COMPARATIVE STUDY OF RETIREMENT SYSTEMS OF THE UNITED STATES OF AMERICA

By

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TABLE OF CONTENTS

CHAPTER PAGE

CHAPTER PAGE

LIST OF TABLES

CHAPTER I

INTRODUCTION

I. THE PROBLEM

This thesis is a comparative study of retirement systems for teachers in the states and territories of the United States. For a long time the writer has wondered how our own retirement system of Indiana compares with retirement systems of other states.

II. THE SCOPE OF THE STUDY

All the states in the United State, Hawaii, and the District of Columbia were considered in this study. Twenty-eight states have compulsory retirement; eleven states have local permissive retirement; and nine states have no form of teacher retirement.

Kentucky has a state-wide retirement system, but it is not in operation at this time because of lack of funds.

III. PURPOSE OF THE STUDY

The information obtained here should help us determine, to some extent at least, whether our own state retirement system is functioning as it should. It should help us to compare our retirement system with other state retirement systems. With the information obtained from this study, we should be able to offer a few suggestions for improving our retirement system.

IV. COLLECTING OF DATA

The data for this comparative study were obtained from the latest school laws available from each state. Other information was obtained from research bulletins from the National Education Association.

CHAPTER II

FUNDAMENTAL PRINCIPLES OF A RETIREMENT SYSTEM

For many years the National Education Association has given careful study and consideration to the problems and principles involved in the establishment of a sound teacher-retirement system. The attention given to the subject by that association has resulted in the formulation of a number of fundamental principles of a teacher-retirement system. During the course of many years these principles have been revised and extended. Following is a statement of these principles.[1]

I. Membership should be compulsory for teachers entering the service after the enactment of the retirement law, and optional for teachers already in service.

II. Retirement ages and rules should be defined and administered so as to retain teachers during efficient service and provide for their retirement when old age or disability makes satisfactory service no longer possible. The retirement allowance should be sufficient to enable the retiring teacher to live in reasonable comfort, thereby removing the temptation to remain in the classroom beyond the period of efficient service.

III. The sums deposited by the teachers and by the public during the period of service should be approximately equal.

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[1] Current Issues in Teacher Retirement. Research Bulletin of the National Education Association. November, 1930.

IV. The deposit by the teacher and the payment by the public should be stated by the organic act creating a retirement system, subject to adjustment in accordance with future actuarial investigation.

V. The teachers' contributions and the state's payments to retirement fund should be made regularly and concurrently during the teachers' period of service.

VI. The retirement board should open an account with each individual teacher. Sums deposited in that account by the teacher should be held in trust for that teacher.

VII. An adequate and actuarially sound reserve fund should be created to guarantee that the necessary money to pay the benefits promised would be on hand at the time of retirement.

VIII. Periodic actuarial investigations should be made of every retirement system to insure its financial soundness.

IX. A retirement allowance should be provided for disabled teachers after a reasonable period of service.

X. Teachers leaving the service before the regular retirement age should retain rights to all moneys accumulated in their accounts. Teachers' accumulated deposits should be returnable upon withdrawal from teaching service, or death prior to retirement.

XI. The teacher should have the opportunity to elect the manner in which he will receive the benefits represented by the accumulated value of his deposits and the state's payments.

XII. Upon the adoption of a retirement plan, teachers should be given credit for their service prior to the establishment of the system. Funds for this purpose should be provided by the public.

XIII. The public should guarantee active teachers all the benefits which they had a reasonable right to expect under the old system. It should guarantee teachers retired under a previous system the allowance promised at the time of their retirement.

XIV. Provisions should be made for cooperative or reciprocal relations between the retirement systems of the different states.

XV. The administration of the retirement system should be in the hands of a retirement board whose make-up is carefully prescribed in the retirement law, and which represents both the public and the teachers.

CHAPTER III

PRESENTATION OF DATA

I. PRESENT RETIREMENT SYSTEMS IN THE UNITED STATES

The teachers' pensions and retirement systems have developed very rapidly in the United States during the past twenty years. At present there are twenty-eight states that have compulsory retirement laws. Kentucky has a state wide retirement system, but it is not in operation at this time because of lack of funds. Nine states have no form of pension or retirement system. Eleven states have some form of provision for teachers' retirement either local or permissive in nature. Their importance is indicated by the fact that in at least ten of the state legislatures that have recently been in session bills have been introduced looking toward the adoption of a state teacher retirement plan or the revision of those already existing. Practically every system that has been established up to the present time has been revised or modified so that it will be on an equitable and sound basis. The financial problem connected with retirement systems is a branch of actuarial service and is among the most difficult which the states have to face. The joint contributory plan seems to be the best plan at the present time and seems to be actuarially sound. State wide systems are contemplated in a number of other states. In

TABLE I

STATE RETIREMENT SYSTEMS

Statewide Provisions	Local Permissive	No Provisions
Arizona	Alabama	Florida
Arkansas	Colorado	Idaho
California	Delaware	Missouri
Connecticut	Georgia	North Carolina
Illinois	Iowa	South Carolina
Indiana	Kansas	South Dakota
Louisiana	Kentucky	Oklahoma
Maine	Mississippi	West Virginia
Maryland	Nebraska	Wyoming
Massachusetts	New Hampshire	
Michigan	Oregon	
Minnesota	Tennessee	
Montana		
Nevada		
New Jersey		
New Mexico		
New York		
North Dakota		
Ohio		
Pennsylvania		
Rhode Island		
Texas		
Utah		
Vermont		
Virginia		
Washington		
Wisconsin		

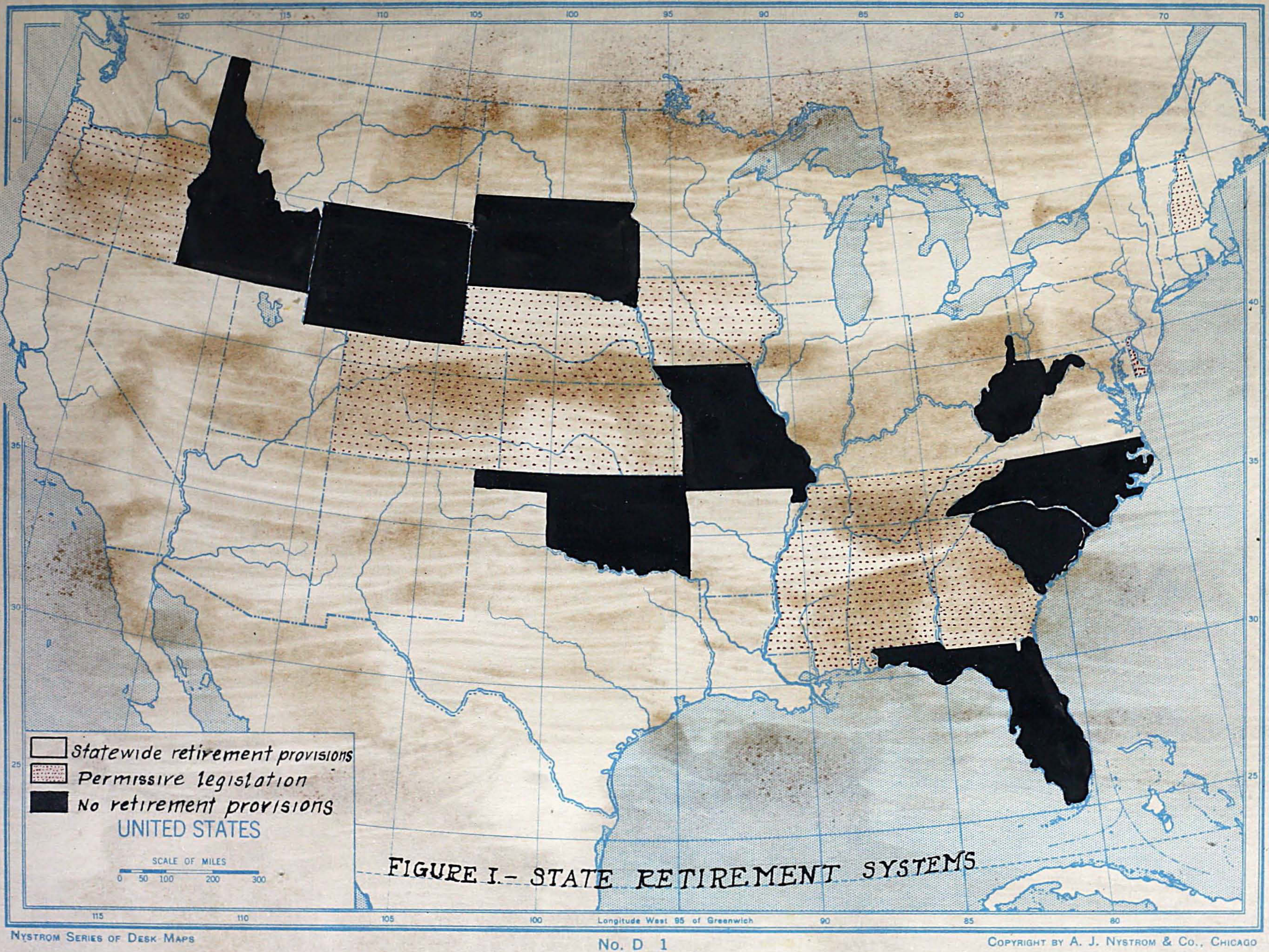

FIGURE I.- STATE RETIREMENT SYSTEMS

each legislative year, efforts are being made to establish new systems and to modify or reorganize existing systems so that they will be in accord with accepted fundamental principles.

II. FINANCING RETIREMENT SYSTEMS

In the establishment of a teacher-retirement system a number of preliminary questions arise concerning the social and legal philosophies upon which such a system shall rest. Among these questions are: Shall the retirement system be free, the beneficiaries making no contributions? Shall the beneficiaries participate in the creation of a reserve fund and thus acquire contractural rights? Shall teachers be required to remain members of the retirement system during the whole period of service required in order to enjoy its benefits, or shall they be free to enter teaching in other states and retain an equity or contractural right in such system? If the teacher contributes to a reserve fund, shall such a contribution be at a flat or fixed rate for all members or shall they contribute on a percentage of salary basis? Are retirement allowances to be in the nature of charitable relief, or are they to be computed to afford a modest living? These questions must be decided before progress can be made on actuarial computations.

Three general plans have been followed with respect to financing teacher-retirement systems; namely, (1) the free plan, whereby retirement benefits are paid entirely out of public funds; (2) wholly contributory plan, supported wholly by teacher assessments; (3) joint contributory plan, whereby contributions are made by teacher assessments and also from public funds.

Free retirement systems have never been popular, and their number has declined. Retirement systems financed wholly by teachers' assessments marked the early development of teacher-retirement legislation. In recent years the tendency has been to provide for joint contributory retirement systems.

Arizona and Rhode Island appear to be the only states which provide a complete free teacher-retirement plan, that is, where the retirement benefits are paid entirely out of public funds. Teacher contributory plans itemized as (2) and (3) are, as a rule, either a flat-rate plan or a per cent-of-salary plan. Under a flat-rate plan all members pay a fixed annual amount, and under this plan all members usually receive a uniform annual retirement allowance. Under this plan each retiring member must as a rule have paid into the retirement fund a minimum amount. Under the per cent-of-salary plan the teacher pays into the retirement fund each year a per cent of her annual salary. Under this plan the amounts paid and the benefits received vary according to the teacher's salary. Table III indicates the amount that each teacher contributes in all the states that have compulsory retirement, also the amount the state pays.

TABLE II

PRINCIPAL SOURCE OF TEACHER RETIREMENT FUNDS

State	Source of funds		
	State and teacher	State only	Teacher only
Arkansas	x		
Arizona		x	
California	x		
Connecticut	x		
Illinois	x		
Indiana	x		
Louisiana	x		
Maine	x[1]		
Maryland	x		
Massachusetts	x		
Michigan			x
Minnesota	x		
Montana			x
Nevada	x		
New Jersey	x		
New Mexico		x	
New York	x		
North Dakota	x		
Ohio	x		
Pennsylvania	x		
Rhode Island		x	
Texas	x		
Vermont	x		
Virginia	x		
Utah	x		
Washington			x
Wisconsin	x		
District of Col.	x		
Hawaii	x		

[1] Has also non-contributory teachers' pension system, supported by state alone.

TABLE III

DIGEST OF LEGISLATION ON CONTRIBUTION OF TEACHERS AND OF STATE

State	Amount teacher pays into retirement fund	Amount State pays into retirement fund
Arizona	None	All
Arkansas	4 per cent of salary	4 per cent of teachers salary
California	$12 per year	5 per cent of inheritance tax
Connecticut	5 per cent of salary	Determined by retirement board
Illinois	$5 - $30 per year	1/5 of mill tax
Indiana	$18.04 - 32.45 per year	Actuarial basis
Louisiana	4 per cent of salary	Actuarial basis
Maine	5 per cent of salary	$30,000 annually
Maryland	Determined by actuary	Actuarial basis
Massachusetts	3 - 7 per cent of salary	Match teachers Contributions
Michigan	$5 - $30 per year	None
Montana	$1.00 per month	None
Minnesota	5 per cent of salary	15/100 of mill tax
Nevada	$12.00 per year	5 mills tax
New Jersey	Determined by age	Approximately 7.2 per cent of payroll
New Mexico	None	All
New York	4 per cent of salary	Per cent of earnable compensation
North Dakota	1 - 2 per cent of salary	10 cents per child
Ohio	4 per cent of salary	Actuarial basis
Pennsylvania	Determined by actuary	Match teachers contributions

TABLE III (Continued)

DIGEST OF LEGISLATION ON CONTRIBUTION OF TEACHERS AND OF STATE

State	Amount teacher pays into retirement fund	Amount State pays into retirement fund
Rhode Island	None	All
Texas	5 per cent of salary	Match teachers contributions
Utah	4 per cent of salary	Match teachers contributions
Vermont	5 per cent of salary maximum	Amounts as needed
Washington	$12- $36 per year	None
Wisconsin	5 per cent of salary	50 per cent of teachers contribution plus 5 per cent each year of experience
Hawaii	Determined by board	3 per cent of payroll
District of Columbia	8 per cent maximum	Actuarial basis

Those who are unfamiliar with the great mass of teacher-retirement literature may not easily understand that a free or noncontributory plan is likely to result in less general satisfaction than a contributory plan. Furthermore, those who have followed the history of the breakdown of one system after another practically agree that the free plan is more uncertain. Such a system confers no contractual rights nor does it provide a reserve fund. Students of the subject have generally agreed that the contributory plan is more economical, efficient, and secure. The cost of a retirement system should be met jointly by the teacher and by the public. The cost of benefits received should be distributed approximately equally between the public and the teachers. Under the contributory plan the employees' contributions provide a cumulative fund of which they cannot be deprived. Such a system or plan, while intended primarily as a protection against old age and disability, furnishes also an opportunity for saving. It is apparently impossible to finance a free system in any other way than by annual appropriations. This system places the teacher at the mercy of the legislature, and attempts of the legislature to economize may endanger the security of the retirement system. A contributory system lends itself to a method of financing that is economical for the state and secure for the teacher. Tables IV and V show the provision regarding teachers' and state's payment into the retirement fund.

TABLE IV

PROVISIONS REGARDING TEACHER'S DEPOSIT IN RETIREMENT FUND

State	Teacher's deposit		
	Amount stated	Method of determining amount	Provision indefinite
Arkansas	x		
California	x		
Connecticut	x		
Illinois	x		
Indiana	x		
Louisiana	x		
Maine	x		
Maryland		x	
Massachusetts			x[1]
Michigan	x		
Minnesota	x		
Montana	x		
Nevada	x		
New Jersey		x	
New York	x		
North Dakota	x		
Ohio	x		
Pennsylvania		x	
Texas	x		
Utah	x		
Vermont			x[2]
Virginia	x		
Washington	x		
Wisconsin	x		
District of Col.		x	
Hawaii		x	

NOTE: Arizona, New Mexico, and Rhode Island, paying pensions without cost to teacher, omitted.

[1] Rate to be fixed by board. Minimum and maximum rate of deposit specified.

[2] Rate to be fixed by board. Not over 5 per cent of salary.

TABLE V

PROVISIONS REGARDING STATE'S PAYMENTS TO RETIREMENT FUND

State	States payment		
	Amount stated	Method of determining amount described	Provision indefinite
Arkansas	x		
Arizona	x		
California	x		
Connecticut			x
Illinois	x		
Indiana		x	
Louisiana	x		
Maine[1]		x	
Maryland	x		
Massachusetts			x
Minnesota	x		
Nevada	x		
New Jersey	x		
New Mexico	x		
New York		x	
North Dakota	x		
Ohio	x		
Pennsylvania		x	
Rhode Island	x		
Texas	x		
Utah	x		
Vermont		x	
Virginia		x	
Wisconsin	x		
District of Col.			x
Hawaii	x		

NOTE: The teacher retirement systems operating in Michigan, Montana, and Washington do not receive support from public funds.

[1] Joint-contributory system. Has also non-contributory system paying flat pensions to teachers.

III. DEVELOPMENT OF STATE TEACHER-RETIREMENT SYSTEMS

Retirement provisions for aged and disabled employees originated as private charitable or local enterprises. Recent years have been marked by a growing sense of social and public responsibility for old-age protection. Many students of retirement systems now regard their establishment not merely a matter of sentiment or philanthropy, or as a reward for past service, or a compensation for low wages, but rather they regard the establishment of a retirement system essential to old age security, and that it is a necessary feature in the development of a well-organized social order.

School boards frequently hesitate to turn aged teachers adrift, although the best interests of public education require that such teachers yield their places to younger and more vigorous workers. Public responsibility for the retirement of teachers originated in cities and local districts. As time progressed the number of local teacher-retirement systems increased. Establishment of such local systems reached the peak of development by 1915. Since then many local systems have become inoperative or have been absorbed by state-wide teacher-retirement systems. Since then an increasing number of systems established have been state-wide in scope. One half of the states now have legal provisions for state-wide retirement systems for those who have given a lifetime of service to public education. Establishment of local teacher-retirement systems is likely to diminish in the future and to be confined to those states where the adoption of state-wide systems is overdue. Real difficulties have been encountered in devising and administering retirement systems. Many earlier adventures in this field met with disaster. After a generation of experimentation many of the weaknesses of former pension systems have been avoided.

IV. ADMINISTRATION

The administrative functions of the pension systems are invested in retirement boards, boards of trustees, or state boards of education. The boards are composed of from three to nine members. Five states that have compulsory retirement laws are controlled by state boards of education. Arizona, California, Nevada, Rhode Island and Virginia are examples of where retirement systems are managed by the state boards of education. Connecticut, Indiana, Maryland, Michigan, New York and Ohio are examples of where a retirement system is managed by a retirement board. Illinois, Minnesota, New Jersey and North Dakota are examples of retirement systems where they are managed by a board of trustees. The difference between a retirement system managed by a retirement board, and one managed by a board of trustees is in name only. Table VI indicates the type of retirement board that each state has in carrying out the retirement laws of the state. It also indicates whether teachers contribute to the retirement fund and whether the amount is deducted from their salaries. The systems that are a joint contributory plan,

TABLE VI

DIGEST OF LEGISLATION ON PRINCIPAL PHASES OF TEACHER RETIREMENT SYSTEMS

State	Year established	Who controls the fund?	Do teachers contribute to fund?	Is contribution taken from salary?
Arkansas	1937	Board of Trustees	Yes	Yes
Arizona	1912	State Board of Education	No	No
California	1913	State Board of Education	Yes	No
Connecticut	1917	Retirement Board	Yes	Yes
Illinois	1915	Board of Trustees	Yes	Yes
Indiana	1915	Retirement Board	Yes	Yes
Louisiana	1936	Board of Trustees	Yes	Yes
Maine	1913	Retirement Board	Yes	Yes
Maryland	1927	Retirement Board	Yes	Yes
Massachusetts	1913	Retirement Board	Yes	Yes
Michigan	1915	Retirement Board	Yes	Yes
Minnesota	1915	Board of Trustees	Yes	Yes
Montana	1915	Retirement Board	Yes	Yes
Nevada	1915	State Board of Education	Yes	Yes
New Jersey	1919	Board of Trustees	Yes	Yes
New Mexico	1937	State Board of Education	No	No
New York	1921	Retirement Board	Yes	Yes
North Dakota	1913	Board of Trustees	Yes	Yes
Ohio	1920	Retirement Board	Yes	Yes
Pennsylvania	1917	Retirement Board	Yes	Yes

TABLE VI (Continued)

DIGEST OF LEGISLATION ON PRINCIPAL PHASES OF TEACHER RETIREMENT SYSTEMS

State	Year established	Who controls the fund?	Do teachers contribute to fund?	Is contribution taken from salary?
Rhode Island	1907	State Board of Education	No	No
Texas	1937	State Board of Trustees	Yes	Yes
Utah	1937	Retirement Board	Yes	Yes
Vermont	1919	Retirement Board	Yes	Yes
Virginia	1908	State Board of Education	Yes	Yes
Washington	1923	Board of Trustees	Yes	Yes
Wisconsin	1911	Retirement Board	Yes	Yes
Dist. of Col.	1920	Commissioners	Yes	Yes
Hawaii	1926	Board of Trustees	Yes	Yes

whereby contributions are made by teachers and also from public funds, have at least one or more teachers on the retirement board.

The retirement boards shall have power to adopt and enforce all necessary by-laws and regulations for the government and administration of the department and the control and investment of all funds. They shall appoint an executive secretary who shall keep a true and accurate record of the proceedings of the board and who shall have the care and custody of books and records of the department. The board shall make such adjustments in the assessments or payments to be made by teachers as may be necessary for the success of a sound retirement system. It is the duty of the board to provide for an actuarial investigation at least once every three to five years in order that the actual financial conditions of the retirement system may be known. Members of the system shall be informed as to the financial standing through their state magazine or other publications.

The retirement boards shall consist of from five to seven members. In all the states studied that have compulsory retirement laws, the state is represented on the board with such officers that have charge of the finances of the state. The state treasurer, state auditor, commissioner of insurance, banking commissioner and the superintendent of public instruction are connected or are on the boards which control the state retirement systems. The members that are elected from the membership of the state shall be elected for a period of time so that it would give them time to know the workings of the retirement system. If the state has more than one member on the retirement board elected from the teachers, these members shall come from different sections of the state. In order to have a more efficient board, the members that are to be elected or appointed shall have their term of office so arranged to keep a majority of experienced members on the board at all times. In all the state retirement systems studied there is no pay except expenses or for loss of wages which they may incur through services on the board.

V. RETIREMENT

Retirement funds have done more to improve the quality of teaching and to make it a profession than any other one thing. Retirement funds make it possible for teachers whose efficiency has been lowered by the ills of age and by a lack of touch with modern methods to step aside for those with more vigor and better acquaintance with the best modern educational thought.[1]

The number of years of service, the age of normal retirement, and the number of years of service in the state before an allowance is granted varies with different states. Twenty-five years of service is the minimum required in any system. Illinois, Michigan and North Dakota are examples of retirement systems that require a minimum of twenty-five years. Many systems place the

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[1] O. H. Greist., National Council of Teachers' Retirement Systems. Proceedings of the Seventh Annual Meeting. February 24, 1930. p. 6. Research Bulletin of the National Education Association. November, 1930. p. 225.

retiring age at sixty years, two or three states at sixty-two, two at fifty and two or three make a distinction between men and women. In these states a man may retire at sixty-five years of age and a woman may retire at sixty; or in one state a man may retire at fifty-eight years of age and a woman at fifty years of age. Table VII indicates the number of years of service for natural retirement. The number of years of service in the system varies in different states, however, the greatest majority of the state require fifteen to twenty years of service in the state. Nine states have compulsory retirement at the age of seventy years. Table VIII indicates the states that have compulsory retirement at seventy years of age.

VI. RETIREMENT FUND

The ultimate success of any retirement system depends on the certainty and adequacy of the sources of the funds. Pensions' benefits, no doubt, will always furnish, to a great degree, the criteria upon which teachers will base their judgment as to whether a pension can be called good. If the benefits are generous, the system will find favor; if the benefits are slight, the system will fail to meet approval. Three general plans have been followed with respect to financing teacher retirement systems; namely, (1) the free plan, whereby retirement benefits are paid entirely out of public funds; (2) wholly contributory plan, supported wholly

TABLE VII

WHEN TEACHERS RETIRE NORMALLY AND THE AMOUNT OF ANNUITY ALLOWED

State	When do teachers retire normally		The amount a normal retired teacher receives
Arkansas	60 yrs. of age	25 yrs. service	$600 per year
Arizona	60 yrs. of age	30 yrs. service	$600 per year
California		30 yrs. service	$500 per year
Connecticut	60 yrs. of age	20-35 service	$500 per year
Illinois	50 yrs. of age	25 yrs. service	Amount proportional to service
Indiana	May retire (60)	40 yrs. service	$700 per year
Louisiana	60 yrs. of age		Based on contributions
Maine	60 yrs. of age	30 yrs. service	Based on contributions
Maryland	60 yrs. of age		Computed by annunity board
Massachusetts	60 yrs. of age	30 yrs. service	$650 maximum
Michigan	60 yrs. of age	25 yrs. service	$300-500 per year
Minnesota	55 yrs. of age	30 yrs. service	Based on contributions
Montana		30 yrs. service	$600 per year
Nevada		30 yrs. service	$600 per year
New Jersey	62 yrs. of age	35 yrs. service	$400 or more
New Mexico	60 yrs. of age	25 yrs. service	$600 or more
New York	60 yrs. of age	25 yrs. service	$400 or more
North Dakota		25 yrs. service	$350-750 per year
Ohio	60 yrs. of age	36 yrs. service	Based on contributions
Pennsylvania	62 yrs. of age		Determined by actuary

TABLE VII (Continued)

WHEN TEACHERS RETIRE NORMALLY AND THE AMOUNT OF ANNUITY ALLOWED

State	When do teachers retire normally?	The amount a normal retired teacher receives
Rhode Island	35 yrs. service	$400-500 per year
Texas	60 yrs. of age 20 yrs. service	Computed by Trustees
Utah	55 yrs. of age 30 yrs. service	Computed by annuity board
Vermont	Men 65, Women 60, 30 yrs. service	One-half average salary for entire service
Virginia	Men 58, Women 50, 30 yrs. service	$100-125 quarterly
Washington	30 yrs. service	$480 per year
Wisconsin	50 yrs. age 25 yrs. service	Computed by annuity board
Dist. of Col.	62 yrs. of age	Computed by annuity board
Hawaii	60 yrs. of age	Computed by trustees

TABLE VIII

COMPULSORY RETIREMENT AGE

State	Retirement age
Connecticut	70
Louisiana	70
Maryland	70
Massachusetts	70
New Jersey	70
New York	70[1]
Ohio	70
Pennsylvania	70
Texas	70
Utah	70
District of Col.	70[2]
Hawaii	70

[1] May be retired at seventy at request of employer.

[2] Compulsory retirement at seventy years of age except extended by two-thirds vote of board of education.

by teacher assessments; (3) joint contributory plan, whereby contributions are made by teacher assessment and also from public funds.

Arizona and Rhode Island are the states that have free pensions. Michigan, Montana, and Washington are states that have wholly contributory plan supported wholly by teacher contributions. The other states that have compulsory retirement are financed by the joint contributory plan, whereby contributions are made by teacher assessments and also from public funds. The funds also consist of donations, gifts, legacies, and bequests from which the income only can usually be used to pay retirement annuities.

The amount and types of teacher contributions in the different states vary in many ways. In some states where a per cent is charged the amount ranges from one per cent to seven per cent. Many systems require a flat rate per year. In Maryland, Pennsylvania, and Hawaii the amount is determined by actuarial investigation. In Indiana and New Jersey the amount is determined by age of entrance into the teaching profession. Illinois has still another method of collecting teacher contributions as follows:

Class I	Five dollars per year for those who have taught five years or less.
Class II	Ten dollars per year for those who have taught five years and not more than ten.
Class III	Fifteen dollars per year for those who have taught ten years and not more than fifteen.

Class IV Thirty dollars per year for those who have taught fifteen years or more.

Table IX indicates the amount of teacher's deposits which the different state retirement systems have in financing the system.

VII. ANNUITIES OR RETIREMENT ALLOWANCES

The systems of providing annuities and retirement allowances vary in different state systems. They may, however, be grouped under two general classes: (1) flat benefit plan; and (2) retirement allowances composed of combined annuity and pension. The flat rate plan is more burdensome on the teacher receiving a low salary than the one receiving a higher salary. However, the amount of the annuity will be the same, and the teacher receiving the smaller salary will be less affected than the person with the larger salary when they have to adjust their standards of living to meet the smaller annuity.

Among the states which have the flat benefit plan or one approximating it are: Arizona, California, Montana, Nevada, and Washington. In the remaining state-wide retirement systems it appears that there is some plan of combining annuities derived from teachers' deposits and pensions provided for by state contributions. The annuities received by a teacher usually represents the actuarial equivalent of the sums paid by such teacher with regular interest. Table VII indicates when a teacher retires normally and the amount or how the amount is determined that a retired teacher would receive.

TABLE IX

AMOUNT OF TEACHER'S DEPOSIT IN RETIREMENT FUND

State	Per cent of salary
Connecticut	5
Louisiana	4
Maine	5
Minnesota	5
New York	4
North Dakota	1 & 2
Ohio	4
Texas	5
Virginia	1
Wisconsin	5
State	**Indefinite per cent of salary**
Massachusetts	3 to 7
Vermont	5 (max.)
Dist. of Col.	8 (max.)
State	**Flat amount**
California	$12 per year
Montana	$1 per mo. (9mo.)
Nevada	$12 per year
State	**Flat rate according to service**
Illinois	$5 - 30 per yr.
Washington	$12- 36 per yr.

TABLE IX (Continued)

AMOUNT OF TEACHER'S DEPOSIT
IN RETIREMENT FUND

State	Amount determined by
Maryland	Actuary
Pennsylvania	Actuary
Hawaii	Board
State	**Age entering service**
Indiana	\$18.04-\$32.45 per year
New Jersey	
State	**Per cent according to service**
Michigan	none

There are three items that are considered in retirement allowances: age, years in service and amount of annuity. Several state systems have an annuity of six hundred dollars per year. Arizona, Montana, and Nevada are examples of states paying a flat rate of six hundred dollars. Indiana is the only state that fixes the annuity of seven hundred dollars per year. The amount of annuities in several states is determined by the amount of their contributions and the per cent that the state pays to supplement the contributions made by the teachers.

The annuities provided by the state retirement systems vary in many ways. They may, however, be paid on a flat rate basis; an amount based on contributions; an amount based on service; and an amount determined by an actuary. Arizona, Indiana, and Virginia pay a flat annuity rate. Arizona pays six hundred dollars per year; Indiana pays five hundred dollars per year: and Virginia pays four hundred dollars per year. California, Connecticut, Maine, Maryland, Michigan, Montana, and Rhode Island are examples of states paying a disability allowance prorated on a service basis. Illinois, Minnesota, and Ohio are examples of states paying disability allowances in proportion to contributions. Arkansas, New York, and Pennsylvania are examples of states paying disability allowances determined by actuary or retirement board. Table X indicates the number of years of service that a member must serve, and the amount of the annuity or how the annuity is determined. The amount of service that each state requires before any disability is paid varies from five to twenty years. In most cases the states require ten or fifteen years. Maryland and Wisconsin are examples of states requiring only five years of service in the state to be eligible for a disability allowance. Maine and Vermont require six years in the state. The other states that have compulsory retirement systems require ten years or more.

The question of refunds is one that has gone through many changes in the past twenty years. Many states did not refund

TABLE X

WHEN TEACHERS RETIRE WHEN DISABLED AND AMOUNT OF ANNUITIES ALLOWED

State	When do teachers retire when disabled	The amount a disabled teacher receives
Arkansas	10 yrs. service	Determined by actuary
Arizona	20 yrs. service	$600 per year
California	15 yrs. service	Prorated on 30 yrs. service basis
Connecticut	10 yrs. service	Prorated on service
Illinois	15 yrs. service	Prorated on contributions
Indiana	10 yrs. service	$500 per year
Louisiana	16 yrs. service	Based on contributions
Maine	6 yrs. service	Determined by service
Maryland	5 yrs. service	Proportional to service
Massachusetts	20 yrs. service	Computed by board
Michigan	15 yrs. service	Prorated on 30 yrs. service basis
Minnesota	15 yrs. service	Proportional to contributions
Montana	15 yrs. service	Prorated on 30 yrs. service basis
Nevada	15 yrs. service	Prorated on 30 yrs. service basis
New Jersey	10 yrs. service	30 per cent of average salary for last five years
New Mexico	20 yrs. service	Prorated on 25 yrs. service basis
New York	15 yrs. service	Determined by actuary
North Dakota	15 yrs. service	Prorated on 25 years service basis
Ohio	10 yrs. service	Proportional to contributions
Pennsylvania	10 yrs. service	Determined by actuary

TABLE X (Continued)

WHEN TEACHERS RETIRE WHEN DISABLED AND AMOUNT OF ANNUITIES ALLOWED

State	When do teachers retire when disabled	The amount a disabled teacher receives
Rhode Island	20 yrs. service	Prorated on 35 years service basis
Texas	20 yrs. service	Determined by actuary
Utah	10 yrs. service	Computed by annuity board
Vermont	6 yrs. service	Proportional to contribution
Virginia	20 yrs. service	About $400
Washington	10 yrs. service	Prorated on 30 years service basis
Wisconsin	5 yrs. service	$25 per month
Alaska	10 yrs. service	Prorated on 20 years service basis
Dist. of Col.	15 yrs. service	Computed by annuity board
Hawaii	10 yrs. service	Computed by trustees
Philippine Is.	15 yrs. service	2/10 of average salary
Puerto Rico	10 yrs. service	$240 minimum

any amounts regardless of conditions. The more recent laws have been revised so that any member withdrawing from public school service before becoming eligible to a retirement annuity shall be paid the full amount contributed as assessments, either in one sum, or at the election of the retirement board. Some states also pay regular interest. Table XI indicates the amount of money each state pays when any member withdraws from service before becoming eligible for a retirement annuity.

VIII. MEMBERSHIP

One of the fundamental principles of a teacher retirement system is that membership should be compulsory for teachers entering the service after the enactment of the retirement law and optional for teachers already in service. Many of the states that have passed compulsory retirement laws have set a definite date for those in service to become members of the retirement system. Indiana has given teachers who did not become members when the law was enacted an opportunity several times to become members of the state retirement system. Compulsion is necessary to insure success of any retirement system that has contributions because, without it the ones that need the protection worst will not join.

A retirement system is primarily an efficiency measure. It reduces to a minimum the probability that teachers rendered inefficient by old age will continue in service. The benefits

TABLE XI

AMOUNT OF DEPOSIT WITHDRAWABLE BY TEACHER WHO LEAVES SYSTEM PRIOR TO REGULAR RETIREMENT

State	Amount withdrawable		
	All	Part	None
Arkansas	x		
Arizona			x
California	x		
Connecticut	x		
Illinois		x[1]	
Indiana		x[2]	
Louisiana	x		
Maine	x		
Maryland	x		
Massachusetts	x		
Michigan		x[3]	
Minnesota	x		
Montana			x
Nevada		x[4]	
New Jersey	x		
New York	x		
North Dakota		x[5]	
Ohio	x		
Pennsylvania	x		
Rhode Island			x

[1] One-half of amount deposited without interest.

[2] A fractional part up to 10 years of service; all after 10 years of service.

[3] One-half of amount deposited, without interest; application must be made within four months after withdrawal.

[4] Teachers deposits in excess of $60 (that is deposits for 5 years, at $12 per year), without interest.

[5] One-half of teacher's deposits, without interest; application must be made within eighteen months after withdrawal.

TABLE XI (Continued)

AMOUNT OF DEPOSIT WITHDRAWABLE BY TEACHER WHO LEAVES SYSTEM PRIOR TO REGULAR RETIREMENT

State	Amount withdrawable		
	All	Part	None
Texas	x		
Utah	x		
Vermont	x		
Virginia	x		
Washington	x		
Wisconsin	x		
District of Col.			
Hawaii			

thus accruing to the children are likely to be partly lost if membership is optional.

Early entrance into the retirement system is desirable for a number of reasons: (1) It tends to stabilize the profession and to give the teacher a professional attitude. The enactment of a retirement system in itself recognizes that teaching offers a permanent career rather than a transient occupation; (2) if the teacher begins his deposits at an early age, a lower rate of deduction from salary will provide as large or a larger retirement allowance. The funds have a longer period over which to accumulate, and the effect of compound interest is increased. Young people are likely to look upon old age as too remote to require early provision, and consequently unduly delay becoming retirement members. (4) Membership under a retirement system early establishes a habit of thrift. (5) Teachers already in service, by becoming members, guarantee that all teachers can be retired upon reaching old age. (6) If the teacher leaves service before age of retirement, the deposits made by him are returned in the form of cash, and he has had a lesson in wise thrift.

Teachers already in service should have an option as to whether they will become members of the new retirement system, this option to be exercised within a reasonably short period. The compulsory retirement system does not work a hardship on new teachers entering the service. They should know before signing a contract that the state has compulsory retirement and the amount that each teacher pays into the retirement fund is deducted from his monthly salary. Any teacher in service before the law was enacted and who wishes credit for all prior service, must pay all back assessments plus compound interest. In most states that have compulsory retirement, any teacher who desires to become a member who has had prior service must file an application with the secretary of the retirement board before a certain date set by the board. To have a sound teachers' retirement system it is necessary to make it compulsory. This fact has been proved during the past few years in the number of states that have passed compulsory retirement laws.

CHAPTER IV

A SUMMARY OF EXISTING STATE SYSTEMS

ARIZONA

The state of Arizona is one of three states that does not require contributions from the teachers to finance the teachers' retirement laws. The fund is controlled by the state board of education and consists of contributions of the state only. Any person sixty years of age and who has served thirty years or more in the aggregate as a teacher in the public schools, fifteen years of which shall be in the public schools of Arizona, or who has taught twenty years, and has become incapacitated through physical or mental disability as established by the testimony of three physicians, to perform the duties of a teacher, may, by order of the state board of education be retired from further service.

Upon retirement a person shall receive an annual pension of six hundred dollars paid in monthly installments. This pension shall continue thereafter during his lifetime unless he is receiving remuneration from the federal government or from any state, county, city, or municipal government or school district. The retirement law applies to all teachers, principals and superintendents.

ARKANSAS

The administration and control of the teachers retirement system shall be vested in a board of trustees which shall consist of seven members: the state bank commissioner, the state insurance commissioner, the state treasurer as ex officio members; three teachers who shall be members of the retirement system and who shall be elected by the members of the association. The state commissioner of education shall be ex officio member of the board of trustees and shall serve as chairman. The board of trustees shall serve without pay but shall be reimbursed for all necessary expenses when attending board meetings.

The fund shall consist of: contributions of teachers, and contributions of the state. The cost of the administration shall be borne by the state. The state shall appropriate for each biennial year from the common school fund two per cent of the state and teacher contributions for administrative purposes. All members of the system shall be assessed four per cent of their yearly salaries. The per cent of assessment shall apply to any salary up to and including twenty-five hundred dollars but not in excess of that amount. This amount is deducted from the monthly salaries of the teachers. The state shall match teacher contributions with a similar four per cent contribution computed on the total pay roll of the members of the retirement system. To provide for annuities for those teachers who are disabled, and who have served fewer than twenty-five years, the state shall contribute annually one and one-half per cent of the average annual salary of such teachers for the preceding ten years of service multiplied by the number of years of the teacher's service; provided, however, no teacher shall receive more than six hundred dollars annually.

A member of the retirement association who shall have served in the public schools for a period of twenty-five years, of which ten years, the last five preceding retirement, shall have been in this state, may retire from service on or after attaining the age of sixty years. Compulsory retirement after a member has served thirty years and has attained the age of sixty years at the discretion of the local school board. A teacher shall be eligible for disability benefits after ten years of service in the public schools of the state, provided, he has served five consecutive years immediately prior to his retirement.

Any member in service at the time of inauguration of the system and who shall become a member of the teachers' retirement system shall receive an annuity representing one and one-half per cent of his average salary for the previous ten years multiplied by the number of years of his service. Six hundred dollars is the maximum. A new entrant shall receive an annuity representing the actuarial equivalent of his deposits with regular interest and a supplementary annuity from the state funds equal to the deposits of the member. In case of withdrawal from service prior to retirement, the system shall pay to the teacher all of his accumulated deposits and earned interest; but the teacher shall have no legal claim on any contributions made by the state.

Any teacher, principal, supervisor, and superintendent who is employed by the local school authorities and paid from state, federal or local funds may be a member of the retirement association.

CALIFORNIA

The state of California was among the first to have compulsory retirement laws. The state board of education shall constitute the public school teachers' retirement fund board and have full control of all funds. The fund consists of contributions of teachers, which shall be twelve dollars each school year, appropriations by the state legislature, five per cent of inheritance taxes and donations, gifts and bequests. The state treasurer is custodian of all retirement funds.

Any person serving thirty years or more, fifteen years in the state, the last ten years of service immediately preceding retirement may retire with an annual salary of five hundred dollars payable quarterly. If physically or mentally incapacitated after serving at least fifteen years in the state, including the last ten years of service immediately preceding retirement, the teacher may retire on an annual salary, the amount of which shall be prorated on a thirty year service basis. The retirement laws apply to all teachers, librarians, supervisors and administrators employed in public schools and state institutions. Any teacher, or other employee who shall have contributed to the retirement fund, and who shall because of death or for any other reason whatsoever sever his connections shall receive back all contributions paid in by him, plus accrued interest.

CONNECTICUT

The management of the retirement system is vested in the teachers' retirement board, which shall consist of five members: the insurance commissioner, the bank commissioner, secretary of the state board of education, and two others elected by the retirement board. Members of the board are not to receive compensation except expenses or loss of salary or wages which they may incur through service on the board. The state treasurer is custodian of all funds. The fund consists of: such amounts as shall be appropriated by the general assembly for administrative expenses, assessments paid by members of the retirement association into the annuity fund, and amounts appropriated by the general assembly into the pension fund. The teachers contribute five per cent of their salary but not less than twenty-five dollars nor more than one hundred dollars per year. This amount being deducted from their monthly salary.

A person may retire after sixty years of age and twenty years' service or thirty-five years' service, twenty in state. In case of disability he may retire after ten years of service in the state. Upon retirement a person shall receive an annuity computed by tables adopted by retirement board and a pension of equal amount plus additional pension to make the total five hundred dollars per year. The amount of pension prorated on basis of thirty years' service. Any member of the retirement association withdrawing from service before becoming eligible to retirement shall receive all money contributed plus interest in one sum or in four quarterly payments as the board may elect.

If a member of the teachers' retirement association shall die before retirement, the full amount of his contributions to the annuity fund, plus interest, shall be paid to the executor of his will or the administrator of his estate. All teachers, principals, supervisors, and superintendents are eligible to membership in the teachers' retirement association.

ILLINOIS

The board of education shall cause to be elected a board of management. Said board of management shall consist of either three or nine members. Two-thirds of the membership of said board shall consist of members of the active teaching force in the school district, who are contributors to the pension and retirement fund. One-third of the membership of board shall be selected by the board of education. The board of education shall have control of the retirement fund and shall have power to invest the same under the approval of the state treasurer.

In the state of Illinois teachers are divided into the following classes:

1. Those who have taught five years or less.
2. Those who have taught six years and not more than ten years.
3. Those who have taught eleven years and not more than fifteen years.
4. Those who have taught more than fifteen years.

All members of the retirement system shall pay five dollars per annum while they remain in the first class; ten dollars per annum while they remain in the second class; fifteen dollars per annum while they remain in the third class; and thirty dollars per annum while they remain in the fourth class. These amounts shall be deducted from the teachers' salaries in equal installments and paid into the teachers' pension and retirement fund.

Any person after having taught in the public school for a period of twenty-five years, or who has taught fifteen years, and has become incapacitated through mental or physical disability as declared by three competent physicians, may retire with immediate benefits. Any teacher who has not paid four hundred dollars into the fund, must do so before receiving annuities. Upon retirement a person shall be entitled to receive an annuity not to exceed four hundred dollars, and each teacher so retired because of permanent disability shall receive an annual pension such proportion of the full annuity of four hundred dollars as the sum contributed by such teacher. These pensions shall be paid monthly during the school year.

If, at any time, a teacher who is willing to continue is not re-employed or is discharged before he or she be entitled to a pension the money contributed shall be refunded. Any teacher who shall retire voluntarily from the service prior to entering the fourth class shall receive a refund of one-half the money he or she will have contributed. Any teacher, teacher-secretary, substitute teacher, supervisor, principal, supervising principal, superintendent or assistant superintendent who shall be employed in the public schools of the state are entitled to be members of the retirement system.

INDIANA

The control and management of the Indiana state teachers' retirement fund shall be vested in a board of trustees which shall be composed of five members who shall be appointed by the governor of the state and not more than two of whom shall be teachers. The board of trustees of the Indiana state teachers' retirement fund shall determine what part of said fund may be safely invested. Such investments shall be made in interest-bearing securities of the United States or any state, county, city or other municipal corporation within the United States. Members of the board shall serve without pay except that all traveling and all other necessary expenses shall be paid upon proper order of the board. Each year the state retirement board will submit a budget to the state board of tax commissioners, with the approval of the governor and the auditor of state shall fix a tax levy, which will be sufficient to provide the necessary revenue to cover the state's share of annuities. The fund shall also consist of gifts, grants, devises, bequests and other funds over which the retirement board has full control. Annual contributions by teachers which are necessary to provide not less than three-sevenths of an annuity of seven hundred dollars ($700.00) per year are listed in Table XII.

Any member of the retirement system who shall have taught in the public schools of Indiana for forty years or more and shall have attained the age of sixty years may retire with an annuity of seven hundred dollars per year payable in four quarterly installments. In case of retirement before thirty-five years of service, the annuity granted shall be based upon the then cash value of the actual payments made by the teacher with four per cent compound interest. Any person who has taught twenty-five years or more in the public schools and who ceases to be in the employ of the state, may in lieu of any other benefits be entitled to an annuity payable as above of such an amount as the present value of the annuity, based upon actuarial tables made and adopted by the board of trustees. Any teacher who shall have served in the public schools for a period of

TABLE XII

ANNUAL CONTRIBUTIONS OF TEACHERS IN INDIANA

Age at beginning service	Rates of annual contribution
18	$32.45
19	34.06
20	35.77
21	34.89
22	34.01
23	33.12
24	32.22
25	31.33
26	30.43
27	25.93
28	28.63
29	27.73
30	26.83
31	25.94
32	25.04
33	24.15
34	23.27
35	22.38
36	21.51
37	20.65
38	19.77

TABLE XII (Continued)

ANNUAL CONTRIBUTIONS OF TEACHERS IN INDIANA

Age at beginning service	Rates of annual contribution
39	18.90
40	18.04

NOTE; The age at beginning of service means the age at the earliest year for which service is claimed by the teacher.

ten years or more and who has become physically or mentally incapacitated during service may retire with an annual salary of five hundred dollars, provided that the amount of annuity is not more than five-eighths of contract salary for the year when disability occurred. If any teacher leaves the service of the public schools, he is entitled to withdraw portions of his contributions signified in Table XIII.

The members of this fund shall include any legal qualified and regularly employed teacher, teacher-clerk, supervising principal, principal, supervisor, superintendent of schools, public state normal schools, supported wholly by public money, teachers in correctional institutions who devote all their time to teaching; and employees of the state superintendent of public instruction or in the office of the state teachers' retirement fund who are qualified. The secretary to the president and the assistant librarian of

TABLE XIII

AMOUNT EACH TEACHER MAY WITHDRAW

	Per cent
After one year	25
After two years	35
After three years	45
After four years	55
After five years	65
After six years	75
After seven years	85
After eight years	90
After nine years	95
After ten years	100

the Indiana state normal schools shall be construed to be teacher-clerks and eligible to membership.

KANSAS

In any city of the first class in the state of Kansas there may be created by the board of education of such city a public school retirement fund, which fund, when created, and the management and disbursement thereof, shall be under the control of the board of education of such city. A retirement fund shall be created and maintained in the following manner.

I. By an assessment of one per cent nor more than one and one-half per cent of every installment of salary paid to a teacher.

II. By setting aside from the general fund for the support of the schools an equal amount.

III. By receipt, by the gift or otherwise of any real, personal, or mixed property or any interest therein.

Any teacher who has taught in the public schools of this state for thirty years, fifteen of which must be in Kansas in the public schools of such cities of the first class, shall be entitled to receive said retirement fund. Any teachers who have taught thirty years and have paid not less than one-half of the amount of the first annual pension must pay the necessary amount in equal monthly amounts before receiving annuities. Any teacher declared to be physically disabled by the board may retire after twenty-five years of experience. Any teacher so retired, provided that at least fifteen years of such experience shall have been in the public schools of cities of the first class, shall be entitled to receive such pension.

After teaching thirty years in the public schools of Kansas of the first class a teacher may retire on an annual pension of five hundred dollars paid in equal monthly installments. In case of disability or incapacity the amount shall be such percentage of five hundred dollars as the number of years of experience shall bear to the term of thirty years.

After the retirement fund is created by said board of education of such city of the first class, a teacher may be exempted from this act, provided, such teacher shall make a written request to the board within one month after she enters the employment of any school corporation.

KENTUCKY

The teachers' retirement system shall have a board of trustees selected according to regulations established by the board of education, provided that a majority of the membership of the board of trustees of the retirement system shall be classroom teachers or school principals, and provided further, that the superintendent of schools shall be a member of such board of trustees. The state treasurer shall be the custodian of the funds of the Kentucky state teachers' retirement fund. Each member of the association contributes two and one-half ($2\frac{1}{2}$) per cent of their compensation which shall be deducted by their employer. Each employer shall at the same time contribute to the retirement fund a contribution equal to that deducted from all teachers. In cities of the first class the maximum is four and one-half ($4\frac{1}{2}$) per cent and four (4) per cent in cities of the second class.

A member who has attained the age of sixty may retire from service if he files with the state board of education a statement setting forth at what date he wishes to retire, and if during the year immediately preceding the filing of such statement he shall have been a teacher. Any member who has attained the age of seventy may be retired at the end of the school year during which he shall attain the age of seventy. A member who has completed at least five years of total service may retire on account of disability, provided, after medical examination such member is physically or mentally incapacitated for further service in the public schools of this state.

Upon retirement for age, a member shall receive an annuity which shall be based on McClintock's tables of mortality among annuitants and shall be the equivalent of his accumulated contributions and his employer's contributions. If a member be a teacher at the present time such additional amount, if any, as shall be necessary to make the annuity payable in accordance with option one below equal to one-half of his initial salary.

Option one: An annuity payable to annuitant from the date of retirement as long as he shall live.

Option two: An annuity which shall be actuarial equivalent of the annuity provided in option one, payable to the annuitant as long as he lives, to continue after the death of annuitant to beneficiary.

NOTE: Kentucky has a state wide retirement system, but it is not in operation at this time because of lack of funds.

Upon retirement for disability a member shall receive all the accumulated contributions by and for a member in the form of an annuity upon disability table adopted by the state board together with whatever payments from the accumulated contributions by members, and employers are needed to make the total annual allowance equal to three-fourths of the annuity that he would have received at sixty years of age. Any member who withdraws from service or ceases, for any cause other than death or retirement, to be a teacher before he shall have served five years, shall be paid his accumulated contributions in four equal quarterly installments. If he has served five years or more, he shall receive all his contributions and four per cent interest of his accumulated contributions multiplied by the number of years of service not exceeding twenty. In case of death of a member the same rules apply as above.

Membership in the Kentucky State Teachers' Retirement System shall be voluntary with all teachers and shall be subject to the rules and regulations adopted by the state board of education.

LOUISIANA

The general administration and responsibility for the proper operation of the retirement system is vested in a board of trustees consisting of seven members as follows: the state superintendent of public instruction, the secretary of the Louisiana Teachers Association and three teachers, one of whom shall be a parish superintendent, one a principal and one a classroom teacher, who shall be elected by the members of the retirement association. The trustees shall serve without compensation, but they shall be reimbursed from the expense fund for all necessary expenses they may incur through service on the board. The board of trustees shall have full control of all funds, and shall have power to invest and reinvest such funds under certain restrictions imposed by the laws of the state of Louisiana. The board shall designate an actuary who shall be the technical adviser of the board of trustees on matters regarding the operation of all funds.

All of the assets of the retirement system shall be credited to one of three main funds; namely, the annuity savings fund, which is the accumulated contributions of teachers; the pension accumulation fund shall be the fund in which all reserves for payment of all pensions payable from contributions made by employers; and the expense fund, an appropriation by the state from which the expenses of the administration of the retirement system shall be paid.

Each member of the retirement association shall pay into the annuity savings fund four per cent of his earnable compensation. On account of each member there shall be paid annually into the pension accumulation fund by employers an amount equal to a certain percentage of the earnable compensation of each member to be known as the "normal contribution" and an additional amount to be known as the "accrued liability contribution." Until the first valuation the normal contribution shall be two and forty-five hundredths per cent, and the accrued liability contribution shall be two and sixty-five hundredths per cent of the annual compensation of all teachers. Upon the basis of each actuarial valuation provided the board of trustees shall annually prepare and certify to the state superintendent of public education a statement of the total amount necessary for the ensuing fiscal year to the pension accumulation and expense funds.

Any member in service who has attained the age of sixty years may retire upon written application to the board of trustees setting forth at what time he desires to retire. Any member in service who has attained the age of seventy years shall be retired but with the approval of his employer he may remain in service until the end of the school year following the date on which he attained the age of seventy years. Upon retirement from service a member shall receive a service allowance which shall consist of an annuity which shall be the actuarial equivalent of his accumulated contributions and a pension equal to the annuity allowance at age of sixty years. Upon retirement for disability any member who has had ten or more years of creditable service, and after a medical examination of such member, may retire with an allowance which shall consist of: an annuity which shall be the actuarial equivalent of his contributions at the time of retirement, and a pension equal to seventy-five per cent of the pension that would have been payable upon service retirement at the age of sixty years without further change in compensation. Retirement allowances shall be paid in equal monthly installments.

Any teacher, helping teacher, librarian, secretary, clerk, principal, supervisor, superintendent of public schools, state superintendent, members of the state board of education, president, dean, and teacher in any educational institution supported by and under the control of the state are eligible to membership in this association.

MAINE TEACHERS' RETIREMENT SYSTEM

The state of Maine is the only state in the union which has two types of retirement systems. The state retirement system is supported by the teachers, and the teachers' pension system is supported by the state alone. The state retirement system is controlled by a teachers' retirement board consisting of seven members, as follows: the commissioner of education, the treasurer of state, the attorney-general, the bank commissioner, and the insurance commissioner, and two members of the retirement association. Members of the retirement board shall serve without compensation except payment of expenses to and from meetings, which is to be paid out of the retirement fund. All funds of the retirement system shall be in the custody and charge of the treasurer of state, who shall invest and reinvest such funds according to the laws of the state.

Each member of the retirement association shall pay into the annuity fund five per cent of such member's salary; provided, however, that no member shall in any one year pay into said fund less than twenty dollars nor more than one hundred dollars. Any member of the retirement association who for thirty years shall have paid into said fund his regular assessments shall be exempt from further assessments, but may thereafter, if he so elects, continue to pay his assessments into said fund. Any teacher in service previous to July 1, 1924, may elect between teachers' pensions and teachers' retirement funds, but any teacher entering service after July 1, 1924, shall be eligible to benefits under the teachers' retirement system.

Any member of the retirement system who shall have served as a public school teacher for a period of thirty years, of which twenty years, and the last seven preceding retirement, shall have been in the state, may retire from service in the public schools on or after attaining the age of sixty years. Any member who has taught six years in the state, and who shall become totally or permanently disabled to teach, as determined upon examination by physicians approved by the board may retire. The amount of annuity a teacher may receive is based on his contributions to the fund, doubled with interest thereon, will purchase on the basis of McClintock's table of mortality among annuitants, and an interest rate of three and one-half per cent per year. Any member who shall become totally or permanently disabled to teach will receive an annuity based on his accumulated sum with such additional annual allowance from the state as the retirement board deems equitable, the same being limited to his earning capacity in other occupations, provided, however, that in no event shall the total sum received annually exceed one-half of his average annual salary throughout his entire period of service. Any member of the retirement association withdrawing from service in the public schools of the state, by resignation or dismissal, before becoming eligible to retire, shall receive all amounts contributed as assessments together with interest thereon. In case of death the amounts to which he would be entitled, if living, shall be paid to a surviving husband or wife or to the legal representative. These contributions shall be paid in lump sums or in installments as the member may elect, subject to the rules and regulations of the retirement board.

All teachers, principals, supervisors, superintendents, teachers of normal schools, and state superintendent and assistants are eligible to membership in the pension system.

MAINE TEACHERS' PENSIONS

The state teachers pension fund is controlled by the commissioner of education who shall formulate rules and regulations for carrying into effect the provisions of the pension system. The state of Maine appropriates annually thirty thousand dollars from the state school fund for pensions. Any person of either sex who shall have reached the age of sixty years and who for thirty-five years shall have been teaching in the public schools, twenty years of which employment, including the last fifteen years immediately preceding retirement, shall have been in the state, and who shall be retired by his employer or shall voluntarily retire from active service, shall receive on his formal application an annual salary of five hundred dollars. Any persons who have taught thirty years and who in all other respects met the same requirements as above shall on his formal application receive two hundred and seventy-five dollars. Any persons who have reached the age of fifty years and claim total disability with no other means of support will receive a pension the amount of which will be determined by length of service.

MARYLAND

The general administration of the retirement system is vested in a board of trustees consisting of the state superintendent of education, state comptroller, the state treasurer, and two teachers elected by the members of the retirement system. The members are not to receive compensation except payment of expenses that they may incur through service on the board. They shall have power to invest and reinvest all funds. The fund consists of: an annuity savings fund, which is money contributed by teachers, annuity reserve fund, which consists of the reserves on all annuities in force, pension accumulation fund, contributed by the state, and expense fund, which is provided by the state for transacting business for the retirement system. The treasurer of the state of Maryland shall be the custodian of the several funds. Teachers contribute a percentage of salary based upon entrance to membership. The state contributes to pension fund an amount equal to certain percentage of earnable compensation plus an accrued liability contribution equal to certain per centum of earnable compensation. The rates of these contributions are fixed by actuarial valuation.

Any member in service may retire upon written application to the board of trustees if he has attained the age of sixty. Any teacher who has had five years' experience and is totally disabled may retire. Any member in service who has attained the age of seventy shall be retired. The annuity received by a teacher equals his accumulated contributions plus a pension equal to one-hundred and fortieth of his annual average salary for the last ten years multiplied by years of service. Upon retirement for disability a member shall receive an annuity which shall be the actuarial equivalent of his accumulated contributions and a pension which, together with his annuity, shall provide a total retirement allowance equal to ninety per centum of one-seventieth of his average salary multiplied by the number of years' service.

Should a member cease to be a teacher he shall be paid in full the amount of the accumulated contributions credited to his individual account. In case of death of a member in service his estate will receive an amount equal to fifty per centum of his average final compensation plus his accumulated contributions. The membership of this retirement system shall be composed of teachers, helping teachers, supervisor or superintendent, attendance officer, or clerk employed in a public school of the state.

MASSACHUSETTS

The teachers' retirement board shall consist of a commissioner of education, one member elected by and from retirement association, and one member chosen by the other two. The commissioner of insurance is supervisor of the system. The members of the retirement board serve without compensation but shall be reimbursed from the expense fund of the retirement association for any expenditures or loss of salary or wages which they may incur through serving on the board. The funds of the system shall consist of an expense fund, which shall consist of amounts appropriated annually to defray the expenses of administration, an annuity fund, shall consist of assessments paid by teachers, and a pension fund, consisting of appropriations by the general court for paying annuities. Teachers contribute at rate established by retirement board, not less than three per cent nor more than seven per cent of salary. The rate is established each year and must be uniform for all members, except that minimum rate shall be thirty-five dollars and maximum one hundred dollars.

Any member of the association may retire from service in the public schools on attaining the age of sixty or any time thereafter. Any member on attaining the age of seventy shall be retired at the end of the school year in which said age is attained. Any member who has been in service twenty or more years, the last five years being continuous, and who, before attaining the age of sixty becomes permanently incapable of rendering service, may, with the approval of the board retire.

The retirement allowance consists of an annuity not to exceed six hundred and fifty dollars at the age of sixty. Teachers employed in state prior to July 1, 1914, and who have served fifteen years or more in the public schools, not less than five of which shall immediately precede retirement, will receive additional pensions. Any member withdrawing from the public school service before becoming eligible to retirement, shall be paid from the annuity fund all amounts contributed as assessments, together with regular interest, either in one sum or, at the election of the board, in four quarterly payments. If a member dies before receiving all his payments the balance shall be paid to his estate.

MICHIGAN

The teachers' retirement fund board consists of the superintendent of public instruction and five other members appointed by the governor. At least one of such members shall be a woman teacher in the public schools. The members of the board shall be entitled to their expenses actually and necessarily incurred in attending meetings of the board. The teachers' retirement fund board shall have control of all funds and shall have power to invest the same under the approval of the state treasurer who is ex-officio treasurer of said fund. Board members shall be appointed for a five year period.

The state teachers' retirement fund for public school teachers shall consist of: all moneys, credits, and other property transferred from the teachers' retirement fund created in nineteen hundred fifteen; all contributions made by teachers; all donations, gifts, legacies, and bequests which shall be made to establish a permanent fund, of which the income only can be used; and the income derived from the investment of said permanent fund.

In the state of Michigan teachers are divided into the following classes:

1. A teacher who shall have taught five years or less.
2. A teacher who shall have taught more than five years but less than fifteen years.
3. A teacher who shall have taught fifteen years or more.

All members of the retirement system shall contribute one-half per centum of his or her annual contractual salary but not more than five dollars during any year while they remain in first class; one per centum of his or her annual contractual salary but no more than ten dollars during any year while they remain in the second class; two per centum of his or her contractual salary but not more than twenty dollars during any year while they remain in the third class. The retirement fund board may increase the contributions in class one from one-half to one per cent but not more than ten dollars in any one year; in class two from one per cent to two per cent but not more than twenty dollars in any one year; and in class three from two per cent to three per cent but not more than twenty dollars in any one year. All contributions of teachers are deducted from teachers' regular monthly salaries.

Any teacher who has attained the age of sixty years and who has taught thirty years, of which period at least fifteen years including the last five years of service preceding the application for retirement shall have been spent in the public schools in this state shall be entitled to an annuity of a sum equal to one-half of average annual salary paid to teacher during the last five years of service, but no such annuity shall exceed five hundred dollars nor be less than three hundred dollars. A teacher who has attained the age of sixty years and who has taught twenty-five years, of which period at least fifteen years including the last five years of service preceding the application for retirement shall have been spent in the public schools of this state shall be entitled to an annuity which bears the same ratio to the annuity as the total number of years of service of said person bears to thirty years. A teacher who has taught in the public schools of this state for a period of fifteen years or more and being in the judgment of the employing board either physically or mentally incapable of teaching may be retired with an annuity of as many thirtieths of the full annuity herein provided after thirty years service as said teacher has taught years in the public schools of the state. Annuities shall be paid quarterly to the teachers entitled thereto upon warrants of the retirement board. Any teacher who shall cease to teach in the public schools of this state before receiving an annuity, shall, if application be made in writing to the retirement fund board within four months after the date of such cessation be entitled to the return of one-half of the amount, without interest, which shall have been paid into the fund of such teacher.

All teachers, superintendents, principals, county school superintendents, normal school teachers, and state superintendents and his deputies are entitled to membership in the retirement system.

MINNESOTA

The general administration of the fund is vested in a board of five trustees to be known as the board of trustees of the teachers' retirement fund. The board shall be composed of the following persons: the commissioner of education, the state auditor, the commissioner of insurance, and two members of the fund who shall be elected by the members of the fund. All members of said board shall serve without compensation but shall receive necessary expenses while attending all meetings. The state treasurer shall be ex-officio treasurer of said fund, and his general bond to the state shall cover any liabilities for his acts as treasurer of said fund. It shall be the duty of the board from time to time to certify to the state board of investment as much of the funds in its hands as shall not be needed for current expenses.

The retirement fund shall be derived from the following sources: teachers' contributions consisting of five per cent of her annual salary, no payment, however, to exceed one hundred dollars per year, which amount shall be deducted from her monthly salary; state's contribution derived by the annual state tax lévy not to exceed fifteen one-hundredth of a mill on each dollar of assessed valuation and from interest derived from gifts, donations, legacies, devises, and bequests. One-half of the cost and expense of administering the provisions of the retirement acts shall be paid by the state. The board shall from time to time determine the amount of money necessary and presently needed to meet the state's obligations and shall certify the amount to the state auditor.

Any person after having taught in the public schools of the state for a period of thirty years or has attained the age of fifty-five years may retire. Any member who has been in the service fifteen years or is in his fifteenth year and who, before attaining the age of fifty-five becomes totally disabled to render teaching service, such member shall, on written application to the board, be paid the amount to her credit as teachers' savings, or may use said amount to purchase from the fund a life or term annuity. A teacher ceasing to render teaching service who shall have at said time to her credit thirty years or more or has attained the age of fifty-five years, may, in lieu of said cash payment, use the moneys to her credit as teachers' savings as follows:

1. To purchase from the fund a life annuity in such amount as the teacher's age, the amount to her credit as teachers' savings

and the mortality and interest tables in use by the board.

2. To purchase from the fund an annuity for a term of fifteen, twenty or twenty-five years, in such an amount as the teacher's age, the amount to her credit as teacher's savings and the mortality and interest tables in use by said fund will permit.

The state shall at the time of the payment of such annuities pay to the teacher an amount equivalent to such annuity to be paid from the state funds, provided, however, that in case of a term annuity such payments by the state shall not continue after the death of such teacher.

Any member of the retirement fund withdrawing from service shall receive all moneys to the credit of such teacher as teacher's savings, shall, upon written application to the board, be paid in cash. If a member of the teachers' retirement fund shall die before retirement, the full amount of her contributions to the annuity fund shall be payable to any beneficiary or to her estate. All teachers, supervisors, superintendents, and librarians in the public school system and faculty members in teachers' colleges, except first class cities and state universities are eligible to membership in the teachers' retirement fund.

MONTANA

The teachers' retirement salary fund is controlled by a retirement salary fund board consisting of: the superintendent of public instruction, the state treasurer, the attorney-general, and two teachers legally qualified and actually engaged in classroom teaching in the public, state or county schools in the state of Montana, to be appointed by the governor. Members of the board shall receive no compensation except their necessary traveling expenses incurred in attending meetings of the board. The retirement salary fund board shall have full control of the retirement fund and shall have power to invest the same under the approval of the state treasurer.

There are two funds in the state treasury to be known, as the public school teachers' retirement salary fund, and the public school teachers' permanent fund. The public school teachers' retirement fund shall be made up of moneys transferred from the public school teachers' permanent fund. The permanent fund shall be made up of all moneys received in the following manner: all contributions made by teachers; the income and interest derived from the investment of all the moneys contained in the fund; all donations, legacies, gifts, and bequests which shall be made to such fund, and appropriations made by the state legislature.

Each member of the retirement fund shall pay one dollar per month; provided, however, that no teacher shall in any one calendar year pay into the permanent fund more than nine dollars, which amount shall be deducted from his monthly salary. Every public, state or county school teacher who shall have attained the age of fifty-five years and who shall have served as a legally qualified teacher for at least thirty years, at least fifteen of which shall have been in the schools of this state, including the last ten years of actual service shall be entitled to retire. Upon retirement such teacher shall be entitled to receive an annual retirement salary of six hundred dollars payable in quarterly installments. Any teacher who has taught in the public schools of this state for a period of fifteen years or more and being in the judgment of the employing board either mentally or physically incapacitated for further service may retire with an annual retirement salary prorated on a thirty-year service basis. No one shall be permitted to draw from the state, directly, or indirectly, more than one retirement salary. Any teacher, superintendent, supervisor, executive, or educational administrator is eligible to membership in the teachers' retirement association.

NEVADA

The state board of education shall constitute the public school teachers' retirement salary fund board. This board shall have power, and it shall be its duty to approve and allow retirement salaries; to audit all claims and demands for money expended or authorized to be expended by it; to require the boards of education to report to the board from time to time as to such matters pertaining to the payment of contributions as it may deem advisable; to invest the moneys in the permanent fund in securities and collect the income; to prescribe the duties of the secretary and other officers of the board and shall make and enforce all necessary and proper rules and regulations for the method or methods of applying for and obtaining retirement salaries.

There are two funds in the state treasury, the public school teachers' retirement fund and the public school teachers' permanent fund. The public school teachers' permanent fund consists of: all contributions made by teachers; the income and interest derived from investment of moneys; an ad valorem tax of five mills on the hundred dollars of taxable property in the state; and all donations, legacies, gifts, and bequests which shall be made to such fund. The public school teachers' retirement salary fund shall be made up of such moneys as shall be transferred from time to time from the public school teachers' permanent fund.

The method of financing the retirement salaries for teachers is derived in the following manner: each teacher contributes twelve dollars per year, this amount being deducted by school officials from the teacher's salary as shall be directed by the state board of education; the county commissioners shall, annually, at the same time other state taxes are being levied, add an ad valorem tax of five mills on the hundred dollars of all taxable property. This tax is to be collected at the same time as other state taxes.

Every public school teacher who shall have served as a legally qualified teacher in the public schools for at least thirty years, at least fifteen of which shall have been in the schools of this state, including the last ten years of service immediately preceding retirement, shall be entitled to retire with an annual salary of six hundred dollars payable quarterly. If physically or mentally incapacitated for further school service after serving fifteen years in the public schools of this state, under legal certificate, shall be entitled to retire; provided, that application for retirement salary shall be made within two years of the last month of service. The amount shall be prorated on a thirty year service basis. In case of any teacher ceasing to be a member of the retirement salary system, said teacher shall, upon application receive all contributions made to the board in excess of a sum equal to five years' payment. No one shall be permitted to draw from the state, directly or indirectly, more than one retirement salary.

All teachers, principals, superintendents, librarians, and normal school teachers are eligible to membership in the retirement system.

NEW JERSEY

The fund is controlled by a board of trustees consisting of the following: commissioner of education, state treasurer, one trustee appointed by the governor, three trustees elected from membership of the retirement system, and one trustee who is not a member of the retirement system or officer of the state elected by the other trustees. The members of the retirement board shall serve without compensation, but they shall be reimbursed for any necessary expenses. The state treasurer is custodian of all retirement funds. The fund consists of: contributions of teachers, contributions by the state, and gifts, donations, and legacies. Each member's contribution is determined by age at enrollment. The state makes annual appropriation from school apportionment fund equal to approximately seven and two-tenths per cent of pay roll of membership, which provides one-half of allowance granted on account of contributing membership service, and full allowance for service rendered prior to nineteen hundred and nineteen.

Any person who has been in service in the public schools of this state may retire under the following conditions.

a. Thirty-five years of service or sixty-two years of age.

b. Retirement optional between sixty-two and seventy years of age.

c. Compulsory retirement at seventy years of age.

d. Retirement after thirty-five years of service before age of sixty-two available only to teachers in service when law was established.

e. Disability retirement after ten years' service.

A member of the retirement association who shall have served as a public school teacher for a period of thirty-five years and has attained the age of sixty-two may retire with an annuity equal to one-seventieth of final average salary multiplied by years of service. Any member who shall have served in the public schools of the state for twenty years or more shall receive an annuity of not less than four hundred dollars. Any member of the retirement system who shall have taught in the public schools of this state for ten years or more and who shall have become totally or mentally incapacitated for further service may retire on an annuity of not less than three hundred dollars or thirty per cent of his average salary for five years preceding retirement and not more than nine-tenths of allowance which would be available at age of sixty-two. State provides all allowances except annuity purchased by retiring teachers' accumulated contributions.

All teachers, principals, supervisors, directors, county and city superintendents, state commissioners of education, and other members of the teaching staff, and janitors are eligible to membership in the retirement system.

NEW MEXICO

The administration of the retirement system is vested in the state board of education. The retirement system is financed wholly by the state of New Mexico. The board of education of any municipality, county, independent school district or union high school district may with the approval of the state educational budget auditor and the state superintendent of public instruction retire from active service any teacher, supervisor, custodian, nurse, principal, superintendent or other professional employee under the following conditions:

a. A member of the retirement system who shall have been employed in the public schools of this state for a period of twenty-five years, and the last ten years preceding retirement, shall have been in the public schools of the county of the board retiring him, may be retired from service on or after attaining the age of sixty years.

b. The board of education may retire any member who is physically or mentally incapacitated for further service in the public schools of the state of New Mexico. Such retirement shall be made with the approval of the state educational budget auditor and the state superintendent of public instruction.

Any person retired by a board of education shall be entitled to receive annually for the remainder of his natural life, an annuity equal to one-half of the average annual salary paid to him during the past five years next preceding the date of such retirement; provided that the minumum amount to which any such person shall be entitled shall be six hundred dollars, and the maximum amount fifteen hundred dollars per year. Any person retiring because of disability shall be entitled to receive an allowance determined upon the ratio of his years of service in the public schools in the state of New Mexico to the twenty-five year service period in the state.

NEW YORK

The fund is controlled by a retirement board consisting of seven members as follows: a bank executive chosen by the board of regents; two school administrators, members of the retirement system appointed by the commissioner of education; state comptroller, and three members elected by the retirement association from members of the system. The board has full control of all funds and have power to invest or reinvest such funds. The fund consists of: teachers' contributions, state's contributions, and gifts, donations, and legacies. Each teacher contributes four per cent of annual salary. The state pays annually a percentage of the earnable compensation of all teachers known as the "normal contribution" and a further percentage known as the "deficiency contribution"; the total payments shall be such as, when combined with amounts in pension accumulation fund, to provide for all pensions granted.

A member in service in the public schools in this state may retire under the following conditions:

1. Voluntary retirement after thirty-five years' service.

2. Present teacher sixty years of age with twenty-five years' service in the state of New York.

3. New teacher sixty years of age and twenty-five years' service in the state of New York.

4. May be retired at seventy years of age at the request of employer.

5. Disability retirement after fifteen years' service.

Upon retirement after thirty-five years' service a member will receive an annuity equal to one-fourth of final average salary during five years of service immediately preceding retirement. Any teacher who retires with twenty-five years of state service is to receive an annuity of not less than four hundred dollars. A teacher seventy years of age with less than twenty-five years' service shall receive a pension of one one-hundredth (1/100) of final salary multiplied by years of service. If physically or mentally incapacitated after serving fifteen years in the state, the member will receive a disability allowance which includes an annuity plus a pension equal to one-fifth (1/5) final average salary.

Any teacher, principal, superintendent, supervisor, and assistant officials, any school librarian, and employees of state department of public education is eligible to membership in teachers' retirement system.

NORTH DAKOTA

The teachers' retirement fund shall be managed by a board of trustees known as the board of trustees of the teachers' insurance and retirement fund. The board shall consist of five members. The state treasurer and the state superintendent of public instruction shall be ex officio members of said board; three members, one of whom shall be a woman, shall be appointed by the governor from among the members of the teachers' retirement system. Members of the board shall receive no compensation except their necessary traveling expenses incurred in attending the meetings; but if the board should elect one of its members secretary, such member may receive compensation for services rendered as secretary, an amount not to exceed twelve hundred dollars per annum. The board shall have charge of the fund and shall invest the same under the same conditions as the trust funds of the state may be invested.

The retirement fund shall be derived from the following sources: teachers' contributions, consisting of one per cent per annum, but not more than twenty dollars per year, for each of the first ten years of service as a teacher, and two per cent per annum, but not more than forty dollars per year for each successive year of service as teacher, until the teacher shall have had a total of twenty-five years of teaching service, when said assessments shall cease, such amounts shall be deducted from each of the monthly payments of his salary; the state's contribution consists of an amount equal to ten cents for each child of school age which amount shall be taken from the tuition fund.

Any teacher after having taught in the public schools or state institutions for a period of twenty-five years, of which eighteen years, including the last five, must have been in the state may retire with an annuity equal to one-fiftieth of his annual salary for the last five years of service, multiplied by the total number of years of service; provided, however, that his annuity shall not exceed seven hundred and fifty dollars or be less than three hundred and fifty in any one year. If physically or mentally incapacitated after serving fifteen years as a teacher in the public schools of the state, a teacher may retire on an annual salary, the amount of which shall be prorated on basis of twenty-five years' service. Any member of the retirement system withdrawing from service before receiving any benefit or annuity from the fund shall, if application is made in writing to the board of trustees within eighteen months, shall be entitled to receive one-half of the amount paid into fund. All teachers, superintendents, supervisors, inspectors, principals, and their assistants, including those of state institutions are eligible to be members in the retirement system.

OHIO

The general administration and the management of the state teachers' retirement system is vested in the retirement board which consists of five members: the superintendent of public instruction, the auditor of state, the attorney-general and two members of the retirement system elected by the members of the retirement system. The members of the retirement board serve without compensation, but they shall be reimbursed for all actual necessary expenses and for any loss of salary or wages they may suffer through serving on the board. The members of the retirement board shall have full control of all funds and have power to invest such funds intrusted in their care. The treasurer of the state of Ohio is custodian of all funds of the retirement system. The fund consists of:

a. Teachers' savings fund in which is placed the contributions of teachers.

b. The employers' accumulation fund in which is placed the accumulated reserves for the payment of pensions.

c. The annuity and pension reserve fund is the fund from which all pensions and annuities are paid, having been transferred from other funds.

d. A guarantee fund consists of gifts and interest derived from investments.

e. The expense fund providing money for administration.

Each teacher who is a member of the retirement association shall contribute four per cent of his earnable compensation, not exceeding two thousand dollars per annum, to the teachers' savings fund. This amount is to be deducted by the employer from each and every pay roll. Each employer of a teacher who is a member of the retirement system shall pay into the employers' accumulation fund a certain per cent of the earnable compensation of each teacher. The rates per cent of such contribution shall be fixed on the basis of liabilities of the retirement system.

Any teacher who has completed thirty-six years of service or who has attained the age of sixty years may retire. Retirement is compulsory when attaining the age of seventy. Upon retirement a teacher shall be granted a retirement allowance of: an annuity having a reserve equal to the amount of the teacher's accumulations at that time; a pension of equivalent amount; and an additional, if such teacher is a present-teacher, equal to one and one-third per cent of his average final salary multiplied by the number of years of service certified in his prior service certificate. Any member who has been regularly employed not less than ten years in the state and who has become physically or mentally incapacitated to render further service may retire with an annuity having a reserve equal to the amount of the teacher's accumulated contributions at that time; and a pension which, together with his annuity, provides an allowance of one and one-fifth per cent of his final average salary multiplied by years of service. Any member who ceases to be a teacher for any reason other than death or retirement, upon demand shall be paid the accumulated contributions standing to his credit in the teachers' savings fund.

Any teacher in any school, college, or institution supported by public funds and any educational employee of state department of education is eligible to become a member in the state teacher retirement system.

PENNSYLVANIA

The retirement system is controlled by the public school employees' retirement board which shall consist of the following: state superintendent of public instruction who shall be chairman, the treasurer of the commonwealth of Pennsylvania, one member who shall be appointed by the governor, three members of the retirement association elected from among their number, and one member, not an employee nor officer or employee of the state, who shall be elected annually by the board. The board serves without compensation, but they shall be reimbursed for necessary expenses and for loss of salary they may suffer through serving on the board. The members of the retirement board shall have exclusive control and management of the fund and full power to invest the same, subject, however, to all the terms, conditions, limitations and restrictions imposed by the state.

The fund consists of contributions by teachers and contributions by the state. From the salary of each employee who is a contributor there shall be deducted and paid into the fund such a per cent of his or her earnable salary as shall be computed to be sufficient, with regular interest, to procure for him or her on super-annuation retirement at age of sixty-two an employee's annuity equal to one one-hundredth-sixtieth (1/160) of his or her final salary for each year of service. The retirement board shall prepare and submit to the budget secretary an itemized estimate of the amounts necessary to be appropriated by the commonwealth to the school employees' retirement fund to complete the payments of the said obligations of the commonwealth for the following year.

Any contributor who is an employee sixty-two years of age or older may retire by filing with the retirement board a written statement, setting forth at what time, subsequent to the execution of said application, he or she desires to be retired. Each and every contributor who has attained the age of seventy years shall be retired by the retirement board, forthwith, or at the end of the school term in which said age of seventy years is attained. Any contributor who has taught ten years, and has become incapacitated through physical or mental disability as established by the testimony of a physician to perform the duties of a teacher may retire or may be retired by the retirement board.

On retirement a contributor who is an employee shall receive a retirement allowance which shall consist of: a teacher's annuity, which shall be the actuarial equivalent of his or her accumulated deductions; and a state annuity of one one-hundred-sixtieth (1/160) of his or her final salary for each year of service prior to the age of sixty-two years. On retirement for disability a contributor shall receive an employee's annuity, which shall be the actuarial equivalent of his or her accumulated deductions; and a state annuity which, together with the employee's annuity shall be sufficient to produce a retirement allowance of one-ninetieth of his or her final salary multiplied by the number of his or her years in service. Not to be less than thirty per cent of such average salary or exceed eight-ninths of rate of allowance due had retirement occurred at age of sixty-two.

All teachers, principlas, supervisors, superintendents, members of staffs of normal schools, state department of public instruction, and state council of education, all clerks, stenographers, janitors, attendance officers, persons regularly engaged in public schools, and all school employees in state institutions are eligible to membership in the teachers' retirement system.

RHODE ISLAND

The state of Rhode Island is the third one of three states that does not require contributions from the teachers to finance the teachers' retirement laws. The fund is controlled by the state board of education and consists of contributions of the state only. The state board of education shall make all needed regulations for issuing certificates of qualification and carrying into effect the other provisions of the retirement law. Any person who has been engaged in teaching as his principal occupation and has been regularly employed as a teacher in the public schools of the state for thirty-five years, twenty-five years of which employment, including the fifteen years immediately preceding retirement has been in the public schools of Rhode Island may retire from active service.

Upon making formal application, any person may receive from the state for the remainder of his life an annual pension equal to one-half of his average contractual salary during the last five years before retiring, but in no case shall such annual pension be more than five hundred dollars or be less than four hundred dollars. Any teacher who has been regularly employed not less than twenty years in the public schools of this state and who has become physically or mentally incapacitated during service may retire with the approval of the state board of education with an annual pension prorated on a thirty-five year service basis. Any teacher, supervisor, superintendent, and teachers in state colleges and state institutions who shall be employed in the public schools of the state are entitled to be members of the retirement system.

TEXAS

The general administration and responsibility for the proper operation of the retirement system is vested in a state board of trustees consisting of: the state life insurance commissioner, the chairman of the state board of control of Texas, one person selected by the state board of education, and three persons elected from and by the active members of the retirement system. The trustees shall serve without compensation, but they shall be reimbursed for all necessary expenses that they may incur through service on the board. The attorney-general of the state of Texas shall be the legal adviser of the state board of trustees, and shall represent it in all litigations.

The fund shall consist of: teachers' contributions, and state contributions. Teachers' contributions shall be five per cent of the regular compensation paid each member, the amount not to exceed one hundred eighty dollars per annum. The amount contributed by the state to the retirement fund, during any one year shall equal the total amount contributed during the same year by all members of the retirement system. Teachers' contributions shall be deducted from their monthly pay roll. Each member shall pay with the first payment to the teacher saving fund each year, an additional sum of one dollar, which shall be credited to the expense fund.

A member of the retirement system who shall have served as a public school teacher for a period of twenty years, and shall have attained the age of sixty, may retire upon written application to the state board of trustees. Any member in service who has attained the age of seventy years shall be retired, provided, that with the approval of his employer he may remain in service. Upon retirement for service a member shall receive a retirement allowance in the form of an annuity which shall be actuarial equivalent to the sum of his savings, and the state reserves due him as a condition of his creditable service and membership in the retirement system. If he has a prior-service certificate in full force, he shall receive an additional annuity, which shall be one per cent of his average prior-service compensation, multiplied by the number of years of Texas service; provided, the maximum number of years of service to be allowed shall be thirty-six years and the maximum prior-service salary three thousand dollars. Upon retirement for disability, a member shall receive a disability allowance which shall be the actuarial equivalent of the sum of funds derived from the following sources:

a. From the accumulated contributions of the member standing to his account in the teacher saving fund.

b. An additional amount from the state equal to the accumulated contributions of the teacher.

c. If he has a prior-service certificate in full force, an additional amount which shall be equal to fifty per cent of the award for such prior-service as herein computed.

Any member withdrawing from service in the public schools of the state, by resignation or dismissal, before becoming eligible to retirement shall be paid in full the amount of the accumulated contributions standing to the credit of his individual account in the teacher saving fund.

Any person employed on a full-time basis by boards of common school districts, boards of independent school districts, county school boards, retirement board of trustees, state board of education and state department of education, board of requests of colleges and universities, and any other legally constituted board or agency of an educational institution or organization supported wholly or partly by the state, may become members of the state retirement system.

UTAH

The retirement system shall be managed exclusively by a retirement board consisting of: the superintendent of public instruction, the attorney-general, two persons to be appointed by the governor, and three persons elected from and by the active members of the system. The term of office of the five members mentioned last shall be five years, one term expiring each year. Members of the board shall serve without compensation but shall be entitled to reimbursement of any traveling expenses incurred in connection with membership on the retirement board.

The fund shall consist of: teachers' contributions and state contributions. The rate of contribution of members shall be adopted by the retirement board and shall be based on sex and age of member on entrance into the system. The rate shall be such as will provide an average annuity at age of sixty to equal one one-hundred-fortieth of the final salary multiplied by his years of service. The per cent of such deductions shall apply to any salary up to and including twenty-five hundred dollars. This amount shall be deducted from the pay roll of the teachers by the employer. The state pays into the retirement fund each month six per cent of the total compensation paid to members of the retirement system during the preceding month less the amount that shall be paid semiannually to the treasurers of the boards of education in the districts, an amount equal to the contributions made by said local boards. The cost of the administration of the retirement system, including necessary clerical assistance and all equipment, shall be paid by the state.

A member of the retirement system who shall have served fifteen years and shall have attained the age of sixty years or thirty years of service and shall have attained the age of fifty-five may retire with an annual pension. Retirement shall be compulsory upon attaining the age of seventy regardless of service credit. A member upon retirement from service shall receive a retirement allowance which shall consist of: (1) an annuity which shall be the actuarial equivalent of his accumulated contributions at the time of his retirement; (2) a pension purchased by the contributions of the state equal to that portion of the annuity purchased by the accumulated normal contributions of the member; and (3) an additional pension purchased by the state which shall be equal to one-seventieth of his final compensation multiplied by the number of years prior service credited to him. Any member of the retirement association who shall have taught in the public schools of the state at least ten years and who has become totally or permanently disabled to teach, as determined upon examination by physicians approved by the board, shall receive (1) an annuity which shall be the actuarial equivalent of his accumulated contributions at the time of his retirement; and (2) a pension which together with annuity provided by his accumulated contributions shall make his retirement allowance equal to either, (a) one and one-fourth per cent of his final compensation multiplied by the number of years of service, but such retirement allowance shall not exceed one-fourth of his final compensation or one and one-fourth per cent of his final compensation multiplied by the number of years of service which would be credited to him were his service to continue until he attained the age of sixty, but such retirement shall not exceed one-fourth his final compensation.

Any member withdrawing from service in the public schools of the state, by resignation or dismissal, before becoming eligible to retirement shall be entitled to receive all amounts contributed by him. Upon the proper proof of the death of any member the state will pay (1) the accumulated contributions of the deceased member, and (2) an amount equal to the compensation earnable by him during the last six months under contract immediately preceding his death.

Any person who is serving under a legal certificate as a legally qualified teacher in a public day or evening school or as a superintendent, supervising executive, educational administrator of public schools, librarian and any teacher with and without a certificate who is employed on the staff of the state superintendent of public instruction may become a member of the state retirement association.

VERMONT

The administration of the retirement system is vested in a retirement board consisting of five members: the commissioner of education, the state treasurer, the commissioner of banking and insurance and two members of the retirement association. The members of the retirement board shall serve without compensation. They shall be reimbursed for all necessary expenses. The retirement board shall adopt mortality tables for the retirement system and shall determine what rates of interest shall be established in connection with these tables. The fund consists of contributions of teachers as determined by the retirement board, the amount of which shall not be more than five per cent of each member's salary, provided however, that no members shall in any one year pay into such fund less than sixteen dollars nor more than one hundred dollars; appropriations by the state on an estimate submitted by the retirement board, such estimate shall provide for an appropriation sufficient to enable the board to credit annually to each member of the retirement association a sum equal to his contributions to the annuity fund. The state shall not be called upón to pay more than one hundred dollars in any one year on account of the contribution of any one member of the retirement association.

A member of the retirement association, who has served as a public school teacher for a period of thirty years, of which twenty years, and the last five preceding retirement, shall have been in the state, may retire from service in the public schools on or after attaining the age of sixty years, if a woman, and of sixty-five years, if a man, and shall be entitled to receive from the annuity fund, such annuity as his contributions to such fund, with interest thereon, together with the like contributions made by the state, and the interest thereon, will purchase on the basis of McClintock's table of mortality among annuitants, and an interest rate of three and a half per cent per annuum. A member of the retirement association, who shall have been a teacher in the public schools of the state at least six years, and who has become totally and permanently disabled to teach, as determined upon examination by physicians approved by the retirement board, shall receive an annuity based upon the accumulated sum of his contributions and the equal contributions of the state, with interest calculated on the basis of McClintock's table of mortality among annuitants, but may not be less than two hundred dollars, nor exceed half of his average annual salary throughout the last twenty years of active service as determined by the board. A member withdrawing from service in the public schools of the state, by resignation or dismissal, before becoming eligible to retirement, shall be entitled to receive from the annuity fund all amount contributed by him as assessment with interest at four per cent compounded semiannually irrespective of the length of his service. If such member should die before receiving in the form of an annuity all of the accumulations up to the time of his disability from his own and the state's annual contributions on his account, the balance shall be paid to his or her legal representatives.

Any teacher, principal, supervisor or superintendent employed in a public day school within the state, or in any normal school, teacher training institution or school conducted under the commissioner of public welfare located in the state, and controlled wholly by the state may become a member of the retirement association.

VIRGINIA

The teachers' retirement system of Virginia is administered by the State Board of Education consisting of seven members appointed by the governor. The State Board of Education shall be permitted to invest the capital and unappropriated income of the said "retired teachers' fund" with all the powers of investment or reinvestment of such funds. The state treasurer is custodian of all funds. The funds of the system shall consist of teachers' contributions, consisting of one per cent of salary; state appropriations may be made; all legacies, bequests, and funds derived from devises. The state board of education shall deduct from the annual apportionment on account of the appropriation of the general assembly and the accumulated interests on the investments of the literary fund one per centum of the total of the salaries of the teachers of each county, town, or city, as shown by the annual report of the division superintendent for the preceding year.

Any person after having taught in the public schools of this state for a period of twenty years and who has maintained a good record and by reason of physical or mental infirmity or old age is incapable of rendering efficient service as a teacher may retire. Any person who has taught in the public schools of this state for a period of at least thirty years and who has maintained a good record and has reached the age of fifty-eight years, if a man, and fifty years, if a woman may retire on a quarterly pension of one-eighth of the average annual salary during the last five years before retirement. In no event, however, shall any quarterly pension exceed the sum of one hundred dollars unless the average annual salary during the last five years was one thousand dollars or more. Then the quarterly pension may be as much as one hundred twenty-five dollars. However, if there are not sufficient funds in the treasury, the pension will be reduced pro rata according to the amount of money that is available. Should a member cease to be a teacher, he shall be paid in full the amount of the accumulated contributions credited to his individual account plus six per cent interest. Any person, not including the division superintendent, who has taught in the public schools of this state is eligible to membership in the teachers' retirement association.

WASHINGTON

The retirement fund is controlled by a board of trustees consisting of: the state superintendent of public instruction; state insurance commissioner, three members appointed by the board from the retirement system, the state auditor and attorney-general shall be ex officio treasurer, auditor, and legal adviser respectively. The retirement fund consists of contributions by teachers. The state does not contribute to the retirement fund. Each member of the fund shall pay twelve dollars ($12.00) per year up to and including the tenth year of total service; twenty-four dollars ($24.00) per year from and including the eleventh and up to and including the twentieth year of service; and thirty-six ($36.00) from and including the twenty-first year of total service, until the total contribution of the member to the fund shall equal seven hundred and twenty dollars ($720.00). These deductions shall be made in two semi-annual installment from the salary of each member of the retirement association.

Any member who shall have taught thirty years, embracing not less than two hundred and forty months of service, twenty years of which service shall have been in the public schools of this state, shall be entitled, upon retirement from service a retirement annuity of four hundred and eighty dollars ($480.00) per year; provided, that no retirement shall be paid unless such member has taught five years and paid or contributed to the fund seven hundred and twenty dollars ($720.00). Any member who shall have taught ten years, totalling eighty months of service, eight years of such service shall have been in the public schools of the state and

and who has become physically or mentally incapacitated for further service in the public schools of the state shall be entitled to retire from service with an annuity of such a part of four hundred and eighty dollars ($480.00) as the number of years of total service is a part of thirty.

Any teacher, principal, instructor, supervisor, state, county or city superintendent, and their assistants is eligible to become a member of the state retirement system.

WISCONSIN

The state teachers' public school retirement association shall be administered by a retirement board consisting of five members. Two members to be appointed by the governor and the other three elected from the retirement association. The retirement board shall annually elect one of their number chairman. The state of Wisconsin has a state annuity and investment board which has full control of all the funds of the retirement system. The funds shall be invested in securities in which domestic life insurance companies are authorized to invest their assets, but not less than seventy per cent of all moneys invested or by the board shall be invested in Wisconsin. Each member of the retirement association shall pay five per cent of such member's salary which is deducted monthly from his salary. The state deposits on behalf of each teacher an amount equal to fifty per cent of teacher contributions plus five per cent of each year of teaching experience and deduct one per cent for each one hundred dollars of compensation in excess of one thousand two hundred dollars (state's contribution derived from a surtax on incomes in excess of three thousand dollars).

Any member of the retirement association who has taught in the public schools, the normal schools or the university of this state at least twenty-five years and has attained the age of fifty years may retire. If a member before attaining the age of fifty, having made required deposits for not less than a school year during each of five years, and becomes physically or mentally incapacitated for further service and due proof that such disability has then existed for sixty days, the member shall receive a monthly disability retirement of twenty-five dollars. Upon retirement a person shall receive an annuity as computed by annuity board with the following options:

1. An annuity for life payable monthly.

2. An annuity for life with provision that in case of death before one hundred eighty monthly payments, the remaining payments up to one hundred eighty be paid to the member's estate.

3. An annuity payable monthly for life, and after death one-half the monthly amount payable to beneficiary.

4. An annuity as the annuity board shall approve. If at any time a teacher who is willing to continue is not re-employed or is discharged before he is entitled to a pension, the money contributed shall be refunded.

Any teacher in the public schools, the normal schools, or the university, or in any school, college, department or institution within the state is eligible to membership in the state retirement association.

DISTRICT OF COLUMBIA

The fund is controlled by the commissioners of the District of Columbia and three members appointed by the president. This board is required by law to have an actuarial investigation each year. The United States treasurer is custodian of all the funds of the retirement system. The fund consists of: contributions by teachers which is based on annuity tables but not to exceed eight per cent of annual salary. If salary exceeds two thousand dollars, the deductions and benefits shall be made on an annual salary of two thousand dollars. The amount appropriated by the District of Columbia is calculated on an actuarial basis and also amount sufficient to cover administration of the retirement system.

A member of the retirement system may retire at sixty-two years of age. If physically or mentally incapacitated after serving fifteen years or forty-five years of age, including the last ten years of service immediately preceding retirement may retire on an annual salary. Compulsory retirement at seventy years of age except extended by two-thirds vote of board of education. The retirement allowance that a member would receive per year is an annuity composed of one per cent of average annual salary for ten years immediately preceding retirement for each year's service after June 30, 1926, plus a sum equal to one per cent of said average annual salary for each year of service prior to July 1, 1926, (not to exceed forty years), plus fifteen dollars for each year of service.

HAWAII

The fund is controlled by a board of trustees consisting of the following: territorial auditor and treasurer, one member elected by retirement system and two members appointed by the governor. The board shall employ an actuary as adviser and who shall make actuarial inquiry at least every five years. The territorial treasurer is custodian of all funds. The fund consists of contributions by teachers and territorial contributions. The amount each member contributes to the fund is determined by the board of trustees, which shall remain constant (equals about one-half of fund). Territorial contributions are fixed at approximately three per cent of pay roll. The territory also appropriates money for administrative purposes.

Any member who has attained the age of sixty years may retire with an annuity equivalent to accumulated contributions plus pension equal to one one hundredth fortieth (1/140) of average final salary multiplied by years of accredited service.

Any member who has taught in the public schools for ten years, and has become incapacitated through mental or physical disability may retire with a disability allowance consisting of an annuity equivalent to contributions plus pension equal to ninety per cent of one seventieth (1/70) of average. Compulsory retirement at seventy years of age.

Any teacher, principal, superintendent, or other school employee in the public schools of the territory paid wholly or in part by the territory may be a member of the retirement system.

CHAPTER V

RECOMMENDATIONS

After a careful study of the statistical data, the following recommendations are made:

<u>If states want retirement laws</u>:

1. To have a sound retirement system membership should be compulsory for teachers entering the service after the enactment of the retirement law and optional for teachers already in service.

2. The cost of a retirement system should be shared equally by the teachers and by the public.

3. Retirement of members should be left to the judgment of the individual and the local school officials.

4. States should pay an adequate retirement annuity that would be sufficient in his or her station of life.

5. Any member withdrawing from service before becoming eligible to a retirement annuity should be paid all amounts contributed as assessment plus a reasonable interest.

6. A nation wide or federal teacher-retirement system similar to the postal employee's pension.

7. Members of the system should be informed as to the financial standing of the retirement system.

<u>If states are opposed to retirement</u>:

1. The addition of the amount appropriated for retirement of teachers each year to their salaries and let the teachers do their own saving.

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