

MAINE STATE LEGISLATURE

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PENSIONS, CIVIL
Maine

REPORT
of the
Maine State Retirement System
for the
Fiscal Biennium Ended June 30, 1950

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As submitted by the
Board Of Trustees

December 31, 1950

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MAINE STATE RETIREMENT SYSTEM

Administrative Personnel

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Augusta, Maine

AUGUST 17, 1950

REPORT OF THE MAINE STATE RETIREMENT SYSTEM

FOR THE BIENNIUM ENDED JUNE 30, 1950

The Report of the operation of the Maine State Retirement System for the biennium ended June 30, 1950 is hereby submitted in accordance with the provisions of Sec. 15, Chapter 38 of the Revised Statutes.

The State Retirement Law was originally enacted by a special session of the Legislature in January of 1942 and became effective as of July 1 of that year.

Since the enactment of the law various amendments have been enacted by succeeding Legislatures and in the Legislature of 1947 a general revision of the entire law was made, the main purpose of which was to include under the State Retirement plan all public school teachers.

Since the last report was published as of June 30, 1948 certain other amendments have been enacted by the Legislature. At the regular session of 1949 the name of the System was changed from "State Employees' Retirement System of the State of Maine" to the "Maine State Retirement System." This was done primarily because of the inclusion in the System of all public school teachers and the fact that city, town and county employees are also included under the plan if, as and when such governmental units elect to affiliate with the State System.

At the present time there are 38 of these "Participating Local Districts" in the State plan composed of 11 cities, 10 towns, 5 counties, 8 water districts, 3 public libraries, and the Maine-New Hampshire Bridge Authority. There are at the moment some 25 or 30 other local governmental units that have had initial valuation surveys made and are presently considering affiliation with the State System.

Of the other amendments which were enacted by the 1949 Legislature, the one of general interest is that which permitted what is known as "reciprocity of credits" as between employees of the various Local Participating Districts and/or the State and/or the teacher group. This in effect means that any employee may move from one covered agency to another so far as employment is concerned without losing accumulated retirement benefits.

At the special session in February of 1950 the only amendment made to the law was to provide for an increase of \$100 a year in the benefits payable to the older retired teachers known as the "1913" group, the said increase being confined to those teachers who had already retired under the provisions of the Retirement act prior to March 1, 1950 and who had never made any contributions to any retirement system during their years of teaching.

It is anticipated that several amendments to the Retirement Law will be offered to the current session of the Legislature. Some of these proposed amendments will be in the nature of clarification of administrative procedures under the law and others which will have to do with liberalizing benefits.

The System as presently constituted embraces approximately 15,000

members, roughly divided into the following groupings: 6,000 State employees, 7,000 teachers, 2,000 employees of Local Participating Districts.

The total invested funds of the System as of the end of the biennium June 30, 1950 amounted to something over \$11,000,000.00

The annual cost of the System to the State is at the present time approximately \$1,780,000.00 and the members of the System are contributing at the present time approximately \$1,500,000.00 per year.

The cost to the State will reduce to something less than half of the above indicated figure if, as and when the total liability for all years of "Prior Service" of all members of the System have been liquidated. This point will be reached, on the basis of actuarial computations, approximately 25 years hence.

The Maine State Retirement System is what is known as a legal reserve system and all computations made thereunder must be made on an actuarial basis in accordance with standard actuarial tables and formulas.

Responsibility for administration of the System is vested in a part-time Board of Trustees composed of 7 members, 4 ex officio and 3 lay members. The make-up of the Board includes the Chairman of the State Personnel Board, the Treasurer of State, the State Bank Commissioner, the State Controller, a representative of the Maine Teachers Association, a representative of the Maine Employees' Association, and a member appointed by the Governor.

The actual administration of the System is performed by an Executive Secretary, a Consulting Actuary, and 12 staff members.

The only amounts which the State and/or the Local Participating Districts and the members are required to pay into the System are those which are necessary to establish the reserves for the payment of all benefits at point of retirement. The cost of administration of the System is provided for by separate appropriation made by the Legislature and their pro rata share of the cost of administration is charged back to and collected from the various Local Participating Districts. At the present time the Maine State Retirement System is being administered at a cost of approximately 1½% of its total annual business.

Following are tabulations reflecting the condition of the System on a cash basis and includes a comparative balance sheet, a listing of investments, an analysis of changes in reserve for the year ended June 30, 1950, a comparison of administrative costs for the two years of the biennium ended June 30, 1950, and a tabulation relative to pension pay rolls.

Following these listings and schedules will be found the report of the Consulting Actuary of the System which involves not only the condition of the System from an actuarial standpoint as of June 30, 1950, but also provides detailed information as to the operation and experience of the plan since its inception up to and including the year 1949.

MAINE STATE RETIREMENT SYSTEM

Comparative Balance Sheet

June 30, 1950 and 1949

<u>ASSETS</u>	1950	1949
Cash in Banks		
Demand Deposits	\$ 183,385.60	\$ 185,797.85
Time Deposits	<u>97,419.16</u>	<u>95,507.63</u>
	\$ 280,804.76	\$ 281,305.48
Accounts Receivable	17,297.01	2,251.12
Less Reserve for		
Uncollectible Accounts	<u>8.50</u>	<u>11.00</u>
	17,288.51	2,240.12
Due from Other Funds	--	14,991.75
Investments, Bonds *	\$10,787,239.54	\$ 8,680,872.54
Investments, Stocks **	<u>62,834.88</u>	<u>62,834.88</u>
	\$10,850,074.42	\$ 8,743,707.42
Total Assets	<u><u>11,148,167.69</u></u>	<u><u>9,042,244.77</u></u>

<u>LIABILITIES</u>	1950	1949
Accounts Payable	\$ 6,340.46	\$ 1,572.78
Reserve for Authorized		
Expenditures	200.00	50.00
Prepaid Contributions	<u>6,597.50</u>	<u>6,326.50</u>
Total Liabilities	\$ 13,137.96	\$ 7,949.28
Trust Reserves		
Annuity Savings Fund	\$ 4,471,149.18	\$ 3,182,119.52
Annuity Reserve Fund	237,757.77	181,399.41
Pension Accumulation Fund	4,693,288.82	4,003,467.50
Pension Reserve Fund	1,790.98	1,721.96
Teachers Savings Fund	<u>1,731,042.98</u>	<u>1,665,587.10</u>
Total Trust Reserves	\$11,135,029.73	\$ 9,034,295.49
Total Liabilities and		
Reserves	<u><u>11,148,167.69</u></u>	<u><u>9,042,244.77</u></u>

* At Cost Less Ratable Amortization

** At Cost

MAINE STATE RETIREMENT SYSTEM
Investments, June 30, 1950
SCHEDULE A

Face Value	Bond	Percentage of total
\$ 275,000	American Tel and Tel	2.5921%
265,000	Atchison Topeka & Santa Fe R R	2.4978
24,000	Blackstone Valley Gas & Electric Co	.2262
180,000	Boston Edison Company	1.6966
20,000	British Columbia, Province of	.1885
100,000	Buffalo Niagara Electric Co	.9425
10,000	Canadian National Railways	.0942
168,000	Central Maine Power Co	1.5835
68,000	Chesapeake & Ohio R R Company	.6409
50,000	Cincinnati Gas & Electric Co	.4712
75,000	Cincinnati Union Terminal	.7069
250,000	Cleveland Electric Illuminating Co	2.3564
315,000	Commonwealth Edison	2.9691
150,000	Connecticut Light & Power	1.4138
175,000	Consolidated Gas & Electric	1.6495
25,000	Consumers Power & Light	.2356
15,000	Detroit Edison Co	.1413
225,000	Duke Power Company	2.1208
300,000	Duquesne Light Company	2.8277
50,000	Illinois Bell Telephone	.4712
60,000	Kansas City Power & Light	.5655
25,000	Kansas City Terminal Rwy	.2356
2,000	Lewiston Gas Light Co	.0188
16,000	Litchfield (Maine) School District	.1508
175,000	Michigan Bell Telephone	1.6495
25,000	Mountain States Tel & Tel	.2356
15,000	New Brunswick, Province of	.1413
50,000	New England Power	.4712
75,000	New England Tel & Tel	.7069
50,000	New York Power and Light	.4712
482,000	New York Telephone	4.5433
90,000	Norfolk and Western Rwy Co	.8483
25,000	Northern States Power Co	.2356
25,000	Northwestern Bell Telephone	.2356
30,000	Ohio Power Company	.2827
20,000	Ontario, Province of	.1885
50,000	Pacific Gas & Electric Company	.4712
90,000	Pacific Tel & Tel	.8483
20,000	Pennsylvania R R Company	.1885
175,000	Philadelphia Electric Power	1.6495
10,000	Scioto Valley & New England R R	.0942
355,000	Socony Vacuum Oil Co	3.3462
50,000	Southern Bell Telephone	.4712
15,000	Southern California Edison	.1413
275,000	Southwestern Bell Telephone	2.5921
75,000	Swift & Co	.7069
115,000	Terminal Railway Ass'n St. Louis	1.0839
25,000	Texas Corporation	.2356
15,000	Union Electric of Missouri	.1413
335,000	Union Pacific R R Co	3.1576
100,000	Westinghouse Electric Mfg.	.9425
25,000	West Pennsylvania Power Co	.2356
5,000	Wisconsin Power & Light	.0471
25,000	Worcester County Electric Co	.2356
4,944,000	U. S. Government	46.6079
<u>\$10,609,000</u>		

MAINE STATE RETIREMENT SYSTEM
Investments of June 30, 1950

BONDS

Type of Bond	Face Value of Bond Holdings at June 30, 1950	Percentage to Total of Bond Holdings
Federal Government	\$ 4,944,000.00	46.60%
Canadian Government	65,000.00	0.61%
Municipalities, Maine	16,000.00	0.15%
Steam Railroads	1,003,000.00	9.46%
Public Utilities	2,504,000.00	23.60%
Telephone Companies	1,522,000.00	14.35%
Industrials	555,000.00	5.23%
	<u>\$10,609,000.00</u>	<u>100.00%</u>

STOCKS

	Cost	Bid August 1950	Present Value	Annual Dividend Rate	Yield
Bank Shares					
120 Bankers Trust Co.	\$ 5,200.00	47 1/4	\$ 5,670.00	\$ 2.00	4.61%
100 Central Hanover Bk & Tr Co	9,150.00	98	9,800.00	4.00	4.37%
100 Chase National Bank	5,075.00	38	3,800.00	1.60	3.15%
125 Chemical Bk & Trust Co	4,650.00	43 1/2	4,350.00	1.80	4.64%
50 First Nat'l Bank of Boston	2,175.00	47 3/4	2,387.50	2.25	5.63%
55 Guaranty Trust Co	14,146.88	291	16,005.00	12.00*	4.66%
218 Manufacturers Trust Co	7,725.00	54	11,772.00	2.40	6.77%
100 National City Bank	2,700.00	43 7/8	4,387.50	1.80	6.67%
Utility Shares					
50 Bangor Hydro Electric 7% pfd.	7,013.00	155	7,750.00	7.00	4.99%
50 Lewiston Gas Light 5% pfd.	5,000.00	100	5,000.00	5.00	5.00%
	<u>\$62,834.88</u>		<u>\$70,922.00</u>		

* Plus \$2.00 extra dividend 1950

MAINE STATE RETIREMENT SYSTEM
(Investments contd.)
(as of June 30, 1950)

Savings Bank Balance at July 1, 1949 \$95,507.63

Bank	Interest Added During Year	
Auburn Savings Bank	\$ 44.66	
Bangor Savings Bank	113.93	
Bath Savings Institution	204.21	
Brewer Savings Bank	182.95	
Brunswick Savings Bank	181.22	
Federal Trust Company	52.10	
Franklin County Savings Bank	175.87	
Gardiner Savings Institution	96.32	
Gorham Savings Bank	67.15	
Houlton Savings Bank	19.70	
Kennebunk Savings Bank	35.19	
Machias Savings Bank	22.78	
Maine Savings Bank	113.97	
Peoples Savings Bank	114.69	
Piscataquis Savings Bank	135.77	
Portland Savings Bank	114.13	
Sanford Savings Bank	32.59	
Skowhegan Savings Bank	34.29	
Saco-Biddeford Savings Bank	58.77	
Waterville Savings Bank	67.40	
York County Savings Bank	<u>43.84</u>	
 Total Interest Added		 <u>\$ 1,911.53</u>
Balance at June 30, 1950		<u>\$97,419.16</u>

MAINE STATE RETIREMENT SYSTEM

Analysis of Changes in Reserves For year ended June 30, 1950

Balance at July 1, 1949		\$ 9,034,295.49
ADDITIONS:		
Interest on Savings Bank Accounts	\$ 1,911.53	
Interest on Bonds (net)	236,718.66	
Dividends on Stock	3,208.70	
Profit on Sale of Securities	96.00	
Prior years adjustments	186.35	
Reserve for Authorized Expenditures	50.00	
Contributions from:-		
General Fund	1,267,840.82	
Highway Fund	156,864.00	
Maine Employment Security Comm.	60,159.00	
Liquor Commission	49,444.00	
Participating Districts	245,468.06	
Individuals	\$1,489,162.69	
Less Military Leave contri- butions set up in previous yr.	14,991.75	
Total Additions	<u>1,474,170.94</u>	\$ 3,496,118.06
Total Available		<u>\$12,530,413.55</u>
DEDUCTIONS:		
Postage, State Treasurer	\$ 130.63	
Pensions Paid	1,068,169.47	
Payments to Individuals, Spec. Resolves	1,544.01	
Refunds to Members	284,196.91	
Administration	41,142.80	
Reserve for Authorized Expenditures	<u>200.00</u>	\$ 1,395,383.82
Balance at July 1, 1950		<u><u>\$11,135,029.73</u></u>

MAINE STATE RETIREMENT SYSTEM

Administration Fund

Summary of Revenue and Expenditures
for the year ending June 30, 1950
as compared with those of the previous year

<u>REVENUE</u>	Year Ending June 30, 1950	Year Ending June 30, 1949
Source:		
General Fund	\$28,400.00	\$34,000.00
Highway Fund	4,298.00	4,252.00
Special Revenue Funds	1,825.00	552.00
Public Service Enterprise	1,636.00	1,390.00
Participating Districts	5,169.23	6,446.40
Actuarial Fees, Prospective Districts	314.75	-
Reserve from previous year	50.00	285.50
Total Available	\$41,692.98	\$46,925.90
 <u>EXPENDITURES</u>		
Salaries, Total	\$32,136.84	\$30,403.50
Medical Services	265.00	175.00
Airplane Fares	61.50	-
Railway Fares	3.20	8.23
Tolls, Taxi	40.80	-
Automobile Mileage	1,215.63	1,064.09
Lodging	109.00	25.75
Meals	345.30	245.30
Gratuities	39.45	17.75
Telephone Service	483.79	449.25
Postage	477.67	579.32
Actuarial Services & Fees	2,799.52	4,064.88
Garage Fees	2.00	-
Telegrams	2.80	-
Repairs to Equipment	148.76	251.07
Employees Fidelity Bonds	12.64	12.64
Printing and Binding	504.80	1,023.37
Dues	25.00	52.02
Provision for Uncollectible Receivables	40.95	33.80
General Operating Expenses	8.15	106.02
Office Supplies	623.20	1,336.98
Office Equipment	1,796.80	2,661.87
Building Improvements	-	183.86
Total Expenditures	\$41,142.80	\$42,694.70
Balance Lapsed to General Fund	\$ 350.18	\$ 4,231.20
Reserve for Authorized Expenditures	\$ 200.00	

MAINE STATE RETIREMENT SYSTEM

Report of Pension Payroll Comparison with Month of June 30, 1950, Man Count and Cost With Month of June 30, 1949, Man Count and Cost

	Number of Persons Receiving retire- ment allowance at 6-30-50 / 6-30-49	Increase or (Decrease)	Gross Pension Cost Per Month 6-30-50 / 6-30-49	Increase or (Decrease)
State	538	500	38	\$37,121.97 \$34,768.46 \$ 2,353.51
City of Portland	56	52	4	3,111.65 2,863.89 247.76
Town of Millinocket	2	2	-	103.98 103.98 - -
City of Presque Isle	1	1	-	32.87 32.87 - -
County of Cumberland	11	10	1	660.50 554.74 105.76
Maine Port Authority	-	-	-	- - - -
Teachers-MTRA Group	6	3	3	248.52 120.30 128.22
Teachers-1913 Group	272	162	110	17,946.70 11,343.97 6,602.73
Teachers, Retired Prior to 7-1-47	600	636	(36)	31,434.85 28,405.78 3,029.07
Town of Camden	1	1	-	55.57 55.57 - -
City of So. Portland	12	7	5	702.24 356.23 346.01
Town of Houlton	2	1	1	108.67 27.27 81.40
County of Penobscot	2	2	-	145.45 145.45 - -
Kittery Water Dist.	-	-	-	- - - -
City of Ellsworth	1	1	-	34.41 34.41 - -
Town of Kittery	1	2	(1)	17.45 41.58 (24.13)
Town of Bar Harbor	7	7	-	593.98 593.98 - -
Town of Mount Desert	4	3	1	188.91 154.02 34.89
Town of Ft. Fairfield	4	4	-	147.69 157.39 (9.70)
City of Rockland	5	4	1	283.97 194.62 89.35
Bath Water District	-	-	-	- - - -
City of Bangor	3	3	-	175.74 177.18 (1.44)
Boothbay Harbor Water System	1	-	1	126.38 - - 126.38
Bangor Pub. Library	-	-	-	- - - -
City of Augusta	14	10	4	703.85 583.54 120.31
City of Gardiner	3	3	-	81.18 81.18 - -
Houlton Water Co.	2	-	2	84.74 - - 84.74
City of Auburn	12	12	-	667.20 827.70 (160.50)
Town of York	-	-	-	- - - -
Kennebec Water Dist.	-	-	-	- - - -
Livermore Falls Water District	-	-	-	- - - -
Knox County	-	-	-	- - - -
Augusta Water Dist.	-	-	-	- - - -
City of Belfast	2	-	2	106.89 - - 106.89
City of Calais	5	-	5	193.63 - - 193.63
County of York	1	-	1	72.92 - - 72.92
Maine Maritime Academy	-	-	-	- - - -
York Water District	-	-	-	- - - -
Washington County	-	-	-	- - - -
Portland Pub. Library	2	-	2	120.21 - - 120.21
Totals	1,570	1,426	144	\$95,272.12 \$81,624.11 \$13,648.01

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State of Maine
MAINE STATE RETIREMENT SYSTEM
AUGUSTA

Portland, Maine
January 15, 1951

Board of Trustees
Maine State Retirement System
Augusta, Maine

Gentlemen:

I submit herein the eighth valuation report of the actual and prospective Assets and Liabilities of the Maine State Retirement System as of June 30, 1950.

The total membership valued was 5772 which included 5236 active and 536 retired members.

This valuation covers State employees only. Valuation of each participating local district have been done separately and are not attached to this report. At the present time it is not possible to make a valuation of the teachers as their prior service has not yet been determined. Such prior service will be available in time to make the next valuation.

Following is the Actuarial Balance Sheet covering the members subject to valuation:

ACTUARIAL BALANCE SHEET
June 30, 1950

ASSETS

Annuity Savings Fund	\$ 2,425,121.33	
Annuity Reserve Fund	180,327.08	
Pension Reserve Fund	1,790.98	
Pension Accumulation Fund	1,538,442.81	
Total of above funds		\$ 4,145,682.20
Present Value of Prospective Contributions as follows:		
Accrued Liability Contributions	10,278,792.00	
Normal Contributions	6,123,086.19	
Total of such contributions		16,401,878.19
Total Assets		\$20,547,560.39

LIABILITIES

Annuity Savings Fund		\$ 2,425,121.33
Annuity Reserve Fund		180,327.08
Pension Reserve Fund		1,790.98
Pension Accumulation Fund		
Present Value of prospective benefits to active members on account of		
Service prior to membership	\$ 6,483,947.00	
Past Membership Service	1,921,236.00	
Future Membership Service	5,648,311.00	14,053,494.00
Present Value of benefits now being paid to Pensioners retired by the system on account of:		
Prior Service	2,964,390.00	
Membership Service	232,513.00	3,196,903.00
Present Value of benefits now being paid to Pensioners not retired by the system		689,924.00
Total Liabilities		\$20,547,560.39

ANNUITY SAVINGS FUND

The Annuity Savings Fund is the fund in which is accumulated the amounts contributed by employees to pay part of their retirement benefits. Until they do retire the amount in this fund is shown both as an asset and as a liability.

ANNUITY RESERVE FUND

The Annuity Reserve Fund is the fund from which is paid all annuities and benefits in lieu of annuities. It is made up of reserves transferred from the Annuity Savings Fund upon retirement of members.

PENSION RESERVE FUND

The Pension Reserve Fund is the fund from which all membership service pensions are paid if no prior service pension is being paid to the retired member.

PENSION ACCUMULATION FUND

In this fund is accumulated all reserve for the payment of pensions and other benefits payable from contributions made by the State. From this fund is paid all pensions and other benefits on account of members with prior service credit payable from said contributions.

NORMAL CONTRIBUTIONS

Normal Contributions necessary to be made to the Pension Accumulation Fund from funds indicated below were obtained by multiplying total salaries of members of such funds by 3.71% in accordance with provisions of law:

<u>Fund</u>	<u>Salaries</u>	<u>Normal Contributions</u>	
		<u>1951-52</u>	<u>1952-53</u>
General	\$ 9,466,860.00	\$ 351,221.00	\$ 351,221.00
State Highway	2,323,378.00	86,197.00	86,197.00
Liquor Commission	771,732.00	28,631.00	28,631.00
M. E. S. C.	826,228.00	30,653.00	30,653.00
Maine Port Authority	<u>36,556.00</u>	<u>1,356.00</u>	<u>1,356.00</u>
Total	\$13,424,754.00	\$ 498,058.00	\$ 498,058.00

ACCRUED LIABILITY PERCENTAGE

Accrued Liability contributions necessary to be made to the Pension Accumulation Fund for the Fiscal Year 1951 were obtained by multiplying the contributions for the Fiscal Year 1950 by 1.03%. Such contributions for the Fiscal Year 1952 were obtained in a like manner by multiplying the proposed 1951 contributions by 1.03%.

<u>Fund</u>	<u>Accrued Liability</u>	
	<u>1951-52</u>	<u>1952-53</u>
General	\$236,933	\$244,041
State Highway	83,972	86,491
Liquor Commission	26,313	27,102
M. E. S. C.	32,107	33,070
Maine Port Authority	<u>1,371</u>	<u>1,412</u>
Total	\$380,696	\$392,116

INTEREST DEFICIT

During the Fiscal Year 1948 the State earned \$189,032.60 interest. This represented an earned interest rate of 2.566% on its funds. During the Fiscal Year 1949 the State earned \$231,771.81 interest. The earned interest rate on its Funds for this year being 2.578%.

The State has been guaranteeing 3% on Funds of this system. This results in the following deficits for the last two Fiscal years which should be provided by the 1951 Legislature:

<u>Departments</u>	<u>Interest Deficit</u>		
	<u>1948-49</u>	<u>1949-50</u>	<u>Total</u>
General	\$10,102.01	\$11,327.65	\$21,429.66
Highway	2,479.26	2,780.06	5,259.32
M. E. S. C.	881.66	988.63	1,870.29
Liquor	<u>823.51</u>	<u>923.42</u>	<u>1,746.93</u>
Total	\$14,286.44	\$16,019.76	\$30,306.20

TEACHERS SYSTEMS

The 1947 Legislature combined the Teachers Pension Systems with the Maine State Retirement System. It provides minimum benefits for some teachers and certain guaranteed rights for all teachers which they did not have under their old law.

The Teachers plans may be divided into two parts. Those who were members of the Non-Contributory Teachers System and those who were members of the Maine Teachers Retirement System.

Non-Contributory Teachers System

This is the older system comprising those teachers in service prior to 1924. No contributions were required from this group until 1945. It was on a "pay as you go" basis; no provision for funding was made until 1947.

There are 3124 teachers in this group of which 2224 are active and 900 retired.

The state is currently paying \$592,578.60 to 872 of these retired members.

Because of the advanced age of many of these teachers I believe that shortly there will be a sizable increase in pension payments due to new retirements.

Maine Teachers Retirement System

This group is composed of all other teachers. There was some funding of this plan prior to its merging with the State System.

Minimum contributions were made by members of this group prior to 1947.

There are 4323 teachers in this group of which 4316 are active and 7 retired.

TOTAL MEMBERSHIP

Records are held on the following number of members:

<u>Group</u>	<u>Active</u>	<u>Retired</u>	<u>Total</u>
State Employees	5236	536	5772
Teachers	<u>6540</u>	<u>907</u>	<u>7447</u>
Totals	11776	1443	13219

EXPERIENCE INVESTIGATION

Subsection XIII of Section 12, Chapter 60, Revised Statutes 1944 as amended provides that in the year 1950 the actuary shall make an investigation of the tables used to determine the costs and benefits of the State System.

Mortality Before Retirement

Table 1 traces the membership in the State System for state employees from July 1, 1942 through June 30, 1950.

The total number of lives at each age for each year was obtained so that the tabular rates of mortality could be applied to such total exposure in order to determine the tabular or expected deaths. Table 2 and 3 shows the total exposure for Males and Females respectively.

Applying the tabular rates of mortality to the total exposure at each age the expected deaths shown in Table 4 are obtained. Table 4 compares the actual and expected deaths prior to retirement for Males and Females. The combined experience under both is also shown.

The ratio of actual to expected would appear to develop a trend quite common today. Mortality in the early years is lighter than assumed in the valuation tables. The amount of experience is not yet significant but I believe we can assume that the mortality before retirement is considerably lighter than shown in the Mortality table now in current use by the Board of Trustees.

Withdrawals Before Retirement

The tabular withdrawal rates were applied to the total exposure

at each age developed in Tables 2 and 3.

Table 5 shows a comparison of actual to expected withdrawals for Males and Females. The combined experience is also shown.

The number of withdrawals has exceeded expectations to a considerable degree. This period included the war years when withdrawals were high.

Table 6 combines the results of Table 4 and 5 in order to determine if the combined decrements before retirement are as large as expected.

Even discounting withdrawal experience to a great degree it appears that the combination is still greater than 100% and the present tables used prior to retirement are adequate.

Mortality After Retirement

An exposure table for the years 1942-50 was developed to which was applied the tabular rates of Mortality. Table 7 shows a comparison of the Actual to Expected Deaths for Males, Females and combined.

For Males through age 75 the expected deaths are only one more than actual. There is not enough exposure to make any significant statement concerning Females.

Combined through age 75 shows actual to be 94.3% of expected, differing by less than 3 deaths.

Because of the small amount of experience the probable error is somewhat large.

It would appear that the experience has been satisfactory and the table adequate.

Governor and Council Retirements

Before adoption of State Retirement System in 1942 employees were retired by Council order. The State System absorbed this liability. Table 8 shows the experience from 1942-1950 for these pensioners.

Further Tables

Table 9 shows the experience of Members retired under the State System.

Table 10 shows the experience of those retired by Governor and Council.

Table 11 shows the experience of Active and retired members of the Teachers Non-Contributory System including retirement experience of those retired by the Board of Trustees. It also shows the experience of those members retired prior to the merging with the State Retirement System.

Table 12 shows the experience of all other active and retired teachers including those who were formally members of the Maine Teachers Retirement System.

CONCLUSION

The comparison of the actual experience with tabular revealed a total decrement prior to retirement from the System of well over 100%. Thus the tables used are conservative and the actuary recommends to the Board of Trustees that no change be made in present tables.

There has not been enough experience after retirement to indicate a trend. For the time being the table of Mortality appears to be adequate and the actuary recommends no change at the present time.

Respectfully submitted,

/s/ Alfred W. Perkins
Actuary

PROGRESS OF MEMBERSHIP

STATE EMPLOYEE

TABLE 1

Year Commencing July 1	New Members	<u>Terminations</u>			Total Members	Year Ending June 30
		<u>Withdrawals</u>	<u>Deaths</u>	<u>Retired</u>		
1942	2762	100	2	17	2643	1943
1943	456	175	24	35	2865	1944
1944	761	230	24	65	3307	1945
1945	758	318	24	90	3633	1946
1946	978	472	28	101	4010	1947
1947	1098	414	27	94	4573	1948
1948	913	545	20	55	4866	1949
1949	898	437	32	59	5236	1950
Totals	8624	2691	181	516	5236	

TABLE 2

TOTAL EXPOSURE
STATE EMPLOYEES
MALES

	<u>F I S C A L Y E A R</u>									
<u>Age</u>	<u>1942</u>	<u>1943</u>	<u>1944</u>	<u>1945</u>	<u>1946</u>	<u>1947</u>	<u>1948</u>	<u>1949</u>	<u>Total Exposure</u>	
20	14	3	4	4	5	3	9	10	52	
21	5	14	5	2	6	10	8	19	69	
22	6	5	16	8	6	11	17	17	86	
23	5	5	8	17	12	12	24	30	113	
24	6	6	6	11	20	21	25	38	133	
25	9	4	8	8	22	31	35	43	160	
26	6	8	6	13	21	32	45	44	175	
27	12	7	12	7	22	37	42	61	200	
28	12	10	10	18	20	39	52	51	212	
29	15	12	11	16	32	41	57	64	248	
30	13	13	10	19	32	50	59	73	269	
31	20	13	15	16	37	52	70	65	288	
32	24	20	15	23	33	53	65	69	302	
33	31	24	22	23	36	49	68	77	330	
34	21	30	27	27	39	45	55	78	322	
35	29	24	34	32	37	52	60	57	325	
36	38	30	31	42	41	44	61	66	353	
37	32	37	32	40	49	46	53	61	350	
38	52	33	40	36	49	51	53	58	372	
39	36	52	39	45	43	58	61	56	390	
40	37	36	64	46	54	52	58	63	410	
41	66	38	40	72	54	62	58	61	451	
42	41	66	46	49	81	59	74	65	481	
43	53	42	73	53	56	92	64	74	507	
44	50	56	46	82	57	58	95	70	514	
45	53	49	60	54	90	64	60	96	526	
46	65	53	53	64	57	98	65	63	518	
47	57	64	54	60	70	59	98	67	529	
48	54	57	68	60	66	73	63	98	539	
49	51	54	59	72	67	69	76	61	509	
50	53	52	59	63	78	75	71	75	526	
51	62	51	55	60	64	81	80	69	522	
52	53	59	54	60	63	70	87	80	526	
53	53	53	61	54	63	72	73	88	517	
54	52	54	57	66	58	67	81	78	513	
55	48	52	56	62	69	62	76	75	500	
56	54	52	57	58	57	76	61	81	496	
57	47	56	58	61	59	65	82	59	487	
58	52	49	56	61	64	68	74	82	506	
59	66	55	54	57	64	65	75	78	514	
60	46	68	60	56	61	68	67	74	500	
61	49	49	68	63	56	66	67	59	477	
62	49	48	49	71	64	59	69	65	474	
63	44	52	48	48	72	66	59	70	459	
64	48	47	53	52	50	74	60	59	443	
65	43	50	46	54	51	54	74	54	426	

TABLE 2 (continued)

MALES

<u>Age</u>	<u>1942</u>	<u>1943</u>	<u>1944</u>	<u>1945</u>	<u>1946</u>	<u>1947</u>	<u>1948</u>	<u>1949</u>	<u>Total Exposure</u>
66	44	44	50	49	52	45	56	67	407
67	53	46	47	49	43	56	42	55	391
68	41	53	41	48	50	40	54	44	371
69	<u>33</u>	<u>42</u>	<u>56</u>	<u>40</u>	<u>48</u>	<u>49</u>	<u>36</u>	<u>53</u>	<u>357</u>
Totals	1903	1897	1999	2151	2400	2701	2974	3120	19145

TABLE 3FEMALES

20	29	9	22	26	15	26	19	33	179
21	8	59	8	33	56	14	30	24	232
22	11	19	65	10	48	71	19	39	282
23	7	27	27	79	18	59	69	18	304
24	10	13	38	37	93	31	56	68	346
25	12	22	19	46	44	101	30	59	333
26	16	24	33	27	51	49	95	26	321
27	10	32	26	35	32	54	50	93	332
28	9	20	30	32	37	34	58	56	276
29	11	17	21	31	34	42	34	60	250
30	10	24	20	24	32	38	48	40	236
31	15	19	30	24	33	34	40	49	244
32	13	31	20	31	27	40	39	46	247
33	8	28	34	21	40	28	41	29	229
34	12	17	26	36	25	41	31	41	229
35	12	26	18	29	32	31	49	32	229
36	14	26	30	20	33	31	36	46	236
37	8	27	29	34	23	31	35	38	225
38	13	16	29	32	35	24	30	37	216
39	9	27	16	32	39	37	29	37	226
40	10	19	28	19	35	38	41	34	224
41	9	24	20	31	25	40	39	41	229
42	10	17	29	24	32	29	44	40	225
43	11	19	18	32	30	31	32	49	222
44	8	24	19	20	36	34	38	39	218
45	12	16	26	23	26	41	36	42	222
46	14	26	18	28	28	26	44	35	219
47	9	27	28	22	32	33	29	43	223
48	16	20	31	32	27	35	39	34	234
49	12	32	24	32	36	31	36	41	244
50	8	25	35	27	34	41	36	37	243
51	10	17	23	37	28	36	44	39	234
52	10	22	22	28	43	31	44	43	243
53	12	22	23	22	32	46	34	47	238
54	10	27	22	26	25	40	52	37	239
55	6	21	27	23	29	22	47	48	223
56	12	14	25	27	29	34	23	49	213
57	11	23	13	30	30	34	36	27	204

TABLE 3 (continued)

FEMALES

<u>Age</u>	<u>1942</u>	<u>1943</u>	<u>1944</u>	<u>1945</u>	<u>1946</u>	<u>1947</u>	<u>1948</u>	<u>1949</u>	<u>Total Exposure</u>
58	6	23	26	17	30	32	35	34	203
59	12	13	27	31	18	34	34	37	206
60	8	24	16	27	34	20	40	35	204
61	7	17	27	19	27	38	25	45	205
62	8	15	16	29	23	27	38	24	180
63	6	17	16	17	32	23	29	37	177
64	5	12	19	18	20	34	23	30	161
65	8	11	16	21	16	20	36	20	148
66	6	16	11	16	20	15	18	35	137
67	4	12	17	13	18	20	12	18	114
68	1	8	15	18	16	18	20	12	108
69	<u>3</u>	<u>3</u>	<u>8</u>	<u>15</u>	<u>19</u>	<u>18</u>	<u>17</u>	<u>20</u>	<u>103</u>
Totals	501	1049	1186	1363	1577	1737	1859	1943	11215

TABLE 4

MALESCOMPARISON OF ACTUAL AND EXPECTED DEATHS
1942-1950

<u>Ages</u>	<u>Actual Deaths</u>	<u>Expected Deaths</u>	<u>Ratio Act. to Exp.</u>
20-30	3	3	100%
30-40	5	11	45.5%
40-50	24	34	70.6%
50-60	51	78	65.4%
60-70	<u>56</u>	<u>142</u>	<u>39.4%</u>
Totals	139	268	51.9%

FEMALESCOMPARISON OF ACTUAL AND EXPECTED DEATHS
1942-1950

<u>Ages</u>	<u>Actual Deaths</u>	<u>Expected Deaths</u>	<u>Ratio</u>
20-30	2	6	33.3%
30-40	3	6	50.0%
40-50	5	11	45.5%
50-60	6	25	24.0%
60-70	<u>3</u>	<u>36</u>	<u>8.3%</u>
Totals	19	84	22.6%

COMBINED MALE & FEMALE

<u>Ages</u>	<u>Actual Deaths</u>	<u>Expected Deaths</u>	<u>Ratio</u>
20-30	5	9	55.6%
30-40	8	17	47.1%
40-50	29	45	64.4%
50-60	57	103	55.3%
60-70	<u>59</u>	<u>178</u>	<u>33.1%</u>
Totals	158	352	44.9%

TABLE 5

MALESCOMPARISON OF ACTUAL AND EXPECTED WITHDRAWALS
1942 - 1950

<u>Ages</u>	<u>Actual Withdrawals</u>	<u>Expected Withdrawals</u>	<u>Ratio Acct. to Exp.</u>
20-30	256	51	502.0%
30-40	319	66	483.3%
40-50	247	71	347.9%
50-60	217	51	425.5%
60-70	<u>147</u>	<u>-</u>	<u>-</u>
Totals	1186	239	496.2%

FEMALESCOMPARISON OF ACTUAL AND EXPECTED WITHDRAWALS
1942 - 1950

<u>Ages</u>	<u>Actual Withdrawals</u>	<u>Expected Withdrawals</u>	<u>Ratio</u>
20-30	742	104	713.5%
30-40	324	43	753.5%
40-50	168	17	988.2%
50-60	129	10	1290.0%
60-70	<u>70</u>	<u>-</u>	<u>-</u>
Totals	1433	174	823.6%

COMBINED MALE & FEMALE

<u>Ages</u>	<u>Actual Withdrawals</u>	<u>Expected Withdrawals</u>	<u>Ratio</u>
20-30	998	155	643.9%
30-40	643	109	589.9%
40-50	415	88	471.6%
50-60	346	61	567.2%
60-70	<u>217</u>	<u>-</u>	<u>-</u>
Totals	2619	413	634.1%

TABLE 6

MALESCOMPARISON OF ACTUAL AND EXPECTED DEATHS AND WITHDRAWALS
1942 - 1950

<u>Combination Deaths and Withdrawals</u>			
<u>Ages</u>	<u>Actual Deaths & Withdrawals</u>	<u>Expected Deaths & Withdrawals</u>	<u>Ratio Act. to Exp.</u>
20-30	259	54	479.6%
30-40	324	77	420.8%
40-50	271	105	258.1%
50-60	268	129	207.8%
60-70	203	142	143.0%
Totals	1325	507	261.3%

FEMALESCOMPARISON OF ACTUAL AND EXPECTED DEATHS AND WITHDRAWALS
1942 - 1950

<u>Ages</u>	<u>Comb. Actual</u>	<u>Comb. Expected</u>	<u>Ratio</u>
20-30	744	110	676.4%
30-40	327	49	667.3%
40-50	173	28	617.9%
50-60	135	35	385.7%
60-70	73	36	202.8%
Totals	1452	258	562.8%

COMBINED MALE & FEMALE

<u>Ages</u>	<u>Actual</u>	<u>Expected</u>	<u>Ratio</u>
20-30	1003	164	611.6%
30-40	651	126	516.7%
40-50	444	133	333.8%
50-60	403	164	245.7%
60-70	276	178	155.1%
Totals	2777	765	363.0%

TABLE 7MALESCOMPARISON OF ACTUAL TO EXPECTED DEATHS AMONG PENSIONERS
1942 - 1950

<u>Ages</u>	<u>Actual Deaths</u>	<u>Expected Deaths</u>	<u>Ratio Act. to Exp.</u>
60-65	4.0	4.4	90.9%
65-70	13.0	10.4	125.0%
70-75	22.0	25.2	91.3%
75-80	9.0	16.1	55.9%
80-85	5.0	7.8	64.1%
85+	<u>0.0</u>	<u>.5</u>	<u>-</u>
	53.0	64.4	82.3%

FEMALESCOMPARISON OF ACTUAL TO EXPECTED DEATHS AMONG PENSIONERS
1942 - 1950

<u>Ages</u>	<u>Actual Deaths</u>	<u>Expected Deaths</u>	<u>Ratio</u>
60-65	3	1.3	230.8%
65-70	1	2.8	35.7%
70-75	3	4.7	63.8%
75-80	<u>1</u>	<u>2.9</u>	<u>34.5%</u>
Totals	8	11.7	68.4%

COMBINATION MALES & FEMALES

<u>Ages</u>	<u>Actual Deaths</u>	<u>Expected Deaths</u>	<u>Ratio</u>
60-65	7	5.7	122.8%
65-70	14	13.2	106.1%
70-75	25	29.9	83.6%
75-80	<u>10</u>	<u>19.0</u>	<u>52.6%</u>
Totals	56	67.8	82.6%
Thru age 75	46	48.8	94.3%

TABLE 8MALESCOMPARISON OF ACTUAL TO EXPECTED DEATHS AMONG PENSIONERS
OF GOVERNOR AND COUNCIL 1942 - 1950

<u>Ages</u>	<u>Actual Deaths</u>	<u>Expected Deaths</u>	<u>Ratio</u>
Under 65	1	1.76	56.8%
65-70	1	2.75	36.4%
70-75	2	7.97	25.1%
75-80	7	10.12	69.2%
80 & up	<u>13</u>	<u>10.57</u>	<u>123.0%</u>
Totals	24	33.17	72.4%

FEMALESCOMPARISON OF ACTUAL TO EXPECTED DEATHS AMONG PENSIONERS
OF GOVERNOR AND COUNCIL 1942 - 1950

<u>Ages</u>	<u>Actual Deaths</u>	<u>Expected Deaths</u>	<u>Ratio</u>
Under 65	1	1.29	77.5%
65-70	1	2.05	48.8%
70-75	3	2.22	135.1%
75-80	1	3.78	26.5%
80 & up	<u>7</u>	<u>5.52</u>	<u>126.8%</u>
Totals	13	14.86	87.5%

COMBINED MALES & FEMALES

<u>Ages</u>	<u>Actual Deaths</u>	<u>Expected Deaths</u>	<u>Ratio</u>
Under 65	2	3.05	65.6%
65-70	2	4.80	41.7%
70-75	5	10.19	49.1%
75-80	8	13.90	57.6%
80 & up	<u>20</u>	<u>16.09</u>	<u>124.3%</u>
Totals	37	48.03	77.0%

TABLE 9MEMBERS RETIRED BY BOARD OF TRUSTEES

<u>Year Commencing July 1</u>	<u>New Pensioners</u>	<u>Deaths</u>	<u>Re-Employed</u>	<u>Beneficiaries</u>	<u>Total Pensioners</u>	<u>Year Ending June 30</u>
1942	17	-	-	-	17	1943
1943	35	1	-	-	51	1944
1944	65	5	2	-	109	1945
1945	90	8	-	-	191	1946
1946	101	7	-	-	285	1947
1947	94	16	1	-	362	1948
1948	55	11	3	3	406	1949
1949	<u>59</u>	<u>23</u>	<u>3</u>	<u>3</u>	<u>442</u>	1950
Totals	516	71	9	6	442	

TABLE 10GOVERNOR AND COUNCIL RETIREMENTS

1942	128	-	-	-	128	1943
1943	-	2	-	-	126	1944
1944	-	5	-	-	121	1945
1945	3	7	-	-	117	1946
1946	-	8	1	-	108	1947
1947	1	2	-	-	107	1948
1948	-	1	-	-	106	1949
1949	<u>-</u>	<u>12</u>	<u>-</u>	<u>-</u>	<u>94</u>	1950
Totals	132	37	1	-	94	

TABLE 11

EXPERIENCE OF THOSE MEMBERS WHO BELONGED TO
THE NON-CONTRIBUTORY TEACHERS SYSTEM

<u>Year Commencing July 1</u>	<u>New Members</u>	<u>Terminations</u>				<u>Trans. to O. S.</u>	<u>Total Members</u>	<u>Year Ending June 30</u>
		<u>Withdrawals</u>	<u>Deaths</u>	<u>Retired</u>				
1947	2570	29	7	103	-		2431	1948
1948	35	29	9	95	-		2333	1949
1949	32	7	10	124	-		2224	1950
Totals	2637	65	26	322	-		2224	

EXPERIENCE OF THOSE RETIRED MEMBERS WHO BELONGED TO
THE NON-CONTRIBUTORY TEACHERS SYSTEM

<u>Year Commencing July 1</u>	<u>New Pensioners</u>	<u>Deaths</u>	<u>Re-Employed</u>	<u>Beneficiaries</u>	<u>Total Pensioners</u>	<u>Year Ending June 30</u>
1947	103	1	-	-	102	1948
1948	95	7	1	2	191	1949
1949	124	6	2	-	307	1950
Totals	322	14	3	2	307	

EXPERIENCE OF THOSE TEACHERS RETIRED UNDER
THE NON-CONTRIBUTORY SYSTEM BEFORE JOINING STATE SYSTEM

<u>Year Commencing July 1</u>	<u>New Pensioners</u>	<u>Deaths</u>	<u>Re-Employed</u>	<u>Beneficiaries</u>	<u>Total Pensioners</u>	<u>Year Ending June 30</u>
1947	718	42	9	-	667	1948
1948	-	30	6	-	631	1949
1949	-	38	-	-	593	1950
Totals	718	110	15	-	593	

TABLE 12

EXPERIENCE OF THOSE TEACHER MEMBERS
OTHER THAN THE NON-CONTRIBUTORY GROUP

<u>Year Commencing July 1</u>	<u>New Members</u>	<u>Withdrawals</u>	<u>Terminations</u>		<u>Trans. to O. S.</u>	<u>Total Members</u>	<u>Year Ending June 30</u>
			<u>Deaths</u>	<u>Retired</u>			
1947	4084	242	4	2	-	3836	1948
1948	437	223	2	2	1	4045	1949
1949	<u>508</u>	<u>188</u>	<u>8</u>	<u>4</u>	<u>37</u>	<u>4316</u>	1950
Totals	5029	653	14	8	38	4316	

EXPERIENCE OF THOSE RETIRED TEACHER MEMBERS
OTHER THAN THE NON-CONTRIBUTORY GROUP

<u>Year Commencing July 1</u>	<u>New Pensioners</u>	<u>Deaths</u>	<u>Re-Employed</u>	<u>Beneficiaries</u>	<u>Total Pensioners</u>	<u>Year Ending June 30</u>
1947	2	1	-	-	1	1948
1948	2	-	-	-	3	1949
1949	<u>4</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>7</u>	1950
Totals	8	1	-	-	7	