	1,109,319.25
J. P. Morgan	45,000	2,072,807.28
Old Stone Bank	8,000	104,291.00
R. I. Hospital Trust National	41,784	606,369.93
First Interstate Bancorp.	30,000	608,071.78
TOTAL - BANKS & HOLDING COMPANIES		$ 8,038,378.54
CHEMICALS AND DRUGS		
American Home	145,000	4,535,804.46
Bristol Myers	154,000	3,374,277.46
Dow Chemical Corp.	220,000	5,764,885.49
Johnson and Johnson	100,000	4,499,176.76
Monsanto Co.	60,000	3,325,705.42
Pfizer (Chas.) Co.	180,000	3,854,590.68
Sterling Drug Co.	100,000	2,188,514.84
CONSTRUCTION MATERIAL & EQUIPMENT		
Caterpillar Tractor	115,000	5,527,847.06
Deere Corp.	180,000	5,603,842.93
Parker Drilling	100,000	1,360,990.46
U. S. Gypsum Co.	70,000	2,416,645.95
ELECTRONICS		
Burroughs Corporation	50,000	2,387,956.90
Emerson Electric Corp.	55,000	1,931,022.76
International Business Machines	117,000	7,239,446.62
NCR Corp.	50,000	2,711,761.58
Raytheon Corp.	100,000	4,144,882.57
Texas Instruments	20,000	1,981,111.70
Union Electric Corp.	80,000	847,325.00
Motorola, Inc.	10,000	1,102,210.96
Wang Laboratories	5,000	202,819.14
FOOD		
Beatrice Foods Co.	190,000	4,003,676.32
General Foods	40,000	1,231,143.67
McDonalds Corp.	80,000	3,405,208.63
Pepsico, Inc.	105,000	3,199,931.03

INVESTMENTS OWNED

COMMON STOCKS	NO. OF SHARES	COST
RAILROADS		
Union Pacific Corp.	70,000	2,419,018.19
MISCELLANEOUS		
Boeing Corp.	100,000	3,044,371.07
A. T. Cross Corp.	190,000	3,921,183.29
Foxboro Co.	70,000	1,458,324.28
General Motors Corp.	84,100	4,642,354.02
Halliburton Co.	140,000	5,323,354.67
Schlumberger	130,000	5,340,080.77
Square 'D'	140,000	3,510,349.68
Xerox	135,000	6,086,761.62
Dayton-Hudson	35,000	2,269,258.37
PETROLEUM		
Atlantic Richfield Co.	135,180	5,929,013.31
Exxon Corporation	165,000	4,406,410.99
Getty Oil Co.	70,000	4,165,968.27
Mobil Oil	160,000	3,190,529.03
Standard Oil of California	145,000	4,587,775.59
Standard Oil of Indiana	90,000	2,721,679.07
PAPER AND PAPER PRODUCTS		
Kimberly Clark Corp.	90,000	4,687,878.90
RETAIL STORES		
Federated Stores	30,000	1,067,773.95
K Mart	90,000	2,169,784.27
PUBLIC UTILITIES		
American Tel. & Tel.	92,623	5,064,263.78
Florida Power and Light	27,000	927,935.93
Florida Progress Corp.	84,000	1,371,004.32
Gulf States Utilities	40,000	593,282.47

INVESTMENTS OWNED

COMMON STOCKS	NO. OF SHARES	COST
PUBLIC UTILITIES		
Panhandle E. Pipeline	190,000	4,827,421.37
Public Service of Indiana	110,000	2,540,321.93
Texas Gas Corp.	148,100	3,581,978.23
Texas Utilities	63,000	1,378,985.58
TOTAL -- COMMON STOCKS		$16,067,841.34
PREFERRED STOCKS		
Union Pacific	23,050	$ 1,879,214.64