Tenth Annual Report

of the

TEACHERS' RETIREMENT SYSTEM

of the

State of Kentucky

1949-50



January, 1951

CONTENTS

Page

| INTRODUCTION | · | 6 | | | | | |
|----------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------|--|--|--|--|--|
| Administration | | | | | | | |
| Members of Board Serving 1949-50 | | | | | | | |
| Office Person | Office Personnel | | | | | | |
| Cost of Adm | inistration | 9 | | | | | |
| Retirement C | Office | 9 | | | | | |
| STATISTICAL . | | 10 | | | | | |
| Table I. | Membership 1940-50 | 11 | | | | | |
| Table II. | Members with Prior Service End of Tenth Year | 11 | | | | | |
| Table III. | Distribution by Ages of 3,236 New Entrants with- out Prior Service who Filed A-2's after Tables were made July 1, 1949 | 13 | | | | | |
| Table IV. | Distribution by Ages of 467 Members with Prior Service who Filed A-1's after Tables were made July 1, 1949 | 15 | | | | | |
| Table K. | Annuity Values and Expectancies, Factor Table 1946 Recommended by Actuary and Adopted by Board July 1, 1946, (1937 Standard Annuity Table, Modified) Extended March 1, 1950 | 17 | | | | | |
| Table VI. | Members Deceased Before Retirement 1940-50 | 19 | | | | | |
| Table VII. | Members who have Withdrawn before Retirement 1940-50 | 21 | | | | | |
| Table VIII. | Distribution of 13,449 Members who have Prior Service Credit into One-year Intervals According to Attained Age July 1, 1950 | 22 | | | | | |
| Table Xa. | Living Retired Teachers Attained Ages One-year Intervals, September 1, 1950 | 24 | | | | | |
| LEGISLATIVE | | 25 | | | | | |
| Social Securit | у, | 26 | | | | | |
| ACTUARIAL | | 27 | | | | | |
| Actuary's Re System of t | port on a Valuation of the Teachers' Retirement he State of Kentucky as of June 30, 1950, L. C. Cort- | | | | | | |
| right, Actua | ary | 27 | | | | | |
| Valuation Bal | ance Sneet—June 30, 1950—Assets | 28 | | | | | |
| Valuation Bal | ance Sneet-June 30, 1990-Liaphities | 29 | | | | | |
| Descriptio | nuation | ง 21 | | | | | |
| Conclusio | ns | 35 | | | | | |
| | | | | | | | |

CONTENTS CONTINUED

| FINANCIAL | 36 |
|--------------------------------------------------------------------------------------------------|----|
| General Balance Sheet June 30, 1950 | 36 |
| General Statement of Receipts and Disbursements July 1, 1949, to June 30, 1950 | 37 |
| Condensed Analysis of Changes in Trust Fund Balances July 1, 1949, to June 30, 1950 | 38 |
| Investments Held-Schedule I | 39 |
| Annual Investment and Net Interest Earned—Schedule I-A July 1, 1940, to June 30, 1950 | 39 |
| Receipts Teachers' Savings and State Contributions—Schedule II July 1, 1940, to June 30, 1950 | 40 |
| Refunds-Schedule III | 41 |
| Retirement Allowances Paid—Schedule IV July 1, 1942, to June 30, 1950 | 41 |
| Teachers Retired, Withdrawn and Deceased—Schedule IV-A July 1, 1942, to July 1, 1950 | 41 |
| List of Applicants Approved for Retirement and Annuity Effec- tive First Quarter 1950-51 | 42 |
| AUDITOR'S REPORT | 48 |

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COMMONWEALTH OF KENTUCKY DEPARTMENT OF EDUCATION

FRANKFORT

BOSWELL B. HODGKIN SUPERINTENDENT PUBLIC INSTRUCTION

FOREWORD

The Teachers' Retirement System of the State of Kentucky has been in operation for ten years. Its usefulness, popularity and financial assets are beyond the expectation of the membership at this time. The support from the State shows a steady increase from \$1 million for 1940-42 to \$8.6 million for 1948-52.

Assets of approximately \$18 million today exceed the whole anticipated future income and assets of \$16 million of 1941; and prospective assets as shown by the actuarial study are today \$58,465,679.97. This is another way of saying that the prospective effectiveness of the Retirement System has increased 300 per cent during the ten-year period.

At this time retired teachers are receiving annuities and pensions in excess of \$½ million per annum. Some will receive more dollars in aggregate pensions during life expectancy than was received as aggregate salary for teaching. This is a debt of appreciation the State should be glad to pay in order to partly compensate for low salaries.

The management of the Retirement System for the ten years has been excellent. The membership is scarcely aware of the growth and efficiency of the Retirement Office Staff, the technical knowledge of the Secretary, and the unselfish interest and support of the Retirement Board. More interest on the part of the membership will help to guarantee this condition for the future.

These are critical years for all retirement systems. We urge that all members become familiar with the Law, the Handbook of Information, the work and personnel of the Retirement Board, and the usual routine and business procedures of the Retirement Office. To lose what we have gained may be easier than you think; to advance is always difficult—so be able to give valid reasons why the Retirement Program should be well supported and improved. We recommend that every member read this Tenth Annual Report and previous Reports.

BOSWELL B. HODGKIN

Superintendent of Public Instruction and Member of the Retirement Board

LETTER OF TRANSMITTAL

COMMONWEALTH OF KENTUCKY TEACHERS' RETIREMENT SYSTEM FRANKFORT

Honorable Lawrence Wetherby Governor of Kentucky Frankfort, Kentucky

Dear Governor Wetherby:

We have the honor to respectfully submit to you this the Tenth Annual Report of the Board of Trustees of the Teachers' Retirement System of the State of Kentucky prepared in accordance with KRS 161.320, and covering the period July 1, 1949, to June 30, 1950, the last fiscal year.

The last actuarial valuation of the assets and liabilities (July 1, 1950), the last balance sheet (June 30, 1950), accumulated cash and securities of the System, membership, service, withdrawals, deaths, and other pertinent information are all included in this Report in proper form.

The Retirement System is actuarially sound and in excellent financial condition due to your budget recommendations and favorable action by the General Assembly.

Record of the proceedings of the Board of Trustees is maintained in good order, the funds of the System safely invested, and the Law faithfully carried out.

Respectfully yours,

(Signed) Mary J. Maguire MARY J. MAGUIRE Chairman, Board of Trustees

(Signed) N. O. Kimbler N. O. KIMBLER Secretary, Teachers' Retirement System

INTRODUCTION

The Teachers' Retirement System was ten years old on July 1, 1950. It is in a financially sound position and is in a great measure fulfilling the purposes for which it was created by legislation. It is still a young organization.

Some brief comparisons will be made in this Report to give direction to constructive plans for the future.

The appropriation for 1940-41 was \$500,000; the appropriation for the eleventh year is \$1,510,000 plus a special appropriation of \$120,000, total \$1,630,000.

The amount of funds invested on July 1, 1941, was \$853,164.34; the amount invested on July 1, 1950, nine years later, \$17,280,337.55. Total assets on July 1, 1941, were \$964,419.80; total on July 1, 1950, nine years later, \$17,680,426.98.

Actuarial valuation of present and future obligations July 1, 1941, \$16,606,854.28; similar valuation as of July 1, 1950, \$58,465,679.97. This includes the annuities to mature for present serving members and those already retired. Improvements by amendments to the Retirement Law mainly account for the increase from \$16,606,854.28 to \$58,465,679.97.

Total appropriations for the first and last four-year periods are respectively, \$2,300,000 and \$7,305,456.64. This increase represents increased support from the State.

During 1940-41 the members contributed \$479,061.24, and during 1949-50 the members contributed \$1,182,980.51. During the first year \$2,272.50 was refunded because of deaths and withdrawals, while for 1949-50 the comparable amount is \$192,075.74. Receipts and disbursements for 1940-41 amounted to \$1,869,764.95, and for 1949-50, \$8,438,369.69.

The first members were retired July 1, 1942, and the age range was from 50 years to 84 years. In 1940-41, 157 members from age 70 to age 82 were teaching. The age range of 168 members retiring July 1, 1950, was from 39 to 70; and none who were 70 by July 1, 1950, are teaching.

For members who have taught at least some months between July 1, 1940, and July 1, 1950, 24,303 prior service certificates and 15,307 membership certificates have been issued—total 39,610.

As of July 1, 1941, the roster of declined teachers contained 1,036 names. This is a very insignificant number refusing membership. Membership became compulsory for all new teachers July 1, 1940, and for all present teachers who did not decline membership in 1940-41. The number who declined but later came into membership without credit for previous service is 107.

Many members retiring before 1946 and receiving \$100 to \$300 as retirement allowances were increased to \$300 in 1946 and \$480 in 1950. In many cases the increases range up to 300 per cent; the recent increase in the minimum for 30 years or more of service is a 60 per cent increase.

Since the Retirement Act has been substantially amended for betterment during the decade, we believe it is reasonable to expect further improvement, especially so if the members kept informed as to what the present law provides, some fundamental principles underlying the actuarial bases of the System, and acquire the ability to distinguish desirable legislation from undesirable or unsound legislation.

Administration

During the ten-year period the Retirement System has had the service of an excellent Board of Trustees. Board members serve without pay; and retirement members elect four members—one each May to serve four years. It is a continuous Board. The Retirement System has operated under three different State Administrations. In all instances the Board of Trustees has shown no interest in anything excepting to promote the interests of the teachers who are members of the Retirement System. No political pressure of any kind has been felt by the Retirement Board, Secretary, or employees during the ten-year period.

A Nominating Committee consisting of one member from each of the eleven divisions of the Kentucky Education Association and two members from the Negro Education Association nominate two persons to be voted on in May by means of a mail ballot. There must always be on the Board one lay or non-professional member and one or more classroom teacher members. This provision of the Law has always been complied with.

Ballots are prepared in the Retirement Office, but are returned to the Superintendent of Public Instruction who counts the vote and announces the result of the election on June 1. Each newly elected member takes the constitutional oath of office.

In May 1950, approximately 20,700 ballots were mailed to the present address of teachers (members). They marked and returned 4,692, which is a 23 per cent return. There is need for greater interest in this important matter. Few Boards have greater responsibilities than your Retirement Board. Credit is due the Board for being the first to indorse and work for amendments to the Retirement Act and for adequate appropriations.

During the ten years no decision or action of the Board of Trustees has been questioned or contested in the Courts; a record few retirement boards can equal. Only greater interest and appreciation on the part of the members of the profession can maintain a Board of this caliber.

See previous Reports for other phases of Administration.

Members of the Board

Miss Mary J. Maguire, Chairman, Teacher Henry Clay High School, Lexington.

Mr. L. C. Curry, Vice Chairman, Superintendent Bowling Green Public Schools, Bowling Green.

Mr. W. S. Milburn, Principal Louisville Male High School, Louisville. Mrs. Anna H. Settle, Lay member, Attorney, Louisville.

Hon. Boswell B. Hodgkin, Superintendent Public Instruction, Ex officio member, Frankfort.

Hon. Pearl F. Runyon, State Treasurer, Ex officio member, Frankfort. Hon. A. E. Funk, Attorney General, Ex Officio member, Frankfort.

Office Personnel

N. O. Kimbler, B.S., M.A., Executive Secretary Vera Beckham, A.B., Assistant F. L. Phillips, B.C.S., A.B., M.A., Accountant Lora Mae Blanford Alean McDonald Jean Lillis Pulliam Helen Meade Dorothy Lathrem Anna Mae Connelly Sophia Johnson Wilma Landrum Lois Kerby William O. Springate Mattie K. May Jo Anne Lutkemeier Nancy Gash

Edward K. Martin, M.D., Medical Director

Cost of Administration

The cost of administration of the Retirement Office is provided for by a budget of the Expense Fund approved by the Board of Trustees under Section 161.330 and Section 161.420, KRS. Not more than a sum equal to 4 per cent of the receipts of the State Accumulation Fund may be expended for administration, the first year of operation excepted.

COST OF ADMINISTRATION Teachers' Retirement System July 1, 1940, to June 30, 1950

| Year | Receipts of State | Administrative Expense | Per Cent of Receipts | |
|---------|-------------------|---------------------------|-------------------------|--|
| | \$ 476 089 49 | \$23 669 88 | 4 97%* | |
| 1941-42 | 481,713.03 | 18,232.93 | 3.79% | |
| 1942-43 | 627,680.61 | 22,317.03 | 3.56% | |
| 1943-44 | | 24,633.20 | 3.94% | |
| 1944-45 | | 25,908.68 | 3.35% | |
| 1945-46 | | 31,390.43 | 3.97% | |
| 1946-47 | | 36,113.58 | 3.93% | |
| 1947-48 | | 36,409.41 | 3.96% | |
| 1948-49 | | 41,059.78 | 1.06% | |
| 1949-50 | 1,479.520.70 | 43.396.76 | 2.93% | |
| | | | | |

* 4% limitation not applicable to first year of operation of system.

** Includes Special Appropriation of \$2,439,606.64.

These funds come from the appropriations of the State and not from the members' accounts or from earnings, as in most teachers' retirement systems.

Retirement Office

The State provides office space, free of rent or utility costs, in the State Capitol Building. All mail should be addressed to the Secretary of the Retirement System at this office location. The expanding records and work demands more office space—about 100 per cent increase.

The Board of Trustees meets quarterly in the office of the Superintendent of Public Instruction. The Board would meet in its own office if there were room.

The instability of a large part of the teaching profession makes the

work in the office very difficult. The member of the profession who stays put and who teaches every year is of very little trouble to those who administer the Retirement Act, or to those who work with the records and statistics. Since July 1, 1940, 39,610 retirement certificates have been issued; almost two for every covered position in the State.

In 1949-50 there was an average of 20,000 members paying monthly contributions, 7,677 members absent from teaching from one to three years, and several thousand who have been absent over three years. In the ten-year period refunds have been made to 13,147 members who certified permanent withdrawal or withdrawal for more than six years.

During 1949-50 each Superintendent and College President has identified each contributor each month by name and retirement number both. This has added greatly to the accuracy of accounts.

During 1949-50, 54,528 pieces of mail, of which 23,334 were first-class letters, were posted out, and as great an amount received.

On the average for 1949-50 monthly contributions and interest were posted on 20,000 accounts and interest only on 7,677 accounts. There is an extra posting to compound the interest in July. All of the posting is right up to date and in balance. On June 30, 1950, the Teachers' Savings Fund balance was \$7,177,331.37. This is the largest savings bank business in the State.

Members returning to service after an absence should write the Retirement Office stating full name, any recent changes in name, retirement number, and school system where last employed and where now employed.

It is not practical to try to report all of the activities necessary to the conduct and management of the Retirement System, but if a file of the Annual Reports is kept, one will have a satisfactory overview of this business.

STATISTICAL

The Kentucky Retirement Act is so lenient and liberal in the matter of service credit that it makes it quite difficult to maintain accurate statistical tables. A member may withdraw her account upon what appears to be conditions indicating permanent withdrawal and then return to teaching, and if her absence is not more than three full scholastic years, she may return the amount withdrawn plus 3 per cent compound interest and reinstate her service credit. During 1949-50 ten teachers returned to their accounts \$1,015 and had their service credit reinstated and recovered retirement certificates surrendered at time of withdrawal.

Members serving in the Military of the United States Government may pay their retirement contributions at the rate they were paying when they enlisted or were inducted and receive credit for such absence. This is under a regulation of the Board of Trustees. During the year twenty members paid into the Retirement System \$2,200 for the purpose of receiving credit for Military Service.

4

Members on deferred retirement under Section 161.610 may continue to pay their retirement contributions based upon their last teaching contract until age sixty and receive credit as though they were teaching. During the year forty-five teachers sent to the Retirement System approximately \$3,200 as contributions while on deferred retirement.

The School Code authorizes the local board of education to grant leave of absence under specific conditions. If the Retirement System is notified of such leave legally granted, such members on leave may pay their retirement contribution-for the full year and receive credit as though they had taught. Seventy-three members took advantage of this

though they had taught. Seventy-three members took advantage of this provision of the law and contributed a total of \$4,369.13 during 1949-50. If a teacher is absent from service for illness or other excused ab-sence during the school year, she may pay her retirement contribution in accordance with her contract for compensation and receive credit for a full year. Forty-six teachers were absent these short periods of time and sent to the Retirement System approximatly \$1,400 during the year. Under certain conditions the Retirement System may accept deposits known as arrearages on out-of-state service under Section 161.515, and such teachers may receive credit for such out-of-state service. During the year ten teachers paid in \$1,930.80 under this Section.

the year ten teachers paid in \$1,930.80 under this Section.

It is not unusual for bookkeepers to make an error in the monthly contribution of teachers. Such errors are usually mathematical mistakes or the result of not knowing the teacher's age on July 1 of the scholastic years concerned, and, consequently, there is deducted an incorrect percentage. One hundred fifty-six/teachers made correction direct to the Retirement Office by sending for their accounts \$5,553.43 during 1949-50.

In all, during the year the Retirement System handled hundreds of checks from individual members who were trying to comply with the Retirement Act and to accumulate service credit. The total amount sent to the Retirement Office for this purpose during 1949-50 was \$20,785.96.

Effort is being made constantly to instruct bookkeepers and others so as to obviate as much of this as possible. Each such personal transfer of funds requires a great deal of close attention and several records must be made. It also makes the preparation of statistical tables more difficult.

In accordance with Section 161.520, if a member is absent more than six scholastic years, she loses her service credit and should apply for refund of her account. There is not much point in the member leaving such an account in the retirement funds, because the service credit which it is to support has been lost by reason of length of absence. When such a teacher returns to the service, the old account is refunded to her and she comes into membership as a new member by filing enrollment Form A-2. Up to this time 942 teachers have lost their service credit by reason of such absence.

During 1949-50 the officials of all participating units have tried very hard and most successfully to have each teacher file an enrollment form in case she had not done so. Not including 2,054 new teachers who began their service in 1949-50, 1,182 who had taught prior to July 1, 1949, filed enrollment forms which should have been filed the preceding year. Not including 115 experienced teachers who came into membership in 1949-50, 288 who had taught between 1941 and 1949 filed enrollment Forms A-1 which were delinquent. An additional 64 had failed to file these forms in 1940-41, but filed them in 1949-50.

As shown by Table III, 3,236 new teachers filed enrollment forms during the year, and as shown by Table IV, 467 experienced teachers filed enrollment forms.

All of these changes make it difficult to maintain statistical tables. During the year 1,941 former teachers withdrew their accounts and the accounts of a like number who had been absent from teaching three years were withdrawn from the active file of accounts.

The office is in the process of making key-sort cards for all of the membership in every category, and when these are completed, the work of putting the statistics into tables will progress faster.

Membership has been classified and tabulated in Table I.

| |] | SERVICE RECORDS | | | | | Men | ibers | | -1 |
|----------------------|-------|-----------------|-------|--------|--------|----------|-------|-------|--------|----------|
| | W | With | | thout | Total | with | With | hout | A | аі 11 |
| | Ser | vice | Se | rvice | Fi | led | Fil | .eđ | Mem | bers |
| Members | 1 | 23,803 | [| 11,655 | | - 35,458 | | 8,711 | 1 | 44,169 |
| Added during 1949-50 | | 467 | | 3,236 | | 3,703 | | 955 | | 4,658 |
| | | 24,270 | | 14,891 | | 39,161 | | 9,666 | | 48,827 |
| Withdrawn | 7,538 | | 3,126 | | 10,664 | • | 2,320 | | 12,984 | |
| Deceased | 384 | | 25 | | 409 | | 60 | | 469 | |
| Retired | 1,300 | | 0 | | 1,300 | | 0 | | 1,300 | |
| | | | | | | | [| | [| |
| | | 9,222 | | 3,151 | | 12,373 | | 2,380 | Į | 14,753 |
| Total June 30, 1950 | | 15,048 | | 11,740 | | 26,788 | | 7,286 |] | 34,074 |

Table I. Membership 1940-50

Table II. Members With Prior Service End of Tenth Year

| From July 1, 1940 | Manahan | Prior Ser | vice Years | Prior Serv | ice Salary | |
|----------------------------|---------|-----------|------------|-----------------|------------|--|
| Thru June 30, 1950 | ramper. | Total | Average | Total | Average | |
| Members with Prior Service | | | | | | |
| Records Filed | 24,270 | 251.630.7 | 10.4 | \$21,492,143.34 | \$ 885.54 | |
| Deductions: | | ļ | Í Í | | | |
| Withdrawn | 7,538 | 50,507.3 | 6.7 | 6,304,194.29 | 836.32 | |
| Deceased | 384 | 7,138.1 | 18.6 | 471,388.75 | 1,227.57 | |
| Retired | 1,300 | 34,602.0 | 26.6 | 1,214,103.90 | 933.93 | |
| | |] [| [| | [| |
| Totals and Averages | | ſ | í í | | 1 | |
| June 30, 1950 | 15,048 | 159,383.3 | 10.5 | \$13,502,456.40 | \$ 897.29 | |

| The former that | Number | SALARIES | | | | |
|--------------------|----------|----------------|------------------|--|--|--|
| Entrance Age | Number | Total | Average | | | |
| 18 and under | 408 | \$ 477,059.89 | \$1,169.26 | | | |
| 19 | 311 | 389,377.02 | 1,252.02 | | | |
| 20 | 260 | 357,680.81 | 1,375.70 | | | |
| 21 | 277 | 440,779.89 | 1,591.26 | | | |
| . 22 | 272 | 463,326.09 | 1,703.40 | | | |
| 23 | 185 | 316,378.52 | 1,710.15 | | | |
| 24 | 149 | 277,352.03 | 1,861.42 | | | |
| 25 | 156 | 298,539.24 | 1,913.71 | | | |
| 26 | 155 | 282,398.95 | 1,821.93 | | | |
| 27 | 110 | 230,507.97 | 2,095.53 | | | |
| . 28 | 92 | 172,404.91 | 1,873.97 | | | |
| 29 | 81 | 148,791.70 | 1,836.93 | | | |
| 30 | 77 | 128,683.77 | 1,671.22 | | | |
| 31 | 73 | 122,442.01 | 1.677.29 | | | |
| 32 | 58 | 98,722.55 | 1.702.98 | | | |
| - 33 | 51 | 84,932,98 | 1 665.35 | | | |
| 34 | 61 | 110.463.61 | 1,810.88 | | | |
| 35 | 55 | 85.299.33 | 1.550.90 | | | |
| 36 | 41 | 66.203.17 | 1.614.71 | | | |
| 37 | 45 | 80,118,19 | 1.780.40 | | | |
| - 38 | 46 | 75.844.29 | 1.648.79 | | | |
| 39 | 30 | 48,889,42 | 1.629.65 | | | |
| 40 | 30 | 49.032.28 | 1.634.41 | | | |
| 41 | 36 | 58,009.87 | 1.613.89 | | | |
| 42 | 25 | 40,196.30 | 1.607.85 | | | |
| 43 | 18 | 31,297,84 | 1.738.77 | | | |
| 44 | 24 | 38,477.57 | 1.603.23 | | | |
| 45 | 17 | 28,470,20 | 1.674.72 | | | |
| 46 | 13 | 25.504.58 | 1 961 89 | | | |
| 47 | 9 | 14.919.95 | 1 657 77 | | | |
| 48 | . 18 | 28 657 40 | 1 592 08 | | | |
| 49 | - 18 | 11,138,70 | 1 856 45 | | | |
| 50 | ğ | 16.866.30 | 1,874.03 | | | |
| 51 | , s | 15,800.00 | 1.975.00 | | | |
| 52 | . 5 | 11.058.00 | 2,211.60 | | | |
| 53 | 5 | 8.914.50 | 1.782.90 | | | |
| 54 | 3 | 4.124.95 | 1.374.98 | | | |
| 55 | 3 | 4 474 84 | 1 491 61 | | | |
| 56 | | 5 530 60 | 1 382 65 | | | |
| 57 | 3 | 5 382 00 | 1 794 00 | | | |
| 58 | 1 | 1 197 00 | 1 197 00 | | | |
| 50 | 0 | 0.00 | 0.00 | | | |
| 60 60 | . 0 | 4 597 50 | 2 268 75 | | | |
| 61.62 | 0 | 4,001.00 | 2,200.10 0.00 | | | |
| 64 | 9 | 4,800,00 | 2 400 00 | | | |
| 65 | 1 | 1 276 98 | 1 976 32 | | | |
| 66 | 1 | 1,210.00 | 1,210.00 | | | |
| 67 | 1 | 1 620 00 | 1 620 00 | | | |
| 01 69_70 | 1 | 1,020.00 | 1,020.00 | | | |
| 00-14 | | | | | | |
| Totals and Average | *3,236 | \$5,167,573.10 | \$1,596.90 | | | |

Table III. Distribution by Ages of 3,236 New Entrants without PriorService Who Filed A-2's after Tables were made July 1, 1949

* 2,054 became members in 1949-50; the other 1,182 taught and contributed to the Teachers' Retirement System for the first time prior to July 1, 1949, but failed to file A-2's when they became members.

During 1950-51 a new evaluation will be made of all of the service credit outstanding and in the light of new legislation affecting prior service by reason of the increase of the minimum retirement allowance from \$300 to \$480 for thirty years or more of service credit. For this report and as a basis for comparison in the future, the amount of outstanding prior service and the aggregate of prior service salaries is presented in Table II. In order to estimate the cost of the minimum which exceeds the formula, there must be an upward adjustment in the prior service salary used in our tables. Where the prior service salary is less than \$1,174, this figure is used by the Actuary. In effect, this places the prior service salary at \$1,366.35. In Table II the actual average prior service salary is presented.

The number of new people coming into the profession during the year was approximately 2,000; not significantly different from each of the preceding two years. The modal age is 18 years and not the age which would indicate graduation from college. Naturally this group receives the lowest average salary. No one can look at this table without sensing that something is wrong in the present method of recruiting teachers.

The salary used is the salary upon which contributions are paid and of which the upper limit is \$2,400. The average is \$55.66 higher than for 1948-49.

With reference to new entrants age fifty or older, membership is required by 161.470 and other sections of the Law, but upon compulsory retirement at age seventy such members are entitled to a retirement allowance. The formula is applied in such cases and if it produces less than \$16 per service credit year, this minimum is paid to the retiring member. Last year forty persons entered the profession at age fifty or older; 1949-50 the number was forty-seven.

Of the 3,236 in Table III, 1,713 are age twenty-three or younger. Such members teaching regularly to age sixty-four will be eligible to receive an annuity of \$1,200 under the present law. Any member age thirty-three with ten years of service credit could reach the same maximum.

During 1949-50, 794 teachers twenty-three or younger withdrew their accounts indicating permanent withdrawal. This appears to be better than in 1948-49; that is, there were 1,713 new entrants and 794 withdrawals in this age bracket in 1949-50.

During 1949-50 all teachers entitled to file enrollment Forms A-1 were urged to do so, and the response was excellent. Sixty-four who should have filed in 1940-41 did so this year. The filing of the enrollment form is not a prerequisite to the payment of contributions, and school and college officials have deducted the contributions monthly for all who were in service.

The age for the modal number, 28, is forty-two years; the whole age range for 467 experienced teachers is from twenty to sixty-eight. It should be noted that this is the entrance age and not the attained age. It is not known what particular condition causes these teachers to return to the profession.

 Table IV
 Distribution by Ages of 467 Members with Prior Service who

 Filed A-1's after Tables were made July 1, 1949

| · · · · · · | | PRIOR SI | TRVICE | SALA | RIES |
|---------------------|--------|----------|---------|--------------|-----------|
| Entrance Age | Number | Total | Average | Total | Average |
| 18-19 | 0 | 0.0 | 0.0 | \$ 0.00 | \$ 0.00 |
| 20 | 2 | 3.0 | 1.5 | 1,780.20 | 890.10 |
| 21 | 2 | 0.7 | 0.35 | 3,142.40 | 1,571.20 |
| 22 | 9 | 20.9 | 2.3 | 7,079.59 | 786.62 |
| 23 | 3 | 8.9 | 2.9 | 1,753.50 | 584.50 |
| 24 | 6 | 20.8 | 3.5 | 4,999.53 | 833.25 |
| 25 | 5 | 15.0 | 3.0 | 2,315.85 | 463.17 |
| 26 | 7 | 32.7 | 4.7 | 3,898.35 | 556.91 |
| 27 | 7 | 30.8 | 4.4 | 4,009.75 | 572.82 |
| 28 | 8 | 41.0 | 5.1 | 5,413.08 | 676.64 |
| 29 | 16 | 90.6 | 5.7 | 11,780.53 | 736.28 |
| 30 | 9 | 34.0 | 3.8 | 5,771.45 | 641.27 |
| 31 | 13 | 72.9 | 5.6 | 6,639.57 | 510.74 |
| 32 | 12 | 69.1 | 5.8 | 7,633.55 | 636.13 |
| 33 | 24 | 142.1 | 5.9 | 14,214.40 | 592.27 |
| 34 | 23 | 105.8 | 4.6 | 15,569.16 | 676.92 |
| 35 | 22 | 129.9 | 5.9 | 13,011.05 | 591.41 |
| 36 | 28 | 155.0 | 5.5 | 17,126.41 | 611.66 |
| 37 | 21 | 129.3 | 6.2 | 13,083.55 | 623.03 |
| 38 | 22 | 131.5 | 6.0 | 18,806.59 | 854.84 |
| 39 | 22 | 105.7 | 4.6 | 14,689.03 | 638.65 |
| 40 | 20 | 120.0 | 6.0 | 12,273.30 | 613.67 |
| 41 | 10 | 59.6 | 5.96 | 6,778.20 | 677.82 |
| 42 | 28 | 187.6 | 6.7 | 24,883.25 | 888.69 |
| 43 | 19 | 136.6 | 7.2 | 13,939.02 | 733.63 |
| 44 | 11 | 94.5 | 9.4 | 8,250.50 | 750.05 |
| 45 | 18 | 163.2 | 9.1 | 13,603.65 | 755.76 |
| 46 | 15 | 125.8 | 8.4 | 11,027.35 | 735.16 |
| 47 | 13 | 92.0 | 7.1 | 6,078.55 | 467.58 |
| 48 | 10 | 82.2 | 8.2 | 6,751.96 | 675.19 |
| 49 | 9 | 97.2 | 8.8 | 6,066.00 | 551.45 |
| 50 | 5 | 44.1 | 8.8 | 3,346.00 | 669.20 |
| 51 | 3 | 27.0 | 9.0 | 3,265.00 | 1,088.33 |
| 52 | 8 | 64.4 | 8.1 | 4,010.30 | 501.29 |
| 53 | 4 | 33.1 | 9.5 | 2,296.70 | 574.18 |
| 54 | 1 | 8.0 | 8.0 | 360.00 | 360.00 |
| 55 | 1 | 2.0 | 2.0 | 330.36 | 330.36 |
| 56 | 5 | 106.9 | 21.4 | 4,587.00 | 917.40 |
| 57 | 3 | 12.0 | [4.0 | 1,070.00 | 356.66 |
| 58 | 3 | 40.9 | 13.6 | 1,283.00 | 427.77 |
| 59 | 2 | 23.4 | 11.7 | 2,585.00 | 1,292.50 |
| 60 | 4 | 44.0 | 11.0 | 2,514.00 | 628.50 |
| 61 | 2 | 48.0 | 24.0 | 1,124.03 | 562.01 |
| 62 | 3 | 71.0 | 23.7 | 1,550.00 | 516.67 |
| 63 | 6 | 111.2 | 18.5 | 5,210.30 | 868.38 |
| 64 | 0 | 0.0 | 0.0 | 0.00 | 0.00 |
| 65 | 2 | 15.0 | 7.5 | 1,650.00 | 825.00 |
| 66-67 | 0 | 0.0 | 0.0 | 0.00 | 0.00 |
| 68 | 1 | 10.7 | 10.7 | 1,085.00 | 1,085.00 |
| 69-70 | 0 | 0.0 | 0.0 | 0.00 | 0.00 |
| Totals and Averages | 467 | 3,165.1 | 6.8 | \$318,636.01 | \$ 682.30 |

The prior service involved is not particularly significant from an actuarial standpoint. The teacher turnover in Kentucky is so great that thousands of years of prior and subsequent service credit are lost. The average prior service salary is \$682.30. It is based upon the salary for the last five years of service prior to 1941. See Table II for prior service outstanding. A total of 251,630.7 years of prior service credit has been granted since July 1, 1940, and at this time the loss is 57,645.4 years, 22.9% of the total, exclusive of that held by retiring members.

Since we now have annuitants who have attained the age of ninety, and since we may have retirement for disability as young as age 38, it was necessary to extend Table K. Further extension will be required.

During 1950-51 the Actuary will prepare a mortality and withdrawal table based upon the experience of the Kentucky Teachers' Retirement System. This will be compared with Table K and Table J. Since members may retire voluntarily after thirty years of service regardless of age, it may now the predicted that the experience of the Retirement System will indicate (1) a high retirement rate, (2) a high death rate, and (3) a high withdrawal rate. Number (1) is unfavorable, and (2) and (3) are favorable to the System. They may be found to fairly off-set each other.

In Table K column 2 is what is known as life expectancy. Members of the Retirement System are a select group. They come into membership at maturity, in good health, and, therefore, have a higher expectancy than the general population. Human life and individual life expectancy is a very personal matter. The life span which may, and often does, exceed one hundred years is not affected by mortality tables or averages. Life expectancy of a member retiring at age seventy is 14.4 years, but this is no indication that she will live any definite number of years. She may die soon, or she may live a life span of more than a century. The mortality table need not frighten anyone.

The case is quite different for the group. Since the middle of the seventeenth century scientific studies have been made on average length of life. There were life expectancy tables in use two thousand years ago. The great life insurance and life annuity businesses have produced a wealth of scientific information and literature on the subject during the last two hundred years.

It is a well-known mathematical fact that the mean or average of a number of items may be increased without increasing the largest items; but by increasing the smaller items. During the last two decades the average length of life has increased approximately fifteen years. Improved economic conditions, variety of better foods, better hospital facilities and constant improvement in medical science all unite in increasing the average length of life of the general population and of special select groups such as teachers.

Column 3 indicates the exact cost of an annuity of \$1 at a given age assuming 3 per cent compound interest on the reserve. Early retirements constitute a greater liability on your Retirement System. For example, two members retire—one at age fifty after thirty years, and

| <u> </u> | 1 | | Discount | Discount |
|----------|-------|----------|----------|------------|
| | | | Factors | Factors |
| | 0 | 3% | Equal to | Equal to |
| Age | e | а | 70 | 70 |
| | x | x | а | a |
| | - | | 3% | 3% |
| 40 | 37.38 | 21.08503 | .50050 | |
| 41 | 36.49 | 20.78251 | .50778 | |
| 42 | 35.61 | 20.47504 | .51541 | 1 |
| 43 | 34.73 | 20.16272 | .52339 | |
| 44 | 33.86 | 19.84561 | .53175 | · · |
| 45 | 33.00 | 19.52384 | .54052 | |
| 46 | 32.14 | 19,19752 | .54970 | |
| 47 | 31.29 | 18.86680 | .55934 | Retirants |
| 48 | 30.44 | 18.53179 | .56945 | ior |
| 49 | 29.61 | 18,19268 | .58007 | Disability |
| 50 | 28.78 | 17.84964 | .59121 | Use |
| 51 | 27.96 | 17.50283 | .60293 | Factor |
| 52 | 27.15 | 17.15249 | .61524 | Age |
| . 53 | 26.35 | 16.79884 | .62820 | 60 |
| 54 | 25.56 | 16,44204 | .64183 | |
| 55 | 24.78 | 16.08243 | .65618 | |
| 56 | 24.01 | 15.72020 | .67130 | |
| 57 | 23.24 | 15.35566 | .68724 | |
| 58 | 22.49 | 14.98909 | .70404 | |
| 59 | 21.75 | 14.62080 | .72178 | |
| 60 | 21.02 | 14.25107 | .74050 | .74050 |
| 61 | 20.30 | 13.88028 | .76028 | .76028 |
| 62 | 19.60 | 13.50872 | .78119 | .78119 |
| 63 | 18.90 | 13.13677 | .80331 | .80331 |
| 64 | 18.22 | 12.76477 | .82672 | .82672 |
| 65 | 17.55 | 12.39309 | .85151 | .85151 |
| 66 | 16.90 | 12.02211 | .87779 | .87779 |
| 67 | 16.25 | 11.65224 | .90565 | .90565 |
| 68 | 15.62 | 11.28381 | .93523 | .93523 |
| 69 | 15.01 | 10.91726 | .96663 | .96663 |
| 70 | 14.40 | 10.55296 | 1.00000 | 1.00000 |
| 71 | 13.81 | 10.19131 | | |
| 72 | 13.24 | 9.83271 | | (|
| 73 | 12.68 | 9.47754 | | |
| 74 | 12.14 | 9.12620 | | |
| 75 | 11.60 | 8.77904 | | ĺ |
| 76 | 11.09 | 8.43646 | | |
| 77 | 10.59 | 8.09883 | | |
| 78 | 10.10 | 7.76647 | 8 | Í |
| 79 | 9.63 | 7.43975 | | |
| 80 | 9.17 | 7.11896 | | |
| 81 | 8.73 | 6.80441 | , | [|
| 82 | 8.30 | 6.49642 | | 1 |
| 83 | 7.89 | 6.19521 | | 1 |
| 84 | 7.49 | 5.90105 | | |
| 85 | 7.11 | 5.61416 | | |
| 86 | 6.74 | 5.33473 | | |
| 87 | 6.39 | 5.06292 | | |
| 88 | 6.05 | 4.79888 | | |
| 89 | 5.72 | 4.54273 | | |
| 90 | 5.41 | 4.29454 | | |

Table K. Annuity Values and Expectancies, Factor Table 1946Recommended by Actuary and Adopted by Board July 1, 1946(1937 Standard Annuity Table, Modified), Extended, March 1, 1950

one at age sixty-six, the average age of retirement. Basing contributions on maximum salary, the one retiring at age fifty should have an accumulated account of \$3,300.23 and a retirement allowance of \$638.61. The reserve required for her is \$11,398.96 and her contributions plus the matching fund constitute 58 per cent of the reserve.

The member retiring at age sixty-six should have an accumulated account of \$7,289.83 and a retirement allowance of \$1,200. The required reserve in her case is \$14,426.53 and her contributions plus the matching fund constitute 100 plus per cent of her reserve, notwithstanding that her retirement allowance is almost double the allowance for the early retirant. If either retirant continues to age seventy, twice the accumulated account would be \$17,263.72; the reserve at seventy \$12,663.55. Twice the accumulated account is 144 plus per cent of the reserve.

While the reserve for both taken together will pay the annuities of both, the early retirer is not paying in her share of the reserve and is cutting off too early the accumulation of compound interest. Since the reserve is a present worth, the interest it will accumulate after retirement does not change the percentages.

Column 4 of Table K presents a factor based upon one at age seventy and which takes into consideration interest earnings at 3 per cent compounded annually and life expectancy or mortality equivalents.

Table VI is based upon deaths of active teachers which deaths have been reported to the Retirement Office. There are, no doubt, a significant number not reported. When a member's account has not received contributions for three consecutive years, we try to contact her by mail. Administrators of participating units assist, but all are never found. It is possible that some deceased are not reported.

Date and cause of death is entered by a member of the medical profession; in case of accident by a Coroner. During 1950-51 the accumulated data will be used by the Actuary in preparing a mortality table based upon our own experience. On the average there are more deaths among the members of comparatively long service and better salaries. The median age is forty-six.

Table VII does not present the number of years of subsequent service credit lost by withdrawal. Members with and without prior service credit have subsequent service credit, and we estimate the average number to be three years, making a loss of approximately 39,000 years of subsequent service credit and 50,507.5 years of prior service credit.

The number withdrawing during 1949-50 is 1,936, and the annual average for the ten-year period is near 1,300. A high withdrawal rate is favorable to the System, but unfavorable to the pupil children of the state. On the average about 7 per cent of the withdrawal members will return to teaching at some time. This means that of the 1,936 withdrawing in 1949-50, approximately 140 will teach again at some time.

The member's reason for withdrawal is entered upon the Form F-60 which together with her retirement certificate, which she surrenders, is application for a refund of her accumulated account. The applications received in any month are processed at the beginning of the next month

| Attained Age | | Number | | Prior S | ervice | Sala | ries |
|---------------|------|--------|-------|---------|----------|--------------|------------|
| at Death | Male | Female | Total | Total | Average | Total | Average |
| 20 and under] | 1 | 1 | 2 | 2.0 | 1.0 | \$ 1,010.35 | \$ 505.18 |
| 21 | 2 | 0 | 2 | 2.0 | 1.0 | 921.21 | 460.61 |
| 22 | 1 | 1 | 2 | 4.0 | 2.0 | 1,001.35 | 500.68 |
| 23 | 1 | 7 | 8 | 9.0 | 1.2 | 7,063.57 | 882.95 |
| 24 | 3 | 2 | 5 | 9.5 | 1.9 | 3,899.34 | 779.87 |
| 25 | 6 | 4 | 10 | 16.6 | 1.7 | 9,209.75 | 920.98 |
| 26 | 2 | 3 | 5 | 15.5 | 3.1 | 3,898.45 | 779.69 |
| 27 | 6 | 4 | 10 | 27.0 | 2.7 | 8,643.93 | 864.39 |
| 28 | 1 | 2 | 3 | 18.0 | 6.0 | 1,891.05 | 630.35 |
| 29 | 12 | 3 | 15 | 47.1 | . 3.1 | 11,469.44 | 764.63 |
| 30 | 7 | 5 | 12 | 54.0 | 4.5 | 8.618.13 | 718.18 |
| 31 | . 4 | 6 | 10 | 65.7 | 6.6 | 7,594.20 | 759.42 |
| 32 . | 2 | 4 | 6 | 38.7 | 6.5 | 4,178.57 | 696.43 |
| 33 | 5 | 2 | 7 | 47.9 | 6.8 | 7,942.07 | 1,134.58 |
| 34 | 8 | 8 | 16 | 151.0 | 9.4 | 13,124.45 | 820.28 |
| 35 | 4 | 7 | 11 | 82.0 | 7.5 | 8,811.51 | 801.05 |
| 36 | 3 | 5 | 8 | 80.8 | 10.1 | 8,356.71 | 1,044.59 |
| 37 | 2 | 7 | 9 | 81.9 | 9.1 | 8,496.97 | 944.11 |
| 38 | 6 | 7 | 13 | 148.9 | 11.5 | 12,219.23 | 939.94 |
| 39 | 1 | 6 | 7 | 50.0 | 7.1 | 6,447.38 | 921.05 |
| 40 | 3 | 10 | 13 | 151.1 | 11.6 | 11,377.03 | 875.16 |
| 41 | 5 | { 7 | 12 | 135.7 | (11.3 (| 9,578.41 | (798.20 |
| 42 | 4 | 5 | 9 | 114.5 | 12.7 | 9,958.95 | 1,106.55 |
| 43 | 2 | 8 | 10 | 147.2 | 14.7 | 8,826.18 | 882.62 |
| 44 | 3 | 10 | 13 | 187.6 | 14.4 | 11,478.92 | 882.99 |
| 45 | 3 | 8 | 11 | 163.4 | 14.9 | 13,621.43 | 1,238.31 |
| 46 | 4 | 6 | 10 | 163.9 | 16.4 | 6,173.69 | 617.37 |
| 47 | 3 | 3 | 6 | 105.5 | 17.6 | 7,965.21 | 1,327.54 |
| 48 | 3 | 10 | 13 | 193.4 | 14.9 | 13,998.82 | 1,076.83 |
| 49 | 2 | 3 | 5 | 98.8 | 19.8 | 3,494.08 | 698.82 |
| 50 | 7 | 4 | 11 | 233.5 | 21.2 | 13,382.41 | 1,216.58 |
| 51 | 2 | 5 | 7 | 143.0 | 20.4 | 6,170.70 | 881.53 |
| 52 | 2 | j 9 - | 11 | 214.0 | 19.5 | 10,772.79 | 979.34 |
| 53 | 2 | 5 | 7 | 146.2 | 20.9 | 8,367.44 | 1,195.35 |
| 54 | 4 | 4 | 8 | 164.9 | 20.6 | 10,726.25 | 1,340.78 |
| 55 | 2 | 6 | 8 | 190.0 | 23.8 | 10,243.75 | 1,280.47 |
| 56 | 3 |) 7 | 10 | 178.5 | 17.9 | 10,168.20 | 1,016.82 |
| 57 | 2 | 2 | 4 | 83.0 | 20.8 | 6,529.45 | 1,632.36 |
| 58 | 2 | 8 | 10 | 261.6 | 26.2 | 11,626.20 | 1,162.62 |
| 59 | 1 | 8 | 9 | 259.0 | 28.8 | 8,300.50 | 922.28 |
| 60 | 4 | 9 | 13 | 328.9 | 25.3 | 16,478.87 | 1,267.61 |
| 61 | 9 | 8 | 17 | 401.9 | 23.6 | 21,707.50 | 1,276.91 |
| 62 | 3 | 8 | 11 | 290.6 | 26.4 | 14,688.45 | 1,335.31 |
| 63 | 9 | 6 | 15 | 330.0 | 22.0 | 16,656.65 | 1,110.44 |
| 64 | 0 | 0 | 0 | 0.0 | 0.0 | 0.00 | 0.00 |
| 65 | 5 | 0 | 5 | 83.7 | 16.7 | 5,793.08 | 1,158.62 |
| 66 | 0 | 7 | 7 | 171.1 | 24.4 | 8,231.60 | 1,175.94 |
| 67 1 | 8 | 4 | 12 | 301.4 | 25.1 | 14,539.45 | 1,211.62 |
| 68 | 5 | 13 | 18 | 419.5 | 23.3 | 20,936.90 | 1,163.16 |
| 69 | 6 | 7 | 13 | 320.1 | 24.6 | 13,881.18 | 1,067.78 |
| 70 - 83** | 4 | 6 | 10 | 204.5 | 20.5 | 10,917.00 | 1,091.70 |
| Averages | 189 | 280 | 469 | 7138.1 | 15.2 | \$471,388.75 | \$1,005.09 |

Table VI. Members Deceased Before Retirement 1940-50

**These teachers did not file professional service records—age not known until Form F-50's were filed for settlement of accounts. Did not teach after 1943-44. and are set up in pay roll form and sent to the Division of Accounts and Budget Control as a state routine. Funds to pay the aggregate of the amount involved are encumbered by the Division and a warrant directing payment is sent to the State Treasurer who issues the checks for the list of withdrawing members and delivers same to the Retirement Office where they are promptly mailed. This procedure requires from thirty to sixty days. If all teachers would acquire some knowledge of the routine required and not assume that all that is necessary is for the retirement Secretary to write a check for the amount to be refunded, it would save much correspondence.

The care and accuracy of the Retirement Office staff in handling all accounts is such that in making 12,984 refunds, no financial losses to anyone or to the System has been sustained. It is often the case that after the refund is made a contribution is received for an account. In that case a supplemental refund is made without further attention from the withdrawing member.

No part of the matching fund is refunded to the withdrawing member or to the State. The matching fund in exact amount is transferred to the Guarantee Fund since it is a surplus in the State Accumulation Fund after the member withdraws her account. For 1949-50, \$176,877.22 was refunded and a like amount transferred to the Guarantee Fund. It is used to provide the difference between earned interest of 2.43 per cent and 3 per cent, and to further strengthen the System actuarially.

By granting prior service credit, the Retirement System becomes effective earlier than would be the case if no such credit were given, and the teachers who retire under the system with a membership of less than a career are benefited. Teachers retiring in 1942 with thirty years of prior service credit and one year of subsequent service credit could receive \$600 for prior service and \$30 for subsequent service. Teachers retiring July 1, 1950, may receive \$600 for prior service and \$313.20 for subsequent service. The effect of prior service credit is obvious. In 1958 retiring members may receive \$600 for prior service and \$600 for subsequent service.

When the minimum retirement allowance is increased as in 1946 and 1950, the obligation of the State for prior service greatly increases. By increasing the minimum for thirty years or more to \$300 in 1946, this obligation was increased from \$3,863,715.65 to \$7,840,588.67. This is approximately a 100 per cent increase. The calculations necessary to determine the increase in this obligation incident to a 60 per cent increase in the minimum retirement allowance in 1950 will be made during 1950-51.

Table VIII is one of the basic tables to be used in this calculation. Members who are retired, withdrawn, or deceased are excluded from Table VIII. All of the 13,449 are not at this date teaching, but they have not lost their service credit by absence of more than six years. Table II shows the aggregate years of prior service accredited during the ten-year period and the total outstanding credited to active members on July 1, 1950.

Since the minimum retirement allowance is \$480, the average prior service salary of \$935.08 must be arbitrarily increased to about \$1,174 in all cases where the minimum applies.

| | Number | Number | PRIOR SE | RVICE | P. S. SALARIES | |
|---------------|---------|---------|----------|---------|----------------|-----------|
| Entrance | Without | With | | A | Tatal | Averade |
| Age | P. S. | P. S. | Total | Average | Total | Hverage |
| 20 & under | 1,377 | 319 | 359.1 | 1.1 | \$ 187,119.94 | \$ 586.58 |
| 21 | 584 | 325 | 626.4 | 1.9 | 224,415.91 | 690.51 |
| 22 | 505 | 364 | 845.6 | 2.3 | 274,824.69 | 755.01 |
| 23 | 306 | 388 | 1,208.3 | 3.1 | 301,677.80 | 777.52 |
| 24 | 250 | 450 | 1,804.9 | 4.0 | 350,100.34 | 778.00 |
| 25 | 244 | 438 | 2,024.7 | 4.6 | 358,361.94 | 818.18 |
| 26 | 183 | 470 | 2,335.9 | 5.0 | 384,362.48 | 817.79 |
| 27 | 169 | 422 | 2,570.9 | 6.1 | 358,847.36 | 850.35 |
| 28 | 137 | 403 | 2,789.0 | 6.9 | 341,696.35 | 847.88 |
| 29 | 146 | 374 | 2,802.3 | 7.5 | 308,037.29 | 823.63 |
| 30 | 165 | 407 | 3,257.2 | 8.0 | 355,441.36 | 873.32 |
| 31 | 136 | 344 | 2,909.4 | 8.5 | 311,675.27 | 906.03 |
| 32 | 115 | 359 | 3,230.8 | 9.0 | 321,411.79 | 895.30 |
| 33 | 105 | 290 | 2,563.5 | 8.8 | 266,004.27 | 917.26 |
| 34 | 87 | 278 | 2,701.2 | 9.7 | 260,421.37 | 936.77 |
| 35 | 79 | 257 | 1,519.0 | 5.9 | 236,783.94 | 921.34 |
| 36 | 76 | 212 | 2,096.0 | 9.9 | 210,913.25 | 994.87 |
| 37 | 78 | 186 | 2,007.1 | 10.8 | 182,198.15 | 979.56 |
| 38 | 84 | 165 | 1,622.7 | 9.8 | 157,433.51 | 954.14 |
| 39 | 55 | 120 | 1,263.6 | 10.5 | 108,071.09 | 900.59 |
| 40 | 59 | 116 | 1,192.4 | 10.3 | 100,583.43 | 867.10 |
| 41 | 47 | 113 | 1,186.9 | 10.5 | 113,286.26 | 1,002.53 |
| 42 | 55 | . 91 | 965.0 | 10.6 | 83,550.18 | 918.13 |
| 43 | 40 | 65 | 711.7 | 10.9 | 54,527.32 | 838.88 |
| 44 | 36 | 59 | 592.9 | 10.0 | 46,284.24 | 784.48 |
| 45 | 31 | 51 | 541.7 | 10.6 | 46,634.80 | 914.41 |
| 46 | 31 | 59 | 548.0 | 9.3 | 49,883.67 | 845.49 |
| 47 | 29 | 38 | 410.9 | 10.8 | 38,702.52 | 1,018.49 |
| 48 | 19 | 42 | 343.6 | 8.2 | 31,941.29 | 760.51 |
| 49 | 25 | 49 | 550.7 | 11.2 | 43,769.63 | 893.26 |
| 50 | 26 | 40 | 457.7 | 11.4 | 26,133.84 | 653.35 |
| 50 | 20 | 30 | 295.9 | 9.9 | 25,993.66 | 866.46 |
| 51 | 24 | 28 | 294.0 | 10.5 | 24,423.91 | 872.28 |
| 59 (| 15 | 23 | 183.2 | 8.0 | 16,325.45 | 709.80 |
| 53 | 18 | 20 | 220.3 | 11.0 | 12,110.86 | 605.54 |
| 66 94 | 10 | 20 | 252.8 | 9.7 | 14.422.90 | 554.73 |
| 00 FØ | 10 | 15 | 146.1 | 9.7 | 9.635.00 | 642.33 |
| 30 57 | 19 | 20 | 215.3 | 10.8 | 14,207.82 | 710.39 |
| 04 F0 | 14 | 16 | 145.8 | 9.1 | 12.277.78 | 767.36 |
| 90 F0 | 7 | 19 | 147.1 | 12.3 | 8,467,45 | 705.62 |
| 59 60 | 1 | 15 | 151.9 | 10.1 | 10.147.50 | 676.50 |
| 60 | 0 F | 10 | 195.9 | 12.5 | 5.545.78 | 554.58 |
| 61 | 0 7 | 10 | 194.9 | 11.3 | 3,755,90 | 341.45 |
| 62 | 1 | 11 | £91 | 78 | 5 531 00 | 691.38 |
| 63 | 4 | 0 / | 1,00 | 10.8 | 2.041.00 | 510.25 |
| 64 | J | 94 0 | 40.0 | 117 | 2,0110.00 | 737 67 |
| 65 | 3 | 3 | 35.1 | 11.1 | 2 000 00 | 666 67 |
| 66-70 | 10 | 3 | 26.0 | 0.1 | 4,000.00 | 000.01 |
| Over 70 (non- | _ | _ | | 0.0 | 0.00 | 0.00 |
| member) | 1 | 0 | 0.0 | 0.0 | | 0.00 |
| Totals and | | | | | 60 904 104 90 | ¢ 02000 |
| Averages | 5,446 | 7,538 | 50,507.5 | 5.7 | \$0,304,194.29 | a 830.32 |

Table VII. Members who have Withdrawn before Retirement 1940-50

Under present conditions the obligation of the state for prior service will approximate the aggregate salaries set up in Table VIII. In other words, many retired members will receive in annuities as great an

| Attained | Number of | PRIOR SERVICE YEARS | | PRIOR SERVICE SALARY | | |
|------------|-----------|---------------------|---------|----------------------|-----------|--|
| Age | Members | Total | Average | Total | Average | |
| 28 | 430 | 767.3 | 1.8 | \$ 309,210.27 | \$ 719.09 | |
| 29 | 217 | 329.7 | 1.5 | 167,841.06 | 773.46 | |
| 30 | 322 | 594.2 | 1.8 | 230,920.32 | 717.14 | |
| 31 | 323 | 726.9 | 2.2 | 217,971.78 | 674.84 | |
| 32 | 337 | 937.7 | 2.8 | 241,410.32 | 716.35 | |
| 33 | 408 | 1,164.4 | 2.8 | 296,298.10 | 726.22 | |
| 34 | 476 | 1,881.8 | 3.9 | 360,947.17 | 758.29 | |
| 35 | 499 | 2,235.8 | 4.5 | 386,370.81 | 774.29 | |
| 36 | 556 | 3,149.0 | 5.6 | 435,313.60 | 782.96 | |
| 37 | 613 | 3,956.4 | 6.5 | 494,048.34 | 805.95 | |
| 38 | 634 | 4,667.7 | 7.4 | 528,569.53 | 833.71 | |
| 39 | 621 | 5,462.1 | 8.8 | 544,523.67 | 876.85 | |
| 40 | 598 | 5,837.8 | 9.8 | 539,304.82 | 901.85 | |
| 41 | 611 | 6,397.8 | 10.5 | 556,398.74 | 910.64 | |
| 42 | 583 | 6,277.6 | 10.8 | 554,169.83 | 950.55 | |
| 43 | 542 | 6,426.1 | 11.9 | 531,119.68 | 979.93 | |
| 44 | 521 | 6,365.8 | 12.2 | 510,738.45 | 980.30 | |
| 45 | 454 | 5,920.9 | 13.0 | 467,941.61 | 1,030.71 | |
| 46 | 389 | 5,431.0 | 14.0 | 406,422.65 | 1,044.79 | |
| 47 | 377 | 5,394.8 | 14.3 | 413,177.12 | 1,095.96 | |
| 48 | 345 | 5,089.3 | 14.8 | 378,504.36 | 1,097.11 | |
| 49 | 298 | 4,734.6 | 16.2 | 330,107.29 | 1,107.75 | |
| 50 | 285 | 4,665.6 | 16.4 | 308,577.61 | 1,082.73 | |
| 51 | 251 | 4,507.9 | 18.0 | 290,684.24 | 1,158.10 | |
| 52 | 245 | 4,470.9 | 18.2 | 275,715.30 | 1,125.31 | |
| 53 | 223 | 4,240.7 | 19.0 | 248,689.60 | 1,115.20 | |
| 54 | 245 | 4,186.2 | 17.1 | 273,673.47 | 1,117.03 | |
| 55 | 239 | 4,369.6 | 18.3 | 253,429.99 | 1,060.38 | |
| 56 | 234 | 4,349.6 | 18.6 | 261,093.99 | 1,115.79 | |
| 57 | 224 | 4,333.0 | 19.3 | 248,363.80 | 1,108.77 | |
| 58 | 219 | 4,400.8 | 20.1 | 250,203.35 | 1,142.48 | |
| 59 | 164 | 3,220.8 | 19.6 | 188,901.52 | 1,151.84 | |
| 60 | 167 | 3,430.4 | 20.5 | 185,080.75 | 1,108.26 | |
| 61 | 128 | 2,623.3 | 20.5 | 141,939.10 | 1,108.89 | |
| 62 | 106 | 2,259.8 | 21.3 | 116,663.50 | 1,100.60 | |
| 63 | 118 | 2,606.5 | 22.1 | 112,107.58 | 950.06 | |
| 64 | 92 | 2,192.4 | 23.8 | 112,298.88 | 1,220.64 | |
| 65 | 81 | 1,959.5 | 24.2 | 101,012.77 | 1,247.07 | |
| 66 | 90 | 2,075.7 | 23.1 | 93,991.70 | 1,044.35 | |
| 67 | 67 | 1,695.9 | 25.3 | 85,869.01 | 1,281.63 | |
| 68 | 81 | 1,901.0 | 23.4 | 86,998.72 | 1,074.06 | |
| 69 | 36 | 922.7 | 25.6 | 39,366.73 ` | 1,093.52 | |
| 70 | 0 | 0.0 | 0.0 | 0.00 | 0.00 | |
| Totals and | | 1 | i | I | | |
| Averages | 13,449 | 148,161.0 | 11.0 | \$12,575,971.13 | \$ 935.08 | |

Table VIII. Distribution of 13,449 Members who have Prior Service Credit into One-year Intervals According to Attained Age July 1, 1950

amount as was received in salaries while teaching before July 1, 1941; the aggregate of prior service salaries and the aggregate of annuities for certain individuals being about equal.

The liquidation of this obligation by the state under 161.500, KRS,

will require many years. The 2 per cent of \$12,575,971.13, which is \$251,-519.42 annually, was adequate prior to July 1, 1946, but is no longer adequate. The Actuary will calculate the amount necessary to amortize the remaining prior service obligation of \$9,222,784.01.

The number of annuitants varies during any year or month. A few retire at the beginning of each quarter; some retired for disability recover, and death is ever present wherever there is life. The total number retired as of July, 1950, is 1,300, and the total number on the annuity roll for the first quarter of 1950-51 is 1,059. The losses for the eight years is 241. The average number retiring per year is 144.4; average losses 30.1.

Table Xa distributes annuitants by present ages. Early retirements are unfavorable to the System. At age 50 an annuity of \$1 costs the System \$17.85 plus 3 per cent interest on the reserve; at age 65 the cost is \$12.39. It follows that the cost of an annuity of \$480 from age 50 is \$8,568, while at 65 the cost is \$5,947 approximately.

The age factor does not reduce the annuity below the minimum, and for this reason even a low minimum is expensive.

Apparently several of our teachers are retiring too young. A young person cannot adjust easily to a life of retirement, and, therefore, as soon as they rest they want to return to teaching. The Retirement Act makes no provision for the return of a voluntarily or compulsorily retired teacher to active service. The retired teacher must then seek employment in some other field and in one for which she may have no special training. The persons already in that field, if it is a competitive one, are put in the position as taxpayers of partially supporting her while she competes with them. This can become a very unsatisfactory situation. We strongly recommend that teachers carefully consider this before voluntary retirement.

We have 16 annuitants under the age of 51 years. These all retired after the Law was amended in 1950. The life expectancy of a retirant at age 50 is 28.78 years.

If every member would act in a professional manner in regard to retirement and get the average age up to the national average, the State, through the Retirement System, could finance a larger minimum retirement allowance.

Table Xa shows that the 1,059 retired teachers will receive \$5,536,-069.79 plus 3 per cent compound interest on the unexpended part. The amount of the reserve needed will increase as additional members retire.

It must be observed that about one-half of these annuitants retired after less than a career of service. If all these were eliminated, the average would be considerably higher. The maximum retirement allowance now being paid is \$913.20; the minimum \$100 based upon six or less years of service credit.

The modal age is 70 years. There are 431 annuitants under 70 and 534 annuitants over 70. Life expectancy at 70 is 14.4 years. The upper quartile is approximately 74.5 and older, and the lower quartile 64.5 and younger.

There are 115 teachers retired for disability. No higher death rate for retirants for disability is apparent.

| | Living | iving Retired Teachers | | Avenado | Needed to | Cost for Life |
|----------|---------|------------------------|---------|-------------------|--------------------------|------------------------|
| Attained | Men | Women | . Total | Annuity | Pay Annuity of \$1.00 | Expectancy |
| 00 | | | | L 6946 94 | 00000 | \$ 761728 |
| 39 | 1 | U 1 | | 9340-24 960 AA | 20 47504 | 7 534 82 |
| 42 | 0 | | 4 | 380.97 | 19 19759 | 21 900.53 |
| 40 | 4 | 1 0 | | 270.12 | 18 96690 | 20 949 69 |
| 41 | | 3 |) | 490.00 | 19 59170 | 8 895 26 |
| 48 | U | | | 460.00 | 10.00170 | 15 252 74 |
| 49 | 0 | | 4 | 419.20 | 17 94004 | 40.070.19 |
| 50 | | 4 | 5 | 480.45 | 17 54904 | 44,013.14 |
| 51 | U | 5 | 5 2 | 430.40 | 17 18940 | 95 990 A1 |
| 52 | | 3 | 5 | 411.84 | 16 70004 | 20,020.91 Ee 251 et |
| 53 | 3. | 5 | 8 | 420.80 | 10.79004 | 20,001.01 |
| 54 | 4 | 6 | 10 | 317.20 | 10.44204 | 62,013-37 |
| 55 | 3 | 8 | 11 | 439.60 | 16.08243 | 77,767.55 |
| 56 | 9 | 10 | 19 | 425.68 | 15.72020 | 127,144.98 |
| 57 | 3 | 4 | 7 | 454.40 | 15.35566 | 48,843.28 |
| 58 | 7 | 5 | 12 | 469.60 | 14.98909 | 84,466.52 |
| . 59 | 7 | 8 | 15 | 453.27 | 14.62080 | 99,408.57 |
| 60 | 15 | 8 | 23 | 466.00 | 14.25107 | 152,743.54 |
| 61 | 12 | 18 | 30 | 456.34 | 13.88028 | 190,023.81 |
| 62 | 16 | 17 | 33 | 447.42 | 13.50872 | 199,453.55 |
| 63 | 20 | 12 | 32 | 469.09 | 13.13677 | 197,196.05 |
| 64 | 9 | 13 | 22 | 461.59 | 12.76477 | 129,625.73 |
| . 65 | 16 | 22 | 38 | 457.14 | 12.39309 | 215,282.85 |
| 66 | 11 | 25 | 36 | 490.87 | 12.02211 | 212,448.48 |
| 67 | 13 | 16 | 29 | 463.62 | 11.65224 | 156,664.83 |
| 68 | 12 | 25 | 37 | 473.40 | 11.28381 | 197,645.41 |
| 69 | 17 | 26 | 43 | 493.30 | 10.91726 | 231,575.61 |
| 70 | 24 | 70 | 94 | 536.05 | 10.55296 | 531,750.89 |
| 71 | . 22 | 60 | 82 | 512.86 | 10.19131 | 428,588.00 |
| 72 | 32 | 47 | 79 | 489.46 | 9.83271 | 380,203.76 |
| 73 | 27 | 43 | 70 | 506.89 | 9.47754 | 336,274.11 |
| 74 | 25 | 32 | 57 | 500.02 | 9.12620 | 260,108.02 |
| 75 | 27 | 42 | 69 | 493.66 | 8.77904 | 299,036.23 |
| 76 | 13 | 28 | 41 | 518.64 | 8.43646 | 179.393.22 |
| 77 | 14 | 25 | 39 | 485.22 | 8.09883 | 153,258.05 |
| 78 | 6 | 22 | 28 | 488.29 | 7.76647 | 106,184.42 |
| 79 | 5 | 12 | 17 | 485.72 | 7.43975 | 61,432.40 |
| 80 | 4 | 8 | 12 | 510.48 | 7.11896 | 43,609,33 |
| 81 | 5 | 7 | 12 | 501.66 | 6.80441 | 40.962.55 |
| 82 | 7 | 2 | 9 | 496.26 | 6.49642 | 29.015.61 |
| 83 | l i | 1 | 2 | 388.00 | 6.19521 | 4.807.48 |
| 84 | 3 | 3 | 6 | 505.00 | 5.90105 | 17.880.18 |
| 85 | 0 | 4 | Å | 480.00 | 5.61416 | 10.779.19 |
| 86 | ă | | 1 1 | 480.00 | 5.33473 | 2.560.67 |
| 87 | 2 | â | 2 | 480.00 | 5.06292 | 4.860.40 |
| 01 | 1 | 0 | 1 | 480.00 | 1 79889 | 2 202 46 |
| 00 89 | | | កំ | 0.00 | 1 00000 ÷ | 6,000,40 |
| 90 | 1 | 9 | 3 | 480.00 | 4 29454 | 6 184 14 |
| | - 400 | | 1 050 | 00.00 | ******** | 01 564 400 50 |
| Totals | 402 | £ 657 | 1,029 | j 3486.40 | | \$5,536,069.79 |

Table Xa. Living Retired Teachers Attained Ages One-year Intervals,September 1, 1950

LEGISLATIVE

Unforeseeable economic changes have made it desirable that the Retirement Act from time to time be amended. This has been the case in many other States. The formula for calculating the retirement allowances in the Act of 1938 proved unsatisfactory and was completely rewritten in 1946. It is entirely probable that there will be further changes in the age factors which are based upon the mortality table in use by the System, not only by reason of the gradual increase in life expectancy, but by reason of larger contributions in terms of per cent from the membership. If one per cent additional is contributed later, the increase in the resulting retirement allowance can be taken care of by giving a greater value to each year of subsequent service credit or by adjustment in the age factor or both. The Actuary of the System will have this responsibility, but any new legislation on this point should be such as to leave him free to make the changes. The values and tables should not be arbitrarily set up in any future amendment.

During the 1950 session of the General Assembly four bills were introduced under the sponsorship of the Retirement Board and Secretary. Three of these bills became Law; and it appears to the writer that if any new Legislation is sought in 1952, it should be limited to the amendment which failed to pass in 1950. More specifically, this was Senate Bill 265, and it provided for (1) an increase in contributions of 1% in each age bracket and to be matched by the State, (2) contributions to be made on a maximum of \$3,000, (3) a maximum retirement allowance of \$1,500, and (4) the assigning of greater value to each year of subsequent service credit.

Since the revision of the Social Security Law, the question has been raised as to whether the maximum salary on which contributions are paid should be \$3,600.

There is great sentiment on the part of the members in favor of paying a greater percentage even with the present minimums and maximums, provided the State will match the contributions and provided further that greater values are given service credit.

In viewing the whole field, one must conclude that legislation similar to that described in S.B. 265 is the only legislation indicated at this time.

A word of caution should be said here. During the last Regular Session of the Legislature more than a dozen bills were introduced, having for their objective changes in the Retirement Act. Each bill was initiated by teachers or other professional members of the Retirement System, whose desire was to improve the Retirement System. An analysis of these bills indicates that (1) the sponsors were not familiar with the Retirement Act, (2) the bills were not carefully written, (3) sufficient technical advice was not sought in the preparation of the bills, (4) no supporting financial amendments or appropriations were included, and (5) there was no apparent regard for the effect of the proposed legislation on the reserves of the System. Fortunately, such legislation failed of passage. Extreme care should be exercised by the members and their organizations so at to avoid this danger. In several states, including Ohio, Florida, Louisiana, and others, this type of legislation sponsored by members who have a higher regard for immediate benefits rather than for financial soundness, severe problems have been created. Kentucky should profit from the experience of others and keep the Retirement System financially sound. The proper and safe procedure is for the membership and their organizations to support the Retirement Board as it moves forward toward the goal of a satisfactory and sound annuity plan. The Board has among its employees adequate technical help.

The reader is respectfully referred to the Ninth Annual Report, November, 1949, pages 27 to 35 for a further discussion of Legislation.

Social Security

House Bill 6000 passed by Congress will go into effect on October 1, 1950, and on and after January 1, 1951, will be available for coverage of county, municipal and State employees, not already covered by a pension and annuity system, upon the enactment by the State General Assembly of "agreement" legislation. For public employees it is not a "double coverage" bill. Members of existing retirement systems such as for firemen, teachers, and policemen are excluded. Noncertificated employees of boards of education can be covered, following appropriate legislation by the State and agreement between the Board of Education and the Social Security authority. No prior service credit is given new members, but such service credit as is earned after January 1, 1951, is retained. Upon leaving a covered position no refund is made. The contributions of the employee are: for 1950 to 1953, 11/2 %; 1954 to 1959, 2%; 1960 to 1964, 21/2 %; 1965 to 1969, 3%; and for 1970 and later 3¼%. The maximum on which contributions and benefits are based is \$3,600. The employer "matches" the employees' contributions.

It is not yet determined whether teachers who have taught 30 years and who have quit teaching, but are not receiving an annuity, can be legally covered if in industry. The Federal Administrator will answer this question.

ACTUARIAL

L. C. CORTRIGHT Actuary 509 South Sixth Street Springfield, Ill.

December 9, 1950

Members of the Board of Trustees, Teachers' Retirement System of the State of Kentucky Frankfort, Kentucky.

Gentlemen:

Pursuant to engagement, I have the honor of presenting herewith a Valuation Balance Sheet showing the financial condition of the Teachers' Retirement System of the State of Kentucky, as of June 30, 1950, from a technical standpoint, together with a descriptive narrative and comments pertaining thereto.

The courteous and considerate cooperation of Mr. N. O. Kimbler, Secretary, and his able staff in supplying with promptness the statistical data required for the preparation of this Valuation Balance Sheet is hereby acknowledged with appreciation.

> Respectfully submitted, L. C. Cortright Actuary

L. C. CORTRIGHT Actuary 509 South Sixth Street Springfield, Ill.

ACTUARY'S REPORT ON A VALUATION

of the

TEACHER'S RETIREMENT SYSTEM OF THE STATE OF KENTUCKY

as of June 30, 1950

Basis of Valuation

The Teachers' Retirement System of the State of Kentucky began operation as of July 1, 1940. It provides benefits for Superannuation and Disability retirement measured in terms of service as a teacher prior to July 1, 1941, as well as subsequent thereto. The System is supported by the joint contributions of the members and the State of Kentucky. With respect to the obligation created by service as a teacher (defined in the Act as Subsequent Service) the contributions from member teachers, as required by the law, are matched dollar for dollar by contributions from the State. With respect to the obligation created by service of the teachers prior to July 1, 1941 (defined in the Act as Prior Service), temporary contributions from the State only as provided by the governing law, are required. Periodically, an actuarial valuation of the Assets and Liabilities of the System is made to determine whether the contributions are proving sufficient to meet its established liabilities and to show what adjustments, if any, are necessary on the basis of the actual experience of the System to maintain it in a solvent condition.

The Valuation Balance Sheet, herewith displayed, was prepared as of June 30, 1950, and shows the results of an actuarial determination of the assets and liabilities of the Teachers' Retirement System of the State of Kentucky and indicates the financial condition, from a technical standpoint, as of that date on the basis of assumed retirement at age 65. This study was based upon the benefit and contribution provisions of the plan of operation underlying the System and in accordance with the Kentucky Teachers' Retirement Law as amended July 1, 1950. With the use of statistical data covering the age, service and salary characteristics of the membership of the System, made available by N. O. Kimbler, Secretary, in the form required to reflect the changes in the law as amended July 1, 1950, supplemented by proper actuarial formulae involving both Monetary Tables and Service Tables, heretofore adopted for use by the Board of Trustees, calculations were made to establish the assets and liabilities of the System as of June 30, 1950, and the Valuation Balance Sheet was prepared reflecting the results of these calculations. The report herein presented portrays, in addition to the results of past financial operations of the System, i.e., from July 1, 1940, to June 30, 1950, the effect of future operations on the financial condition of the System in accordance with the actuary's forecast and assumptions as to operations of the several interactive elements whose influences are manifest in the operation of a retirement system, such as rates of death, rates of disability, rates of withdrawal from active service and rates of superannuation retirement.

The following Valuation Balance Sheet, accordingly, shows both the current and deferred Assets and Liabilities of the Retirement System as of June 30, 1950. The Assets in hand (current assets), as shown in the Balance Sheet, were taken from statements prepared by the Secretary of the System and submitted to me in the form required for this report.

VALUATION BALANCE SHEET—JUNE 30, 1950

(On basis of assumed retirement at age 65) L. C. CORTRIGHT, ACTUARY Kentucky Teachers' Retirement Law as Amended June 30, 1950

ASSETS

| Current Assets | | |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------|-----------------|
| Cash | .\$ 381,539.43 | \$ |
| Accounts Receivable | . 43,47 | |
| Bond Investments | . 17,100,000.00 | |
| Unamortized Premiums | 180,229.98 | , |
| Accrued Interest on Bonds Purchased | . 107.57 | |
| Furniture and Fixtures | . 18,506.53 | |
| Net Current Assets | - | \$17,680,426.98 |
| Deferred Assets: (Present Value on 3% interest assumption, etc.) (1) Present Value Teachers' contribu- tions mandatory by reason of | | |
| Subsequent Service, 6-30-50 (A') (2) Present Value State's contributions mandatory by reason of Subse- | | \$12,885,258.83 |
| quent Service, 6-30-50 (A") (3) Indicated deficiency from members' future contributions (no covering | | 12,885,258.83 |
| provision in Act) Deferred Assets mandatory by rea- | | 5,791,951.32 |
| son of Subsequent Service | | \$31,562,468.98 |
| (4) Actuarial Reserve Deficiency: Deferred obligations of the Com- monwealth of Kentucky. Present Value Accrued obligation manda- tory by reason of Prior Service 6-30-50 | | |
| Active Members | \$ 5,269,792.01 | |
| Members eligible to retire (5) Current Assets Deficiency: Present Value of Accrued Prior Service obligation due retired teachers, | 1,334,206.93 | 6,603,998.94 |
| 6-30-50 | \$ 5,112,592.83 | |
| Less: State's Prior Service Contri- butions | 2,492,807.76* | |
| Net Allowance Reserve Fund Deficit | | 2,618,785.07 |
| Deferred Assets mandatory by rea- son of Prior Service | | \$ 9,222,784.01 |
| TOTAL ASSETS *See discussion of Allowance Reserve Fu | ind. | \$58,465,679.97 |

29

VALUATION BALANCE SHEET—JUNE 30, 1950 (On basis of assumed retirement at age 65)

L. C. CORTRIGHT, ACTUARY

Kentucky Teachers' Retirement Law as Amended June 30, 1950

LIABILITIES

| Current Liabilities | | |
|--------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------|----------------|
| Outstanding Items | \$1 | 10.18 |
| (1) Expense Fund | 19,1 | 12,05 |
| (2) Teachers' Savings Fund—Accumu- | | |
| lated contributions by reason of | | |
| Subsequent Service, 6-30-50 | 7,177,3 | 31.37 |
| (3) State Accumulation Fund—Accumu- | | |
| lated contributions (State) by rea- | 0 100 9 | 40 E.C |
| (4) Allowance Reserve Fund: Retired | 7,117,5 | 40.00 |
| teachers' S. S. contributions with | | |
| accumulated interest, 6-30-50\$ 12,575.57 | | |
| State S. S. contribution, Retired | | |
| Teachers' with accumulated inter- | | |
| est, 6-30-50 | | |
| State P. S. contributions, Retired | 0.500.4 | ~ ~ ~ |
| Teachers, 6-30-50* | 2,590,43 | 28.00 |
| (5) Guarantee Fund, 6-30-50 | 716,1 | 04.82 |
| Current Liabilities | \$17,680,4 | 26.98 |
| Deferred Liabilities: (Present Value on 3% interest assumption, etc.) (6) Present Value Benefits mandatory by reason of Subsequent Service as | | |
| (7) Present Value Benefits mandatory by | \$31,369,24 | 40 <u>.</u> 86 |
| reason of S. S., members eligible to retire 6-30-50 (B") | 193,22 | 28.12 |
| Deferred Liabilities mandatory by reason of S. S. (B' plus B''') | \$31,562,40 | 5 8.98 |
| (8) Present Value Benefits mandatory by reason of Prior Service, 6-30-50 | <u>а</u> го <i>с</i> о п | 0.01 |
| Members eligible to retire (B") | \$ 0,209,78 | 12.01 16.09 |
| (9) Present Value Benefits mandatory by reason of Prior Service—Retired | 1,004,40 | 0.95 |
| Teachers (B"")\$5,112,592.83 | | |
| Less; State's Prior Service Contri- | | |
| Dutions | 0.010.00 | |
| Defense J The Billing and a ferrer 1 | 2,018,78 | 50.07 |
| reason of Prior Service | \$ 9,222,78 | 34.01 |
| TOTAL LIABILITIES | \$58,465,67 | 79.97 |

RESULTS OF VALUATION

Description and Comments

The assets of the System are divided into two general categories, Current Assets and Deferred Assets. The Current Assets, i.e., assets in hand, consist of the balances in the several fund accounts of the System (itemized among the Current Liabilities) and are represented by cash, securities, receivables and other items. They reflect the current asset position of the System as of June 30, 1950, and it is significant to note that the Current Assets, amounting to \$17,680,426.98, bear a ratio to the Total Assets of the System, in the amount of \$58,465,679.97, of 30.2 per cent. This ratio compares very favorably with the corresponding ratio of current assets to total assets from the last previous Balance Sheet of July 1, 1948, which ratio, at that time, was 27.5 percent. These comparative ratios indicate an increasingly healthy and satisfactory current asset position. The Deferred Assets, i.e., prospective assets aggregating \$40,-785,252.99, reflect the effect of future operations on the financial condition of the System and have been determined after giving consideration to the impact of the liberalizing amendments effective on and after July 1, 1950. The Deferred Assets are represented by several items, as follows:

(1) Present value of teachers' contributions mandatory by reason of Subsequent Service, June 30, 1950, (A'), i.e., the value at Balance Sheet date of future contributions to be made by the teachers who will eventually qualify for retirement benefits. This item amounts to \$12,885,-258.83. The increase in the Subsequent Service salary scale that has come about in recent years made itself manifest in the calculation of this item. It may be expected that future trends in salaries will tend to influence, materially, both the Contribution and Benefit provisions of the Act. Another influence affecting this item for the first time in this valuation was the impact of the new amendment, effective July 1, 1950, making retirement permissive after 30 years of service, regardless of age. This latter influence was counter to that brought about by the present increased Subsequent Service salary scale.

(2) Present value of State contributions mandatory by reason of Subsequent Service, June 30, 1950, (A"), i.e., the value at the Balance Sheet date of future matching contributions to be made by the State. This item, likewise, amounts to \$12,885,258.83. The same interactive elements were considered in the calculation of this item as were mentioned in the preceding paragraph. With respect to this item, however, it is significant to note that deaths and withdrawals in the future will create a small margin of safety in the matching funds which is not reflected in the calculation of the present value of State contributions mandatory by reason of Subsequent Service.

(3) Indicated deficiency from members' future Subequent Service contributions (no covering provisions in Act), i.e., the amount at the Balance Sheet date by which the present value of teachers' future contributions, matched by the State, falls short of the present value of benefits mandatory by reason of subsequent service as provided in the Act. This item, amounting to \$5,791,951.32, is becoming more significant with each Valuation. The indicated deficiency has increased approximately 26 per cent over the corresponding item appearing in the Valuation Balance Sheet dated July 1, 1948. The item emphasizes a persistent continuation of the same trend that has made itself manifest in all previous valuations. While the last amendments to the law, effective July 1, 1950, have increased this indicated deficit by the introduction of new minimum pension benefit provisions, the continuing trend indicates definitely the advisability of an upward adjustment in the contribution rates of the teachers, matched by the State, for Subsequent Service. Consideration should be given to the introduction of a covering provision in the law, by amendment, since the present law specifically fixes the contributions of member teachers and the State for Subsequent Service.

(4) Actuarial Reserve Deficiency, consisting of the present value of the accrued obligation mandatory by reason of Prior Service, June 30, 1950, on account of both active members and members eligible to retire who eventually will qualify for retirement benefits, i.e., the value at the Balance Sheet date of future contributions (temporary) to be made by the State on account of the Prior Service of the existing active membership who will eventually retire. This item, amounting to \$6,603,998.94, reflects an increase of approximately 12 per cent over the corresponding item appearing in the last previous Balance Sheet as of July 1, 1948. From the statistics forming the basis of the calculation of this item, it was noted that a considerable readjustment in the active membership with Prior Service has occurred during the last two years. A significant number of teachers with earned Prior Service credits were brought into membership, when they returned to service, replacing emergency certificate holders. This readjustment in the active membership accounts, to a large extent, for the considerable increase in the present value of accrued obligations of the State mandatory by reason of Prior Service.

Current Assets Deficiency, the present value of the accrued (5)Prior Service obligation due retired teachers, June 30, 1950, i.e., the value at the Balance Sheet date of the future contributions yet to be made by the State to liquidate the already existing obligation to teachers currently receiving retirement benefits. This item, amounting to \$2,618,785.07, absorbed the entire impact of the new minimum pension amendment, which became effective July 1, 1950, with respect to its application to teachers who have already retired. Item (4), Actuarial Reserve Deficiency, and Item (5), Current Assets Deficiency, now aggregate \$9,222,784.01 up approximately 43 per cent since July 1, 1948, and represents the Deferred Assets mandatory by reason of Prior Service. This aggregate is a deferred obligation of the Commonwealth of Kentucky which is now being liquidated by an amortization plan calling for temporary contributions by the State at the rate of approximately \$300,000.00 per year. However, the \$300,000.00 annual amortization installment, set up in 1946, is no longer adequate due to several indicated reasons, the most significant of which are: (1) The new amendment to the governing law, effective July 1, 1950, establishing a larger minimum pension measure, not only for those teachers already receiving retirement allowances, but also for those of the present active membership who eventually will retire; (2) the amendment permitting optional retirement after 30 years of service, regardless of age; and (3), the resulting shift in the active membership, by age

groups, brought about by the replacement of several thousand teachers holding Emergency Certificates with Standard Certificate holders having earned Prior Service credits. During the current biennium, serious consideration should be given to a revision of the present amortization plan in order to make it adequate to make secure the assets mandatory by reason of Prior Service during the remainder of the 25-year amortization period.

The liabilities of the System were likewise divided into two general categories, Current Liabilities and Deferred Liabilities. The liabilities in these two categories, in the aggregate, represent all of the obligations of the System. The Current Liabilities reflect the current operating position of the System as of June 30, 1950. They consist of the balances in the several Fund accounts of the System together with minor outstanding items, as follows:

(1) Expense Fund—its name indicates its character.

(2) Teachers' Savings Fund, i.e., the accumulated contributions of member teachers since coming into membership in the System, subject either to refund in the event of withdrawal from service or in the event of death prior to retirement, or to use by the System to provide, in part, for the retirement benefits for those teachers who will eventually qualify for them. The balance in this Fund Account as of June 30, 1950, amounted to \$7,177,331.37.

(3) State Accumulation Fund, i.e., the accumulated matching contributions of the State which, eventually, will be used by the System to provide for the balance of the retirement benefits as provided in the Act on account of Subsequent Service, that is not provided by the teachers' own contributions. The balance in this Fund Account as of June 30, 1950, amounted to \$7,177,340.56.

(4)Allowance Reserve Fund, i.e., the accumulated contributions of retired teachers transferred from the Teachers' Savings Fund at time of retirement; the accumulated matching contributions of the State for retired teachers transferred from the State Accumulation Fund at time of retirement; and the State's Prior Service contribution for retired teachers. The balance in this fund as of June 30, 1950, amounted to \$2,590,428.00. Of this amount \$2,493,807.76 represents the State's Prior Service contribution for retired teachers, which, you will note, was applied as an offset to the Current Assets Deficiency appearing among the Deferred Assets. It is worthy of mention with respect to this item that the appropriation for the current fiscal year, 1950-51, contains approximately \$300,000.00 to be applied as an amortization installment during the year on the obligations of the State for Prior Service. Similarly, the appropriation for the fiscal year 1951-52, which has already been made by the General Assembly, contains a like amount to be allocated for the same purpose. The appropriations for both fiscal years each contain approximately \$120,-000.00 to be applied during the respective fiscal years against the increase in obligations created by the amendments to the law that became effective July 1, 1950.

(5) Guarantee Fund, i.e., the fund into which are deposited all income from investments and any other income or moneys the disposition of which is not otherwise provided. This fund is in the nature of a contingent reserve. The balance in this fund account as of June 30, 1950, amounted to \$716,104.82.

Note: For the purposes of this Valuation Balance Sheet, it was assumed that the amount in hand in the Teachers' Savings Fund and the State's Accumulation Fund, together with the balance in the Guarantee Fund, would be, at least, sufficient at this Balance Sheet date to offset the accrued obligations on account of past membership service of the members, i.e., the membership service of all existing active members in connection with which contributions have been made from July 1, 1940, to June 30, 1950.

The Deferred Liabilities, i.e., prospective liabilities which have been determined after giving consideration to the impact of the libralizing amendments effective on and after July 1, 1950, are represented by various items, as follows:

(6) The present value of benefits mandatory by reason of Subsequent Service of active members, June 30, 1950, (B'), i.e., the calculated value at the Balance Sheet date of the future Subsequent Service (membership service) of those of the active membership who will eventually qualify for retirement benefits, in accordance with the measure provided in the Act. This item amounts to \$31,369,240.86.

(7) Present value of benefits mandatory by reason of Subsequent Service, members eligible to retire, June 30, 1950, (B""), i.e., the value at the Balance Sheet date of the future Subsequent Service (membership service) of those of the existing membership who are eligible to retire but have not as yet, retired. This item, amounting to \$193,228.12, represents the calculated value of the benefit provisions provided by the Act applicable to members who are now eligible to retire. The sum of the two items appearing in paragraphs (6) and (7) amount to \$31,562,468.98. This amount corresponds to the Deferred Assets mandatory by reason of Subsequent Service after taking into consideration the "Indicated deficiency from members' future contributions."

(8) Present value of benefits mandatory by reason of Prior Service, June 30, 1950, i.e., the calculated value at the Balance Sheet date of the benefits provided by the Act for those of the existent membership who eventually will qualify for retirement benefits, measured in terms of their accrued Prior Service credit. This item shown in its two component parts, active members (B) and members eligible to retire (B"), totals \$6,603,998.94. The corresponding item appearing among the Assets has been discussed earlier in this report.

(9) Present value of benefits mandatory by reason of Prior Service—retired teachers, June 30, 1950 (B""), i.e., the value at Balance Sheet date of the calculated Prior Service obligation for teachers who already have retired, which has not been completely liquidated by the State's Prior Service contributions. This item amounts to \$2,618,785.07 and has been discussed under the treatment of the corresponding item appearing among the Deferred Assets and labeled CURRENT ASSETS DEFI-CIENCY.

From the standpoint of actuarial requirements, a sound financial condition exists when the system has current assets equal to the difference between the total liabilities for all pension obligations and the present value of future contributions, by member teachers and the State, on account of service to be rendered by the members subsequent to the date of the Valuation Balance Sheet, and by the State alone on account of the obligation it has assumed for Prior Service. The Valuation Balance Sheet, with the accompanying description and comments, clearly illustrates this condition.

Conclusions

In the foregoing report, based upon the Valuation Balance Sheet prepared as of June 30, 1950, I have presented, factually, the condition of the Teachers' Retirement System of the State of Kentucky from a technical standpoint. The over-all financial outlook is very satisfactory and shows a substantial improvement in the financial soundness of the System as compared with the last preceding Balance Sheet made as of July 1, 1948. The new amendments to the Retirement Law passed by the 1950 General Assembly, the changes that have occurred during the past two years in the membership characteristics and statistical data have, of course, augmented, materially, the normal increases in the figures that compose the Valuation Balance Sheet, which, in turn, pose new problems upon those responsible for the administration of the System. However, the conscientious concern for the financial welfare of the System that has been manifest by the Board of Trustees and the Secretary will resolve these indicated problems as similar issues have been met in the past. Both members and beneficiaries, whose future interests are so dependent upon the financial stability of the System, can take pride in the present financial showing and look forward, with confidence, to continued improvement therein, as well as in the plan of operation.

Respectfully submitted,

(Signed) L. C. CORTRIGHT Actuary

GENERAL BALANCE SHEET TEACHERS' RETIREMENT SYSTEM June 30, 1950

ASSETS

| Current | | |
|------------------------------------------------------------|---------------|-----------------|
| Cash\$ | 381,539.43 | \$ |
| Deposit—U. S. Post Office | 26.03 | |
| Underpayments | 1.30 | |
| Due Account No. 2055 | 16.14 | |
| | | 381,582.90 |
| Investments—Schedule I | | |
| Investments (Par)\$ | 17,100,000.00 | |
| Unamortized Premium | 180,229.98 | |
| Accrued Interest Purchased | 107.57 | |
| | | 17,280,337.55 |
| Fixed | | 10 500 50 |
| Office Equipment | | 18,506.53 |
| Total Assets | | \$17,680,426.98 |
| LIABULITIES AND FUND BALANCES | | |
| Current | | |
| Encumbrances Outstanding\$ | 99.69 | |
| Overpayments | 10.49 | |
| Total Liabilities | | \$ 110.18 |
| Fund Balances | | |
| Expense Fund\$ | 19,112.05 | |
| Teachers' Savings Fund | 7,177,331.37 | |
| State Accumulation Fund | 7,177,340.56 | |
| `Allowance Reserve Fund From Teachers' Cont\$ 12,575.57 | | |
| ' From State Cont.—Per 84,044.67 | | |
| From State Cont.—Temp. 2,493,807.76 | | |
| Total | 2,590,428.00 | |
| Guarantee Fund | 716,104.82 | |
| Total Fund Balances | <u> </u> | 17,680,316.80 |
| Total Liabilities and Fund Balances | | \$17,680,426.98 |

GENERAL STATEMENT OF RECEIPTS AND DISBURSEMENTS July 1, 1949, to June 30, 1950

| Cash Balance July 1, 1949 | | | \$ | 426,751.96 |
|-----------------------------------------------------------------------------|-------------------------------------------|----------------|-----|-------------|
| Teachers' Savings | \$1 121 094 19 | | | |
| Reinstatements | 1 049 89 | | | |
| Net Irregular Payments | 6.50 | | | |
| Total | ····· | \$1,182,980.51 | | |
| State Contributions—Per | \$1,181,930.62 | | | |
| Less: Special Ref. Adj Due from Acc. No. 2055 | -281.50 -16.14 | | | |
| Net Contributions State Contribution—Temp State Contribution—Expenses | \$1,181,632.98 252,682.24 44,000.00 | | | |
| Total | | 1,478,315.22 | | |
| Investments Sold (Par) | | 1,075,000.00 | | |
| Premium amortized | | 7,494.95 | | |
| Accrued Interest Recovered | | 23,426.01 | | |
| Premiums on Bonds Sold | | 48,894.93 | | |
| Net interest Earned | | 380,467.36 | | |
| Total Receipts | | | 4 | 196,578.58 |
| Total Cash | | | \$4 | ,623,330.54 |
| Disbursements | | | | |
| Administrative Expenses-Schedul | eν | | | |
| Salaries | \$ 37,667.46 | | | |
| Other Current Expenses | 5,653.36 | | | |
| Payments on Pr. Yr. Enc. | 791.92 | | | |
| Transfers to SAF-Temp | 440.22 | | | |
| - Total | | \$ 44,552.96 | | |
| Refunds—Schedule III | | | | |
| Refunds—Regular | \$ 190,158.44 | | | |
| Refunds—Special | 281.50 | | | |
| Refunds—Annuitants Dec'd | 217.00 | | | |
| RefundsInterest | 1,635.80 | | | |
| - Total | | 192,292.74 | | |
| Retirement Benefits Paid-Schedu | le IV | - | | |
| Superannuation | \$ 308,934.03 | | | |
| Disability | 25,308.09 | | | |
| Annuity Checks Returned | -3,091.55 | | | |

| Total Investments—Schedule I | 331,150.57 3,673,794.84 | |
|----------------------------------------------------------------------------------------------|-------------------------------------------|-----------------|
| Total Disbursements | | 4,241,791.11 |
| Cash Balance June 30, 1950 | | \$ 381,539.43 |
| CONDENSED ANALYS CHANGES IN TRUST FUND TEACHERS' RETIREMEN July 1, 1949, to June 34 | SIS OF BALANCES F SYSTEM 0, 1950 | |
| Adjusted Fund Balances, July 1, 1949 | | |
| Teachers' Savings Fund | | \$ 6,066,536.90 |
| State Accumulation Fund | · . | 6,066,539.59 |
| Allowance Reserve Fund | | 2,469,310.94 |
| Guaranteed Fund | | 535,593.37 |
| Total | | \$15,137,980.80 |
| Additions | | |
| Teachers' Savings\$1,182,974.01 | | |
| State Contribution—Perm 1,181,930.62 | | |
| State Contribution—Temp 252,682.24 | | |
| Interest on Investments 380,467.36 | | |
| Premium on Bonds Sold 48,894.53 | | |
| Total Addition | \$ 3,046,948.76 | |
| Deductions | | |
| Refunds | * | |
| Retirement Allowances Paid 331,150.57 | | |
| | | |
| Total Deductions | 523,724.81 | |
| Net Addition | | 2,523,223.95 |
| Total, June 30 | | \$17,661,204.75 |
| Trust Fund Balances, June 30, 1950 | | · |
| Teachers' Savings Fund | \$ 7,177,331.37 | |
| State Accumulation Fund | 7,177,340.56 | |
| Allowance Reserve Fund | 2,590,428.00 | |
| Guarantee Fund | 716,104.82 | • |
| - *Includes Special Refunds Adjustments of \$281.50 | \$17,661,204.75 | \$17,661,204.75 |

SCHEDULE I INVESTMENTS TEACHERS' RETIREMENT SYSTEM June 30, 1950

| Name and Description | Par Value | Net Yield |
|-------------------------------------|-----------------|-----------|
| U. S. Savings Bonds, Series G | \$ 1,850,000.00 | 2.500% |
| U. S. Treasury 21/2%, Series A-1965 | 250,000.00 | 2.500% |
| U. S. Treasury 2½%, 12/15/1963-68 | 150,000.00 | 2.500% |
| U. S. Treasury 21/2%, 6/15/1964-69 | 550,000.00 | 2.500% |
| U. S. Treasury 21/2%, 3/15/1965-70 | 700,000.00 | 2.500% |
| U. S. Treasury 21/2%, 3/15/1966-71 | 450,000.00 | 2.500% |
| U. S. Treasury 21/2%, 6/15/1967-72 | 1,450,000.00 | 2.490% |
| U. S. Treasury 21/2%, 12/15/1967-72 | 11,600,000.00 | 2,402% |
| Owensboro School Bonds, 1/1/1969 | 30,000.00 | 2.350% |
| Owensboro School Bonds, 1/1/1970 | 20,000.00 | 2.350% |
| Corbin Hospital Bonds, 6/1/1968-77 | 50,000.00 | 2.410% |
| Total Par Value | \$17,100,000.00 | |
| Unamortized Premium | 180,229,98 | |
| Accrued Interest Purchased | 107.57 | |
| Total | \$17,280,337.55 | |
| Average Net Yield | . , , | 2.432% |

SCHEDULE I-A

ANNUAL INVESTMENT AND NET INTEREST EARNED TEACHERS' RETIREMENT SYSTEM July 1, 1940, to June 30, 1950

| Year | Securities Bought | Premium Paid | Securities Held on June 30 | Net Interest Earned | Average Net Yield End of Year |
|---------|---------------------------------------------|-------------------------|----------------------------------|---------------------------|-------------------------------------|
| 1940-41 | \$ 800,000.00 | \$ 54,209.91 63.96 | \$ 800,000.00 | \$ 9,762.50 | 2.218% |
| 1941-42 | 1,152,000.00 -240.000.00 | 19,543.77 -28,366.64 | 1,712,000.00 | 21,175.37 | 2.370% |
| 1942-43 | 2,065,000.00 | -29.264.31 | 2,985,000.00 | 56,584.47 | 2.470% |
| 1943-44 | 1,060,000.00 | 196.88 | 4,045,000.00 | 79,202.93 | 2.475% |
| 1944-45 | 1,900,000.00 | 0 200 52 | 5,545,000.00 | 108,085.38 | 2.490% |
| 1945-46 | 1,500,000.00 | | 6,625,000.00 | 146,625.82 | 2.495% |
| 1946-47 | 1,700,000.00 | 48,843.80 | 7,825,000.00 | 180,529.08 | 2.468% |
| 1947-48 | 1,750,000.00 | 12,801.00 | 10,075,000.00 | 221,023.20 | 2.465% |
| 1948-49 | 5,150,000.00 | 27,385.75 | 14,625,000.00 | 314,288.81 | 2.466% |
| 1949-50 | -000,000.00 3,550,000.00 1 075 000 00 | | 17,100,000.00 | 380,467.36 | 2.432% |
| Total | \$17,100,000.00 | \$180,229.98 | | \$1,517,744.92 | 2.432% |

This (-) minus sign indicates securities sold or premium written off.

SCHEDULE II

RECEIPTS

TEACHERS' SAVINGS AND STATE CONTRIBUTIONS JULY 1, 1940, TO JUNE 30, 1950

| Date | Teachers' Ate Savings Reinstatements Regular | | State Contributions Permanent | State Contributions Temporary | State Contributions Expenses | Total State Contributions | Total Receipts |
|---------|----------------------------------------------------|-------------|-------------------------------------|-------------------------------------|------------------------------------|---------------------------------|-------------------|
| 1940-41 | \$ 476,136.72 | j \$ | \$ 476,089.49 | \$ | \$ 23,669.88 | \$ 499,759.37 | \$ 975,896.09 |
| 1941-42 | 481,635.48 | 77.55 | 481,713.03 | | 18,232.93 | 499,945.96 | 981,658.99 |
| 1942-43 | 559,626.66 | 105.00 | 559,672.98 | 68,007.63 | 22,317.03 | 649,997.64 | 1,209,729.30 |
| 1943-44 | 546,311.99 | 492.73 | 546,161.42 | 79,205.38 | 24,633.20 | 650,000.00 | 1,196,804.72 |
| 1944-45 | 646,738.13 | 1,532.32 | 646,559.38 | 126,531.94 | 25,908.68 | 799,000.00 | 1,447,270.45 |
| 1945-46 | 657,957.16 | 1,710.26 | 658,004.24 | 133,605.33 | 31,390.43 | 823,000.00 | 1,482,667.42 |
| 1946-47 | 867,521.73 | 2,868.82 | 867,222.82 | 52,737.51 | 36,039.67 | 956,000.00 | 1,826,390.55 |
| 1947-48 | 1,010,250.24 | 2,027.34 | 867,231.00 | 52,359.59 | 36,409.41 | 956,000.00 | 1,968,277.58 |
| 1948-49 | 1,105,134.30 | 537.41 | 1,247,770.36 | 2,626,751.50 | 41,059.78 | 3,915,581.64 | 5,021,253.35 |
| 1949-50 | 1,181,924.12 | 1,049.89 | 1,181,632.98* | 252,242.02 ** | 44,000.00 | 1,477,875.00 | 2,660,849.01 |
| Total | \$7,533,236.53 | \$10,401.32 | \$7,532,057.70 | \$3,391,440.90 | \$ 303,661.01 | \$11,227,159.61 | \$18,770,797.46 |

*Adjustment has been made for Special Refunds Adjustments, \$281.50 and for \$16.14 handled as overpayment.

**The amount of \$440.22 is included in 1948-49 and adjustment has been made for Special Refunds Adjustments, also for \$16.14 handled as an overpayment.

SCHEDULE III REFUNDS TEACHERS' RETIREMENT SYSTEM July 1, 1940, to June 30, 1950

| Date | | WITH | DRAWALS | DI | CEASED | s | PECIAL | TOTAL | | |
|-----------|------|--------|--------------|-----|-------------|-----|------------|--------|--------------|--|
| Date | Date | | Amount | No. | Amount | No. | Amount | No. | Amount | |
| 1940-41 | | 151 | \$ 2,036.96 | 12 | \$ 235.54 | 1 | \$ | 163 | \$ 2,272.50 | |
| 1941 - 42 | | 738 | 20,231.70 | 38 | 1,878.55 | 2 | 29.32 | 778 | 22,139.57 | |
| 1942-43 | | 900 | 37,563.07 | 58 | 4,704.18 | 4 | 35.77 | 962 | 42,303.02 | |
| 1943-44 | | 872 | 46,706.43 | 40 | 4,604.58 | 8 | 127.39 | 920 | 51,438.40 | |
| 1944-45 | | 914 | 48,760.45 | 52 | 6,567.58 | 8 | 168.27 | 974 | 55,496.30 | |
| 1945-46 | | 1,647 | 103,947.17 | 62 | 8,654.01 | 5 | 50.64 | 1,714 | 112,651.82 | |
| 1946-47 | | 2,170 | 135,277.90 | 37 | 6,298.25 | 17 | 195.16 | 2,224 | 141,771.31 | |
| 1947-48 | | 1,764 | 128,537.47 | 53 | 12,657.50 | 16 | 386.54 | 1,833 | 141,581.51 | |
| 1948-49 | | 2,050 | 152,877.90 | 68 | 18,146.31 | 12 | 127.63 | 2,130 | 171,151.84 | |
| 1949-50 | | 1,941 | 176,877.22 | 48 | 14,917.02 | 23 | 281.50 | 2,012 | 192,075.74 | |
| | | 13,147 | \$852,816.27 | 468 | \$78,663.52 | 95 | \$1,402.22 | 13,710 | \$932,882.01 | |

SCHEDULE IV RETIREMENT ALLOWANCES PAID TEACHERS' RETIREMENT SYSTEM July 1, 1942, to June 30, 1950

| Year | | CA | USE OF P | AYMENT | FUND | FUND FROM WHICH PAID | | | | | |
|-----------|----------|---------------------|-------------|-------------|--------------|----------------------|------------|-------------|-----|-------------|--|
| | | Super- annuation | | Disability | TSF | SAF-Perm. | s | AF-Temp. | | Paid | |
| 1942-43 | | \$ | 62,439.36 | \$ 1,426.56 | \$ 15,791.10 | \$ 15,215.22 | Ş | 32,859.60 | \$ | 63,865.92 | |
| 1943 - 44 | ····· | | 80,688.98 | 2,260.49 | 9,363.05 | 8,345.75 | t i | 65,240.67 | | 82,949.47 | |
| 1944 - 45 | <i></i> | 1 | 101,452.30 | 2,862.12 | 14,120.62 | 11,527.58 | | 78,666.22 | | 104,314.42 | |
| 1945 - 46 | | | 129,761.78 | 3,703.69 | 24,296.95 | 13,686.44 | | 95,482.08 | | 133,465.47 | |
| 1946 - 47 | | | 200,903.68 | 13,430.52 | 39,159.38 | 28,118.59 | | 147,056.23 | | 214,334.20 | |
| 1947 - 48 | ····· | | 234, 185.94 | 17,893.88 | 37,891.27 | 31,348.35 | | 182,840.20 | | 252,079.82 | |
| 1948-49 | . | | 267,246.96 | 20,763.60 | 44,459.44 | 29,902.32 | | 213,648.80 | | 288,010.56 | |
| 1949-50 | ····· | | 306,232.13 | 24,918.44 | 57,466.56 | 36,823.79 | | 236,860.22 | | 331,150.57 | |
| Total | | \$1 | ,382,911.13 | \$87,259.30 | \$242,548.37 | \$174,968.04 | Ş 1 | ,052,654.02 | \$1 | ,470,170.43 | |

SCHEDULE IV-A TEACHERS RETIRED, WITHDRAWN AND DECEASED TEACHERS' RETIREMENT SYSTEM July 1, 1942, to July 1, 1950

| Year _ | | SUPE | RANNUATI | ON |] | Number Retired | | |
|------------|-----|---------|-----------|----------|---------|-------------------|----------|-------------------|
| | | Retired | Withdrawn | Deceased | Retired | Withdrawn | Deceased | at Eng of Year |
| 1942-43 | | 238 | 5 | 16 | 14 | 1 | 1 | 229 |
| 1943-44 | | . 96 | 3 | 14 | 9 | 0 | 3 | 314 |
| 1944-45 | | 72 | 1 1 | 14 | 6 | 0. | 0 (| 377 |
| 1945-46 | | 112 | 3 | 33 | 11 | 2 | 1 | 461 |
| 1946-47 | | 142 | 0 | 26 | 23 | | 4 | 595 |
| 1947-48 | | 111 | 0 | 30 | 16 | 0 | 3 | 689 |
| 1948-49 | | 122 | 0 | 26 | 14 | 1 | 2 | 796 |
| 1949-50 | | 126 | | 42 | 24 | 1 | 6 | 896 |
| July 1, 19 | 950 | 144 | 0 | 0 | 24 | 0 | 0 | 1,064* |
| Total | | 1,163 | 13 | 201 | 141 | 6 | 20 | 1,064 |

* Contains 5 retired teachers that Table Xa does not show.

| District or Institution | No. | Age | P.S. | s.s. | P.S. Salary | S.S. Salary | Annuity | ¼ Pay | Member's Contribution | Reserve |
|-------------------------|------------|-----|------|------|----------------|----------------|--------------|----------|--------------------------|----------|
| COUNTY | l | | | / | 1 | | | 1 | | |
| Adair County | 20384 | 68 | 29 | 5 | \$ 320.93 | \$ 748.40 | \$ 480.00 | S 120.00 | \$ 149.70 | \$ 5.416 |
| Allen County | 204 | 55 | 26 | 9 | 558.25 | 982.05 | 480.00 | 120.00 | 311.27 | 7,720 |
| Barren County | 24251 | 69 | 30 | 3 | 1,206.00 | 1,482.00 | 480.00 | 120.00 | 177.84 | 5,240 |
| Bath County | 468 | 70 | 30 | 8.4 | 580.66 | 1,090.82 | 480.00 | 120.00 | 320.15 | 5,065 |
| Bell County | 23994 | 53 | 16.8 | 6 | 437.18 | 1,216.15 | 364.80 | 91.20 | 307.73 | 6,128 |
| Bell County | 597 | 56 | 22.7 | 8 | 511.00 | 1,156.05 | 480.00 | 120.00 | 337.04 | 7,546 |
| Bell County | 23809 | 52 | 17 | 6 | 621.60 | 1,125.30 | 368.00 | 92.00 | 268.54 | 6,312 |
| Bell County | 688 | 46 | 16 | 5.4 | 600.27 | 1,479.33 | 342.40 | 85.60 | 311.26 | 6,573 |
| Breathitt County | 1036 | 67 | j 30 | 9 | 462.40 | 810.60 | 480.00 | 120.00 | 269.16 | 5,593 |
| Breckinridge County | 21106 | 60 | 24.1 | 6 | 491.40 | 772.80 | 480.00 | 120.00 | 172.76 | 6,841 |
| Butler County | 1286 | 56 | 26 | 4 | 432.76 | 576.90 | 480.00 | 120.00 | 133.01 | 7,546 |
| Butler County | 1341 | 58 | 26 | 5 | 437.38 | 808.65 | 480.00 | 120.00 | 179.36 | 7,195 |
| Butler County | 1354 | 54 | 23 | 8 | 482.94 | 1,079.00 | 480.00 | 120.00 | 309.59 | 7,892 |
| Carlisle County | [1605 | 55 | 27 | 9 | 586.91 | 765.45 | 480.00 | 120.00 | 274.86 | 7,720 |
| Christian County | 1889 | 59 | 27 | 9 | 588.39 | 1,111.95 | 480.00 | 120.00 | 349.81 | 7,018 |
| Clark County | 1987 | 70 | 30 | 9 | 1,259.20 | 1,890.37 | 632.96 | 158.24 | 690.27 | 6,680 |
| Clay County | 2143 | 70 | 30 | 9 | 428.45 | 985.35 | 480.00 | 120.00 | 315.16 | 5,065 |
| Crittenden County | 21599 | 51 | 13 | 7.7 | 474.04 | 851.33 | 331.20 | 82.80 | 227.50 | 5,797 |
| Crittenden County | 21692 | 66 | 23.5 | 9 | 373.31 | 832.74 | 480.00 | 120.00 | 242.60 | 5,771 |
| Elliott County | 23752 | 64 | 30 | 6 | 417.90 | 916.60 | 480.00 | 120.00 | 215.24 | 6,127 |
| Elliott County | 2715 | 70 | 30 | 9 | 444.27 | 932.60 | 480.00 | 120.00 | 298.52 | 5.065 |
| Elliott County | 2732 | 59 | 23.7 | 9 | 413.80 | 970.80 | 480.00 | 120.00 | 307.36 | 7.018 |
| Estill County | 2811 | 69 | 30 | 8.7 | 461.80 | 901.25 | 480.00 | 120.00 | 284.04 | 5,240 |
| Fayette County | 2866 | 70 | 15 | 9 | 1,023.83 | 2,080.25 | 434.40 | 108.60 | 642.48 | 4,584 |
| Gallatin County | 3578 | 66 | 30 | 9 |)] 506.30 | 1,041.00 | 480.00 | 120.00 | 331.42 | 5.771 |
| Grayson County | 22127 | 63 | 20 | 5.1 | 441.80 | 860.00 | 401.60 | 100.40 | 175.69 | 5,276 |
| Grayson County | 3899 | 48 | 21 | 9 | 483.03 | 1,069.65 | 480.00 | 120.00 | 308.68 | 8,895 |
| Green County | 4030 | 60 | 26 | 8 | 428.82 | 863.80 | 480.00 | 120.00 | 246.07 | 6,841 |
| Green County | 4069 | 59 | 20 | 9 | 526 33 | 1 072 80 | 464.00 | 116.00 | 220.00 | 6 794 |

| District or Institution | No. | Age | P.S. | S.S. | P.S. Salary | S.S. Salary | Annuity | ¼ Pay | Member's Contribution | Reserve |
|-------------------------|-----------|-----------|------|------|-------------|-------------|---------|--------|--------------------------|---------|
| COUNTY—Continued | | | | | | [| | | | |
| Hardin County | 4326 | 54 | 17.9 | 6 | 1,380.00 | 1,791.29 | 382.40 | 95.60 | 484.25 | 6,287 |
| Harlan County | 4550 | 60 | 11 | 9 | 747.20 | 2,125.00 | 320.00 | 80.00 | 621.06 | 4,560 |
| Harlan County | 4664 | 66 | 30 | 9 | 693.29 | 1,527.10 | 480.00 | 120.00 | 476.71 | 5,771 |
| Henderson County | 4890 | 70 | 30 | 9 | 516.24 | 1,418.10 | 480.00 | 120.00 | 413.66 | 5,065 |
| Henry County | 4992 | 70 | 30 | 9 | 748.96 | 1,412.10 | 480.00 | 120.00 | 449.37 | 5,065 |
| Henry County | 20844 | 70 | 14 | 6.2 | 837.00 | 1,469.66 | 323.20 | 80.80 | 347.78 | 3,411 |
| Hopkins County | 5166 | 65 | 30 | 9 | 454.26 | 1,044.87 | 480.00 | 120.00 | 316.55 | 5,949 |
| Jackson County | 5326 | 47 | 14 | 9 | 562.33 | 1,342.50 | 368.00 | 92.00 | 369.93 | 6,943 |
| Jefferson County | 5422 | 46 | 16.2 | 9 | 1,071.00 | 2,210.60 | 403.20 | 100.80 | 618.68 | 7,740 |
| Jefferson County | 5452 | 70 | 28 | 9 | 1,116.00 | 2,224.25 | 612.76 | 153.19 | 712.33 | 6,466 |
| Jefferson County | 5476 | j 70 | 18.5 |) 9 | 1,451.25 | 2,320.00 | 581.68 | 145.42 | 826.24 | 6,138 |
| Jefferson County | 5505 | 68 | 30 | 9 | 917.66 | 2,033.00 | 514.16 | 128.54 | 633.42 | 5,802 |
| Jefferson County | 5524 | 62 . | 27 | 8.9 | 1,075.15 | 2,192.60 | 480.00 | 120.00 | 702.25 | 6,484 |
| Jessamine County | 5735 | 61 | 27 | 9 | 714.29 | 1,239.75 | 480.00 | 120.00 | 465.63 | 6,663 |
| Johnson County | 22178 | 70 | 1 | 3.6 | 101.00 | 731.00 | 100.00 | 25.00 | 105.29 | 1,055 |
| Johnson County | 5794 | 69 | 30 | 7 | 576.00 | 1,450.18 | 480.00 | 120.00 | 389.22 | 5,240 |
| Kenton County | i 5980 | ! 69 | 30 | 9 | 1,367.55 | 2,125.80 | 674.00 | 168.50 | 715.68 | 7,358 |
| Knott County | 6022 | 60 | 28.5 | 8.7 | 498.46 | 803.80 | 480.00 | 120.00 | 270.92 | 6,841 |
| Knott County | 22709 | 59 | 21 | 7 | 459.20 | . 862.15 | 448.00 | 112.00 | 228.43 | 6,550 |
| Knott County | 22750 | 62 | 12 | 8 | 506.00 | 896.00 | 320.00 | 80.00 | 256.76 | 4,323 |
| Knox County | 6217 | 55 | 14 | 9 | 767.30 | 2,320.00 | 368.00 | 92.00 | 686.45 | 5,918 |
| Knox County | 6353 | 70 | 30 | 9 | 723.04 | 1,406.02 | 480.00 | 120.00 | 425.88 | 5,065 |
| Knox County | 6355 | 67 | 30 | 8 | 608.40 | 1,027.60 | 480.00 | 120.00 | 277.56 | 5,593 |
| Laurel County | 6465 | 69 | 1 19 | 9 | 571.48 | 1,054.05 | 448.00 | 112.00 | 339.59 | 4,891 |
| Laurel County | 6533 | 70 | 30 | 9 | 439.28 | 957.00 | 480.00 | 120.00 | 311.10 | 5,065 |
| Lawrence County | 6703 | 57 | 26.2 | 5.1 | 442.10 | 613.20 | 480.00 | 120.00 | 150.51 | 7,371 |
| Lee County | 24268 | 60 | 25 | 5 | 659.04 | 985.50 | 480.00 | 120.00 | 197.10 | 6,841 |
| Lincoln County | 7390 | 68 | 30 | 9 | 478.40 | 1,022.00 | 480.00 | 120.00 | 322.96 | 5,416 |
| Livingston County | 22849 | 65 | 24 | 7 | 449.40 | 767.80 | 480.00 | 120.00 | 192.06 | 5,949 |
| Magoffin County | 23882 | 63 | 26 | 8 | 505.81 | 915.70 | 480.00 | 120.00 | 256.29 | 6,306 |
| Magoffin County | . 7890 | 63 | 30 | 9 | 394.80 | 778.30 | 480.00 | 120.00 | 257.92 | 6,306 |
| | | 1 | • | | | | | | | |

| District or Institution | No. | Age | P.S. | S.S. | P.S. Salary | S.S. Salary | Annuity | 1⁄4 Pay | Member's Contribution | Reserve |
|-------------------------|-------|-----|------|----------------|-------------|-------------|---------|---------|--------------------------|---------|
| COUNTY-Continued | 1 | | | | | | | | | |
| Magoffin County | 8024 | 67 | 25.1 | 9 | 393.35 | 746.35 | 480.00 | 120.00 | 248.61 | 5,593 |
| Magoffin County | 8025 | 56 | 18 | (9 | 394.80 | 765.00 | 432.00 | 108.00 | 248.52 | 6,791 |
| Magoffin County | 21906 | 63 | 25 | 8.1 | 602.00 | 1,269.00 | 480.00 | 120.00 | 378.02 | 6,306 |
| Marshall County | 11834 | 68 | 22 | 9 | 412.20 | 1,031.40 | 480.00 | 120.00 | 312.31 | 5,416 |
| Martin County | 8264 | 58 | 25.6 | 9 | 483.00 | 902.40 | 480.00 | 120.00 | 290.20 | 7,195 |
| Martin County | 8291 | 65 | 11 | 9 | 483.00 | 912.00 | 320.00 | 80.00 | 292.20 | 3,966 |
| Martin County | 8316 | 60 | 30 | 8.6 | 498.54 | 868.40 | 480.00 | 120.00 | 272.53 | 6,841 |
| Mason County | 7248 | 60 | 30 | 8 | 1,800.00 | - 1,215.00 | 507.84 | 126.96 | 459.13 | 7,237 |
| McCracken County | 8429 | 64 | 22 | 9 | 504.26 | 979.95 | 480.00 | 120.00 | 302.64 | 6,127 |
| McCracken County | 8487 | 60 | 25.5 | 9 | 549.73 | 1,051.40 | 480.00 | 120.00 | 350.29 | 6,841 |
| McLean County | 22496 | 62 | 19.4 | 5 | 881.20 | 1,019.65 | 390.40 | 97.60 | 197.93 | 5,274 |
| Meade County | 21719 | 70 | 1 | 4 | 101.25 | 537.05 | 100.00 | 25.00 | 107.41 | 1.055 |
| Monroe County | 20700 | 68 | 18.5 | 6 | 810.00 | 1,273.80 | 392.00 | 98.00 | 277.08 | 4,423 |
| Monroe County | 9066 | 70 | 30 | 9 | 904.90 | 1,164.80 | 480.00 | 120.00 | 360.30 | 5,065 |
| Morgan County | 9172 | 53 | 23 | 7 | 350.94 | 789.55 | 480.00 | 120.00 | 205.09 | 8.063 |
| Muhlenberg County | 14531 | 70 | 23 | 8.6 | 670.36 | 1,239.75 | 480.00 | 120.00 | 378.92 | 5.065 |
| Muhlenberg County | 20402 | 65 | 12 | 8 | 456.00 | 871.75 | 320.00 | 80.00 | 259.38 | 3.966 |
| Muhlenberg County | 9379 | 70 | 30 | 9 | 533.18 | 1,252.45 | 480.00 | 120.00 | 381.20 | 5.065 |
| Muhlenberg County | 9390 | 70 | 16.8 | 9 | 518.94 | 1,216.05 | 412.80 | 103.20 | 369.09 | 4.356 |
| Muhlenberg County | 9464 | 67 | 11.6 | 9 | 555.31 | 1,286.05 | 329.60 | 82.40 | 431.60 | 3,841 |
| Nelson County | 13505 | 70 | 29.3 | 8.7 | 736.60 | 1.471.60 | 480.00 | 120.00 | 409.43 | 5.065 |
| Nelson County | 13513 | 51 | 25 | 8 | 733.52 | 1.446.35 | 480.00 | 120.00 | 425.67 | 8,401 |
| Nelson County | 23813 | 70 | 17 | 6 | 612.00 | 1.362.43 | 368.00 | 92.00 | 314.67 | 3 883 |
| Nicholas County | 9563 | 70 | 30 | 8.5 | 664.61 | 1.076.75 | 480.00 | 120.00 | 344.39 | 5,065 |
| Owen County | 22075 | 63 | 30 | 6 | 423.80 | 799.50 | 480.00 | 120.00 | 196.15 | 6 306 |
| Owsley County | 22980 | 58 | 24 | 6 | 425.60 | 868.00 | 480.00 | 120.00 | 200.88 | 7,195 |
| Pendleton County | 21316 | 60 | 14 | | 500.80 | 829.30 | 336.00 | 84.00 | 218.56 | 4 788 |
| Perry County | 10150 | 46 | 15.7 | 9 | 687.46 | 1.799.00 | 395.20 | 98.80 | 503.59 | 7 587 |
| Perry County | 10168 | | 30 | 1 8 | 709.81 | 1.211.25 | 480.00 | 120.00 | 355 15 1 | 6 941 |
| Perry County | 10196 | 39 | 118 | 9 | 1.412.60 | 2,281 13 | 346.24 | 86 56 | 493 77 | 7 650 |
| Pike County | 10320 | 59 | 27 | ğ | 617.82 | 1.346.50 | 480.00 | 120.00 | 407.83 | 7,000 |
| Pike County | 10542 | 54 | 13.8 | 9 | 594.26 | 1.338.25 | 364.80 | 91 20 | 400.37 | 7,010 |
| Pulaski County | 13640 | 42 | 15 | 8 | 614.88 | 1,243.95 | 368.00 | 92.00 | 333.15 | 7,648 |

| District or Institution | No. | Age | P.S. | S.S. | P.S. Salary | S.S. Salary | Annuity | ½ Pay | Member's Contribution | Reserve |
|-------------------------|-------|--------|-------|-----------|--------------------|-------------|----------|--------|--------------------------|---------|
| COUNTY-Continued | | | | | | | | | | |
| Pulaski County | 10980 | 62 | 30 | 9 | 539.63 | 1,247.45 | 480.00 | 120.00 | 388.63 | 6,484 |
| Fulaski County | 11044 | 64 | 30 | 9 | 452.95 | 1,019.35 | 480.00 | 120.00 | 339.33 | 6,127 |
| Rockcastle County | 23750 | I 70 I | 16.2 | 2 | 438.60 | 1 1 160 00 | 291 20 1 | 72 80 | 92.80 | 3 073 |
| Russell County | 22624 | 55 | 25.5 | 2 | 417 34 | 937.20 | 480.00 | 120.00 | 261.95 | 7 720 |
| | | | | | 11.01 | 501.20 | #00.00 | 160.00 | 201.00 | 1,120 |
| Scott County | 11364 | 58 | 30 | 8.3 | 840.17 | 1,500.00 | 480.00 | 120.00 | 458.08 | 7,195 |
| Taylor County | 1199 | ст 1 | 970 | | 250.00 | 1 079 (0 | 190.00 | 190.00 | 991.09 | E 600 |
| Todd County | 23241 | 50 | 27.0 | 0.4 | 9 000 00 | 1,072-40 | 400.00 | 120.00 | 341.00 | 0,003 |
| | DOUTA | | 41-4 | 2 | 2,000.00 | 2,400.00 | 460.00 | 120.00 | 288.00 | 1,346 |
| Union County | 11885 | 62 | 30 | 7 | 731.00 | 1,101,50 | 480.00 | 120.00 | 313.12 | 6,484 |
| Union County | 15095 | 61 | 29.8 | 8 | 863.96 | 1.413.00 | 480.00 | 120.00 | 398.56 | 6,663 |
| | | | | , – | | 1 | 1 | | | -, |
| Warren County | 11983 | 47 | 18 | 8 | 624.58 | 973.01 | 416.00 | 104.00 | 252.89 | 7,849 |
| Warren County | 19645 | 67 | 16.9 | 7.1 | 557.37 | 1,076.40 | 384.00 | 96.00 | 270.61 | 4,474 |
| Washington County | 19533 | 60 | 25 | 9 | 579.60 | 1.167.70 | 480.00 | 120.00 | 389.72 | 6.841 |
| Washington County | 12148 | 67 | 30 | 8.9 | 451.78 | 882.60 | 480.00 | 120.00 | 281.23 | 5,593 |
| Wayne County | 19984 | 60 | 28.9 | 7 | 491.60 | 1.074.53 | 480.00 | 120.00 | 254.61 | 6,841 |
| Webster County | 22497 | 62 | 15 | 5 | 452.20 | 869.25 | 320.00 | 80.00 | 173.85 | 4,323 |
| Whitley County | 24263 | 60 | 16.5 | 5 | 490.00 | 999.00 | 344.00 | 86.00 | 205.20 | 4,902 |
| INDEPENDENT | | | ' · [| | - - - | 1 | · · · · | | | |
| Ashland | 12897 | 70 | 28 | 9 |) 973.20 | 1,802.15 | 515.80 | 128.95 | 573.71 | 5,543 |
| Earbourville | 20955 | 62 | 153 | | 456.98 | 1 1 212 58 | 372.80 | 93.20 | 348.42 | 5.036 |
| Bowling Green | 13523 | 70 | 25.6 | q | 1 275 60 | 2 075 30 | 606 72 | 151.68 | 711.68 | 6 403 |
| Bowling Green | 13558 | 56 | 21.4 | à | 1 571 40 | 2 986 00 | 480.00 | 120.00 | 803.88 | 7 546 |
| Ť. | ! | | | ` | 1,011.10 | 2,200.00 | 100.00 | 120.00 | 000.00 | 1,010 |
| Covington | 13177 | 70 | 30 | 9 | 1,694.00 | 2,320.00 | 821.40 | 205.35 | 822.04 | 8.668 |
| Covington | 13198 | 70 | 27.5 | 9 | 1.694.00 | 2.320.00 | 779.04 | 194.76 | 822,16 | 8,223 |
| Covington | 13199 | 50 | 24 | 6 | 1.696.00 | 1,990.40 | 480.00 | 120.00 | 532.08 | 8,568 |
| Covington | 13212 | 63 | 29.5 | . 6 | 2,000.00 | 2,000.00 | 618.56 | 154.64 | 560.04 | 8,126 |
| Covington | 13220 | 70 | 30 | 9 | 1.694.80 | 2.320.00 | 821.64 | 205.41 | 828.04 | 8.671 |
| Cynthiana | 13909 | 70 | 30 | 9 | 956.00 | 1,628.00 | 506.60 | 126.65 | 532.40 | 5 346 |
| - | | 1 .0 | 00 | 1 | 000.00 | 1,020.00 | 1 000100 | 200.00 | 002.10 | 0,010 |

| District or Institution | No. | Age | P.S. | S.S. | P.S. Salary | S.S. Salary | Annuity | 1/4 Pay | Member's Contribution | Reserve |
|-------------------------|----------|-----------|------|------|-------------|-------------|---------|----------|--------------------------|------------|
| INDEPENDENT-Continued | | | | | | | | | | |
| Enzapetitown | 0419 | 1 70 | 23.3 | 9 | 570.20 | 1,674.50 | 480.00 | 120.00 | 486.77 | 5,065 |
| Falmouth | 992 | 49 | 19 | 9 | 714.58 | 1,516.50 | 448.00 | 112.00 | 438.53 | 8,150 |
| Harrodsburg | 14626 | 68 | 30 | 9 | 1.233.60 | 1.559.00 | 542.96 | 195 74 | 510.20 | 6 197 |
| Henderson | 14769 | 70 | 29.6 | 9 | 1.261.00 | 1,741.50 | 608.36 | 152.09 | 614.44 | 6 420 |
| Henderson | 14792 | 67 | 14.5 | 9 | 576.00 | 1.212.00 | 376.00 | 94.00 | 405.60 | 0,420 |
| Henderson | 14794 | 70 | 24.9 | 9 | 915.00 | 2.070.00 | 507.28 | 126.82 | 679.64 | 4,100 |
| Hopkinsville | 14925 | 69 | 30 | 9 | 905.40 | 1.437.00 | 480.00 | 120.00 | 487.60 | 5,000 |
| | i | (J | | ķ | (| | | | 201.00 | 0,240 |
| Irvine | 20588 | 47 | 14 | 6.4 | 811.80 | 1,151.98 | 326.40 | 81.60 | 242.55 | 6,158 |
| Lancaster | 15110 | 70 | 30 | 87 | 789.31 | 1 1259.00 | 480.00 | 190,00 | (10.05 | F.005 |
| Lexington | 15370 | 69 | 30 | 9 | 1 240 00 | 2 252 00 | 480.00 | 120.00 | 418.25 | 5,065 |
| Lexington | 15376 | 70 | 30 | 9 | 1,390.00 | 2,253.00 | 709 22 | 103.40 | 749.97 | 1,136 |
| Lexington | 15434 | 70 | 30 | 9 | 1,990,00 | 2 320 00 | 910 90 | 111.08 | 152.97 | 7,475 |
| Lexington | 15440 | 70 | 30 | 9 | 1,530,00 | 2 263 00 | 764 52 | 447.00 | 803.40 | 9,605 |
| Louisville | 16594 | 50 | 15.5 | 9 | 1.785.00 | 2,200.00 | 104.04 | 100.00 | 191.91 | 8,068 |
| Louisville | 16929 | 70 | 30 | 9 | 1,459.00 | 2,020.00 | 750.00 | 109.40 | 896.00 | 7,797 |
| Louisville | 16211 | 70 | 30 | 9 | 2,000,00 | 2,320.00 | 913 20 | 101.13 | 044.40 | 1,924 |
| Louisville | 15588 | 70 | 30 | 9 | 1,985.00 | 2 820 00 | 908 72 | 220.00 | 864.00 | 9,637 |
| Louisville | 15589 | 71 . | 21 | 9 | 2,000,00 | 2 320 00 | 733.20 | 102 20 | 004.00 | 9,390 |
| Louisville | 15869 | 59 | 29 | 9 | 2,000,00 | 2,000,00 | 613 59 | 159.00 | 200.00 | 1,472 |
| Louisville | 17006 | 70 | 30 | 9 | 1,800.00 | 2,320,00 | 853.20 | 213 30 | 846.00 | 8,970 |
| Louisville | 16798 | 70 | 30 | 9 | 2.000.00 | 2,320,00 | 913.20 | 210.00 | 864.00 | 9,004 |
| Louisville | 20659 | 70 | 22 | 8 | 1.161.00 | 2.320.00 | 533.84 | 133.46 | 696.00 | 9,037 |
| | <u>ן</u> | 1 | | , | 1 F | | | 100/10 | 000.00 | 0,03⊈ i |
| Madisonville | 17248 | 56 | 25 | 9 | 909.20 | 1,279.80 | 480.00 | 120.00 | 449.33 | 7 546 |
| Mayfield | 17262 | 70 | 16 | 9 | 1,040.40 | 1,569.15 | 400.00 | 100.00 | 545.40 | 4 991 |
| Middlesboro | 17357 | 68 | 30 | 9 | 900.00 | 1,773.90 | 501.72 | 125.43 | 585.96 | 5 661 |
| Middlesboro | 21815 | 68 | 30 | 6.3 | 882.00 | 1,555.65 | 480.00 | 120.00 | 365.85 | 5,001 |
| | | Í | (| ĺ | Į. | ľ | Í | | | 0,110 |
| Newport | 17551 | 50 | 21 | 9 | 1,684.00 | 2,270.00 | 480.00 | 120.00 | 795.20 | 8,568 |
| Newport | 17486 | 57 | 27 | 5.9 | 891.10 | 1.810.70 | 480.00 | 120.00 | 430.72 | 7,371 |
| Newport | 17680 | 50 | 22.9 | 9 | 1,764.00 | 2.264.00 | 525.44 | . 131.36 | 802.00 | 9.379 |

.

| District or Institution | No. | Age | P.S. | s.s. | P.S. Salary | S.S. Salary | Annuity | ¼ Pay | Member's Contribution | Reserve |
|-------------------------------|-------|--------|---------|---------|--------------|--------------|-------------|----------------|--------------------------|-------------|
| INDEPENDENT-Continued | | | _ | 1 | • | | | | | |
| Owensboro | 17734 | 58 | 24.3 | 9 | 845.00 | 1,484.60 | 480.00 | 120.00 | 494.38 | 7,195 |
| Owensboro | 17773 | 67 | 30 | 9 | 826.20 | 1,598.40 | 480.00 | 120.00 | 516.44 | 5,593 |
| Paducah | 17949 | 070 | 30 | 9 | 1,143.00 | 1,844.55 | 591.92 | 147.98 | 630.99 | 6,247 |
| Paducah | 18017 | 56 | 28 | 8.6 | 1,242.00 | 1,885.91 | 480.00 | 120.00 | 630.95 | 7,546 |
| Paducah | 18019 | 69 | 30 | 9 | 1.044.00 | 1.845.00 | 543.52 | 135.88 | 613.08 | 5,934 |
| Paris | 18129 | 70 | 30 | 9 | 900.00 | 1.660.00 | 494.12 | 123.53 | 529.62 | 5.214 |
| Pikeville | 18190 | 53 | 26 | 9 | 1.293.00 | 1,603.00 | 480,00 | 120.00 | 599.80 | 8,063 |
| Princeton | 18279 | 52 | 23 | 9 | 865.82 | 1.485.20 | 480.00 | 120.00 | 530.01 | 8,233 |
| Princeton | 18281 | 61 | 30 | 7 | 1,127,18 | 1,130,50 | 480.00 | 120.00 | 362.76 | 6,663 |
| Princeton | 18289 | 65 | 30 | 8.9 | 477.50 | 1,117.85 | 480.00 | 120.00 | 343.89 | 5,949 |
| Richmond | 18422 | 1 70 | 30 | 9 | 1.255.00 | 1.853.00 | 626.68 | 156.67 | 622.92 | 6.613 |
| Russell | 18460 | 70 | 30 | 9 | 1,530.00 | 1.845.00 | 708.08 | 177.02 | 651.60 | 7.472 |
| Russell | 18475 | 70 | 12 | 9 | . 840.00 | 1,176.00 | 336.00 | 84.00 | 417.60 | 3,546 |
| Scottsville | 20070 | 65 | 27.9 | 9 | 939.96 | 1,494.35 | 480.00 | 120.00 | 446.28 | 5,949 |
| Trenton | 18747 | 49 | 15.4 | 9 | 612.00 | 1,258.20 | 390.40 | 97.60 | 340.65 | 7,102 |
| Trenton | 18749 | 65 | 27 | 9 | 667.80 | 1,312.20 | 480.00 | 120.00 | 409.32 | 5,949 |
| Vanceburg | 18770 | 69 | 30 | 9 | 673.30 | 1,385.25 | 480.00 | 120.00 | 440.48 | 5,240 |
| Ky. School for Deaf | 18969 | 70 | 30 | 9 | 1,284.00 | 1,926.00 | 645.20 | 161.30 | 680.40 | 6,809 |
| Murray State College | 19201 | 61 | 13 | 9 | 2,000.00 | 2,320.00 | 435.80 | 108 .95 | 863.84 | 6,049 |
| State Department of Education | 19124 | 60 | 29 | 9 | 2,000.00 | 2,320.00 | 661.40 | 165.35 | 863.76 | 9,426 |
| Totals | 168 | 10,537 | 4,073.2 | 1,356.8 | \$142,522.59 | \$238,098.22 | \$82,025.92 | \$20,506.48 | \$73,157.38 | \$1,064,607 |
| Averages | 1 | 62.7 | 24.2 | 8.1 | \$ 848.35 | \$ 1,417.25 | \$ 488.25 | \$ 122.06 | \$ 435.46 | \$ 6.336 |

Frankfort, Kentucky December 5, 1950

Honorable Lawrence Wetherby

Governor of Kentucky Frankfort, Kentucky

Dear Governor Wetherby:

We submit herewith report of our audit of the Teachers' Retirement System of the State of Kentucky, for the year ending June 30, 1949. This examination was made by H. E. Riordan, under my supervision.

Respectfully yours,

(Signed) H. N. JONES H. N. Jones

Auditor of Public Accounts

GENERAL BALANCE SHEET Year Ending June 30, 1949

| ASSETS | | | |
|------------------------------------------------------------------------|-----------------|---------|------------|
| Current: | | | |
| Cash | .\$ 425,960.04 | | |
| Underpayment (Due from Districts) | . 6.80 | | |
| Total Current Assets | - | \$ | 425,966.84 |
| Investments: | | | |
| U. S. Government Bonds | \$14,575,000.00 | | |
| Owensboro School District Bonds | 50,000.00 | | |
| Unamortized Premium | . 87,103.36 | | |
| Accrued Interest Purchased | 360.31 | | |
| Total Investments | <u> </u> | 14, | 712,463.67 |
| Fixed: | | | |
| Office Equipment | | | 18,432.73 |
| Total Assets | | \$15, | 156,863.24 |
| LIABILITIES | | | |
| Current, | | | |
| Overneyment (Due to Districts) | | \$ | 949 |
| Fund Balances | • | Ψ | 0.10 |
| Expose Fund | | | 18 843 64 |
| Teachere' Savinge Fund | • | 6 | 043 778 70 |
| State Accumulation Fund | | 6, 6 | 043 714 71 |
| Allowance Reserve Fund | | 0, | 010,114.11 |
| Teachers Contribution \$ | 7 515 89 | | |
| State Contribution_Administration | 58 125 22 | | |
| State Contribution—Temporary | 2 403 669 83 | 2 | 460 310 04 |
| State Contribution—remporary | . 4,100,000.00 | 2, | 100,010.01 |
| Guarantee Fund | | ! | 581,205.67 |
| Total Liabilities and Fund Balances | | \$15, | 156,863.24 |
| (Note: The increase in assets from June 3 \$2,523,563.74. N. O. K.) | 80, 1949, to Ju | ne 30 | 0, 1950 is |

STATEMENT OF RECEIPTS AND DISBURSEMENTS PER RECORDS OF TEACHERS' RETIREMENT Year Ending June 30, 1949

| Cash Balance | | | | \$ | 155,366.99 |
|---------------------------------------------------------------|---------------------------------------------------------|----|--------------------------|-----|-------------|
| Receipts: Teachers Savings\$ Add: Net Irregular Payment | 1,105,671.71 3.48 | | | | |
| Total | 1,247,770.36 2,626,798.38 41,500.00 (—) 127.51 | \$ | 1,105,675.19 | | |
| Total | 600,000.00 4,287.75 14,561.09 4,399.41 | 2 | 3,915,941.23 | | |
| Total Net Interest Earned | | | 623,248.25 314,288.81 | | |
| Total Receipts | | • | | 5 | ,959,153.48 |
| Total Cash Available | | | | \$6 | ,114,520.47 |
| Disbursements: | | | | | |
| Administrative Expense | | | | | |
| Office Equipment Purchased\$ | 1,915.84 | | | | |
| Actuarial Expense | 1,050.00 | | | | |
| Board of Trustee Expense | 623.10 | | | | |
| Fidelity Bonds | 127.95 | | | | |
| Medical Examination Fees | 49.00 | | | | |
| Miscellaneous Expense | 749.20 | | | | |
| Postage | 826.38 | • | | | |
| Printing and Office Supplies | 1,928.35 | | | | |
| Salaries | 32,557.19 | | | | |
| Telephone and Telegraph | | | | | |
| Expense | 254.23 | | | | |
| Travel Expense | 978.54 | | | | |
| Transfers | 516.84 | | | | |
| Total | | \$ | 41,576.62 | | |
| Refunds: | | | | | |
| Regular\$ | 169,017.48 | | | | |
| Special | 127.51 | | | | |
| Interest | 1,506.76 | | | | |
| Annuitants Deceased | 1,557.59 | | | | |
| Excess Refunds | (-) 17.53 | | | | |
| Total | | \$ | 172,191.81 | | |

| Retirement Benefits Paid: | | |
|-----------------------------------------|---------------|----------------|
| Superannuation\$ 268,685.38 | | |
| Disability | | |
| Retirement Payment Returned (-)1,688.91 | | |
| Total | \$ 288,010.56 | |
| Investments: | | |
| U. S. Government Bonds\$5,135,271.39 | | |
| Owensboro School Bonds 51,510.05 | | |
| Total | 5,186,781.44 | |
| Total Disbursements | | \$5,688,560.43 |
| Cash Balance, June 30, 1949 | | \$ 425,960.04 |
| | | |

COST OF ADMINISTRATION TEACHERS' RETIREMENT SYSTEM July 1, 1940, to June 30, 1949

| Year | Rea | ceipts of State mulation Fund | Administrative Expense | Per Cent o Receipts | |
|-----------|-----|----------------------------------|---------------------------|------------------------|--|
| 1940-41 | | 476,089.49 | \$23,669.88 | 4.97% | |
| 1941 - 42 | | 481,713.03 | 18,232,93 | 3.79% | |
| 1942 - 43 | | 627,680.61 | 22,317.03 | 3.56% | |
| 1943 - 44 | | 625,300.00 | 24,633.20 | 3.94% | |
| 1944-45 | | 772,866.80 | 25,908.68 | 3.35% | |
| 1945 - 46 | | 791,641.32 | 31,390.43 | 3.97% | |
| 1946 - 47 | | 919,490.57 | 36,113,58 | 3.93% | |
| 1947-48 | | 919,490.57 | 36,409.41 | 3.96% | |
| 1948-49 | | ,247,770.36 | 41,059.78 | 3.29% | |

Note: For 1948-49 the permanent and temporary contributions of the State to the State Accumulation Fund amounted to \$3,874,568.74. The State Auditor based his percentage on the permanent contribution only.

N.O.K.