

MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM
STATE OF RHODE ISLAND

SEVENTH ANNUAL REPORT

of the

RETIREMENT BOARD

Fiscal Year Ended

June 30, 1964

Joseph B. Janelli

MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM
STATE OF RHODE ISLAND

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of the

RETIREMENT BOARD

Fiscal Year Ended

June 30, 1964

RETIREMENT BOARD
(as constituted June 30, 1964)

HON. RAYMOND H. HAWKSLEY, CHAIRMAN
General Treasurer

G. ALDEN WINTER
Warwick

HON. FRANCIS P. SMITH
Chairman, Finance Committee
The Senate

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

JOSEPH H. O'DONNELL, JR.
Director of Administration

ANDREW A. DIPRETE
Director of Business Regulation

DR. WILLIAM P. ROBINSON
Commissioner of Education

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

CHARLES W. HILL
State Controller

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March 31, 1965

To his Excellency
The Honorable John H. Chasee
Governor, State of Rhode Island
and Providence Plantations
Providence, Rhode Island

Sir:

On behalf of the Retirement Board of the Employees' Retirement System of the State of Rhode Island, I take pleasure in submitting herewith, for transmittal to the General Assembly, the SEVENTH ANNUAL REPORT on the Municipal Employees' Retirement System.

This report presents the results of operations of that system for the fiscal year ended June 30, 1964 and certain financial facts relative to the condition of the system at that date.

Respectfully submitted,

Raymond H. Hawksley
Chairman

MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM
OF THE STATE OF RHODE ISLAND

There is presented herewith the Seventh Annual Report of the Retirement Board of the Municipal Employees' Retirement System of the State of Rhode Island covering operations of the system for the year ended June 30, 1964.

PARTICIPATION

There was one addition during the year to the number of municipalities participating in the system making a total of 12 participating municipalities at June 30, 1964. On July 1, 1964, three additional cities and towns joined the system. The municipalities participating in the system and the beginning dates of their participation are:

	<u>Date of Participation</u>		<u>Date of Participation</u>
Barrington	July 1, 1957	North Smithfield	July 1, 1964
Bristol	July 1, 1957	Pawtucket	July 1, 1962
Cranston	July 1, 1963	Smithfield	July 1, 1959
East Greenwich	July 1, 1957	South Kingstown	July 1, 1957
East Providence	July 1, 1961	Tiverton	July 1, 1964
Jamestown	July 1, 1964	Warren	July 1, 1957
North Kingstown	July 1, 1957	Woonsocket	July 1, 1962
North Providence	July 1, 1961		

MEMBERSHIP AT JUNE 30, 1964

<u>Town</u>	<u>Number of Active Members</u>	<u>Number of Pensioners</u>		
Barrington	116	12		
Bristol	34	4		
Cranston	434	27	<u>contr.</u>	<u>Comp.</u>
East Greenwich	28	4		
East Providence	264	15	— 4%	1%
*Jamestown	--	--		
North Kingston	111	8		
North Providence	116	7		
*North Smithfield	--	--		
Pawtucket	537	35		
Smithfield	39	1		
South Kingstown	55	1		
*Tiverton	--	--		
Warren	41	11	4%	1%
Woonsocket	<u>267</u>	<u>29</u>	4%	1%
Totals	<u>2,042</u>	<u>154</u>		

*Participation effective July 1, 1964.

add Newport

7/1/66

Burrillville? (16)

Cumberland
 We. Warwick
 Cranston
 Central Falls
 Pawtucket

1964 LEGISLATION

Two important amendments to Chapter 45-21 were enacted at the 1964 session of the General Assembly affecting costs and obligations of the Municipal Employees' Retirement System.

These amendments are:

1. H-1278, approved April 28, 1964. This bill provided for an increase in the rate of ordinary disability allowance from 1% to 1-2/3% of final average salary for each year of total service.
2. H-1326, approved May 8, 1964. This bill effected a revision of the rates of service retirement allowance of employees who retired prior to July 1, 1964, from 1% of final average salary per year of service to 1-2/3%.

Both of these changes required revisions in contribution rates for the participating municipalities effective July 1, 1964. The second of the foregoing amendments was of more limited scope affecting only those municipalities having pensioners who retired prior to that date.

It should be noted that the cities of EAST PROVIDENCE, WARREN and WOONSOCKET are subject to the provisions of law in effect prior to July 1, 1963, which prescribe a lower level of service retirement and ordinary disability benefits and lower contribution rates.

ACTUARIAL VALUATION

An actuarial valuation of the system was completed as of June 30, 1964, and the results are presented in the report of the actuary appearing in the latter part of this annual report.

FINANCIAL REVIEW

Total assets of the system at June 30, 1964 amounted to \$2,216,465.64. These assets are allocated to certain specific reserves as provided by law. The reserves are subject to periodic check and evaluation to establish their adequacy in meeting the prescribed liabilities.

The principal items comprising the revenues and expenditures for the year are as follows:

Revenues

Member contributions	\$ 396,951.42
Contributions by Cities and Towns	1,065,121.34
Investment income	51,466.21
Other	<u>5.23</u>
Total Revenues	<u>\$1,513,544.20</u>

Expenditures

Benefits	\$ 165,243.88
Refunds to employees	32,640.51
Refunds to municipalities	<u>5,582.04</u>
Total Expenditures	\$ 203,466.43
	<hr/>
Excess of Revenues over Expenditures transferred to Reserves	\$1,310,077.77
	<hr/> <hr/>

The excess of revenues over expenditures is represented by an increase in total reserves of the system as will be observed in the following statement:

Reserves at July 1, 1964 -

Members' Contributions	\$ 808,302.45	
Employers' accumulations	- 301,160.56	
Retirement reserve	<u>1,709,323.75</u>	\$2,216,465.64

Reserves at June 30, 1963 -

Members' Contributions	\$ 463,303.34	
Employers' Accumulations	- 291,216.46	
Retirement Reserve	<u>734,300.99</u>	<u>906,387.87</u>
Increase in Reserves		\$1,310,077.77
		<hr/> <hr/>

The negative balance in the Employers' Accumulation Reserve was not unexpected. It should not be construed as an unfavorable development in operations. The deficiency should

be removed within a very few years. A deficiency in this reserve generally occurs during the early years of life of a system of this type because of the number of retirements that take place immediately after its inception requiring the allocation of full reserves on a lifetime basis to provide for their payment. As normal conditions are attained, the Employers' Accumulation Reserve should begin to build up a substantial balance reflecting the municipality contributions for both current service and the amortization payments on account of the accrued liability.

INVESTMENTS

Investments at the close of the year totalled \$2,031,820.00 being an increase for the year of \$1,150,238.00. The investments consisted of fixed income bearing securities and stocks. The rate of return on investments is in excess of the 3-1/2% rate assumption used by the actuary in the valuation of the reserves and liabilities. Any excess interest above this rate assumption remains in the system and is added to the reserves to provide for the liabilities on annuities entered upon.

The following is a comparative summary of the investments of the system at June 30, 1964 and at the end of the preceding fiscal year showing the changes that occurred in the several

types of investments comprising the investment account of the system.

	<u>June 30, 1964</u>		<u>June 30, 1963</u>	
	<u>Cost or Par</u>	<u>Per Cent of Total</u>	<u>Cost or Par</u>	<u>Per Cent of Total</u>
U.S. Government	\$1,185,000	58.3%	\$198,000	22.5%
Federal Land Bank	50,000	2.5	20,000	2.3
International Bank	25,000	1.2	25,000	2.8
State and Municipal	25,000	1.2	25,000	2.8
Public Utility Bonds and Debentures	335,000	16.5	235,000	26.7
Other Bonds and Debentures	30,000	1.5	30,000	3.4
Bank Stocks	27,007	1.3	--	--
Common Stocks	<u>354,813</u>	<u>17.5</u>	<u>348,582</u>	<u>39.5</u>
Totals	<u>\$2,031,820</u>	<u>100.0%</u>	<u>\$881,582</u>	<u>100.0%</u>

Bonds and Debentures listed at par value. Stocks are shown at cost.

CONCLUSION

The system is making steady and satisfactory progress. It is gradually broadening its operations by an increase in membership both in terms of participating municipalities and employee participants. The 1964 amendments to the law have increased both the normal cost and accrued liabilities in a small measure

for 12 of the 15 municipalities participating in the system. Three municipalities have embraced the original provisions of the law involving lower benefits and smaller contributions. New contribution rates have been certified for the 12 municipalities who have been affected by the latest amendments in order to maintain full funding of the normal cost and accrued liabilities according to actuarial criteria.

As in former years, the policies maintained by the Board continue to reflect standards which give effect to the purposes and objectives of the system in order to assure its operations at maximum efficiency.

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

RAYMOND H. HAWKSLEY, Chairman

G. ALDEN WINTER

FRANCIS P. SMITH

JOHN V. WRENN

JOSEPH H. O'DONNELL, JR.

ANDREW A DIPRETE

WILLIAM P. ROBINSON

JAMES E. CONLON

CHARLES W. HILL

REPORT OF THE ACTUARY

For the Fiscal Year Ended June 30, 1964

A valuation of the assets and liabilities of the Municipal Employees' Retirement System was completed as of June 30, 1964. The results disclosed satisfactory progress in operations. Rates of employee and employer contributions reflect actuarial reserve requirements for the prescribed benefits in force at the date of valuation.

A test of the solvency of the Retirement Reserve reflecting the reserves on account of members on retirement indicates a sound condition. A summary of the several factors pertinent to the retired members is as follows:

	<u>Male</u>	<u>Female</u>
Number on pension roll	131	23
Annual payments	\$145,374.71	\$21,186.27
Average annual payment	\$1,109.73	\$921.14
Average age	69.5	69.3
Actuarial reserve requirements	\$1,448,309.00	\$240,146.00

The actuarial reserve requirements on account of the foregoing pensioners amounted to \$1,688,455.00. This compares with the balance in the Retirement Reserve at June 30, 1964 of \$1,770,323.75. This illustrates the financial solvency of the system in respect to full reserve coverage of retirement allowances entered upon according to the applicable mortality standards.

OBLIGATIONS OF MUNICIPALITIES

The obligations of the participating municipalities consist of (a) the accrued liability for service rendered by the members prior to the effective date of the participation in the system, referred to as "prior service", and (b) the accruing cost for future service commonly referred to as "normal" or "current service" cost.

The prior service liability was computed in the case of each municipality prior to its participation in the system upon the basis of the service rendered by the expected membership. A prior service contribution rate was fixed as a percentage of payroll to provide for the amortization of the accrued liability over a period of 25 years from the effective date of participation.

The normal or current service cost was calculated upon the basis of total membership giving effect to the peculiar service characteristics of the particular municipality. This rate was also fixed as a percentage of total payroll which is to be applied by each municipality in determining the amount of its contributions to the system.

The prior service and normal rates of contribution are given below for the several participating municipalities reflecting the law in force at June 30, 1964. The rates have been revised to give effect to the increase in cost occasioned by the two

⁵ 1964 amendments providing for upward changes in benefits.

<u>Municipal Code No.</u>	<u>Name of Municipality</u>	<u>Prior Service Contribution Rate</u>	<u>Current Service Rate</u>	
01	Barrington	3.30%	6.69%	9.99%
02	Bristol	2.83	7.78	
07	Cranton	5.05	6.40	
09	East Greenwich	3.90	6.19	
10	East Providence	4.08	4.87	
15	*Jamestown	3.27	6.97	
23	North Kingstown	2.44	5.77	
24	North Providence	3.88	5.14	
25	*North Smithfield	3.57	7.06	
26	Pawtucket	4.53	4.76	
31	Smithfield	2.33	5.75	
32	South Kingstown	1.15	6.32	
33	*Tiverton	6.88	6.08	
34	Warren	3.86	5.02	
39	Woonsocket	5.18	3.27	

*Participation effective July 1, 1964.

In determining the amounts to be contributed to the retirement system for any fiscal year for budget purposes, each municipality should apply the aforesaid rates to the prospective payroll for the year for which the budget is prepared. Thus, sufficient monies will be provided in the budgets to

meet the liability to the retirement system on account of the employees who render service during the year in question at the prescribed rates of salary.

CONCLUSION

The operations of the system are being evaluated annually as a check of basic trends and as a means of detecting any unfavorable developments. This is one of the purposes of the actuarial valuation. Such a check is particularly important in view of the changes that are made in the law from time to time without advance provision for increases in cost which basic changes generally entail.

The system is operating satisfactorily. In the case of three municipalities, the reserve accounts reflecting the municipality contributions show deficiencies. This, however, is not a cause for immediate concern. Such condition is not unusual at the inception of coverage. As previously pointed out, this may be attributed to the immediate retirement of aged employees who had been waiting for the extension of coverage in the system to the municipality. Once this initial aged group has retired, the employer's reserve accounts should show improvement with a lessening of the drain from that source. In time, therefore, the deficiencies should be completely eliminated. A condition of complete solvency should then

set in which should be continuously maintained if the contribution rates for the municipalities reflect substantial adequacy to meet the accruing obligations of the system.

A. A. Weinberg,
Actuary

FINANCIAL STATEMENTS

FINANCIAL BALANCE SHEET

JUNE 30, 1964

ASSETS

Cash	\$ 184,646.04
Investments	<u>2,031,819.60</u>
Total Assets	<u><u>\$2,216,465.64</u></u>

RESERVES

Members' Contribution Reserve	\$ 808,302.45
Employers' Accumulation Reserve	- 301,160.56
Retirement Reserve	<u>1,709,323.75</u>
Total Reserves	<u><u>\$2,216,465.64</u></u>

STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS
FISCAL YEAR ENDED JUNE 30, 1964

CASH BALANCE JULY 1, 1963 \$ 24,805.15

RECEIPTS:

Member Contributions	\$ 396,951.42	
Municipal Contributions	1,065,121.34	
Investment Earnings	60,755.79	
Discount on Purchase of Investments	4,492.79	
Miscellaneous Refunds	<u>5.23</u>	
Total Receipts		<u>1,527,326.57</u>
Total Cash Available		<u><u>\$1,552,131.72</u></u>

DISBURSEMENTS:

Purchase of Investments	\$1,150,236.88	
Accrued Interest Paid on Purchase of Investments	11,411.05	
Premium Paid on Purchase of Investments	2,150.01	
Postage and Insurance on Purchase of Investments	221.31	
Monthly Pension Benefits	141,351.70	
Death Retirement Allowances	3,103.70	
Ordinary Death Benefits	20,788.48	
Refunds of Contributions:		
Employees	32,640.51	
Municipal	<u>5,582.04</u>	
Total Disbursements		<u>\$1,367,485.68</u>
CASH BALANCE JUNE 30, 1964		<u><u>\$ 184,646.04</u></u>

STATEMENT OF RESERVE ALLOCATIONS
FISCAL YEAR ENDED JUNE 30, 1964

	<u>Members'</u> <u>Reserve</u>	<u>Employers'</u> <u>Reserve</u>	<u>Retirement</u> <u>Reserve</u>
Reserve Balances - July 1, 1963	\$463,303.34	-\$291,216.46	\$ 734,300.99
<u>Revenues:</u>			
Members' Contributions	\$396,951.42		
Municipalities' Con- tributions		\$1,065,121.34	
Transfers from Members' Reserve			\$ 119,317.03
Transfers from Employers' Reserve			1,049,228.91
Transfer from Retirement Reserve		533.99	
Other	5.23		
Total Revenues	\$396,956.65	\$1,065,655.33	\$1,068,545.94
Total Available	\$860,259.99	\$ 774,438.87	\$1,802,846.93
<u>Expenditures:</u>			
<u>Refunds:</u>			
Members' Contributions	\$ 32,640.51		
Employers' Contributions		\$ 5,582.04	
<u>Benefits Paid:</u>			
Death Retirement Allowances			\$ 3,103.70
Retirement Allowances			141,351.70
Ordinary Death Benefits		20,788.48	
<u>Transfers:</u>			
To Retirement Reserve	19,317.03	1,049,228.91	
To Employers' Reserve			533.99
Total Expenditures	\$ 51,957.54	\$1,075,599.43	\$ 144,989.39
Reserve Balance Before Credit of Income	\$808,302.45	-\$ 301,160.56	\$1,657,857.54
Net Investment Income			51,466.21
Reserve Balances June 30, 1964	\$808,302.45	-\$ 301,160.56	\$1,709,323.75

STATEMENT OF RESERVE ALLOCATIONS
FISCAL YEAR ENDED JUNE 30, 1964

	<u>Members'</u> <u>Contribution</u> <u>Reserve</u>	<u>Employers'</u> <u>Contribution</u> <u>Reserve</u>	<u>Retirement</u> <u>Reserve</u>
<u>Allocation of Fund Balance:</u>			
Barrington	\$101,167.66	\$ 54,431.26	
Bristol	36,925.84	54,117.77	
Cranston	80,074.21	196,267.20*	
East Greenwich	34,260.21	45,660.78	
East Providence	106,700.74	53,946.30	
North Kingstown	85,624.16	1,701.01	
North Providence	39,287.95	17,911.05	
Pawtucket	161,002.53	187,428.91*	
Smithfield	26,734.87	26,380.82	
South Kingstown	41,575.92	61,706.91	
Warren	26,851.78	15,360.53*	
Woonsocket	68,096.58	217,959.82*	
Totals	<u>\$808,302.45</u>	<u>- \$301,160.56</u>	<u>\$1,709,323.75</u>

*Denotes deficit. This is a temporary deficiency which will be removed by continued operations of the system. It is due principally to the retirement of aged employees at the inception of coverage.

A P P E N D I X

Summary of Benefit and Contribution
Provisions

SUMMARY OF PROVISIONS OF RETIREMENT PLAN

Participation by cities and towns. Participation is optional with the cities and towns, and may be effected by the adoption of a resolution or ordinance by the governing body subscribing to the provisions of the system and agreeing to assume the obligations thereunder.

Effective date of participation. The effective date is July 1st next following the receipt of a certified copy of the ordinance or resolution by the retirement board, provided the same was filed with the board at least 90 days prior to such date; otherwise the effective date is July 1st of the following year.

Withdrawal from participation. A city or town may withdraw from participation by the adoption of a resolution or ordinance to that effect. The city or town shall be liable for the accrued liabilities for matured annuities and benefits, and for those benefits in which vested rights had been created.

Employees eligible for coverage. All employees of a city or town, including elected officials, subject to the conditions stated in item entitled "Conditions for Membership" below.

Conditions for membership. Any employee in service on the effective date of participation or within 6 months prior to such date, will automatically become a member of the system, following approval of participation by the city or town, unless the employee notifies the retirement board, in writing, within 60 days after the effective date that he does not desire to join the system.

Any member becoming an employee after the effective date of participation for the city or town, who at date of entry into service is under age 58 if a member of the police or fire department, or under age 60 if an employee of any other department, shall automatically become a member of the system, after 6 months of service, as a condition of employment. Any person elected to office after the effective date shall have the option of becoming a member within 60 days following the date when he shall assume the duties of his office.

Exclusions from membership. Membership is limited to any regular or permanent employee or officer whose business time is devoted to the service of the city or town.

An employee occupying a position of a temporary or seasonal character, not classified as a regular or permanent employee, is not eligible for membership.

Members of other retirement systems. Any employee in service on the effective date or within 6 months prior thereto, who is a member of any other pension or retirement system supported wholly or in part by funds of the city or town, may become a member of the retirement system if he waives and renounces all accrued rights and benefits in such other system.

Any employee entering service after the effective date, who is a member of or receiving an annuity or benefit from any other pension or retirement system supported wholly or in part by the city or town, shall not be eligible for participation unless he waives membership in such other retirement system.

Service credit. Any employee becoming a member of the system at the effective date, or who makes application for membership within 1 year from the effective date, shall be entitled to credit for all previous service for the city or town for whom employed.

Any employee who elects, at the time of initial participation, not to join the system, and does not apply for membership within one year after the effective date, may thereafter be admitted to membership but without credit for service prior to the effective date. Credit for service in such a case would accrue from the effective date upon making appropriate contributions.

An employee becoming a member of the system shall be entitled to credit for all service rendered following the date of membership for which he has made contributions.

A member of the system shall be entitled to credit as service, in any calendar year, for any period of an approved leave of absence without pay, not exceeding one month.

Optional retirement. Any member may retire optionally upon completion of 10 years of service, provided such member shall be at least 58 years of age if a member of the fire department or police department, or age 60 if a member of any other classification.

Compulsory retirement. Any member, except an elective official, shall be retired compulsorily upon attainment of age 70.

Retirement may be deferred after age 70 for periods of one year, upon request of the member, approved by the governing body of the city or town.

Amount of service retirement allowance. The amount of service retirement allowance is 1-2/3% of average salary per year of credited service.

Average salary defined. This is the average annual compensation for any five consecutive years when such average was highest.

Ordinary disability benefit. Any member having at least 10 years of service, who is under age 58 if a member of the fire or police departments, or under age 60 if a member of any other classification, who becomes totally and permanently disabled for service, would be entitled to a benefit equal to 1-2/3% of average salary, as defined above, for each year of credited service.

Accidental disability. A member becoming totally and permanently disabled for service due to occupational causes, regardless of age or length of service, would be entitled to 66-2/3% of his rate of salary at date of disability.

This benefit is subject to reduction by Workmen's Compensation payments made by the applicable city or town.

Limitations on disability benefits. In the event a member in receipt of ordinary or accidental disability benefits resumes gainful employment of any kind, and his earnings from such employment when added to his disability benefit exceeds the rate of salary in effect at date of disability, the disability benefit would be reduced to the extent of such excess.

Accidental death benefit. Upon death of a member due to occupational causes, regardless of his age or length of service, his total contributions would be paid to his estate, or to such person having an insurable interest in his life, as he shall have nominated. In addition, a benefit equal to 50% of salary would be payable to:

(a) His widow, to continue during widowhood; or

(b) If there be no widow, or if the widow dies or remarries, and minor children under age 18 survive the member, to such children in equal proportions; or

(c) If no eligible widow or eligible minor children exist at the date of death of the member, to the father or mother who was dependent upon the member for support, as the retirement board may determine.

These benefits are subject to reduction by Workmen's Compensation payments made by the city or town.

Death benefits. (a) Upon death of a member occurring while in service, as the result of any cause other than occupational, a benefit would be payable to the person having an insurable interest in the life of the member as he shall have designated, consisting of (1) the contributions of the member, and (2) a payment of \$250.00 for each year of service, subject to a minimum of \$1,000 and a maximum of \$5,000. The payment of the minimum amount is subject to prescribed limitations.

(b) Upon death of a retired member, a death benefit is payable to the person designated by the member, or the estate if no designation has been made, equal to the excess of the contributions made by the member over retirement benefit payments made by the system, subject to a minimum payment of five monthly installments of the retirement allowance or \$300.00 whichever is greater.

Refunds - vested rights. A member becoming separated from service other than by death or retirement would be entitled to a refund of his total contributions, thus forfeiting all his accrued credits and interest in the system.

A member having at least 10 years of credited service may leave his contribution credits intact and upon attaining age 58 if a member of the fire or police departments, or age 60 if a member of any other classification, apply for a service retirement allowance of the amount earned and accrued at the date of his separation from service.

Options. Any member, at the time of retirement, may elect to receive a reduced retirement allowance and provide, on an actuarially equated basis, with the remainder of his equity, an allowance to a designated beneficiary, to become payable upon his death while on retirement. If death of the beneficiary occurs before the death of the retired member, no change would be made in the original election and the member would continue thereafter to receive the reduced service retirement allowance.

Financing. Members contribute to the system 6% of their salaries.

Each city or town is obligated for the remainder of the cost of the benefits prescribed by the act, on an actuarially funded basis, including the requirements for prior service and for future service. The amount of contribution is fixed by the retirement board based upon an actuarial valuation of the assets and liabilities of each participating governmental unit.

The expense of administration is assumed by the State of Rhode Island.

Administration. The retirement board of the Employees' Retirement System of the State of Rhode Island is designated as the administrator of the "Municipal Employees' Retirement System of the State of Rhode Island."

The general treasurer is charged with the establishment of the system under the direction and supervision of the board, and the maintenance of the required accounts and statistical records. He is to have custody of all moneys accruing to the system and make the required investments according to the act governing the investment of sinking funds of the State, or in securities or investments in which deposits of savings banks and participation deposits in banks and trust companies may legally be invested.

Certain reserve accounts are established and maintained by the system as prescribed by the act.

Guarantees. Each participating city or town is liable for their proportionate obligations of the system for the several benefits which it prescribed, related only to its own employees.