

# **Sixteenth Annual Report**

*of the*

## **TEACHERS' RETIREMENT SYSTEM**

*of the*

### **State of Kentucky**

1955-56



NOVEMBER, 1956

## LETTER OF TRANSMITTAL

COMMONWEALTH OF KENTUCKY

### TEACHERS' RETIREMENT SYSTEM FRANKFORT

Honorable A. B. Chandler  
Governor of Kentucky  
Frankfort, Kentucky

Dear Governor Chandler:

We have the honor to respectfully submit to you this the Sixteenth Annual Report of the Board of Trustees of the Teachers' Retirement System of the State of Kentucky, prepared and submitted in accordance with K.R.S. 161.320, and covering the period July 1, 1955, to June 30, 1956, the last fiscal year.

Your great interest and initiative in originating the first state-wide Teachers' Retirement System and continuing interest evidenced by a fully adequate appropriation under 161.550 should make this Report of significance to you. A grateful Board and teaching staff thank you.

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

Due to the allotment of the \$400,000 from the Governor's Emergency Fund, the amendment providing for greater contributions under Section 161.540 and greater retirement allowances under Section 161.620 went into effect July 1, 1955. The teachers are very thankful for this improvement, so is the Board of Trustees.

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,

/s/ L. C. Curry

L. C. Curry

Chairman, Board of Trustees

/s/ N. O. Kimbler

N. O. Kimbler

Secretary, Teachers' Retirement System

## FOREWORD

There are three points of extreme importance to the members of the State Teachers' Retirement System: (1) The biennial appropriation of \$8,300,000 meets the full requirements of the Retirement System for the biennium, (2) the legislative program which has been outlined and endorsed in principle by most of the profession, and (3) the Study of the Legislative Research Commission authorized by Resolution 58 comparing costs and benefits of the Teachers' Retirement System and the State Employees' Retirement System including Social Security.

Certainly every teacher, and especially those in positions of leadership, should be alert as to everything affecting the Retirement System. Every school district should have a committee to keep in touch with the Retirement Office, to study releases, reports, the Statutes, and everything available in order that you may not be taken unaware.

Not enough middle-aged teachers can answer the question "How good is our Retirement System?", or "What will it do for me?". The responsibility is yours. Study the Handbook.

Recently all State Teachers' Retirement Systems interested, thirty-eight in all, were rated with each other and Kentucky on the following points: (1) monthly retirement income for a career person beginning now, Kentucky's rank, 16; (2) per cent retirement income is of last salary, Kentucky's rank, 16; (3) cost to the member (teacher), Kentucky's rank, 20; and (4) return per dollar of contribution from the teacher, Kentucky's rank, 10. This is for retirement at age 60 with all service under the new Retirement Law.

The chief characteristics of a good retirement system are exemplified by the Kentucky Teachers' Retirement System. Among them are: (1) actuarial soundness, (2) flexibility, (3) comparatively high contribution by the State, (4) sympathetic and efficient administration, (5) teachers have a voice in choosing members of the Board of Trustees, (6) adequate retirement allowances or annuities based upon service and salaries, (7) a continual improvement of the Law to meet changing needs of the profession and to better take care of those who must retire early in the history of the System.

Your interest in the Retirement System and your informed knowledge of it are its greatest protector and safeguard.

/s/ Robert R. Martin  
Robert R. Martin  
Superintendent of Public Instruction  
and Member of the Retirement Board

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# SIXTEENTH ANNUAL REPORT

## INTRODUCTION

The new Retirement Law went into effect July 1, 1955, upon an allotment of \$400,000 by the Governor from his Emergency Fund for the purpose. It appears to us there is a need for a better understanding of this Law on the part of teachers, administrators and the taxpayers.

The companion measure to increase the minimum retirement allowances of teachers in retirement and who will retire, went into effect July 1, 1954. It is financed principally from funds accumulated in the Retirement System and no special appropriation was or will be needed.

It provided that the allowance of any teacher should not be less than \$18 per service credit year, using not over 35 years in any case. This provided an increase from \$480 to \$630, approximately 30%, for those in retirement or to retire, provided they had credit for 35 or more years of service; the increase was, of course, smaller for those with less than 35 years of service credit, but not less than 12.5% in any case. It puts a premium upon career service. It was assumed that 35 years is not too much to expect from a career teacher. Thirty-five years of service credit may be acquired between the ages of 23 years and 58 years. The value of an annuity of \$630 at age 60 is \$9,292. It is not to be supposed that this minimum is optimum. With the increase in the cost of living and the advancing age of retirants, the Board of Trustees will recommend a greater minimum, and it is likely it will be based upon at least 40 years of service. We think it is desirable to have "vested" rights and retirement privileges upon the completion of 30 years of service, for which the present minimum is \$540, but that it is in most cases detrimental to the individual and to the profession for a teacher to retire as early, as 30 years of credit are accumulated usually by age 53, certainly by age 55. The value of an annuity of \$540 at age 53 is \$9,342. Life expectancy being what it is, 26.35 years at age 53, and increasing, it is evident that such early retirements are expensive to the System; and for the further consideration that by longer service the teacher may qualify, in almost all cases, for an annuity above the minimum; perhaps two or three times the minimum by age 65 or age 70, longer service is desirable unless health interferes.

To find the minimum retirement allowance, multiply the number of years of service credit by \$18. This is the annual amount. No age factor is applied.

The minimum provisions of the Retirement Act discussed above are merely incidental to the principal provisions for adequate annuities for career teachers.

The credits earned under the Law to July 1, 1955, are carried forward, or in other words, retained by the member and included with the credits earned after July 1, 1955.

There are the following credits:

- (1) for prior service (before July 1, 1941), with a value of 1% per year of such service multiplied by the average salary for the last five years of prior service;
- (2) for service from 1941 to 1955, with a value of 1½% per year of such service multiplied by the average salary for the last five years of such service, with the maximum salary for any year \$2,400;
- (3) for service after July 1, 1955, with a value of 1¼% for each year of service multiplied by the average gross salary for the five highest years of consecutive salary.

The three credits reduced to dollars are added, and the total multiplied by the age factor at retirement.

The following examples may help to clarify the application of the Law as it now stands.

I. (1) A teacher entering the service in 1920 has 20 years of prior service credit to July 1, 1941, and an average salary of \$1,100 from 1936 to 1941,

(2) She taught regularly from 1941 to 1955 and has credit for 14 years, average limited salary \$2,400,

(3) She was on July 1, 1955, fifty-five years old and expects to retire at age 67. The estimated salary for the five highest years of consecutive service is \$3,800. What is the estimated annuity at age 67? At age 70?

(a) 20 P.S.	x 1 %	x \$1,100	= \$ 220.00
(b) 14 S.S. (1)	x 1½%	x 2,400	= 504.00
(c) 12 S.S. (2)	x 1¼%	x 3,800	= 798.00

Total \$1,522.00 x .90954, the age factor for 67, gives \$1,384.32, the annuity. Increase for three more years of service, to age 70, is found as follows:

(x) Brought forward, credits to age 67	\$1,522.00
(y) 3 S.S.(2) x 1¼% x \$3,800	= 199.50

Total \$1,721.50 x 1.0000, the age factor for 70, gives \$1,721.50, the annuity. The actuarial value of this annuity is \$19,028.

II. The average age of the membership is approximately 41 years. Assume such a member has four years of prior service credit with salary base of \$600; 14 years to 1955 with a base of \$1,200; and 16 years under the new Law with a salary base of \$2,900, and retiring at age 56, or age 60, or age 65, or age 70, with a salary base of \$3,300 at 65, and \$3,600 at 70. The calculations are as follows:

Age 56			
(a) 4 yrs. P.S.	x 1 %	x \$ 600	= \$ 24.00
(b) 14 yrs. S.S.(1)	x 1½%	x 1,200	= 252.00
(c) 16 yrs. S.S.(2)	x 1¼%	x 2,900	= 812.00

Total \$1,088.00 x .68143, the age factor for 56 years, gives \$741.40, the annuity. The minimum is \$18 x 34 = \$612. The larger one applies.

For the annuity at age 60, bring forward \$1,088. Add  $4 \times 1\frac{3}{4}\% \times \$2,900$ , which is \$203, total \$1,291  $\times .74930 = \$967.35$ , the annuity for age 60.

For the annuity at age 65, with salary base of \$3,300, bring forward \$276; add  $25 \text{ S.S.}(2) \times 1\frac{3}{4}\% \times \$3,300 = \$1,443.75$ , which totals \$1,719.75  $\times .85728$ , the age factor for 65, and this gives \$1,474.37, the annuity.

For annuity at age 70, bring forward

4 yrs. P.S.	$\times 1\%$	$\times \$ 600 =$	\$ 24.00
14 yrs. S.S.(1)	$\times 1\frac{1}{2}\%$	$\times 1,200 =$	252.00
30 yrs. S.S.(2)	$\times 1\frac{3}{4}\%$	$\times 3,600 =$	1,890.00

Total \$2,166.00

Since the maximum is one-half of the salary, the annuity is \$1,800.

III. Assume a young teacher enters the service at age 23 in 1956. What should she receive for retirement for disability at age 45? For superannuation at age 62?

This is calculated as per cent of average salary for the five highest years of consecutive salary.

Age 45—age 23 = 22 years  $\times 1\frac{3}{4}\% = 38.50\%$   $\times$  age factor for age 60 (.74930) = 28.85%.

Each year taught before disability will increase the annuity.

Age 62—age 23 = 39 years  $\times 1\frac{3}{4}\% = 68.25\%$   $\times$  age factor for 62 (.78901) = 53.85%. This is reduced to 50% of final salary.

IV. Assume a teacher comes to Kentucky from another state from which she may transfer certain years of service for credit, and plans to teach in Kentucky from age 60 to age 70. Salaries as indicated in the following calculation.

8 yrs. P.S.	$\times 1\%$	$\times \$2,000 =$	\$ 160.00
8 yrs. S.S.(1)	$\times 1\frac{1}{2}\%$	$\times 2,400 =$	288.00
10 yrs. S.S.(2)	$\times 1\frac{3}{4}\%$	$\times 6,000 =$	1,050.00

Total \$1,498.00, annuity at age 70.

She is probably also due an annuity from the state from which she came.

From the above it should be evident that the new Law is versatile and effective for those who may teach under its provisions for a significant number of years. Looking at Table XX, The Distribution of 21,871 Members as to Ages and Salaries, 86.4% of all the teachers are age 54 or under, and, therefore, may be able to teach under the new Law for 16 or more years. Almost all of these can qualify for annuities of half-pay, on an ever increasing salary schedule. This does not mean that others cannot qualify for an annuity of half-pay. Many teachers now retired are receiving annuities of half-pay in cases where the salary was small. For example, a teacher retiring at age 65, or any age, with a final salary of \$1,200 and 35 years of service is receiving \$630 under the minimum provisions of the Law, which does not limit the annuity to half-pay. In fact, teachers who retired some years ago may be receiving annuities in excess of their final salaries, which were extremely low. It is well that the minimum Law does not limit the annuity to half-pay. We think in future years the half-pay maximum will be removed in all cases. When



this is done, some teachers will be able to retire on three-fourths pay, depending upon age and tenure. For example, 44 years multiplied by  $1\frac{3}{4}\%$  gives 77%; and many members of the profession of teaching, and other professions, continue until they have 40 or even 50 years of service credit.

Reference is made to the Handbook of Information published in August, 1955, by the Board of Trustees for additional information on the calculation of annuities under the present Retirement Law.

Under the Minimum Foundation Program salaries are increasing, and these increases will be reflected in the retirement benefits.

If we take for an example a teacher with 18 years of service credit, and who will retire at age 65 with 24 years under the new Law, the annuity will be approximately \$3,400 if the salary base is \$8,000 for the five highest consecutive years; at 67, about \$4,000.

Teachers as well as others are becoming "deduction" conscious; so are employers. There is also a growing tendency to look into the cost of retirement programs.

The teachers of Kentucky make an average contribution of 4.43% of the pay roll. The State matches this amount and pays for prior service.

This contribution, plus 3% compound interest, will provide the annuities set up in the Law; and not only that, but for disability and early retirement.

After the windfall period, Social Security OASI will cost employee and employer at least  $8\frac{1}{2}\%$  with no retirement earlier than 62. The difference in cost is due to the interest on the reserves. The Teachers' Retirement System is a reserve system and the proportion of income and assets due to interest is high; while OASI is a pay-in-the-future plan with comparatively small reserves and correspondingly small income from interest. Also, the cost of administration of OASI is comparatively great.

Adequate reserves make for peace of mind. No retired teacher in Kentucky worries about the ability of the Retirement System to meet the annuity pay roll now or in the future. More teachers are becoming "reserve" conscious. They like to know that each year they teach, funds are accumulated for the payment of their annuities after retirement even though it may be 40 years hence.

## **PROPOSED LEGISLATION**

The teaching profession through its organizations proposes from time to time certain changes in the Retirement Act. These are screened by the Board of Trustees and the cost is calculated. If the change is thought to be feasible and practical, a Bill is prepared for introduction into the General Assembly. The following changes have been suggested. The usual appropriation under KRS 161.550 will support the changes if adopted.

### **Increased Benefits**

A 30% increase in the benefits or annuities of all retired teachers as of July 1, 1958, with a sliding scale of lower increases for the ensuing 10 years. The maximum annual cost for the 10-year period is approximately \$390,000.

If a minimum of \$25 per service credit year will give the retired teacher a larger increase than the percentage increase, she is to receive the larger increase. The increase from the present \$18 to \$25 is 38.8%, which means all retired teachers would receive an increase of from 30% to 38.8%.

### **Death Benefits**

A death benefit of \$500 for all retired teachers, and possibly for all active teachers. Where the deceased teacher's account is refunded, there is not an urgent need for a death benefit. Retired teachers consume their resources in the course of the years and a death benefit is urgently needed. The modest sum of \$500 for all teachers would cost very little, about \$30,000 per annum for active teachers, and about \$30,000 per annum for retired teachers, a total of \$60,000.

### **Option to Beneficiary**

Amending KRS. 161.520, subsections (3) and (4), providing an option to a beneficiary with an insurable interest, if any, so that the beneficiary may choose between a refund of the account of the deceased teacher and a reduced retirement allowance or annuity. This would apply in the case of the death of a husband, a brother or sister having a dependent brother or sister, to parents and to others. This option would be limited to teachers who are eligible to retire at death but not retired. It would be assumed for administrative purposes that the teacher retired at death and chose Option IV in favor of the beneficiary. The cost would range from nothing the first year, to \$2,500 in three years, but it would never be expensive. Since the account of the member is retained and the Matching Fund is available, there would be no significant burden upon the Retirement System.

### **Disability Requirement**

Amending KRS. 161.660, reducing the requirements for retirement for disability to 10 years of service credit and with a minimum of \$40 per month. Increased cost would probably be \$2,500 per year.

## Survivors' Benefits

Amending KRS. 161.520, subsection (5), and providing for survivors' benefits for minor children, dependent spouses, dependent parents or dependent brother or sister, in this order. If there is no dependent spouse with minor children, one of the other dependents would be covered.

It is difficult to arrive at a satisfactory amount which will not be greater than the annuity to retired teachers. It has been suggested that a dependent spouse with three children be entitled to \$150 per month, and less for smaller families. For parents, \$50 each; for a spouse, \$60; for dependent brother, sister, or handicapped child, \$40. None of these amounts are definite, but a lower amount will not be considered. On the basis of the above, the annual cost is estimated to be about \$25,000. The average age of children under the age of 18 years is a little over nine years, and, consequently, the maximum outlay per annum would be reached in about nine years.

Since many parents of teachers now receive Social Security, there are not many dependent upon their children.

The total cost of this program would be about \$500,000 per year for the foreseeable future. No special appropriations or additions to the appropriation made under KRS Section 161.550 will be necessary.

## STATISTICAL

### Membership 1940-1956

Composite Table I as of July 1, 1956, reveals some of the shifts in the membership over the years. Of 63,623 records handled, 26,242 are for teachers still in active membership; 3,774 in inactive membership; 2,411 have lost membership by reason of prolonged absence; 580 have forfeited their accounts by failing to request a refund, by losing themselves to us by moving; 857 deaths before retirement; 27,465 have withdrawn from membership; and 2,294 have retired.

Since there are 22,500 teaching positions, the number who have retired are about 10% of those in service.

During the 16 years there have been 857 deaths before retirement; 349 men and 508 women. Based upon present membership, this is for all the years for men .0611, and for women .0314. In proportion more men than women die before retirement.

During 1955-56 there were 67 deaths reported, but several of these died in previous years. The principal causes of death were: heart and blood vessel diseases 31; cancer 18; accidents 6; cerebral hemorrhage 3; leukemia 3; kidney diseases 2; suicide 2; diseases of the stomach and obstruction, one each. The number of men were 26, and the number of women 41.

Upon death, the member's account is refunded. The average such refund was \$769.64, and the largest was \$1,881.59.

**TABLE I. MEMBERSHIP 1940-56**

	SERVICE RECORDS			Members Without Records Filed	Totals
	With Prior Service	Without Prior Service	Total with Records Filed		
Active Membership.....	10,736	14,402	25,138	1,104	26,242
Inactive Membership.....	533	2,418	2,946	828	3,774
Inactive Accounts Membership Lost.....	277	565	842	1,569	2,411
Absence of 13 Years.....	260	50	310	270	580
Professional Service Records in Force.....	11,269	16,815	28,084	1,932	30,016
Deceased Before Retirement....	648	113	761	96	857
Withdrawn....	10,579	11,755	22,334	5,131	27,465
Retired.....	2,278	16	2,294		2,294
	11,269	16,815	28,084	1,932	30,016
	14,042	12,499	26,541	7,066	33,607
Total Accounts Handled 1940-56.....	25,311	29,314	54,625	8,998	63,623

## Age and Salary Distribution of Teachers for 1955-56

Table XX does not include members whose service record has not been filed as required by Law. A few seem to get by the administrators each year, but the office staff keep up a continuing correspondence for the purpose of collecting in all such records. We have been successful in creating complete records for 54,625. In recent years the situation is much improved. Those not filing include teachers who may have taught only a few days in all.

Table XX shows the median age at 44 years; average age of men 39.81, and of women 42.12; and for the whole, 41.51 years, slightly higher than for 1954-55. The average salary did not increase significantly after the age of 55. The average salary of those 18 years old is \$1,586.30; and for those age 69, \$3,008.36. The total aggregate salary for the 21,871 is \$59,971,627, and the average \$2,742.06. For the previous year the average was \$2,682.15.

A beginning teacher age 23 can qualify for voluntary retirement at age 53 since she would have acquired 30 years of service credit. There are 3,903 age 53 and older; 327 more than for last year. During 1955-56, one hundred forty-three experienced teachers who had not taught since 1940 came into service, the modal age being 49 years; and 2,199 teachers without prior service came into service, the modal age being 22 years. Some of these had lost membership previously by absence of more than six years, or by withdrawal.

**TABLE XX. THE DISTRIBUTION OF 21,871 MEMBERS AS TO AGES AND SALARIES (Actual Salary) July 1, 1956**

Attained Age	Number Teaching	Average Salary	Total Salaries
18	10	\$1,586.30	\$ 15,863.00
19	88	1,409.28	124,017.00
20	179	1,633.15	292,333.00
21	266	1,839.63	489,341.00
22	428	2,149.78	920,104.00
23	506	2,290.38	1,158,933.00
24	488	2,306.20	1,125,426.00
25	455	2,426.50	1,104,062.00
26	506	2,407.57	1,218,229.00
27	480	2,482.54	1,191,618.00
28	531	2,555.69	1,357,069.00
29	551	2,616.94	1,441,936.00
30	483	2,680.50	1,294,699.00
31	487	2,695.85	1,312,880.00
32	414	2,760.66	1,142,912.00
33	442	2,790.70	1,233,492.00
34	456	2,710.85	1,236,146.00
35	449	2,787.21	1,251,459.00
36	470	2,780.57	1,306,872.00
37	432	2,720.28	1,175,163.00
38	486	2,825.41	1,373,154.00
39	460	2,760.40	1,269,786.00
40	567	2,813.82	1,595,440.00
41	623	2,775.91	1,729,397.00
42	641	2,782.41	1,783,528.00
43	709	2,852.25	2,022,248.00
44	784	2,762.96	2,166,167.00
45	726	2,528.25	1,835,511.00
46	766	2,850.47	2,183,464.00
47	748	2,871.42	2,147,826.00
48	768	2,797.16	2,148,220.00
49	687	2,810.94	1,931,120.00
50	717	2,950.00	2,115,150.00
51	599	2,953.83	1,769,345.00
52	566	2,966.50	1,679,043.00
53	490	2,920.16	1,430,879.00
54	436	2,960.12	1,290,613.00
55	393	3,062.29	1,203,481.00
56	313	3,052.73	955,505.00
57	305	3,046.00	929,033.00
58	280	3,004.23	841,185.00
59	220	3,005.34	661,175.00
60	242	3,053.30	738,901.00
61	212	2,968.25	629,270.00
62	199	3,124.41	621,759.00
63	169	3,078.56	520,277.00
64	164	3,217.76	527,713.00
65	108	3,114.25	336,340.00
66	129	3,222.35	415,684.00
67	91	3,036.38	276,311.00
68	80	2,936.82	234,946.00
69	72	3,008.36	216,602.00
Totals & Average	21,871*	\$2,742.06	\$59,971,627.00

\*Does not include 17 part-time teachers and 521 teachers who had not filed enrollment forms.

## Age and Salary Distribution of Members With Prior Service

The number of members with prior service credit to be wholly paid for by the State is decreasing with the years. There are 10,964 members having prior service, and 14,402 without prior service (referring only to those with complete records). Table VIII shows the distribution by ages and number of members per age, of the prior service held, the total years being 114,176.9. The highest number of years valid at one time was 212,000. Retired teachers hold valid 39,418.3 years, making a total of 153,595.2 outstanding on July 1, 1956.

Withdrawals and deaths, including retired, have canceled 104,550.6 years of prior service, distribution as follows: retired 14,206.9; deceased before retirement 10,889.4; and by withdrawal 79,454.3.

The actuarial value of this service credit has been greatly increased by reason of the minimum allowance provisions of the Law. The losses, however, have been so great that the burden on the State should not be excessive.

**TABLE VIII. DISTRIBUTION OF 10,964 MEMBERS WHO HAVE PRIOR SERVICE CREDIT WITH ATTAINED AGE JULY 1, 1956**

Attained Age	Number of Members	PRIOR SERVICE YEARS		PRIOR SERVICE SALARY	
		Years	Average	Total	Average
34	18	33.0	1.83	\$ 6,696.25	\$ 372.01
35	15	17.4	1.16	8,700.36	580.02
36	64	66.5	1.04	36,951.52	577.37
37	104	140.3	1.35	59,414.03	571.29
38	140	68.2	.49	80,370.79	574.08
39	180	362.1	2.01	107,814.31	598.97
40	251	620.3	2.47	161,983.03	645.35
41	286	990.5	3.46	176,394.68	613.27
42	370	1,504.4	4.07	246,397.81	665.94
43	418	2,175.4	5.20	277,087.46	662.89
44	486	2,819.5	5.80	336,836.20	693.08
45	525	3,618.8	6.89	373,443.14	711.32
46	499	3,606.9	7.23	370,172.39	741.83
47	594	5,161.9	8.69	476,099.02	799.83
48	641	5,999.8	9.36	509,729.61	795.21
49	595	5,676.3	9.54	511,676.20	859.96
50	660	6,831.0	10.35	571,467.60	865.86
51	593	6,481.5	10.93	547,979.44	924.08
52	540	6,291.0	11.65	500,844.60	927.49
53	504	6,229.4	12.36	468,674.64	929.91
54	461	5,997.6	13.01	462,161.72	1,002.52
55	329	4,648.8	14.13	341,403.30	1,037.70
56	366	5,175.2	14.14	378,118.26	1,033.11
57	306	4,381.9	14.32	321,229.62	1,049.77
58	285	4,200.9	14.74	299,734.50	1,051.70
59	245	3,954.3	16.14	237,997.90	971.42
60	229	3,641.1	15.90	242,222.46	1,057.74
61	239	3,991.3	16.70	256,294.04	1,072.36
62	195	3,379.4	17.33	200,235.75	1,026.85
63	186	3,616.4	19.44	208,401.20	1,120.44
64	183	3,427.9	18.73	203,443.26	1,111.71
65	119	2,312.2	19.43	129,731.42	1,090.18
66	105	2,081.1	19.82	122,241.00	1,164.20
67	110	2,266.0	20.60	131,836.10	1,198.51
68	70	1,284.5	18.35	68,681.20	981.16
69	53	1,124.1	21.21	57,676.19	1,088.23
<b>Totals &amp; Averages</b>	<b>10,964</b>	<b>114,176.9</b>	<b>10.41</b>	<b>\$9,488,141.00</b>	<b>\$ 865.90</b>

## Withdrawals

Table VII reveals the ages at which members withdraw. The early ages represented are largely high school graduates who have been pressed into service. There have been more withdrawals at age 21 than at any other age. One can hardly look upon these early withdrawals as having been trained or professionalized. The "Members with Prior Service" column shows the effects of low salaries and hard working conditions. More teachers with such experience have been lost than were retained. Withdrawals decrease as the member accumulates service credit, which is to be expected.

The salary indicated is for 1940-41, and averages \$779.99, another reason for withdrawal. It can safely be said the withdrawing teacher is the teacher with the low salary. During 1955-56 there were 324 members with prior service who withdrew. They had an average of 6.3 years of prior service.

There are many causes of withdrawal. Tabulations for 1955-56 show that the greatest number of withdrawals was for the purpose of teaching in some other state: 85 to Ohio, 39 to Florida, et cetera. A large number changed profession. Most of these losses could be eliminated by more adequate salaries. The Foundation Program is calculated to improve working conditions and salaries. If it costs the State \$4,000 to educate a teacher and we lose by withdrawal 2,000 teachers a year, the loss should be reckoned with.



**TABLE VII. MEMBERS WHO HAVE WITHDRAWN BEFORE  
RETIREMENT 1940-56**

Entrance Age	Members Without Prior Service	Members With Prior Service	PRIOR SERVICE		PRIOR SERVICE SALARIES	
			Total	Average	Total	Average
16	29	.....	.....	.....	\$ .....	\$ .....
17	392	5	4.3	.860	2,763.08	552.62
18	1,394	60	63.0	1.050	32,250.18	537.50
19	1,471	169	205.9	1.218	89,284.53	528.31
20	1,458	302	458.8	1.519	176,304.94	583.79
21	1,632	471	891.2	1.892	301,280.86	639.66
22	1,364	545	1,224.4	2.247	382,799.42	702.39
23	953	530	1,658.1	3.128	386,027.36	728.35
24	791	643	2,513.9	3.910	464,857.60	722.95
25	757	661	2,882.3	4.361	493,593.31	746.74
26	591	648	3,367.2	5.196	482,597.92	744.75
27	510	644	3,851.7	5.981	499,899.87	776.24
28	431	621	4,141.8	6.670	479,632.37	772.35
29	387	593	4,203.9	7.089	457,875.16	772.13
30	373	618	4,785.8	7.744	502,962.53	813.86
31	280	542	4,314.9	7.961	452,252.06	834.41
32	267	523	4,405.6	8.424	436,074.85	833.80
33	224	473	4,147.2	8.768	400,402.65	846.52
34	243	435	4,011.4	9.222	383,099.26	880.69
35	203	412	3,725.0	9.041	358,941.06	871.22
36	180	325	3,046.5	9.374	299,046.68	920.14
37	188	303	2,927.8	9.663	269,025.62	887.87
38	181	253	2,327.7	9.200	229,637.56	907.66
39	133	224	1,993.7	8.900	192,770.09	860.58
40	131	193	1,801.3	9.333	158,051.18	818.92
41	129	178	1,749.8	9.830	160,705.81	902.84
42	105	168	1,712.8	10.195	146,072.99	869.48
43	90	128	1,290.3	10.080	103,834.59	811.21
44	85	114	1,127.4	9.889	89,423.68	784.42
45	90	112	1,195.0	10.670	98,875.97	882.82
46	81	102	969.4	9.504	84,704.57	830.44
47	87	80	764.8	9.560	85,906.26	823.83
48	64	74	670.2	9.057	52,728.57	712.55
49	54	77	904.6	11.748	66,845.22	868.12
50	54	75	868.6	11.581	53,638.52	715.18
51	34	59	594.9	10.083	41,367.15	701.14
52	37	46	504.8	10.974	35,998.57	782.58
53	31	49	523.4	10.682	35,425.55	722.97
54	34	39	450.9	11.562	25,350.19	650.00
55	28	45	490.7	10.904	27,931.66	620.70
56	27	36	411.7	11.436	24,414.76	678.19
57	27	40	500.1	12.503	27,407.29	685.18
58	18	21	217.8	10.371	14,812.82	705.37
59	14	22	296.1	13.459	13,342.72	606.49
60	13	25	312.7	12.508	16,348.33	653.93
61	13	15	213.7	14.246	10,174.82	678.32
62	10	14	157.8	11.271	11,613.85	829.56
63	4	14	145.3	10.379	9,502.25	678.73
64	5	5	66.0	13.200	1,934.66	386.93
65	3	8	129.1	16.138	5,644.14	705.51
66	4	.....	.....	.....	.....	.....
67	6	4	90.0	22.500	3,453.84	863.46
68	1	2	45.0	22.500	1,726.92	863.46
69	1	.....	.....	.....	.....	.....
70-74*	4	4	98.0	24.500	3,453.84	863.46
<b>Totals &amp; Averages</b>	<b>15,716</b>	<b>11,749</b>	<b>79,454.3</b>	<b>6.763</b>	<b>\$9,164,069.68</b>	<b>\$779.99</b>

\*Not eligible for retirement.

During the years 1940-56 the number of those teachers withdrawing who did not file professional service records were prorated to Columns 2 and 3 on this table.

## Retired Members 1942-1956

It is comparatively easy to qualify for retirement in Kentucky. One may retire at any age after 30 years of Kentucky service; with only 20 years if the last five are consecutive and immediately before retirement, at age 60; and with whatever number of years one may have at age 70.

Many factors, however, have kept the number retiring comparatively low. Among these is the low retirement allowance which may be increased by additional service and the scarcity of teachers. Teachers are urged to continue in service because they are needed. The death rate has also been favorable to the System. Of the 2,176 teachers who have retired, 536 have died. Of these, 233 were men, and 303 women. Of the total number of men retired, this is 41.46%; and of women 25.81%. Of the group, 30.87% are deceased. The modal age for living retired teachers is 71 years for both men and women. The modal age for deceased retired is 73 years. If we take the retirements for a typical year, 1943-44, at which time 102 retired, the losses by death are: in 1943-44, seven; 1944-45, three; 1945-46, three; 1946-47, six; 1947-48, two; 1948-49, five; 1949-50, three; 1950-51, three; 1951-52, three; 1952-53, six; 1953-54, two; 1954-55, three; and 1955-56, eight, leaving 48 living after 13 years. Life expectancy at age 70 is for men 11.6 years, and for women 14.4 years, a difference of 2.8 years.

**TABLE IX. LIVING RETIRED TEACHERS AT JUNE 30, 1956,  
AND THOSE RETIRED JULY 1, 1956  
Arranged as to Year of Retirement**

Year Retirement	Retired for Superannuation	Retired for Disability	Recovered & Returned to Teaching	Deceased	Living as at June 30, 1956
1942-43	232	14	1	167	78
1943-44	93	9	2	54	46
1944-45	71	6	1	39	37
1945-46	109	11	2	50	68
1946-47	142	23	.....	49	116
1947-48	111	16	1	36	90
1948-49	122	14	1	28	107
1949-50	125	24	1	32	116
1950-51	167	35	4	28	170
1951-52	129	23	2	11	139
1952-53	161	25	2	16	168
1953-54	149	24	3	11	159
1954-55	149	24	1	12	160
1955-56	146	22	1	3	164
Sub-Totals	1,906	270	22	536	1,618
July 1, 1956	112	6	.....	.....	118
Totals	2,018	276	22	536	1,736

### Deceased, Retired Members

Actual deaths in every five year age bracket have been greater than expected. This condition, however, may not continue as the System grows older.

The estimated amount necessary to pay the allowances of retired teachers, including those retired July 1, 1956, is \$10,949,685.59. The

amount for men is \$3,153,114.70, and for women \$7,796,570.80. Living retired teachers hold valid 41,555.1 years of prior service credit, and 14,598.7 years of subsequent service credit; deaths of retired teachers has canceled 14,430.8 years of prior service and 2,062.9 years of subsequent service. The average number of years of service credit for all teachers who have been retired is 31.9 years, a comparatively low average.

**TABLE IXa**  
**DECEASED RETIRED TEACHERS**  
**Age at Death**  
**July 1, 1956**

Age	Men	Women	Total
42	0	1	1
48	0	1	1
49	0	2	2
50	0	2	2
51	0	2	2
52	1	4	5
54	3	3	6
56	0	1	1
57	2	3	5
58	2	3	5
59	0	2	2
60	3	7	10
61	2	6	8
62	4	3	7
63	6	6	12
64	9	8	17
65	7	8	15
66	3	9	17
67	5	5	10
68	4	6	10
69	12	12	24
70	11	14	25
71	13	17	30
72	14	18	32
73	16	26	42
74	16	13	29
75	8	14	22
76	16	15	31
77	13	12	25
78	11	13	24
79	13	13	26
80	11	16	27
81	3	8	11
82	2	6	8
83	1	6	7
84	6	4	10
85	1	3	4
86	4	2	6
87	1	3	4
88	1	2	3
89	2	1	3
90	2	2	4
95	0	1	1
<b>Totals</b>	<b>233</b>	<b>303</b>	<b>536</b>

## ACTUARIAL

Periodically an actuarial valuation of the Teachers' Retirement System is made. Every five years the Actuary makes a long-term view study of the needs of the System. The Balance Sheet prepared by the Actuary is the guide to solvency.

Space will not permit the entire technical discussion of the Report; however, the Actuary stated in his letter of October 23, 1956, to the Secretary of the Teachers' Retirement System, that the Valuation Balance Sheet of the System has never before portrayed such an enviable set of circumstances.

In the Valuation of the Teachers' Retirement System of the State of Kentucky, the Actuary's conclusions are: "Member teachers and their beneficiaries, whose future interests are tied so closely to the stability of the System, can take pardonable pride in the present financial showing and should zealously strive to foster the preservation and continuance of the Teachers' Retirement System of the State of Kentucky without substantive changes in its basic principles. . . ."

"That the overall financial outlook is eminently satisfactory—more favorable by far at this time than at any previous period in the commendable history of the System—is an inescapable conclusion."

**VALUATION BALANCE SHEET—JULY 1, 1956**

(On basis of assumed retirement at age 65)

**A S S E T S**

**Current Assets**

Cash 7-1-56 .....	\$ 893,281.10
Investments .....	35,382,000.00
Unamortized Premiums, less discount.....	256,348.95
Accrued Interest on Bonds Purchased.....	4,590.19

**Total Current Assets** ..... \$36,536,220.24

**Deferred Assets**

**Deferred Assets, S.S.:<sup>1</sup>**

(Deferred Obligation, Teachers and Commonwealth of Kentucky),

(1) Present Value Teachers' Contributions, mandatory by reason of Subsequent Service, 7-1-56 (A').....	\$29,782,431.36
(2) Present Value State's Contributions, mandatory by reason of Subsequent Service, 7-1-56 (A'') .....	29,782,431.36
(3) Excess of S.S. Deferred Liabilities over S.S. Deferred Assets (Amendment 7-1-54) .....	2,027,032.37

**Deferred Assets mandatory  
by reason of Subsequent  
Service** .....

\$61,591,895.09

**Deferred Assets, P. S.: Amortization Requirement:<sup>1</sup>**

(Deferred obligation of the Commonwealth of Ky.)

(4) Present Value Accrued Obligation mandatory by reason of Prior Service, 7-1-56	
Active Members .....	\$ 5,128,039.40
Active Members, age 65 or over.....	1,339,957.30
	\$ 6,467,996.70

**Deferred Assets, P.S.: Accrued Amortization Requirements:<sup>1</sup>**

(Obligation of Commonwealth of Ky.)

(5) Present Value of Accrued Prior Service obligations due retired teachers, 7-1-56 .....	\$10,190,807.22
<b>Less: State's Prior Service Contributions*</b>	2,306,281.65
	7,884,525.57

**Deferred Assets mandatory  
by reason of Prior Service** .....

14,352,522.27

**Total Deferred Assets** ..... \$ 75,944,417.36

**TOTAL ASSETS** ..... \$112,480,637.60

\* See discussion of Allowance Reserve Fund in actuarial report.

<sup>1</sup>Present\* Values on 3% interest assumption, etc.

**VALUATION BALANCE SHEET—JULY 1, 1956**  
 (On basis of assumed retirement at age 65)  
**LIABILITIES**

**Current Liabilities**

Outstanding Items .....		\$	1,565.25
(1) Expense Fund, 7-1-56 .....			456.60
(2) Teachers' Savings Fund:			
Accumulated Contributions by reason of Subsequent Service, 7-1-56 .....	\$16,095,140.19		
Voluntary Contributions, Active Members, 7-1-56 .....	32,460.03		16,127,600.22
(3) State Accumulation Fund:			
Accumulated Contributions (State) by reason of Subsequent Service, 7-1-56 .....			16,095,140.19
(4) Allowance Reserve Fund:			
Retired Teachers' S.S. Contributions with accumulated interest, 7-1-56....\$	240,325.40		
State S.S. Contribution, Retired Teachers with accumulated interest, 7-1-56 .....	513,129.31		
Voluntary Contributions, Retired Members, 7-1-56 .....	5,423.66		
State P.S. Contributions, Retired Teachers, 7-1-56* .....	2,306,281.65		3,065,160.02
(5) Guarantee Fund, 7-1-56 .....			1,246,297.96
<b>Total Current Liabilities</b> .....			<u>\$36,536,220.24</u>

**Deferred Liabilities.**

<b>Deferred Liabilities, S.S.:<sup>1</sup></b>			
(6) Present Value Benefits mandatory by reason of Subsequent Service Active Members, 7-1-56 (B') .....	\$61,237,594.13		
(7) Present Value Benefits mandatory by reason of S.S., Active Members, age 65 and over, 7-1-56 (B'') .....	354,300.96		
			<b>Deferred Liabilities man- datory by reason of S.S. (B' plus B'') .....</b>
			\$61,591,895.09
<b>Deferred Liabilities, P.S.:<sup>1</sup></b>			
(8) Present Value Benefits mandatory by reason of Prior Service, 7-1-56 Active Members (B) .....	\$5,128,039.40		
Active Members, age 65 and over (B'') .....	1,339,957.30	\$	6,467,996.70
(9) Present Value Benefits mandatory by reason of Prior Service—Retired Teachers (B'''), 7-1-56 .....	\$10,190,807.22		
<b>Less: State's Prior Service Contribu- tions* .....</b>	2,306,281.65	\$	7,884,525.57
			<b>Deferred Liabilities man- datory by reason of Prior Service (8) plus (9).....</b>
			14,352,522.27
<b>Total Deferred Liabilities</b> .....			<u>\$ 75,944,417.36</u>
<b>TOTAL LIABILITIES</b> .....			<u>\$112,480,637.60</u>

\*See discussion of Allowance Reserve Fund in actuarial report.

<sup>1</sup> Present Values on 3% interest assumption, etc.

## FINANCIAL

The Retirement Office is not only a great banking and investing organization, but also a great recording organization. The movements and shifting of each teacher is reflected in the bookkeeping. The total number of teachers having accounts in the System is 30,016. The admission of every new teacher, the transfer from district to district, change of name, deaths, withdrawals, reinstatements, payments while on Leave, Military Leave, deferred retirement, payments for out-of-state service, and many other items are reflected in the records, accounts and control accounts of the Retirement Office.

Each month each employer mails in one or more checks covering the contributions of the members. There are 236 units of coverage. In addition to this, during 1955-56 the following payments required special handling: voluntary contributions 69; deferred retirement 56; Leave of Absence 139; payment of balance for 1955-56, 95; payments from substitute teachers 16; from members in Military Service 27; for out-of-state service 13; for reinstatement 19; for balance of dues on previous years 88; members paying dues under Section 161.516, 9; and other personal payments 43. These payments require much painstaking care and aggregate a large sum of money.

Interest is set up on the member's ledger for each month and the contribution required by Law for from eight to twelve months. The number of active accounts is 26,242; inactive 3,774.

The effect of the new Retirement Law which was activated July 1, 1955, was to increase greatly the funds handled. Teachers' contributions increased from \$1,612,036.08 in 1954-55, to \$2,712,064.94 in 1955-56.

For the year, total assets increased \$3,279,256.60, to \$35,895,552.16. The outlook for the year 1956-57 is further improved by the full financing of the Foundation Program and the very substantial appropriation of \$4,096,000 to the Teachers' Retirement System.

### Comparison of Budget Requests and Appropriations

The total Budget request for 1956-58 of \$8,356,705 included the following: (1) \$6,923,335 contribution to match estimated teachers' savings which was computed by multiplying estimated total member salaries by 4.4312 per cent, the average contribution of members; (2) \$1,281,370 for prior service; and (3) \$152,000 for administrative expense. A comparison of budget requests and actual appropriations for each biennium from 1940-42 to 1956-58 inclusive is shown in following table.

In support of the Retirement System the state has contributed a total of \$16,687,604 for matching members' contributions, \$4,821,463 for prior service and \$681,194 for administrative expense. During the period from July 1, 1940 through June 30, 1956, receipts from interest and profits from securities amounted to \$5,501,356. Receipts from all sources were \$45,224,455.

**COMPARISON OF BUDGET REQUESTS  
WITH APPROPRIATIONS RECEIVED**

Biennium	Budget Request	Appropriations	Not Appropriated
1940-42	\$ 1,500,000.00	\$ 1,000,000.00	\$ 500,000.00
1942-44	1,719,600.00	1,300,000.00	419,600.00
1944-46	1,945,250.00	1,622,000.00	323,250.00
1946-48	2,340,000.00	1,912,000.00	428,000.00
1948-50	5,393,456.64	5,393,456.64	.....
1950-52	3,258,540.00	3,270,000.00	(11,460.00)
1952-54	4,254,340.00	3,870,804.00	383,536.00
1954-56	4,439,605.00	3,822,000.00	617,605.00
1956-58	8,356,705.00	8,356,705.00	.....
<b>Totals</b>	<b>\$33,207,496.64</b>	<b>\$30,546,965.64</b>	<b>\$2,660,531.00</b>

**Balance Sheet**

The Balance Sheet dated June 30, 1956, is a picture of the financial condition of the Teachers' Retirement System at the close of business at the end of the sixteenth fiscal year. As a basis for the Valuation by the Actuary, this Balance Sheet was adjusted to show retirement of 118 teachers effective July 1, 1956, with necessary changes in fund balances, and to take into account the State "temporary" contribution to amortize the Prior Service Obligation.

**BALANCE SHEET  
Teachers' Retirement System  
June 30, 1956**

<b>ASSETS</b>			
Cash, Unencumbered, All Funds .....	\$	251,030.85	
Cash, Encumbered .....		1,565.25	\$ 252,596.10
Underpayment Adjustments Due from Districts .....			16.92
Investments .....			35,382,000.00
<b>Deferred Charges:</b>			
Unamortized Premium on Investments.....	\$	309,162.71	
Accrued Interest Purchased .....		4,590.19	
Sub-total .....	\$	313,752.90	
Unamortized Discount on Investments.....		52,813.76	260,939.14
<b>TOTAL ASSETS</b> .....			<b>\$35,895,552.16</b>
<b>LIABILITIES AND FUND BALANCES</b>			
Expense Fund Encumbrances .....	\$		1,565.25
<b>Fund Balances:</b>			
Expense Fund .....	\$	456.60	
Teachers' Savings Fund .....		16,245,061.02	
State Accumulation Fund .....		16,245,044.10	
Guarantee Fund .....		1,246,297.96	
Voluntary Contributions, Active Members.....		32,460.03	
<b>Allowance Reserve Fund:</b>			
Teachers' Contributions .....	\$	95,845.15	
State "Permanent" Contributions .....		363,225.40	
State "Temporary" Contributions .....		1,665,596.65	2,124,667.20
Total Fund Balances .....			<b>35,893,986.91</b>
<b>TOTAL LIABILITIES AND FUND BALANCES...</b>			<b>\$35,895,552.16</b>



## Cost of Administration

The cost of operation of the Retirement Office as represented by the Expense Fund is limited by Statute to 4% of the receipts of the State Accumulation Fund. The funds available have not always been ample, but they are at this time. The 1955-56 budget for office expense amounted to \$70,355, which is about 1.4% of the cash receipts and disbursements. The 1955-56 actual administrative expense percentage is 2.58% of the receipts of the State Accumulation Fund.

### **COST OF ADMINISTRATION TEACHERS' RETIREMENT SYSTEM July 1, 1940, to June 30, 1956**

<b>Year</b>	<b>Receipts of State Accumulation Fund (for Matching &amp; P.S.)</b>	<b>Administrative Expenses</b>	<b>Per Cent of Receipts</b>
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	36,039.67	3.92%
1947-48 .....	919,960.33	36,409.41	3.96%
1948-49 .....	1,434,834.59	41,059.78	2.90%
	2,439,606.64*	.....	.....
1949-50 .....	1,434,315.22	43,396.76	3.03%
1950-51 .....	1,577,988.24	52,324.68	3.32%
1951-52 .....	1,580,070.32	58,303.98	3.69%
1952-53 .....	2,102,681.02	57,490.72	2.73%
1953-54 .....	1,649,688.28	61,165.65	3.71%
1954-55 .....	1,753,438.35	68,889.71	3.93%
1955-56 .....	2,693,326.38	69,548.14**	2.58%

\* The amount of the special Prior Service appropriation in 1948-49 \$2,439,606.64, was not included in Receipts of State Accumulation Fund for this computation.

\*\* Net amount of 1955-56 administrative expenses after liquidation of outstanding encumbrances.

## Receipts and Disbursements

Due to a declining bond market, profits on sales made during 1955-56 were negligible. Interest collections amounted to \$950,070.45 and total receipts to \$4,960,237.42. The amount invested was \$3,523,460.09 with a range of yield from 2.864% to 4.178%, and with an average above 3%. The U. S. Treasury "G" Bonds and other low yielding bonds are maturing gradually, and the proceeds are being used or being reinvested at about 3.4% at this time. The annual yield rate on the whole portfolio at June 30, 1956, was 2.83%.

**STATEMENT OF RECEIPTS AND DISBURSEMENTS**

**Teachers' Retirement System**

**for the Period July 1, 1955-June 30, 1956**

CASH BALANCE, ALL FUNDS, JULY 1, 1955 .....		\$ 254,319.91
<b>Receipts:</b>		
Teachers' Savings .....	\$2,692,442.73	
Reinstatements .....	5,730.97	
Voluntary Unmatched Contributions .....	13,891.24	
<b>Total from Members</b> .....		\$2,712,064.94
<b>State Contributions:</b>		
Administrative Expenses .....	\$ 70,355.00	
Matching Fund for 1955-56.....	1,027,370.00	1,097,725.00
Interest Collections on Investments .....		950,070.45
Annuity Checks Returned.....		4,104.83
Sales of Investments & Col- lections at Maturity .....		196,272.20
<b>Total Receipts</b> .....		<u>4,960,237.42</u>
<b>TOTAL CASH AVAILABLE</b> ....		<u>\$5,214,557.33</u>
<b>Disbursements:</b>		
Administrative Expenses Current Year .....	\$ 68,333.15	
Liquidation of Prior Year Encumbrances .....	5,446.72	\$ 73,779.87
Refunds for Withdrawal from Membership .....		378,019.88
Retirement Allowance Payments:		
Superannuation .....	\$ 886,878.11	
Disability .....	99,104.96	
Voluntary .....	718.32	986,701.39
Purchases of Investments .....		<u>3,523,460.09</u>
<b>Total Disbursements</b> .....		<u>4,961,961.23</u>
CASH BALANCE, ALL FUNDS, JUNE 30, 1956.....		<u>\$ 252,596.10</u>

## STATE AUDITOR'S REPORT

Frankfort, Kentucky  
September 28, 1956

Honorable N. O. Kimbler, Executive Secretary  
Teachers' Retirement System  
Frankfort, Kentucky

Dear Mr. Kimbler:

"We have completed the regular annual audit of the books and records of the Teachers' Retirement System for the fiscal year ended June 30, 1956. All accounts have been reconciled with those of the Department of Finance and the State Treasurer.

"A complete detail audit was not deemed necessary; however, sufficient spot checks and verifications were made to indicate records properly kept and funds duly accounted for. Comparative balance sheet and pertinent financial statements are attached.

"Investment Securities in the custody of the State Treasurer have been checked and verified.

"We note accuracy in the accounts and records, and the efficiency of the personnel of this department is to be commended.

Respectfully submitted,  
/s/ Mary Louise Foust  
Auditor of Public Accounts"

**AUDITOR'S REPORT**  
**TEACHERS' RETIREMENT SYSTEM**  
**STATEMENT OF RECEIPTS AND DISBURSEMENTS**

July 1, 1955 to June 30, 1956

Cash Balance—All Funds, July 1, 1955..... \$ 254,319.91

**Receipts:**

Teachers' Savings .....	\$2,692,442.73	
Reinstatements .....	5,730.97	
Voluntary Unmatched Contributions .....	13,891.24	
<b>Total from Members .....</b>		<b>\$2,712,064.94</b>
<b>State Contributions:</b>		
Administrative Expenses .....	\$ 70,355.00	
Matching fund for 55-56.....	1,027,370.00	1,097,725.00

Interest Collections on Investments .....		950,070.45
Annuity Checks Returned.....		4,104.83
Sales of Investments and Collections at Maturity .....		196,272.20

**Total Receipts .....** 4,960,237.42

**Total Cash Available .....** \$5,214,557.33

**Disbursements:**

Administrative Expenses— Current Year .....	\$ 68,333.15	
Liquidation of Prior Year Encumbrances .....	5,446.72	\$ 73,779.87
Refunds for Withdrawal from Membership .....		378,019.88
<b>Retirement Allowance Payments:</b>		
Superannuation .....	\$ 886,878.11	
Disability .....	99,104.96	
Voluntary .....	718.32	986,701.39

Purchases of Investments..... 3,523,460.09

**Total Disbursements .....** 4,961,961.23

Cash Balance—All Funds, June 30, 1956..... \$ 252,596.10