

The Commonwealth of Massachusetts

ANNUAL REPORT

OF THE

BOARD OF RETIREMENT

FOR THE

Year Ending November 30, 1925

Department of Treasurer and Receiver-General



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The Commonwealth of Massachusetts

REPORT

DIVISION OF BOARD OF RETIREMENT,
STATE HOUSE, BOSTON, NOVEMBER 30, 1925.

To the Honorable Senate and House of Representatives.

The fourteenth annual report of the Board of Retirement for the year ending November 30, 1925, is herewith presented for your consideration.

The contributory law has been in operation since January 1, 1912, approximately fourteen years, and the present fund consists of \$2,249,522.89, which has been deducted from the salaries or wages of the members, and \$428,228.62, which has been credited as interest and extra dividends to the members' accounts, so that the total of the accounts of members contributing on November 30, 1925, amounts to \$2,677,751.51.

The annuity reserve for the payment of annuities to members on the retired list December 31, 1925, was \$121,120.00, and the gross assets on said date were \$2,939,150.89. The Insurance Department made the annual examination in accordance with the law, and following the report, the Board, with the approval of the Commissioner of Insurance, credited an extra dividend of \$2.00 to each \$100 of each account as it stood on September 30, 1924; the total thus credited amounted to \$42,619.06.

The interest derived from the investment of the annuity funds has provided for the last five years substantially the following yearly rate of distribution to the members' accounts: 1921, 4¾%; 1922, 4¾%; 1923, 5%; 1924, 5%; 1925, 5%. The annuity fund is invested according to restrictions and limitations of the statutes in only the securities which are a legal investment for the sinking funds of the Commonwealth, these being principally the obligations of Commonwealths and subdivisions thereof.

The contributing members of the Retirement Association when it was first organized was 3,324, and the contributing members on November 30, 1925, was 8,368.

During the year, 1,781 new employees have become members of the Association and 1,651 have left the service by reason of death or resignation before becoming eligible for retirement. Retirement allowances were granted to 35 persons during the year, 21 by reason of reaching the age of seventy, 4 for ordinary disability, 1 for permanent disability resulting from accidental injury in line of duty, and 9 between sixty and seventy years of age upon their own request. The total of the retiring allowances of the 35 employees retired during the year 1925 is \$17,635.40. Of this amount, \$3,242.06 was annuity derived from the contributions made by the members before retirement and the balance was pension paid from State appropriation.

The following statistics relate to the 35 employees who were retired during the fiscal year 1925:

	Cases	Average Age at Retire- ment.	Average Length of Service.	Average Salary Last 5 Years.	Average Annuity.	Average Pension.	Average Retiring Al- lowance.
Disability cases	5	57	21	\$1,445	\$49	\$348	\$397
Retirements at age 60 or over	30	68	25	1,598	97	362	459
Total for year	35	67	25	\$1,578	\$90	\$360	\$450

The number of employees who have been granted a retirement allowance since the law became operative, June 1, 1912, is 496, and the total number of payments granted to widows on account of death of husband from accidental injuries received in line of duty is 3. Since retirement 146 annuitants and 5 non-members have died, so that retirement allowances are now being paid to 345 former employees. Of this number 124 were retired at the age of seventy or over; 18 were retired for ordinary permanent disability, and 2 were retired for permanent accidental disability because of such injuries received in the line of duty; 1 non-

member who was over fifty-five years of age when the retirement law was passed, was retired upon the request of the department in which he was employed; and 200 were retired upon their request between sixty and seventy years of age.

The law provides compensation to a widow during her widowhood, or if there is no widow, for the benefit of a child or children under sixteen years, of one-half the members' rate of pay in case of the death of a member from an injury received through no fault of his own while in the discharge of his duty. Three payments are now being made under this act. The largest payment to a widow is \$750.00; the average is \$614.28.

Present Ages and Number of Persons who are receiving a Retirement Allowance.

AGE.	No.	AGE.	No.	AGE.	No.	AGE.	No.
40	-	53	1	66	15	79	7
41	1	54	1	67	11	80	9
42	-	55	3	68	9	81	3
43	-	56	2	69	17	82	4
44	-	57	5	70	30	83	2
45	-	58	3	71	36	84	2
46	1	59	2	72	31	85	2
47	-	60	7	73	17	86	1
48	-	61	6	74	24	87	0
49	-	62	8	75	17	88	1
50	1	63	9	76	16	89	0
51	-	64	10	77	8	90	1
52	-	65	10	78	12	Total	345

The average age of persons on the retired list is 70.46 years.

During the year ending November 30, 1925, \$120,003.93 was paid as pension to persons upon the retired list as compared with \$110,348.44 for the previous year. The largest retirement allowance being paid to an individual is \$1,770.96. The average retirement allowance paid to the persons on the list December 1, 1925, is \$395.00.

The accumulated savings refunded to members who left the service were \$179,155.99, and the amount refunded to the heirs or estates of deceased members was \$19,231.32.

The retirement system has 385 members who may voluntarily retire at the age of sixty to seventy during the coming fiscal year; 22 under sixty years of age who have completed thirty-five years of service; and 21 who must retire at the age of seventy, the compulsory retirement age. The number who will voluntarily retire is uncertain. The Board has submitted estimates of the amount of appropriation required to pay the cost of pensions for the next fiscal year upon experience it has gained that 7% of the members eligible to retire will voluntarily retire in addition to those who must retire at the age of seventy. This will require about \$7,800 in addition to \$119,935.00, the amount of pensions in force on November 30, 1925. The Board has requested an appropriation of \$128,000 to cover the cost of pensions for the year ending November 30, 1926.

The expenses of the administration of the system for the year were: Salaries, \$8,584.28; contingent expenses, \$789.62; reimbursement to institutions for making deductions from members' salaries, etc., \$3,000.00. The reimbursement to State institutions is purely a bookkeeping transaction to show the probable cost of operating the system.

AMENDMENTS AND ADDITIONS TO THE RETIREMENT LAW PASSED BY THE GENERAL COURT DURING THE SESSION OF 1925.

A new provision was added to the law under Chapter 244, Acts of 1925, so that a contributing member may name a surviving beneficiary who will be paid the sum of the member's deposits with accumulated interest in the Annuity Fund if the member prior to his death files in proper form a beneficiary appointment. The same option is provided for the retired member who at the time of his retirement elected the form of annuity which provided for the payment of the

difference between the amount of his account at the time of his retirement and the sum of the annuity payments received by him up to the date of his death.

The three provisions of the law regarding the payment of the contributions with interest after the death of a member of the Retirement Association are as follows:—

WHEN NO BENEFICIARY HAS BEEN DESIGNATED:

- (1) The account of a member when over \$100.00 must be paid to his executor or administrator.
- (2) The account when under \$100.00 and when there has been no demand upon the Retirement Board by a duly appointed executor or administrator may be paid AFTER THE EXPIRATION OF THREE MONTHS from the date of death of the member to such person or persons as appear in the judgment of the Retirement Board to be entitled thereto, and such payment shall be a bar to recovery by any other person.

PAYMENT TO A BENEFICIARY:

- (3) Any member by a written instrument duly executed by him and FILED with the Retirement Board PRIOR TO HIS DEATH may nominate a beneficiary to receive any sum to which his heirs or legal representatives would otherwise be entitled (under 1 or 2) and payment to such beneficiary shall be a bar to recovery by any other person. A member may change a beneficiary should he later desire to do so, and payment will be made to the last beneficiary appearing in the records of the Retirement Board at the death of such member.

Chapter 244, Acts of 1925, also added another new provision to the law, which allows a member who resigns from the service when he is eligible to retirement the option of taking his accumulated savings in the annuity fund or being retired. In order to obtain his accumulated savings, a member is required to waive and release by a written instrument all of his, his heirs', assigns', legal representatives' or beneficiary's rights in the annuity and pension funds.

A retirement allowance will not be forced upon any employee who does not want to be classed in any way a public pensioner even when only fifty per cent at the most will come from the public treasury, as in most cases the annuity which comes from the member's own savings will ultimately be one-half of the retirement allowance.

Chapter 12, Acts of 1925, amended the law so that an instructor of the blind or a teacher or principal of a state normal school or college where classes are graded or conducted by a school year or term who reaches age seventy may remain until the end of said term or year; except, that any person reaching said age in July, August, or September shall be retired. By this statute the Legislature recognizes the importance of permitting a short extension of service so that an instructor may carry through a course of study and not have his working plan interrupted at a most critical time by his compulsory retirement at age seventy.

Respectfully submitted,

WILLIAM S. YOUNGMAN, *Chairman.*

WARREN A. MERRILL.

JOHN E. FISH, M. D.

Recapitulation of Pension Cost under Non-contributory and Contributory Pension Systems Fiscal Year ending November 30.
(Chapter 32, General Laws.)

YEAR.	NON-CONTRIBUTORY.						CONTRIBUTORY.			
	Judges (Sections 61 to 67).	Court Officers and Messen- gers, ¹ (Section 66).	POLICE		Retired Women Cleaners (Section 74) (Superin- tendent of Buildings).	Prison Officers (Sections 46 to 48).	VETERANS.		Teachers, Public Day Schools of Mass. ¹ (Sections 6, 6 to 19 and 32 to 38).	State Em- ployees ² (Sections 1 to 5 and 32 to 38).
			Metro- politan Park (Sections 69 to 73).	Depart- ment of Public Safety (Section 68).			Veterans, Civil War (Sections 49 to 55).	Spanish and World Wars (Sections 56 to 60) Retired by State. Met. District.		
1915	\$31,404 72	-	\$2,296 25	\$750 00	-	\$12,453 56	\$64,074 33	\$56,473 29	\$30,433 91	
1916	30,539 92	-	2,532 00	1,599 12	-	14,766 64	65,160 10	84,912 66	36,672 76	
1917	35,610 50	-	4,998 01	1,213 71	-	16,100 00	63,592 01	108,055 85	43,944 47	
1918	40,929 44	-	5,806 21	875 00	-	17,688 55	59,871 84	135,053 91	49,890 50	
1919	39,062 45	-	7,872 30	875 00	\$1,156 00	18,203 63	58,370 69	159,044 30	56,052 47	
1920	49,400 00	-	9,486 88	1,878 22	1,248 00	20,425 73	65,652 11	178,109 78	63,159 09	
1921	55,812 35	-	13,285 24	6,613 25	1,272 00	22,506 11	72,485 42	224,131 80	72,341 89	
1922	54,438 69	-	13,280 04	7,905 00	1,676 64	25,086 11	74,612 30	301,670 81	83,599 89	
1923	56,940 00	-	14,998 44	7,295 00	2,400 00	28,386 18	67,046 94	353,227 48	98,245 27	
1924	50,350 00	\$228 39	16,018 99	7,024 39	2,088 46	28,189 35	65,514 93	389,898 04	110,348 44	
1925	52,257 66	464 00	20,606 30	8,285 00	1,671 41	27,383 67	57,211 51	446,906 06	120,003 93	

Under contributory system the figures represent only the amount paid by the State; the annuities paid from members' contributions are not included. ¹ Reimburse-
ment to cities and towns for the pensions they paid to retired teachers included. ² Payments to widow during widowhood, or if no widow, for benefit of child or
children while under sixteen years of age, in case of death of parent from injuries received while in performance of duty included.

Comparison of Average Annual Payments to Persons on Retired Lists November 30, under Non-contributory and Contributory Pension Systems

YEAR.	NON-CONTRIBUTORY.						CONTRIBUTORY.				
	Judges.	Court Officers and Messen- gers, ¹	POLICE		Retired Women Cleaners (Superin- tendent of Buildings).	Prison Officers.	VETERANS		Public Day School Teachers, as of De- cember 31.	STATE EMPLOYEES Members. Depend- ents.	
			Metro- politan Park.	Depart- ment of Public Safety.			Civil War.	Spanish and World Wars. Retired by: State. Met. District.			
1924 ¹	\$6,318 75	\$232 00	\$793 20	\$1,170 83	\$300 00	\$768 14	\$849 68	\$850 00	\$536 48	\$385 21	\$614 28
	(8)	(2)	(23)	(6)	(6)	(36)	(69)	(2)	(1)	(320)	(3)
1925	6,113 19	232 00	886 12	1,183 87	300 00	753 50	865 04	900 00	555 31	395 47	614 28
	(9)	(2)	(30)	(7)	(5)	(38)	(63)	(4)	(1)	(345)	(3)

The figure at the right of each column shows the number of pensioners under each system November 30; under contributory systems the figures represent the amount paid
by the State, plus the annuities paid from members' contributions.
Public school teachers with fifteen years of service who served prior to July 1, 1914 (five preceding retirement), minimum, \$400. Under State Employees' Act of 1911,
minimum of \$200 to all retired prior to Aug. 26, 1920, and \$300 to all retired after said date.
¹ Pensioners paid by the State and by the several counties in the same proportion as the salaries were paid at the time of retirement.

Comparative Financial Statement, as of November 30

YEAR.	PAID TO RETIRED MEMBERS.										
	Annuity Reserve for Payment of Annuities to Retired Members (Dec. 31).	Net Accumulated Deposits and Interest.	Deposits received during Year.	Interest credited Members' Accounts during Year. ¹	REFUNDS. ²		Annuities (Contributions began June 1, 1912.)	PENSIONS FOR SERVICE.			
					Payments to Estates of Deceased Members	All Others		Prior to June 1, 1912.	After June 1, 1912.	Permanent Accidental Disability. ³	Dependents. ³
1913	\$1,042 59	\$144,271 66	\$105,438 37	\$1,227 73	\$354 54	\$6,540 04	\$72 34	\$17,503 97	\$72 34	-	-
1914	2,524 89	265,060 87	130,667 73	5,901 06	915 90	13,983 79	189 74	24,728 84	189 74	-	-
1915	4,889 50	385,530 94	139,394 66	8,926 22	2,674 81	23,057 30	405 93	30,027 98	405 93	-	-
1916	8,602 71	512,240 80	157,684 94	16,342 68	2,644 37	39,164 70	802 69	35,870 07	802 69	-	-
1917	14,596 19	638,013 12	161,902 50	21,680 12	4,195 44	49,355 91	1,393 80	42,550 67	1,393 80	-	-
1918	20,092 37	745,986 87	176,678 34	26,988 53	5,689 65	83,400 69	2,064 01	47,826 49	2,064 01	-	-
1919	27,688 53	909,670 37	227,661 17	30,923 50	10,819 89	69,785 17	2,969 94	53,082 53	2,969 94	-	-
1920	36,666 25	1,087,916 28	262,235 04	39,870 06	7,496 99	101,888 03	4,171 00	58,937 94	4,221 15	-	-
1921	51,825 63	1,343,677 90	304,107 72	49,168 17	7,282 50	69,186 12	5,739 11	66,413 96	5,859 16	-	\$45 01
1922	67,975 58	1,645,229 77	361,510 91	61,103 73	15,662 35	84,861 03	7,582 20	75,490 23	7,691 06	-	418 60
1923	82,740 33	1,949,443 21	402,467 11	77,897 77	11,624 07	140,359 66	10,235 23	86,872 90	10,384 56	-	418 60
1924	103,211 44	2,314,536 48	443,189 88	93,110 94	9,906 51	128,464 12	12,542 28	96,626 43	12,907 50	\$298 82	515 69
1925	121,120 00	2,677,751 51	474,738 38	110,516 70	19,231 32	179,155 99	15,091 52	101,726 30	15,428 42	976 36	1,872 85

¹ Includes surplus.

² Includes interest accumulations.

³ One-half salary at time of injury to member or in case of death to widow during widowhood, or if no widow, for benefit of child or children while under sixteen years of age, in case of death of parent from injuries received while in performance of duty.

Comparative Statement of Membership, as of November 30.

YEAR.	REFUNDS.		RETIRED FOR PERMANENT DISABILITY.			NUMBER RETIRED					MEMBERSHIP		
	Members Admitted during Year.	Number to Estates of Deceased Members.	PAYMENTS ACCOUNT INJURIES RECEIVED IN PERFORMANCE OF DUTY.		Ordinary.	35 of More Years' Service Under Age 60. ²	Voluntary (age 60 to 70).	Compulsory (age 70).	Non-members (Age 60 and Over).	Total Retired During Year (Dependents Excluded).	RETIRED.		
			Members.	Dependents. ¹							Active.	Deceased.	Living
1912	181	12	-	-	-	-	20	25	-	45	3	42	-
1913	1,522	21	-	-	-	-	26	8	2	36	3	75	-
1914	1,630	19	-	-	-	-	21	7	7	28	5	98	-
1915	1,686	29	-	3	-	-	13	8	8	24	3	119	-
1916	1,445	30	-	-	2	-	15	10	1	28	9	138	-
1917	1,361	33	-	-	1	-	1,168	19	14	36	5,448	165	-
1918	1,360	40	-	-	2	-	1,446	16	6	24	5,423	174	-
1919	1,910	65	-	-	2	-	1,125	11	1	31	6,113	196	-
1920	1,679	38	-	-	1	-	1,445	15	1	28	6,282	209	-
1921	1,752	35	-	-	1	-	958	18	1	44	6,997	241	-
1922	2,014	55	-	-	2	-	1,270	12	1	38	7,048	263	-
1923	1,616	34	-	-	4	-	1,570	23	-	48	7,612	16	295
1924	1,971	35	1	-	4	-	1,224	29	-	51	8,273	17	329
1925	1,781	40	(2) 1	(3) 2	(26) 4	(8) -	(268) 9	(186) 21	(6) -	(496) 35	(151) 19	345	3

Membership, Feb. 1, 1912, 3,324.

¹ Payments to widow during widowhood, or if no widow, for benefit of child or children while under sixteen years of age, in case of death of parent from injuries received while in performance of duty. ² Most members with 35 or more years of service retire between the retirement age periods of 60 to 70 years.

NOTICE.—All other figures given in this report are on the basis of the State fiscal year ending November thirtieth.

ANNUAL STATEMENT OF THE CONDITION AND AFFAIRS OF THE STATE EMPLOYEES' RETIREMENT SYSTEM OF THE COMMONWEALTH OF MASSACHUSETTS. CON- TRIBUTIONS BEGAN JUNE 1, 1912.

STATEMENT FOR THE YEAR ENDING DEC. 31, 1925, MADE TO THE COMMISSIONER
OF INSURANCE IN COMPLIANCE WITH THE PROVISIONS OF PARAGRAPH 5,
SECTION 3, CHAPTER 32, GENERAL LAWS.

INCOME		
Members' deposits		\$474,821 44
Interest received on investments (less \$5,311.14 accrued interest paid on securities purchased during the year)		118,341 56
Members' deposits used to purchase annuities	\$21,380 10	
Interest on same	6,340 55	
		27,720 65
Adjustment in book value of securities (amortized values)		
Securities sold (gain, selling price over cost)		51 53
Received from Commonwealth:		
For payment of pensions for service prior to June 1, 1912	\$99,317 69	
For payment of pensions for service subsequent to June 1, 1912	15,658 51	
For payment of pensions to employees over age 55 on June 1, 1912, who did not join retirement association	200 00	
For payment of pensions to members retired for permanent accidental injuries	1,039 48	
For payments to widows, or in case of no widow, to children because of death of parent from accidental injuries received in course of employment	2,058 63	
Under special legislative acts	800 00	
		119,074 31
To cover loss in annuity reserve 12-31-24		1,663 90
Credited to members' accounts:		
Regular interest at 3% comp. semi-annually	\$72,777 12	
Extra dividend at 2%	42,619 06	
		115,396 18
For reimbursement of State institutions	\$3,000 00	
For salaries	8,463 55	
For expenses	786 62	
		12,250 17
Total income		\$869,319 74
Balance December 31, 1924		2,495,171 31
Total.		\$3,364,491 05

DISBURSEMENTS		
Deposits refunded, including interest, to members withdrawing from service		\$191,446 16
Deposits refunded, including interest, to representatives of deceased members		19,888 83
Adjustment of refunds		5 20
Members' deposits used to purchase annuities	\$21,380 10	
Interest on same	6,340 55	
		27,720 65
Pensions paid to retired members and to dependents of members who died from injuries received in course of employment		119,074 31
Annuities paid to members from their contributions		15,337 06
Regular interest and extra dividend credited to members' accounts		115,396 18
Salaries and contingent expenses		12,250 17
Refunds to estates of 3 deceased annuitants who at the time of their retirement elected the refund annuity option		3,299 23
Adjustment book value of securities (amortized values)		1,780 32
		\$506,198 11
Total disbursements		2,858,292 94
Balance December 31, 1925		2,858,292 94
Total.		\$3,364,491 05

LEDGER ASSETS.		
Investments, par value \$2,791,550; amortized value		\$2,866,870 16
Cash (credit balance)		8,577 22
		\$2,858,292 94

NON-LEDGER ASSETS.		
Accrued interest on investments		\$38,075 14
Deposits receivable from treasurers of institutions, etc.		39,916 64
Due from Commonwealth, net loss in annuity fund		2,866 17
		\$2,939,150 89
Gross assets		\$2,939,150 89

LIABILITIES.

Deposits of members including \$39,916.64 in hand of agents of the Board	\$2,307,190	99
Regular interest and extra dividends credited to members' accounts	462,386	80
Unpaid annuities due Dec. 31, 1925		3 22
Refunds due estates of deceased annuitants who at the time of their retirement elected the refund annuity option	\$121,120	00
Annuity reserve		
Annuity reserve surplus		121,120 00
Surplus (undivided profits)		48,449 88
Total liabilities	\$2,939,150	89

MEMBERSHIP EXHIBIT

Contributing members:		
Membership December 31, 1924	8,309	
Admitted during the year	1,754	10,063
Members retired	36	
Members deceased	43	
Members left service	1,611	1,690
Membership December 31, 1925		8,373
Retired members:		
Members retired December 31, 1924	330	
Members retired during year:—		
Between 60-70 years age	10	
At age 70	21	
With 35 years' service under age 60	—	
Ordinary disability	4	
Accidental disability	1	
	36	366
Retired members who died during year		22
Members retired December 31, 1925		344
Non-members:		
To widow or child of deceased member	3	
Special Legislative act	1	
Under Sec. 5 (2) C (b)	1	5
Total on pension roll, December 31, 1925		349

We hereby certify that the above statement is a complete and correct exhibit of the financial condition of the Retirement System of the Commonwealth on the 31st day of December, 1925, to the best of our knowledge and belief.

WILLIAM S. YOUNGMAN }
WARREN A. MERRILL, } *Board of Retirement.*

Subscribed and sworn to before me this fifteenth day of February, 1926.

KARL H. OLIVER,
Notary Public.