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FOREWORD

IN 1935 the Seventy-fourth Congress passed the Social Security Act. By means of this law the federal government provided old-age security for a large proportion of our citizens. The Act reflected a definite break with the past. For years our American point of view reflected the agrarian conditions prevalent in this country until the beginning of the twentieth century. It was generally believed that everyone, by his own effort and savings, could provide for himself and his dependents. With the development of industrialism, forces appeared which made it impossible for many successfully to combat the hazards of old age and unemployment. At first these difficulties were met with public and private charity. Then came the blow of 1929 and with it a reversal of public opinion. Social security was recognized as a problem for society as a whole, working thru its government.

More than forty-five years ago leaders of the National Education Association foresaw that adequate retirement provisions were necessary for the proper development of public education. Teachers were not then, and are not now, adequately protected against old age and unemployment. Salaries have not been large enough in many cases to permit the accumulation of reserves thru private initiative. In 1933-34 the average salary of all teachers, principals, and supervisors was \$1227. During the depression period, salaries dropped to much lower levels, and in many communities were paid in scrip, if at all. While today conditions have improved in the larger cities, the salaries of thousands of rural teachers are below those paid to factory workers. Obviously this situation has damaging effects upon professional morale and upon the instruction of children.

No national effort to provide economic security for all citizens should neglect the economic problem faced by the teaching profession. Fortunately, as shown by the present *Research Bulletin*, progress has been made in the establishment of teacher retirement systems. Twenty-three states, Hawaii, Puerto Rico, and the Canal Zone have statewide systems actually in operation. Several other states have recently joined, or are about to join, this forward movement. At least fifty-six cities and counties have local plans. But some of these systems, from the point of view of soundness and adequacy, leave much to be desired. Often no provisions have been made in state plans for the staffs of state colleges or universities, or for non-certificated employees. Many teachers of advanced age have been unable to take advantage of the opportunities available to those who are young. Retirement allowances are often far from adequate.

The Social Security Act may cause some to reduce their efforts and their vigilance for sound teacher retirement systems. The opposite should be true. Because of existing legal barriers it may be years before the provisions under the federal law will be available to teachers. Meanwhile let us go forward. This bulletin of the Research Division will be an invaluable aid to all who are earnestly seeking to improve existing systems and to advance the movement toward sound teacher retirement programs.

WILLARD E. GIVENS, *Executive Secretary*,
National Education Association.

Introduction

A teacher retirement system is a business-like plan, enacted into state law to improve schools by helping aged or disabled teachers to retire from active service with a modest, but assured, income for life. This presentday definition represents considerable advance in social theory over that prevailing in 1870 when organized teacher welfare plans had their beginnings.

Evolution of Teacher Retirement Systems

There have been three periods in the history of teacher retirement plans in this country.¹ Assurance and mutual-aid associations characterized the first period beginning in 1869. About 1894 began a period of legislative activity wherein too frequently sound retirement principles were disregarded. The third period, from 1920 to the present, has been characterized by legislation designed to improve existing systems and to establish each new plan upon a sound fiscal basis.

The first teachers protective associations were of the mutual-aid type; the funds were given voluntarily by the teachers for the assistance of their co-workers and with an assurance of like aid in their own time of need. At first, funds were collected when there was a particular need; later, in advance of the necessity. The teachers hoped that their small capital would be augmented by private philanthropy and thus a real pension fund could be established. This source proved to be uncertain and inadequate. The New York City Teachers' Mutual Life Assurance Association, founded in 1869, was the first organization to be established. In 1885, sick benefits, for certain limited periods of time, were added to the advantages of membership. Also, by 1885, regular annual dues were being collected, indicating greater interest in the attitude of the beneficiaries toward the association, as well as providing a greater degree of permanence thru increased funds. New York and Brooklyn led in the next step of development by organizing the Old Age and Disability Annuity Association, in 1887. This association forcefully brought the problem of the retirement of aged and disabled

teachers before the profession and the public. Within the next few years Boston, Philadelphia, Cincinnati, Baltimore, and Washington, D. C., and several states followed in the establishment of similar associations.

The majority of the early organizations were local, as interest could be aroused more easily in a small group; then, as the idea gained acceptance, the systems expanded, covering larger areas. New Jersey capped the expansion in 1896 by establishing the first voluntary statewide plan. With the enlargement of group associations, complications arose. Small local organizations were fairly easily administered and, altho many were not financially sound, they had generally been able to maintain themselves as the inadequacy of their funds had not yet become a problem. Moreover, the teachers had not solicited governmental assistance; instead they had had a sort of pride in their self-sufficiency in establishing, organizing, and administering these associations. The members continued to advocate this laissez faire policy until the organizations became so large that the small contributions and the money raised from bazaars and philanthropic contributions were too meager to take care of the demand. Failure of the mutual-aid associations was attributed, however, to the voluntary feature of membership and the private character of the organizations; the actuarial unsoundness escaped attention.

The beginning of state legislative enactments marks the close of the first period and the entrance of a new factor in the development of retirement systems. Here again, New York City teachers were the forerunners. In 1894 they secured legislation to the effect that deductions from the pay of teachers because of absence should be the basis of the fund and that the board of education should have complete charge of the administration of the system. The period of active service necessary for retirement was set at thirty years for women and thirty-five years for men. Other states followed New York's lead—some permitting voluntary membership, others requiring compulsory membership. The teachers' contributions were generally set at 1 percent of their

¹ This section is based upon Chapter I of Paul Studensky's *Teachers' Pension Systems in the United States*, prepared in 1920 for the Institute for Government Research and published by D. Appleton-Century Co., New York.

salaries, which followed the practise of the mutual-aid associations and which, as in the previous organizations, even with increased membership, proved inadequate. The government's contributions were considered first as a relief measure, then more and more as the principal, if not the sole, source of income for the pension funds. Between 1894 and 1920 both local and statewide systems were being established, but from 1904 on, statewide systems were, comparatively speaking, on the ascendency.

Expansion led to the present period which emphasizes the reorganization of funds of the existing systems and the establishment of funds of new systems on a sound financial basis. Retirement systems have taken on increased momentum since 1910, with the greatest activity in the years 1913, 1914, and 1915, resulting in the organization of thirteen statewide systems and eighteen local systems. According to Table 1, column 2, of the present bulletin,

eighteen new statewide systems have been established since 1915. Today about 65 percent of the teachers in the United States are protected by some kind of state or local system (Figure I). However, the soundness and adequacy of these systems vary greatly as shown by the statistical material presented in Part II.

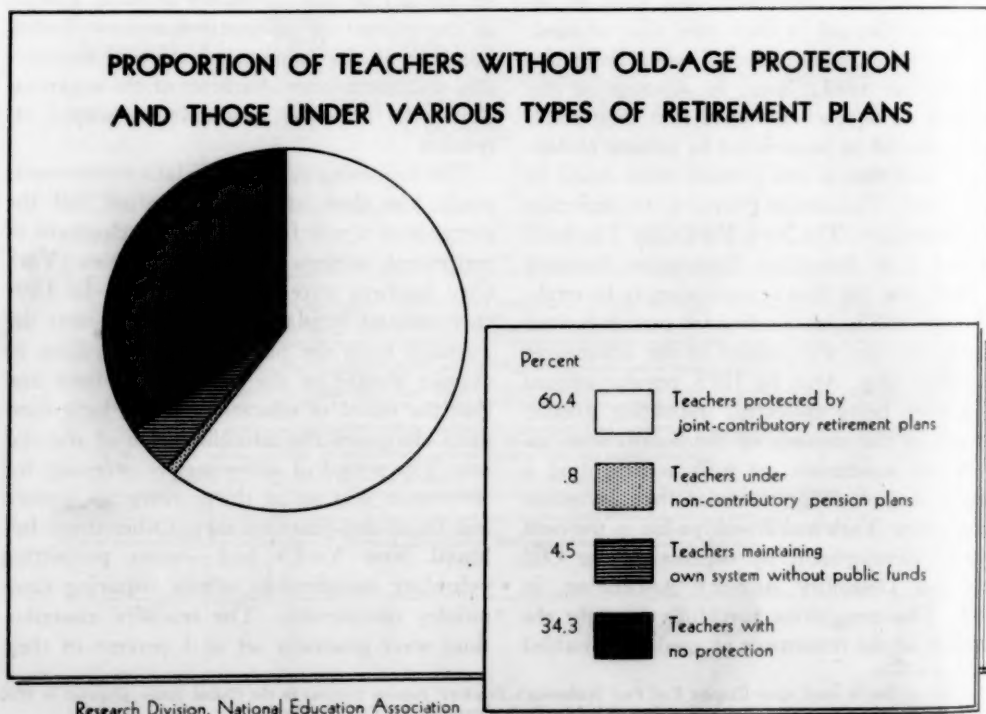
The National Education Association and the Teacher Retirement Movement

Forty-six years ago the Department of Superintendence of the National Education Association adopted the following resolution: "Justice as well as the best public service requires the retirement and pensioning of teachers after a service of thirty years, and upon carefully devised conditions. We recommend the enactment of laws in the several states to permit and to regulate the retirement and pensioning of professional teachers."²

This resolution was the first step by a national professional group in the long campaign

² Marble, A. P., chairman. "Report of the Committee on Resolutions." *Proceedings, 1891*. Washington, D. C.: National Education Association. p. 391.

FIGURE I



on behalf of teacher retirement systems. In 1900, nine years later, the National Education Association itself approved the following resolution:

Proper standards—both general and professional—for entrance upon the work of instruction, security of tenure, decent salaries, and an adequate pension system are indispensable if the schools are to attract and to hold the service of the best men and women of the United States; and the nation can afford to place its children in the care of none but the best.²

Meanwhile, between the dates of these two resolutions, the schoolboard members in their Department of School Administration had become interested in the problem of teachers' pensions. In 1896 John E. Clark, ex-president of the Detroit Board of Education, urged that "by adopting the plan of a retirement fund we not only secure a better, more thoughtful class of beginners, but we retain those teachers when their experience has doubly qualified them for the work. . . . They will learn the art of contentment. They will be willing to stay with us, and to make teaching their life work as they should, and not make it a stepping stone to other professions. . . ." Of the thirteen persons who participated in the discussion which followed, six were favorably inclined, four definitely opposed, and three did not make their positions clear.

In 1904 the Committee on Salaries, Tenure, and Pensions of Teachers issued a preliminary report summarizing the status of salaries in city school systems, but neglecting the question of pensions. At the 1905 convention, Howard J. Rogers, first assistant commissioner of New York state, quoted the Committee on Salaries, Tenure, and Pensions as stating that there was "no commonwealth in the United States in which public school teachers in all cities and counties are by provision of law pensioned, upon retirement, out of public funds. Local authorities have taken some notice of the subject within the last few years, but, with the exception of New York, Detroit, and San Francisco, no municipality can be said to have a public pension system."

Between 1905 and 1911 the official records show no committee reports or speeches on the

subject of pensions. In 1911 a Committee on Salaries and Cost of Living was appointed. A part of the Committee's report in 1913 analyzes existing pension systems under three types: non-contributory, compulsory contributory, and voluntary contributory. By 1916 the Committee's title had been restored to include "Teachers' Salaries, Tenure, and Pensions." The Committee reported that it had arranged for a study of pensions by the federal Bureau of Education⁴ and by the Carnegie Foundation for the Advancement of Teaching.⁵ In a preliminary report of the latter study, Clyde Furst of the Carnegie Foundation made the statement:

A pension system on the reserve plan, sustained by joint contributions of employer and employee, is not only the fairest and most equitable form of pension system, but it is the only one in which the cost can be ascertained in advance and in which the question of pension is separated from the question of pay. It is the only form of pension which can be permanently secure.

In 1918 the Committee issued another report on salaries, tenure, and pensions which included the following statement:

The only way in which absolute security can be obtained is for the contribution of the public as well as the teacher to be paid annually, credited to the individual teacher, and set aside to accumulate until the time of his retirement. This also is the only economical method.

According to the report of the Committee in 1919, its reports had "led to numerous inquiries and a number of states have been stimulated either to inaugurate or to reorganize pension systems in accordance with the sound principles there involved."

In 1923 the Association appointed the Committee on Retirement Allowances. In cooperation with the Research Division of the National Education Association and the National Council of Teachers' Retirement Systems, the Committee has done much to inform teachers about retirement plans and to promote the application of sound retirement principles. In February 1937 the Committee and the National Council of Teachers' Retirement Systems were merged into a new organization

² Butler, Nicholas Murray, chairman. "Report of the Committee on Resolutions." *Proceedings, 1900*. Washington, D. C.: National Education Association. p. 32.

⁴ U. S. Department of the Interior, Bureau of Education. *Pension Systems for Public School Teachers*. Bulletin, 1916, No. 14. Washington, D. C.: Government Printing Office, 1916. 46 p.

⁵ Carnegie Foundation for the Advancement of Teaching. *Pensions for Public School Teachers*. Bulletin No. 12. New York: the Foundation, 1918. 85 p.

known as the National Council on Teacher Retirement of the National Education Association. Leaders of this National Council have been helpful in preparing and completing the questionnaires required for the present study. While taking this opportunity to express its appreciation for assistance, the Research Division also assumes responsibility for the bulletin in its present form.

Principles of a Sound Retirement System

The general nature of a teacher retirement system established upon a scientific basis has been described^o as follows:

In a teacher retirement system, the state and the teacher are contracting parties. According to rates agreed upon, after scientific investigation of the composition of the teaching staff, and after decision on the kind and value of the benefits to be received, the teacher makes a regular contribution to a fund. These contributions, made during the period of the teacher's service, are credited to the individual teacher with interest. At the time of retirement the sum of these contributions, plus the interest accumulated thereon, is used to purchase an annuity which makes up approximately one-half the total retirement allowance received. The teacher's contributions, with the interest thereon, are subject to refund in case of the teacher's death, resignation, or withdrawal from the teaching profession prior to the time of retirement.

To make up its share of the retirement allowance, the state concurrently during the teacher's period of service makes appropriations to a reserve fund sufficient to finance at the teacher's retirement a pension equal to the annuity purchased by the teacher's accumulated contributions.

The total retirement allowance, composed of the annuity and pension described above, is available in the form in which the teacher desires to receive it, upon the fulfilment of certain minimum age or service conditions, or both, at which time retirement is optional. A compulsory age of retirement may be set up. Provision is also made for the retirement of teachers who become disabled prior to the age for regular retirement and who have been in service for a reasonable period.

In order to establish and maintain a retirement system such as described above certain fundamental principles must be observed.

1. Membership required of new teachers; optional for those in service

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

2. Guaranties to both teacher and public

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.

3. Costs shared by teachers and public

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

4. Amount of deposits and payments stated

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.

5. Deposits of teacher and payments by state concurrent with service

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

6. Individual accounts kept

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.

7. Retirement system on a reserve basis

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

8. Periodic actuarial investigations

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

9. Disability provided for

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

10. Teachers' accumulated deposits returnable in case of withdrawal from service, or death prior to retirement

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

11. Choice of options offered upon retirement

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.

^o Adapted from a statement by the Committee on Retirement Allowances of the National Education Association, in cooperation with the National Council of Teachers' Retirement Systems, in "Current Issues in Teacher Retirement." *Research Bulletin* 8: 225, November 1930. Washington, D. C.: Research Division, National Education Association.

12. Credit should be allowed for past service

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.

13. Rights under previous retirement systems safeguarded

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.

14. Reciprocal relations between states

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

15. Retirement board in control

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.

How the Bulletin Is Organized

This report is planned primarily to set forth the status and conditions of teacher retirement in the United States, and secondarily to compare the old-age future of teachers with the expectancy of workers in other fields. Part I shows the results of a questionnaire study of state and local teacher retirement systems.⁷ Part II compares teacher retirement benefits with those provided by retirement plans in other fields, private as well as the public benefits of the federal Social Security Act. Part III summarizes certain provisions of the federal Social Security Act, and suggests some of the possible advantages and disadvantages if teachers were to be included under the act.

⁷ Inquiry forms were mailed in January 1937 to all state retirement systems and to all known local systems. Unless otherwise noted, information is for the period July 1, 1935, to June 30, 1936. The questionnaire was prepared with the cordial assistance of the officers of the now disbanded National Council of Teachers' Retirement Systems.

I. State and Local Teacher Retirement Systems

On May 1, 1937, state teacher retirement laws had been enacted in the following 30 states and territories. The date of enactment is given after each state in the list:

Arizona (1912)	Montana (1915-37)
Arkansas (1937)	Nevada (1937)
California (1913)	New Jersey (1919)
Canal Zone (1926)	New Mexico (1933-37)
Connecticut (1917)	New York (1921)
Hawaii (1926)	North Dakota (1913)
Illinois (1915)	Ohio (1920)
Indiana (1921)	Pennsylvania (1919)
Kentucky (1928)	Puerto Rico (1928)
Louisiana (1936)	Rhode Island (1908)
Maine (1924)	Utah (1935-37)
Maryland (1927)	Vermont (1919)
Massachusetts (1914)	Virginia (1908)
Michigan (1915)	Washington (1923-37)
Minnesota (1915)	Wisconsin (1921)

The Kentucky law enacted in 1928 is still inoperative. The dormant 1933 law in New Mexico has recently been replaced by a new enactment. The Utah law of 1935, which was also inoperative because of lack of funds, was replaced by the 1937 legislature.

Florida has a closely limited retirement provision, enacted in 1931, enabling retirement on an allowance of \$40 a month of any teacher after 35 years' service in the state, provided such teacher is without other means of support and unable to earn a living. New Mexico had a similar provision passed in 1935 which has been repealed by the more comprehensive law of 1937. This new law authorizes any local district to provide for the retirement of its teachers.

Missouri and Texas passed, in 1936, constitutional amendments making teacher retirement legislation possible. The progress toward retirement in these two states may be followed in the state educational journals.¹

Statewide systems are contemplated in a number of other states. In each legislative year, retirement bills are considered. Four of the nine states holding regular legislative sessions, in 1936 enacted some laws improving the teacher's prospects for old age. At least eleven states are working toward retirement legislation in 1937. Efforts are being made to establish new systems and to modify or reorganize certainment systems:

existing systems so that they will be in accord with accepted fundamental principles.

The basic list of local retirement systems given below was compiled by the Research Division in 1933. Changes reported to the Division since that time have been included, but no special investigation has been made to ascertain if all new local systems are included.

The retirement system of Washington, D.C., is authorized by legislative act of Congress. Other local teacher retirement systems may be classified into three types. One type operates within but independently of, a statewide system. Another type is based on a state law providing for teacher retirement in a certain class of community. The third is a local system based on general permissive legislation. The lists below are classified according to these three types.

1. Operating within, but independently of, a statewide system:

California	New York
San Francisco ²	New York
Connecticut	Rhode Island
New Haven	Bristol ²
Illinois	Newport ²
Chicago	Providence ²
Peoria	Utah
Louisiana	Salt Lake City
New Orleans	Washington
Maryland	Everett
Baltimore	Seattle
Massachusetts	Spokane
Boston	Tacoma
Michigan	Wisconsin
Detroit	Milwaukee
Minnesota	
Duluth	
Minneapolis	
St. Paul	

2. Based on a state law providing for teacher retirement in a certain class of community:

Delaware	Georgia
Wilmington	Atlanta
	Nebraska
	Omaha

3. Based on state permissive legislation authorizing the establishment of teacher retirement systems:

¹ For example, *School and Community* 23: 101, 139; March and April 1937. ¶ Also *Texas Outlook* 21: 6, 49; March and April 1937. As this issue of the *Research Bulletin* goes to press, word is received that the teacher retirement bill has been passed in Texas.

² Teachers are enrolled also in the state system.

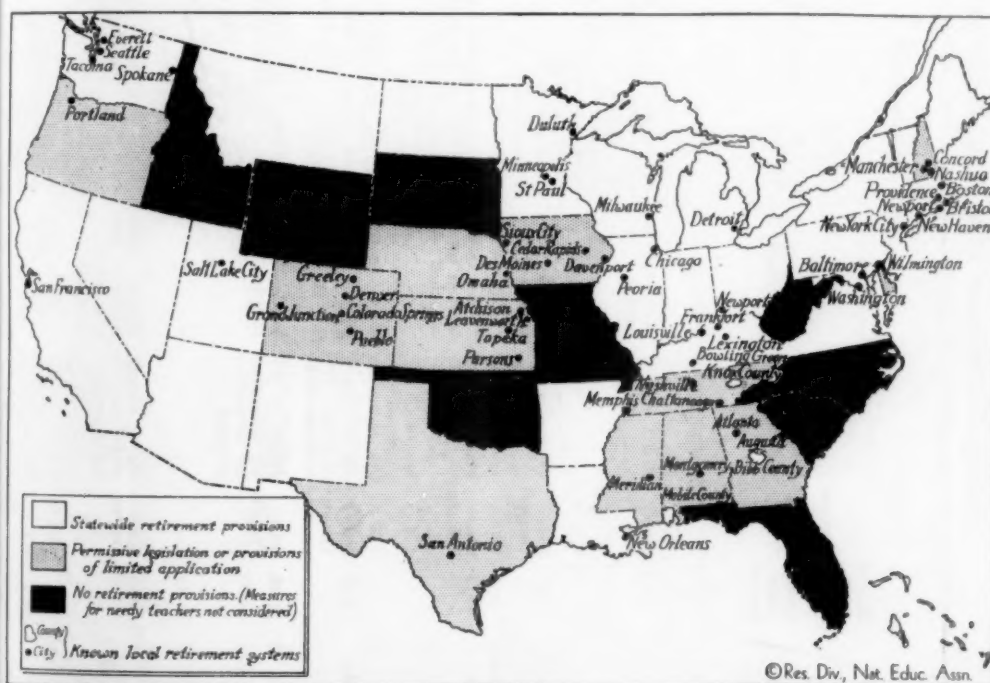
Alabama	Kentucky
Mobile County ^a	Bowling Green
Montgomery	Frankfort
Colorado	Lexington
Colorado Springs	Louisville
Denver	Newport
Grand Junction	Mississippi
Greeley	Meridian
Pueblo (Dists. Nos. 1 and 20)	New Hampshire
Georgia	Concord
Augusta	Manchester
Macon (Bibb County)	Nashua
Iowa	Oregon
Cedar Rapids	Portland
Davenport	Tennessee
Des Moines	Chattanooga
Sioux City	Knox County
Kansas	Memphis
Atchison	Nashville
Leavenworth	Texas
Parsons	San Antonio
Topeka	

General Features of Teacher Retirement Systems

State—Table 1 shows certain features of state teacher retirement systems. The year in which each system was established is given in column 2. This is an important consideration inasmuch as the reports of membership and financial transactions (Tables 4 to 13) have some bearing upon the length of time the system has been in operation. These dates are of interest also, in comparing various features of the systems to determine if the newer plans have deviated greatly from the conditions generally found in the systems established in the early days of teacher retirement. Of course, most of these older systems have been revised from time to time to adjust to changing principles.

^a Plan maintained thru the teachers association, not connected with the school officials.

FIGURE II.—STATE AND LOCAL RETIREMENT SYSTEMS *



* This map represents conditions prevailing May 1, 1937. Just before releasing pages for printing, word came that the legislature in Texas had passed a new statewide retirement law.

TABLE 1.—CERTAIN FEATURES OF STATEWIDE TEACHER RETIREMENT SYSTEMS

States	Date of establishment of retirement system	Sources of funds	Form of teachers' deposit	State's payment			Superannuation or service retirement						Retirement allowance		
				Fund receiving payment	Amount paid	When paid	Conditions of retirement								
							Years of service								
							Total	Immediately preceding retirement	In state	Minimum age for optional retirement	Age for compulsory retirement	Flat benefit		Annuity	
							7	8	9	10	11	12	13	14	(Not including benefits from prior service credits)
Arizona	1912	State only	.....	No special fund created	Retired teachers granted pension of \$600. Payments made from General Fund and appropriation for State Board of Education, authorized in General Appropriation Bill	Annual pension granted. Paid in monthly installments	30	15	..	60		\$600			
Arkansas	1937	State-Teacher	4% of salary	Teacher retirement fund	4% of total payroll	Not specified by law	25	10	5	60	After 60 at discretion of board		Annuity from teachers' deposits. Pension from state equal to annuity		
California	1913	State-Teacher	Flat amount	Public school teachers' permanent fund	5% of taxes collected under inheritance or transfer tax laws of the state. Public school teachers' permanent fund annually to increase \$10,000	Annually	30	15	10	..		\$500			
Connecticut	1917	State-Teacher	5% of salary, minimum \$25, maximum \$100	Pension fund	From time to time	From time to time; usually annually	20	20	..	60	70		Annuity from teachers' deposits. Pension from state payments equal to annuity		
Hawaii	1926	State-Teacher	Percent of salary determined by benefits promised	Pension accumulation fund	a. Uniform, constant percent of earnable compensation of average new entrant b. Rate percent of total annual compensation of all members. To be at least 3% greater than in preceding year	Annually	..	..	..	60	70		Annuity from teachers' deposits. Pension equals 1/140 average annual salary during last 10 years multiplied by years of service since teacher became member		
Illinois	1915	State-Teacher	Flat amount graded according to service	Illinois state teachers' pension and retirement fund	Amount set aside from common school fund. To equal 1/10 of one mill upon each dollar of assessed valuation of all taxable property of state, exclusive of cities and school districts not included under provisions of retirement act	Annually	25	15	..	50			Annuity from teachers' deposits. State provides 4/7 of \$700 annuity		

Indiana ^b	1921	State-Teacher	Flat amount graded according to age when entering service	Pension reserve account	Proceeds from tax levy	Biennially	40	30	..	60	\$400 (\$16 for each year of service)
Louisiana	1936	State-Teacher	Percent of salary	Pension accumulation fund	a. Uniform and constant percent of the earnable compensation of the average new entrant b. Rate percent of the total annual compensation of all members, to be at least 3% greater than in preceding year	Annually	..	..	..	60	70
Maine	1924	State-Teacher	5% of salary, minimum \$20, maximum \$100	Annuity fund	Amount deducted from state school fund equal to members' deposits. Not to exceed \$35,000 in any one year	Annually	30	20	7	60	Annuity purchased by teachers' deposits and state's payments with interest
Maryland	1927	State-Teacher	Percent of salary determined by benefits promised	School pension fund Pension accumulation fund	Appropriation from school mill funds a. Uniform, constant percent of earnable compensation of average new entrant b. Rate percent of total annual compensation of all members. To be at least 3% greater than in preceding year	Annually	..	..	..	60	70
Massachusetts	1914	State-Teacher	Percent of salary, minimum 3% or \$35, maximum 7% or \$100	Pension fund	"Such amount as shall be appropriated by the general court .."	From time to time; usually annually	..	..	..	60	70
Michigan	1915	Teacher only	Percent of salary according to service	..	..	..	30	15	5	60	Annuity from teachers' deposits—maximum at 60 years of age equals \$650. Equal pension from state payments. Maximum equals 1/3 average salary for last 5 years preceding retirement
Minnesota	1915	State-Teacher	Percent of salary or flat rate according to service depending on amount of salary	Teachers' insurance and retirement fund	Proceeds from tax of 1/20 of one mill on all taxable property in that part of state subject to provisions of act	Annually	20	15	5	..	30 years' service, annuity equals 1/2 average salary last 5 years; maximum \$500, minimum \$300. 25 years' service, proportionate annuity

Proportionate to years of service; minimum 20 years \$350, maximum 25 years \$500

TABLE 1.—CERTAIN FEATURES OF STATEWIDE TEACHER RETIREMENT SYSTEMS (Cont.)

Superannuation or service retirement														
State's payment					Conditions of retirement					Retirement allowance				
States •	Date of establishment of retirement system	Sources of funds	Form of teachers' deposit	Fund receiving payment	Amount paid	When paid	Years of service					Age for compulsory retirement	Flat benefit	Annuity (Not including benefits from prior service credits)
							Total	In state	Immediately preceding retirement	Minimum optional retirement	11				12	13	14
Montana •	1937 (1915)	State—Teacher	5% of salary	Pension accumulation fund	a. Percent of earnable compensation of each member b. Further percent for deficiency contribution. Both percents to be fixed by actuarial valuations	Annually	15	10	..	60	70		Annuity from teachers' deposits. Pension equals 1/4 average final compensation or, if service is less than 35 years, pension equals 1/140 average final compensation multiplied by number of years' service	
Nevada •	1937 (1915)	State—Teacher	5% of salary	Public school teachers' permanent fund	Proceeds from an ad valorem tax of 5 mills on the hundred dollars of all taxable property in the state	Annually	30	15	10	60			Annuity from teachers' deposits. Pension equal if not exceeding 25% average salary over 10 years during greatest salary earnings	
New Jersey	1919	State—Teacher	Percent of salary determined by benefits promised	a. Pension accumulation fund b. Pension fund	Amount paid from school apportionment fund represents constant ratio of earnable salary of new entrants a. Amount paid from school apportionment fund represents percent of total compensation of all present entrants for service during preceding school year. Equals average percent rate of payment which aggregate payment of state to pension accumulation fund bears to payroll of new entrants b. Amount paid from school apportionment fund represents percent rate of total compensation of all members. To be at least 3% greater than preceding annual payment	Annually	35	25	..	..	70		Annuity from teachers' deposits. Pension equals 1/140 average annual salary during last 5 years preceding retirement multiplied by years of total service	

tion of all members. To be at least 3% greater than preceding annual payment

New Mexico	1937	State only	No special fund			25	25	10	60	70	3 1/2 average annual salary during last 5 years: minimum \$600, maximum \$1,500
New York	1921	State-Teacher	Pension accumulation fund	a. Uniform, constant percent of earnable compensation of average new entrant b. Rate percent of total compensation of all contributors in preceding school year. To be at least 3% greater than preceding annual payment	Annually Annually	{ 25 25 35 }	25	..	60	70	Annuity from teachers' deposits. Pension equals 1/140 average salary during 5 years preceding retirement multiplied by years of service; if service equals less than 25 years, pension equals 1/100 such salary multiplied by years of service Annuity equals 1/50 annual salary during last 5 years multiplied by years of service; maximum \$750, minimum \$350 Annuity from teachers' deposits. Equal pension
North Dakota	1913	State-Teacher	Teachers' insurance and retirement fund	Sum set aside from county tuition fund equal to 10c for each child of school age	Annually	25	18	5	..	..	
Ohio	1920	State-Teacher	Employer's accumulation fund	a. Uniform, constant percent of earnable compensation of average new entrant b. Rate percent on basis of payroll used in computing deposits during the previous school year	Annually Annually	{ .. 36 }	..	..	60	70	Annuity from teachers' deposits. Pension equals 1/160 average salary during 10 years preceding retirement multiplied by years in service
Pennsylvania	1919	State-Teacher	a. Contingent reserve fund b. State annuity reserve fund number two Percent of salary up to \$2,000 Percent of salary to be determined by benefits promised; minimum \$16, maximum \$100	a. Amount equal percent of total compensation paid all contributors during preceding school year. Payment to be at least 3% greater than second preceding payment b. Amount equal to percent of total compensation paid all contributors for service in preceding school year	Semiannually Semiannually Semiannually	10	..	..	62	70	Annuity from teachers' deposits. Pension equals 1/160 average salary during 10 years preceding retirement multiplied by years in service
Rhode Island	1908	State only	No special fund created	State makes appropriations	Not specified by law	35	25	15	..	..	Pension equals 1/2 average salary during last 5 years preceding retirement; maximum \$700, minimum \$500 Annuity from teachers' deposits. Pension from state equal to annuity
Utah	1937	State-Teacher	Utah state teachers' retirement fund	6% of total compensation paid to members during preceding month	Monthly	{ 15 30 }	15	..	60	70	..
						30	30	..	55	55	

TABLE 1.—CERTAIN FEATURES OF STATEWIDE TEACHER RETIREMENT SYSTEMS (Cont.)

Superannuation or service retirement													
State's payment				Retirement allowance									
States	Date of establishment of retirement system	Sources of funds	Form of teachers' deposit	Fund receiving payment	Amount paid	When paid	Years of service					Flat benefit	Annuity (Not including benefits from prior service credits)
							Total	Total	Immediately preceding retirement	Age for compulsory retirement	Optional retirement		
1	2	3	4	5	6	7	8	9	10	11	12	13	14
Vermont	1919	State-Teacher	Percent of salary, minimum \$16; maximum \$100	Annuity fund	Such amounts as may be appropriated by the general assembly. No payment for one member to exceed \$100 in any one year. Maximum appropriation for any one year \$25,000	From time to time	30	20	5		60 women, 65 men		Annuity from teachers' deposits plus state payments
Virginia	1908	State-Teacher	1% of salary	Retired teachers' fund	"Such sums as may be appropriated for the benefit of the 'retired teachers' fund'"	Not specified by law	30	30	..		50 women, 58 men		Sum equaling 1/2 average salary during last 5 years; maximum \$400 unless salary equals \$1,000, then maximum \$500
Washington *	1937 (1923)	State-Teacher	Percent of salary graded according to age at entering service	Pension fund	4% of current school fund	Annually	5	..	..	60			Annuity from teachers' deposits plus pension from state funds to provide \$40 a month, or if funds are insufficient, available funds are to be prorated by board of trustees
Wisconsin	1921	State-Teacher	5% of salary	General fund of state treasury, set apart for retirement deposit fund	Proceeds from surtax on incomes over \$3,000	Annually	..	..	..	50			Annuity from teachers' deposits. Pension from state payments

* Kentucky has been omitted; its law has been inoperative since its enactment in 1928.

* 1937 amendment will become effective 1939; service requirement will be reduced; compulsory retirement at 66.

* Former plan reorganized by 1937 law.

Table 1 shows that all statewide systems are joint contributory except those in Arizona, New Mexico, and Rhode Island, where teachers do not contribute, and in Michigan, where the state does not contribute. In three of the older systems, California, Illinois, and Indiana, a flat amount is set by law for teachers' contributions. In all other state joint-contributory plans, the teacher contributes a percent of his salary. In six systems the law provides for a definite percent of the teacher's salary to be contributed by members. Some systems set a minimum and maximum amount; others grade the percent according to service; still others determine the percent by the benefits promised.

Column 6, Table 1, indicates variations in the provisions for state support. In some cases an element of uncertainty may exist where the law merely stipulates that the state shall contribute "such amounts as shall be appropriated by the general assembly," or "such amounts as shall be appropriated by the general court." These payments are usually made by the state annually or biennially. However, in several state teacher retirement laws no regular time has been set for payment of the state's contribution.

Service requirements for retirement vary from none to forty years. In some states all of the required service must be in the state from which the teacher expects to draw a retirement allowance. In other states, part of the service requirement may be met by years taught in other states. Most systems including a service requirement in their conditions for retirement stipulate that at least a part of this service be in the state.

Sixty years of age is usually set as the date for optional retirement. This age limit may be in addition to the service requirement, altho in five systems teachers may retire at sixty without fulfilling service requirements. Eleven systems set seventy as the age for compulsory retirement. No other state systems have set any compulsory retirement age, but Arkansas' new 1937 retirement law provides for employment after sixty at the discretion of the schoolboard.

Only two systems pay a flat sum to all retired teachers. These are the \$600 allowance paid by the Arizona pension system and the \$500 allowance paid by California's joint-contributory system. Three other state systems pay a flat benefit rather than an annuity, but in

Indiana and Minnesota the flat benefit is graded according to service, and in New Mexico and Utah it is graded according to salary. All other state systems pay annuities to retired teachers; allowances usually consist of an annuity based on the teacher's deposits and of a pension from the state contributions.

Accidents and illness make it necessary sometimes for teachers to withdraw from active work prior to the time of regular retirement. The practise in a number of statewide systems is to provide such disabled teachers with (1) an annuity representing the actuarial equivalent of the teacher's accumulated deposits, and (2) a pension from the state to bring the total disability allowance up to an amount proportional to the length of service, but not exceeding the allowance provided for regular superannuation retirement. Other states provide a disability allowance calculated in terms of service but with little relation to the teacher's deposits or the state's payments under the pension plan.

Certain conditions are usually set up to safeguard the granting of disability benefits. These conditions are in the nature of a minimum period of service to be rendered and proof of disability by medical examination. The granting of a disability allowance is usually preceded by a careful examination of the applicant and followed by periodic reexaminations to test continuance of disability.

Applicants for disability benefits from statewide retirement systems are usually required to have given a certain period of service, most often 10 or 15 years. In general this service must have been rendered in the state wherein the applicant was teaching at the time the disability occurred. A number of states require the teacher to be under a certain age, generally the minimum age for superannuation retirement. A few systems require that the teacher have deposited certain amounts into the retirement fund before he is eligible for retirement for disability.

The extent of the disability prerequisite to retirement varies among the statewide systems. Many specify that a teacher is eligible for retirement if he is incapable of further school service or efficient performance of duty. Wisconsin specifies retirement for disability when the individual is prevented from doing any occupation or work for compensation of financial value. Indiana does not mention any limi-

tation upon the extent of disability. Minnesota, North Dakota, and Rhode Island do not specify any occupational limitations, altho they mention that the teacher must be mentally or physically incapacitated.

Local—Table 2 shows the general trend in the characteristics of local retirement systems. From this table may be drawn generalizations as to the "typical" city and county teacher retirement system. The majority of the local plans follow the same lines as the typical statewide system. Most local systems are joint contributory. Teachers' deposits are usually based upon percent of salary. The source of city or county payments appears to be rather evenly divided between appropriations by the city and tax sources earmarked for the retirement fund. Sixty is the usual age specified for optional retirement, altho 20 systems specify no age. Most local systems require 25 or 30 years' service and only 7 systems set no service requirements. Less than one-third of the local systems set minimum amounts of deposits before optional retirement is permitted. Most local systems do not set any age for compulsory retirement; 5 of the 10 which do, specify sixty-five as the age for compulsory retirement. Half the local systems pay teachers a flat sum, and half pay in an annuity of one kind or another. Two local systems do not provide for disability retirement. Of those systems which do permit retirements for disability, several specify that disabled teachers, in order to be eligible for disability retirement, must be under a certain age. Service requirements ranging from 5 to 30 years are set by differing local systems as a prerequisite for disability retirement. The allowances in such cases are usually a sum or annuity proportionate to the superannuation or service retirement allowances.

Table 3 provides a brief comparison of local retirement plans in eight large cities. All are joint-contributory plans. In six of the eight systems the teachers' contributions are based on a percent of salary. Conditions for retirement vary, as do the retirement allowances. Five of these eight city systems participated in the present study of the status quo of teacher retirement. Reference to Tables 5, 7, 9, 12, and 15 will provide evidence as to the operations of the systems in Detroit, New Orleans,

New York, Baltimore, and Washington, D. C. Chicago, Milwaukee, and Minneapolis did not cooperate in the present study.

Membership in Teacher Retirement Systems

Data on the membership of teacher retirement systems were assembled by means of a form which called for the total number of enrolments in the retirement system up to the close of the last completed membership year. It also requested the segregation of total enrolments into two principal groups: those who were still members of the system at the end of the year, and those whose membership had terminated. The "terminated memberships" were subdivided according to cause of termination: (1) withdrawal, resignation, or dismissal; (2) death prior to retirement; and (3) retirement. The terminations due to retirement were segregated into retirements for superannuation or service, and retirements for disability.

Total enrolments—A question of first importance concerning retirement systems is the number of persons enrolled by the systems since their establishment. A few have been in operation since the latter part of the nineteenth century and the first decade of the twentieth. Others have been inaugurated as recently as 1937. While the rules with respect to participation vary, the general practise is to make it compulsory for newly employed teachers, but to allow those already in service an option as to membership. Some systems apply only to the administrative and instructional staff of the public schools. Other systems include all public school employees, as well as the staffs of certain state institutions. These factors should be remembered in considering data on total enrolments.

Tables 4 and 5 show the total enrolments from date of establishment to the end of the last completed membership year in state systems and in city and county systems. Montana advised that its system, being reorganized in 1937, could not be included in the statistical tabulations of this bulletin. Illinois is the only other statewide retirement system not included. Total enrolments for state systems range from

⁴ For a definition of the term "terminated memberships" and other technical phrases consult the inquiry form reproduced at the end of this bulletin.

TABLE 2.—PRINCIPAL FEATURES OF FORTY-SIX LOCAL TEACHER RETIREMENT SYSTEMS

Features		Number of local systems	Features		Number of local systems
1	2		1	2	
<i>Source of funds:</i>			<i>Superannuation retirement allowances (cont.):</i>		
A. City or county and teachers.....		28	B. Annuity representing actuarial equivalent of sum of deposits with regular interest, plus pension purchased by city's or county's payments.....		8
B. City or county alone.....		11	C. Annuity representing actuarial equivalent of teacher's and city's accumulated deposits with interest.....		1
C. Teachers alone.....		6	D. Annuity graded according to salary and/or length of service, with varying provisions..		9
D. State and teachers.....		1	E. Uniform annuity.....		3
<i>Teachers' deposits:</i>			F. Percent of salary (usually not to exceed stated maximum).....		4
A. Flat amount.....		1	<i>Conditions for disability retirement (two local systems do not provide for disability retirement):</i>		
B. Percent of salary.....		17	A. Age limitation:		
C. Percent of salary graded according to service..		2	Under 60.....		3
D. Flat amount graded according to service.....		5	Under 55.....		1
E. Amount based on sex, and age at entering service.....		3	Under 50.....		1
F. Percent of salary graded according to sex, and/or age at entering service or membership.....		5	Over 50.....		4
G. Indefinite percent of salary.....		2	No such limitation.....		35
H. No deposits from teachers.....		11	B. Total years' service required:		
<i>City or county payments (no record for one system):</i>			5.....		2
A. Tax sources earmarked for retirement fund..		17	10.....		19
B. Board of education appropriation.....		10	12.....		1
C. City appropriation.....		11	15.....		2
D. Board of education pays part; city pays part..		1	20.....		5
E. State appropriation.....		1	21.....		1
F. No payments from public funds.....		5	25.....		7
<i>Conditions of optional superannuation retirement:</i>			30.....		3
A. Minimum age: ^a			No such requirement.....		4
55.....		3	C. Amount of total number years' service required to be in city system:		
57.....		1	3/5.....		1
60.....		12	5 yrs.....		1
62.....		1	6 yrs.....		3
65.....		6	10 yrs.....		14
55 for women; 60 for men.....		5	15 yrs.....		7
No age specified.....		20	20 yrs.....		4
B. Years of service required: ^a			25 yrs.....		3
10.....		3	No such requirement.....		11
20.....		5	D. Sum of deposits required before disability retirement:		
25.....		11	Deposits for 5 years.....		3
30.....		17	\$300.....		1
35.....		2	400.....		2
40.....		2	1 % of salary.....		1
30 for women; 35 for men.....		1	Graded same as for superannuation or service retirement.....		1
No service requirement specified.....		7	At least minimum dues.....		1
C. Amount deposited required before optional retirement permitted:			No such requirement.....		35
\$200.....		3	<i>Disability retirement allowances:</i>		
300.....		1	A. Flat sum as for superannuation retirement...		1
400.....		1	B. Flat sum proportionate to service.....		6
720.....		3	C. Percent of salary, not exceeding maximum set..		4
Amount = 1/4 first annual pension.....		2	D. Indefinite amount not exceeding superannuation or service retirement allowance.....		3
Amount = 1 year's pension.....		1	E. Annuity as for superannuation retirement...		3
Graded.....		1	F. Annuity proportionate to service and to regular superannuation annuity.....		17
Amount = 1/2 last year's salary.....		1	G. Annuity plus pension proportionate to service and to regular superannuation annuity and pension.....		6
1% of salary for 30 years.....		1	H. Annuity representing actuarial equivalent of teacher's accumulated deposits with interest.....		1
No such requirement.....		32	I. Annuity representing actuarial equivalent of teacher's accumulated deposits with interest, advanced to 50 years.....		1
<i>Compulsory retirement age:^b</i>			J. At discretion of board.....		1
75.....		1	K. Monthly amount equal to difference between \$75 and monthly annuity purchasable by member's deposits.....		1
70.....		3			
68.....		1			
65.....		5			
No compulsory age.....		36			
<i>Superannuation retirement allowances:</i>					
A. Flat amount:					
\$ 25 mo.....		1			
50 mo.....		6			
360 yr.....		1			
400 yr.....		1			
480 yr.....		5			
500 yr.....		4			
600 yr.....		1			
900 yr.....		1			
Flat amount graded according to salary and/or length of service.....		1			

^a Includes double entry for two systems with optional conditions.

^b One system requires compulsory retirement also after 40 years' service.

TABLE 3.—ANALYSIS OF EIGHT LARGE LOCAL TEACHER RETIREMENT SYSTEMS

Name of system	Employees' contribution	City's contribution	Conditions for retirement	Retirement allowances	Other benefits
BALTIMORE:					
Employees' retirement system of the City of Baltimore (Maryland Acts of 1924, Ch. 411; city ordinance No. 553 of 1925)	Percent of salary (based on sex, age at entrance, and kind of work) calculated to purchase annuity of 1/140 of average final compensation for each year of service	Annual contributions to cover its share of benefits earned by current service and to meet accrued liability; cost of administration and extra benefits	Superannuation: Optional at age 60, and compulsory at 70. No service requirement. Ordinary disability: 5 years' service. Duty disability: No age or service requirement. Medical certification for all disability retirements	Superannuation: Annuity and pension to equal, for each year of service, 1/70 of average final compensation; full allowance for prior service. Ordinary disability: 9/10 of retirement allowance; minimum, 25% of average final compensation. Duty disability: Annuity plus pension of 2/3 of average final compensation	Ordinary accidental death benefit; death benefit
CHICAGO:					
Chicago public school teachers' pension and retirement system (Laws of 1921, p. 821; 1925, p. 571)	Contributions, graded by length of service, ranging from \$10 to \$50 a year and totaling \$850 in 25 years	Appropriation of \$2 for each \$1 from teachers; if insufficient, amount needed is to be transferred from general education fund	Superannuation: No age requirement; 25 years' service, of which 15 must have been in Chicago Permanent disability: 12 years' service, 3/5 of which must have been in Chicago	Superannuation: After 25 years' service, \$800 a year, with \$20 extra for each year of service over 25, up to 10; maximum, \$1,000. Disability: Such proportion of \$800 a year as retiree's contributions form of \$850; minimum, \$300 a year	None
DETROIT:					
Detroit public school teachers' retirement fund (Pub. Acts of 1923, No. 152)	3% of salary (2% prior to September, 1926) but salary over \$1,500 a year exempt	Interest on daily balances of teachers' salary roll, and tuition fees paid by non-resident pupils, etc.	Superannuation: No age requirement; 30 years' service, of which the last 20 must have been in Detroit. Disability: 10 years' service in Detroit	Superannuation: \$1,200 a year. Disability: Such proportion of \$1,200 a year as retiree's years of service are of 30; minimum, \$400	None
MILWAUKEE:					
Milwaukee public school teachers' annuity and retirement fund (Laws of 1909, Ch. 510; 1911, Ch. 189; 1921, Ch. 591; 1925, Ch. 243)	Contributions, graded by length of service, ranging from \$4 to \$8 a month; not required after 40 years' service	40% of proceeds of a surtax on net incomes	Superannuation: Optional at age 65, after 25 years' service, and at any age after 35 years' service, of which 15 and 20, respectively, must have been in Milwaukee. Disability: 25 years' service, 15 in Milwaukee	Superannuation and disability: After 25 years' service, \$600 a year, with \$20 additional for each year of service over 25, up to 15; maximum, \$900	None

TABLE 3.—ANALYSIS OF EIGHT LARGE LOCAL TEACHER RETIREMENT SYSTEMS (Cont.)

Name of system	Employees' contribution	City's contribution	Conditions for retirement	Retirement allowances	Other benefits
MINNEAPOLIS:					
Minneapolis teachers' retirement fund association (Gen. Laws 1909, Ch. 343; 1923, Ch. 310)	5% of salary. Those under 25 do not contribute	Amount raised by a tax levy of 1 mill on the dollar	Superannuation: No age requirement, but city's share of allowance not to be paid till age 50 is reached; no service requirement. Disability: 5 consecutive years' service	Superannuation: Annuity bought with retiree's accumulated contributions plus pension bought with city's accumulated contributions on his behalf; latter not available under age 50. Allowance for prior service. Disability: Same as superannuation, except that city's pension is available at once, regardless of age	Options; death benefit
NEW ORLEANS:					
New Orleans teachers' retirement fund (Act No. 116 of 1910; No. 263 of 1914; and No. 17 of 1918)	2% of salary	Amount equal to 3% of teachers' salary roll; minimum, \$30,000 a year	Superannuation: Optional up to age 65, after which compulsory retirement may be demanded if advisable; 30 years' service as minimum, 40 as normal requirement. Disability: 5 years' service	Superannuation: After 40 years' service 1/2 of average salary for last 5 years; under 40 years' service, 1/40 of normal allowance for each year of service; minimum, \$300; maximum, \$600. Disability: For each year of service, 1/40 of normal retirement allowance	None
NEW YORK:					
Teachers' retirement system of the City of New York (Laws of 1917, Ch. 303; Charter of Greater New York, Sec. 1092)	Percent of salary, based on age at entrance	Regular appropriations, calculated on actuarial basis, to cover current and accrued liability; and cost of administration	Superannuation: Optional at age 65; compulsory at 70; 35 years' service, of which, in case of future entrant, 20 must have been in New York City. Disability: 10 years' service	Superannuation: Annuity bought by retiree's accumulated contributions plus pension bought by city's accumulated contributions, amounting to 1/70 of average final salary for each year of service. Allowance for prior service. Disability: Annuity bought by retiree's accumulated contributions plus pension of 20 or 25%, according to circumstances of average final compensation	Death benefit; options
WASHINGTON, D. C.					
Teachers' retirement fund of Washington, D. C. (41 U. S. Stat. L., p. 387; 44 U. S. Stat. L., Pt. 2, p. 727)	Percent of salary, not to exceed 8, calculated on actuarial basis, but all salary over \$2,000 a year exempt	District contributes a percent of teachers' salary roll to cover its share of benefits earned by current service, and its accrued liability	Superannuation: Optional at age 62; compulsory at 70; 10 years' service in District and since reaching age 52. Disability: 10 years' service, if retiree is 45 or over, and 15 years, if under that age	Superannuation and disability: Annuity consisting of two parts: (1) An amount equal to 1% of the average salary for last 10 years multiplied by years of service; (2) an amount equal to \$15 multiplied by years of service prior to 1926. Service in excess of 40 years not used in calculating allowances	Options

Source: Egger, Rowland Andrews. *The Retirement of Public Employees in Virginia*. New York: D. Appleton-Century Co., 1934, p. 178, 196, 198, 200

TABLE 4.—MEMBERSHIP STATISTICS OF STATE TEACHER RETIREMENT SYSTEMS

Retirement system	Number of active member-ships 1935-36	A. Total figures since establishment of system								B. Figures for last fiscal year					
		Number of total enrol-ments	Number of terminated member-ships since establishment of system distributed by cause:				Number retired for				Total number of terminated member-ships last fiscal year distributed by cause:	Number retired for			
			Total number of terminated member-ships	With- draws	Death	Retire- ment	Superan- nation	Disa- bility	Total number of terminated member-ships last fiscal year distributed by cause:	With- draws		Death	Retire- ment	Superan- nation	Disa- bility
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	
Arizona *	46,498 ^b	90,000 ^a	43,502 ^a	40,276 ^d	.....	119	89	30	.....	.....	.....	8	5	3	
California.....	.....	.....	.....	.....	.....	3,226	2,384	842	.....	.....	.....	275	197	78	
Connecticut.....	9,280	21,148	11,868	10,886	329	653	608	45	470	407	15	48	46	2	
Indiana.....	20,750	34,659	13,909	11,799	611	1,499	1,344	155	2,008	1,654	76	278	239	39	
Louisiana *	11,000	.....	0	0	.....	0	0	0	0	0	0	0	0	0	
Maine.....	2,171	2,705	534	529	5	0	0	0	198	195	3	0	0	0	
Maryland.....	5,337	9,702	4,365	3,873	120	372	287	85	368	323	13	32	25	7	
Massachusetts.....	20,408	50,635	30,227	26,265	1,209	2,753	2,592	161	1,134	867	75	192	183	9	
Michigan.....	26,000	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	
Minnesota.....	4,034	5,068	1,034	847	25	162	162	0	354	315	8	31	31	0	
Nevada.....	2,531	.....	78	25	.....	53	31	22	12	10	.....	2	1	1	
New Jersey.....	27,377	54,581 ^a	27,204 ^a	23,752	1,122	2,317	1,943	374	1,265	971	94	200	177	23	
New York.....	45,921	94,750	48,829	44,095 ^f	0	6,084 ^h	6,084 ⁱ	.....	3,508	3,146 ^j	0	362	298	64	
North Dakota.....	.....	.....	.....	.....	.....	161	161	0	.....	.....	.....	6	6	0	
Ohio.....	48,000 ^a	116,616 ^a	68,616	59,730	3,223	5,663	4,430	1,233	3,050	2,374	277	399	320	79	
Pennsylvania.....	73,404	165,364	91,960	84,227	1,964	5,769	4,475	1,294	4,530	3,818	216	496	415	81	
Rhode Island *	.....	.....	.....	.....	.....	606	.....	.....	.....	.....	.....	18	15	3	
Vermont.....	434	880	446	336	27	83	73	10	33	20	0	13	9	4	
Virginia *	.....	.....	.....	.....	.....	1,087	.....	.....	.....	.....	.....	.....	.....	.....	
Washington.....	16,602	18,383	1,781	1,066	163	552	478	74	161	72	17	72	55	17	
Wisconsin.....	14,579	31,961	17,382	15,343	675	1,364	1,331	33	315	1,153	49	124	123	1	
Totals.....	374,326	707,452	361,657	323,049	9,473	32,523	26,472	4,358	17,406	15,325	843	2,556	2,145	411	

^a Pension system without enrolment or membership.
^b Teaching positions.
^c Estimated by secretary of teacher retirement system.
^d Estimated terminations other than retirements.
^e First fiscal year incomplete.
^f Data not reported.
^g Includes 13 in active and in retirement register when allowances were continued to beneficiaries at the death of members retired under joint life annuities.
^h Includes 1,350 transferred from old retirement system.
ⁱ Includes disability retirements also.
^j All terminations except retirements.

TABLE 5.—MEMBERSHIP STATISTICS OF LOCAL TEACHER RETIREMENT SYSTEMS

Retirement system	Number of active member-ships 1935-36	A. Total figures since establishment of system								B. Figures for last fiscal year					
		Number of total enrol-ments	Number of terminated member-ships since establishment of system distributed by cause:				Number retired for			Total number of terminated member-ships last fiscal year distributed by cause:	Number retired for				
			With- drawals	Death	Retire- ment	Superan- tuation	Disa- bility	With- drawals	Death		Retire- ment	Superan- tuation	Disa- bility		
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	
Montgomery, Ala. ^a	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	
Colo. Springs, Colo. ^a	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	
Denver, Colo. ^a	2,089	.....	.....	.....	.....	46	358	64	96	54	9	33	29	4	
Grand Junction, Colo. ^a	103	112	9	.....	.....	.....	9	.....	.....	.....	.....	.....	5	.....	
Greeley, Colo. ^a	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	
Pueblo, Dist. #1, Colo. ^a	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	
Washington, D. C.	3,140	4,344	1,204	667	132	405	302	103	130	67	22	41	31	10	
Bibb County, Ga. ^a	281	.....	.....	.....	.....	21	.....	.....	b	.....	.....	.....	.....	.....	
Cedar Rapids, Iowa	388	533	145	114	11	20	12	8	31	24	3	4	1	3	
Davenport, Iowa	331	418	87	52	12	23	22	.....	12	.....	0	.....	3	.....	
Des Moines, Iowa	891	937	46	33	1	12	11	1	46	33	1	12	11	1	
Parsons, Kans.	12	15	3	.....	.....	.....	.....	.....	0	0	0	0	0	0	
Topeka, Kans.	432	1,028	596	527	13	56	54	2	2	1	0	0	1	0	
Bowling Green, Ky. ^a	.....	93	2	.....	.....	0	.....	.....	2	2	0	0	0	0	
New Orleans, La.	1,890	3,573	1,683	1,262	139	282	160	122	88	70	12	6	5	1	
Baltimore, Md.	4,760	13,411	1,349	664	143	542	472	70	110	59	7	47	39	8	
Boston, Mass.	13,732	23,510	9,778	4,777	1,665	2,716	2,434	282	675	348	7	162	146	19	
Detroit, Mich.	7,408	b	b	b	b	564	479	85	140	80	21	39	32	7	
Duluth, Minn.	720	2,512	1,792	1,647	50	95	88	7	52	40	2	10	10	0	
Meridian, Miss. ^a	.....	.....	.....	.....	.....	7	.....	.....	.....	.....	.....	3	2	1	
Omaha, Nebr.	1,194	2,626 ^a	1,432 ^a	1,099 ^a	100	233	188	45	84	64	5	15	11	4	
Manchester, N. H. ^a	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	
New York, N. Y.	35,789	50,458	14,669	9,471 ^f	.....	6,596 ^a	b	b	b	b	b	319	250	69	
Bristol, R. I.	78	325	247	b	b	.....	.....	.....	.....	.....	.....	.....	b	.....	
Providence, R. I.	1,378	1,946	568	436 ^f	.....	132	120	12	52	36 ^f	.....	16	13	3	
Salt Lake City, Utah	1,016	b	b	b	b	99	68	31	b	b	b	13	8	5	
Seattle, Wash.	1,693	3,726	2,033	1,774	145	114	111	3	78	55	5	18	17	1	
Spokane, Wash.	606	1,516	910	824	23	63	60	3	31	29	1	7	6	1	
Tacoma, Wash.	.....	1,315	753	637	31	85	51	34	26	17	1	8	6	2	
Totals	77,237	103,749	37,306	23,986	2,466	12,577	5,003	894	1,661	988	251	767	626	141	

^a Pension system without enrolment or membership.

^b Data not reported.

^c Provides only for disability retirement.

^d First fiscal year incomplete.

^e Estimated by secretary of teacher retirement system.

^f All terminations except retirements.

^g Includes disability retirements also; 1,398 retirees under old system also included.

873 in Vermont to 165,364 in Pennsylvania; for local systems, from 15 in Parsons, Kansas, to 50,458 in New York City. Total enrolments include reentrants—persons who have joined the system more than once.

Active memberships—Tables 4 and 5 also show the number of persons who are active members. These systems report as many as 73,404 active members in Pennsylvania, 46,498 in California, 48,000 in Ohio, and 45,921 in New York. In some states, where statewide retirement provisions are in effect, separate city systems also have large active memberships: for example, Boston reports an active membership of 13,732; New York City reports 35,789. In Iowa, where there exist no statewide provisions, retirement systems in Cedar Rapids, Davenport, and Des Moines have active memberships of 388, 331, and 891 respectively. In Nebraska, where there is no statewide retirement provision, there are over 1000 active members in the local system of Omaha. When statewide plans are first adopted, members of existing local funds must be taken into consideration. In Louisiana, where a statewide plan has just been inaugurated, New Orleans already had an active membership of 1890. Reorganization of the state system in Washington, just passed by the 1937 legislature, must take account of the system operating in Seattle with an active membership of 1693, and as well the smaller systems in Everett, Spokane, and Tacoma, with active memberships of about 500 each.

Terminated memberships—Active membership in a retirement system may be terminated for any one of three causes: (1) withdrawal, resignation, or dismissal; (2) death prior to retirement; (3) retirement.

The factors which control the ratio of terminated memberships to total enrolments cannot be determined entirely from data presented here. However, the period of tenure among teachers in service will affect the number of withdrawals prior to retirement. Age and service requirements for voluntary or compulsory retirement have a direct bearing on the proportion of terminated memberships. Varying requirements concerning the nature and proof of incapacity presumably would affect the proportion of disability retirements.

In Tables 4 and 5 are given the total number of terminated memberships. These terminated memberships range, in the state systems, from 446 in Vermont to 91,960 in Pennsylvania; in the local systems, from 2 in Bowling Green, Kentucky, and 3 in Parsons, Kansas, to 14,669 in New York City.

Perhaps the most striking fact revealed in Tables 4 and 5 is the large proportion of terminations, in most systems, due to withdrawal prior to retirement. With the exception of Nevada, which reports about one-third, no system among either states or cities reported fewer than half of all terminations due to withdrawal.⁵ In many systems the proportion approached or exceeded 90 percent.

These facts reflect to some extent the generally short tenure of position in teaching. There is, however, no reason to assume that the number of withdrawals should be as small as or smaller than, the number of retirements or deaths prior to retirement. Many persons who withdraw from a system do so, not because they are leaving the teaching profession, but because they are leaving the state or city to teach elsewhere. Moreover, a larger proportion of withdrawals might be expected because withdrawals are spread over the entire range of ages up to the minimum age for superannuation retirement, while most retirements occur within a relatively narrow range of ages.

Retirements—Fifty systems included in the present study of annuitants report a total of 45,427 members retired up to June 30, 1936. All except 12,855 of these retirements were granted by state systems. Approximately 15 percent of the total superannuation or service retirements and 16 percent of the total disability retirements were granted by local systems. More than two-thirds of the total retirements (69.5 percent) were granted for superannuation or service. Tables 4 and 5, in columns 7, 8, and 9, divide total retirements for each system into two groups—superannuation or service retirements, and disability retirements. In most of the systems a large majority of the retirements were for superannuation or service, but the proportion of retirements for disability and for superannuation or service varies among systems. Probably one major factor in these variations is the rate of withdrawal

⁵ In California and New York City the records available do not separate the terminations due to withdrawal from those due to death prior to retirement.

from the system prior to retirement. Obviously, if relatively few teachers remain in service long enough to qualify for superannuation or service retirement, the percent of all retirements due to disability is likely to be relatively large.

Another factor which would naturally exert considerable influence is the nature of the various regulations governing retirement for disability and for superannuation or service.⁶ It has been asserted that the granting of disability benefits because of incapacity as a teacher would result in a larger proportion of disability retirements than if retirement were granted only in case of unfitness to pursue any gainful occupation. It might be assumed, also, that an early minimum age for superannuation retirement would result in a larger proportion of such retirements than if the minimum age requirement were higher. The length of service required would be of some influence. A study of the provisions covering these points in the state retirement laws, however, does not entirely explain the variations found in Table 4. It is true that Wisconsin, which has retired a relatively large number of teachers for superannuation and relatively few for disability, sets the low age of fifty as the minimum for superannuation retirement, and retires members for disability only if they are incapacitated for "any occupation or work for compensation of financial value." But all the other state systems listed, except California and Indiana, have a minimum age of sixty for superannuation or service retirement, and specify that disability retirement is to be granted in case of incapacity to perform further efficient service in the schools. In spite of these facts, Connecticut and Massachusetts reported a large proportion of their total retirements as due to superannuation and relatively few as due to disability—figures which approximate those for Wisconsin. Some systems have made special provision for certain groups of members, allowing them to retire upon fifteen to forty years' service, regardless of age. This may account for the high proportion of superannuation or service

retirements in Connecticut, Indiana, Massachusetts, and Spokane, Washington. On the other hand, California, which requires only thirty years of service for superannuation retirement, has granted a lesser proportion of its retirements on account of superannuation and a greater proportion on account of disability, than have other state systems.

A clearer picture of the operation of the systems in any one year is shown by columns 10-15 of Table 4. This part of the table compares the number of terminations during the last completed membership year for the various causes, with the number of persons who were active members during that year.

Only a few of the active members of state or local systems terminated their membership during the year for which reports were made. Terminations on account of withdrawal exceeded terminations from any other cause during the last completed membership year. Deaths prior to retirement were not numerous. Retirements accounted for terminations among a small proportion of the active members, and disability caused but few of these retirements.

Retirement Allowances

It has been stated previously that "the retirement allowances 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."⁷ Previous studies have shown that many teachers retired by existing retirement systems are entirely dependent upon the allowances granted.⁸ Many persons will not be anxious to exchange their accustomed active salaries for a retirement allowance that is considerably smaller. Since one of the major purposes of retirement systems is to encourage retirement as soon as efficiency begins to decline, it is obvious that the amount paid retired teachers is a matter of first importance.

Conclusions should not be drawn concerning the soundness or usefulness of any retirement system solely on the basis of allowances paid. In the long run such amounts depend on the

⁶ For regulations governing retirement from state systems, see: National Education Association, Research Division. "Current Issues in Teacher Retirement." *Research Bulletin* 8: 221-88; November 1930. Tables 9, 10, 13, and 15, p. 249-50, 258-59. See also Tables 1 and 2, p. 100 and 107 of this report.

⁷ National Education Association, Research Division. "Current Issues in Teacher Retirement." *Research Bulletin* 8: 226; November 1930. Washington, D. C.: the Association.

⁸ See: (1) Shaw, Reuben T. *A Study of the Adequacy and Effectiveness of the Pennsylvania School Employees' Retirement System*. Philadelphia: Pennsylvania State Education Association, 1926. p. 96, 99, 106. (2) Eaves, Lucile, director. *Old-Age Support of Women Teachers*. Boston: Research Department, Women's Educational and Industrial Union, 1921. p. 53-58.

amounts paid in. If a system pays out larger sums than its income warrants, the system is not on a sound basis. The only way materially to increase the size of the allowances paid is: (1) to increase the revenue, which means larger deposits by teachers or increased payments from the state, or both; or (2) to increase the age or service requirements for retirement. Furthermore, since most retirement systems have been in effect for a relatively brief period the allowances being granted to teachers now retiring are smaller than the allowances that can be paid at a later period. This is because teachers now retiring have had a long period of service prior to the establishment of the retirement system and have not had time to accumulate funds for their retirement.

The average retirement allowance paid in any given retirement system may be considered from two different points of view. First, it is possible to consider the average amount being paid to all persons in retirement status at the close of the last fiscal year. Second, the consideration might be limited to those persons who entered upon retirement status during any given year. In some cases the figures are further subdivided according to whether the allowance is granted for superannuation or service, or for disability. The average allowance is made more meaningful by inclusion of data wherever available as to the smallest and largest allowance paid.

Allowances paid persons in superannuation or service retirement—Columns 3, 4, and 5 of Tables 6 and 7 show the smallest, largest, and average annual retirement allowance granted by state and local retirement systems to all persons who were in retirement status on account of superannuation or service. Figures for the last fiscal year are tabulated separately in columns 7, 8, and 9.

The highest average superannuation or service payments are being paid by the state of New Jersey (Table 6); New York City; Detroit, Michigan; Washington, D. C.; and Duluth, Minnesota (Table 7). These five systems are the only ones paying an average allowance of more than \$1000. Five other systems pay average allowances of between \$800 and \$1000. The lowest average annual allowances are reported from Vermont, Wisconsin, and Bristol, Rhode Island, each of which pays less than \$400 a year. Bristol reports an average of \$250.

Wisconsin permits teachers who withdraw from active service prior to retirement, to convert their deposits into an annuity. Many of these annuities are, of course, very small since they are based on a brief period of service. This fact possibly accounts for the relatively low average retirement allowances paid by the Wisconsin system. Similar consideration of the laws and regulations controlling each of the other systems would be necessary for a proper appreciation and interpretation of the average retirement figures reported.

Comparison of the smallest and largest allowances reported in Table 6 shows that great variation exists. Four states pay a uniform amount to all retirants. Seven report allowances under \$100 a year. Connecticut reported its smallest allowance to be \$500; New York state reported its smallest allowance to be \$400. Table 7 indicates that the local systems often pay uniform amounts. Providence, Rhode Island, is the only local system which pays less than \$100 a year to any teacher retired for superannuation or service. Detroit, Michigan, pays a uniform allowance of \$1200 a year to all persons. This is the most uniformly generous allowance reported by any system. Other systems pay more to some retirants and a great deal less to some. For instance, Pennsylvania reports allowances as high as \$5000 and at the same time pays as low as \$50. Obviously, service and age conditions help to produce these variations. The smallest and largest allowances paid should be studied with regard for the average; so, too, the average should be considered in a study of the extreme cases. New Jersey reported \$83 as its smallest retirement allowance and \$5103 as its largest; but the average of \$1413 is high. Pennsylvania and New Jersey are the only two states paying an allowance of \$5000 or over and Maryland and Wisconsin are the only others paying more than \$2000. Four other states pay more than \$1000. The remaining six states report their highest allowance to be under \$800; none falls below \$500.

Among the local systems in Table 7 the highest allowance reported was paid by the New York City system, an allowance of over \$9000. This amount is higher than any reported by a state in Table 6. Boston's largest allowance of \$3600 ranks second. Boston's smallest allowance is higher than New York City's smallest allowance, but the New York

City average allowance is about twice that of Boston.

In columns 7-9 of Tables 6 and 7 are reported the allowances granted during the last fiscal year ending June 30, 1936. The largest allowances reported are not as large as some that have been paid previously. However, the smallest allowances reported are in many cases higher than the lowest allowances reported during the entire history of the system.

Disability allowances — Several systems which grant flat pensions pay the same average allowance for disability as for superannuation or service retirement. Most of the plans, however, are paying a higher average allowance to persons retired for superannuation. The system in Bibb County, Georgia, is unique in that it pays for disability only. One or two other small local systems include in their retirement provisions the stipulation that, after certain age or service requirements have been met, teachers may be retired if they are incapable of further efficient service in the classroom. This really amounts to disability retirement.

The average disability allowance ranges from \$203 in Vermont to \$835 in New Jersey among state systems; from \$375 in New Orleans, Louisiana, to \$950 in Washington, D. C., among local systems. The smallest disability allowance among state systems was paid in Pennsylvania, \$84; the largest in New Jersey, \$4594. Among local systems, the smallest disability allowance reported was \$192 in Des Moines; the largest was \$2151 in New York City. Four other local systems and three state systems have paid disability allowances of over \$1000.

Comparison of retirement allowances with salaries in active service—In New Jersey, North Dakota, and Pennsylvania, the average retirement allowances are over one-half the present average salary in those states. In North Dakota the retirement allowance is low, even tho it is about 70 percent of the average salary. In most systems the average retirement allowance is about one-third of the present average salary. The severe reduction in income at the time of retirement means that teachers must supplement the retirement allowance by savings or other forms of income, or restrict their standard of living.

On the other hand, a retirement system has the advantage that it grants a definite sum of money which can be estimated rather accurately prior to retirement and which will continue to be paid as long as the retirant lives. Several of the existing state systems are planned so that they can grant approximately one-half of the final active salary upon retirement for superannuation or service. If this proportion is to be increased significantly it can be done only by increasing the rate of contribution.

Retirement provisions should be looked upon as one element in planning for the economic security of members of the teaching profession. The assumption that all future financial needs can be met merely by membership in a retirement system is unwise. The important position of a retirement system in a total program for financial security is well expressed in the following quotation:

The movement to establish a sound teacher retirement system in every state deserves the active support of every member of the teaching profession. Such systems constitute one of the surest and best means of protecting teachers against economic distress in old age and in the event of permanent disability at any age. There are, to be sure, other meritorious methods of obtaining such protection. Personal savings, commercial insurance, relief funds, and homes for aged or disabled teachers all have important parts to play in meeting this need. Each of these measures, however, is either more uncertain, more expensive, or less adequate to meet the needs of the teaching body as a whole than is a sound statewide retirement system."

Financial Transactions of Retirement Systems

The inquiry blank used in assembling the material for this section called for a report of the ledger assets of each system at the beginning of the last completed fiscal year, the income and disbursements during that year, and the ledger assets at the close of the year. The total income was subdivided according to sources: from public sources; from members' deposits; from interest; from donations and bequests; and from profit on securities bought, sold, and matured. Disbursements also were segregated into those for superannuation or service retirement, for disability, for withdrawal prior to retirement, for death prior to or following retirement, for administrative

⁹ National Education Association, Department of Classroom Teachers. "The Economic Welfare of Teachers." *Sixth Yearbook*, Washington, D. C.: the Association, 1931. p. 123.

TABLE 6.—NUMBER RETIRED AND ALLOWANCES PAID BY STATE TEACHER RETIREMENT SYSTEMS

Retirement system	A. Superannuation or service retirements										B. Disability retirements									
	Retired since establishment of system					Retired during fiscal year ending June 30, 1936					Retired since establishment of system					Retired during fiscal year ending June 30, 1936				
	Total number living		Allowance			Total number living		Allowance			Total number living		Allowance			Total number living		Allowance		
	retirees	retirees	Smallest	Average	Largest	retirees	retirees	Smallest	Average	Largest	retirees	retirees	Smallest	Average	Largest	retirees	retirees	Smallest	Average	Largest
1	2	3	4	5	6	7	8	9			10	11	12	13	14	15	16	17		
Arizona.....	89		\$600	\$600		\$600	\$600	\$600			30	\$600	\$600	\$600		3	\$600	\$600		
California.....	1,506		600	600		600	600	600			537 ^b	300	433	580		78	300	433		580
Connecticut.....	447		500	714		1,502	776	1,389			29	87	342	533		2	358	386		413
Indiana.....	1,140		125	474		700	510	700			111	a	500	a		32	a	500		a
Louisiana.....	0										0					0				
Maine.....	0										0					0				
Maryland.....	243		70	678		2,372	774	1,551			58	89	423	1,137		7	155	398		981
Massachusetts ^d	1,783		13	792		1,429	916	1,429			98	189	403	879		9	423	571		879
Michigan.....	932		250	435		500	485	500			188	155	295	500		27	155	353		500
Minnesota.....	151		22	706		1,618	716	1,223			0					0				
Nevada.....	28		600	600		600	600	600			16	303	393	556		0				
New Jersey.....	1,568		83	1,413		5,103	1,468	3,886			16	303	393	556		0				
New York.....	2,982		400	899 ^e		177	153	1,468			258	174	835	2,594		23	174	1,034		2,034
North Dakota.....	155		238	435		510	421	510			877	a	495	a		64	a			a
Ohio.....	3,508		23	670		1,534	712	1,400			0					0				
Pennsylvania.....	3,101		50	825		5,000	960	4,100			626	99	310	913		79	141	443		913
Rhode Island ^f	256		500	634		700	634	700			677	84	496	1,740		81	136	672		1,416
Vermont.....	73		200	295		527	341	527			82	500	634	700		5	500	634		700
Virginia.....	1,087			a		a	a	a			10	200	203	214		4	200	200		200
Washington.....	401		40 mo.	40 mo.		40 mo.	40 mo.	40 mo.			56					0				
Wisconsin.....	1,331		2	329		2,330	374	2,330			5	13 mo.	30 mo.	40 mo.		17	13 mo.	24 mo.		37 mo.
											33	300	300	300		1	300	300		

^a Information not reported.

^b Incomplete.

^c No allowances granted to date.

^d Figures for December 31, 1936.

^e Figures for 1935; 1936 not yet available.

^f Allowance amounts refer to entire list of 385 retirees.

TABLE 7.—NUMBER RETIRED AND ALLOWANCES PAID BY LOCAL TEACHER RETIREMENT SYSTEMS

Retirement system	A. Superannuation or service retirements								B. Disability retirements									
	Retired since establishment of system				Retired during fiscal year ending June 30, 1936				Retired since establishment of system				Retired during fiscal year ending June 30, 1936					
	Total number living retirees	Allowance		Total number living retirees	Smallest	Average	Largest	Total number living retirees	Allowance		Total number living retirees	Smallest	Average	Largest	Total number living retirees	Allowance		Total number living retirees
		Smallest	Largest						Smallest	Largest						Smallest	Largest	
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17		
Montgomery, Ala. ^b	7	.....	.....	\$600 ^c	1	.....	\$600	.....	0	.....	.....	\$600 ^c	0	.....	.....	.....		
Colorado Springs, Colo.	46	\$50 mo.	\$50 mo.	50 mo.	.....	.....	.....	.....	0	.....	.....	.....	0	.....	.....	.....		
Denver, Colo.	215	50 mo.	50 mo.	50 mo.	29	.....	50 mo.	50 mo.	38	\$50 mo.	\$50 mo.	50 mo.	4	\$50 mo.	\$50 mo.	\$50 mo.		
Grand Junction, Colo.	4	420	.....	480	5	480	.....	600	0	.....	.....	.....	0	.....	.....	.....		
Greeley, Colo.	4	40 mo.	40 mo.	40 mo.	1	.....	.....	.....	0	.....	.....	.....	0	.....	.....	.....		
Pueblo, Dist. #1, Colo.	3	30 mo.	30 mo.	30 mo.	0	.....	.....	.....	0	.....	.....	.....	0	.....	.....	.....		
Washington, D. C.	300	600	1,050	1,500	44	856	1,350	1,592	48	500	950	1,400	8	856	1,137	1,440		
Bibb County, Ga. ^d	.....	.....	.....	.....	.....	.....	.....	.....	13	319	440	600	2	.....	600	.....		
Cedar Rapids, Iowa	12	40 mo.	40 mo.	40 mo.	1	.....	40 mo.	.....	4	32 mo.	36 mo.	40 mo.	3	32 mo.	36 mo.	40 mo.		
Davenport, Iowa	22	.....	.....	.....	3	.....	.....	.....	1	.....	.....	.....	0	.....	.....	.....		
Des Moines, Iowa	75	272	477	480	11	480	480	480	9	192	396	471	1	.....	192	.....		
Parsons, Kans.	3	500	500	500	.....	.....	.....	.....	0	.....	.....	.....	0	.....	.....	.....		
Topeka, Kans.	35	500	500	500	1	.....	500	.....	2	417	417	417	0	.....	.....	.....		
Bowling Green, Ky. ^e	0	.....	.....	.....	0	.....	.....	.....	0	.....	.....	.....	0	.....	.....	.....		
New Orleans, La.	89	300	672	1,704	15	360	781	1,690	32	300	375	593	1	.....	523	.....		
Baltimore, Md.	368	236	709	3,090	39	610	1,256	2,508	53	188	482	1,409	8	317	626	956		
Boston, Mass. ^f	1,444	480	807	3,600	165	480	863	3,600	0	.....	.....	.....	0	.....	.....	.....		
Detroit, Mich.	272	1,200	1,200	1,200	32	1,200	1,200	1,200	65	400	766	1,180	7	616	798	1,034		
Duluth, Minn. ^g	44	141	1,045	2,192	10	558	1,167	2,093	7	200	401	667	0	.....	.....	.....		
Meridian, Miss.	8	240	335	500	3	240	280	300	2	240	.....	250	1	.....	240	.....		
Omaha, Nebr. ^h	123	900	900	900	11	900	900	900	27	643	769	900	4	643	733	771		
Manchester, N. H.	16	650	860	1,200	.....	.....	.....	.....	0	.....	.....	.....	0	.....	.....	.....		
New York, N. Y.	2,902	330	1,006	9,138	250	657	1,942	6,039	930	248	881	2,151	69	539	994	1,871		
Bristol, R. I.	5	250	250	250	0	.....	.....	.....	0	.....	.....	.....	0	.....	.....	.....		
Providence, R. I.	230	7	.....	1,631	34	82	.....	1,396	34	204	.....	1,482	8	282	.....	1,482		
Salt Lake City, Utah	53	472	.....	600	8	.....	.....	.....	19	453	.....	600	6	.....	.....	.....		
Seattle, Wash.	111	.....	480	.....	17	.....	480	.....	3	.....	.....	.....	1	.....	.....	.....		
Spokane, Wash.	53	480	480	480	6	480	480	480	2	480	480	480	2	480	480	480		
Tacoma, Wash.	40	480	480	480	5	480	480	480	5	323	402	480	3	323	369	431		

^a Information not reported.

^b Board of education may retire teachers after 21 years of service if they are mentally or physically incapable of further classroom duties. Retirement allowance is one-half salary, not to exceed \$600.

^c Maximum set by law; actual allowances paid not reported.

^d Provisions only for disability retirement.

^e No allowances granted to date.

^f Figures to December 31, 1936.

^g Fund was reorganized in 1921, but old plan is continued for members, nineteen of whom have been retired at an average allowance of \$420. (Smallest, \$333; largest, \$500 which was maximum set by law under the old plan.)

^h Fiscal year ends August 31.

ⁱ Figures to January 30, 1937.

TABLE 8.—FINANCIAL STATISTICS OF STATE TEACHER RETIREMENT SYSTEMS

Retiree's system	Larger assets at beginning of complete fiscal year	Total income during last fiscal year			Sources of income				Total disbursements during last fiscal year	Distribution of disbursements							Larger assets at end of fiscal year
		1	2	3	Public sources	Members' contributions	Interest	Donations and miscellaneous receipts		10	11	12	13	14	15	16	
Alabama	\$6,701,473	\$1,559,678	\$692,130	\$428,248	\$239,300 ^a				\$1,158,697	\$1,124,307 ^b	\$9,894	\$251,821	\$22,217	\$34,390			\$7,102,454
California	10,621,909	1,408,438	132,869	826,663	417,777				647,169	363,237	\$9,894	\$251,821	\$22,217	\$34,390			11,443,177
Connecticut	15,003,543	3,062,003	914,832	668,597	654,279				962,300	589,775	72,462	222,939	51,625	25,500			17,103,246
Indiana																	
Louisiana																	
Maine	142,327	93,169	466,156	364,631					18,254	254,325 ^c		17,996	288	1,200 ^d			217,213
Maryland	3,658,828	1,233,946	754,854 ^e	251,750	137,378				343,669	1,347,466	38,430	64,711	17,641	10,855 ^f	\$8,702		4,960,105
Massachusetts	26,073,956	4,195,217	1,154,569	1,888,852	1,154,566				2,133,670	1,347,466	38,430	64,711	17,641	10,855 ^f	\$8,702		28,138,363
Michigan	456,867	480,369	153,163	434,225	125,249				535,356	405,850	35,402	59,473	0	13,900	83,665	\$761	2,432,089
Minnesota	2,311,322	529,143	183,193	302,163	125,249				251,209	109,546		54,931	12,550	9,594	34,287		2,523,829
Missouri	53,564,355	11,162,605	6,137,740	2,408,323	2,506,432				3,782,530	2,535,694 ^g	233,967 ^h	382,232	132,077	52,113	431,212	596	60,846,625
New York	71,190,808	10,447,073	4,479,349	3,195,255	2,801,936				4,438,314	3,316,542 ⁱ		914,504	84,473	72,265	20,516	38,018	77,199,467
North Dakota	1,347,341	179,209	22,026	68,823	85,178				102,542	64,754		27,414	136,762	2,505	7,869	103,011	74,514,176
Ohio	60,834,536	8,194,578	2,505,082	2,496,650	3,003,255				3,514,938	2,215,940	238,133	744,164	136,762	77,227	2,505	7,869	74,514,176
Pennsylvania	122,200,723	18,692,324	8,064,781	4,694,370	5,183,173				4,406,567	2,473,174	335,731	1,332,265	70,119	65,039		130,240	136,486,480
Rhode Island									217,941	171,511	40,430			1,246			806,477
Vermont	763,411	70,356	20,000	20,501	29,236				27,290	14,764	914	8,913	1,328		126		771,994
Virginia	13,304	151,014	16,150	130,464					150,007	150,007							14,911
Washington	256,697	163,082	0	121,262	12,220				249,091	187,458	19,011	4,953	1,054	6,822	20,600		170,688
Wisconsin	28,169,742	3,177,529	1,043,930	1,048,847	1,083,627				961,595	427,860	4,950	343,877	131,357	53,521			30,385,676

* Includes accrued interest and premiums paid on investments purchased, when these items were reported separately. In other reports these items may have been included elsewhere.

^a Cash disbursement plan.

^b Includes net income from investments.

^c Disbursements for superannuation and for disability were not segregated.

^d Data not reported.

^e Paid by state (separate fund).

^f First fiscal year not completed until August 1937.

^g Estimated by secretary of retirement system; not paid out of retirement funds.

^h Includes balance due from 1933, 1934, 1935, and \$350,000 in bonds as part payment for year 1935-36.

ⁱ Includes \$63,005 paid at rate of \$400 a year to an old group taken over by the new system, and approximately \$25,000 paid to disability pensioners.

^j Donations or bequests.

* Includes pensions paid under old system. Allowances arbitrarily split between service and disability allowances in the ratio that these items bear to the total retirement payroll on June 30, 1936.

TABLE 9.—FINANCIAL STATISTICS OF LOCAL TEACHER RETIREMENT SYSTEMS

Retirement system	Ledger assets at beginning of last complete fiscal year	Total income during last fiscal year			Sources of income				Total disbursements during last fiscal year	Distribution of disbursements							Ledger assets at end of fiscal year				
		3	4	5	6	7	8	Public sources		Members' contributions	Interest	Donations and miscellaneous receipts	Profits on securities	9	10	11		12	13	14	15
1	2																				17
Denver, Colo.	\$22,090	\$153,344	\$153,068	\$301,408	\$276			\$154,128	\$152,605 ^a												\$21,306
Washington, D. C.	6,135,746	955,484	400,000	5,602	254,078			401,269	336,170 ^a				\$58,216					\$1,523		\$6,823	6,740,021
Bibb County, Ga.	16,857	12,156	4,629	5,802	1,925			7,610	7,189 ^a				363							59	16,783
Cedar Rapids, Iowa	34,696	12,129	5,152	5,808	1,169			7,073	4,880	\$2,058										\$106	36,752
Davenport, Iowa	22,515	10,886	4,743	5,548	565			6,373	6,493												26,428
Des Moines, Iowa	283,303	78,559	44,660	32,612	1,287			10,460	8,655				402	\$52	1,351						351,402
Parsons, Kans.		1,500	894	606					1,500												
Topeka, Kans.	26,431	29,688	17,253	10,851	1,584			20,333	18,622	833			782		15				21		35,786
New Orleans, La.	2,089,602	229,096	65,446	72,475	91,085			93,598	70,328 ^a				16,172 ^b		6,944	142					2,225,011
Baltimore, Md.	15,251,361	2,921,726	1,433,817	739,477	655,224			1,056,410	818,857 ^a				123,475	106,836	5,647 ^d	1,596					17,116,676
Boston, Mass.	26,922,755	4,044,443	1,960,294	1,143,893	939,263			1,716,081	1,321,015 ^a				110,752	132,758							29,251,117
Detroit, Mich.	2,866,824	551,336	15,879	414,420	120,837	\$200 ^b		414,532	355,198 ^a				26,619		1,499					151,556	3,003,628
Duluth, Minn.	2,554,610	218,368	66,069	54,977	97,321			85,315	51,134 ^a				18,489		4,007	11,685				31,216	2,867,662
Omaha, Nebr.	11,592	128,715	101,223	27,462	5,679,771 ^h			129,271	108,889	20,382											11,036
New York, N. Y.	131,128,899	23,145,613	10,553,598	6,728,368	5,679,771			8,543,538	5,350,315 ^a				751,778	2,254,504	1	114					145,730,884
Bristol, R. I.	19,236	2,534	900	113,415	684			1,415	1,300												20,355
Providence, R. I.		45,429	15,266	14,635	15,645			49,366	58,544 ^a				16,643								995,553
Salt Lake City, Utah	299,400	67,401	0	47,863	19,638	96	234	49,366	42,092					180	475	6,619					356,276
Seattle, Wash.	347,808	22,099	0	18,105	3,904			59,032	11,942				1,304	944	613						361,931
Spokane, Wash.	84,263	22,099	0	18,105	3,904			24,432	20,205				2,913	48	424	536	304				84,831
Tacoma, Wash.	127,951	22,457	0	16,455	6,002			21,591	17,832						104	600					128,517

^a Includes accrued interest and premiums paid on investments purchased, when these items were reported separately. In other reports these items may have been included elsewhere.

^b Disbursements for superannuation and for disability were not segregated.

^c Cash disbursement plan.

^d Includes both withdrawals and payments on account of death prior to or following retirement.

^e Expense of investment only. Other expenses amounted to \$17,743.

^f Discount on investments.

^g Includes also \$187,233 disbursed on account of payments to beneficiaries because of death after retirement.

^h Donations or bequests.

ⁱ From refund.

^j Bond amortization only.

^k System in Providence and Baltimore operated for the benefit of city employees. Financial data regarding Providence teachers exclusive of other employees are incomplete.

TABLE 10.—ADMINISTRATION OF STATE AND LOCAL TEACHER RETIREMENT SYSTEMS

Retirement system	Administrative body	Positions held by ex-officio members	How ex-officio members are elected or appointed	Number members not ex officio	How members, not ex officio, are elected or appointed
1	2	3	4	5	6
<i>State</i>					
Arizona	State board of education	State bank commissioner	.....	3	Appointed by governor
Arkansas ^a	Board of trustees	State insurance commissioner	.....	3	Members of system elected by membership
		State treasurer	.....		
California	a. Public school teachers' retirement salary fund board, i.e., state board of education	State superintendent of public instruction	Popular vote	10	Members of state board of education appointed by governor
	b. Public school teachers' retirement investment board	State superintendent of public instruction	Popular vote	2	Teachers appointed by state board of education
		State controller	.....		
Connecticut	Teachers' retirement board	State director of finance	Appointed by governor	2	Members of teachers' retirement system
		Bank commissioner	Appointed by governor		
Indiana	State teachers' retirement fund board	Education commissioner	Appointed by board of education	5	Appointed by governor
Louisiana	Board of trustees	State superintendent of education	Popular vote	3	First by state superintendent, later by members of retirement system
		State treasurer	Popular vote		
		Secretary of state	Popular vote		
Maine	Teachers' retirement board	Commissioner of education	Appointed by governor with consent of council	2	Members of retirement system
		Commissioner of insurance	.....		
		Commissioner of banking	.....		
		Attorney general	.....		
Maryland	Board of trustees	Treasurer of state	State board of education	2	Members of retirement system
		State comptroller	Popular vote		
Massachusetts	Teachers' retirement board	State treasurer	State legislature	2	One elected by members of retirement system; other elected by other board members
Michigan	Teachers' retirement fund board	Commissioner of education	Appointed by governor	5	Appointed by governor
Minnesota	Board of trustees	Superintendent of public instruction	Popular vote	2	Members of retirement system
		Commissioner of education	.....		
Montana ^a	Retirement board	State auditor	.....	2	Appointed by governor
		Commissioner of insurance	Popular vote		
		State treasurer	Popular vote		
New Jersey	Board of trustees	State superintendent	Popular vote	5	One appointed by governor; three elected by teachers; one elected by board of trustees
		State attorney	Appointed by governor		
New York ^b	Retirement board	Commissioner of education	Appointed by governor	7	One must be executive officer of a bank and appointed by board of regents; two are appointed by commissioner of education; comptroller of state; and three elected by delegates chosen by members of the retirement system
		State treasurer	.....		
North Dakota	Board of trustees	State treasurer	Popular vote	3	Appointed by governor
		Superintendent of public instruction	Popular vote		

Ohio	Retirement board	State director of education Attorney general	Appointed by governor	2	Members of teachers' retirement system
Pennsylvania	Public school employees' retirement board	State auditor State superintendent of public instruction	Popular vote Appointed by governor	5	Three members elected by members of retirement system; one appointed by governor; one elected by other six members of board
Rhode Island	State board of education	State treasurer	Popular vote	2	Members of retirement system
Vermont	Teachers' retirement board	Commissioner of education State treasurer Commissioner of banking and insurance	State board of education Popular vote Appointed by governor		
Virginia ^b	State board of education	State superintendent	Popular vote	3	Three members chosen by state board of education, (one must be classroom teacher)
Washington ^c	Board of trustees	State insurance commissioner	Popular vote	4	Appointed by governor
Wisconsin	State teachers' retirement system State annuity and investment board	State superintendent of public instruction	Popular vote		
City and county ^d					
Washington, D. C.	Commissioners of District of Columbia			3	President of United States
Cedar Rapids, Iowa	Board of directors	Superintendent of schools	Board of directors	7	Popular vote
Des Moines, Iowa	Board of education	Superintendent of schools	Board of education	7	Popular vote
Bowling Green, Ky.	Board of trustees of retirement fund	Secretary Chairman of board of trustees (superintendent of schools)	Board of education	6	Two by board of education; four elected by members of retirement system
New Orleans, La.	Board of trustees, teachers' retirement fund	Superintendent of schools	Schoolboard	8	Three members of schoolboard elected by schoolboard; five elected by members of retirement system
Baltimore, Md.	Board of trustees	City comptroller (Chairman of board of trustees)	Popular vote	4	Two appointed by mayor; two elected by members of system
Boston, Mass.	Employees' retirement system of the City of Baltimore, Md. Retirement board	Treasurer		2	One appointed by mayor; other elected by ex-officio member and appointee
Detroit, Mich.	Board of trustees of the public school teachers' retirement fund of the City of Detroit			7	President and vicepresident of board of education; one member of board of education appointed by president; superintendent of schools; three teachers elected by teachers
Duluth, Minn.	Board of trustees	Superintendent of schools	Appointed by mayor	8	Three by board of education; five by membership
New York City, N. Y.	Teachers' retirement board	President, board of education City comptroller	Popular vote	5	Three members elected by membership; two appointed by mayor, (one of latter must be member of board of education)
Bristol, R. I.	Board of trustees	Town treasurer		7	Four members of school committee elected by school committee; three teachers elected by teachers
Providence, R. I. ^e	Retirement board of the City of Providence	Superintendent of schools Mayor Chairman of finance committee City auditor	(City council in joint convention)	2	City council in joint convention
Spokane, Wash.	Board of trustees			5	Board of education appoints two; teachers elect three
Tacoma, Wash.	Board of trustees of the Tacoma teachers' retirement fund			5	Board of education appoints two of their own members; three elected by members

^a Not reported by secretary of retirement system.

^b Data taken from retirement law.

^c Features of 1937 law.

^d Information not available for some plans. Other local plans, administered simply by local schoolboard, have been omitted from this list.

^e Includes all city employees.

purposes, and on account of losses on securities bought, sold, and matured. In addition, some miscellaneous information as to total liabilities, amount spent for investments, and amount received from sale and maturity of securities was requested. For definitions of terms used, the reader should consult the instructions accompanying the report blanks, as reproduced at the end of this bulletin.

General financial statistics—Tables 8 and 9 summarize the financial operations and status of the several systems for the last completed fiscal year.¹⁰ They show the ledger assets at the beginning of the year, the total income and total disbursements during the year, and the ledger assets at the close of the year. The 18 states reporting had a combined income for the year of sixty-four million dollars, while the income of 20 city systems added another thirty-three million dollars to the total. The disbursements of all these systems totaled about thirty-six million dollars for the year. In most of the larger systems the ledger assets at the end of the year were somewhat greater than those at the beginning of the year.

Altho Tables 8 and 9 do not include figures for all teacher retirement systems, the mere statement of the sums involved in the business of these systems represented is decidedly impressive. In most of the state systems and many of the city systems, the accumulation of reserves is controlled by actuarial investigations which seek to maintain the systems on a sound financial basis, and yet to avoid an unnecessarily large accumulation of money.

Sources of income—Tables 8 and 9 show income received from the public, from members, from interest, from donations and other miscellaneous sources, and from profits on securities. Among the joint-contributory systems, Connecticut, Minnesota, North Dakota, and Virginia depend to a much greater extent on members' contributions than on public funds. In Massachusetts, Vermont, and Wisconsin the contributions from members and from the state are about equal. In all other state systems the income from public funds is greater than that from members. Arizona and Rhode Island and a few local systems are straight pension systems, receiving no support from teachers.

In most systems the bulk of the income was obtained from public funds and members' deposits. Interest was an important item in several instances, but donations and profits on securities rarely constituted a very significant proportion of the total. Massachusetts, New Jersey, New York, Ohio, Pennsylvania, and Wisconsin each received more than a million dollars in interest; Pennsylvania's interest receipts were over five million.

Analysis of disbursements—Tables 8 and 9 show how retirement systems spent their money during the last completed fiscal year. The principal purposes for which funds are paid are as follows: retirement allowances; refunds of deposits to teachers who withdraw from active service prior to retirement; payment of teachers' deposits to their heirs in event of death; administrative costs of the system; and reimbursement for any losses incurred on securities bought and sold.

The previous statistics on membership, retirements, withdrawals, and deaths prior to retirement (Tables 4-5) account for variations in the disbursements for each of these purposes. All the state systems devoted at least one-third, and some more than one-half, of their total disbursements to superannuation or service retirement allowances. Disability allowances, on the other hand, used up a small part of all disbursements.

Since in most cases where teachers terminate their active memberships they may withdraw their total deposits with or without interest, retirement systems take on some of the features of a savings bank. In fact this "savings bank" feature of retirement systems accounts for a considerable proportion of their financial transactions. Withdrawals account for one-third of all disbursements in many systems, and in Maine, where no members have as yet been retired, the amount disbursed for withdrawals was more than 98 percent of the total. Also, in many systems the heirs of a deceased teacher are entitled to the return of the teacher's deposits from the retirement fund.¹¹ This feature of some retirement laws explains the payment of relatively small sums of money to the heirs of deceased teachers. In no state retirement system did the disbursements for this feature amount to any large proportion of the total disbursements.

¹⁰ In all but a few systems the data reported were for the period July 1, 1935, to June 30, 1936. The exceptions are given in the footnotes of the tables.

¹¹ See Issue Fourteen, page 258, "Current Issues in Teacher Retirement," *Research Bulletin*. November 1930.

Similar comments may be made concerning the city systems represented in Table 9, although wider variations occur in these systems than in the state systems. These wider variations are presumably due, at least in part, to the smaller number of individuals concerned in any given year.

Administration of Teacher Retirement Systems

Table 10 shows the composition of the administrative body of 22 state and 14 local retirement systems. Most members of the retirement board are persons with other duties than the management of the retirement system. The operation of a system, therefore, usually necessitates the setting up of an office with a paid staff to keep records. The expenses for such purpose are classified as administrative expenditures. Tables 11 and 12 show the total disbursements for administrative expenses.

TABLE 11.—ADMINISTRATIVE EXPENSES DURING LAST FISCAL YEAR OF CERTAIN STATE TEACHER RETIREMENT SYSTEMS

Retirement system	Total disbursements	Administrative expenses	Number of active members	Administrative expense per active member
1	2	3	4	5
California.....	\$1,158,697	\$34,390	46,498 ^a	\$.74
Connecticut.....	662,990 ^b	15,821	9,280	1.70
Indiana.....	962,300	25,500	20,750	1.23
Louisiana.....				
Maine.....	18,284	1,200 ^d	2,171	.55
Maryland.....	354,527 ^b	10,858	5,337	2.03
Massachusetts.....	2,133,670	16,868	20,408	.83
Michigan.....	535,386	13,900	26,000 ^c	.53
Minnesota.....	221,209	9,894	4,034	2.45
Nevada.....	22,799	1,123	2,531	.44
New Jersey.....	3,780,530	55,418	27,377	2.02
New York.....	4,438,314	72,261	45,921	1.57
North Dakota.....	102,542	2,505	1	.....
Pennsylvania.....	4,406,567	65,039	73,404	.89
Ohio.....	3,514,938	77,227	48,000 ^e	1.61
Rhode Island.....	217,941	f	.....	.....
Vermont.....	27,290	1,246	434	2.87
Washington.....	249,091	6,822	16,602	.41
Wisconsin.....	961,595	53,521	27,513 ^g	1.94

^a Teaching positions, number of teachers not counted.

^b Includes administrative expenses paid thru a separate fund.

^c First fiscal year not complete until August 1937.

^d Estimated cost of administration which is not included in total disbursements, nor paid by special fund. Administration of system conducted by office staff with other duties.

^e Estimated by secretary of the state teacher retirement system.

^f Data not reported.

^g Includes 12,934 teachers who have terminated their service but retain an equity in the state retirement system thru retention of their state deposit accumulations.

TABLE 12.—ADMINISTRATIVE EXPENSES DURING LAST FISCAL YEAR OF CERTAIN LOCAL TEACHER RETIREMENT SYSTEMS

Retirement system	Total disbursements	Administrative expenses	Number of active members	Administrative expense per active member
1	2	3	4	5
Denver, Colo.....	\$154,128	\$1,523	2,089	\$.72
Washington, D. C.....	401,209	"	3,140	.....
Bibb County, Ga.....	7,610	"	281	.....
Cedar Rapids, Iowa.....	7,073	"	"	.....
Davenport, Iowa.....	6,973	"	331	.....
Des Moines, Iowa.....	10,460	1,351	891	1.51
Topeka, Kans.....	20,333	15	432	.03
Bowling Green, Ky.....	165	142	93	1.52
New Orleans, La.....	93,598	6,944	1,890	3.67
Boston, Mass.....	1,716,081	"	13,732	.....
Detroit, Mich.....	414,532	1,499	7,408	.20
Omaha, Nebr.....	129,271	"	1,194	.....
New York, N. Y.....	8,543,538	"	35,789	.....
Bristol, R. I.....	1,415	1	78	.01
Salt Lake City, Utah.....	49,366	475	1,016	.46
Seattle, Wash.....	59,032	613	1,693	.36
Spokane, Wash.....	24,432	536	606	.88
Tacoma, Wash.....	21,591	600	562	1.07

^a Data not reported.

Altho accounts are not always separately kept, it is obvious that the mere operation of a teacher retirement system involves some expense. Blanks and forms must be printed, records must be installed and kept up to date, and various supplies must be purchased. In the larger systems it is necessary to have a full-time executive secretary with a staff of assistants. These administrative expenses, as reported by 17 state and by 11 local systems, are brought together in Tables 11 and 12 to show the relation between the administrative expenses and total disbursements for all purposes. The tables also indicate the administrative expenses per active member in each system. The term "administrative expenses" was carefully defined in the inquiry blank. If directions were followed in reporting, the figures of Table 11 and of Table 12 should be fairly comparable for the various retirement systems.

The outstanding conclusion concerning administrative expense is the fact that it constitutes a very small proportion of the total cost in nearly all retirement systems. Among the state systems, administrative costs ranged from about 1 percent to 6 percent of the annual disbursements. In some of the city systems, expenditures for administration represented slightly larger percents of the total disbursements than was true of any state system.

TABLE 13.—FINANCIAL MANAGEMENT OF STATE AND LOCAL TEACHER RETIREMENT SYSTEMS

Retirement system	Disbursements		Collection of members' contributions			
	Officials in charge of funds	Supervisor of investments	Authorized by	Made thru	Supervised by	Method used
1	2	3	4	5	6	7
<i>State</i>						
Arizona	State board of education	Investment board	State board of education	State board of education	Superintendent of public in-	Payroll deductions by local
California	Public school teachers' retirement salary fund board		Retirement board	Secretary and president with approval of board	struction	administrative offices
Connecticut	State treasurer	Bank commissioner, commissioner of finance and control, state auditors	Secretary, teachers' retirement board	State treasurer	Teachers' retirement board	Payroll deductions by local administrative offices
Louisiana	Committee of 3 appointed by board of trustees	Board of trustees	Board of trustees	Secretary-treasurer	Secretary-treasurer	Payroll deductions by local administrative offices
Maine	Committee; commissioner of education, commissioner of insurance, and treasurer of state	Commissioner of education, treasurer of state	State treasurer	State treasurer		Payroll deductions by local administrative offices
Maryland	State treasurer is treasurer of system	Board of trustees	Board of trustees	Treasurer	Office of system thru county superintendents	Payroll deductions by county school administrative offices
Massachusetts	Treasurer of commonwealth	Treasurer of commonwealth	Teachers' retirement board	Treasurer of commonwealth	Employing school committee	Payroll deductions by local administrative offices
Michigan	State treasurer is treasurer of system	State treasurer	Secretary of retirement board	Auditor general	board	Payroll deductions by local administrative offices
Minnesota	State treasurer	State board of investment	Board of trustees	State auditor and state treasurer	Secretary of retirement board	Payroll deductions by local administrative offices
Montana ^e	State treasurer	Board	Board	Secretary	Local school offices	Payroll deductions by local administrative offices
New Jersey	State treasurer	Board of trustees on recommendation of finance committee	Board of trustees	State treasurer countersigns checks originated in office of retirement board	Board of trustees	Payroll deductions by local administrative offices
New York ^b	Head of division of treasury, department of taxation and finance	Retirement board	Retirement board designates member	Division of treasury, department of taxation and finance	Secretary of retirement board and treasurer of local board	Payroll deductions by local administrative offices
North Dakota	State treasurer	Board of trustees	Board of trustees	Secretary and state auditor	Secretary	Payroll deductions by local administrative offices
Ohio	State treasurer	Retirement board	Retirement board	State treasurer	Secretary	Payroll deductions by local administrative offices
Pennsylvania	State treasurer	Retirement board with approval of governor	Retirement board	State treasurer	Retirement board	Payroll deductions by local administrative offices
Vermont	Retirement board	State treasurer	State treasurer	Secretary	Secretary	Payroll deductions by local administrative offices; others remit direct to retirement board
Virginia ^b	State treasurer	State board of education	State board of education	Second auditor, state treasury department	Director of state retirement system	Payroll deductions by local administrative offices
Wisconsin	State annuity and investment board	Director of investments (i.e., director of state retirement system)	Director of state retirement system	State treasury		

TABLE 13.—FINANCIAL MANAGEMENT OF STATE AND LOCAL TEACHER RETIREMENT SYSTEMS (Cont.)

Retirement system	Officials in charge of funds			Disbursements			Collection of members' contributions		
	2	3	4	5	6	7			
<i>City and county</i>									
Washington, D. C. ^a	Auditor of Columbia	Auditor of District of Columbia	Auditor of District of Columbia	Disbursing office	"	"	Payroll deductions		
Bibb County, Ga.	Board of directors	Board of directors	Board of directors	"	"	"	Payroll deductions		
Cedar Rapids, Iowa	Secretary of board of education	Board of education	Board of education	Treasurer of board of education	Secretary of board of education	Secretary of board of education	Payroll deductions		
Des Moines, Iowa	Board of education	Board of education	Board of education	"	Board of education	Board of education	Payroll deductions		
Parsons, Kans.	Treasurer of board of education	Chairman, committee on finance of board of education	Board of education	"	Board of education	Board of education	Payroll deductions		
Topeka, Kans.	Treasurer of board of trustees	Board of trustees	Board of trustees	Treasurer of board of trustees	Superintendent and secretary of system	Superintendent and secretary of system	Payroll deductions		
Bowling Green, Ky.	Secretary-treasurer of board of trustees	Secretary and president of board of trustees	Secretary-treasurer of board of trustees	Chief accountant	Chief accountant	Chief accountant	Payroll deductions		
New Orleans, La.	City register	Finance committee of board of trustees	Chairman and secretary of retirement board	First National Bank	Treasury department	Treasurer	Payroll deductions		
Baltimore, Md.	City auditor	Retirement fund board	Retirement fund board	City controller (city treasurer)	Retirement fund board	Retirement fund board	Payroll deductions		
Boston, Mass.	Treasurer of board of education	Board of trustees	Board of trustees	"	Board of education	Board of education	Payroll deductions		
Detroit, Mich.	Treasurer of board of education	Board of trustees	Board of trustees	"	Secretary of board of education	Secretary of board of education	Payroll deductions		
Duluth, Minn.	City comptroller	Retirement board	Retirement board	Secretary and comptroller	Secretary and comptroller	Auditor's office, board of education, verified by retirement board	Payroll deductions		
Omaha, Nebr.	Town treasurer and superintendent of schools	City auditor	President of school committee and treasurer	Town treasurer	Town treasurer	Superintendent of schools	Payroll deductions		
New York City, N. Y.	City treasurer	Board of commissioners	City treasurer	"	Retirement system staff and heads of departments	Retirement system staff and heads of departments	Contributions made direct from each payroll		
Bristol, R. I.	City treasurer	Board of trustees	City treasurer	"	"Proper official"	"Proper official"	Payroll deductions		
Providence, R. I. ^c	County treasurer	Board of trustees	Board of trustees	Secretary and county treasurer	Secretary, board of trustees	Secretary, board of trustees	Payroll deductions		
Chattanooga, Tenn.	County treasurer	Board of trustees	Board of trustees	County treasurer	County treasurer	Secretary of schoolboard	Payroll deductions		
Spokane, Wash.	County treasurer	Board of trustees	Board of trustees	County treasurer	County treasurer	Secretary of schoolboard	Payroll deductions		
Tacoma, Wash.	County treasurer	Board of trustees	Board of trustees	County treasurer	County treasurer	Secretary of schoolboard	Payroll deductions		

^a Not reported by secretary of retirement system.^b Data taken from retirement law.^c Features of 1937 law.^d Information not available for some plans. Other local plans, administered simply by local schoolboard, have been omitted from this list.^e Includes all city employees.

The necessary administrative expense for a retirement system varies with at least two factors: (1) the number of individual members whose records must be handled, and (2) the type of records required. A system with inadequate and poorly-kept records might show a low percent of total expenditure for administrative purposes and yet be a very ineffective system. The reverse is also true. The figures given in columns 4 and 5 of Tables 11 and 12 do not reveal any close relationship between the number of members in the system and the administrative cost per member. Maine, the second smallest state system, spent the smallest amount per person for administration; California, with the third largest annual membership, spent the second smallest amount per member among the state systems reporting. Vermont, the very smallest state system, paid the largest amount per member for administrative purposes. Among local systems, administrative costs per member ranged from one cent

TABLE 14.—MISCELLANEOUS FINANCIAL DATA FOR STATE TEACHER RETIREMENT SYSTEMS

Retirement system	Total liabilities	Amount spent for investments during last fiscal year	Amount received from sale and maturity of securities during last fiscal year
1	2	3	4
Arizona.....	"	"	"
California.....	\$60,371,633 ^b	\$783,020	\$178,218
Connecticut.....	"	2,368,890	1,708,893
Indiana.....	"	"	"
Louisiana.....	"	"	"
Maine.....	213,889	72,394	23,800
Maryland.....	12,152,379	1,509,736 ^c	742,722
Massachusetts.....	"	2,695,938	466,000
Michigan.....	"	0	51,128
Minnesota.....	2,061,895	508,500	319,800
Nevada.....	"	41,209	21,449
North Dakota.....	"	80,000	70,500
New Jersey.....	95,776,721	8,762,212	2,647,100
New York.....	152,079,571 ^d	10,625,647	6,045,723
Ohio.....	74,500,000 ^e	13,133,826	7,928,397
Pennsylvania.....	182,250,748	28,772,197	14,356,200
Rhode Island.....	"	"	"
Vermont.....	705,102	59,676	38,432
Virginia.....	"	"	"
Washington.....	0	0	29,600
Wisconsin.....	35,582,196	9,168,007	6,030,905

^a Cash disbursement plan.

^b As of December 31, 1926.

^c Data not reported.

^d First fiscal year not yet completed.

^e Includes \$350,000 in bonds issued to the system by the state as part of the appropriation.

^f Includes present and future liabilities for members and beneficiaries.

^g Estimated by secretary of the teacher retirement system.

TABLE 15.—MISCELLANEOUS FINANCIAL DATA FOR LOCAL TEACHER RETIREMENT SYSTEMS

Retirement system	Total liabilities	Amount spent for investments during last fiscal year	Amount received from sale and maturity of securities during last fiscal year
1	2	3	4
Washington, D. C....	\$11,997,849 ^a	\$631,060	\$217,542
Bibb County, Ga....	"	13,000	"
Cedar Rapids, Iowa..	"	8,311	7,000
Des Moines, Iowa....	2,508,916	0	1,000
Topeka, Kans.....	"	5,000	"
New Orleans, La....	181,027	16,000	"
Baltimore, Md.....	22,865,242	1,516,900	1,248,391
Boston, Mass.....	7,970,943	5,156,615	3,406,008
Detroit, Mich.....	"	325,216	211,000
Duluth, Minn.....	4,007,571	1,423,352	1,226,375
New York, N. Y.....	344,449,429	17,300,000	2,820,050
Providence, R. I. ^b ...	10,288	615,000	188,207
Salt Lake City, Utah..	"	88,619	88,566
Seattle, Wash.....	0	27,000	"
Spokane, Wash.....	0	6,366	10,309
Tacoma, Wash.....	0	11,523	14,634

^a As of July 1, 1926.

^b For entire city system; data not segregated for teachers.

^c Data not reported.

in Bristol to almost four dollars in New Orleans.

Table 13 shows details of the financial management of state and local systems. The machinery for collecting, safeguarding, and disbursing funds, varies from the most simple to a most complex set-up. In almost every state joint-contributory system, the teachers' deposits are collected by payroll deductions made by the local administrative offices. The investment of funds is usually in the hands of more than one person; for example, the retirement board acts as a group or appoints a committee. In a few systems the state or city treasurer is alone responsible for supervising investments.

Miscellaneous financial data—Tables 14 and 15 bring together information concerning total liabilities, expenditures for investment during the year, and amounts received from the sale and maturity of securities held. Thirty-two systems, state and local, gave figures for at least one of these three items. Altho the number of systems reporting is relatively small, the tables give impressive evidence of the real magnitude of the annual investments for which retirement systems are responsible. Fourteen state systems invested a total

of \$78,581,252 during the year, while fifteen local systems invested an additional \$27,143,962. New York City alone invested more than \$17,000,000. The importance of skilful management in the investment of these sums is clear: first, because interest accumulations are important factors in building up the reserves from which the promised benefits are to be paid; and second, because the safety of the funds depends on the soundness of the investments.

Summary

The material presented in Part I emphasizes the fact that teacher retirement legislation is still in an early stage of development. The final result of many legal provisions and administrative regulations with regard to retirement cannot be determined until years after they become effective. Conclusions concerning the systems now in operation, therefore, should not be drawn too quickly. However, certain observations as to the status of the systems can be made with some assurance.

During recent years, when increasing attention has been given to the general problem of old-age security, thousands of teachers have enrolled in some retirement system. Over forty-five thousand school employees had been granted benefits up to June 30, 1936. Teacher retirement systems have increased slowly, having in common with systems for other employees, their experimental stages. More than half of the states and at least 56 local communities have already made some progress in providing security for aged and disabled public school employees.

At present, retirement systems must be planned and operated with full recognition of the extraordinarily high turnover among active teachers. The fact that a large percent of the

members will never apply for retirement profoundly affects both the administration of the systems and the attitude of teachers toward participation in retirement plans. The large proportion of early withdrawals makes provision for refunds especially necessary. Some forfeiture of funds accumulated for retirement purposes is inevitable until reciprocity becomes practicable and funds can be transferred between sound state systems.

One of the fundamental principles formulated by the Committee on Retirement Allowances states that "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."¹² The effectiveness of retirement systems will be determined to a large extent by the amount of the allowances promised. As time goes on, the economic status of the retired personnel, other things being equal, will probably improve, as the number of teachers with prior service decreases and the retired personnel is composed entirely of persons who began their service after the retirement systems were adopted. If teachers are unable or unwilling to make other provisions, the present retirement systems do assure them an income during old age.

On the other hand, the retirement allowances granted amount to but a fraction of present active salaries. The public funds available and the salaries paid to teachers put limits on the annuities and pensions that may be granted. A number of financial problems faced by the individual teachers are met inadequately by many existing systems. The welfare of the schools requires that attention be directed also to a broad view of the means of assuring teachers' financial security.

¹² National Education Association, Research Division. "Current Issues in Teacher Retirement." *Research Bulletin* 8: 226; November 1930. Washington, D. C.: the Association.

II. Teacher Retirement and Retirement Provisions for Other Occupations

The future of teachers may be compared with the future expectancy of workers in various other occupations, included and excluded from the Social Security Act.

Industrial Workers

On the assumption that a large majority of those covered by the Social Security Act are in non-professional occupations, examination will be made of the provisions for these workers *before* the act was passed by Congress.

Trade union benefit plans—Over 800,000 workers were provided old-age protection by trade union benefit plans before the Social Security Act was passed. These plans are of four general types:¹

1. Lump-sum payments upon retirement from active work on account of age or disability (operative plasterers, quarry workers, street and electric railway employees and motor-bus operators).

2. Monthly pensions paid out of general or special funds to which the recipient has made only such contribution as is essential to membership in the union (bricklayers and masons, bridge and struc-

¹ U. S. Department of Labor. Monthly Labor Review. "Social Security: Trade Union Benefit System." *Monthly Labor Review* 42: 40; January 1936.

TABLE 16.—NUMBER AND SALARY OF WORKERS COVERED BY TRADE UNION OLD-AGE BENEFIT PLANS; CONDITIONS FOR PAYMENT OF BENEFITS AND AMOUNT PAID

Trade union	Total number active members ^a	Approximate average salary ^a	Age for optional retirement ^b	Service requirement ^b	Amount average annuity ^b	Total paid for annuities last fiscal year ^c
1	2	3	4	5	6	7
Bridge and Structural Iron Workers, International Association	16,000	\$1.25 hour 40-hour week (\$50 week)	60	20 years	\$25 month to \$1,000, then dropped ^e	\$57,053
Carpenters and Joiners of America, United Brotherhood of	300,000	\$1.10 hour 40-hour week (\$44 week)	65	30 years		105,807
Electrical Workers of America, International Brotherhood	170,000	\$1.10 hour 40-hour week (\$44 week)	65	20 years	\$40 month	244,097
Fur Workers' Union of United States and Canada, International	15,000	\$45 week				4,856
Printing Pressmen's and Assistants' Union of North America, International	32,000	\$41.50 week	60	20 years	\$7 week	183,381
Quarry Workers International Union of North America	2,000	\$55 hour 35-hour week (\$19.25 week)	62	25 years	\$60 year	750
Railway Employees of America, Amalgamated Association of Street and Electric	75,700		65	20 years	\$800 lump sum	105,000
Sheep Shearers' Union of North America	900	\$3.50 day 7-day week (\$24.50 week)				3,083
Stereotypers' and Electrotypers' Union of North America, International	8,100					7,106
Typographical Union, International	73,300	\$44.73 week				2,366,288
Brotherhood of Locomotive Firemen and Enginemen			65	2 years		4,770
Brotherhood of Railroad Trainmen	180,000			2 years	\$65-\$70 month ^d	602,764

^a American Federation of Labor. *Report of the Proceedings of the Fifty-Sixth Annual Convention*. Washington, D. C.: the Federation, 1936. p. 60-64.

^b Adapted from "Social Security: Trade Union Benefit Systems." *Monthly Labor Review*: 42: 40; January 1936.

^c Bridge and structural iron workers require that income from other sources be less than \$60.00 a month; pension is forfeited in months when other income is more than \$60.00.

^d Return to active work causes forfeiture of pension paid by railroad trainmen.

tural-iron workers, carpenters and joiners, sheep shearers, electrical workers, granite cutters, printers, and printing pressmen).

3. Monthly pensions under an annuity system, payable only to annuitants who have made contributions during their years of active membership in the union (locomotive engineers, locomotive firemen and enginemen, railroad trainmen).

4. Admission to the home for aged and disabled members owned and maintained by the international [organizations] (carpenters, printers, printing pressmen, railway conductors, and, jointly, the three railroad brotherhoods), and temporary admission, for treatment, to tuberculosis sanatoriums (printers, printing pressmen, and stereotypers and electrotypers).

Certain provisions and qualifications for old-age benefits provided by the trade union plans are set forth in Table 16. However, workers in these and other occupations are not dependent entirely upon trade union benefit plans; in many industries there are company pension plans.

Industrial pension plans—Such pension plans may be joint contributory, non-contributory (no payments by employee), or composite. The first two types are self-explanatory. In the composite pension plan, the company pays a small minimum pension to employees without cost to them, but the employee has the opportunity to increase his benefits individually by paying into the fund in which case the company may increase its share of the employee's pension.

Companies operating non-contributory systems are usually much larger than those operating joint-contributory or composite plans. Latimer made a complete analysis of several hundred industrial pension plans.² He found that 87 of the 200 companies with the largest gross assets have pension plans, and 43 of the 126 smaller companies (with less than \$250,000,000 gross assets) have plans; yet only one in seven persons engaged in industry is covered by any kind of a company pension plan.

Table 17 gives the age requirements for retirement by industries. Most of the plans regardless of industry provide for compulsory retirement at 65 or 70; most provide for optional or voluntary retirement at 60 or 65.

Most industrial plans set minimum and maximum benefits receivable under their provisions. Table 18 gives the number and percent of a group of industrial plans setting specific amounts for minimum and maximum benefits.

TABLE 17.—PERCENT OF PENSION PLANS AND EMPLOYEES GROUPED BY AGES SPECIFIED FOR COMPULSORY, VOLUNTARY, AND DISCRETIONARY SUPERANNUATION RETIREMENT, CLASSIFIED BY INDUSTRY, 1929

Industry and age qualifications for retirement	Compulsory retirement		Voluntary retirement		Discretionary retirement	
	Per- cent of all plans ^a	Per- cent of employees ^a	Per- cent of all plans ^a	Per- cent of employees ^a	Per- cent of all plans ^a	Per- cent of employees ^a
1	2	3	4	5	6	7
<i>Non-contributory plans</i>						
Railroads						
Age 70.....	90	85	11	3	11	6
Age 65.....	10	15	79	77	83	89
Age 60.....	b	b	10	20	6	5
Public utilities						
Age 70.....	58	71 ^c	12	5	b	b
Age 65.....	39	26	52	22	5	5
Age 60.....	3	3	24	71	38	15
Age 50-55.....	b	b	10	2	48	83
Service only.....	b	b	2	e	9	2
Manufacturing						
Age 70.....	55	65	10	8	2	1
Age 65.....	45	35	53	62	24	8
Age 60.....	b	b	27	19	41	27
Age 50-55.....	b	b	9	11	30	15
Service only.....	b	b	1	e	2	49
Banking and insurance						
Age 70.....	64	82	b	b	b	b
Age 65.....	36	18	56	65	13	22
Age 60.....	b	b	44	35	50	13
Age 50-55.....	b	b	b	b	25	65
Service only.....	b	b	b	b	2	#
All industries ^d						
Age 70.....	65	77	9	6	3	2
Age 65.....	34	23	54	53	30/	30/
Age 60.....	1	.1	28	35	34	16
Age 50-55.....	b	b	8	6	27	35
Service only.....	b	b	1	.1	6	17
<i>Contributory plans</i>						
All industries						
Age 70.....	36	73	1	4	b	b
Age 65.....	55	20	79	55 ^a	b	b
Age 60.....	9	7	13	45	29	48
Age 50-55.....	b	b	7	.3	13	2
Service only.....	b	b	b	b	58	50

Source: Adapted from Latimer, Murray Webb. *Industrial Pension Systems in the United States and Canada*. New York: Industrial Relations Counselors, 1932. Table 13, p. 84-85.

^a Figures in this column do not represent number of employees covered by all plans in the preceding column, but only employees of companies which reported the number of employees.

^b No plan established contained the retirement provision specified.

^c Includes one plan established in the period 1911-15 calling for compulsory retirement at age 75.

^d Includes not only railroad, public utility, manufacturing, and banking and insurance company plans which contained one or more of the three types of superannuation provision, but also plans in the "all other industries" group which had such provisions, too few in number to classify separately.

^e Less than 0.1 percent were under a plan which specified only service as a retirement qualification.

^f Includes one plan established in the period 1911-15 permitting discretionary retirement at age 68.

^g The one plan which specified only service as a retirement qualification did not report number of employees.

^h Includes one plan established in the period 1926-29 permitting voluntary retirement at age 68.

² Latimer, Murray Webb. *Industrial Pension Systems in the United States and Canada*. New York: Industrial Relations Counselors, 1932. Vol. I, 569 p.

Altho these minimum benefits are low, the maximum benefits are high. The actual benefits paid in the year 1927 are set forth in Table 19. Among 79 manufacturing company plans, the average benefit paid 17,853 workers was \$602. The average benefits paid in banking and insurance company plans are much higher, \$1218 for banking and \$1189 for insurance company plans. These were all non-contributory plans. Among the 23 contributory plans included in the analysis reported in Table 19, the average benefit was higher than the average for all non-contributory plans. The average benefit paid in non-contributory industrial plans was \$599; in contributory industrial plans the average benefit was \$860. Latimer has estimated that the average industrial pension paid in 1930 was \$700-710.

TABLE 18.—NUMBER AND PERCENT OF INDUSTRIAL PENSION PLANS SETTING MAXIMUM AND MINIMUM BENEFITS

Maximum			Minimum		
Amount	Number of plans	Percent of plans	Amount	Number of plans	Percent of plans
1	2	3	4	5	6
No maximum.	95	30.9	No minimum.	0	0
Percent of salary....	50	16.3	Percent of salary.....	5	2.6
Flat amount			Flat amount		
\$3600-6000.	37	12.1	\$600.....	6	3.2
\$1500-3000.	45	14.7	\$500.....	3	1.5
\$1000-1300.	47	15.3	\$400.....	9	4.7
Under \$1000	33	10.7	\$300.....	77	41.0
			\$200-300...	54	28.8
			\$100-200...	31	16.5
			Under \$100.	2	1.6
Total....	307	100.0	Total....	187	100.0

Source: Adapted from Table 22, p. 117, of *Industrial Pension Systems in the United States and Canada*, by Murray Webb Latimer. New York: Industrial Relations Counselors, 1932.

Railroad employees' retirement plans—Included among industrial plans but deserving of separate attention are pension plans for railroad employees. Of the 1,716,217 railroad employees, 82.4 percent were covered by pension plans in 1927. Only one of these plans is a joint-contributory system. In this, the employee contributes 1.5 percent of his salary and the railroad at least matches this amount. The pension allowance is 1.5 percent of the average monthly pay for eight years preceding retirement times the number of years in service.

Benefits are paid at age 60 or 70 after 10 or 15 years of service. Disability benefits are paid after 15 years' service.

All other railroad pension plans have been non-contributory. In a few cases the employees organization maintains a mutual benefit plan by which the company's non-contributory pension may be supplemented.

Railroad employees were given additional pension provision thru the Railroad Employees Retirement Act passed in June of 1934. This act proposed a pension system for all employees of railroad carriers subject to the Interstate Commerce Act, but the law was declared unconstitutional by the United States Supreme Court on May 6, 1935. A new law was passed in August 1935 to become effective March 1, 1936. In the new plan, employees and railroads each contribute 3.5 percent of salary to create a fund out of which benefits are to be paid to employees 65 years old or after 30 years' service. Altho retirement is compulsory at this age, the employer and employee may agree in individual cases to extend the time until the employee is 70 years of age. The maximum benefit is \$120 a month, the amount to be determined by a graded percent of salary per year of service not to exceed thirty. The new act provides for approximately one and a quarter million workers who are excluded from the Social Security Act because they have been provided for by their own act.

Professional Workers

The twenty-six million workers registered under the Social Security Act (and some of these have additional provisions under trade union or private industrial systems) plus the one and a quarter million railroad employees still leave many unprovided for among the fifty million workers of the United States. Some of these workers, in occupations excluded from the act, have other opportunities for safeguarding their old age. In certain occupations wherein the worker is not employed in the strict sense of the word but acts as an individual contractor, no plan covering the occupation would be feasible.

Lawyers, physicians, and dentists fall into this classification. Members of these professions are dependent upon their earnings during activity and whatever personal savings are

possible before retirement. However, the average income of members of these professions is high enough to make private, personal retirement plans possible.

Table 20 shows the number and average salary of members of certain professions. From this table evidence may be gathered as to the relative ability of members of various occupations to care for their own individual future. The average teacher in a large city earns about the same as the average clergyman. The average rural teacher earns about the same as the average nurse. Provisions for old age in these two professions will be reviewed briefly for comparison with teachers.

Clergymen—Seventy-four percent of the 148,848 Protestant clergymen were covered by retirement plans at the time the Social Security Act was passed. The clergy is not included in the provisions of the act. This professional group is well cared for by the plans maintained by twenty-two denominations. Some of the retirement systems established for Protestant ministers are old and well organized. In most of these plans the age for voluntary retirement is 65; in some plans retirement is compulsory at 70. The clergyman usually contributes 2.5 percent of his salary, while the church pays from 6 to 10 percent of the salary, thus building up a reserve fund

TABLE 19.—AVERAGE NUMBER OF PENSIONERS AND AVERAGE ANNUAL PER CAPITA PENSION, 212 COMPANIES,^a CLASSIFIED BY INDUSTRY, 1927

Industry	Companies	Average number of pensioners			Average annual per capita pension		
		Total ^b	Superannuation ^b	Incapacity ^b	Total ^b	Superannuation ^b	Incapacity ^b
1	2	3	4	5	6	7	8
Non-contributory plans							
Manufacturing							
Food products	5	1,504	9	19	\$583	\$628	\$454
Textiles and their products	7	227	64	113	512	462	543
Iron and steel and their products	12	7,959	299	22	489	369	569
Wood products	2	17	17		620	620	
Rubber products	3	929	637	235	395	411	356
Paper and printing	2	89	65		387	224	
Explosives	2	409		409	761		761
Paints and varnishes	5	131	77	3	1,096	1,205	457
Petroleum	10	1,934	301	8	1,394	1,515	1,116
Other chemicals	4	341	217	126	600	711	401
Stone, clay, and glass	1	74			358		
Silverware	3	222	78	13	604	575	413
Other metals	3	1,012	238		376	710	
Agricultural implements	5	1,487	964	502	506	544	429
Electrical machinery, apparatus, and supplies	7	1,055	693	362	523	413	735
Other machinery	4	262	37	5	548	620	457
Musical instruments and phonographs	2	32	31	1	520	528	300
Transportation equipment, air, land, and water	2	169	86	4	418	262	2,520
Total manufacturing	79	17,853	3,813	1,822	\$602	\$583	\$570
Banking	9	73	49	7	1,218	1,431	1,260
Insurance	10	585	137	65	1,189	1,388	875
Railroads	40	34,102			584		
Public utilities	41	4,942	1,665	700	630	684	519
Mining	5	528	198	140	519	446	453
Miscellaneous	5	195	45	6	498	622	733
Total non-contributory plans	189	58,278	5,907	2,740	\$599	\$632	\$560
Contributory plans	23	1,265	303	281	860	748	368
Grand total, all plans	212	59,543	6,210	3,021	\$605	\$638	\$542

Source: Adapted from Table 44, p. 223, of *Industrial Pension Systems in the United States and Canada*, by Murray Webb Latimer. New York: Industrial Relations Counselors, 1932.

^a None of the other 185 companies which operated pension plans in 1927 reported both number of pensioners and amount of pension payments.

^b Not all companies included in the table were able to report separately for superannuation and incapacity pensioners. The figures given, therefore, represent, for the "total" column, all pensioners; for the "superannuation" and "incapacity" columns, the reports only of those companies which were able to make the separation.

TABLE 20.—NUMBER AND AVERAGE SALARY OF CERTAIN PROFESSIONAL GROUPS, 1935

Professional groups	Estimated number	Estimated average salary or professional earnings
1	2	3
Lawyers.....	131,834	\$4,439
Consulting engineers.....	8,836	3,857
Physicians.....	127,427	3,786
Dentists.....	65,368	2,871
Professional legal employees.....	31,377	1,893
University teachers.....	80,001	1,733
Clergymen.....	146,207	1,567
Professional engineering employees.....	21,011	1,457
Private hospital employees.....	307,731	1,006
Physicians' employees.....	106,210	964
Dentists' employees.....	48,901	840
Nurses.....	178,825	814

Source: Advance data from the U. S. Department of Commerce, Bureau of Foreign and Domestic Commerce, Division of Economic Research, National Income Section.

which in 1935 amounted to \$83,350,000. Assets have mounted to \$155,000,000. Nine million dollars are paid annually to 32,000 beneficiaries representing an average annuity payment of \$1000. This amount about equals the maximum possible under the Social Security Act. It appears that many clergymen prefer their pension plans to the provisions of the federal law. In fact, representatives of the Church Pensions Conference appeared before the Congressional committee during the hearings on the act to ask that ministers be excluded.²

Nurses—There are approximately 8500 nurses⁴ who may be included in the provisions of the Social Security Act because of their being employed in hospitals operated for profit. These 8500 nurses earning an average monthly salary of \$90 will not likely receive more than \$40 a month in annuity benefits from the Social Security Act. Nurses employed privately or in non-profit making hospitals are not included under the Social Security Act.

However, all registered nurses can retire on as much as \$200 a month if they take advantage of the opportunity. The American Nurses' Association, the National League of Nursing Education, and the National Organi-

zation for Public Health Nursing joined on January 14, 1929, for the purpose of endorsing a group annuity system for registered nurses. The Harmon Association for the Advancement of Nursing administers the retirement plan. Membership in the Harmon Association is open to all registered nurses, and the Harmon Plan for group annuity is open to all members of the Harmon Association.

Monthly payments of \$5 (or any multiple of \$5) may be made to the association which forwards payments to one of the large insurance companies. The retirement date may be the membership anniversary nearest the sixtieth or the sixty-fifth birthday. The annuity income may begin at any age between fifty and seventy. The earlier the annuity begins the smaller the income payments. There is a maximum annuity purchasable under the plan; no member may pay monthly more than would, if continued, purchase an annuity income of \$200 a month.

This plan has been taken up by only 2540 nurses, twenty-nine of whom have averaged approximately \$440 in annual annuity benefits since their retirement. Altho this number is a very small percent of the 294,000 nurses in the United States, the fact remains that the plan is available to all who care to and are able to join it.

Public Service Employees

Workers, regardless of occupation, who are paid by funds collected from public sources are in a situation peculiar to their group so far as retirement on public funds is concerned. Special legislation is necessary to make possible the use of public funds for retirement of public service employees.

Federal employees—The Federal Employees' Retirement Act, creating a retirement system of general application to federal employees, was passed in 1920. After several revisions, a new law was enacted in 1926. The system is a compulsory joint-contributory plan covering civil service employees, certain other specified classes of employees in the federal government,⁵ and regular employees of the District of Co-

² Huggens, George A., representing the Church Pensions Conference. *Hearings before the Committee on Finance, United States Senate, Seventy-Fourth Congress, First Session, on S. 1130. Economic Security Act*. Washington, D. C.: Government Printing Office, 1935. p. 482.

⁴ Data regarding retirement plans for nurses were secured from the Harmon Association for the Advancement of Nurses, New York City.

⁵ The school employees of the Canal Zone are included in the provisions of the Federal Employees' Retirement Act.

lumbia government.⁶ The active membership in 1935 included 407,200 employees representing a total payroll of \$873,252,000.⁷

Employees contribute 3.5 percent of their basic salaries; the government pays the difference between the amount contributed by employees and the benefit promised. In the fiscal year ending June 30, 1935, the government contributed 2.71 percent of the annual payroll and later made a deficiency contribution of 5.58 percent—a total of \$72,392,000. The system is administered by the Commissioner of Pensions under the direction of the Secretary of the Interior.

After fifteen years' service, seventy years is the compulsory retiring age for most employees; letter carriers, post-office and sea-post clerks, laborers and mechanics may retire at 65; railway postal clerks, employees in extra-hazardous occupations, and those employed in the tropics may retire at 62. Altho retirement at these ages is compulsory, extensions not exceeding four years are permitted in special cases. To receive disability retirement annuity the employee must have had fifteen years' service and be totally disabled for service by reason of disease or injury.

The annuity for superannuation and for disability retirement is computed by multiplying the average annual basic salary (not exceeding \$1500) for the last ten years of service by the number of years of service (not exceeding 30), and dividing by 45. The maximum allowance is \$1000, according to the law. In the fiscal year ending June 30, 1935, the following annuities were paid:

<i>Class of annuitants</i>	<i>Number annuitants</i>	<i>Total amount</i>
Voluntary retirement and involuntary separation exclusive of those whose involuntary separation occurred after 30 years' service	30,170	\$30,023,959
Involuntary separations after 30 years' service..	8,609	9,929,402
Disability annuitants	9,886	8,129,035
Total	48,665	\$48,082,396

⁶ Teachers of the District of Columbia are covered by a retirement system entirely independent of the federal employees' retirement plan.

⁷ From the *Fifteenth Annual Report of the Board of Actuaries of the Civil Service Retirement and Disability Fund*. Senate Document No. 196. Washington, D. C.: Government Printing Office, March, 1936.

⁸ Retirement systems for teachers and other special groups are maintained separately. See Part I of this bulletin for details.

These 48,665 employees retired during the fiscal year ending June 30, 1935, with an average annuity of \$988.

State employees—Many states have retirement plans for certain groups, as teachers, judges, or war veterans. Only seven states have legislation providing for the general retirement of all state employees.⁸ These states are Connecticut, Maine, Massachusetts, New Jersey, New York, Ohio, and Pennsylvania. The principal features of these plans, Ohio excepted, are given in Table 21.

The Maine and Connecticut plans are non-contributory; the others are joint contributory. Maine has retired 44 employees on an average annuity of \$1230, but when 4 judges are eliminated from the calculations because of their exceptionally high pension, the average allowance paid the 40 other annuitants is \$725. New Jersey is paying an average of \$645 to 202 annuitants. The average annuity paid to Pennsylvania's 1300 retirants is \$720. These averages are similar to the average allowances paid teachers, as shown in Table 23.

Librarians—Several state plans for retirement of state employees include librarians: the federal retirement system covers librarians employed by the federal government. A few other librarians are included in educational retirement plans, especially in those colleges and universities which include librarians as faculty members. A few more are covered by the retirement plans for teachers in those states or communities maintaining retirement plans for public school employees.

These are isolated cases, however, included in their various retirement systems by virtue of their employment rather than by virtue of their occupation. As an occupational group, librarians have the opportunity of joining a plan sponsored in 1932 by the American Library Association. Libraries have the option of choosing a contributory or a non-contributory plan. In the contributory systems, where the library pays a part of the premiums, employees pay a flat sum graded to salary. The amount of retirement annuity provided by the library for any member depends upon the em-

**TABLE 21.—GENERAL RETIREMENT SYSTEMS FOR STATE EMPLOYEES*
A. Joint-Contributory Plans**

Name of system	Employee's contribution	State's contribution	Conditions for retirement	Retirement allowances	Other benefits
MASSACHUSETTS:					
(Acts of 1911, Ch. 532; various amendments, now consolidated with original act in Ch. 32, General Laws)	5% of salary, up to \$1,560. For those employed prior to June, 1918, choice of either 3 or 5%	Monthly contributions to meet cost of pensions for prior and subsequent service, and amounts needed for disability and accident death benefits. State makes up any deficiency	Age 60 years, with 15 years' continuous service, or after 35 years' service, regardless of age. Compulsory retirement at 70. Ordinary disability retirement: 15 years' service. Disability incurred in performance of duty: No age or service requirements; medical certification	Service allowance: Annuity purchased by member's contributions, plus pension of same amount from state; minimum, \$300 a year; maximum, 1/2 of final compensation. Ordinary disability: Same as for service retirement. Accident disability: 1/2 of salary at time of injury	Provision for dependents
NEW JERSEY:					
(Public Laws, 1921, Ch. 109; amended 1923, 1924)	Percent of salary determined by sex, age at entrance, and kind of work	(1) Normal contribution, equal to sum of members' contributions; (2) contribution to cover prior service; (3) contribution for death benefits and cost of administration	Service retirement: Optional at 60, compulsory at 70 except by special exemption. Ordinary disability: 10 consecutive years' service; medical certification. Disability incurred in service: No requirements beyond medical certification	Service retirement: For each year of service 1/70 of final compensation. Ordinary disability: Annuity bought by member's contributions, plus pension from state of not over 1/5 of final compensation. Disability due to service: Annuity bought by member's contributions, plus pension from state of 2/3 of final compensation	Provision for dependents
NEW YORK:					
(Laws of 1920, Ch. 741; Laws of 1922, Ch. 591; amendments each year since 1920, including 1927)	Percent of salary determined by sex, age at entrance, and kind of work	(1) Normal contribution; (2) deficiency contribution; (3) cost of administration. (1) and (2) are percents of active payroll, determined annually	Service retirement: Optional at 60; compulsory, with exceptions up to 1936, at 70. Ordinary disability retirement: 15 years' service; medical certification. Duty disability: Injury received in service regardless of length of service; medical certification. Discontinued service retirement	Service retirement: For each year of service 1/70 of final compensation. Ordinary disability: 9/10 of 1/70 of final compensation, multiplied by years of service. Duty disability: Annuity bought by employee's contributions plus pension from state of 3/4 of final compensation. Discontinued service: Allowance as for service retirement, plus extra pension if employee is 50 or over	Provision for dependents

TABLE 21.—GENERAL RETIREMENT SYSTEMS FOR STATE EMPLOYEES (Cont.)

A. Joint-Contributory Plans

Name of system	Employee's contribution	State's contribution	Conditions for retirement	Retirement allowances	Other benefits
PENNSYLVANIA: Acts of 1923, No. 331 (P. L. 858) amended, Acts of 1927 (No. 55)	Percent of salary based on age at entrance, choice between two rates	(1) Amount equal to sum of members' contributions; (2) contribution to cover prior service; (3) cost of administration	Service retirement: Op- tional at 60, after 25 years' service. No set age for compulsory retirement. Disability retirement: 5 years' service; medical cer- tification	Service retirement: For each year of service 1/80 or 1/50 of final compensa- tion, according to rate of contribution chosen. Disability retirement: An- nuity and pension to equal for each year of service 1/90 of final salary; minimum, 30% of final salary; maxi- mum, 8/9 of allowance receivable had member served till age of 60	Options for dependents at time of retirement

B. Non-Contributory Plans

CONNECTICUT: (Public Acts, 1919, Ch. 210; 1921, Ch. 74; 1923, Ch. 119; 1923, Ch. 217)	No contribution	State appropriates bienn- nially amount needed	30 years' service, or 20 if employee has reached age of 70; larger pension for 40 years' service	One-half average annual salary for last five years; if employee has served 40 years, 3/4	None
MAINE: (Laws of 1919, Ch. 38; 1923, Ch. 199; 1925, Ch. 118)	No contribution	State appropriates amounts needed	25 consecutive years' serv- ice with good record	At discretion of governor and council, but not to exceed 1/2 average salary for last 5 years of service	None

Source: Egger, Rowland Andrews, *The Retirement of Public Employees in Virginia*, New York: D. Appleton-Century Co., 1934, p. 206-209, 218-19.

* Does not include the Ohio system or others, if any, provided by 1937 legislature.

ployee's age at entering the contributory plan, his sex, and the amount of the library's total contributions for the member. In case of withdrawal from the plan regardless of the reasons therefor, the member retains full benefit (in the form of a paid-up annuity) of all previous contributions made by the library in his behalf as well as his own contributions.

In the non-contributory plans, individual membership is available to library employees after three years' library service. Payments by employees may be no less than \$3 a month regardless of salary. Employees earning \$840 and over pay 5 percent of their salary to the nearest dollar. The normal retirement date is the anniversary of joining the plan nearest to the sixth-fifth birthday. The amount of retirement annuity depends on the employee's sex, age at entry into the plan, and the amount of total contributions.

These plans were adopted by the American Library Association five years ago.⁹ Of the 29,613 librarians in the United States, only 650 have joined the non-contributory plans, and only a few libraries have been able to establish contributory plans because of the fact that enabling acts are frequently necessary to permit use of public money for retirement purposes. The effects of the depression were such that this step has not been encouraged. Undoubtedly the Social Security Act, altho excluding most librarians, will create an attitude favorable toward legislation authorizing the use of public funds for retirement of library employees. Thus in the future the A. L. A. plan will likely spread. At least the groundwork has been prepared by the establishment of a plan which is now open to all librarians after three years of service.

*College faculty members*¹⁰—Columbia University was the first institution of higher learning to inaugurate a pension system for retiring faculty members. Yale University followed seven years later, in 1897, and Harvard University in 1899.

In the first decade of the twentieth century, great interest was taken in pension and retirement systems for college professors. By 1906 plans had been established in eight colleges and

universities in the United States, but most of these systems were actuarially unsound.

Andrew Carnegie gave impetus to the movement when in 1905 he provided ten million dollars for paying retirement allowances to teachers in colleges and universities, adding five million dollars in 1908. The pension system, developed in the first ten years of its history, placed the income of the foundation at the service of teachers in 73 colleges and universities on the associated list. The trustees of the Carnegie fund experienced considerable difficulty in administering the system in terms of the gift. Benefits were paid in accordance with the following principles and rules:

1. An old-age pension payable at the age of sixty years or later and amounting to about 60 percent of the active pay of the teachers during the last 5 years of service, but only after 25 years of service as professor, 30 years of service as professor and instructor or as instructor alone.
2. A disability pension granted in cases of total disability. This benefit amounts on the average to something like 40 percent of the active pay.
3. A pension to the widows of teachers who have fulfilled either of these two conditions equivalent to one-half of the annual salary which the husband was either receiving or to which he was eligible.

The financial load resulted in a total annual payment of over five hundred thousand dollars to some 300 teachers and widows. In addition to the payment of pensions in the 73 associated institutions, a considerable number of pensions were voted to individual teachers in some 80 other colleges. The income on about \$2,500,000 of the endowment of the foundation was employed in the payments of these pensions. The foundation's experience and study of other systems led to the conclusion that the free pension system was unsound and that the solution of the teacher-pension problem lay in a joint-contributory plan.

The Teachers Insurance and Annuity Association of America was the outgrowth of the experience of the Carnegie Foundation. Established in 1918, the association issues individual deferred-annuity contracts to college teachers to be purchased by the combined contributions of the teacher and the college. The features of the contract are:

1. The college will match dollars with the teacher by deducting 5 percent from salary payments and forwarding premiums monthly to the association.

⁹ American Library Association. *American Library Association Retirement Plan*. Chicago, Ill.: the Association. 1932. 15 p.

¹⁰ Source of information for the major part of this section: Flanagan, Sherman E.: *Insurance and Annuity Plans for College Staffs*. U. S. Department of the Interior, Office of Education, Bulletin No. 5. Washington, D. C.: Government Printing Office, 1937. (In press.)

2. The contract is between the association and the teacher; the college has no equity in it.

3. It provides for annuity payments beginning at a stated age in case premiums are duly paid in the meantime. This age may be changed.

4. In event of prior death, the accumulated premiums are paid to a named beneficiary or estate in 120 monthly instalments.

5. The policy contains no loan provision nor cash surrender clause.

6. If the teacher moves, he carries with him his policy and the rights accrued thereunder.

During the past 15 years, the Annuity Association has placed 8309 policies representing a total of \$48,548,645 in life insurance. At the same time the commercial companies of America have increased their services to the public by offering new group life-insurance policies and annuity contracts. Reports from the leading companies offering group life insurance revealed the fact that up to July 1935, 31,093 employees in 136 universities and colleges were protected by policies totaling approximately \$86,500,000. Twenty-seven universities and colleges had also availed themselves of group health and accident insurance up to the same date, while twelve were using the facilities of life-insurance companies in administering old-age pension or annuity plans.

Pensions for college teachers then may be grouped into six main types, as follows:

1. The group annuities of commercial insurance companies. Twelve institutions follow this procedure.

2. The Carnegie free pensions instituted in 1905 for certain associated institutions. During 1933, 1064 teachers and widows of teachers were receiving Carnegie free pensions and more than 3000 other teachers have future expectations of pensions from the same source. Eighty-eight institutions participate.

3. The Teachers Insurance and Annuity Association, incorporated in 1918, designed for the use of colleges and teachers in a cooperative plan of contributing toward deferred annuities. There are 15,000 teachers in nearly 800 institutions of higher education who now use this association as a depository of annual contributions to be used for the payment of retirement annuities. More than 100 of these institutions assist their teachers by matching dollars with them in paying premiums on these deferred annuities.

4. State teachers retirement systems, city teachers retirement plans, and general state retirement systems, which include the faculties of publicly controlled institutions, such as state universities, state teachers colleges, and other types of state institutions of higher education. The employees of 94 such institutions are receiving this type of protection.

5. Church pension plans which extend their benefits to ordained ministers serving on the staffs of

colleges and frequently to all the employees of the institutions under their control. There are 56 colleges in which at least some of the faculty members participate in pensions administered by the various denominations.

6. Isolated plans administered by the institutions. Fifteen colleges have established funds either by setting aside a certain endowment or accumulating a reserve fund thru a joint-contributory plan to meet future retirement expectations. In 25 colleges, retirement allowances are paid to aged employees out of current income based upon a fairly definite arrangement.

Table 22 shows the number of institutions using these various plans for retirement. In eight colleges the employees are participating in more than one retirement system. Plans in other cases do not overlap.

TABLE 22.—INSTITUTIONS USING THE VARIOUS PLANS FOR RETIREMENT OF COLLEGE FACULTY MEMBERS

Retirement plans	Number of institutions	Percent
Teachers Insurance and Annuity Association..	106	33.1
State or city retirement systems.....	94	29.2
Church pension plans.....	56	17.4
Non-funded plans (pay out of current income).	25	7.8
Annuity plan administered by commercial companies.....	12	3.8
Funded plan administered by the institutions.	15	4.7
Carnegie pensions only.....	13	4.0
Grand total.....	321	100.0
Duplicates.....	8	.....
Total.....	313	.....

Source: Flanagan, Sherman E. *Insurance and Annuity Plans for College Staffs*, U. S. Department of the Interior, Office of Education, Bulletin No. 5. Washington, D. C.: Government Printing Office, 1937. (In press)

Most of the teachers in the Teachers Insurance and Annuity Association are employed by privately controlled institutions. Publicly controlled institutions and especially teachers colleges are more likely to be included in the state or city retirement system than in the Teachers Insurance and Annuity Association.

Sixteen state teacher retirement systems include faculty members of state teachers colleges. Seven state systems include also faculty members of state universities and colleges other than teachers colleges. In New York City the employees of the city colleges participate in the municipal retirement system for city school teachers. Twenty publicly controlled universities and colleges are included in state or city retirement plans, and seventy-four teachers colleges are so protected.

Summary

Before the Social Security Act was passed considerable progress had been made in providing retirement benefits for various occupations. Table 23 is a compilation of the latest available facts for certain groups. In 1931 over one hundred thousand industrial workers were receiving annual pensions averaging about \$730. Trade union plans offered some old-age security to about twenty thousand retired workers. Thirty-two thousand ministers in 1935 were receiving an average of \$1000 per year. In 1935 nearly fifty thousand former federal employees were receiving on the average \$988 per year.

From 36 of the existing state and local retirement systems more than twenty-eight thousand persons were receiving retirement allowances at the end of the fiscal year 1936. The total payment to these retirants amounted annually to about twenty-two millions of dollars—an average expenditure of \$785 each. This average allowance, among the groups listed in Table 23, was exceeded by the annual payments to retired college professors, ministers, and federal employees. It was about \$50 more per year than the average payment to retired municipal employees and to retired industrial workers under various company pension plans.

TABLE 23.—CERTAIN GROUPS OF THE GENERAL PUBLIC WHICH RECEIVE RETIREMENT ALLOWANCES FROM GOVERNMENTAL OR PRIVATE SOURCES

Groups	Year ending in	Number of plans represented	Number receiving retirement allowances ^a	Total amount paid during year to persons on retired list	Average retirement allowance
1	2	3	4	5	6
War veterans.....	1932	1	437,941	\$232,509,000	\$473.25 ^b
Dependent aged persons.....	1935	32	408,502	65,000,000	186.84
Industrial workers ^c	1931	218	90,721	61,014,863	729.00 ^d
Federal employees.....	1935	1	48,665	48,082,396	988.02
Trade union members.....	1931	25 ^e	18,000	6,090,743	300.00
Clergymen.....	1935	22	32,000	9,000,000	1,000.00
Public school employees.....	1936	36 ^f	28,507 ^g	22,378,130 ^h	785.00 ⁱ
Municipal employees.....	1926	9 ^j	4,619	3,373,644	730.38 ^k
State employees.....	1935	4	5,198	.....	.....
College teachers.....	1933	1	1,064 ^l	1,717,327	1,586.54

Sources: For war veterans, from Epstein, Abraham. *Insecurity: A Challenge to America*. New York: Harrison Smith and Robert Haas, 1933. p. 528. [†] For industrial workers, from Latimer, Murray Webb. *Industrial Pension Systems in the United States and Canada*. New York: Industrial Relations Counselors, 1932. Vol. 2, p. 997. [†] For dependent aged persons, from "Experience Under State Old-Age Pension Laws in 1935." *Monthly Labor Review* 43: 811; October 1936. [†] For federal employees, from *Fifteenth Annual Report of the Board of Actuaries of the Civil Service Retirement and Disability Fund*. Senate Document No. 196. Washington, D. C.: Government Printing Office, March 1936. [†] For trade union members, from Latimer, Murray Webb. *Trade Union Pension Systems*. New York: Industrial Relations Counselors, 1932. p. 116, and Epstein, Abraham, *op. cit.*, p. 518. [†] For clergymen, from statement of George A. Huggins, representing the Church Pensions Conference, at the Hearings before the Committee on Ways and Means, House of Representatives, Seventy-Fourth Congress, First Session, on H. R. 4120. *Economic Security Act*. Washington, D. C.: Government Printing Office, 1935. p. 917. [†] For public school employees, from reports compiled by the Research Division of the National Education Association. [†] For municipal employees, from U. S. Department of Labor, Bureau of Labor Statistics. *Public Service Retirement Systems*. Bulletin No. 477, January 1929. Washington, D. C.: Government Printing Office, 1929. Table 21, p. 75. [†] For state employees, from Epstein, Abraham, *op. cit.*, p. 522-23. [†] For college teachers, from Carnegie Foundation for the Advancement of Teaching. *Twenty-Eighth Annual Report of the President and of the Treasurer for the Year Ending June 30, 1933*. New York: the Foundation, 1933. p. 108, 112.

^a Includes beneficiaries of persons in column 1.

^b Average for three wars conducted by the United States, and for veterans of regular peace-time army, calculated by Research Division from averages given by Epstein. In 1927 the average for all wars was calculated by Epstein to be \$403.82. (See: Epstein, Abraham. *The Challenge of the Aged*. New York: Macy-Masius, Vanguard Press, 1928. p. 182.)

^c Latimer estimated for all companies that on January 1, 1932, "pensioners certainly numbered over 120,000 and may well have been as many as 140,000; payments in 1931 were probably \$85,000,000 and may have reached \$97,000,000."

^d Average for 460 companies.

^e *The Encyclopedia of the Social Sciences*, Vol. 11, reports on page 457 that in 1930 eleven unions paid \$3,500,000 to 13,000 pensioners. Epstein states that the total number of workers receiving trade union old-age benefits at present is not over 15,000. Latimer states that the average pension in 1931 was a little less than \$300.

^f Represents 36 states or local communities reporting data on both allowances and persons in retirement status.

^g Total retirements since establishment of system, less total number of separations from retirement status over the same period.

^h Sum of average allowances multiplied by number of persons in retirement status in each system.

ⁱ Average annual allowances multiplied by number of persons receiving allowances for superannuation or service and disability totaled and divided by total number of persons receiving allowances.

^j Cities over 400,000 in population that maintained all-inclusive systems for their employees. In 1926 twelve cities of this same population had over 12,000 police pensioners; 13 cities had about 7,500 retired firemen.

^k Calculated by Research Division from data in columns 4 and 5. Data on average allowances not available.

^l Persons receiving allowances from Carnegie Foundation for the Advancement of Teaching, according to the terms of its non-contributory retirement plan. Free allowances are no longer paid to teachers who entered service of associated institutions since November 17, 1915. Annuity contracts are sold thru the Teachers Insurance and Annuity Association of America, the Foundation paying overhead and managerial costs. By December 31, 1931, there were 10,136 teachers holding contracts for old-age annuities, representing altogether an annual income of \$16,540,162 at maturity.

III. Teachers in Relation to the Social Security Act

According to inquiries received by the Research Division many teachers would like to know the answers to two questions: (1) What is the possibility that teachers will be included under the federal Social Security Act? and (2) What would be the benefits?

The Social Security Act has been so recently put into effect that necessarily there will be a period of experimentation and adjustment. However, it is possible to give tentative answers to the two questions raised in the first paragraph. Before doing so, it will be necessary to summarize those sections of the act which have a direct bearing on the economic future of teachers. For those interested in further details, the Social Security Board has prepared numerous pamphlets which may be obtained free of charge from its Bureau of Information, Washington, D. C.

Certain Provisions of the Social Security Act¹

In the act are found provisions relating to: (1) grants to states for old-age assistance, (2) federal old-age benefits, (3) grants to states for unemployment compensation administration, (4) grants to states for aid to dependent children, (5) grants to states for maternal and child welfare, (6) public health work, and (7) grants to states for aid to the blind. Only the first two parts will be reviewed briefly at this point, altho teachers are also deeply interested in the provisions for health, child welfare, and the care of the handicapped.

Grants to states for old-age assistance—The Social Security Act authorizes grants to states for a cooperative public welfare system whereby the federal government joins states in providing financial aid to needy persons over sixty-five. Administration of the plans is in the hands of the states, which determine the requirements for old-age assistance, but may not exclude any citizen of the United States by an age or residence requirement who meets the age and residence requirements of the federal law. State plans must be approved by the Social Security Board before the state is eligible to receive the federal grant. Plans have been approved in forty-two states (including District of Columbia and Hawaii); to date, all

states except Arizona, Georgia, Kansas, Nevada, North Carolina, South Carolina, Tennessee, and Virginia. Of these eight states, old-age assistance laws have recently been passed in Arizona, Georgia, Nevada, North Carolina, Kansas, and Tennessee which have not as yet been approved by the Social Security Board; and a bill is pending in the South Carolina legislature.

In summation, then, needy old people may now receive financial assistance in forty-seven states; in forty-two states the assistance is already partly supplied from federal funds. The amounts will vary with the states, the federal government contributing half up to, but not exceeding, a monthly federal-state total payment of \$30 to each individual. If a state pays more than \$30, the federal contribution will be \$15. These payments are made on the basis of need. Teachers as individuals, if they meet the requirements, are entitled to the benefits which have been provided under this part of the act.

Federal old-age benefits—The benefits provided by this feature of the Social Security Act differ from the old-age assistance just described, in that the benefits are not dependent upon the *need* of the individual, and they are paid directly to individuals rather than thru a state grant. The amount of the payment of monthly benefits varies from a minimum of \$10 a month to a maximum of \$85 a month and depends upon the individual's wages and type of employment before reaching sixty-five years of age. The first monthly federal old-age retirement benefit will be payable January 1, 1942. Wages from agricultural labor, domestic service in a private home, government employment, most marine service, and employment in most non-profit religious, educational, or philanthropic organizations are not counted toward these benefits.

The funds for payment of these benefits are appropriated annually by Congress. Into the general revenues go taxes collected from employees and employers. The employees' salaries are assessed by a small percent; the employer matches this amount and turns the total over to the United States Treasury. When an individual has received \$3000 of his annual sal-

¹ This explanation is based upon various circulars of information published by the Social Security Board, for example: *A Brief Explanation of the Social Security Act*. Circular No. 1, 1936. Washington, D. C.: Government Printing Office, 1936. 15 p.

ary, no further tax deduction is made for any excess his employer pays him for the year. That is, an individual earning more than \$3000 will pay his proportion on \$3000 only, the excess being non-taxable. For the first three years the tax deductible from the employee's pay is at the rate of 1 percent, rising gradually each three-year period until 1949, when the tax will be 3 percent of the salary. This is the highest percent which may be collected under the act.

Teachers are among the twenty million gainfully employed workers of the country who are *not* usually covered by this part of the act. Where a teacher is employed by the state, a school district, or any other subdivision, or by the ordinary private, non-profit, educational institution, salary so earned is not counted toward benefits. However, salary as a teacher for other than the above types of employer, as well as from many of the covered services in industry and commerce, may result in a teacher becoming entitled to old-age benefits. The total wages from such employment must be not less than \$2000 spread over a period of at least five calendar years before reaching the age of sixty-five. Thus, a teacher who may earn in store, factory, or office, as much as \$200 each summer for ten years (not necessarily in consecutive summers), or \$100 a summer for twenty years, or even \$400 a summer for five years (not necessarily consecutive summers) will be entitled to \$10 a month for life after sixty-five years of age. The benefits increase as the amount earned increases over the minimum of \$2000, but the wages counting toward the benefits must be earned in at least five different calendar years between December 31, 1936, and the age of sixty-five. If the wages meet some, but not all, of the requirements for the monthly benefits, a lump-sum payment is made equal to 3.5 percent of the earnings. If one dies before reaching sixty-five years of age, the estate receives 3.5 percent of the earnings. If one dies after the benefits have begun, the estate receives the difference between 3.5 percent of the earnings and the amount already paid in monthly benefits; no death benefits are paid to the estate if before death the annuitant has been paid 3.5 percent or more of the total earnings in monthly benefits.

* Governmental Research Association. "Retirement—Public Employees." *Governmental Research Bulletin* 5: 2; February 1937. Chicago: the Association (850 E. 58th St.).

* Public Administration Clearing House. *News Bulletin*, February 1, 1937. Chicago: the Clearing House (850 E. 58th St.).

Proposed Amendments to the Social Security Act

Since there is little likelihood, at the present time, that the federal government could apply Social Security taxes to essential governmental functions of the states without their consent, the suggestion has been made that the Social Security Act should be amended. The Governmental Research Association has included in one of its bulletins the following statement:

It is generally assumed that it would be impossible for the federal government to establish a compulsory old-age retirement plan covering employees of state, municipal, and other local governments. It is quite generally realized, however, that the present situation with reference to the retirement of state and local government employees is highly chaotic.

With the passage of the federal Social Security Act, consideration is being given to the possibility of enacting legislation which would permit each state to provide for the inclusion of state and local government employees under some federally administered old-age pension system. It might be possible for the state government to impose payroll taxes equivalent to the federal payroll taxes now being levied for old-age annuities and to use this money to purchase thru the federal government annuities and benefits equal to those which are now available to employees of private employers.²

The American Municipal Association has appointed a committee to study the possible inclusion of state and municipal employees under the Social Security Act. The committee has announced the following points:

1. That it was not now feasible to seek an amendment to the federal Constitution, necessary in order to make the inclusion of all state and local employees compulsory, and to enable the federal government to levy unemployment compensation or old-age security taxes in line with the present taxes to provide for employees in non-public activities.
2. That unemployment of government employees is or can be taken care of in the state unemployment programs. Therefore, it is inadvisable to attempt to include the unemployment features in any presently considered amendments.
3. That the inclusion of state and local employees should be on an optional statewide basis. It appears feasible to allow each individual state to determine whether or not employees should be included within the provisions—on a statewide basis, not on the basis of smaller units.
4. That if the Social Security Act could be amended to allow such optional inclusion, the Social Security Board might determine the minimum standard for compliance by the "state optional act."³

The federal Social Security Board is co-operating with the American Municipal Association in its attempt to draft an acceptable amendment to the act making provisions for state and municipal employees.

That there is some trend of public opinion toward inclusion in the Social Security Act of those now excluded may be demonstrated by a resolution adopted by the American Federation of Labor:

Urging Amendment of Social Security Act To Include Employees of Non-Profit Institutions

WHEREAS, The benefits accruing to employees from the present Social Security Act are denied to employees of charitable, religious, and non-profit institutions who receive low wages and in particular to the nurses and other hospital workers who perform tasks injurious to health; and

WHEREAS, This group is in need of old-age and unemployment benefit, so therefore, be it

Resolved, That Title 2, Title 8, Title 9, and all other Titles of the Social Security Act which exclude by definition of "employment" all employees of non-profit institutions be amended to include employees of non-profit institutions; and be it further

Resolved, That the American Federation of Labor support and approve this amendment to the Social Security Act.⁴

Is It Desirable for Teachers To Be Included under the Social Security Act?

For the sake of theoretical discussion, a hypothetical and valid amendment to the Social Security Act may be considered which would make it possible to include government employees. The question would then arise as to what benefits teachers might expect under such a plan.

Teacher retirement systems now existent protect about 65 percent of the teachers of the nation. If the Social Security Act were amended so that all states *could* provide benefits, then 100 percent of the teachers would be protected. Such an amendment might be an advantage to states which, to date, have not established sound teacher retirement systems. But would the teachers as individuals be more adequately protected? Obviously, in those states having no teacher retirement system, the benefits of the Social Security Act would be something in place of nothing.

There is nothing in the Social Security Act to prevent the continuation of benefit systems previously existent, or even the inauguration of systems after the inception of the Social Security Act. That is to say, the state teacher retirement systems could, and might, continue independently of the application of the Social Security system to teachers. There are, however, probably few, if any, states that would be willing to assume the financial obligations to teachers under the Social Security Act and to continue their contributions to independent state teacher retirement systems. This question is at the present time wholly a matter of conjecture.

What specific benefits might be available to teachers in states where retirement plans do not exist?—Social Security benefits for teachers of several states contemplating teacher retirement plans have been computed as an illustration of what these teachers might expect were they included under the provisions of the Social Security Act. Examples are given from the records of age and salary of teachers in Alabama, Missouri, Oklahoma, and Texas. These estimated Social Security benefits may be compared with the benefits provided by teacher retirement systems as shown in Table 6 of the present bulletin.

1. *Alabama*—In 1934-35 in Alabama the average age of public school teachers was twenty-nine years; the average salary was \$672 per year. Should an individual's salary after 1936, and prior to his attaining age sixty-five, average \$672 for thirty-six years so as to total \$24,192 (and this sum were the basis of his old-age benefit) then he would receive \$32.66 a month.

In 1934-35 one-fourth of the Alabama teachers were thirty-seven years of age or older. They received annual salaries of \$918 or more in 1934-35. A teacher, under similar assumptions to those above, earning an average salary of \$918 per year for 28 years, totaling \$25,704 in wages, would receive \$33.92 monthly in old-age benefits. This teacher would be able to earn a total amount before he reached sixty-five very little more than the "average" teacher (see paragraph immediately above) who earned less annually but being younger had more time to accumulate the total upon which the Social Security benefit would be computed. The

⁴ American Federation of Labor. *Report of the Proceedings of the Fifty-Sixth Annual Convention*. Washington, D. C.: the Federation, 1936. p. 475.

younger teachers in the state would have the longest earning period before reaching retirement age, but if their salaries continued at this low figure there would not be much difference between the benefits which might be received by all groups of Alabama teachers under the Social Security Act. To illustrate this point further, benefits have been computed for a teacher representing the lower quartile in age and salary. Twenty-five percent of the Alabama teachers are twenty-four years of age or younger, and earn an annual salary of \$481 or less. A teacher twenty-four years old earning \$481 annually to age sixty-five would receive \$28.93 monthly under the federal pension plan.

2. *Missouri*—Data are available in such form as to permit of calculations for rural and urban teachers of Missouri segregated by sex. The following tabulation, assuming in each case that the coverage starts at the indicated age, and that the average salary would be received each year until attainment of age sixty-five, shows the benefits which might accrue to teachers on retirement if their salaries were counted toward federal old-age benefits.

		Present Average age salary	Monthly Social Security benefits at age 65
Rural men teachers....	29	\$ 550	\$29.00
Rural women teachers..	27	501	28.36
Urban men teachers ^a ...	34	1,222	44.07
Urban women teachers ^a	34	871	35.00

3. *Oklahoma*—The 1928 actuarial study in Oklahoma reported 19,026 teachers whose average salary was \$1060. The median age of these teachers was a little less than twenty-eight years. From these figures it is estimated that a teacher just attaining age twenty-eight, and maintaining such a salary to age sixty-five, and retiring then, would receive \$45.19 monthly if teachers were included in the Social Security Act.

4. *Texas*—Under similar assumptions to those above, a teacher in Texas, at the median age of thirty-two years, would receive \$41 under present Social Security provisions. The youngest quarter of Texas teachers would have time to accumulate earnings before they are sixty-five which would entitle them to \$35

monthly benefits under the federal Social Security Act. The oldest quarter of the Texas group, forty years old or older, would receive Social Security benefits of about \$44 monthly. These teachers, being older, have fewer years before retirement age in which to accumulate the total upon which Social Security benefits are calculated, yet their salaries are higher so that they can accumulate a larger total in fewer years.

Conclusion

These illustrations are very rough and do not show the range in probable benefits, but they do indicate that teachers (without future salary increases) are not likely to accumulate enough to constitute a large total earning and consequently a large benefit under the Social Security Act were the teachers as a group included under the act. Furthermore, the maximum benefit under the act is \$85 a month. Referring to the reports of existing retirement funds for teachers, it may be seen from Tables 6 and 7 that 18 out of 50 teacher retirement funds are paying benefits averaging higher than the maximum under the Social Security Act. From the illustrations cited in this section it is evident that relatively few teachers would reach total earnings sufficient to obtain a \$50 monthly benefit under the federal pension plan.

As mentioned at the beginning of this section, it is not highly probable that the Social Security Act will be soon amended to include public employees. Meanwhile, teachers should give thought to the fact that their benefits under the Social Security Act would be less than under many teacher retirement systems. Since the average teacher's salary is so low that teachers seem unable to provide personally for old age, it is reasonable that they should support measures providing for sound teacher retirement systems. The benefits accruing from provisions for their own professional group are likely to be more generous than provisions made by the federal government for workers in general.

At the same time thought should be given to the conditions under the Social Security Act which might be considered advantages by some teachers. As mentioned earlier in this section,

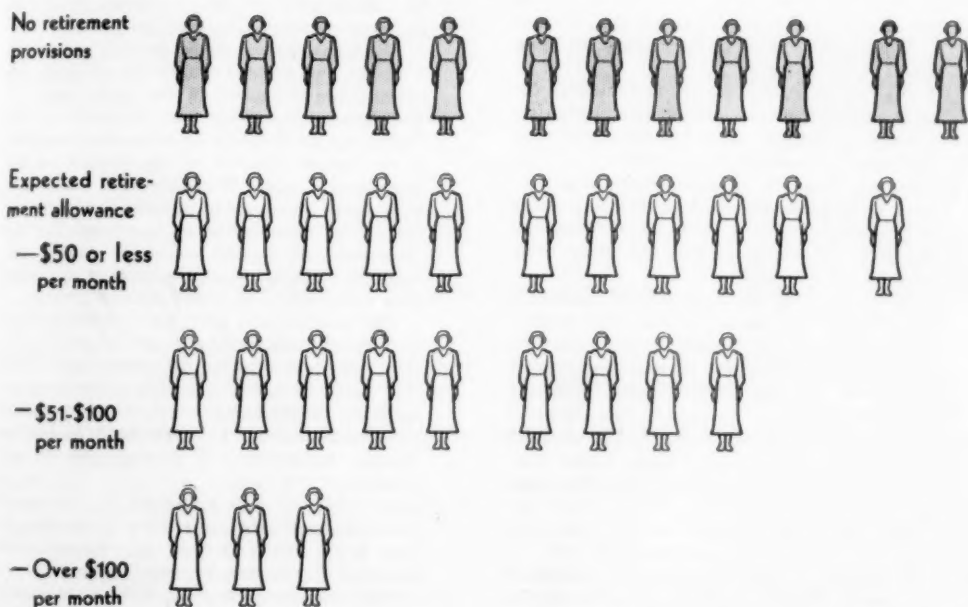
^a Including teachers in first-class high-school districts, but excluding St. Louis, Kansas City, and St. Joseph.

Social Security benefits in states where retirement systems do not exist would be something in place of nothing. Also, it may be easier to obtain an amendment to the federal law than it will be to convince legislatures in nearly half of the states that the old age of teachers should be properly safeguarded. Perhaps others would prefer the smaller wage deductions under the Social Security Act, as compared with those

required by most teacher retirement systems, even while recognizing that the ultimate benefits will also be smaller. It is conceivable too that the federal government would appeal to some as the safest agency that could be entrusted with the administration of a public retirement plan. All such arguments should be recognized in the period of discussion which lies immediately ahead.

FIGURE III

TEACHERS AND ECONOMIC SECURITY



Each symbol represents 25,000 teachers

Based on data from 50 state and local retirement systems

Res Div., Nat. Educ. Assn.

Selected References

Teacher Retirement

1. CHAMBERS, M. M., editor. *The Yearbooks of School Law*. Washington, D. C.: the Editor (744 Jackson Place, N. W.), 1933 to date.
See chapters which report court decisions interpreting teacher retirement laws effective in certain states and cities.
2. COOKE, DENNIS H., and WITHERINGTON, A. M. "Teacher Personnel: Pensions and Retirement Pay." *Review of Educational Research* 4: 319-25; 351-52; June 1934. \$1.00.
Summarizes findings of thirty-eight studies published since 1930, pertaining to the theoretical background and actual operation of teacher retirement systems. Includes data reported concerning state systems effective in Illinois, Michigan, Minnesota, Pennsylvania, Virginia, Washington, and Wisconsin.
3. FLANAGAN, SHERMAN E. *Insurance and Annuity Plans for College Staffs*. U. S. Department of the Interior, Office of Education, Bulletin No. 5. Washington, D. C.: Government Printing Office, 1937. (In press)
This publication promises to be useful for its information on various kinds of group insurance in addition to its description of their application to college faculty staffs.
4. KEESECKER, WARD W. *Teacher-Retirement Systems*. U. S. Department of the Interior, Office of Education, Bulletin, 1934. No. 6. Washington, D. C.: Government Printing Office, 1934. 46 p. 5¢.
An analysis of the principal provisions of state teacher retirement systems, with supplementary discussion of special problems. Appendix presents the text of the state teacher retirement laws now effective in Minnesota and Montana.
5. NATIONAL EDUCATION ASSOCIATION, DEPARTMENT OF CLASSROOM TEACHERS. *The Economic Welfare of Teachers*. Sixth Yearbook. Washington, D. C.: the Association, 1931. \$1.50.
Chapter 6, "Retirement and Pension Systems," p. 102-23, is of particular interest.
6. NATIONAL EDUCATION ASSOCIATION, RESEARCH DIVISION. "Current Issues in Teacher Retirement." *Research Bulletin* 8: 221-88; November 1930. 25¢.
States the five fundamental principles of a teacher retirement system. Discusses sixteen issues in teacher retirement, illustrating with tabulations of practise in state retirement systems.
7. NATIONAL EDUCATION ASSOCIATION, RESEARCH DIVISION. *Flat-Rate and Percent-of-Salary Retirement Systems*. Studies in State Educational Administration, No. 7. Washington, D. C.: the Association, January 1931. 12 p. 25¢.
Compares theoretical efficiency, history, and status of these two plans.
8. NATIONAL EDUCATION ASSOCIATION, COMMITTEE ON RETIREMENT ALLOWANCES. *Report*. Washington, D. C.: the Association, June 1932. 80 p.
Contains discussion and statistical analysis

of 17 state, 2 territorial, and 27 local teacher retirement systems.

9. PRITCHITT, HENRY S. *The Social Philosophy of Pensions*. Bulletin No. 25. New York: Carnegie Foundation for the Advancement of Teaching, 1930. 85 p.
Social and economic principles underlying a sound pension system are given, together with a review of existing pension systems for professional groups. "Free" pensions are scored, contributory systems advocated.
10. STUDENSKY, PAUL. *Teachers' Pension Systems in the United States*. New York: D. Appleton and Co., 1920. 460 p.
Contains valuable material on historical development of teacher retirement.

Public Service Retirement

11. EGGER, ROLAND ANDREWS. *The Retirement of Public Employees in Virginia*. Studies in Public Administration No. 1. New York: D. Appleton-Century Co., 1934. 269 p.
The legal aspects of the pension systems in Virginia and the characteristics of plans developed are discussed in the early pages of this monograph, which was prepared by the University of Virginia Institute for Research in the Social Sciences at the request of the League of Virginia Municipalities. The report is designed as a manual to assist local authorities in the formulation of provisions for the retirement of public employees which are adapted to local necessities and at the same time consonant with sound pension practise.
The comparisons between pension systems in Virginia and in other states make a valuable contribution to the literature in the field. The appendixes are especially pertinent inasmuch as the chief characteristics of municipal retirement systems are presented in concise tabular form. A full bibliography is appended.
12. MOSHER, W. E., and KINGSLEY, J. D. *Public Personnel Administration*. New York: Harper and Bros., 1936. Chapter 22, "Superannuation and Retirement Systems," p. 444-67.
The discussion begins with a historical development of municipal pension systems; purpose, philosophy, and chief characteristics of pension plans; comparison of cash disbursement and actuarial reserve plans; comparison of contributory and non-contributory plans; determination of contributions and annuities; and the various benefit features. At the end of the chapter are listed ten principles of a sound retirement system.
13. U. S. DEPARTMENT OF LABOR, BUREAU OF LABOR STATISTICS. *Public Service Retirement Systems*. Bulletin No. 477. Washington, D. C.: Government Printing Office. 223 p. January 1929.
Information on retirement systems for government employees in United States, Hawaii, Canada, and Europe. Chapter 5 deals with state and city teacher retirement systems.

Industrial Retirement

14. EPSTEIN, ABRAHAM. *The Challenge of the Aged*. New York: Vanguard Press, 1928. 435 p.

Altho this book was written almost ten years ago, the philosophy underlying problems of old-age security persists.

15. LATIMER, MURRAY WEBB. *Industrial Pension Systems in the United States and Canada*. New York: Industrial Relations Counselors, 1932. Volume I, 561 p.; Volume II, 1195 p.

Volume I is divided into two parts. Part I describes the development and terms of industrial pension plans; Part II deals with financial, actuarial, and administrative aspects. Volume II includes a number of references to technical actuarial treatises especially those published by the Institute of Actuaries and the Actuarial Society of America.

16. DOUGLAS, PAUL H. *Social Security in the United States*. New York: McGraw-Hill Book Co., Inc., 1936. 384 p.

Provisions of the federal Social Security Act are explained as well as its legislative history and problems it will meet in the future.

17. HOUSE OF REPRESENTATIVES. Hearings before the Committee on Ways and Means. Seventy-Fourth Congress, First Session, on H. R. 4120. *Economic Security Act*. Washington, D. C.: Government Printing Office, 1935.

18. SENATE. Hearings before the Committee on Finance. Seventy-Fourth Congress, First Session, on S. 1130. *Economic Security Act*. Washington, D. C.: Government Printing Office, 1935.

19. SOCIAL SECURITY BOARD. *First Annual Report*. Washington, D. C.: Government Printing Office, 1937. 131 p. 15¢.

Report of the Social Security Board on the establishment of its program and the first year of its administration. The appendix contains statistics regarding the Board's activities and a list of its publications.

20. SOCIAL SECURITY BOARD. *Selected List of Publications*. Publication No. 12. Washington, D. C.: Government Printing Office, March 1937. 15 p.

Lists publications of the Social Security Board and provides an order blank for the various releases of the Informational Service.

Date of Reports of Teacher Retirement Systems

Arizona.....	not reported
California.....	June 30, 1936
Connecticut.....	" " "
Indiana.....	July 1, 1936
Louisiana.....	first fiscal year, Aug. 1, 1937
Maine.....	June 30, 1936
Maryland.....	July 31, 1936
Massachusetts.....	Dec. 31, 1936
Michigan.....	Sept. 30, 1936
Minnesota.....	June 30, 1936
Montana.....	present system ends Aug. 31, 1937
Nevada.....	June 30, 1936
New Jersey.....	" " "
New York.....	" " "
North Dakota.....	" " "
Ohio.....	Aug. 31, 1936
Pennsylvania.....	June 30, 1936
Rhode Island.....	" " "
Vermont.....	" " "
Virginia.....	" " "
Washington.....	" " "
Wisconsin.....	" " "
Montgomery, Ala.....	not reported
Colo. Springs, Colo.....	Dec. 31, 1936
Denver, Colo.....	" " " (membership); June 30, 1936 (financial)
Grand Junction, Colo.....	June 30, 1937
Greeley, Colo.....	" " "

Pueblo, Dist. #1, Colo....	not reported
Washington, D. C.....	June 30, 1936
Bibb County, Ga.....	" " "
Cedar Rapids, Iowa.....	" " "
Davenport, Iowa.....	" " "
Des Moines, Iowa.....	" " "
Parsons, Kansas.....	" " "
Topeka, Kansas.....	Dec. 31, 1936 (financial); June 30, 1936 (membership)
Bowling Green, Ky.....	Dec. 31, 1936
New Orleans, La.....	Aug. 31, 1936
Baltimore, Md.....	June 30, 1936 (membership); Dec. 31, 1936 (financial)
Boston, Mass.....	Dec. 31, 1936
Detroit, Mich.....	Aug. 31, 1936
Duluth, Minn.....	July 31, 1936
Meridian, Miss.....	not reported
Omaha, Nebr.....	Aug. 31, 1936
Manchester, N. H.....	June 30, 1936
New York, N. Y.....	" " "
Bristol, R. I.....	" " " (membership); Jan. 31, 1937 (financial)
Providence, R. I.....	June 30, 1936
Salt Lake City, Utah.....	" " "
Seattle, Wash.....	" " "
Spokane, Wash.....	" " "
Tacoma, Wash.....	" " "

INQUIRY FORMS USED IN OBTAINING DATA FROM STATE AND LOCAL TEACHER RETIREMENT SYSTEMS

Form 1—Membership in Retirement System

(Please read the notes below before filling out Form 1.)

Instructions

General purpose of Form 1. This form requests the total number of enrolments in your *present* retirement system since its establishment and up to the close of the last completed membership year, that is, the membership year ending in 1936. It also requests the segregation of this total number of enrolments into two principal groups: namely, those who were still active members at the close of the last membership year, and those whose active membership had terminated prior to that date. Finally, the form calls for the further segregation of terminated memberships into (A) withdrawals, (B) deaths prior to retirement, and (C) retirements for superannuation or service and retirements for disability. Each of these items should be reported in two parts: (1) the number occurring *during* the last completed membership year, and (2) the number occurring *prior* to the last membership year.

Report to cover present system only. Data are desired in Form 1 only upon persons who now are, or who have been at some time, active members of the retirement system now in effect.

How to report re-entrants. Count each re-entrant as a separate new enrolment each time he was enrolled in your retirement system. In giving the total number of enrolments, therefore, members enrolled in your retirement system but once, will count as one enrolment. Those who have joined the system more than once will count as two or more enrolments, according to the number of times they have joined.

How to report retirements. When a given employee is granted a separate retirement on two or more occasions with a period of active service intermitting, count each occasion as one retirement. In reporting retirements it is not necessary to distinguish between service and superannuation, but retirements for disability should be recorded separately, if possible.

How to check your reply. The entry after I, entered in column 2, should equal the sum of the entries after II and III, in column 3. The entry after III, in column 3, should equal the sum of the entries after III-A, B, and C, in column 4. The entry after III-A, in column 4, should equal the sum of entries after III-A-1 and III-A-2, in column 5. Proceed similarly with respect to items III-B and III-C, and the sub-items under each of these. If the totals and sub-totals of your report do not check in this way at any point, please state the reason.

Definitions of Terms

(1) *An enrolment* (Items I and III) represents an entry into the retirement system, regardless of membership at any previous date.

(2) *Active members* (Item II) include all living persons enrolled in the system at the close of the last membership year, who were not receiving an allowance therefrom. This includes those who held an equity in the retirement system, but who were neither employed nor retired.

(3) *A re-entrant* (see above) is a person who enrolled in the retirement system after having previously been separated from active membership by withdrawal or retirement.

(4) *Withdrawal* (Item III-A) refers to the severing of connections between an active member and the retirement system. This does not necessarily occur when a member ceases to be employed. An employee on leave of absence, for example, is not a withdrawal unless he withdraws his equity in the retirement fund.

(5) *Superannuation or service retirement* (Item III-C-1) involves the receipt of an allowance from the retirement fund on the basis of attaining a specified age or completing a stated period of service.

(6) *Disability retirement* (Item III-C-2) involves receipt of an allowance from the retirement fund on account of disability prior to the age or date for superannuation or service retirement.

Form 1—Membership in Retirement System

(Please read *Instructions* and *Definitions* on opposite page before filling out Form 1.)

Membership classes	Number of members				
1	2	3	4	5	6
I. Total enrolments from establishment of present system to close of the last completed membership year (Column 2).....					
II. Number of active members at close of last completed membership year (Column 3).....					
III. Number of enrolments whose active memberships in the present system had terminated up to close of last completed membership year (Column 3).....					
A. Due to withdrawal, resignation, or dismissal (Column 4).....					
1. <i>During</i> the last completed membership year (Column 5).....					
2. <i>Prior to</i> the last completed membership year (Column 5).....					
B. Due to death before retirement (Column 4).....					
1. <i>During</i> the last completed membership year (Column 5).....					
2. <i>Prior to</i> the last completed membership year (Column 5).....					
C. Due to retirement (Column 4).....					
1. For superannuation or service (Column 5).....					
a. <i>During</i> last completed membership year (Column 6).....					
b. <i>Prior to</i> last completed membership year (Column 6).....					
2. For disability (Column 5).....					
a. <i>During</i> last completed membership year (Column 6).....					
b. <i>Prior to</i> last completed membership year (Column 6).....					

The above report extends to the close of the membership year ending _____
(Please fill in date)

Use the space below to record any necessary or desirable explanations of your figures.

Form 2—Financial Transactions of Retirement System

(Please read the notes below before filling out Form 2.)

Instructions

General purpose of Form 2. This form requests primarily a statement of the financial transactions of your retirement system during the last completed fiscal year, that is, the fiscal year ending in 1936. It asks what the ledger assets of the system were at the beginning of the fiscal year, how these assets were increased by income and decreased by disbursements during the year, and what these assets were at the close of the year. Certain miscellaneous items of financial information of special interest are also requested if you can supply them. Form 2 also calls for an analysis of income and disbursements. For example, it requests that income be segregated as to whether it is received from public sources, from members' deposits or contributions, from interest, from bequests and donations, or from profit on sale or maturity of securities.

How to report disbursements. Include in disbursements all payments made from your office to members or beneficiaries, whether involving public funds or members' deposits, or both. Report the total for administrative expenses, Item IV-E, if paid for out of the retirement fund in your system. Do not include administrative expenses in Form 2 if paid for by special appropriations apart from the retirement fund.

How to report profit and loss on investments. The profit realized on sale, purchase, and maturity of securities is called for as a part of total income under Item II-E. Report here the income received because of appreciation in value of securities held by you or because of purchase of securities at a price below their book value. The loss sustained on sale, purchase, and maturity of securities is called for as a part of total disbursements under Item IV-F. Report here the loss involved because of depreciation in value of securities held by you or because of the purchase of securities at a price above their book value.

How to check your reply. The total entries for II-A, B, C, D, and E should equal the entry for II. The entries for IV-A, B, C, D, E, and F should equal the entry for IV. The entry for III should equal the sum of the entries under I and II. The entry for V should equal the difference between III and IV. If the totals and sub-totals of your report do not check in this way at any point, please state the reason.

Definitions of Terms

(1) **Ledger assets** (Item I and above) are those assets which are carried on the books of the retirement system—assets in hand—such as cash in office and on deposit and the book value of securities. Such assets as receivables and accruals are not to be included here as ledger assets.

(2) **Income** (Item II and above) refers to amounts added to the retirement fund from the specified sources. It includes under II-C interest on investments, and under II-E appreciation in the value of securities purchased. It does not include either (a) the return of the principal invested in bonds or other securities, or (b) the balances brought forward from the preceding year.

(3) **Disbursements** (Item IV and above) include amounts paid in the form of benefits and refunds, from whatever sources derived, and administrative expenses if the latter are paid out of the retirement fund. They also include losses on securities bought, sold, or matured, but do not include expenditures for the original purchase of securities.

(4) **Superannuation and service retirement.** (Item IV-A.) See definition number 5, in connection with Form 1.

(5) **Disability retirement.** (Item IV-B.) See definition number 6, in connection with Form 1.

(6) **Administrative expense** (Item IV-E and above) refers to the cost of operating the system, such as payments for office rent, equipment, salaries and expenses of the retirement board, and so on. It does not include payments for retirement benefits or refunds.

Form 2—Financial Transactions of Retirement System

(Please read *Instructions* and *Definitions* on opposite page before filling out Form 2.)

Classification	Amounts	
1	2	3
Income and Disbursements		
I. Ledger assets at beginning of last completed fiscal year		
II. Income during last completed fiscal year		
A. From public sources		
B. From members' deposits or contributions		
C. From interest		
D. From donations and bequests		
E. From profit on securities bought, sold, and matured		
III. Assets plus income, as given above		
IV. Disbursements during last completed fiscal year		
A. For superannuation and service retirement allowances		
B. For disability retirement allowances		
C. Upon withdrawal prior to retirement		
D. Upon death prior to or following retirement		
E. For administrative expenses of the retirement fund		
F. On account of losses on securities bought, sold, or matured		
V. Ledger assets at close of last completed fiscal year (III minus IV, as given above)		
Miscellaneous Information		
VI. Total liabilities, on account of service rendered to date of last actuarial evaluation		
VII. Amount spent for investments during last completed fiscal year		
VIII. Amount received from sale and maturity of securities during last completed fiscal year		

The above report is for the fiscal year ending _____
(Please fill in date)

Use the space below to record necessary or desirable explanations of your figures.

Form 3—Retirement Allowances Granted

(Please read the notes below before filling out Form 3.)

Instructions

General purpose of Form 3. This form requests data concerning the smallest, average, and largest annual retirement allowances granted to superannuation or service retirants, and to disability retirants. It also asks that these figures be reported separately for all persons in retirement status at the close of the last completed fiscal year, and for persons who entered the retirement status during the last fiscal year.

Year covered. Please report for the last completed fiscal year of your retirement system.

What to report. Include data only upon persons who at some time have been active members of the retirement system now in effect. Do not include allowances to teachers retired under any former system now merged with your present system.

Include (Columns 2, 3, and 4) the total annual amounts payable to the retired employees, whether from public funds or from employees' deposits, or from both.

Definitions of Terms

- (1) *Superannuation and service retirement.* (Items I and II.) See definition number 5, in connection with Form 1.
- (2) *Disability retirement.* (Items III and IV.) See definition number 6, in connection with Form 1.

Form 3—Retirement Allowances Granted

(Please read Instructions and Definitions before filling out Form 3.)

Items of information desired	Amounts payable or granted			Number of beneficiaries of each group (Col. 1) on rolls at end of last fiscal year
	Smallest	Average	Largest	
1	2	3	4	5
I. Annual superannuation and service retirement allowance payable to all persons who were in retirement status at the close of the last completed fiscal year.....				
II. Annual superannuation and service retirement allowances granted to persons who entered upon retirement status during the last completed fiscal year.....				
III. Annual disability retirement allowance payable to all persons who were in retirement status at the close of the last completed fiscal year.....				
IV. Annual disability retirement allowance granted to persons who entered upon retirement status during the last completed fiscal year.....				

The above report is for the fiscal year ending _____
(Please fill in date)

Use the space below to record necessary or desirable explanations of your figures.

Form 4—Special Section

The Federal Social Security Board has asked the assistance of the National Education Association in securing the additional information indicated below. We are glad to cooperate in this way. Please supply this information as far as your available records will permit.

I. On page 5 of this form (Item II, A) you reported the income received "from public sources" during the last fiscal year. Would it be possible to indicate the specific sources?

	Amounts
(1) Total sum received from public sources (Form 2, Item II, A).....	\$
(a) Appropriations from public general funds.....	\$
(b) Appropriations or transfers from public special funds (Please specify the funds and the amounts received)	\$
.....	\$
(c) Revenues derived <i>directly</i> from tax sources earmarked for your fund (Please specify the tax and the amounts received)	\$
..... Tax.....	\$
..... Tax.....	\$

II. General administration of retirement system

- (1) Title of administrative board or body:
- (2) List the positions held by *ex officio* members of this body:
 - (a)
 - (b)
 - (c)
- (3) By whom are the *ex officio* members elected or appointed:
- (4) Number of members of the administrative body who are not *ex officio* members:
- (5) By whom are these members elected or appointed:

III. Financial management of retirement system

- (1) What official or officials are charged with the custody of retirement system funds?
- (2) Who supervises investments of retirement system funds?
- (3) Who authorizes disbursements of retirement system funds and thru what agency are disbursements made?
 - (a)
 - (b)
- (4) Who supervises or directs the collection of members' contributions?
- (5) What method of collection is used? (Check below)
 - (a) Payroll deductions by local school administrative offices.....
 - (b) Remittances direct to retirement board by individual teachers.....
 - (c) Other (describe briefly).....
- (6) Remarks:

Retirement system

Name, title, and address of person reporting

PUBLIC ECONOMY is not the hoarding of public funds. It means the intelligent *investment*, as contrasted with *waste*, of money collected from taxpayers. The question of a teachers' retirement system we do not approach primarily from the viewpoint of the needs of the immediate beneficiaries. We think, first of all, of the return that will ultimately be secured by the taxpayer himself We approach this question from the angle of the community's obligation to itself, rather than the community's debt to the teacher Whatever contributes adequately to the efficiency of our school system is a good investment.—Will H. Hays, *speaking before the National Council of Teachers' Retirement Systems, February 26, 1929.*
