27th annual report

TEACHERS' RETIREMENT SYSTEM

STATE OF KENTUCKY
1966-1967

DECEMBER 1967
Honorable Louie B. Nunn, Governor  
Commonwealth of Kentucky  
Frankfort, Kentucky

Dear Governor Nunn:

In compliance with the provisions of Section 161.320 of the Kentucky Revised Statutes we submit herewith the Twenty-seventh Annual Report of the Teachers' Retirement System of the State of Kentucky.

This report is being submitted in a different format than that used in former reports. At the present time an audit of the 1965-67 period required by policy of the Board of Trustees and an actuarial valuation and experience study required by K.R.S. 161.400 are being conducted. These reports will not be received in time to be included. Therefore, it was decided to submit the required annual report in multilithed form; as soon as the reports mentioned above are available they, together with the material submitted herewith will be published in a permanent form.

You will note that the legislative appropriation for 1966-67 was insufficient to match the contributions of teachers. A similar situation will exist in 1967-68. These deficiencies plus appropriations to meet the amortized portion of the state's liability for prior service should be included in the budget for 1968-70. These amounts have been included in the budget requests submitted by this agency to the Finance Department.

We solicit your assistance in our continuing effort to provide excellent retirement and related benefits to Kentucky's teachers.

Respectfully yours,

Edna Lindle  
Chairman, Board of Trustees

James L. Sublett  
Executive Secretary  
Teachers' Retirement System  
of the State of Kentucky
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TEACHERS' RETIREMENT SYSTEM
STATE OF KENTUCKY

BOARD OF TRUSTEES

Elected by members:
Mrs. Edna Lindle, Chairman.................................Henderson
Mrs. James Sheehan, Vice Chairman........................Danville
Ted L. Crosthwait.............................................Bardstown
Harold Miller....................................................Fort Thomas

Ex-Officio
Emerson Beauchamp, State Treasurer..........................Frankfort
Robert Matthews, Attorney General..........................Frankfort
Harry Sparks, Superintendent of Public Instruction........Frankfort

STAFF
James L. Sublett, Executive Secretary
Vera Beckham, Assistant Secretary
William Ray Holt, Chief Accountant
Huggins & Company, Actuary

Anna Jean Blackwell       Wilma Gaines       Jean L. Pulliam
Joan Burke                Alean McDonald      Isabelle Royalty
Polly Casey               Arthur McDonald     Martha Sudduth
Betty Cohorn              Helen N. Meade      Doris Ward
Anna Mae Connelly         Amanda Owens       Dorothy L. Wood
Nancy G. Cosby
PART I. FINANCIAL

The Balance Sheet reveals that the assets of the System on June 30, 1967, exceeded $177 million. It can be expected that by June 30, 1968, assets will pass the $200 million mark. Sometimes there is a tendency to feel that such an amount would permit larger benefits, lower contributions, or reduction of state appropriations.

It must be realized, however, that these are trust funds; in large measure held to pay benefits to future retiring teachers. Unless adequate reserves are established now future liabilities will exceed future assets with the resulting inability to pay benefits.

The report on the Allowance Reserve fund indicates that of benefits paid to retirants in 1966-67 only 23.6 percent came from teacher contributions. The remaining 76.4 percent resulted from state matching contributions and from the excellent return realized on the funds' invested assets. Use of these funds to finance current benefits prevents their accumulation as reserves for the future. This is the reason that resumption of the state appropriation to finance previous service liability is of paramount importance. Continued neglect can lead to a very serious situation.
### BALANCE SHEET
**Teachers' Retirement System**  
**June 30, 1967**

#### ASSETS

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash, Unencumbered, All Funds</td>
<td>$2,530,927.81</td>
</tr>
<tr>
<td>Cash, Encumbered</td>
<td>$7,982.63</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$2,537,956.44</strong></td>
</tr>
</tbody>
</table>

**Investments**  
- Unamortized Premium on Investments: $2,657,503.51
- Accrued Interest Purchased: 47,722.76

**Total - Investments plus Deferred Charges**  
**Deduct Unamortized Discount on Investments**

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Total Assets</strong></td>
<td><strong>$176,139,171.89</strong></td>
</tr>
<tr>
<td><strong>Deduct Unamortized Discount on Investments</strong></td>
<td><strong>1,526,548.70</strong></td>
</tr>
<tr>
<td><strong>Total Assets</strong></td>
<td><strong>$174,612,623.19</strong></td>
</tr>
</tbody>
</table>

#### LIABILITIES AND FUND BALANCES

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Expense Fund Encumbrances</td>
<td>$7,082.63</td>
</tr>
</tbody>
</table>

**Fund Balances:**

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Teachers' Savings Fund</td>
<td>$81,678,456.25</td>
</tr>
<tr>
<td>State Accumulation Fund</td>
<td>81,120,499.61</td>
</tr>
<tr>
<td>Guarantee Fund</td>
<td>10,813,209.30</td>
</tr>
<tr>
<td>Voluntary Contributions, Active Members</td>
<td>499,589.29</td>
</tr>
<tr>
<td>Allowance Reserve Fund</td>
<td>759,351.41</td>
</tr>
<tr>
<td>Hospital &amp; Medical Insurance Fund</td>
<td>956,144.32</td>
</tr>
<tr>
<td>Survivor &amp; Death Benefit Fund</td>
<td>1,298,856.08</td>
</tr>
<tr>
<td>Expense Fund</td>
<td>17,390.74</td>
</tr>
</tbody>
</table>

**Total Fund Balances**  
**$177,143,497.00**

#### TOTAL LIABILITIES AND FUND BALANCES

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Total Liabilities and Fund Balances</strong></td>
<td><strong>$177,150,579.63</strong></td>
</tr>
</tbody>
</table>
STATEMENT OF RECEIPTS AND DISBURSEMENTS  
Teachers' Retirement System  
for the Period July 1, 1966 - June 30, 1967

CASH BALANCE, ALL FUNDS JULY 1, 1966  
$ 2,185,818.79

Receipts:

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Teachers' Savings</td>
<td>$14,163,257.71</td>
</tr>
<tr>
<td>Reinstatements</td>
<td>152,312.44</td>
</tr>
<tr>
<td>Voluntary Unmatched Contributions</td>
<td>155,484.39</td>
</tr>
<tr>
<td><strong>Total from Members</strong></td>
<td><strong>$14,471,054.54</strong></td>
</tr>
</tbody>
</table>

State Contributions:

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>&quot;Permanent&quot; - to match Teachers' Savings</td>
<td>$12,621,567.00</td>
</tr>
<tr>
<td>Administrative Expense</td>
<td>237,063.00</td>
</tr>
<tr>
<td>Interest Collected, Bonds Redeemed or Sold</td>
<td>19,854,876.51</td>
</tr>
<tr>
<td>Annuity Checks Returned, Other Adjustments</td>
<td>30,929.31</td>
</tr>
<tr>
<td>Employer Matching of Teacher Contributions</td>
<td>942,771.10</td>
</tr>
<tr>
<td><strong>Total Receipts</strong></td>
<td><strong>48,158,261.46</strong></td>
</tr>
</tbody>
</table>

TOTAL CASH AVAILABLE  
$50,344,080.25

Disbursements:

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Administrative Expenses Current Year</td>
<td>$ 212,589.63</td>
</tr>
<tr>
<td>Liquidation of Prior Year Encumbrances</td>
<td>7,556.49</td>
</tr>
<tr>
<td>Refunds for Withdrawal from Membership</td>
<td>1,656,926.14</td>
</tr>
<tr>
<td>Premiums for Comprehensive Medical Plan</td>
<td>387,433.51</td>
</tr>
<tr>
<td>Benefits for Service &amp; Disability Retirement</td>
<td>7,859,066.40</td>
</tr>
<tr>
<td>Survivor Payments</td>
<td>218,775.38</td>
</tr>
<tr>
<td>Death Benefits</td>
<td>189,000.00</td>
</tr>
<tr>
<td>Purchase of Investments</td>
<td>37,274,776.26</td>
</tr>
<tr>
<td><strong>Total Disbursements</strong></td>
<td><strong>47,806,123.81</strong></td>
</tr>
</tbody>
</table>

CASH BALANCE, ALL FUNDS -- June 30, 1967  
$2,537,956.44
## Analysis of Receipts

**Teachers’ Retirement System**  
**Fiscal Years 1940-41 through 1966-67**

<table>
<thead>
<tr>
<th>Date</th>
<th>Teachers’ Savings *</th>
<th>Reimbursements</th>
<th>State Matching Contribution</th>
<th>State Prior Service Contribution</th>
<th>State Contribution for Expenses</th>
<th>Interest and Profit</th>
<th>Total Receipts</th>
</tr>
</thead>
<tbody>
<tr>
<td>7/1/40-6/30/44</td>
<td>$2,063,716.64</td>
<td>$675.28</td>
<td>$2,063,636.92</td>
<td>$147,146.21</td>
<td>$89,216.87</td>
<td>$161,182.57</td>
<td>$4,525,574.49</td>
</tr>
<tr>
<td>7/1/44-6/30/48</td>
<td>3,184,177.52</td>
<td>8,138.74</td>
<td>3,093,017.44</td>
<td>363,594.56</td>
<td>131,388.00</td>
<td>680,795.86</td>
<td>7,407,112.12</td>
</tr>
<tr>
<td>7/1/48-6/30/52</td>
<td>4,951,457.55</td>
<td>9,880.10</td>
<td>5,009,847.83</td>
<td>3,374,273.61</td>
<td>198,335.00</td>
<td>1,676,157.12</td>
<td>15,300,951.41</td>
</tr>
<tr>
<td>1952-53</td>
<td>1,470,569.81</td>
<td>3,887.05</td>
<td>1,460,497.62</td>
<td>640,267.38</td>
<td>59,039.00</td>
<td>610,139.97</td>
<td>4,244,400.83</td>
</tr>
<tr>
<td>1953-54</td>
<td>1,509,971.81</td>
<td>6,262.44</td>
<td>1,503,190.97</td>
<td>144,949.03</td>
<td>62,860.00</td>
<td>688,046.72</td>
<td>3,915,280.97</td>
</tr>
<tr>
<td>1954-55</td>
<td>1,606,795.76</td>
<td>5,240.32</td>
<td>1,600,512.20</td>
<td>151,231.80</td>
<td>70,000.00</td>
<td>776,485.67</td>
<td>4,210,265.95</td>
</tr>
<tr>
<td>1955-56</td>
<td>2,706,333.97</td>
<td>5,730.97</td>
<td>1,929,901.00</td>
<td>---</td>
<td>70,355.00</td>
<td>906,146.21</td>
<td>5,620,669.15</td>
</tr>
<tr>
<td>1956-57</td>
<td>3,490,800.53</td>
<td>6,946.98</td>
<td>3,396,749.24</td>
<td>611,125.76</td>
<td>99,000.00</td>
<td>1,802,779.34</td>
<td>8,596,401.87</td>
</tr>
<tr>
<td>1957-58</td>
<td>3,533,506.21</td>
<td>4,553.72</td>
<td>3,523,551.57</td>
<td>612,278.43</td>
<td>125,225.00</td>
<td>1,557,061.91</td>
<td>9,356,208.84</td>
</tr>
<tr>
<td>1958-59</td>
<td>3,877,031.28</td>
<td>7,026.22</td>
<td>3,858,543.67</td>
<td>479,306.33</td>
<td>129,350.00</td>
<td>1,638,554.23</td>
<td>9,989,811.73</td>
</tr>
<tr>
<td>1959-60</td>
<td>4,198,829.94</td>
<td>10,015.71</td>
<td>4,184,427.58</td>
<td>281,225.77</td>
<td>178,146.65</td>
<td>2,045,440.74</td>
<td>10,898,066.39</td>
</tr>
<tr>
<td>1960-61</td>
<td>5,826,133.35</td>
<td>391,207.80</td>
<td>5,790,585.89</td>
<td>1,173,039.11</td>
<td>161,375.00</td>
<td>2,537,175.78</td>
<td>15,879,516.93</td>
</tr>
<tr>
<td>1961-62</td>
<td>6,344,302.54</td>
<td>120,331.07</td>
<td>6,309,696.04</td>
<td>1,119,118.96</td>
<td>171,185.00</td>
<td>2,902,788.98</td>
<td>16,961,422.59</td>
</tr>
<tr>
<td>1962-63</td>
<td>6,795,670.37</td>
<td>110,996.21</td>
<td>6,763,615.18</td>
<td>950,175.82</td>
<td>196,846.00</td>
<td>3,865,534.20</td>
<td>18,683,337.76</td>
</tr>
<tr>
<td>1963-64</td>
<td>7,160,866.67</td>
<td>134,357.38</td>
<td>7,074,866.28</td>
<td>696,608.72</td>
<td>220,657.00</td>
<td>4,401,450.78</td>
<td>19,688,806.83</td>
</tr>
<tr>
<td>1964-65</td>
<td>7,886,032.37</td>
<td>129,066.14</td>
<td>7,780,017.37</td>
<td>400,782.63</td>
<td>219,200.00</td>
<td>5,391,261.59</td>
<td>21,806,360.10</td>
</tr>
<tr>
<td>1965-66</td>
<td>11,948,546.60</td>
<td>77,594.19</td>
<td>10,744,110.00</td>
<td>---</td>
<td>235,890.00</td>
<td>5,217,998.29</td>
<td>28,244,139.08</td>
</tr>
<tr>
<td>1966-67</td>
<td>14,318,742.10</td>
<td>152,312.44</td>
<td>12,621,567.00</td>
<td>---</td>
<td>237,065.00</td>
<td>6,786,677.62</td>
<td>34,116,342.16</td>
</tr>
</tbody>
</table>

---

*Includes Voluntary Unmatched Contributions*
### Source of Allowance Reserve Fund Payments

Teachers' Retirement System
July 1, 1942, through June 30, 1967

<table>
<thead>
<tr>
<th>Year</th>
<th>Total Benefits</th>
<th>Paid from Teachers' Contributions</th>
<th>Paid from State Funds:</th>
<th>Percentage Paid from State &quot;Temporary&quot; Funds</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td>Matching Prior Service</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Contribution</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1942-43</td>
<td>$63,865.92</td>
<td>$15,791.10</td>
<td>$15,215.22</td>
<td>$32,859.60</td>
</tr>
<tr>
<td>1943-44</td>
<td>$83,077.79</td>
<td>9,491.37</td>
<td>8,345.75</td>
<td>65,240.67</td>
</tr>
<tr>
<td>1944-45</td>
<td>$104,451.85</td>
<td>14,298.05</td>
<td>11,527.58</td>
<td>78,666.22</td>
</tr>
<tr>
<td>1945-46</td>
<td>$133,861.43</td>
<td>24,692.91</td>
<td>13,686.44</td>
<td>95,482.08</td>
</tr>
<tr>
<td>1946-47</td>
<td>$215,390.17</td>
<td>40,215.35</td>
<td>29,118.59</td>
<td>147,056.23</td>
</tr>
<tr>
<td>1947-48</td>
<td>$252,374.54</td>
<td>38,165.99</td>
<td>31,348.35</td>
<td>182,840.20</td>
</tr>
<tr>
<td>1948-49</td>
<td>$289,358.15</td>
<td>46,017.03</td>
<td>29,902.32</td>
<td>213,648.80</td>
</tr>
<tr>
<td>1949-50</td>
<td>$331,367.57</td>
<td>57,683.56</td>
<td>36,823.79</td>
<td>256,860.22</td>
</tr>
<tr>
<td>1950-51</td>
<td>$517,542.72</td>
<td>90,904.36</td>
<td>66,228.19</td>
<td>360,410.17</td>
</tr>
<tr>
<td>1951-52</td>
<td>$574,212.32</td>
<td>86,685.31</td>
<td>68,091.16</td>
<td>419,435.47</td>
</tr>
<tr>
<td>1952-53</td>
<td>$647,085.26</td>
<td>120,169.70</td>
<td>67,935.42</td>
<td>458,980.14</td>
</tr>
<tr>
<td>1953-54</td>
<td>$725,196.28</td>
<td>137,788.76</td>
<td>93,637.63</td>
<td>493,769.89</td>
</tr>
<tr>
<td>1954-55</td>
<td>$909,023.42</td>
<td>155,606.13</td>
<td>123,280.98</td>
<td>630,134.31</td>
</tr>
<tr>
<td>1955-56</td>
<td>$982,596.56</td>
<td>164,026.16</td>
<td>130,416.71</td>
<td>688,153.69</td>
</tr>
<tr>
<td>1956-57</td>
<td>$1,049,427.01</td>
<td>184,815.47</td>
<td>119,969.90</td>
<td>744,621.64</td>
</tr>
<tr>
<td>1957-58</td>
<td>$1,136,397.08</td>
<td>235,990.95</td>
<td>126,817.43</td>
<td>775,588.70</td>
</tr>
<tr>
<td>1958-59</td>
<td>$1,819,873.84</td>
<td>395,932.80</td>
<td>233,975.69</td>
<td>1,189,965.35</td>
</tr>
<tr>
<td>1959-60</td>
<td>$1,950,244.95</td>
<td>430,754.17</td>
<td>271,427.76</td>
<td>1,248,063.02</td>
</tr>
<tr>
<td>1960-61</td>
<td>$3,015,564.82</td>
<td>529,515.82</td>
<td>424,633.95</td>
<td>2,061,409.05</td>
</tr>
<tr>
<td>1961-62</td>
<td>$3,259,235.55</td>
<td>579,979.44</td>
<td>381,099.15</td>
<td>2,298,156.96</td>
</tr>
<tr>
<td>1962-63</td>
<td>$3,793,152.74</td>
<td>856,809.14</td>
<td>440,755.58</td>
<td>2,495,588.02</td>
</tr>
<tr>
<td>1963-64</td>
<td>$4,008,123.14</td>
<td>803,751.29</td>
<td>552,536.46</td>
<td>2,651,833.39</td>
</tr>
<tr>
<td>1964-65</td>
<td>$5,018,770.84</td>
<td>1,338,999.94</td>
<td>813,499.42</td>
<td>2,866,271.48</td>
</tr>
<tr>
<td>1965-66</td>
<td>$5,971,161.76</td>
<td>1,779,084.59</td>
<td>975,729.19</td>
<td>3,216,347.98</td>
</tr>
<tr>
<td>1966-67</td>
<td>$7,837,052.50</td>
<td>2,398,788.63</td>
<td>1,320,462.59</td>
<td>4,117,601.26</td>
</tr>
</tbody>
</table>

For the entire period only 23.6% of aggregate benefit payments have been derived from teachers' individual savings accounts.
COMPARISON OF BUDGET REQUESTS
WITH APPROPRIATIONS RECEIVED
July 1, 1940, through June 30, 1968

<table>
<thead>
<tr>
<th>Biennium</th>
<th>Budget Request</th>
<th>Appropriations</th>
<th>Not Appropriated</th>
</tr>
</thead>
<tbody>
<tr>
<td>1940-42</td>
<td>$1,500,000.00</td>
<td>$1,000,000.00</td>
<td>$500,000.00</td>
</tr>
<tr>
<td>1942-44</td>
<td>1,719,600.00</td>
<td>1,300,000.00</td>
<td>419,600.00</td>
</tr>
<tr>
<td>1944-46</td>
<td>1,945,250.00</td>
<td>1,622,000.00</td>
<td>323,250.00</td>
</tr>
<tr>
<td>1946-48</td>
<td>2,340,000.00</td>
<td>1,912,000.00</td>
<td>428,000.00</td>
</tr>
<tr>
<td>1948-50</td>
<td>5,393,456.64</td>
<td>5,393,456.64</td>
<td>---</td>
</tr>
<tr>
<td>1950-52</td>
<td>3,258,540.00</td>
<td>3,270,000.00</td>
<td>(11,460.00)</td>
</tr>
<tr>
<td>1952-54</td>
<td>4,254,340.00</td>
<td>3,870,804.00</td>
<td>383,536.00</td>
</tr>
<tr>
<td>1954-56</td>
<td>4,439,605.00</td>
<td>3,822,000.00</td>
<td>617,605.00</td>
</tr>
<tr>
<td>1956-58</td>
<td>8,356,705.00</td>
<td>8,356,705.00</td>
<td>---</td>
</tr>
<tr>
<td>1958-60</td>
<td>9,343,215.00</td>
<td>9,111,000.00</td>
<td>232,215.00</td>
</tr>
<tr>
<td>1960-62</td>
<td>14,725,000.00</td>
<td>14,725,000.00</td>
<td>---</td>
</tr>
<tr>
<td>1962-64</td>
<td>15,902,769.00</td>
<td>15,902,769.00</td>
<td>---</td>
</tr>
<tr>
<td>1964-66</td>
<td>20,077,902.00</td>
<td>19,848,090.00</td>
<td>229,812.00</td>
</tr>
<tr>
<td>1966-68</td>
<td>25,656,256.00</td>
<td>25,655,630.00</td>
<td>626.00</td>
</tr>
<tr>
<td>Totals</td>
<td>$118,912,638.64</td>
<td>$115,789,454.64</td>
<td>$3,123,184.00</td>
</tr>
</tbody>
</table>
COST OF ADMINISTRATION
Teachers' Retirement System
July 1, 1940, through June 30, 1967

<table>
<thead>
<tr>
<th>Year</th>
<th>Receipts of State Accumulation Fund (for Matching and Prior Service)</th>
<th>Administration Expenses</th>
<th>Percentage of Receipts</th>
</tr>
</thead>
<tbody>
<tr>
<td>1940-41</td>
<td>$476,089.49</td>
<td>$23,669.88</td>
<td>4.97%</td>
</tr>
<tr>
<td>1941-42</td>
<td>461,713.03</td>
<td>10,232.93</td>
<td>2.36%</td>
</tr>
<tr>
<td>1942-43</td>
<td>627,689.61</td>
<td>22,317.03</td>
<td>3.56%</td>
</tr>
<tr>
<td>1943-44</td>
<td>625,300.00</td>
<td>24,633.20</td>
<td>3.94%</td>
</tr>
<tr>
<td>1944-45</td>
<td>772,866.80</td>
<td>25,908.68</td>
<td>3.35%</td>
</tr>
<tr>
<td>1945-46</td>
<td>791,641.32</td>
<td>31,390.43</td>
<td>3.97%</td>
</tr>
<tr>
<td>1946-47</td>
<td>919,490.57</td>
<td>36,039.67</td>
<td>3.92%</td>
</tr>
<tr>
<td>1947-48</td>
<td>919,960.33</td>
<td>36,409.41</td>
<td>3.96%</td>
</tr>
<tr>
<td>1948-49</td>
<td>1,434,034.59</td>
<td>41,059.78</td>
<td>2.90%</td>
</tr>
<tr>
<td>1949-50</td>
<td>1,434,315.22</td>
<td>43,396.76</td>
<td>3.03%</td>
</tr>
<tr>
<td>1950-51</td>
<td>1,577,986.24</td>
<td>52,324.68</td>
<td>3.32%</td>
</tr>
<tr>
<td>1951-52</td>
<td>1,580,070.32</td>
<td>58,303.98</td>
<td>3.69%</td>
</tr>
<tr>
<td>1952-53</td>
<td>2,110,261.02</td>
<td>57,490.72</td>
<td>2.73%</td>
</tr>
<tr>
<td>1953-54</td>
<td>1,649,688.28</td>
<td>61,165.65</td>
<td>3.71%</td>
</tr>
<tr>
<td>1954-55</td>
<td>1,753,438.35</td>
<td>68,889.71</td>
<td>3.93%</td>
</tr>
<tr>
<td>1955-56</td>
<td>2,693,326.36</td>
<td>69,540.14</td>
<td>2.58%</td>
</tr>
<tr>
<td>1956-57</td>
<td>4,008,681.86</td>
<td>86,407.80</td>
<td>2.15%</td>
</tr>
<tr>
<td>1957-58</td>
<td>4,261,085.00</td>
<td>111,888.14</td>
<td>2.62%</td>
</tr>
<tr>
<td>1958-59</td>
<td>4,337,850.00</td>
<td>128,489.00</td>
<td>2.97%</td>
</tr>
<tr>
<td>1959-60</td>
<td>4,465,653.35</td>
<td>164,768.85***</td>
<td>3.68%</td>
</tr>
<tr>
<td>1960-61</td>
<td>6,963,625.00</td>
<td>170,103.70</td>
<td>2.44%</td>
</tr>
<tr>
<td>1961-62</td>
<td>7,428,815.00</td>
<td>170,691.00</td>
<td>2.30%</td>
</tr>
<tr>
<td>1962-63</td>
<td>7,739,140.00</td>
<td>193,366.07</td>
<td>2.49%</td>
</tr>
<tr>
<td>1963-64</td>
<td>7,771,475.00</td>
<td>207,730.97</td>
<td>2.67%</td>
</tr>
<tr>
<td>1964-65</td>
<td>8,191,683.41</td>
<td>200,567.87</td>
<td>2.44%</td>
</tr>
<tr>
<td>1965-66</td>
<td>10,744,110.00</td>
<td>259,448.83***</td>
<td>2.41%</td>
</tr>
<tr>
<td>1966-67</td>
<td>12,621,567.00</td>
<td>220,146.12</td>
<td>1.74%</td>
</tr>
</tbody>
</table>

*Special appropriation for prior service is not reflected in administrative expense computations.

**Includes non-recurring capital outlay expenditure of $33,500 for accounting machines charged off in one year instead of being amortized over the life of the equipment.

***Includes $46,000 capital outlay for data processing equipment.
# Teachers' Retirement System

## July 1, 1940, to June 30, 1967

<table>
<thead>
<tr>
<th>Date</th>
<th>Withdrawals</th>
<th>Deceased</th>
<th>Special</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>No.</td>
<td>Amount</td>
<td>No.</td>
<td>Amount</td>
</tr>
<tr>
<td>7/1/40 - 6/30/44</td>
<td>2,654</td>
<td>$106,474.07</td>
<td>148</td>
<td>$11,447.66</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>21</td>
</tr>
<tr>
<td>7/1/44 - 6/30/48</td>
<td>6,455</td>
<td>$415,929.56</td>
<td>205</td>
<td>$34,386.65</td>
</tr>
<tr>
<td>7/1/48 - 6/30/52</td>
<td>9,079</td>
<td>$816,505.87</td>
<td>267</td>
<td>$89,957.65</td>
</tr>
<tr>
<td>1952-53</td>
<td>2,954</td>
<td>$288,013.06</td>
<td>72</td>
<td>$24,405.01</td>
</tr>
<tr>
<td>1953-54</td>
<td>2,268</td>
<td>$278,483.49</td>
<td>51</td>
<td>$32,243.80</td>
</tr>
<tr>
<td>1954-55</td>
<td>2,164</td>
<td>$313,019.33</td>
<td>47</td>
<td>$37,659.91</td>
</tr>
<tr>
<td>1955-56</td>
<td>2,102</td>
<td>$324,571.79</td>
<td>67</td>
<td>$53,222.51</td>
</tr>
<tr>
<td>1956-57</td>
<td>1,832</td>
<td>$381,015.98</td>
<td>67</td>
<td>$63,100.03</td>
</tr>
<tr>
<td>1957-58</td>
<td>2,183</td>
<td>$422,166.84</td>
<td>60</td>
<td>$63,459.52</td>
</tr>
<tr>
<td>1958-59</td>
<td>2,153</td>
<td>$432,917.49</td>
<td>59</td>
<td>$66,659.22</td>
</tr>
<tr>
<td>1959-60</td>
<td>2,642</td>
<td>$599,648.10</td>
<td>69</td>
<td>$94,122.66</td>
</tr>
<tr>
<td>1960-61</td>
<td>1,672</td>
<td>$517,682.44</td>
<td>53</td>
<td>$79,564.69</td>
</tr>
<tr>
<td>1961-62</td>
<td>2,170</td>
<td>$724,240.16</td>
<td>69</td>
<td>$113,975.25</td>
</tr>
<tr>
<td>1962-63</td>
<td>2,106</td>
<td>$826,457.63</td>
<td>66</td>
<td>$115,303.28</td>
</tr>
<tr>
<td>1963-64</td>
<td>2,310</td>
<td>$1,035,242.10</td>
<td>60</td>
<td>$144,154.22</td>
</tr>
<tr>
<td>1964-65</td>
<td>2,380</td>
<td>$1,190,715.07</td>
<td>72</td>
<td>$156,186.68</td>
</tr>
<tr>
<td>1965-66</td>
<td>2,417</td>
<td>$1,375,728.50</td>
<td>44</td>
<td>$90,196.91</td>
</tr>
<tr>
<td>1966-67</td>
<td>2,512</td>
<td>$1,500,846.42</td>
<td>49</td>
<td>$143,133.98</td>
</tr>
</tbody>
</table>

**Total**

<table>
<thead>
<tr>
<th></th>
<th>No.</th>
<th>Amount</th>
<th>No.</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>52,053</td>
<td>$11,549,657.90</td>
<td>1,525</td>
<td>$1,413,179.63</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>727</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>54,305</td>
</tr>
</tbody>
</table>
### ANALYSIS OF ACCOUNTS REFUNDED 1966-67

Teachers' Retirement System of the State of Kentucky

<table>
<thead>
<tr>
<th>REASONS FOR WITHDRAWAL</th>
<th>MALES</th>
<th>FEMALES</th>
<th>TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Other Teaching Employment:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>State of Ohio</td>
<td>65</td>
<td>89</td>
<td>154</td>
</tr>
<tr>
<td>State of Florida</td>
<td>28</td>
<td>30</td>
<td>58</td>
</tr>
<tr>
<td>State of Indiana</td>
<td>44</td>
<td>65</td>
<td>109</td>
</tr>
<tr>
<td>Other States</td>
<td>135</td>
<td>202</td>
<td>337</td>
</tr>
<tr>
<td>Outside Limits of U.S.A.</td>
<td>7</td>
<td>7</td>
<td>14</td>
</tr>
<tr>
<td>Kentucky College or School not covered by Teachers' Retirement System</td>
<td>31</td>
<td>25</td>
<td>56</td>
</tr>
<tr>
<td><strong>Non-Teaching Employment:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Entered Business or Industry</td>
<td>149</td>
<td>35</td>
<td>184</td>
</tr>
<tr>
<td>Church-Related Profession</td>
<td>37</td>
<td>11</td>
<td>48</td>
</tr>
<tr>
<td>Medical Profession</td>
<td>3</td>
<td>7</td>
<td>10</td>
</tr>
<tr>
<td>Legal Profession</td>
<td>3</td>
<td>0</td>
<td>3</td>
</tr>
<tr>
<td>Military Service</td>
<td>26</td>
<td>4</td>
<td>32</td>
</tr>
<tr>
<td>Further Training &amp; Education</td>
<td>69</td>
<td>92</td>
<td>161</td>
</tr>
<tr>
<td>Local, State, or Federal Government</td>
<td>48</td>
<td>33</td>
<td>81</td>
</tr>
<tr>
<td>Homemaking, Family Duties, Children</td>
<td>0</td>
<td>551</td>
<td>551</td>
</tr>
<tr>
<td>Husband Transferred Within Kentucky</td>
<td>0</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>Husband Transferred Out of Kentucky</td>
<td>0</td>
<td>61</td>
<td>61</td>
</tr>
<tr>
<td>Moved Residence to Another State</td>
<td>39</td>
<td>214</td>
<td>253</td>
</tr>
<tr>
<td>Emergency Teacher, Lack of Training, Not Re-employed</td>
<td>27</td>
<td>64</td>
<td>91</td>
</tr>
<tr>
<td>Salary Too Low</td>
<td>53</td>
<td>8</td>
<td>61</td>
</tr>
<tr>
<td>Needed The Money</td>
<td>12</td>
<td>16</td>
<td>28</td>
</tr>
<tr>
<td>Disliked Teaching</td>
<td>11</td>
<td>6</td>
<td>17</td>
</tr>
<tr>
<td>Personal Reasons</td>
<td>38</td>
<td>47</td>
<td>85</td>
</tr>
<tr>
<td>Illness of Member</td>
<td>9</td>
<td>29</td>
<td>38</td>
</tr>
<tr>
<td>Death of Member</td>
<td>13</td>
<td>36</td>
<td>49</td>
</tr>
<tr>
<td>Absent from Profession 4 - 6 years</td>
<td>0</td>
<td>2</td>
<td>2</td>
</tr>
<tr>
<td>Lost Service Credit, Absent 7 or More Years</td>
<td>14</td>
<td>43</td>
<td>57</td>
</tr>
<tr>
<td><strong>TOTALS</strong></td>
<td>683</td>
<td>1,678</td>
<td>2,561</td>
</tr>
</tbody>
</table>

-10-
PART II. INVESTMENTS

In recent years the performance of the teachers' retirement system investment portfolio has been extremely favorable. The indicated yield of 4.78 percent places the system in the top ten percent in the nation in point of investment return. This has been achieved at the same time that quality of security has been a prime factor.

It is important to realize that money can be spent but once. If income from invested reserves is used as an offset against previously incurred liabilities—which are the responsibility of the state—then a dangerous situation will exist.

Any monies realized from wise investment management should accrue to the welfare of present and future beneficiaries of the retirement program.
ANALYSIS OF INVESTMENTS HELD AT JUNE 30, 1967

to show annual yield rate

Teachers' Retirement System of the State of Kentucky

<table>
<thead>
<tr>
<th>Percentage of Total</th>
<th>Par Value</th>
<th>Interest Income/Year</th>
<th>Annual Yield</th>
</tr>
</thead>
<tbody>
<tr>
<td>U. S. Treasury Bills &amp; Bonds</td>
<td>6.4%</td>
<td>$11,247,000.00</td>
<td>$384,503.02</td>
</tr>
<tr>
<td>Obligations Secured by U. S. Treasury</td>
<td>2.20%</td>
<td>3,812,500.00</td>
<td>189,960.71</td>
</tr>
<tr>
<td>Federal Agencies</td>
<td>1.41%</td>
<td>2,450,000.00</td>
<td>87,990.60</td>
</tr>
<tr>
<td>FHA &amp; VA Mortgages</td>
<td>22.05%</td>
<td>38,250,272.70</td>
<td>1,919,209.58</td>
</tr>
<tr>
<td>Other Guaranteed Mortgages</td>
<td>3.31%</td>
<td>5,746,762.14</td>
<td>297,631.31</td>
</tr>
<tr>
<td>Corporate Bonds</td>
<td>52.51%</td>
<td>91,071,588.88</td>
<td>4,427,504.11</td>
</tr>
<tr>
<td>School &amp; Municipal Bonds</td>
<td>.72%</td>
<td>1,243,000.00</td>
<td>56,708.96</td>
</tr>
<tr>
<td>Kentucky Industrial Development Finance Authority</td>
<td>.66%</td>
<td>1,150,000.00</td>
<td>55,750.00</td>
</tr>
</tbody>
</table>

Sub-Total | 89.35% | $154,971,123.72 | $7,419,258.29

NET YIELD RATE:

$7,419,258.29 ÷ $154,971,123.72 = 4.788%

Not Included Above:

<table>
<thead>
<tr>
<th>Percentage of Total</th>
<th>Par Value</th>
<th>Interest Income/Year</th>
<th>Annual Yield</th>
</tr>
</thead>
<tbody>
<tr>
<td>364,576 Shares Common Stocks</td>
<td>9.99%</td>
<td>17,323,096.61</td>
<td></td>
</tr>
<tr>
<td>25,000 Shares Preferred Stocks</td>
<td>.14%</td>
<td>241,766.29</td>
<td></td>
</tr>
<tr>
<td>Guaranteed Mortgages in Construction Status</td>
<td>.52%</td>
<td>897,959.00</td>
<td></td>
</tr>
</tbody>
</table>

TOTAL INVESTMENTS | 100.00% | $173,433,945.62 |