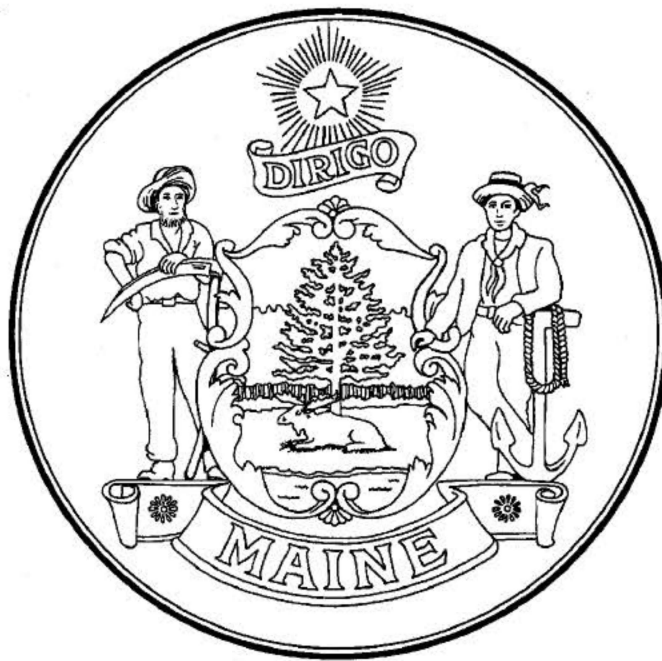


# MAINE STATE LEGISLATURE

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REPORT of the

# MAINE STATE RETIREMENT SYSTEM

for the  
FISCAL YEAR  
ENDED JUNE 30, 1974

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MAINE STATE RETIREMENT SYSTEM

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MAINE STATE RETIREMENT SYSTEM  
ORGANIZATION CHART

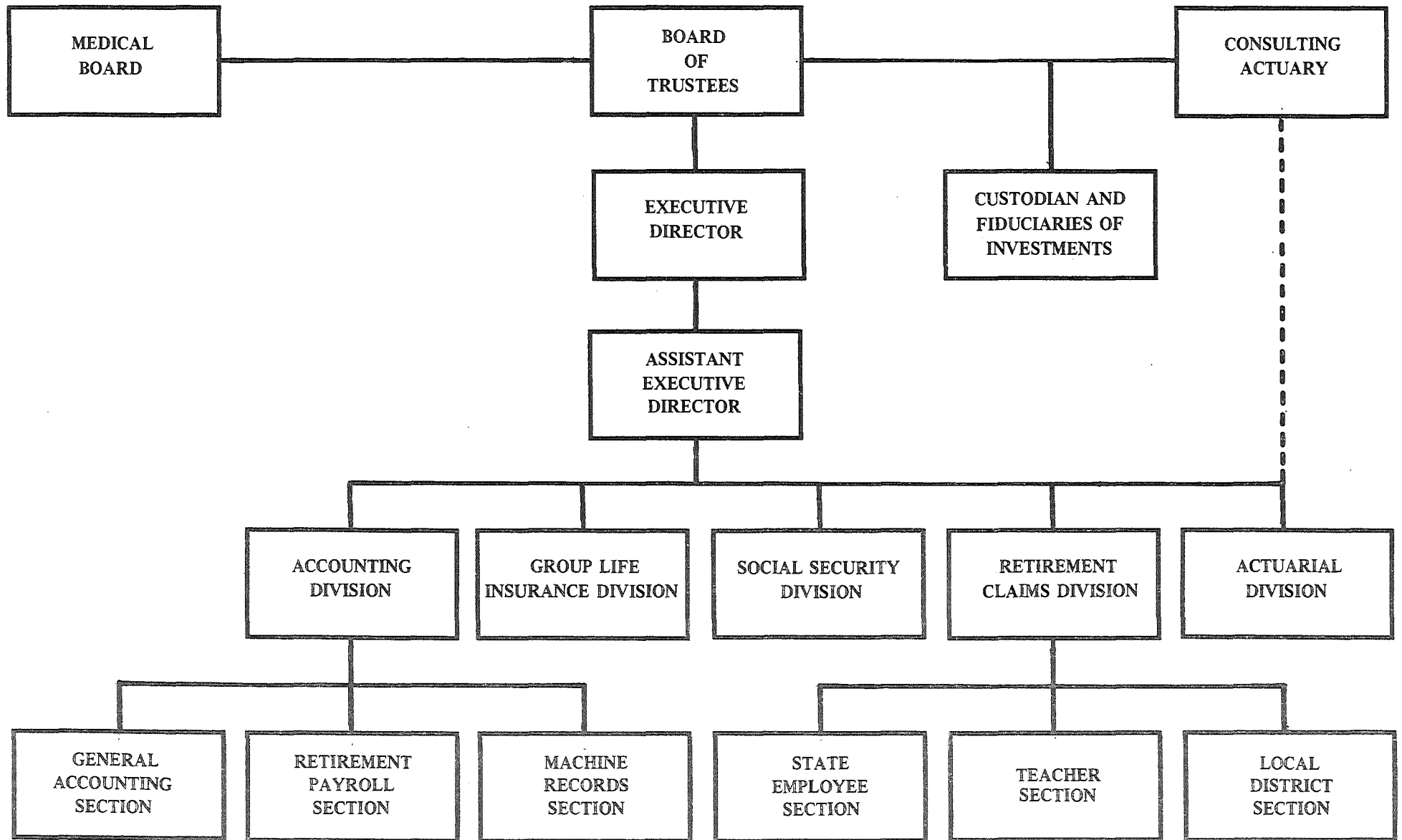


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WILLIAM G. BLODGETT, EXECUTIVE DIRECTOR  
PHILIP R. GINGROW,  
ASSISTANT EXECUTIVE DIRECTOR

CONSULTING ACTUARY  
ROBERT J. TOWNE, F.S.A.,



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State of Maine  
MAINE STATE RETIREMENT SYSTEM  
AUGUSTA, MAINE 04330

Honorable James B. Longley  
Governor of Maine  
State House, Augusta

Members, 107th Legislature

Dear Governor Longley and Members of the Legislature:

In accordance with the provisions of 5 M.R.S.A. Section 1005, the Trustees of the Maine State Retirement System herewith submit an annual report and review of the financial condition of the System for the fiscal year ending June 30, 1974. Also included are the reports of the Actuary, the Executive Director, the Investment Consultant, and the Group Life Insurance Underwriter.

The Maine State Retirement System was created by the Legislature in 1947, and combined the State Employees' Retirement System and the Maine Teachers' Retirement Association.

The System is administered by a Board of Trustees - seven in number: three members appointed by the Governor with the advice and consent of the Council; one member elected by the Maine Teachers' Association; one member elected by the Maine State Employees' Association; one member appointed by the governing body of the Maine Municipal Association; one member, who is a recipient of a retirement allowance through the Maine State Retirement System, selected by the foregoing members of the Board.

As this is a part-time Board, assistance in the actual administration is rendered by the Executive Director and his staff. A consulting Actuary is employed, under the provisions of the law, who is the technical advisor of the Board on matters regarding the operation of the funds, whose duty it is to make all computations of benefits provided for under the law and to determine on approval of the Board what funding requests shall be made of the Legislature. A Medical Board consisting of three non-members is also provided for under the law. This Board determines the validity of disability and service incurred disability claims.

Subsequent to June 30, 1974, the Board engaged the firm of Claims Service International, Inc. to review and investigate disability retirement claims. In October, 1974, the Board engaged Northeast Bank N.A. of Lewiston and Auburn to provide custodial services for the System's investments, and terminated the investment advisory contract with Standard and Poor's/InterCapital, Inc.



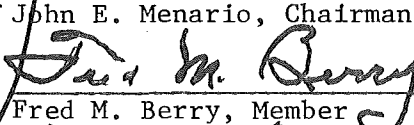
Effective October 22, 1974, Robert Bourgault replaced Frank G. Tupper as Representative on the Board for the Maine Teachers' Association for the duration of Mr. Tupper's term.

In addition to administering the basic retirement law, the Board is also charged with administering the Group Life Insurance Plan, and the Federal Social Security Law as it applies to political subdivisions.

Very truly yours,

Board of Trustees  
Maine State Retirement System

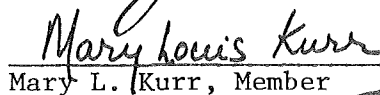
  
John E. Menario, Chairman

  
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Mary L. Kurr, Member

  
Mervin A. Rowe, Member

## REPORT OF THE EXECUTIVE DIRECTOR

During the past year, the Board of Trustees has taken several actions to strengthen the System's capability in meeting its responsibilities in the area of investment custody, investment performance measurement, and review of disability retirement allowance claims, as follows:

The Board entered into an agreement with Fiduciary Trust Company of New York to provide custodial servicing and reporting of the System's investments. This service will expedite the trading of securities, provide for more extensive reporting, and result in less cost than heretofore.

In June, 1974, the Board voted to enter into an agreement with Paine Webber Jackson & Curtis, Inc., Investment Advisor, to provide investment counselling services and to continue to furnish performance measurement services on the investments under management by the System's three investment managers.

The 106th Legislature enacted several statutes which significantly affected the benefits available to those members retiring, those who had retired, and the financing of employer costs for State employees, as follows:

Credit for State employee membership service (service rendered from July 1, 1942) changed from 1/60th to 1/50th computation.

Credit for teaching service from July 1, 1942, changed from 1/60th to 1/50th computation.

Authorized a \$100 per month minimum retirement allowance for State employees and teachers with ten years membership compared to an \$80 per month minimum heretofore.

Permit retirement after 25 years membership regardless of age compared to 30 years membership heretofore.

Permit members to obtain credit for previous service in a political subdivision if fully funded by former employer.

Authorized a retirement benefit for former Governors of  $\frac{3}{8}$  of the annual salary being paid the current Governor on the date of application for benefits.

Cost of living increases of  $5\frac{1}{2}\%$  in August, 1973, and May, 1974, were granted to all retired State employees, teachers and retired employees of participating local districts which were eligible, based on the average increase granted to active State employees by the Legislature.

Provided for the payment of employer contribution for State employees retirement be based on current payrolls as paid. This action brought the employer funding basis into alignment with the employee basis for contributing to the System's costs.

As a separate section of this report there is included a summary of the System's investment performance during the past two fiscal years, prepared by the firm of Paine Webber Jackson & Curtis, Inc., which is retained by the Trustees as investment evaluation consultants.

The performance results reflected in this report are on a total return basis; that is, the appreciation or depreciation of the investments on market value basis, as well as new monies received is included in the results. This report includes only the equity and bond portfolios under management by the System's three money managers: Alliance Capital Management Corp.; Putnam Advisory Company; and Standard and Poor's/InterCapital Inc., the unmanaged mortgage portfolio, and short-term investments in the Benefit Reserve Account being excluded. Care should be taken not to confuse this report and performance information with the summary of earnings exhibit included in the financial report section, which indicates a rate of return for the year of 4.5292%. This percentage is based on the book value of all assets belonging to the System, cash receipts from interest and dividends, and given no reflection to the market value of these assets.

Total trust reserves in the System as of June 30, 1974, amounted to \$190,387,388.16, an increase of \$3,957,986.54 during the fiscal year. Contributions to the System by the State of Maine totalled \$22,628,046.50, of which \$11,839,211.00 was on account of teachers and \$10,788,835.50 was on account of State employees. Of the State contribution for State employees, \$801,426.00 was appropriated in addition to normal costs, for those groups with special retirement plans, such as: State Police, Inland Fisheries and Game Wardens, Sea and Shore Fisheries Wardens, Forest Rangers, Prison Guards, Liquor Inspectors.

Participating local districts made contributions of \$3,627,780.94 on behalf of their employees.

The State's costs for employees and teachers, exclusive of contributions for those groups with special plans, are assessed as a percentage of salaries and were as follows for the 1973/74 fiscal year:

Normal Contribution	3.79%
Accrued Liability Contribution	5.03%
Survivor Benefit Contribution	.25%
Administration	.13%
TOTAL	<u>9.20%</u>

Contribution rates of participating local districts vary between units due to the particular plan which has been adopted and the group make-up.

Members of the System contributed \$18,772,056.54 during the year, of which \$8,397,048.27 was contributed by teachers, \$7,160,850.26 was contributed by State employees, and \$3,214,158.01 was contributed by employees of local districts.

Retirement benefits paid during the year totalled \$38,001,288.81 and included retirement allowance adjustment payments (cost-of-living) of \$8,396,900.09. These retirement benefits were paid to the following groups:

State employees	\$12,847,218.30
Teachers	21,341,011.92
Participating Districts	<u>3,813,058.59</u>
Total Benefits	<u>\$38,001,288.81</u>

Retirement benefit payments increased \$7,489,187.03 over the previous fiscal year. This increase was due in part to a 10% increase in the number of retired persons, added payment on account of cost-of-living increases of \$1,994,603.36, and higher retirement allowances paid as the result of the enactment of Chapter 542, Public Laws of 1973, which raised the benefits paid on account of membership service by 20%.

In addition to the above retirement benefit payments there were benefits paid to survivors of deceased members totalling \$1,061,102.34. The average monthly retirement allowance being paid to persons retired under the System at June 30, 1974 was \$312.10 per month, as compared to \$249.49 per month at June 30, 1973.

Refunds totalling \$2,616,597.79 were paid to former members who had separated from service and elected to take a refund of contributions and interest.

A matter which has been of considerable concern to the Board during the past year has been the underfunding of benefit payments to those retired teachers who first started teaching prior to July 1, 1924, and did not start contributing to a retirement fund until 1945.

As of June 30, 1974, there were 2,416 individuals in this category of retired teachers being paid benefits from the System. At this time, practically all of this group of teachers are retired and the funding has been decreasing in recent years in proportion to those who were active.

The Board has given this matter to its consulting actuary for review to determine costs and possible funding methods.

#### GROUP LIFE INSURANCE

The Group Life Insurance program is available on an optional basis to all State employees, teachers, and the employees of those participating local districts which elect to participate. The program is comprised of three segments; a Basic plan, a Supplemental plan, and a Dependent plan. The Basic plan provides for \$1,000 of coverage for each \$1,000 of the employees annual salary, and the Supplemental plan provides an equal amount of coverage and participation is optional. The Dependent plan provides coverage of \$2,000 on a spouse, \$500 and \$100 (under 6 months) on children.

Total assets of the Group Life Insurance Fund were \$3,788,369.28 as of June 30, 1974, and were invested in short-term commercial paper (\$2,379,472.56), time-deposits in Maine banks (\$1,300,000.00), and other assets (\$108,896.72). Earnings on the funds investments totalled \$218,930.84 on a cash basis. Reserves in the fund increased \$654,063.99 during the year.

Premiums collected during the fiscal year totalled \$3,360,411.49 against which claims were paid totalling \$1,886,990.00. Dividends in the amount of \$1,231,340.65 were generated in the year of which \$220,622.80 was applicable to local districts, and will be paid to these districts after deducting administrative costs. This dividend was received following the end of the fiscal year and will be reflected in the 1974/75 year accounts. Reserves required for conversions, disabilities and waivers totalled \$94,936.50 and fees retained by the carrier for underwriting amounted to \$147,144.34.

Dividends received on the Basic (State and teacher) plan are utilized, together with appropriations of \$359,000.00 to pay the premiums on retired lives as authorized by Board of Trustee action. The balance of the Reserve for Future Premiums of \$1,259,094.38 at June 30, 1974, is carried to finance the cost of retired premiums. Premiums paid on retired lives during the year were \$559,342.41, and are estimated to increase at the rate of approximately 17% per year during the next three years to \$885,000.00 in the 1976/77 year.

Dividends received on the Supplemental plan were credited to a Reserve for Supplemental account which is being distributed to beneficiaries of retired and active participants in this plan on the basis of 30% of coverage at point of retirement, in the case of retirees, and at death in the case of actives. The balance in this Reserve was \$1,723,244.95 at June 30, 1974.

During the year, the Board of Trustees voted to reduce the premium rate on the Supplemental plan from 65¢ per month per thousand to 55¢ per month per thousand, effective July 1, 1974, for State employees and teachers.

#### SOCIAL SECURITY

The Maine State Retirement System has been designated by statute as the State agency to administer the agreement between the State of Maine and the Social Security Administration providing Social Security coverage for employees of political subdivisions within the State. As of June 30, 1974, there were 605 agreements in force between the System and reporting units. The benefit side of the program is entirely under the jurisdiction of the Social Security Administration.

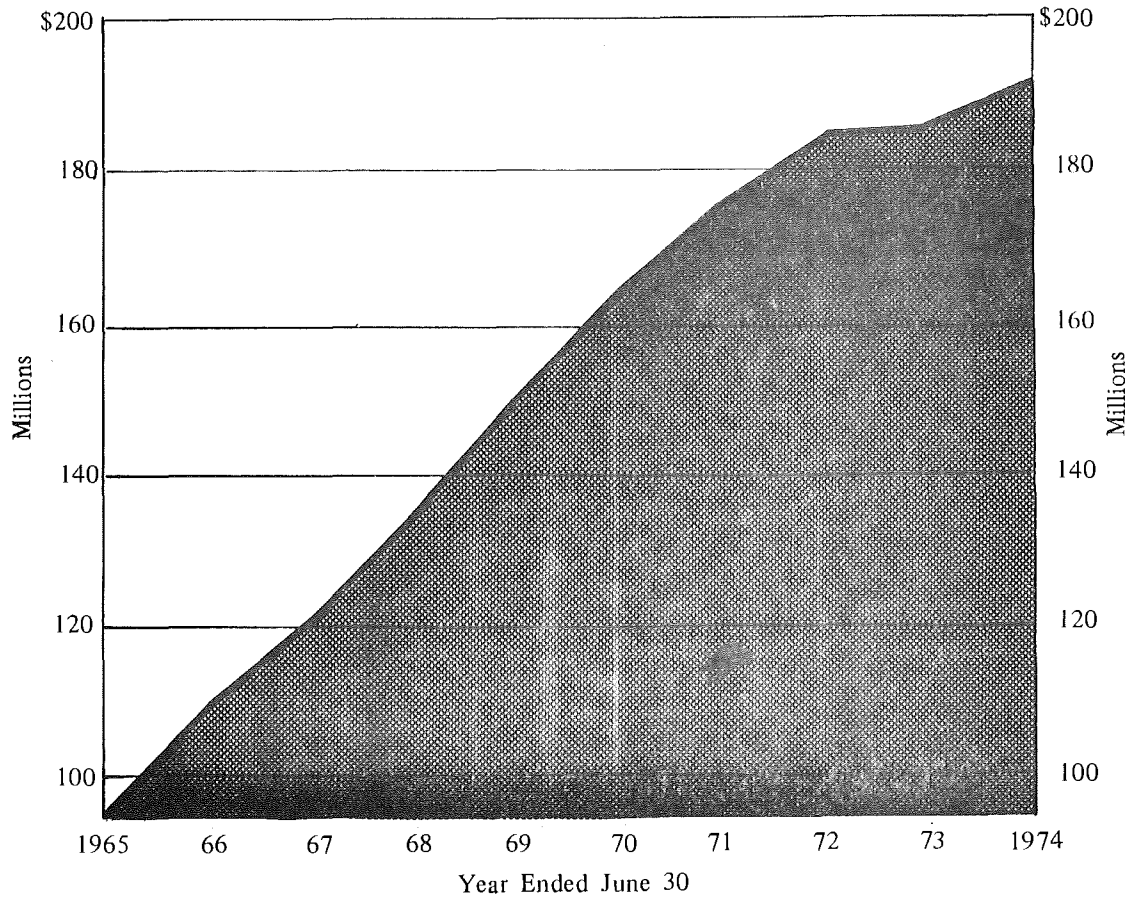
The cost of administration is financed by those units participating in the program, and earnings on investments in short term U.S. Government instruments. Earnings on these investments during the fiscal year totalled \$72,939.32.

Administrative costs for this activity totalled \$24,482.23.

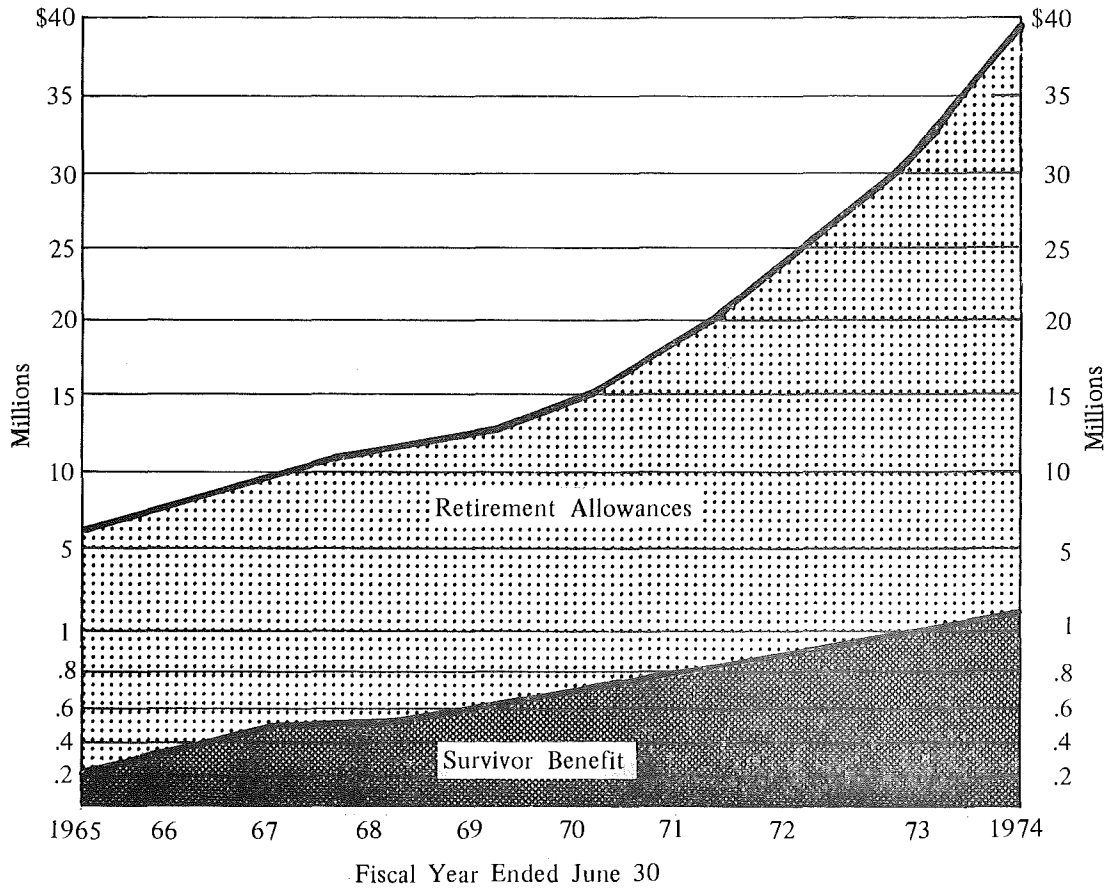


William G. Blodgett, Executive Director

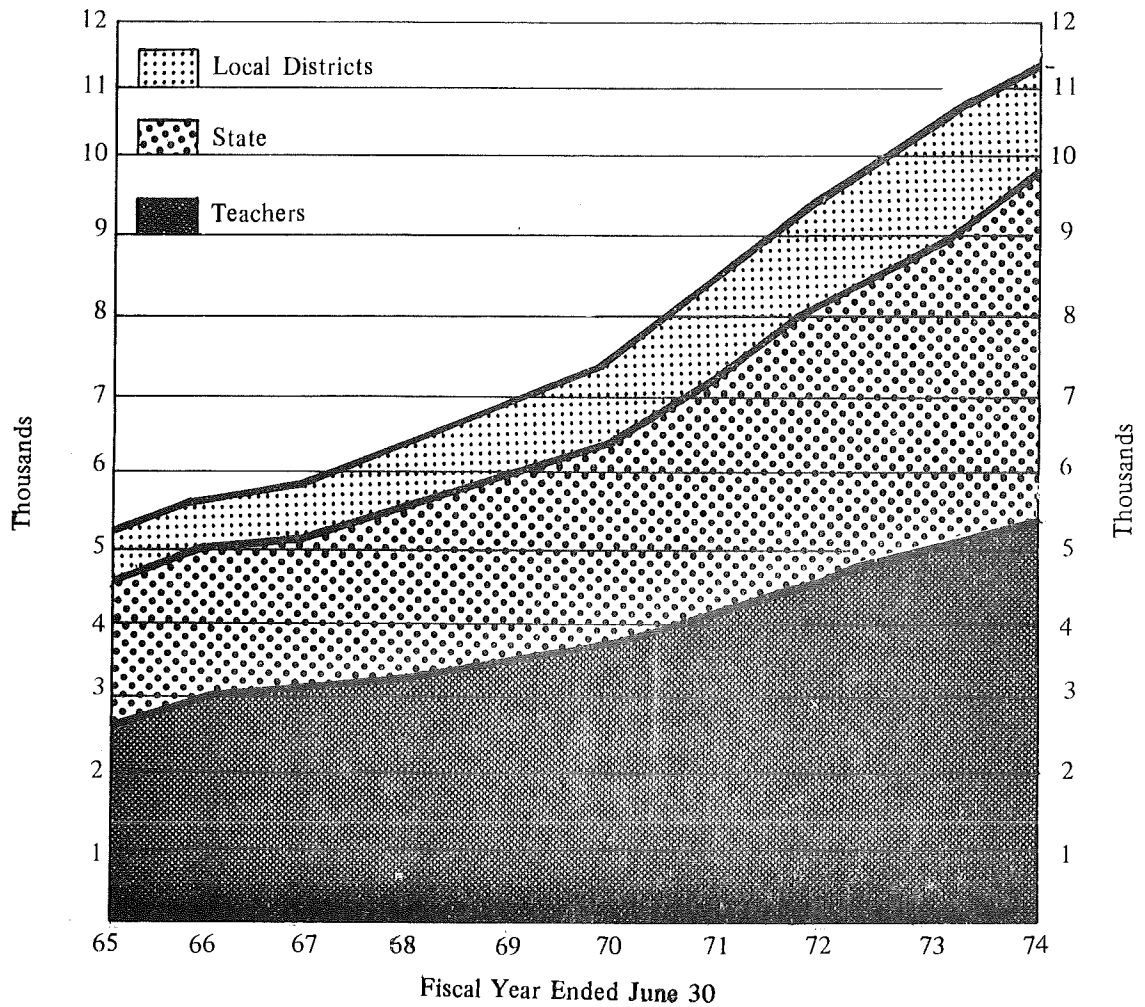
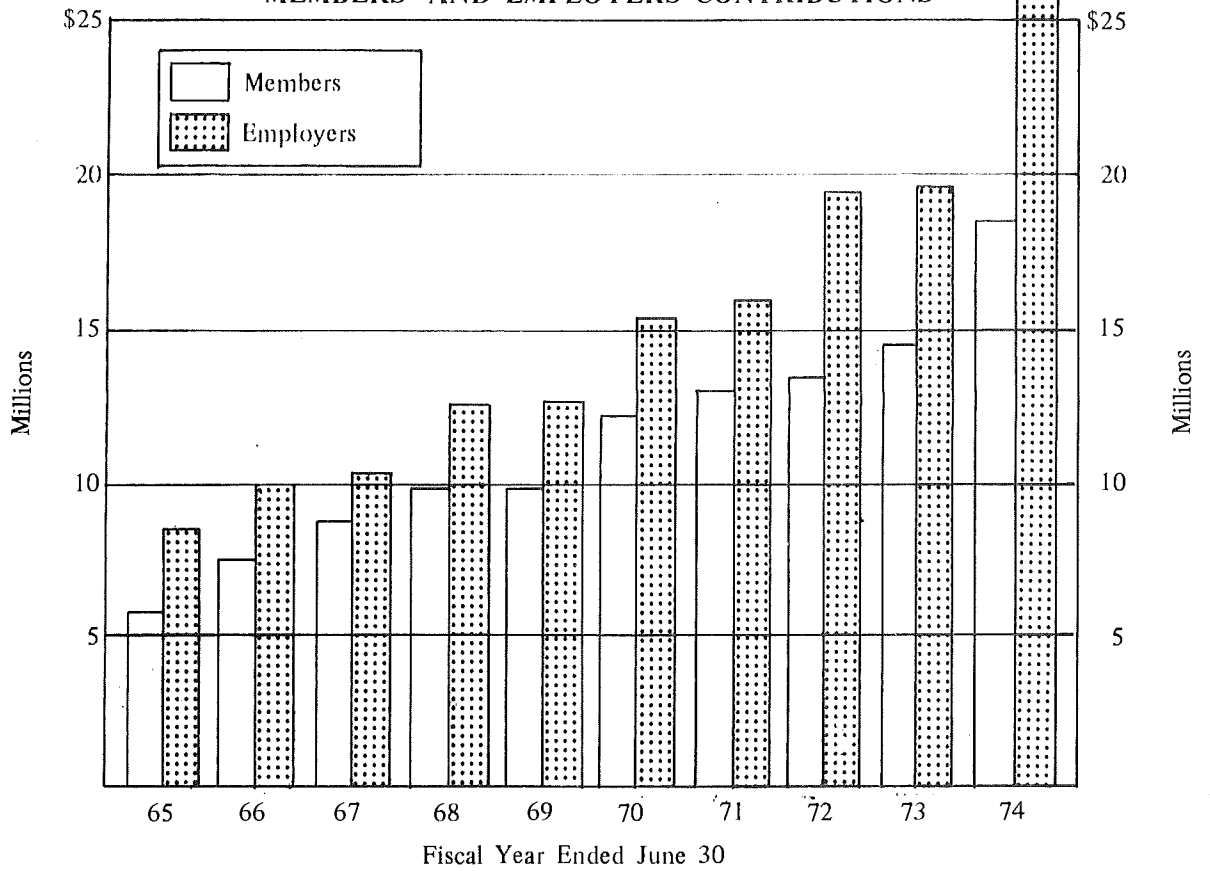
# MAINE STATE RETIREMENT SYSTEM ASSETS OF FUND



# RETIREMENT AND SURVIVOR PAYMENTS



# **MAINE STATE RETIREMENT SYSTEM MEMBERS' AND EMPLOYERS CONTRIBUTIONS**



# FINANCIAL HIGHLIGHTS

	<u>1974</u>	<u>1973</u>
Assets of the Fund at Year End	\$190,690,633	\$186,509,023
Earned Income on Investments	\$ 8,344,366	\$ 6,651,554
Year End Investments (Cost)	\$188,846,484	\$185,867,989
Year End Investments (Market)	\$170,627,572	\$186,239,980
Corporate Stock in Portfolio (Cost)	\$ 94,879,611	\$ 93,512,006
Percent of Portfolio	50%	50%
Bonds in Portfolio (Cost)	\$ 71,572,486	\$ 71,699,042
Percent of Portfolio	38%	38.7%
Mortgages in Portfolio (Cost)	\$ 13,104,386	\$ 14,586,939
Percent of Portfolio	7%	8%
Time Deposits (Cost)	\$ 9,290,000	\$ 6,070,000
Percent of Portfolio	5%	3.3%

RETIREMENT ALLOWANCES paid - June, 1974	<u>Value</u>	<u>Persons</u>	<u>Percent</u>
State Employees	\$1,286,610.78	4,301	38.0%
Teachers	1,910,949.79	5,386	47.4%
Participating Local Districts	<u>343,476.77</u>	<u>1,659</u>	14.6%
TOTAL	<u>\$3,541,037.34</u>	<u>11,346</u>	

SURVIVOR BENEFITS paid - June, 1974	<u>Value</u>	<u>Persons</u>	<u>Percent</u>
State Employees	\$53,920.16	341	57.9%
Teachers	23,258.29	136	23.1%
Participating Local Districts	<u>15,108.01</u>	<u>112</u>	19.0%
TOTAL	<u>\$92,286.46</u>	<u>589</u>	



MEMBERSHIP - June 30, 1974:	<u>Active</u>	<u>Inactive</u>
State Employees	13,119	5,494
Teachers	18,543	2,908
Participating Local Districts	<u>9,051</u>	<u>1,082</u>
TOTAL	<u>40,713</u>	<u>9,484</u>

<u>RETIREMENT ALLOWANCES</u> Processed Year Ended June 30, 1974	<u>Percent</u>
State Employees 593	43.8%
Teachers 521	38.5%
Participating Local Districts <u>239</u>	17.7%
TOTAL <u>1,353</u>	

<u>SURVIVOR BENEFITS</u> Processed Year Ended June 30, 1974	<u>Percent</u>
State Employees 22	59.5%
Teachers 6	16.2%
Participating Local District <u>9</u>	24.3%
TOTAL <u>37</u>	

Participating Districts

Cities	21
Towns	79
Counties	16
Public Libraries	5
Sewer and Water Districts	31
SAD's	14
Miscellaneous	<u>26</u>
TOTAL	<u>192</u>

# TOWNE & ASSOCIATES

*Actuaries*

*Management Consultants*  
EMPLOYEE BENEFIT PLANS

ROBERT J. TOWNE, F.S.A.  
184 MAIN STREET  
YARMOUTH, MAINE 04096  
(207) 846-4204

TOWNE & EDDY  
CLEVELAND, OHIO

SEAL & LOHSE  
GARDEN CITY, NEW YORK  
&  
GENEVA, SWITZERLAND

NORTHEAST ACTUARIAL SERVICES, INC.  
PORTLAND, MAINE

January 10, 1975

John E. Menario, Chairman  
Board of Trustees  
Maine State Retirement System

Dear Mr. Menario,

Enclosed is our report on the actuarial valuation, as of June 30, 1974, of the assets and liabilities of the funds of the Maine State Retirement System, which has been made in accordance with the provisions of the Maine State Retirement System Laws.

Respectfully submitted,  
Towne & Associates

By Robert J. Towne  
Robert J. Towne, President  
Fellow Society of Actuaries

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SECTION A  
SUMMARY OF REPORT

1. Scope of Report

a) Purpose of actuarial valuation

The purpose of the actuarial valuation was to secure the following information that is required under the Maine State Retirement System Laws:

- i) The financial condition of the retirement system as revealed by an actuarial valuation of the assets and liabilities of the system, to be shown in the biennial report of the board of trustees of the retirement system, as provided in subsection 9 of section 1031 of said laws, and
- ii) The percentage rates of state contributions under the system for the 1975 -7 fiscal period, as provided in subsections 3, 5 and 6 of section 1062 of said laws.

The actuarial valuation thus measured the amount of the prospective benefits under the Maine State Retirement System and determined the sufficiency of future contributions by the members of the system and the state, together with the present invested assets of the system, in providing the funds for payment of the prospective benefits.

b) Employees covered

The valuation covered state employees and teachers. Separate actuarial valuations are also being made for 182 participating districts for the fiscal period 1975 - 6, and the results thereof submitted to them.

c) Benefits covered

The valuation covered all employee benefits provided by the system except those included in the group life insurance coverage.

d) Bases for valuation

The valuation was determined by using i) employee data as of June 30, 1974, which is summarized in Section C hereof, ii) the actuarial assumptions adopted by the board of trustees, which are set forth in Section D hereof, and iii) the provisions of the 1974 Revision of the Maine State Retirement System Laws which are outlined in Section E hereof.

e) Period of report

This report is with respect to biennial periods, as for previous actuarial reports. It covers the financial condition of the retirement system for the biennial period July 1, 1972 through June 30, 1974 and the state contribution requirements for the 1975 - 7 biennial fiscal period.

However, we submitted to the board of trustees, under date of August 26, 1974, a report on an actuarial valuation of the assets and liabilities of the funds of the retirement system as of June 30, 1973, which was comprehensive in nature and which type had not been customarily furnished for actuarial valuations made for odd calendar years, which contained certain analyses of the financial aspects of the retirement system for the fiscal period 1972 - 3. Also, we submitted additional information concerning the financial condition of the retirement system, including a review of the actuarial assumptions, in memoranda to the board of trustees dated October 7, 1974 and November 14, 1974. This report includes certain material

contained in said report and memoranda.

## 2. State Contribution Rates

The contribution rates payable by the state under the provisions of the retirement system, that are recommended for the fiscal period 1975 - 7 based upon the actuarial valuation as of June 30, 1974, are as follows:

### CONTRIBUTION RATES AS PERCENTAGE OF COMPENSATION PAID

	Fiscal Period	
	<u>1975 - 6</u>	<u>1976 - 7</u>
a) <u>Retirement Benefits</u>		
i) <u>Regular state employees and teachers</u>		
(A) normal cost	3.79%	3.79%
(B) accrued benefit	<u>5.34</u>	<u>5.50</u>
Total contribution	9.13	9.29
ii) <u>Special state employee groups</u>		

The total contribution for the following groups will be equal to the amount of total contribution for the regular state employees and teachers plus the following additional amounts for the normal cost contribution for each fiscal period.

(A) state police	19.19%
(B) liquor inspectors	4.66
(C) sea and shore wardens	18.98
(D) game wardens	17.78
(E) prison wardens	7.90
(F) forest rangers	5.90

### iii) Old system teachers

It was pointed out in our report on the Actuarial Valuation as of June 30, 1973 that contributions with respect to benefits for old system teachers were about to cease since the last such active teachers would soon be retired and there would

no longer be any compensation on which to base such contributions. Therefore, the period for the funding of accrued benefits of state employees and other teachers would be lengthened unless additional state contributions were made. In a memorandum to the board of trustees, dated September 26, 1974, we set forth various alternative bases for determining such contributions.

b) Survivor Benefits

The contribution rates for each fiscal period are:

- |     |                     |      |
|-----|---------------------|------|
| i)  | All state employees | .80% |
| ii) | Teachers            | .35  |

3. Financial Condition

a) Actuarial Balance Sheet

The actuarial balance sheet resulting from the actuarial valuation is presented in the next section. It shows the values of the various items of assets and liabilities that are involved in determining the funding requirements for retirement benefits of the system.

b) Accrued Benefit Funding

The financial condition of the system may be evaluated by determining the extent that assets have accumulated to meet the cost of accrued benefits, i.e., future benefits based on service prior to the date of valuation.

It has been a usual condition in the past, under most retirement plans, for assets to be less than the value of accrued benefits, which is often termed an unfunded liability, since plan benefits have generally been increasing for a considerable period of years and such increases have been made retroactive to prior service years without sufficient current assets to support the cost of the increase. Also, adverse

experience under a plan related to actuarial assumptions, such as arising from financial conditions or inflation results, creates additional unfunded liability.

Unfunded accrued benefits under a retirement plan are liquidated by additional contributions over a period of years. The funding objective of the federal pension legislation enacted in 1974 is that such liquidation periods in the future shall be no greater than 30 years, although 40 years is allowed for plans in effect on January 1, 1974.

The state contributions required under the retirement system consist of a normal cost contribution and an accrued benefit contribution. The unfunded accrued benefit liability will be liquidated over the following years with the present contribution requirements, assuming no specified contributions for the accrued benefit liability of old system teachers. Prior service is service before 1942 and all service includes service since 1942.

<u>Accrued Benefits</u>	<u>Liquidation Period for Unfunded Accrued Benefits</u>			
	<u>State Employees</u>	<u>MTRA Teachers</u>	<u>All Employees</u>	
			<u>Excluding Old Sys. Teachers</u>	<u>Including Old Sys. Teachers</u>
i) Prior service	3.5 yrs	4.6 yrs	4.1 yrs	9.5 yrs
ii) All service	26.5 yrs	19.1 yrs	21.7 yrs	28.8 yrs

The results of the valuation of the accrued benefits for the various employee classifications are presented in the following section, together with an explanation of the various aspects of accrued benefit funding.



The accrued benefit funding was affected by the following matters that occurred during the biennium, viz:

(i) the increase in benefits resulting from the enactment of Chapter 542 in 1973, (ii) the change in actuarial assumptions made to accomodate the benefit increases provided by Chapter 542, (iii) investment experience and (iv) cost of living adjustments. The combined result of the foregoing was that the remaining liquidation period for the unfunded accrued benefits increased somewhat more than one year. The period would have decreased two years under the funding assumptions.

c) Actuarial Assumptions

The actuarial assumptions which were used in the actuarial valuation are those adopted by the board of trustees in 1968, except for changes adopted on December 14, 1972 with respect to the rate of investment income and basis of asset valuation, and provisions for excess salary scales and cost of living adjustments.

Subsection 13 of section 1031 of the Maine State Retirement System Laws requires the actuary of the retirement system to make an actuarial investigation into the mortality, service and compensation experience of the members and beneficiaries of the retirement system, at least once in each 5 year period starting from 1960. The law also specifies that the board of trustees, taking into account the results of such investigation, shall adopt for the retirement system such mortality, service and other tables as shall be deemed necessary. We are making such an investigation in 1975 for the 5 year period 1970 - 4.

The financial experience for the biennium ending June 30, 1974 indicates that, in common with other pension plans, the future experience with respect to the assumptions as to the investment rate and salary scales is increasingly difficult to predict, particularly with the greater effects of inflation; and it is recommended that the board of trustees secure the following information:

- i) A report from professional investment counsel on future rates of investment income, so that the investment assumptions can be evaluated, and
- ii) A report from professional economic counsel on future inflation and salary scales, supplemented by any available material from state government studies, so that salary scales and cost of living assumptions can be evaluated.

Such information is particularly important since benefits under the retirement system are based upon average final salary at retirement and are adjusted after retirement for cost of living changes measured by general salary increases for state employees, and the funding requirements of the system have, since 1968, been based upon an investment philosophy geared to equity investments vs fixed income investments.

d) Funding of Costs of Benefits

The method of funding used to determine the contributions payable under the system will adequately provide, on an actuarial basis, for payment of the benefits of the system. Year to year experience fluctuations in the actuarial assumptions used in the funding determination will result in fluctuations in the accrued benefit contribution payment period. Also, contributions will be periodically adjusted as changes in the actuarial assumptions are made because of changes in future expectations.

## SECTION B

### VALUATION RESULTS

#### 1. Actuarial Balance Sheet

An actuarial balance sheet presents the numerical results of the solution of the basic cost equation for benefits under a retirement system, viz:

$$\text{Contributions} + \text{Investment Income} = \text{Benefits}$$

The actuarial mathematical techniques used in solving the equation remove investment income as a separate item by combining it with contributions and benefits through a discounting process for a designated period of time. This changes the expression for the equation to:

$$\begin{aligned} &\text{Discounted Value of Future Contributions} + \\ &\text{Invested Assets ( Balance of Accumulated Past Contributions)} = \\ &\text{Discounted Value of Future Benefits} \end{aligned}$$

In the actuarial balance sheet the items of the left hand side of the equation are designated as "assets" and those of the right hand side as "liabilities". However, an actuarial balance sheet is not a presentation of net worth as in an accounting balance sheet and, for example, there is no such item as surplus. Also, liabilities do not represent present amounts of debt but are merely measurements of future benefit payments determined under a given set of assumptions as to future occurrence.

The actuarial balance sheet for the June 30, 1974 actuarial valuation is presented on the next following page.

The contribution rates required to produce the present value of future contributions shown in asset item (2) of the balance sheet are set forth in subsection 3 following of this section.

Asset items (2) (b) and (2) (c) of the balance sheet are the present values of the future contributions that will be required for payment of past membership service and prior service benefits not provided by current invested assets. These are commonly referred to as amounts of unfunded liability. Such amounts are further itemized in subsection 2 following of this section.

ACTUARIAL BALANCE SHEET - JUNE 30, 1974

<u>Assets</u> (expected income)	<u>State</u> <u>Employees</u>	<u>MTRA</u> <u>Teachers</u>	<u>Old System</u> <u>Teachers</u>	<u>All</u> <u>Employees</u>
(1) <u>Invested Assets</u>				
(a) Members contribution fund	\$ 43,774,218	\$ 54,417,601	\$ 1,047,854	\$ 99,239,673
(b) Retirement allowance fund	42,193,743	67,310,418	(54,001,056)	55,503,105
Value invested funds (a + b)	85,967,961	121,728,019	(52,953,202)	154,742,778
(2) <u>Future Contributions</u>				
(a) Future membership service	64,278,402	89,188,671	-	153,467,073
(b) Past membership service	134,786,669	161,961,408	49,925,598	346,673,675
(c) Prior service	17,137,315	33,506,456	67,398,855	118,042,626
Value contribution income (a + b + c)	216,202,386	284,656,535	117,324,453	618,183,374
(3) <u>Value Total Income</u> (1 + 2)	302,170,347	406,384,554	64,371,251	772,926,152
<u>Liabilities</u> (Expected benefit payments)				
(1) <u>Active Employees</u>				
(a) Future membership service	64,278,402	89,188,671	-	153,467,073
(b) Past membership service	91,554,618	127,424,465	209,571	219,188,654
(c) Prior service	2,858,667	6,058,791	-	8,917,458
Value active benefits (a + b + c)	158,691,687	222,671,927	209,571	381,573,185
(2) <u>Retired Employees</u>				
(a) Past membership service	87,679,809	100,215,238	19,659,139	207,554,186
(b) Prior service	25,596,593	51,035,368	23,733,405	100,365,366
(c) Cost of living	30,202,258	32,462,021	20,769,136	83,433,415
Value retired benefits (a + b + c)	143,478,660	183,712,627	64,161,680	391,352,967
(3) <u>Value Total Benefits</u> (1 + 2)	302,170,347	406,384,554	64,371,251	772,926,152

## 2. Accrued Benefit Funding

### a) Basis for Funding

The benefits of the retirement system are generally proportionate to the years of service of employees and the accrual of future benefit payments during active employment follows the deferred compensation basis of payment for services rendered where prefunding of the cost of benefit payments is used.

The prefunding of the cost of benefit payments requires the adoption of some method whereby contributions are accumulated with investment income thereon to provide the funds for the future benefit payments. The funding method that is employed to determine the amount of the required contributions may follow any one of various approaches, as is explained in Section D hereof, which may result in the accumulation of different fund levels at any particular time under different funding methods. Also, more than one contribution rate may be used under any method, usually associated with contributions by more than one party or to provide different funding bases for benefits related to different periods of service or different groups of employees.

Under any funding method an accumulation of funds of determinable amount is anticipated, based upon the actuarial assumptions that are adopted. Actuarial valuations provide the amounts of such funds at any time, which may be referred to as reserve liabilities, and a comparison of the amount of actual assets with the amount of such reserves reveals the amount of any overfunding or underfunding of reserve liabilities that exists under the funding method adopted.

Although the reserve liabilities of a funding method basically measure the fund accumulation requirements of that method they may also furnish a measure of the funds that would be required to provide the cost of benefits that would be payable if the retirement system should terminate at the date of the actuarial valuation, termed vested accrued benefits. However, such reserve liabilities may overstate or understate the actual accrued benefit liability. A primary objective of the 1974 Federal Pension legislation is to insure the adequacy of plan assets as to funding the accrued benefit liability in the event of plan termination.

b) Reasons for Underfunding

Accrued benefit liabilities may be underfunded for the following reasons:

- i) Accrued benefits may be granted for service prior to the date of valuation without any immediate contribution equal to the accrued benefit reserve liability, such as when a retirement plan is first effective or later when benefit formulas are improved. The contributions for such liabilities are commonly made over a period of years. The 1974 Federal Pension legislation limits the period to 30 years, with certain exceptions.
- ii) Variation of actual experience from that assumed in the actuarial assumptions, including adverse investment experience, may result in greater reserve liabilities or lesser funds. The contributions for such losses are commonly made over a period of years or the future active service period of employees. The 1974 Federal Pension legislation limits the period to the shorter of 15 years or the future active service period of employees, with certain exceptions.
- iii) A change in the funding method or actuarial assumptions.

c) Accrued Benefit Chart

The chart at the end of this subsection shows the value of accrued benefits as of the date of valuation for active and retired employees with the benefits separated between those attributable to past membership service and prior service (service prior to 1942). Benefits are further separated between those based upon the formulas in effect prior to 1970 and after. Cost of living adjustments for retired employees are included in the applicable membership and prior service totals.

d) Funding Period

The value of the unfunded accrued benefits of state employees and MTRA teachers was \$347,391,848 on June 30, 1974. Such amount will be funded within 22 years on the basis of the contribution rates that are currently in effect, which are set forth in the following subsection.

The value of the total unfunded accrued benefits of state employees, MTRA teachers and old system teachers, was \$464,716,301 as of June 30, 1974. Such amount will be funded within 29 years if contribution rates currently in effect are continued for that period. However, additional current contributions with respect to the benefits payable to the old system teachers, determined in such fashion as set forth in our memorandum to the board, dated September 26, 1974, might be considered since the appropriations for that purpose over past years have been decreasing in amount as benefits paid have been increasing. Appropriations have decreased in amount since they were normal contributions based on the compensation of a decreasing group of active teachers while benefits increased as the group of retired increased until 1972 and benefits were augmented by the changes in Chapter 415, Chapter 542 and



cost of living increases.

e) Changes In Unfunded Value of Accrued Benefits

The unfunded value of accrued benefits for state employees and MTRA teachers increased by 18% during the biennium, after adjusting for an increase of 14% representing the value of benefit increases due to Chapter 542 that will be provided by increased future member contributions, i.e. not provided by increased future investment income. The net increase in unfunded value was 8% of the June 30, 1974 accrued benefits.

Capital losses in adjusted assets and an experience deficit in investment earnings contributed towards the increase in unfunded value of accrued benefits. There were also experience losses during the biennium due to increases in cost of living payments and salary scales at greater rates than directly provided in actuarial assumptions and which were assumed would be provided by increased investment earnings that did not occur. The net result of such capital and experience losses, plus miscellaneous experience gains and losses in other actuarial assumptions, was an extension of the funding period by somewhat more than 1 year instead of an anticipated reduction of 2 years.

The unfunded value of accrued benefits for old system teachers increased by 19% during the biennium due to a deficit in the amount of current appropriation, investment rate charges on the accumulated deficit in the retirement allowance fund and experience losses due to increases in cost of living payments. The increase in unfunded value was equal to 9% of the June 30, 1974 value of accrued benefits.

ACCRUED BENEFITS VALUATION - JUNE 30, 1974

	<u>State Employees</u>	<u>MTRA Teachers</u>	<u>Old System Teachers</u>	<u>All Employees</u>
(1) <u>Accrued Benefits Reserve</u>				
(a) <u>Active employees</u>				
(i) original membership credits	\$61,341,594	\$ 85,374,392	\$ 209,571	\$146,925,557
(ii) increased membership credits	30,213,024	42,050,073	-	72,263,097
(iii) original prior credits	2,687,147	4,847,033	-	7,534,180
(iv) increased prior credits	171,520	1,211,758	-	1,383,278
Total active benefits	94,413,285	133,483,256	209,571	228,106,112
(b) <u>Retired employees</u>				
(i) original membership credits	78,847,263	87,644,151	21,803,743	188,295,157
(ii) increased membership credits	32,205,220	34,083,836	7,267,914	73,556,970
(iii) original prior credits	27,886,512	53,926,637	30,879,220	112,692,369
(iv) increased prior credits	4,539,665	8,058,003	4,210,803	16,808,471
Total retired benefits	143,478,660	183,712,627	64,161,680	391,352,967
(c) <u>All employees</u>				
(i) original membership credits	140,188,857	173,018,543	22,013,314	335,220,714
(ii) increased membership credits	62,418,244	76,133,909	7,267,914	145,820,067
(iii) original prior credits	30,573,659	58,773,670	30,879,220	120,226,549
(iv) increased prior credits	4,715,185	9,269,761	4,210,803	18,191,749
Total benefits (a + b)	237,891,945	317,195,883	64,371,251	619,459,079
(2) <u>Invested Assets</u>				
(a) <u>Membership service</u>	67,820,432	87,191,044	(20,644,370)	134,367,106
(b) <u>Prior service</u>	18,147,529	34,536,975	(32,308,832)	20,375,672
Total service (a + b)	85,967,961	121,728,019	(52,953,202)	154,742,778
(3) <u>Unfunded Benefits Reserve</u> (1 - 2)				
(a) Membership service	134,786,669	161,961,408	49,925,598	346,673,675
(b) Prior service	17,137,315	33,506,456	67,398,855	118,042,626
Total service (a + b)	151,923,984	195,467,864	117,324,453	464,716,301

### 3. Contribution Rates for Retirement Benefits

#### a) Regular State Employees and Teachers

The contribution rates required to provide the benefits of the retirement system are determined by the entry age funding method as described in Section D hereof. The allocation of cost between member contributions and employer contributions is determined as follows for regular state employees and teachers:

##### i) Membership service benefits

- based on 1/70th formula and 5 year average compensation      - matching share
- based on increases over i)      - member contributions only.

##### ii) Prior service benefits

- based on 1/50th for state employees and 1/70th for teachers and 5 year average compensation      - state contributions only
- based on increases over i)      - member contributions only.

The above applies only to regular state employees. Other specifications apply to special state employee groups as explained further in this subsection.

The interest assumption of the actuarial basis for contributions has been increased at various times since 1968 to lower the member contribution rates otherwise payable when benefits have been increased, with no change in state contribution rates.

Such changes have been as shown in the chart on the next page.

Effect Of Changes In Interest Assumption

<u>Effective Date</u>	<u>Interest Assumption</u>	<u>Benefit Change</u>	<u>Member Contribution Rate</u>
Prior to 1968	3%	original retirement allowances, retirement allowance adjustments and survivor benefits	5-3/4%
September 1, 1968	4	no change	5
January 1, 1970	5	Chapter 415	6.14
September 1, 1970	5½	no change	5
January 1, 1972	5½	1/60th prior service for teachers	5.7 but not made effective
October 3, 1973	6½	Chapter 542	6.5

State contribution rates effective on June 30, 1975 are 3.79% for the normal contribution rate and 5.34% for the accrued liability contribution rate for the 1975 - 76 fiscal period.

The accrued liability contribution rate increases by 3% of itself in successive fiscal periods.

After accrued benefits become fully funded only the normal contribution rate will be payable.

The required rate will be affected by the then composition of the group of state employees and teachers as to employment ages and sex, each of which has a major effect on the normal contribution rate. The experience as to the factors included in the actuarial assumptions will, of course, also affect the contribution rate. Also, the meaning of "matching share" for member and state contributions might have to be more clearly defined.

b) Special State Groups

The normal contribution rates required for special state groups were determined to be as shown in the following chart. The regular accrued liability contribution rate is also payable by the state. The state normal contribution rate replaces the 3.79% rate applicable to regular state employees.

<u>State Groups</u>	<u>Normal Contribution Rate</u>	
	<u>Employee Contribution Rate</u>	<u>State Contribution Rate</u>
Forest Rangers	7.5%	9.69%
Prison Wardens	7.5	11.69
Liquor Inspector	6.5	8.45
Sea & Shore Wardens	7.5	22.77
Game Wardens	7.5	21.57
State Police	7.5	22.98

c) Participating District Employees

Regular actuarial valuations were made for 182 participating districts to determine the contribution rates payable by the districts for the fiscal period 1975 - 6. The data is summarized in the next section.

4. Survivor Benefits

a) Nature of Benefits

Ordinary death benefits are payable in the event of the death of an employee before retirement, in accordance with section 1124, termed "survivor benefits."

Such benefits are of the nature of group term life insurance payable in the form of income for specified periods, including the lifetime of the beneficiary.

b) Funding of Cost of Benefits

The cost of survivor benefits is provided by yearly contributions determined to be of sufficient amount to establish the reserve value of future benefits under claims arising from deaths during the fiscal year. Such reserve value is determined in the same fashion as the reserve value of retirement benefits.

c) Contribution Rates

i) State Employees and Teachers

The contribution rate, prior to 1968, to provide the cost of survivor benefits was .25% of compensation, payable by both employees and the state. After September 1, 1968 the employee rate was eliminated on the assumption that the loss in income would be provided by increased investment earnings on the funds of the retirement system.

The Survivor Benefit Fund has not been credited with any investment income to date to offset the loss of employee contribution income and tests have indicated that, at present, the amount of the Fund is insufficient to provide the cost of benefits currently payable. Therefore, it was recommended in the 28th actuarial report that the state contribution rate for state employees be increased to .79% for the fiscal periods 1973 - 4 and 1974 - 5.

The contribution requirements for the cost of survivor benefits have been further analyzed and it is recommended that the state contribution rate for the fiscal periods 1975 - 6 and 1976 - 7 be set at .80% for state employees and .35% for teachers.

ii) Participating District Employees

The contribution rate for the cost of survivor benefits for each participating district has been determined for each fiscal year on the basis of the experience of the particular district. The adjustment in 1968 based on an actuarial assumption of an increased rate of investment earnings was not used to decrease the contribution rate for the cost of survivor benefits, as in the case of such state contribution rate, but instead was used to decrease the contribution rate for the cost of retirement benefits for the districts.

The board of trustees, in 1973, adopted a pooling of the claim experience of participating district employees with that of the state employees so that life insurance cost methods could be applied to average the financial effects of chance fluctuations .

The cost of survivor benefits was determined for the fiscal period 1975 - 6 for 50 participating districts with 5,626 employees and total salaries of \$35,367,926. They constituted 27% of the total number of participating districts and 66% of the total salaries of all participating districts. The average contribution rate of the districts for the cost of survivor benefits was .42% of compensation.

SECTION C

EMPLOYEE STATISTICS AS OF JULY 1, 1974

This section of the report presents certain compilations of the individual employee data which was used in the actuarial valuations.



1. Distribution of Active Employees (State and Teachers)

a) State Employees

Age Group	No.	Annual Salaries		Annual Retirement Benefits		Average Yrs.
		Total	Average	Average	% Salaries	Serv. at Ret.
i) <u>Males</u>						
65 & over	236	\$1,647,842	\$ 6,982	\$ 2,282	13%	6
60 - 64	568	4,385,237	7,720	2,920	38	19
55 - 59	811	6,739,039	8,310	3,823	46	23
50 - 54	919	8,384,601	9,124	5,097	56	28
45 - 49	1047	9,756,155	9,318	6,039	65	32
40 - 44	938	8,455,754	9,015	6,269	70	35
35 - 39	876	7,747,644	8,844	6,632	75	37
30 - 34	989	8,011,396	8,101	6,445	80	40
25 - 29	1165	7,209,120	6,188	5,174	84	42
24 & under	<u>883</u>	<u>3,057,978</u>	<u>3,463</u>	<u>3,083</u>	<u>89</u>	<u>45</u>
Total	8432	65,394,766	7,756	5,114	66	33
ii) <u>Females</u>						
65 & over	83	586,631	7,068	2,535	92	46
60 - 64	284	2,012,111	7,085	2,597	37	18
55 - 59	483	3,262,685	6,755	3,000	44	22
50 - 54	524	3,459,540	6,602	3,337	51	25
45 - 49	468	2,956,540	6,317	3,481	55	28
40 - 44	371	2,267,008	6,111	3,804	62	31
35 - 39	352	2,079,254	5,907	4,108	70	35
30 - 34	409	2,511,667	6,141	4,751	77	38
25 - 29	640	3,542,134	5,535	4,640	84	42
24 & under	<u>704</u>	<u>2,739,181</u>	<u>3,891</u>	<u>3,499</u>	<u>90</u>	<u>45</u>
Total	4318	25,416,751	5,886	3,707	63	31
iii) <u>All</u>						
65 & over	319	2,234,473	7,005	2,348	34	17
60 - 64	852	6,397,348	7,509	2,812	37	19
55 - 59	1294	10,001,724	7,729	3,516	45	23
50 - 54	1443	11,844,141	8,208	4,458	54	27
45 - 49	1515	12,712,695	8,391	5,249	63	31
40 - 44	1309	10,722,762	8,192	5,571	68	34
35 - 39	1228	9,826,898	8,002	5,909	74	37
30 - 34	1398	10,523,063	7,527	5,949	79	40
25 - 29	1805	10,751,254	5,956	4,985	84	42
24 & under	1587	5,797,159	3,653	3,268	89	45
Total	12750	90,811,517	7,122	4,637	65	33

b) Teachers

Age Group	No.	Annual Salaries		Annual Retirement Benefits		Average Yrs. Serv. at Ret.
		Total	Average	Average	% Salaries	
i) <u>Males</u>						
65 & over	37	\$ 310,613	\$ 8,395	\$ 4,180	50	25
60 - 64	131	1,442,845	11,014	5,959	54	27
55 - 59	231	2,598,956	11,251	6,632	59	29
50 - 54	369	3,958,519	10,728	6,617	62	31
45 - 49	504	5,730,246	11,370	7,674	67	34
40 - 44	818	9,398,190	11,489	8,285	72	36
35 - 39	944	10,050,841	10,647	8,181	77	38
30 - 34	1435	13,410,957	9,346	7,492	80	40
25 - 29	1761	13,027,018	7,398	6,172	83	42
24 & under	<u>362</u>	<u>2,172,380</u>	<u>6,001</u>	<u>5,155</u>	<u>86</u>	<u>43</u>
Total	6592	62,100,565	9,421	7,094	75	38
ii) <u>Females</u>						
65 & over	223	2,023,560	9,074	5,328	59	29
60 - 64	612	5,623,582	9,189	5,595	61	30
55 - 59	901	7,932,666	8,804	5,220	59	30
50 - 54	951	8,232,402	8,657	5,296	61	31
45 - 49	968	7,725,534	7,981	4,990	63	31
40 - 44	982	7,626,594	7,766	5,256	68	34
35 - 39	1034	7,860,156	7,602	5,640	74	37
30 - 34	1302	9,397,966	7,218	5,731	79	40
25 - 29	2581	16,866,010	6,535	5,477	84	42
24 & under	<u>980</u>	<u>5,664,563</u>	<u>5,780</u>	<u>4,966</u>	<u>86</u>	<u>43</u>
Total	10534	78,953,033	7,495	5,377	72	36
iii) <u>All</u>						
65 & over	260	2,334,173	8,978	5,164	58	29
60 - 64	743	7,066,427	9,511	5,659	60	30
55 - 59	1132	10,531,622	9,304	5,508	59	30
50 - 54	1320	12,190,921	9,236	5,665	61	31
45 - 49	1472	13,455,780	9,141	5,909	65	32
40 - 44	1800	17,024,784	9,458	6,633	70	35
35 - 39	1978	17,910,997	9,055	6,853	76	38
30 - 34	2737	22,808,923	8,334	6,655	80	40
25 - 29	4342	29,893,029	6,885	5,759	84	42
24 & under	1342	7,836,943	5,840	5,017	86	43
Total	17126	141,053,599	8,236	6,038	73	37

c) Summary of All Active Employees

i) Number of employees	29,876
ii) Distribution by sex	males 50%, females 50%
iii) Annual salaries	\$231,865,115
iv) Average annual salary	\$7,761
v) Average annual benefit	5,440
vi) % benefits / salaries	70%
vii) Average years of services at retirement	35 years

## 2. Distribution of Retired Employees (State and Teachers)

### a) State Employees

<u>Number of Employees</u>		<u>Average Annual Benefits</u>			
		<u>Membership Service</u>	<u>Prior Service</u>	<u>Cost of Living</u>	<u>Total</u>
i) <u>Regular Benefits</u>					
F	834	\$ 1,711	\$ 469	\$ 678	\$ 2,858
M	1124	1,747	653	712	3,111
	<u>1958</u>	<u>1,732</u>	<u>574</u>	<u>698</u>	<u>3,004</u>
ii) <u>Option 1 Benefits</u>					
F	300	1,847	559	898	3,304
M	366	1,889	606	980	3,476
	<u>666</u>	<u>1,870</u>	<u>585</u>	<u>943</u>	<u>3,398</u>
iii) <u>Option 2 Benefits</u>					
F	300	1,535	637	895	3,067
M	400	1,829	597	480	2,906
	<u>700</u>	<u>1,703</u>	<u>614</u>	<u>658</u>	<u>2,975</u>
iv) <u>Option 3 Benefits</u>					
F	208	1,204	595	778	2,578
M	490	3,064	1,099	1,079	5,242
	<u>698</u>	<u>2,510</u>	<u>949</u>	<u>989</u>	<u>4,448</u>
v) <u>Option 4 Benefits</u>					
F	50	1,887	845	762	3,494
M	53	3,109	1,537	1,841	6,487
	<u>103</u>	<u>2,516</u>	<u>1,204</u>	<u>1,317</u>	<u>5,037</u>
vi) <u>Occupational Disability Benefits</u>					
F	10	1,902	162	1,182	3,246
M	41	3,773	112	1,164	5,049
	<u>51</u>	<u>3,406</u>	<u>122</u>	<u>1,168</u>	<u>4,696</u>
vii) <u>Regular Disability Benefits</u>					
F	21	1,974	144	486	2,604
M	58	2,603	206	547	3,356
	<u>79</u>	<u>2,436</u>	<u>190</u>	<u>531</u>	<u>3,156</u>
<u>All Benefits</u>					
F	1723	1,652	534	770	2,956
M	2532	2,116	723	812	3,651
	<u>4255</u>	<u>1,928</u>	<u>647</u>	<u>795</u>	<u>3,370</u>

b) MTRA Teachers

Number of Employees		Average Annual Benefits			
		<u>Membership Service</u>	<u>Prior Service</u>	<u>Cost of Living</u>	<u>Total</u>
i) <u>Regular Benefits</u>					
F	1828	\$2,371	\$1,300	\$ 767	\$ 4,438
M	211	2,362	1,203	884	4,449
	<u>2039</u>	<u>2,370</u>	<u>1,290</u>	<u>780</u>	<u>4,440</u>
ii) <u>Option 1 Benefits</u>					
F	334	2,395	1,330	1,030	4,755
M	62	2,999	1,646	1,391	6,036
	<u>396</u>	<u>2,489</u>	<u>1,380</u>	<u>1,086</u>	<u>4,955</u>
iii) <u>Option 2 Benefits</u>					
F	136	2,264	1,155	822	4,241
M	142	2,709	1,230	800	4,739
	<u>278</u>	<u>2,491</u>	<u>1,193</u>	<u>811</u>	<u>4,495</u>
iv) <u>Option 3 Benefits</u>					
F	166	2,646	1,374	862	4,882
M	148	3,855	1,956	1,273	7,084
	<u>314</u>	<u>3,216</u>	<u>1,648</u>	<u>1,056</u>	<u>5,920</u>
v) <u>Option 4 Benefits</u>					
F	24	1,609	1,301	859	3,769
M	25	2,694	1,683	1,465	5,841
	<u>49</u>	<u>2,162</u>	<u>1,496</u>	<u>1,168</u>	<u>4,826</u>
vi) <u>Occupational Disability Benefits</u>					
F	4	899	1,947	2,018	4,865
M	1	4,483	-	1,458	5,941
	<u>5</u>	<u>1,616</u>	<u>1,558</u>	<u>1,906</u>	<u>5,080</u>
vii) <u>Regular Disability Benefits</u>					
F	42	2,322	729	641	3,693
M	15	4,005	190	508	4,703
	<u>57</u>	<u>2,765</u>	<u>587</u>	<u>606</u>	<u>3,959</u>
All Benefits					
F	2534	2,376	1,293	812	4,481
M	604	2,933	1,432	1,027	5,392
	<u>3138</u>	<u>2,483</u>	<u>1,319</u>	<u>853</u>	<u>4,656</u>

c) Old System Teachers

Number of Employees		Average Annual Benefits			
		<u>Membership Service</u>	<u>Prior Service</u>	<u>Cost of Living</u>	<u>Total</u>
i) <u>Regular Benefits</u>					
F	1551	\$ 962	\$1,426	\$ 1,228	\$3,616
M	91	1,072	1,736	1,653	4,462
	<u>1642</u>	<u>968</u>	<u>1,443</u>	<u>1,252</u>	<u>3,663</u>
ii) <u>Option 1 Benefits</u>					
F	307	1,427	1,606	1,599	4,632
M	22	1,879	1,597	1,585	5,061
	<u>329</u>	<u>1,457</u>	<u>1,606</u>	<u>1,598</u>	<u>4,661</u>
iii) <u>Option 2 Benefits</u>					
F	91	1,134	1,294	1,173	3,600
M	40	747	992	982	2,721
	<u>131</u>	<u>1,016</u>	<u>1,202</u>	<u>1,115</u>	<u>3,332</u>
iv) <u>Option 3 Benefits</u>					
F	107	1,361	1,398	1,271	4,030
M	39	1,361	1,907	1,798	5,066
	<u>146</u>	<u>1,361</u>	<u>1,534</u>	<u>1,412</u>	<u>4,306</u>
v) <u>Option 4 Benefits</u>					
F	26	770	1,163	812	2,745
M	19	1,648	1,969	1,789	5,406
	<u>45</u>	<u>1,141</u>	<u>1,503</u>	<u>1,225</u>	<u>3,868</u>
vi) <u>Occupational Disability Benefits</u>					
F	1	1,691	2,991	1,128	5,810
M	0	-	-	-	-
	<u>1</u>	<u>1,691</u>	<u>2,991</u>	<u>1,128</u>	<u>5,810</u>
All Benefits					
F	2083	1,057	1,443	1,277	3,776
M	211	1,120	1,633	1,558	4,391
	<u>2294</u>	<u>1,070</u>	<u>1,460</u>	<u>1,303</u>	<u>3,833</u>

d) Summary of All Retired Employees

i)	Number of employees		9,720
ii)	Annual benefits		\$37,837,906
iii)	Average annual benefit		\$3,893
iv)	Distribution by sex		males 34%, females 66%
v)	Distribution by option:		
	- no option	=	58%
	- option 1	=	14
	- option 2	=	12
	- option 3	=	12
	- option 4	=	2
	- occupational disability	=	1
	- regular disability	=	1
vi)	Distribution of benefit credits:		
	- membership credit	=	49%
	- prior service credit	=	27
	- cost of living benefits	=	24

The cost of living benefits have thus increased the regular plan benefits by 32%.

### 3. Distribution of Participating District Employees

a) Number of districts	182
b) Number of active employees	8,864
c) Annual salaries	\$53,497,313
d) Average annual salary	\$6,035
e) Distribution of districts by membership credit:	
i) 1/50th	56% of districts with 45% of salaries
ii) 1/60th	41% of districts with 53% of salaries
iii) 1/70th	3% of districts with 2% of salaries
f) Districts with special fire & police benefits	15% of districts with 60% of salaries
g) Retired employees:	
i) Districts with retired employees	67% of districts with 95% of salaries
ii) Number of retired employees	1,666
iii) Average annual retirement benefit	\$2,495
iv) Retired employees with retirement allowance adjustments	73% of total retired
v) Percentage of retirement allowance adjustment of total benefits for employees with the adjustment.	22%



SECTION D  
ACTUARIAL ASSUMPTIONS

The actuarial assumptions upon which the valuation as of June 30, 1974 was based were adopted by the board of trustees under date of December 14, 1972. The assumptions are presented following in this section of the report, together with a discussion of the general aspects of actuarial assumptions and a review of the experience under the system for the 1972 - 4 biennium compared with such assumptions.

1. Nature of Actuarial Assumptions

a) Retirement Plan Equation

Actuarial assumptions, as used in a retirement plan, are assumptions as to factors to be employed in solving for the unknown in the basic cost equation, viz:

$$\text{Contributions plus Investment Income} = \text{Benefits}$$

The equation is solved by the use of actuarial mathematics which utilizes the following:

- i) The theory of probabilities.
- ii) The theory of finance.
- iii) The theory of statistics.

b) Types of Assumptions

Actuarial assumptions are required in the following areas:

i) Amounts of retirement benefits

(A) benefit formula.

(B) progression of future salaries (salary scales) where benefits are related to salaries.

(C) benefit adjustments after retirement, such as adjustments based on changes in the cost of living.

ii) Probability of receipt of benefits

(A) rates of survival (mortality).

(B) rates of disability.

(C) rates of termination of employment before retirement (withdrawal rates).

(D) rates of retirement (retirement ages).

iii) Investment income

(A) rates of future income.

(B) value of current investments.

iv) Expenses of administration

v) Contribution method of funding

(A) pattern of future contributions toward costs.

(B) periods over which contributions are to be made.

vi) Employee data

(A) employee groups

(B) current or projected (static or dynamic).

c) Choice of Assumptions

The choice of assumptions will be affected by the following considerations:

i) Bases for assumptions

Assumptions are generally based upon statistical experience with such adjustments as are deemed appropriate for apparent future trends. Strictly empirical assumptions are rarely used for major factors.

Assumptions have usually been chosen with the objective of providing some margins to absorb adverse trends.

Assumptions are considered in total as to their conservatism or liberality. The conservatism of some individual assumptions may be balanced by the liberality of other assumptions.

The choice of assumptions at any particular time will have an important influence on the achievement of equitable treatment as to benefits, between different generations of retired employees, and as to costs, between different generations of stock holders in the case of a private corporate plan or of tax payers in the case of a public employee plan.

ii) Use of valuation results

Although the basic purpose of an actuarial valuation is to achieve results that will reflect the probable future experience as to benefit payments, the use to which the results are to be put may dictate the choice of assumptions which will overstate or understate the future experience. For example, IRS regulations as to the maximum amount of employer contribution that may be treated as a business expense might make it desirable to use assumptions which produce higher expected benefit payments, while other assumptions might be more applicable for the use to which accountants might wish to use the results and a further set of assumptions might be needed in the determination of vested benefits where a plan is terminated or for purposes of plan termination insurance under the new federal pension legislation.

iii) Period of assumptions

Assumptions relate to relatively long periods of future time and once adopted are not changed merely because of one year's experience. Changes are usually made after past experience has indicated the probabilities of different future results than currently anticipated.

iv) Method of funding

A retirement plan may be classified as a funded plan as long as some investment income is available to provide part of the benefit payments. If there is no such income, a plan is classified as a pay-as-you-go plan with contributions made only as benefit payments are due. However, theoretically, the contributor is receiving investment income on accumulated past contributions that have been foregone and such income reduces the financial drain from current contributions. At the other extreme, invested funds could be of such magnitude that investment income alone were sufficient to provide the cost of benefit payments. Although not found in the usual employee retirement plans, such results can occur for an individual through inherited wealth.

The usual classification of a funded retirement plan means that contributions are being made into a specified fund which can be used only to provide benefits for employees and their beneficiaries who are covered under the terms of the plan. Also, it is assumed that the contributions are being determined under some method which either equates the period of payment of contributions to the employment period of active employees or to a fixed period of time, with respect to benefits related to periods of past service during which adequate contributions were not made.

A funded retirement plan is considered to have the following advantages:

- (A) The deferred compensation value of retirement benefits can be more adequately provided from employer contributions.
- (B) The cost of future retirement benefits for current active employees can be more equitably charged to those stock holders and tax payers who are currently provided with the services of such employees, i.e. those pension costs properly chargeable to current operations are then recognized.
- (C) The accumulated funds provide employee security for the payment of accrued benefits.
- (D) Funding requirements act as a brake to unreasonable benefit demands. Also, particularly under contributory plans, they reveal to the parties involved the real cost of plan changes.

The funding method determines the pattern of the contributions to be made into the plan fund. It will determine the period of contribution payment, i.e. active employment years or specified period of calendar years, and the amount of contributions payable over the different periods. It will also determine the index for the contributions, i.e. fixed dollar amount or function of salaries. Relating contributions to payroll has considerable merit since benefits are usually related to earnings and an adequate funding of pension costs is more apt to be achieved if the method of budgeting for such costs reflects increases as they occur.

In general, a funding method will determine a contribution, designated as the "normal contribution", which is intended to be an amount that, accumulated during the active employment years, will provide sufficient funds to meet the expected retirement payments under the provisions of a plan as existing at the date of valuation.

When plan benefits are changed, the normal contribution will change to reflect the new requirements. However, if the change in plan benefits applies to service prior to the date of change, as is the usual practice, there will be a fund deficiency from increases in the normal contributions that were not received in prior years. The deficiency may be made up by further increases in the normal contribution payable during the remaining active period of employment. The normal contribution is then stated to be determined by the attained age method and the original contribution stated to be determined by the entry age method. Experience gains and losses are combined with any fund deficiency.

Where the entry age method is used, a separate contribution, designated as the "accrued liability contribution, is determined to liquidate the fund deficiency in the same fashion as in the liquidation of a debt, which may be over such period of years desired.

v) Experience variations

Year to year experience will vary from the assumptions. Such variations create actuarial gains and losses which will decrease or increase contributions required for the future funding of the cost of accrued benefits or their funding period.

The occurrence of actuarial gains or losses in any fiscal period normally does not result in any important changes in current contribution requirements under most funding methods since such gains and losses are spread over the funding periods.

The experience under some factors may be quite volatile while variations under other factors may be slow to arise and be more influenced by chance fluctuations. The more volatile assumptions, currently, are with respect to salary scales, cost of living adjustments and investment performance.

Considerable variations occur over short periods of time in the market value of investments. However, current market values have only an indirect usage since the cost equation requires the projection of future investment income and a currently active pension plan is normally not concerned with the liquidation of assets. The book value of fixed income investments and an adjusted cost value of equities will be used to project future investment income from current assets.

vi) Effect of changes in assumptions

Changes in the actuarial assumptions will affect the cost equation, the element that is to be adjusted being dependent upon the purpose of the changes.

## 2. Present Assumptions

### a) Amount of Benefits

i) Benefit formula

current law

ii) Salary scales

sample ratios of final salary to current salary:

<u>Age</u>	<u>Male</u>	<u>Female</u>
20	3.73	3.02
30	2.32	2.14
40	1.59	1.55
50	1.20	1.20
60	1.01	1.01

iii) Cost of living adjustments

2% per year after retirement

### b) Probability of Receipt of Benefits

i) Mortality rates

a - 49 Mortality table with rates set ahead

2 years for males, set back 5 years for

females before retirement and set ahead

2 years after retirement.

ii) Disability rates

sample annual probabilities of disablement:

<u>Age</u>	<u>Probability</u>
20	.001
30	.002
40	.004
50	.010
60	.029



iii) Withdrawal rates

sample annual probabilities of withdrawal:

Age	Males			
	Years of Service			
	0 - 1	2 - 3	4 - 5	5 & over
20	.61	.29	.15	.08
30	.39	.19	.13	.07
40	.35	.17	.11	.05
50	.31	.15	.09	.03
60	.00	.00	.00	.00

Age	Females			
	Years of Service			
	0 - 1	2 - 3	4 - 5	5 & over
20	.38	.28	.22	.08
30	.26	.18	.14	.07
40	.20	.10	.08	.05
50	.19	.09	.07	.03
60	.18	.08	.06	.00

iv) Retirement age

65 or earliest normal retirement date for special groups

c) Investment Income

i) Rates of future income

(A) new invesments

6½% for fixed income and equities.

(B) current assets

7.49% for fixed income and 6½% for equities.

Based on the July 1, 1974 valuation, current assets constituted 20% of the value of total assets for all employees and new investments 80%. Fixed income investments were 50% of current assets. Therefore, the average yield assumption was 6.60%. Also, It is assumed that the experience rate will be sufficiently in excess of 6.60% to offset the effect of salary scales and allowance adjustments greater than provided in the assumptions.

ii) Value of investments

(A) fixed income

book value

(B) equities

cost adjusted by spreading market gains and losses over 5 years.

d) Contributions

i) Employees

6½% of compensation except 7½% for certain special state employee groups, as shown in subsection 3 of section B hereof.

ii) State

normal cost plus accrued benefit contribution, as described in subsection 3 of section B hereof and shown in subsection 2 of section A hereof.

e) Funding Method

the funding method is the entry age cost method with the accrued benefit contribution requirements set forth in section B hereof.

3. Changes In Assumptions

The actuarial assumptions adopted by the board of trustees remained essentially the same during the period from the date of the system until 1968. Since that time the following changes have been adopted by the board.

a) Probabilities of Receipt of Benefits

New rates of mortality, disability, termination of employment before retirement and retirement were adopted in 1968 and have continued in use without change.

b) Investment Portfolio

The major emphasis as to the type of investment has shifted from fixed income

investments to equity investments. Equity advocates claim that a higher rate of return can be secured from equities. They also claim that the market value of equities will respond to changes in the cost of living and produce appreciation which will help meet the costs of salary increases and benefit adjustments after retirement caused by inflation.

The type of investment management was changed to professional money managers. This also has been accompanied by a change in bond management techniques to utilize frequent bond trading.

c) Investment Rate

The investment rate assumption was 3% for all years prior to 1968. It was increased to 4% in 1968, upon the recommendation of the actuary of the system, and member contributions for retirement allowance adjustments and survivor benefits were eliminated. The rate of return on the investments of the system was 4.59% in 1968 and thus in excess of the new actuarial assumption.

The investment rate assumption has been increased since 1968, based upon the projections of the money managers, to a base assumption of  $6\frac{1}{2}\%$ , with additional earnings assumed in excess thereof as stated in the following subsection on salary scales and cost of living adjustments. The income rate of return has decreased since 1968 with the increasing percentage of equity investments and has been less than the investment rate assumption. Also, the necessary market appreciation of equities to supplement the income rate has not occurred.

Increases in the investment rate assumption have been used, together with increases in employee contributions, to allow benefit increases without increasing state contributions.

d) Value of Investments

The basis for the valuation of equities was changed in 1972 from cost to market value adjusted by spreading market gains and losses over 5 years. The basis for the valuation of fixed income assets remained at book value. The purpose of the change was to incorporate the effects of the market appreciation and depreciation of equities into the funding of the system on a basis that would smooth out fluctuations.

e) Salary Scales and Cost of Living Adjustments

It has been assumed, since 1972, that the cost effects of salary scales and cost of living adjustments in excess of the specific provisions therefor would be met by investment yields in excess of their specific provisions. This would require total portfolio yields up to 10% with yearly general salary increases and cost of living adjustments of  $5\frac{1}{2}\%$ .

The funding method established in the laws has remained the same since the date of the system except for the following additional requirements resulting from the enactment of benefit increases in 1970 and later:

- a) The cost of the benefit increases shall not increase the state cost under the system but shall be borne by the members of the system. Therefore, aside from changes in actuarial assumptions, state contributions for normal cost and accrued benefit funding will continue on the basis in effect in 1968.

- b) The cost of the benefit increases enacted in 1970 and later was determined to be provided by investment earnings at a rate in excess of 4% and by increased member contributions. Present member contributions are therefore part for normal cost and part for accrued benefit funding, as in the case of state contributions.

Under the method of funding currently in use, variations in the experience under the system compared with actuarial assumptions have affected the amount of unfunded accrued benefits and hence the payment period for accrued benefit contributions, but not the rates of such contributions.

#### 4. Experience in 1972 - 4 Biennium

The experience under the actuarial assumptions during the 1972 - 4 biennium was analyzed to the extent possible from the available statistical and financial data. The results are summarized following in this subsection as to the areas of analysis.

##### a) Amounts of Retirement Benefits

##### i) Progression of future salaries (salary scales)

Salary scales continued to flatten by age and the principal salary change in the biennium was the general salary increase of  $5\frac{1}{2}\%$  per year. That increase was about 2% greater in amount than provided in the assumptions, which required an investment yield of  $8\frac{1}{2}\%$  to offset the excess. Since the yield was insufficient, an actuarial loss resulted.

##### ii) Benefit adjustments due to cost of living changes

The cost of living change during the biennium was  $5\frac{1}{2}\%$  per year, based on the general salary increase. The increase was  $3\frac{1}{2}\%$  greater in amount than provided in the assumptions, which require an investment yield of 10% to offset the excess.

Since the yield was insufficient, an actuarial loss resulted.

b) Probability of Receipt of Benefits

i) Rates of survival, disability and termination of employment before retirement

Analysis of the statistical data that was available was inconclusive as to the reliability of an evaluation of the individual variations of experience from the assumptions. The experience study, previously mentioned to be made for the 5 year period 1970 - 4, will provide the required analyses.

The financial effect of the variations of experience from the assumptions could not be determined separately but was combined with other factors in the final analysis.

ii) Rates of retirement

The average normal retirement age for state employees and teachers during the biennium was within a fractional year of age 65, although slightly less than in 1972. Any trend toward a reduction in the normal retirement age will require a change in the age assumption. Also, an increased number of early retirements may require an additional cost provision because early retirement benefits are of greater value than actuarial equivalence.

c) Investment Income

i) Rates of income

The investment earnings rate on all investments during the biennium, determined on the valuation assumption basis, was 4.53% for 1972 - 3 and 3.23% for 1973 - 4, which was 1.81% less than the valuation assumption rate for 1972 - 3 and 3.37% for 1973 - 4. Actuarial losses thus resulted which increased the

unfunded value of accrued benefits.

The investment earnings rate during the biennium on fixed income investments was 6.18% for 1972 - 3 and 7.49% for 1973 - 4, which was greater than the valuation assumption rate for the biennium.

ii) Value of current investments

Book losses in the value of current investments during the biennium, determined on the valuation assumption basis, amounted to approximately \$12,500,000, which added to the amount of the unfunded value of accrued benefits.

d) Effect on Contribution Requirements

The financial effect of the experience variations during the biennium 1972 - 4 on the contribution requirements was an extension of the period for funding accrued benefits by somewhat more than 1 year. The period determined from the 1974 valuation was under 22 years for all employees excluding old system teachers and 29 years for all employees including old system teachers. Under the valuation assumptions, the period would have been reduced by 2 years by the end of the biennium.

The funding periods anticipated for the accrued benefit contribution under current actuarial assumptions are still well within reasonable standards for an adequately funded retirement plan, even after absorbing experience losses during the biennium.

SECTION E  
OUTLINE OF BENEFIT PROVISIONS

An outline of the conditions under which benefits become payable in accordance with the provisions of the Retirement System is presented in this section of the report. Benefits become available when an employee's status is changed for the following reasons:

1. Retirement from employment under
  - a) Normal, mandatory or early conditions,
  - b) Ordinary disability conditions, or
  - c) Occupational disability conditions.
2. Death while
  - a) In active employment, or
  - b) After retirement; and
3. Termination of employment before retirement when
  - a) Retirement benefits are vested, or
  - b) No benefits except refund of employee contributions are payable.



# I - BASES FOR BENEFITS

## Employee Classification

### Compensation

### Years of Service Credits

1. State employees and teachers	average during 3 highest years, not necessarily consecutive	The following service credits are provided for state employees and teachers and may be chosen by any political subdivision :
2. Political subdivision employees -regular benefits	same as 1 or may be 5 year average	
3. Special early retirement benefits :		
a) State police	annual salary at retirement	1. Service prior to commencement of system.
b) Law enforcement - Inland Fisheries and Game or Sea and Shore fisheries	same as a)	2. Service while member contributes.
c) Forest rangers	same as a)	3. Out of state service - with any other state or political subdivision; members pay regular contributions or entire cost.
d) Law enforcement - Maine State Prison	same as 1	
e) Airplane pilots	same as 1	4. Military service - members pay regular contributions or none.
f) Liquor inspectors	same as a)	5. Federal employment service - members pay regular contributions.
g) Political subdivisions	may be same as a) or annual rate at retirement	6. Private and parochial school credit - members pay entire cost.

## II -

## RETIREMENT CONDITIONS

Employee Classification					
	Normal Retirement	Mandatory Retirement	Early Retirement	Disability Retirement Regular	Disability Retirement Occupational

1. State employees and teachers	age 60	age 70, unless extended	25 yrs service before age 60	10 yrs service before age 60	anytime while in service
2. Special classifications					
a) State police	20 yrs	age 55, exceptions	same as normal	same as 1	same as 1
b) Law enforcement - Inland Fisheries and Game or Sea and Shore Fisheries	20 yrs	age 55 or later 20 yrs, exceptions	"	"	"
c) Forest rangers	25 yrs and age 50	age 60 or later 25 yrs up to age 63	"	"	"
d) Law enforcement - Maine State Prison	20 yrs and age 50	age 60, unless extended	"	"	"
e) Airplane pilots	25 yrs and age 55	age 60, unless extended	"	"	"
f) Liquor inspectors	25 yrs and age 55	age 65, exceptions to age 70	"	"	"
g) Political subdivisions - all or only policemen or firemen	20 to 25 yrs or may, for policemen or firemen, be 25 yrs and age 55	same as 1	"	"	"

III -

# BENEFIT FORMULAS

Employee  
Classification

Normal Retirement	Mandatory Retirement	Early Retirement	Disability Retirement Regular	Occupational
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a) State employees and teachers	2% of pay per yr service; retirement e.g. - 10 yrs - 20% 20 40 25 50 35 70 50 100 - \$100 minimum, 10 yrs service	normal retirement formula	normal retirement formula, reduced by age, e.g. - 25 yrs service, e.g. age 25 50% reduced to age % 55 44 50 39 45 35	90% normal retirement formula, with adjustments; e.g. age 25 at employment, age % 35 25 40 27 55 60	66-2/3% of average final pay, reduced by workmen's compensation benefits
- teachers only	1-2/3% for yrs before 1942				
b) Political subdivision employees - regular benefits	same as a) or 1-2/3% per yr or 1-3/7% per yr	same as a)	same as a) or 30 yrs service	same as a)	same as a)
c) Special classifications					
i) State group	50% of pay	normal retirement formula	same as normal	same as a)	same as a)
ii) Political subdivisions	50% of pay may be 66-2/3% for policemen or firemen	normal retirement formula	same as normal	same as a)	same as a)

IV -

OPTIONAL METHODS OF  
RETIREMENT PAYMENT

An employee may elect to receive his retirement allowance, normally payable only during his lifetime, under one of the following methods of payment:

- |                            |  |
|----------------------------|--|
| 1. Cash refund option      | a reduced allowance with refund at death if payments have not totalled employee contributions. |
| 2. 100% survivor option    | a reduced allowance which is continued to another person after the employee's death.           |
| 3. 50% survivor option     | a reduced allowance 50% of which is continued to another person after the employee's death.    |
| 4. Equivalent value option | benefits paid under some arrangement of equal value, as agreed to by the Board of Trustees.    |

V -

COST OF LIVING ADJUSTMENTS

Upon each general adjustment in state employees' salaries the then amount of allowance being paid to a retired member or a beneficiary is increased or decreased by the percentage of salary adjustment.

These adjustments apply to all state and teacher employees and to participating district employees if elected by a district.

## VI - DEATH BENEFITS

### Conditions for Death Benefits

Employee Contribution Refund	Group Life Insurance	Survivor Benefits
------------------------------------	----------------------	-------------------

### 1. Death In Active Employment

#### a) Before eligibility for retirement

i) <u>Ordinary death</u>	yes	1 or 2 yrs salary	\$100 to \$300 per month, lieu of contribution refund
ii) <u>Service connected death</u> - all employees	yes	same as ordinary	same as ordinary plus contribution refund
- state police, fisheries and game,	no	same as ordinary	66-2/3% to 100% salary, lieu of other benefits
- policemen and firemen	yes	same as ordinary	50% of salary plus contribution refund, lieu of other benefits

b) After eligibility for retirement same as before eligibility for retirement except survivors benefits based on option 3 or 4 of retirement payment methods

### 2. Death After Retirement

#### a) Regular retirement

- all employees	if elected under option	1 yrs salary reducing to 25% at age 70; 10 yrs service required, exceptions	if elected under option
- state police, fisheries and game, political subdivision election	no	same as above	50% of allowance to widow without option 3 reduction; political subdivision includes children

#### b) Ordinary disability

- all employees	yes	same as regular retirement	if elected under option
- special groups	no	same as regular retirement	same as regular retirement

#### c) Occupational disability

- all employees	no	same as regular retirement except benefits reduced after age 60 and no yrs of service required	if elected under option
- special groups	no	same as regular retirement	same as regular retirement

## VII - TERMINATION OF EMPLOYMENT BEFORE RETIREMENT

Prior to 10 Years Service	After 10 Years of Service
------------------------------	------------------------------

Members contributions with interest credits are refunded except no interest is credited for any period beyond 5 years after termination of employment.

Retirement benefits will commence at age 60 based upon credited service and compensation during employment, unless member withdraws contributions prior to the commencement of benefits.

## VIII - EMPLOYEE CONTRIBUTIONS

Employee contribution rates are currently as follows:

<u>Classification</u>	<u>Employee Contribution Rate</u>
Law enforcement officers, including state police, forest rangers, wardens and prison guards	7.5%
Other state groups and teachers	6.5
Political subdivisions	6.5, 5 or 8

PAINE  
WEBBER  
JACKSON  
& CURTIS  
INCORPORATED

Established 1879    Members New York Stock Exchange, Inc. and other Principal Exchanges

140 Broadway, New York, N.Y. 10005    (212) 437-2121

December 16, 1974

Board of Trustees  
Maine State Retirement System  
Capitol Building  
Augusta, Maine 04330

Lady and Gentlemen:

In our role as evaluators and monitors of your professional investment managers the following comparison and assessment is furnished.

	6/30/72 <u>6/30/73</u>	6/30/73 <u>6/30/74</u>	Combined two year <u>Ending 6/30/74</u>
Maine State Retirement System	-1.1%	-11.8%	-12.8%
Standard & Poor's 500	0.1%	-14.5%	-14.4%
Standard & Poor's 425	-0.1%	-13.8%	-13.9%
Dow Jones Industrials	-0.7%	- 6.3%	- 6.9%
NYSE Composite Index	-4.9%	-15.2%	-19.3%
Salomon Bond Index	4.7%	- 7.3%	- 2.9%
Moody's Bond Index	7.5%	- 4.9%	2.2%
Mutual Funds *			
Wiesenberger Growth/Current Income	-8.9%	-12.7%	-20.4%
Wiesenberger Balanced	-5.3%	- 9.8%	-14.6%
Wiesenberger Capital Gains	-30.8%	-15.9%	-41.8%

\* over 190 Mutual Funds in the United States representing \$3.4 billion in managed assets.

Overall we would suggest the Board should be both dissatisfied as well as satisfied with these two year results. Dissatisfied because it is minus 12.8% over two years and satisfied because with the exception of two bond indices and the Dow 30, the MSRS outperformed all the generally used barometers in the investment business.

Surely if the fund had been 100% in bonds over the period, performance would have been better. On the other hand a more aggressive equity posture could have yielded serious negative results. On balance therefore reasonable results under the circumstances. Those circumstances include a Mideast War, an oil embargo, world wide inflation, price controls, and presidential resignation, among others. By any measure - not exactly a normal period.

Sincerely,



William J. Crerend  
Vice President

MAINE STATE RETIREMENT SYSTEM  
PERFORMANCE MEASUREMENT  
AS OF JUNE 30, 1974

	Time Weighted Rates of Return				
	Quarter	First Year	Second Year	To Date	To Date
	3/31/74- 6/30/74	6/30/72- 6/30/73	6/30/73- 6/30/74	Not Annualized 6/30/72- 6/30/74	Unit Values 6/30/72= 1.0000
Alliance Capital Mgmt.					
Equity	-2.2	0.3	-11.9	-11.7	0.8834
Fixed Income	-3.2	4.5	- 5.7	- 1.5	0.9854
Total	-2.5	1.7	-9.8	- 8.2	0.9175
Putnam Advisory					
Equity	-6.5	-8.1	-13.9	-20.8	0.7919
Fixed Income	-1.7	5.2	- 1.0	4.2	1.0415
Total	-4.9	-3.9	-10.0	-13.5	0.8651
S&P/InterCapital					
Equity	-6.6	-3.5	-19.4	-22.2	0.7783
Fixed Income	-6.6	4.2	- 8.0	- 4.1	0.9588
Total	-6.6	-1.0	-15.6	-16.4	0.8357
Total Maine State Retirement System	-4.6	-1.1	-11.8	-12.8	0.8724
<u>Indexes</u>					
S&P 500	-7.6	0.1	-14.5	-14.4	0.8557
S&P 425	-6.4	-0.1	-13.8	-13.9	0.8612
Dow Jones Industrials	-4.2	-0.7	-6.3	- 6.9	0.9305
New York Stock Exch. Comp.	-9.7	-4.9	-15.2	-19.3	0.8071
Salomon Bros. Bonds	-5.2	4.7	- 7.3	- 2.9	0.9708
Moodys Composite Bonds	-4.2	7.5	- 4.9	2.2	1.0225
Wiesenberger Growth & Cur Inc.	-9.4	-8.9	-12.7	-20.4	0.7957
Wiesenberger Balanced	-7.8	-5.3	- 9.8	-14.6	0.8539
Wiesenberger Max. Cap Gains	-12.5	-30.8	-15.9	-41.8	0.5823



MAINE STATE RETIREMENT SYSTEM  
Comperative Balance Sheet  
at June 30

		<u>ASSETS</u>		<u>Increase or (Decrease)</u>
		<u>1974</u>	<u>1973</u>	
Investments:				
Bonds	Note I	\$ 71,572,486.94	\$ 71,699,042.70	\$ (126,555.76)
Stocks - Common	Note II	94,879,611.68	93,512,006.85	1,367,604.83
Mortgages	Note III	13,104,386.29	14,586,939.67	(1,482,553.38)
Fiduciary - Time Deposits		<u>9,290,000.00</u>	<u>6,070,000.00</u>	<u>3,220,000.00</u>
Total Investments		<u>188,846,484.91</u>	<u>185,867,989.22</u>	<u>2,978,495.69</u>
Other Assets:				
Cash (Demand Deposit)		986,785.06	512,702.27	474,082.79
Cash (Custodian)		772,333.45	(68,110.18)	840,443.63
Emergency Refund Account		5,000.00	5,000.00	
Accounts Receivable (Net)		<u>80,030.53</u>	<u>191,442.36</u>	<u>(111,411.83)</u>
Total Other Assets		<u>1,844,149.04</u>	<u>641,034.45</u>	<u>1,203,114.59</u>
Total Assets		<u>\$190,690,633.95</u>	<u>\$186,509,023.67</u>	<u>\$ 4,181,610.28</u>

<u>TRUST RESERVES AND LIABILITIES</u>				
Trust Reserves:				
Members Contribution Fund-Current		\$115,109,699.45	\$103,927,606.68	\$ 11,182,092.77
Members Contribution Fund-Prior		1,047,853.92	1,267,250.92	(219,397.00)
Retirement Allowance Fund		84,321,665.88	84,044,222.12	277,443.76
Survivor Benefit Fund		4,526,448.45	4,329,942.61	196,505.84
Retirement Allowance Adj. Fund		(1,037,805.13)	(958,378.61)	(79,426.52)
Reserve Against Future Losses (Net Loss)		<u>(13,580,474.41)</u>	<u>(6,181,242.10)</u>	<u>(7,399,232.31)</u>
Total Trust Reserves		<u>190,387,388.16</u>	<u>186,429,401.62</u>	<u>3,957,986.54</u>
Other Liabilities:				
Accounts Payable		231,103.91	49,029.24	182,074.67
Reserve for Expenditures		72,135.38	30,628.57	41,506.81
Blue Cross & Blue Shield		<u>6.50</u>	<u>(35.76)</u>	<u>42.26</u>
Total Other Liabilities		<u>303,245.79</u>	<u>79,622.05</u>	<u>223,623.74</u>
Total Trust Reserves and Liabilities		<u>\$190,690,633.95</u>	<u>\$186,509,023.67</u>	<u>\$ 4,181,610.28</u>

Note I Cost less ratable amortization  
Note II Cost  
Note III Cost less principal received and 1/15 discount

Book Value of Investments per Fiduciary Trust Company of New York		\$190,057,676.41
DEDUCT:		
Amortization of Bond Premiums		11,191.50
Trade-date Items not Settled		<u>1,200,000.00</u>
Book Value of Investments per Maine State Retirement System		<u>\$188,846,484.91</u>

Market Value of Securities, June 30, 1974

	<u>PUTNAM</u>	<u>STANDARD &amp; POOR'S</u>	<u>ALLIANCE</u>	<u>FIDUCIARY TRUST CO.</u>	<u>TOTAL</u>
Bonds	\$21,565,734.80	\$25,446,760.00	\$17,456,200.00	\$ -	\$ 64,468,694.80
Stocks	27,683,675.00	24,225,467.00	31,855,349.00	-	83,764,491.00
Mortgages	-	-	-	*13,104,386.29	13,104,386.29
Time-Deposits	<u>2,000,000.00</u>	<u>-</u>	<u>3,640,000.00</u>	<u>3,650,000.00</u>	<u>9,290,000.00</u>
Total	<u>\$51,249,409.80</u>	<u>\$49,672,227.00</u>	<u>\$52,951,549.00</u>	<u>\$16,754,386.29</u>	<u>\$170,627,572.09</u>

\*Book Value - Market Value not Available/Custodial Service Only

MAINE STATE RETIREMENT SYSTEM

Investments - Bonds - By Issuer

June 30, 1974

Alliance Capital Management Corp.

<u>Par Value</u>	<u>Security</u>	<u>Market Value</u>	<u>Book Value</u>
	<u>U.S. GOVERNMENT</u>		
1,000M	Federal National Mortgage Assn.	\$ 915,000.00	\$ 957,500.00
500	United States Treasury Bonds	515,000.00	517,735.50
<u>1,500</u>	<u>TOTAL U. S. GOVERNMENT</u>	<u>1,430,000.00</u>	<u>\$ 1,475,235.50</u>
	<u>STATE &amp; MUNICIPAL</u>		
500	Tennessee Valley Authority	440,000.00	492,500.00
<u>500</u>	<u>TOTAL STATE &amp; MUNICIPAL</u>	<u>440,000.00</u>	<u>492,500.00</u>
	<u>CORPORATE &amp; OTHER</u>		
2,150	American Telephone & Telegraph Co.	1,637,500.00	1,782,320.50
500	Atlantic Richfield Co.	435,000.00	452,780.00
500	Beneficial Corp.	390,000.00	498,250.00
250	Burroughs Corp.	172,500.00	189,516.50
300	Chesapeake & Potomac Telephone Co.	171,000.00	305,384.40
25	Chicago Rock Island & Pacific RR Co.	21,000.00	25,000.00
500	Chrysler Corp.	425,000.00	500,000.00
650	Consolidated Edison Co. of N. Y.	240,500.00	576,351.81
200	Consumers Power Co.	140,000.00	165,980.00
500	Dow Chemical Co.	430,000.00	458,055.00
942	Ford Motor Credit Corp.	942,000.00	942,000.00
1,150	General Motors Acceptance Corp.	938,000.00	1,025,347.50
400	Gulf Oil Corp.	324,000.00	334,600.00
1,000	Household Finance Corp.	650,000.00	711,250.00
500	Illinois Bell Telephone Co.	365,000.00	420,000.00
300	Montreal Canada	216,000.00	253,410.00
500	New Jersey Bell Telephone Co.	350,000.00	401,980.00
500	New York Telephone Co.	310,000.00	347,975.00
500	Northern States Power Co. of Minn.	345,000.00	427,750.00
500	Ontario Prov. Canada	475,000.00	500,000.00
400	Owens Ill., Inc.	320,000.00	407,448.22
500	Pacific Gas & Electric Co.	390,000.00	463,725.00
500	Pacific Telephone & Telegraph Co.	330,000.00	416,510.00
250	Philip Morris Inc.	247,500.00	250,000.00
1,100	Public Service Co. of Colorado	867,000.00	987,635.00
100	Ryder System, Inc.	99,000.00	99,250.00
640	Seaboard Air Line RR Co.	403,200.00	468,593.25
500	Shell Oil Co.	425,000.00	433,750.00
900	South Central Bell Telephone Co.	729,000.00	769,842.00
500	Southern California Edison Co.	370,000.00	432,815.00
750	Southwestern Bell Telephone Co.	600,000.00	679,725.00
500	Southwestern Electric Power Co.	415,000.00	511,062.44
250	Sun Oil Co.	240,000.00	255,115.76
500	Texaco, Inc.	355,000.00	420,025.00
200	Texas Power & Light Co.	174,000.00	198,000.00
250	Union Carbide Corp.	170,000.00	190,295.00
600	Union Oil Co. of California	474,000.00	528,035.00
<u>20,307</u>	<u>TOTAL CORPORATE &amp; OTHER</u>	<u>15,586,200.00</u>	<u>17,829,777.38</u>
<u>22,307</u>	<u>TOTAL BONDS</u>	<u>17,456,200.00</u>	<u>19,797,512.88</u>

The Putnam Advisory Company, Inc.

	<u>U. S. GOVERNMENT</u>		
1,346	Government National Mortgage Assn.	1,156,664.80	1,210,277.28
<u>1,346</u>	<u>TOTAL U. S. GOVERNMENT</u>	<u>1,156,664.80</u>	<u>1,210,277.28</u>
	<u>STATE &amp; MUNICIPAL</u>		
100	Biddeford & Saco Water Co.	87,000.00	100,000.00
48	Jacksonville Terminal Co.	35,040.00	48,087.75
500	Washington D. C. Met. Area Trans.	455,000.00	489,375.00
<u>648</u>	<u>TOTAL STATE &amp; MUNICIPAL</u>	<u>577,040.00</u>	<u>637,462.75</u>

The Putnam Advisory Company, Inc. - continued

<u>Par Value</u>	<u>Security</u>	<u>Market Value</u>	<u>Book Value</u>
	<u>CORPORATE &amp; OTHER</u>		
1,000	Anheuser Busch, Inc.	\$ 950,000.00	\$ 961,250.00
1,000	Central Illinois Light Co.	870,000.00	1,016,293.12
200	Consolidated Edison Co. of N. Y.	76,000.00	198,750.00
500	Corning Glass Works	455,000.00	504,080.00
3,425	Ford Motor Credit Corp.	3,325,000.00	3,352,596.44
1,824	General Electric Credit Corp.	1,804,000.00	1,824,501.41
1,517	General Motors Acceptance Corp.	1,517,000.00	1,506,648.17
500	Household Finance Corp.	435,000.00	497,300.00
750	Kraftco Corp.	735,000.00	747,187.50
600	Mayer Oscar & Co., Inc. of Delaware	546,000.00	578,748.00
750	Montana Power Co.	712,500.00	751,938.00
750	New York Telephone Co.	660,000.00	769,411.84
500	Ontario Prov. Canada	475,000.00	500,000.00
1,000	J. C. Penney Inc.	980,000.00	1,000,000.00
1,874	Sears Roebuck Acceptance Corp.	1,874,000.00	1,858,293.78
1,000	Shell Oil Co.	970,000.00	1,090,286.04
1,100	South Central Bell Telephone Co.	1,043,000.00	1,071,329.00
1,000	United States Gypsum Co.	900,000.00	951,250.00
500	Western Electric, Inc.	455,000.00	490,000.00
505	Weyerhaeuser Co.	489,850.00	549,971.94
84	Woodland Water & Electric Co.	64,680.00	84,000.00
<u>20,379</u>	<u>TOTAL CORPORATE &amp; OTHER</u>	<u>19,337,030.00</u>	<u>20,303,835.24</u>
	<u>CONVERTIBLE</u>		
<u>500</u>	<u>Pfizer, Inc.</u>	<u>495,000.00</u>	<u>496,250.00</u>
<u>500</u>	<u>TOTAL CONVERTIBLE</u>	<u>495,000.00</u>	<u>496,250.00</u>
<u>22,873</u>	<u>TOTAL BONDS</u>	<u>21,565,734.80</u>	<u>22,647,825.27</u>

Standard & Poor's Counseling Corp.

	<u>Security</u>		
	<u>CORPORATE &amp; OTHER</u>		
500	Alabama Power Co.	475,000.00	502,346.60
4,805	American Telephone & Telegraph Co.	2,969,000.00	3,340,456.20
1,300	Associated Dry Goods Credit Corp.	1,300,000.00	1,278,640.28
300	Baltimore Gas & Electric Co.	177,000.00	302,325.45
1,150	Carolina Power & Light Co.	1,036,500.00	1,148,125.00
16	Chesapeake & Ohio Ry. Co.	8,800.00	17,130.76
2,000	Chrysler Financial Corp.	1,710,000.00	1,995,937.50
1,500	Consolidated Edison Co. of N. Y.	760,000.00	1,361,500.00
1,000	Consumers Power Co.	1,000,000.00	991,440.97
2,900	Florida Power & Light Co.	2,138,000.00	2,594,030.00
750	General Mills, Inc.	675,000.00	745,950.00
1,375	General Motors Acceptance Corp.	1,083,750.00	1,193,750.00
1,000	General Telephone Co. of Florida	790,000.00	990,825.75
1,279	Georgia Power Co.	890,430.00	1,151,756.20
175	Idaho Power Co.	175,000.00	174,059.98
1,050	International Harvester Co.	999,000.00	1,042,500.00
400	Iowa-Illinois Gas & Electric Co.	276,000.00	359,450.00
475	Jersey Central Power & Light Co.	256,500.00	476,453.86
500	McCulloch Ppty. Credit Corp.	400,000.00	500,000.00
400	Orange & Rockland Utilities Inc.	216,000.00	406,261.78
400	Pacific Gas & Electric Co.	316,000.00	397,000.00
500	Pacific Northwest Bell Telephone Co.	280,000.00	411,750.00
1,000	J. C. Penney, Inc.	980,000.00	1,000,000.00
230	Philip Morris, Inc.	230,000.00	227,725.56
500	Public Service Electric & Gas Co.	445,000.00	500,000.00
150	Ralston Purina Co.	150,000.00	148,821.87
1,800	Rexnord, Inc.	1,800,000.00	1,783,937.50
400	Southern Countries Gas Co. of California	256,000.00	374,963.60
500	Southwestern Bell Telephone Co.	345,000.00	397,640.00
200	Tenneco, Inc.	200,000.00	197,555.56
387	Texas Oil & Gas Corp.	363,780.00	381,957.50
500	Virginia Electric & Power Co.	290,000.00	292,685.00
500	Western Electric, Inc.	455,000.00	459,375.00

Standard & Poor's Counseling Corp. - continued

<u>Par</u> <u>Value</u>	<u>Security</u>	<u>Market</u> <u>Value</u>	<u>Book</u> <u>Value</u>
	<u>CORPORATE &amp; OTHER - continued</u>		
500	F. W. Woolworth, Co.	\$ 500,000.00	\$ 495,921.87
1,500	Xerox Corp.	1,500,000.00	1,484,875.00
<u>31,942</u>	TOTAL CORPORATE & OTHER	<u>25,446,760.00</u>	<u>29,127,148.79</u>
 31,942	 TOTAL BONDS	 <u>25,446,760.00</u>	 <u>29,127,148.79</u>
 <u>77,122</u>	 TOTAL BONDS - ALL ACCOUNTS	 <u>\$64,468,694.80</u>	 <u>\$71,572,486.94</u>

Detail of above holdings by issuer on file in the office of the Maine State Retirement System and is available on request.

MAINE STATE RETIREMENT SYSTEM

Investments - Stocks

June 30, 1974

Alliance Capital Management Corp.

<u>Shares</u>	<u>Security</u>	<u>Market Value</u>	<u>Book Value</u>
	<u>Common Stocks</u>		
	<u>CREDIT RELATED</u>		
20,000	Communications Satellite Corp.	\$ 600,000.00	\$ 784,493.60
	TOTAL CREDIT RELATED	600,000.00	784,493.60
	<u>ENERGY</u>		
15,000	Exxon Corp.	1,050,000.00	1,361,869.00
20,000	Kerr McGee Corp.	1,300,000.00	1,173,667.80
16,000	Phillips Petroleum Co.	784,000.00	583,520.75
	TOTAL ENERGY	3,134,000.00	3,119,057.55
	<u>CONSUMER</u>		
11,000	Coca Cola Co.	1,188,000.00	1,320,049.61
30,000	General Mills, Inc.	1,500,000.00	1,053,954.62
16,000	Eastman Kodak Co.	1,664,000.00	2,059,783.30
32,000	Philip Morris, Inc.	1,728,000.00	1,989,209.58
30,000	CBS, Inc.	1,050,000.00	1,664,321.05
52,500	Kresge S S Co.	1,785,000.00	1,859,375.00
20,000	McDonalds Corp.	960,000.00	1,199,274.29
	TOTAL CONSUMER	9,875,000.00	11,145,967.45
	<u>DRUGS &amp; MEDICAL</u>		
45,000	American Home Products Corp.	1,800,000.00	1,445,028.07
15,000	Merck & Co, Inc.	1,170,000.00	834,584.44
22,000	Schering Plough Corp.	1,430,000.00	1,644,546.74
	TOTAL DRUGS & MEDICAL	4,400,000.00	3,924,159.25
	<u>SCIENCE &amp; TECHNOLOGY</u>		
16,000	Burroughs Corp.	1,600,000.00	1,776,201.00
12,000	International Business Machines Corp.	2,556,000.00	2,945,381.40
10,667	Xerox Corp.	1,226,705.00	993,563.06
23,000	Minnesota Mining & Manufacturing Co.	1,679,000.00	1,102,215.16
	TOTAL SCIENCE & TECHNOLOGY	7,061,705.00	6,817,360.62
	<u>INTERMEDIATE &amp; CAPITAL GOODS</u>		
40,000	Dow Chemical Co.	2,600,000.00	1,007,044.29
30,000	Hercules Inc.	1,200,000.00	988,615.10
40,000	Nalco Chemical Co.	1,120,000.00	1,186,884.56
14,666	Emerson Electric Co.	498,644.00	623,065.71
22,000	General Electric Co.	1,078,000.00	1,004,780.02
20,000	Browning Ferris Industries, Inc.	180,000.00	485,627.00
12,000	Research Cottrell, Inc.	108,000.00	684,846.38
	TOTAL INTERMEDIATE & CAPITAL GOODS	6,784,644.00	5,980,863.06
	TOTAL COMMON STOCKS	31,855,349.00	31,771,901.53

The Putnam Advisory Company, Inc.

<u>Shares</u>	<u>Security</u>	<u>Market Value</u>	<u>Book Value</u>
	<u>Common Stocks</u>		
	<u>CREDIT RELATED</u>		
4,300	General Reins Corp.	657,900.00	928,815.00
24,000	Jefferson Pilot Corp.	624,000.00	913,170.03
	TOTAL CREDIT RELATED	1,281,900.00	1,841,985.03
	<u>ENERGY</u>		
18,000	Mobil Oil Corp.	720,000.00	1,126,994.43
8,500	Atlantic Richfield Co.	748,000.00	835,885.66
13,500	Kerr McGee Corp.	877,500.00	1,007,197.65
12,500	Standard Oil Co. of Indiana	1,037,500.00	1,088,276.00
6,500	Halliburton Co.	923,000.00	1,074,193.50
10,000	Schlumberger Limited	980,000.00	829,951.81
17,000	Texas Eastern Transmission Corp.	391,000.00	953,465.55
	TOTAL ENERGY	5,677,000.00	6,915,964.60

The Putnam Advisory Company, Inc. - continued

<u>Shares</u>	<u>Security</u>	<u>Market Value</u>	<u>Book Value</u>
	<u>CONSUMER</u>		
13,500	Polaroid Corp.	\$ 459,000.00	\$ 1,237,014.24
31,000	Philip Morris, Inc.	1,674,000.00	1,705,575.46
22,000	R. J. Reynolds Industries, Inc.	924,000.00	1,419,963.81
26,000	Kresge SS Co.	884,000.00	1,253,333.25
25,000	McDonalds Corp.	1,200,000.00	1,485,827.33
10,000	J. C. Penney, Inc.	720,000.00	829,156.10
	TOTAL CONSUMER	5,861,000.00	7,930,870.19
	<u>DRUGS &amp; MEDICAL</u>		
20,000	Bristol Myers Co.	1,020,000.00	1,281,626.68
11,000	Merck & Co., Inc.	858,000.00	928,382.04
28,000	Baxter Labs, Inc.	1,036,000.00	1,482,037.57
8,500	Johnson & Johnson	960,500.00	941,794.05
18,000	Medtronic, Inc.	432,000.00	831,969.35
	TOTAL DRUGS & MEDICAL	4,306,500.00	5,465,809.69
	<u>SCIENCE &amp; TECHNOLOGY</u>		
18,800	Burroughs Corp.	1,880,000.00	2,013,504.15
11,000	Digital Equipment Corp.	1,111,000.00	1,096,021.45
5,675	International Business Machines Corp.	1,208,775.00	1,374,777.20
1,500	Texas Industries, Inc.	141,000.00	166,039.42
12,500	Xerox Corp.	1,437,500.00	1,291,816.13
	TOTAL SCIENCE & TECHNOLOGY	5,778,275.00	5,942,158.35
	<u>INTERMEDIATE &amp; CAPITAL GOODS</u>		
10,000	Betz Labs, Inc.	340,000.00	434,375.00
14,000	Dow Chemical Co.	910,000.00	876,829.82
5,000	Du Pont E I De Nemours & Co.	810,000.00	843,787.20
52,000	Hoerner Waldorf Corp.	676,000.00	962,091.36
22,000	International Paper Co.	1,056,000.00	1,080,498.50
23,500	Aluminum Co. of America	987,000.00	1,003,477.52
	TOTAL INTERMEDIATE & CAPITAL GOODS	4,779,000.00	5,201,059.40
	TOTAL COMMON STOCKS	27,683,675.00	33,297,847.26

Standard & Poor's Counciling Corp.

	<u>Common Stocks</u>		
	<u>CREDIT RELATED</u>		
12,500	Bankers Trust Corp. of New York	487,500.00	791,665.75
22,000	Citicorp	682,000.00	897,544.98
30,920	Government Employees Ins. Co.	587,480.00	1,579,212.50
17,700	MGIC Investment Corp.	265,500.00	1,340,893.25
24,600	American Telephone & Telegraph Co.	1,156,200.00	1,167,098.70
	TOTAL CREDIT RELATED	3,178,680.00	5,776,415.18
	<u>ENERGY</u>		
8,200	Atlantic Richfield Co.	721,600.00	715,659.87
15,900	Phillips Petroleum Co.	779,100.00	889,011.62
6,700	Standard Oil Co. of Ohio	348,400.00	318,079.25
8,586	Aztec Oil & Gas Co.	111,618.00	209,635.13
300	Superior Oil Co.	51,000.00	101,802.70
9,900	Chicago Bridge & Iron Co.	693,000.00	882,599.70
14,500	Texas Eastern Transmission Corp.	333,500.00	726,594.30
	TOTAL ENERGY	3,038,218.00	3,843,382.57
	<u>CONSUMER</u>		
10,600	Ford Motor Co.	519,400.00	762,984.98
10,100	General Motors Corp.	494,900.00	799,069.49
7,000	Joseph Schlitz Brewing Co.	315,000.00	385,327.08
7,900	Eastman Kodak Co.	821,600.00	692,028.70
30,000	Kresge S S Co.	1,020,000.00	1,062,500.02
17,400	McDonalds Corp.	835,200.00	1,109,853.28
9,700	Safeway Stores, Inc.	358,900.00	376,046.73
	TOTAL CONSUMER	4,365,000.00	5,187,810.28
	<u>DRUG &amp; MEDICAL</u>		
7,300	A. H. Robins, Inc.	116,800.00	251,824.73
24,200	G. D. Searle & Co.	387,200.00	795,570.23
10,900	Upjohn Co.	806,600.00	626,420.95

Standard & Poor's Counseling Corp. - continued

<u>Shares</u>	<u>Security</u>	<u>Market Value</u>	<u>Book Value</u>
	<u>DRUG &amp; MEDICAL - continued</u>		
11,900	Medtronic, Inc.	\$ 285,600.00	\$ 655,600.00
	TOTAL DRUG & MEDICAL	<u>1,596,200.00</u>	<u>2,329,415.91</u>
	<u>SCIENCE &amp; TECHNOLOGY</u>		
9,200	Burroughs Corp.	920,000.00	995,862.50
7,600	Digital Equipment Corp.	767,600.00	754,616.18
10,033	International Business Machines Corp.	2,137,029.00	2,719,662.77
2,500	Tektronix, Inc.	97,500.00	97,061.62
17,400	Watkins Johnson Co.	400,200.00	478,394.79
19,666	Xerox Corp.	2,261,590.00	2,354,772.41
14,100	Minnesota Mining & Manufacturing Co.	<u>1,029,300.00</u>	<u>675,705.83</u>
	TOTAL SCIENCE & TECHNOLOGY	<u>7,613,219.00</u>	<u>8,076,076.10</u>
	<u>INTERMEDIATE &amp; CAPITAL GOODS</u>		
4,800	Du Pont E I De Nemours & Co.	777,600.00	838,574.00
15,000	Hercules, Inc.	600,000.00	563,241.07
12,900	Union Camp Corp.	709,500.00	773,189.95
20,200	Bethlehem Steel Corp.	606,000.00	701,575.15
17,350	General Electric Co.	850,150.00	802,012.33
15,100	Caterpillar Tractor Co.	<u>890,900.00</u>	<u>918,170.35</u>
	TOTAL INTERMEDIATE & CAPITAL GOODS	<u>4,434,150.00</u>	<u>4,596,762.85</u>
	TOTAL COMMON STOCKS	<u>24,225,467.00</u>	<u>29,809,862.89</u>
	TOTAL COMMON STOCKS - ALL ACCOUNTS	<u>\$83,764,491.00</u>	<u>\$94,879,611.68</u>

MAINE STATE RETIREMENT SYSTEM

Investment - Mortgages

June 30, 1974

Fiduciary Trust Co. of New York

SECURITY	BOOK VALUE
Belfast Industrial Dev. Corp.	\$ 603,268.86
1st Mtg. N.C. Gtd. - with Mtg. Deed 7.875% 3/1/77	
Chandler Nursing Home, Inc.	171,373.33
1st Mtg. Nt. 5.50% 11/1/87	
Farmers Home Administration	806,952.96
Inds. Lns. - 5.00% Various Maturities	
Hancock Dev. Corp. Partic. Ctf.	58,160.53
1st Mtg. Nt. 6.00% 9/1/81	
Hillcrest Manor Partic. Ctf.	78,015.60
1st Mtg. Nt. 5.25% 4/1/87	
Misc. FHA & VA 5.25% Mtges.	740,422.63
Georgia, Final Mat. 1/1/94	
Misc. FHA & VA 5.50% Mtges.	210,572.68
Georgia, Final Mat. 6/1/92	
Misc. FHA & VA 5.75% Mtges.	232,277.79
Georgia, Final Mat. 6/1/92	
Misc. FHA & VA 5.25% Mtges.	108,152.78
New Jersey, Pa. & Va., Final Mat. 3/1/96	
Misc. FHA & VA 5.25% Mtges.	470,102.58
Mississippi, Final Mat. 1/1/94	
Misc. FHA & VA 5.50% Mtges.	197,554.04
Mississippi, Final Mat. 11/1/91	
Misc. FHA & VA 5.75% Mtges.	172,303.47
Mississippi, Final Mat. 9/1/91	
Misc. FHA & VA 4.50% Mtges.	32,529.59
Arizona, Final Mat. 11/1/87	
Misc. FHA & VA 5.00% Mtges.	13,894.30
Arizona, Final Mat. 11/1/87	
Misc. FHA & VA 5.75% Mtges.	306,968.10
Arizona, Final Mat. 11/1/90	
Misc. FHA & VA 5.25% Mtges.	441,118.07
North Carolina, Final Mat. 3/1/94	
Misc. FHA & VA 5.50% Mtges.	77,658.93
North Carolina, Final Mat. 2/1/92	
Misc. FHA & VA 5.75% Mtges.	404,215.30
North Carolina, Final Mat. 12/1/91	
Misc. FHA & VA 4.50% Mtges.	41,934.54
Conn., Final Mat. 1/11/86	
Misc. FHA & VA 4.50% Mtges.	144,542.00
Virginia, Final Mat. 5/1/87	
Misc. FHA & VA 5.00% Mtges.	81,308.90
Virginia, Final Mat. 9/1/87	
Misc. FHA & VA 5.25% Mtges.	2,693,572.06
Virginia, Final Mat. 4/1/96	
Misc. FHA & VA 5.50% Mtges.	243,268.20
Virginia, Final Mat. 7/1/96	
Misc. FHA & VA 5.75% Mtges.	152,702.08
Virginia, Final Mat. 12/1/96	
Misc. FHA & VA 6.00% Mtges.	165,011.44
Virginia, Final Mat. 9/1/97	
Misc. FHA & VA 4.50% Mtges.	34,138.32
California, Final Mat. 2/1/86	
Misc. FHA & VA 5.00% Mtges.	16,779.83
Arkansas, Final Mat. 4/1/88	
Misc. FHA & VA 5.25% Mtges. California	1,836,038.05
New Mexico, Okla. & Texas, Final Mat. 2/1/95	
Misc. FHA & VA 5.50% Mtges.	24,186.90
Texas, Final Mat. 5/1/93	
Misc. FHA & VA 5.75% Mtges.	773,996.29
California & Texas, Final Mat. 1/1/92	
Misc. FHA & VA 4.50% Mtges.	94,433.44
Florida & Georgia, Final Mat. 1/1/88	
Misc. FHA & VA 5.25% Mtges.	566,915.31
Florida, Final Mat. 1/1/94	



<u>SECURITY</u>		<u>BOOK VALUE</u>
Misc. FHA & VA 5.50% Mtges.	Florida, Final Mat. 5/1/92	\$ 9,911.52
Misc. FHA & VA 5.75% Mtges.	Florida, Final Mat. 2/1/92	147,608.54
Centex - Winston Corp. Purchase Leaseback	Rec. Area & 3.6519% undivided interest in	952,497.33
Common Elements - Winston Towers 200	Condominium	
Net Annual Rental 11.50%		
TOTAL MORTGAGES		<u>\$13,104,386.29</u>

Note: Market Value not available

#### MAINE STATE RETIREMENT SYSTEM

Investments - Time Deposits  
June 30, 1974

#### Alliance Capital Management Corp.

<u>SECURITY</u>	<u>BOOK VALUE</u>	<u>MARKET VALUE</u>
Bankers Trust Co. 10.30% 7/1/74	\$ 100,000.00	\$ 100,000.00
Bankers Trust Co. 10.30% 7/3/74	100,000.00	100,000.00
Bankers Trust Co. 10.50% 7/11/74	300,000.00	300,000.00
Bankers Trust Co. 10.75% 7/18/74	300,000.00	300,000.00
Bankers Trust Co. 10.90% 7/17/74	140,000.00	140,000.00
Chase Manhattan Bank 10.50% 7/1/74	1,550,000.00	1,550,000.00
Chase Manhattan Bank 10.625% 7/10/74	500,000.00	500,000.00
First National City Bank 11.125% 7/25/74	150,000.00	150,000.00
First National City Bank 11.125% 7/22/74	500,000.00	500,000.00
TOTAL	<u>3,640,000.00</u>	<u>3,640,000.00</u>

#### The Putnam Advisory Company, Inc.

Chemical Bank 10.00% 7/9/74	1,000,000.00	1,000,000.00
Continental Ill. Natl. Bank & Trust 10.45% 8/1/74	1,000,000.00	1,000,000.00
TOTAL	<u>2,000,000.00</u>	<u>2,000,000.00</u>

#### Fiduciary Trust Co. - Reserve Account

Bankers Trust Co. 10.90% 7/31/74	600,000.00	600,000.00
Chase Manhattan Bank 11.50% 7/31/74	400,000.00	400,000.00
Chase Manhattan Bank 10.75% 7/31/74	600,000.00	600,000.00
Chemical Bank 11.375% 7/8/74	915,000.00	915,000.00
First National City Bank 11.75% 7/31/74	590,000.00	590,000.00
Morgan Gty. Trust Co. 10.50% 7/1/74	545,000.00	545,000.00
TOTAL	<u>3,650,000.00</u>	<u>3,650,000.00</u>

TOTAL ALL ACCOUNTS	<u>\$9,290,000.00</u>	<u>\$9,290,000.00</u>
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MAINE STATE RETIREMENT SYSTEM  
Statement of Trust Fund Balances and  
Number of Open Accounts by Activity  
June 30, 1974

	Number of Open Accounts	Members Contribution Fund	Retirement Allowance Fund	Retirement Allowance Adjustment Fund	Survivor Benefit Fund
State Employees	18,802	\$ 43,774,217.92	\$43,450,532.74	\$ -	\$ 502,273.26
Teachers - Contributory	21,482	54,417,600.60	69,187,765.71	-	3,364,463.85
Teachers - Non-Contributory	1,816	1,047,853.92	(54,731,276.76)	-	-
Androscoggin County	59	125,929.47	140,028.79	(10,868.05)	5,691.38
Aroostook County	56	63,080.57	136,365.61	(807.58)	-
Auburn	314	580,530.07	965,858.39	(49,550.50)	79,369.54
Auburn Housing Authority	5	5,621.56	5,900.28	-	372.66
Auburn Public Library	11	26,314.54	80,126.91	-	-
Auburn Sewerage District	9	14,601.83	31,865.85	(4,056.20)	-
Auburn Urban Renewal Authority	3	7,438.10	4,607.52	-	-
Auburn Water District	12	29,592.35	125,707.24	(12,876.73)	-
Augusta	323	687,206.12	734,790.52	(76,605.10)	55,347.43
Augusta Sanitary District	24	37,498.90	38,500.12	-	7,591.81
Augusta Water District	21	64,400.45	152,437.25	(10,665.84)	-
Baileyville	16	22,039.66	40,118.25	-	-
Bangor	996	1,797,381.74	1,874,145.52	(93,493.32)	89,511.76
Bangor Public Library	38	78,659.07	261,238.22	(24,332.52)	1,693.98
Bangor Water District	27	86,458.10	102,657.33	-	-
Bar Harbor	49	93,066.56	207,624.03	-	-
Bath	139	240,553.11	387,154.05	(23,468.06)	19,860.28
Bath Water District	13	44,089.00	77,154.06	357.17	-
Belfast	40	63,911.29	88,968.94	(4,564.47)	10,902.75
Belfast Water District	6	10,949.82	13,481.38	961.00	1,462.61
Berwick	10	13,583.44	11,492.23	-	-
Biddeford	196	113,915.49	83,778.11	-	-
Bingham Water District	4	651.88	2,791.13	-	-
Boothbay Harbor	22	15,965.47	4,104.79	-	-
Boothbay Harbor Water District	5	11,010.07	39,359.76	-	-
Bradford	1	52.00	25.36	-	-
Brewer	112	153,510.13	79,837.82	-	13,722.32
Brewer Water District	8	22,716.94	39,480.55	-	-
Bridgton	14	6,449.42	7,303.97	-	-
Brownville	8	1,841.74	1,685.08	-	-

	Number of Open Accounts	Members Contribution Fund	Retirement Allowance Fund	Retirement Allowance Adjustment Fund	Survivor Benefit Fund
Brunswick	190	\$ 446,921.14	\$ 504,815.99	\$ -	\$ -
Brunswick Sewer District	7	16,211.82	24,881.70	-	-
Bucksport	52	47,121.06	51,722.84	-	-
Calais	54	68,054.07	136,251.63	-	-
Camden	36	64,705.91	69,926.71	-	-
Cape Elizabeth	104	103,736.22	110,251.20	-	-
Cranberry Isles	3	269.63	2,922.93	-	-
Cumberland County	76	121,052.80	263,510.00	(27,168.20)	15,671.09
Damariscotta	3	416.38	167.61	129.00	13.00
Dexter	18	25,132.56	36,320.98	-	-
Dixfield	9	1,061.31	991.11	-	-
Dover-Foxcroft	17	7,694.93	6,632.34	-	-
Dover-Foxcroft Water District	2	2,948.70	2,482.76	-	-
East Millinocket	40	121,059.12	121,514.36	(7,792.47)	8,914.64
Eliot	6	2,845.40	3,432.24	-	-
Ellsworth	129	93,888.75	146,434.84	(3,956.35)	(23,918.79)
Exeter	1	695.79	1,292.43	-	-
Falmouth	78	117,873.37	91,577.73	(2,449.90)	-
Falmouth Memorial Library	3	3,896.74	5,789.98	-	-
Farmington	23	39,816.47	32,447.41	-	-
Farmington Village Corp.	5	4,062.97	10,190.31	-	-
Fort Kent	23	22,989.60	23,746.37	-	-
Fort Fairfield	29	36,191.12	72,246.43	(3,126.05)	7,866.67
Fort Fairfield Utilities District	3	12,730.23	11,618.06	-	892.01
Franklin County	29	26,408.16	57,291.66	-	-
Freeport	25	24,549.06	12,161.23	-	-
Frenchville	-	-	-	-	-
Fryeburg	1	1,083.34	2,035.92	-	-
Gardiner	23	113,005.87	171,254.57	-	3,602.32
Garland	1	709.67	1,499.74	-	-
Glenburn	1	906.12	2,701.74	-	-
Gorham	31	29,121.83	19,357.84	-	1,667.21
Greater Portland Public Dev. Comm.	12	58,515.67	88,689.35	(1,140.26)	11,301.69
Greenville	5	3,632.91	5,925.69	-	657.02
Hallowell	10	6,903.27	6,091.27	-	-
Hampden	20	19,368.76	21,056.77	-	-
Hampden Water District	3	2,568.84	943.03	-	-

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	Number of Open Accounts	Members Contribution Fund	Retirement Allowance Fund	Retirement Allowance Adjustment Fund	Survivor Benefit Fund
Hancock County	26	\$ 39,626.63	\$ 143,626.46	\$ (915.44)	\$ 2,418.09
Hermon	31	14,471.48	5,636.37	-	-
Houlton	61	128,648.59	308,592.12	-	2,134.99
Houlton Water District	33	158,916.82	208,345.65	(13,832.56)	12,343.93
Indian Township Passamaquoddy Res. H. A.	7	2,010.14	997.21	-	-
Jay	45	56,214.85	49,446.17	-	-
Kennebec County	57	68,682.99	181,140.38	(7,323.14)	-
Kennebec Water District	28	46,206.33	66,780.19	(6,731.84)	-
Kennebunk	29	28,322.95	48,125.18	-	-
Kennebunk Light & Power District	12	44,196.03	106,483.00	(7,190.51)	-
Kennebunkport	20	5,423.50	9,641.24	-	-
Kittery	71	91,842.51	111,995.56	(8,885.30)	17,662.35
Kittery Water District	15	42,367.68	90,472.49	(6,519.83)	(34,450.84)
Knox County	26	49,675.67	101,605.95	(2,051.82)	-
Lebanon	2	623.73	2,618.61	-	-
Lewiston	530	1,150,753.94	1,238,990.17	(99,964.21)	(437.90)
Lewiston-Auburn Water Pol. C. A.	13	2,862.82	2,020.66	-	-
Lewiston Housing Authority	8	2,557.20	3,166.75	-	-
Limestone Water & Sewer District	-	-	-	-	-
Lincoln	36	57,235.41	51,788.38	-	-
Lincoln Academy	2	2,395.04	1,240.65	-	-
Lincoln County	39	39,647.26	33,341.26	-	-
Lisbon	61	44,338.50	52,775.85	-	3,658.14
Livermore Falls	10	12,754.35	17,392.48	-	-
Livermore Falls Water District	4	16,589.98	17,899.43	(4,608.51)	2,515.90
Lubec Water & Electric District	9	16,782.51	36,596.47	-	-
Madawaska	21	39,674.67	28,101.21	-	-
Maine Housing Authority	23	16,290.19	10,217.96	-	-
Maine Maritime Academy	152	291,482.29	414,494.08	-	-
Maine Municipal Association	23	45,077.38	37,756.14	429.78	-
Maine Municipal Bond Bank	2	687.26	364.74	-	19.04
Maine-N. H. Bridge Authority	10	48,400.72	93,601.05	(514.02)	-
Maine Turnpike Authority	271	649,917.34	1,089,677.32	(22,262.29)	76,825.18
Mechanic Falls	16	14,190.82	13,039.27	-	-
Medway	-	-	-	-	-
Mexico	24	26,755.11	32,637.18	-	-
Mexico Free Public Library	1	108.87	2,182.73	-	-
Milford	4	1,187.73	215.22	-	-

	Number of Open Accounts	Members Contribution Fund	Retirement Allowance Fund	Retirement Allowance Adjustment Fund	Survivor Benefit Fund
Millinocket	55	\$ 136,876.08	\$ 205,100.69	\$ (30,681.69)	\$ 3,173.15
Milo	15	19,824.29	23,876.81	-	-
Mount Desert	32	86,694.49	108,283.34	-	-
Mount Desert Regional School District	19	9,341.38	12,767.33	-	-
Monson	2	669.06	244.86	-	-
Naples	1	1,212.02	1,906.20	-	-
New Canada Plantation	3	266.97	(489.18)	-	-
Norway	20	22,653.50	35,245.55	-	-
Norway Water District	3	5,222.13	2,575.00	-	-
Old Orchard Beach	43	53,211.73	45,557.73	-	-
Old Town	115	145,072.92	142,127.68	-	-
Old Town Water District	8	18,306.49	22,148.96	-	-
Orland	13	1,837.02	(107.35)	-	-
Orono	54	90,523.60	104,543.60	-	-
Otisfield	4	143.58	59.94	-	-
Oxford County	40	47,629.51	109,415.06	-	-
Paris	9	15,654.26	17,274.51	-	-
Paris Utilities District	4	3,449.91	6,263.94	-	-
Penobscot County	34	63,249.42	237,880.45	-	-
Piscataquis County	33	29,082.39	15,950.96	-	-
Pittsfield	24	15,903.39	20,024.80	-	-
Pleasant Point Passamaquoddy Res. H. A.	7	2,751.43	884.61	-	-
Portland	1,586	3,375,644.89	1,826,400.01	(311,570.68)	132,961.09
Portland Housing Authority	26	9,625.62	11,862.98	-	-
Portland Public Library	40	77,428.63	159,905.10	(12,006.97)	-
Portland Renewal Authority	22	50,887.21	75,933.05	1,047.51	5,078.24
Presque Isle	79	222,590.35	223,440.41	-	18,585.57
Rockland	77	156,896.04	205,139.24	-	4,165.24
Rockport	15	11,736.37	7,501.63	-	-
Rumford	132	163,845.83	160,941.54	(9,358.18)	8,260.56
Rumford - Fire & Police	28	110,480.49	177,416.20	(23,114.71)	17,148.16
Rumford Water District	5	19,395.71	46,810.39	-	-
Sabattus	14	4,227.49	728.41	-	-
Saco	87	18,442.09	23,535.32	-	-
Sagadahoc County	22	25,711.40	56,313.92	-	-
Sanford	173	246,778.19	231,409.30	-	-
Sanford Housing Authority	4	3,436.59	1,323.14	-	-
Sanford Sewerage District	8	12,721.40	28,824.42	-	-

	Number of Open Accounts	Members Contribution Fund	Retirement Allowance Fund	Retirement Allowance Adjustment Fund	Survivor Benefit Fund
Sanford Water District	16	\$ 8,347.54	\$ 7,497.91	\$ -	\$ -
Scarborough	94	70,427.98	42,272.65	-	-
School Administrative District #2	4	1,744.49	5,752.70	-	-
School Administrative District #9	43	59,106.16	28,621.62	-	2,184.79
School Administrative District #16	16	2,200.87	5,924.89	-	-
School Administrative District #28	-	-	4,234.79	106.92	-
School Administrative District #29	14	6,108.62	4,850.05	519.91	-
School Administrative District #34	111	67,633.90	42,969.08	(108.28)	8,551.21
School Administrative District #41	45	17,968.84	19,752.87	-	-
School Administrative District #49	22	6,660.52	8,404.21	-	-
School Administrative District #51	-	-	-	-	-
School Administrative District #53	12	9,268.28	8,069.49	-	-
School Administrative District #54	29	27,282.06	33,397.04	-	-
School Administrative District #60	34	5,003.06	6,610.31	-	-
School Administrative District #66	2	1,178.98	39,405.49	-	(2,449.33)
School Administrative District #67	53	30,996.54	17,286.39	-	-
School Administrative District #71	74	43,727.97	43,458.20	-	-
Searsport	7	10,026.17	9,327.78	-	-
Searsport Water District	4	4,196.31	5,781.31	-	-
Skowhegan	49	54,525.85	60,953.27	-	-
Somerset County	35	24,514.25	44,614.53	-	-
South Berwick	11	9,558.16	6,881.57	-	-
South Berwick Water District	2	918.37	253.43	-	-
South Portland	373	915,186.94	914,226.86	(93,769.18)	32,892.61
Southern Kennebec Valley Regional P.C.	4	6,860.68	2,778.05	-	173.89
State Principal's Association	3	425.77	3,472.82	570.68	148.99
Thomaston	7	3,565.67	6,988.65	-	-
Topsham	12	12,598.32	32,019.16	(167.24)	-
Van Buren	3	761.75	2,037.90	-	-
Vassalboro	4	2,962.08	1,863.86	-	-
Waldoboro	-	-	-	-	-
Waldo County	26	41,647.96	102,178.41	(4,399.24)	5,007.34
Wallagrass Plantation	2	381.68	775.57	-	-
Washington County	31	44,672.18	100,378.98	(12,876.89)	-
Waterville - Fire & Police	49	230,622.57	136,347.08	-	1,332.87
Waterville Urban Renewal Authority	-	-	-	-	-
Wells	68	57,524.73	58,559.84	887.95	3,131.27
Westbrook	95	132,465.31	94,877.50	(3,854.72)	-

	Number of Open Accounts	Members Contribution Fund	Retirement Allowance Fund	Retirement Allowance Adjustment Fund	Survivor Benefit Fund
Westbrook - Fire & Police	50	\$ 127,557.13	\$ 122,902.93	\$ 715.18	\$ 7,058.17
Wilton	24	13,778.56	22,226.38	-	-
Winslow	14	12,672.60	9,391.74	-	-
Winthrop	36	11,373.64	7,301.83	-	-
Yarmouth	89	80,868.27	74,803.99	(245.19)	-
York	31	44,708.91	50,988.10	3,422.76	7,035.66
York County	44	84,062.81	151,831.39	(6,512.98)	4,302.42
York Sewer District	3	6,609.57	9,266.08	-	-
York Water District	7	21,667.24	75,482.64	(566.07)	6,087.18
Adjustments:					
Undistributed Earnings			7,166,832.89		
TOTALS	<u>51,943</u>	<u>\$116,157,553.37</u>	<u>\$84,321,665.88</u>	<u>\$(1,037,805.13)</u>	<u>\$4,526,448.45</u>

MAINE STATE RETIREMENT SYSTEM  
Analysis of Changes in Trust Fund Reserves  
Year Ending June 30, 1974

Balance July \$186,429,401.62

ADDITIONS:

State Contributions:

General Fund, State Employees	\$ 4,812,949.65	
General Fund, Contributory Teachers	11,492,320.00	
General Fund, Non-Contributory Teachers	346,891.00	
Highway Funds	3,215,797.18	
Special Revenue Funds	2,207,340.71	
Public Service Enterprises	276,333.73	
Working Capital Funds	252,362.68	
Trust & Agency Funds	22,049.44	
Bond Funds	<u>2,002.11</u>	
		\$22,628,046.50
Participating Districts		3,627,780.94
Individuals		18,772,056.54
Earnings on Investments		8,614,629.71
Adjustment of Balance Forward		5,392.77
Transfers from General Ledger		<u>436.78</u>

TOTAL ADDITIONS:

53,648,343.24

DEDUCTIONS:

<u>Retirement Allowance Paid</u>	<u>Number</u>	
Council Order	7	7,342.44
Legislative Resolves	13	24,221.81
Retirement Full Benefits	5,088	14,038,328.74
Ordinary Disability	164	391,976.53
Option I	1,569	4,218,886.13
Option II	834	2,072,997.03
Option III	1,137	4,321,326.27
Option IV	111	505,877.65
Option II - Beneficiary	202	333,892.08
Automatic Option II - Beneficiary	394	764,358.46
Option III - Beneficiary	259	309,846.34
Option IV - Beneficiary	41	113,976.11
Automatic Option IV - Beneficiary	69	67,780.65
Service Incurred Disability	81	286,821.11
Service Incurred Death-P&F	4	16,345.56
15-year Teachers	206	209,783.31
10-year Vested Right	876	1,052,314.26
Service Incurred Death-Sheriffs & Deputies	4	18,476.68
20-year Teachers	49	43,091.14
Law Enforcement Officers - Sea & Shore Fisheries	11	50,553.96
Fish & Game	38	171,504.62
State Police	49	228,725.63
25-year Service-Age 55	15	61,437.84
Forest Rangers	2	8,320.00
Fire Fighters & Police Spec. Prov.-Sec.1121	7	47,025.33
Spec. Prov.-Sec.1092	17	83,727.32
Benefits by P&S Laws	90	119,109.59
Prison Guards-Sec. 1121 Sub. Sec. 2F	9	<u>36,342.13</u>
		29,604,388.72

Retirement Allowance Adjustment Paid

Council Order	11,035.06	
Legislative Resolves	3,941.04	
Retirement Full Benefits	4,179,299.80	
Ordinary Disability	64,587.38	
Option I	1,462,562.61	
Option II	359,933.31	
Option III	978,708.54	
Option IV	172,374.28	



Analysis of Changes in Trust Fund Reserves - continued

DEDUCTIONS:

Retirement Allowance Adjustment Paid - con't.

Option II - Beneficiary	139,677.69	
Automatic Option II - Beneficiary	282,761.39	
Option III - Beneficiary	165,267.84	
Option IV - Beneficiary	34,087.93	
Automatic Option IV - Beneficiary	24,174.41	
Service Incurred Disability	73,328.41	
Service Incurred Death - P & F	6,655.65	
15-year Teachers	75,497.44	
10-year Vested Right	210,183.39	
Service Incurred Death -		
Sheriffs & Deputies	3,859.14	
20-year Teachers	21,182.97	
Law Enforcement Officers		
Sea & Shore Fisheries	9,275.01	
Fish & Game	34,956.18	
State Police	50,596.65	
25-year Service - Age 55	13,025.49	
Forest Rangers	555.06	
Fire Fighters & Police		
Spec. Prov. - Sec. 1121	4,956.18	
Spec. Prov. - Sec. 1092	6,193.32	
Benefits by P & S Laws	6,366.08	
Prison Guards - Sec. 1121		
Sub. Sec. 2F	1,857.84	
		8,396,900.09

Survivor Benefits

	<u>Number</u>	
Accidental Death -		
Service Incurred	11	23,790.99
Spouse - Age 60	192	253,408.98
Spouse - 10-Year Clause	148	198,360.16
Spouse - Children	136	428,423.95
Children	70	121,974.73
Parents	29	35,143.53
		1,061,102.34

Refunds

To Former Members	2,616,597.79	
To Beneficiary of Deceased Members	89,818.51	
To Survivor of a Disability Pensioner	15,808.84	
To Beneficiary of Deceased - Option I	100,368.32	
To Beneficiary of Deceased - Option IV	2,982.95	
		2,825,576.41

Other Deductions

Amortization of Premiums	11,222.07	
Fiduciary Costs	305,682.54	
Custodial Services	83,828.54	
Miscellaneous Fees	413.75	
Reserve for Accounts Receivable	1,508.73	
Adjustment of Prior Year Transactions	501.20	
Loss of Sale of Securities	7,399,232.31	
		7,802,389.14

TOTAL DEDUCTIONS 49,690,356.70

Balance June 30 \$190,387,388.16

MAINE STATE RETIREMENT SYSTEM  
RETIREMENT ALLOWANCE PAYROLL  
June 1974 and 1973

	Retired Persons		Increase or (Decrease)	Retirement Allowance Payroll		Increase or (Decrease)	Average Monthly Payment	
	June 1974	June 1973		June 1974	June 1973		June 1974	June 1973
State Employees	4301	3812	489	\$1,286,610.78	\$855,818.69	\$430,792.09	\$299.14	\$224.51
Teachers - Contributory	2970	2568	402	1,158,216.17	789,628.99	368,587.18	389.97	307.49
Teachers - Non-Contributory	2382	2408	(26)	744,673.73	649,010.60	95,663.13	312.63	269.52
Teachers - Retired Prior to 1947	34	44	(10)	8,059.89	9,563.18	( 1,503.29)	237.06	217.35
Androscoggin County	19	20	( 1)	2,388.40	2,132.68	255.72	125.71	106.63
Aroostook County	9	5	4	1,388.63	837.52	551.11	154.29	167.50
Auburn	52	49	3	9,789.31	8,418.58	1,370.73	188.26	171.81
Auburn Public Library	6	5	1	765.88	404.40	361.48	127.65	80.88
Auburn Sewerage District	5	5	-	936.70	841.58	95.12	187.34	168.32
Auburn Water District	8	9	( 1)	2,102.40	2,214.89	( 112.49)	262.80	246.10
Augusta	57	53	4	15,804.68	13,442.38	2,362.30	277.28	253.63
Augusta Sanitary District	3	1	2	234.12	135.45	98.67	78.04	135.45
Augusta Water District	9	8	1	3,082.32	2,456.68	625.64	342.48	307.09
Baileyville	6	4	2	1,030.04	366.92	663.12	171.67	91.73
Bangor	124	101	23	31,038.67	22,516.58	8,522.09	250.31	222.94
Bangor Public Library	19	18	1	5,297.97	4,280.61	1,017.36	278.84	237.81
Bangor Water District	10	8	2	1,934.31	1,675.82	258.49	193.43	209.48
Bar Harbor	12	12	-	1,460.67	1,049.29	411.38	121.72	87.44
Bath	37	28	9	11,012.82	7,203.03	3,809.79	297.64	257.25
Bath Water District	3	3	-	453.16	407.14	46.02	151.05	135.71
Belfast	11	9	2	1,098.66	904.55	194.11	99.88	100.51
Berwick	1	1	-	205.73	197.71	8.02	205.73	197.71
Biddeford	20	16	4	3,559.12	2,613.52	945.60	177.96	163.35
Boothbay Harbor Water District	5	4	1	556.40	292.22	264.18	111.28	73.06
Brewer	3	3	-	321.55	321.55	-	107.18	107.18
Brewer Water District	3	3	-	487.42	487.42	-	162.47	162.47
Bridgton	2	0	2	270.67	-	270.67	135.34	-
Brunswick	43	41	2	5,389.18	5,018.80	370.38	125.43	122.41
Brunswick Sewer District	1	1	-	44.12	44.12	-	44.12	44.12
Bucksport	1	1	-	33.06	33.06	-	33.06	33.06
Calais	17	19	( 2)	1,498.65	1,514.32	(15.67)	88.16	79.70
Camden	7	8	( 1)	524.39	543.50	(19.11)	74.91	67.94

	Retired Persons		Increase or (Decrease)	Retirement Allowance Payroll		Increase or (Decrease)	Average Monthly Payment	
	June 1974	June 1973		June 1974	June 1973		June 1974	June 1973
Cape Elizabeth	25	22	3	\$ 2,425.45	\$ 1,850.18	\$ 575.27	\$ 97.02	\$ 84.10
Cranberry Isles	1	0	1	83.23	-	83.23	83.23	-
Cumberland County	28	29	(1)	5,955.73	4,746.18	1,209.55	212.70	163.66
Dexter	4	4	-	399.80	364.27	35.53	99.95	91.07
Dover-Foxcroft	1	1	-	7.64	7.64	-	7.64	7.64
East Millinocket	10	8	2	1,559.87	1,137.81	422.06	155.99	142.23
Ellsworth	16	15	1	2,024.52	1,685.38	339.14	126.53	112.36
Falmouth	9	8	1	1,162.89	964.77	198.12	129.21	120.60
Falmouth Memorial Library	1	1	-	100.00	50.54	49.46	100.00	50.54
Farmington	1	1	-	171.59	167.86	3.73	171.59	167.86
Farmington Village Corp.	1	1	-	104.07	91.76	12.31	104.07	91.76
Fort Kent	1	1	-	192.37	192.37	-	192.37	192.37
Fort Fairfield	5	5	-	532.63	478.54	54.09	106.53	95.71
Franklin County	5	5	-	420.94	386.72	34.22	84.19	77.34
Gardiner	9	11	(2)	1,154.54	1,277.54	(123.00)	128.28	116.14
Greater Portland Public Dev. Comm.	3	2	1	1,037.22	565.00	472.22	345.74	282.50
Greenville	1	1	-	36.49	36.49	-	36.49	36.49
Hampden	2	0	2	248.70	-	248.70	124.35	-
Hancock County	13	10	3	1,846.98	1,227.30	619.68	142.08	122.73
Houlton	16	17	(1)	2,607.40	2,713.05	(105.65)	162.96	159.59
Houlton Water District	10	9	1	3,374.45	2,494.39	880.06	337.45	277.15
Jay	7	7	-	400.08	400.08	-	57.15	57.15
Kennebec County	19	18	1	2,210.53	1,753.54	456.99	116.34	97.42
Kennebec Water District	8	7	1	1,784.37	1,405.62	378.75	223.05	200.80
Kennebunk	9	8	1	481.36	439.76	41.60	53.48	54.97
Kennebunk Light & Power	6	6	-	1,457.08	751.25	705.83	242.85	125.21
Kittery	8	8	-	1,496.55	1,344.57	151.98	187.07	168.07
Kittery Water District	3	2	1	1,217.02	667.47	549.55	405.67	333.74
Knox County	10	10	-	1,760.00	1,497.88	262.12	176.00	149.79
Lewiston	65	69	(4)	13,084.87	12,210.25	874.62	201.31	176.96
Lincoln	3	2	1	377.32	297.32	80.00	125.77	148.66
Lincoln County	4	5	(1)	373.92	392.15	(18.23)	93.48	78.43
Lisbon	3	3	-	265.67	265.67	-	88.56	88.56
Livermore Falls	2	2	-	232.84	213.38	19.46	116.42	106.69
Livermore Falls Water District	1	2	(1)	270.99	445.15	(174.16)	270.99	222.57

	Retired Persons		Increase or (Decrease)	Retirement Allowance Payroll		Increase or (Decrease)	Average Monthly Payment	
	June 1974	June 1973		June 1974	June 1973		June 1974	June 1973
Lubec Water & Electric District	1	1	-	80.00	80.00	-	80.00	80.00
Madawaska	3	3	-	279.81	230.84	48.97	93.27	76.95
Maine Maritime Academy	23	19	4	3,424.62	2,505.44	919.18	148.90	131.87
Maine Municipal Association	1	1	-	179.12	160.93	18.19	179.12	160.93
Maine-N.H. Bridge Authority	3	2	1	889.10	436.60	452.50	296.37	218.30
Maine Turnpike Authority	54	49	5	11,098.96	7,615.01	3,483.95	205.54	155.41
Mexico	2	2	-	439.03	394.78	44.25	219.52	197.39
Mexico Free Library	1	-	1	17.90	-	17.90	17.90	-
Millinocket	15	12	3	5,384.13	3,368.68	2,015.45	358.94	280.72
Milo	4	4	-	461.48	461.48	-	115.37	115.37
Mt. Desert	7	7	-	757.41	658.65	98.76	108.20	94.09
Mt. Desert Island R.S.D.	1	1	-	14.66	14.66	-	14.66	14.66
New Canada Plantation	1	1	-	80.00	80.00	-	80.00	80.00
Norway	3	3	-	347.04	333.65	13.39	115.68	111.22
Old Orchard Beach	8	7	1	1,500.25	1,157.54	342.71	187.53	165.36
Old Town	14	11	3	1,573.29	1,148.49	424.80	112.38	104.41
Orland	4	3	1	404.97	251.04	153.93	101.24	83.68
Orono	4	4	-	798.98	305.30	493.68	199.75	76.33
Otisfield	1	-	1	80.00	-	80.00	80.00	-
Oxford County	17	17	-	1,847.72	1,847.72	-	108.69	108.69
Penobscot County	19	19	-	2,789.38	2,453.16	336.22	146.81	129.11
Piscataquis County	2	1	1	33.39	18.14	15.25	16.70	18.14
Pittsfield	3	3	-	291.81	291.81	-	97.27	97.27
Portland	353	304	49	102,956.17	78,844.29	24,111.88	291.66	259.36
Portland Housing Authority	3	-	3	316.55	-	316.55	105.52	-
Portland Public Library	9	10	(1)	3,008.18	3,098.41	(90.23)	334.24	309.84
Portland Renewal Authority	4	4	-	1,284.79	623.76	661.03	321.20	155.94
Presque Isle	12	10	2	1,925.68	1,260.61	665.07	160.47	126.06
Rockland	17	15	2	1,720.81	1,478.58	242.23	101.22	98.57
Rumford	17	14	3	2,868.71	1,906.55	962.16	168.75	136.18
Rumford-Fire & Police	11	11	-	3,933.35	3,533.92	399.43	357.58	321.27
Rumford Water District	2	2	-	378.09	339.84	38.25	189.05	169.92
Sagadahoc County	6	4	2	1,023.22	638.44	384.78	170.54	159.61
Saco	1	-	1	168.80	-	168.80	168.80	-
Sanford	31	26	5	3,802.99	2,987.44	815.55	122.68	114.90

	Retired Persons		Increase or (Decrease)	Retirement Allowance Payroll		Increase or (Decrease)	Average Monthly Payment	
	June 1974	June 1973		June 1974	June 1973		June 1974	June 1973
Sanford Sewer District	2	-	2	\$ 305.57	-	\$ 305.57	\$152.79	\$ -
Scarborough	11	10	1	989.08	\$ 909.08	80.00	89.92	90.91
School Administrative District #9	1	1	-	14.29	14.29	-	14.29	14.29
School Administrative District #29	3	-	3	424.45	-	424.45	141.48	-
School Administrative District #34	2	2	-	146.31	131.45	14.86	73.16	65.73
School Administrative District #41	1	1	-	86.25	69.49	16.76	86.25	69.49
School Administrative District #49	1	-	1	55.36	-	55.36	55.36	-
School Administrative District #54	4	3	1	204.47	124.47	80.00	51.12	41.49
School Administrative District #66	2	2	-	62.70	62.70	-	31.35	31.35
School Administrative District #67	1	1	-	42.85	42.85	-	42.85	42.85
School Administrative District #71	1	1	-	19.46	16.22	3.24	19.46	16.22
Searsport	1	1	-	21.57	15.48	6.09	21.57	15.48
Skowhegan	5	4	1	706.78	569.52	137.26	141.36	142.38
Somerset County	5	5	-	532.75	460.24	72.51	106.55	92.05
South Portland	84	78	6	19,024.30	15,893.84	3,130.46	226.48	203.77
Topsham	3	2	1	424.23	238.55	185.68	141.41	119.28
Waldo County	9	8	1	1,112.24	765.99	346.25	123.58	95.75
Washington County	13	12	1	2,134.63	1,797.63	337.00	164.20	149.80
Wells	3	3	-	242.83	209.58	33.25	80.94	69.86
Westbrook	20	19	1	2,647.39	2,286.49	360.90	132.37	120.34
Westbrook Fire & Police	3	2	1	727.81	520.58	207.23	242.60	260.29
Wilton	1	1	-	188.27	188.27	-	188.27	188.27
Winthrop	1	-	1	238.44	-	238.44	238.44	-
Yarmouth	3	2	1	346.64	285.04	61.60	115.55	142.52
York	1	1	-	28.57	25.67	2.90	28.57	25.67
York County	15	13	2	1,950.93	1,766.95	183.98	130.06	135.92
York Water District	3	2	1	1,070.07	626.24	443.83	356.69	313.12
	<u>11,346</u>	<u>10,311</u>	<u>1,035</u>	<u>\$3,541,037.34</u>	<u>\$2,572,444.04</u>	<u>\$968,593.30</u>	<u>\$312.10</u>	<u>\$249.49</u>

MAINE STATE RETIREMENT SYSTEM  
SURVIVOR BENEFIT PAYROLL  
June 1974 and 1973

	Persons Receiving Benefits		Increase or (Decrease)	Benefits Paid		Increase or (Decrease)
	June 1974	June 1973		June 1974	June 1973	
State	342	322	20	\$55,120.30	\$48,420.02	\$6,700.28
Teachers	136	134	2	23,500.09	21,239.13	2,260.96
Androscoggin County	1	1	-	100.00	100.00	-
Auburn	5	5	-	500.00	500.00	-
Augusta	4	4	-	500.00	500.00	-
Bangor	18	15	3	2,500.00	2,200.00	300.00
Bath	2	1	1	300.00	100.00	200.00
Cumberland County	2	1	1	200.00	100.00	100.00
East Millinocket	1	1	-	100.00	100.00	-
Ellsworth	2	2	-	200.00	200.00	-
Fort Fairfield	1	1	-	200.00	200.00	-
Gardiner	1	1	-	100.00	100.00	-
Greater Portland Public Dev.	1	1	-	100.00	100.00	-
Houlton	2	3	(1)	500.00	500.00	-
Houlton Water District	2	2	-	458.01	411.50	46.51
Kittery Water District	1	1	-	300.00	300.00	-
Lewiston	1	1	-	250.00	250.00	-
Maine Turnpike Authority	18	16	2	2,200.00	2,000.00	200.00
Millinocket	1	1	-	150.00	150.00	-
Portland	35	34	1	4,850.00	7,100.00	(2,250.00)
Presque Isle	4	4	-	500.00	500.00	-
Rumford	2	2	-	350.00	350.00	-
School Administrative District #66	1	1	-	100.00	100.00	-
South Portland	4	4	-	550.00	550.00	-
Waterville - Fire & Police	1	1	-	300.00	300.00	-
Westbrook - Fire & Police	1	1	-	100.00	100.00	-
TOTALS	<u>589</u>	<u>560</u>	<u>29</u>	<u>\$94,028.40</u>	<u>\$86,470.65</u>	<u>\$7,557.75</u>

# MAINE STATE RETIREMENT SYSTEM

## Summary of

### Reserve Against Future Losses (Net Loss)

Year Ending June 30, 1974

Balance July 1, (\$6,181,242.10)

#### ADDITIONS:

Write-off 1/15 Discount on Mortgage Loans	\$ 17,467.68	
Discount on Bonds-Matured	<u>396.00</u>	
		<u>17,863.68</u>

#### DEDUCTIONS:

Loss on Sale of Stocks	2,963,540.18	
Loss on Sale of Bonds	<u>4,453,555.81</u>	
		<u>7,417,095.99</u>

Balance June 30, (\$13,580,474.41)

## Income from Investments

Fiscal Year Ending June 30, 1974

(Accrual Basis)

#### ADDITIONS:

##### INTEREST:

Fiduciary-Time Deposits	\$ 353,486.58	
Bonds	5,755,556.65	
Mortgages	<u>783,755.08</u>	
		\$6,892,798.31
Dividends on Stocks	1,721,831.40	
Accrued Interest at June 30, 1974	<u>1,177,533.78</u>	

TOTAL ADDITIONS \$9,792,163.49

#### DEDUCTIONS:

Accrued Interest at June 30, 1973	1,046,649.92	
Bond Premiums Amortized	11,222.07	
Investment Costs:		
Fiduciary Fees	305,682.54	
Custodial Fees	83,828.54	
Misc. Fees	<u>413.75</u>	

TOTAL DEDUCTIONS 1,447,796.82

NET EARNINGS \$8,344,366.67

MAINE STATE RETIREMENT SYSTEM

Summary of Earnings

July 1, 1942 through June 30, 1974

Year Ending	Book Value of Investments	Net Increase in Book Value of Investments for the year	Earnings During Year Accrual Basis	Rate of Return %
June 30, 1943	\$ 576,142.97	\$ 318,000.00	\$ 1,884.35	
June 30, 1944	1,026,142.97	450,000.00	12,154.46	
June 30, 1945	1,486,142.97	460,000.00	25,560.90	
June 30, 1946	1,930,142.97	444,000.00	50,140.29	
June 30, 1947	2,489,142.97	559,000.00	52,522.09	2.590
June 30, 1948	7,263,648.72	4,774,505.75	159,487.91	2.517
June 30, 1949	9,038,648.72	1,775,000.00	206,934.14	2.566
June 30, 1950	11,023,648.72	1,985,000.00	256,668.07	2.578
June 30, 1951	12,934,768.72	1,911,120.00	317,497.98	2.649
June 30, 1952	15,432,488.89	2,497,720.17	386,620.65	2.722
June 30, 1953	17,823,719.34	2,391,230.45	464,578.19	2.799
June 30, 1954	21,346,256.29	3,522,536.95	576,314.21	2.953
June 30, 1955	24,801,155.43	3,454,899.14	713,411.34	3.095
June 30, 1956	29,012,312.28	4,211,156.85	820,511.51	3.068
June 30, 1957	33,137,935.09	4,125,622.81	1,014,162.82	3.3035
June 30, 1958	38,302,811.29	5,164,876.20	1,233,750.20	3.4975
June 30, 1959	44,511,070.88	6,208,259.59	1,473,324.30	3.609
June 30, 1960	50,880,174.72	6,369,103.84	1,781,368.02	3.787
June 30, 1961	57,633,773.71	6,753,598.99	2,145,427.31	4.0045
June 30, 1962	66,498,248.08	8,864,474.37	2,540,623.88	4.1582
June 30, 1963	75,022,765.44	8,524,517.36	2,925,300.13	4.2023
June 30, 1964	85,913,758.52	10,890,993.08	3,328,056.40	4.2074
June 30, 1965	96,930,762.57	11,017,004.05	3,870,496.12	4.3196
June 30, 1966	108,555,742.38	11,624,979.81	4,475,359.34	4.4431
June 30, 1967	120,564,775.29	12,009,032.91	5,070,389.31	4.5177
June 30, 1968	135,081,371.78	14,516,596.49	5,741,943.99	4.5899
June 30, 1969	150,501,422.09	15,420,050.31	6,103,338.79	4.3610
June 30, 1970	163,500,431.87	12,999,009.78	6,310,034.78	4.0939
June 30, 1971	175,261,654.19	11,761,222.32	6,357,344.92	3.8132
June 30, 1972	184,789,453.85	9,527,799.66	6,593,475.25	3.7203
June 30, 1973	185,867,989.22	1,078,535.37	6,651,554.76	3.6460
June 30, 1974	188,846,484.91	2,978,495.69	8,344,366.67	4.5292



# MAINE STATE RETIREMENT SYSTEM

Retirement Allowance Fund at June 30, 1974

	Net Balance-June 30, 1974		Special Plan	Date
	Normal Contributions-Accrued Liability	Total	Fire & Police	Entered System
State Employees	\$ 24,763,902.59	\$ 18,686,630.15		
Teachers - Contributory	33,688,725.77	35,499,039.94		
Teachers - Non-Contributory	(21,987,894.76)	(32,743,382.00)		
Androscoggin County	126,679.54	13,349.25		1-24-61
Aroostook County	76,471.44	59,894.17		1-1-68
Auburn	751,861.07	213,997.32		1-1-48
Auburn Housing Authority	4,801.78	1,098.50	F & P	1-1-71
Auburn Public Library	58,550.05	21,576.86		7-1-50
Auburn Sewerage District	26,233.65	5,632.20		10-1-53
Auburn Urban Renewal Authority	4,861.23	(253.71)		3-1-69
Auburn Water District	72,261.78	53,445.46		10-1-53
Augusta	686,177.29	48,613.23		10-1-47
Augusta Sanitary District	35,306.75	3,193.37	F & P	1-4-60
Augusta Water District	108,848.46	43,588.79		7-1-49
Baileyville	31,528.12	8,590.13		4-1-61
Bangor	1,734,692.73	139,452.79		7-1-47
Bangor Public Library	199,590.70	61,647.52	F & P	7-1-47
Bangor Water District	127,017.35	(24,360.02)		5-21-57
Bar Harbor	176,057.26	31,566.77	F & P	4-1-46
Bath	351,996.18	35,157.87	F & P	4-1-63
Bath Water District	58,417.20	18,736.86		12-1-46
Belfast	79,128.38	9,840.56		7-1-49
Belfast Water District	5,857.38	7,624.00		7-1-69
Berwick	9,440.00	2,052.23		4-1-68
Biddeford	57,346.67	26,431.44		1-1-72
Bingham Water District	433.63	2,357.50		1-1-72
Boothbay Harbor	4,104.79	-		3-1-71
Boothbay Harbor Water District	29,817.23	9,542.53		7-1-47
Bradford	14.00	11.36		4-1-74
Brewer	70,013.93	9,823.89	F & P	1-2-60
Brewer Water District	30,698.50	8,782.05		5-1-61
Bridgton	3,914.01	3,389.96		3-1-73
Brownville	783.08	902.00		4-5-73

	Net Balance-June 30, 1974			Special Plan	Date
	Normal	Contributions-Accrued	Liability	Fire & Police	Entered System
Brunswick	\$ 476,286.05	\$ 28,529.94	\$ 504,815.99	F & P	7-1-50
Brunswick Sewer District	17,314.91	7,566.79	24,881.70		1-1-63
Bucksport	51,722.84	-	51,722.84		7-1-69
Calais	104,853.49	31,398.14	136,251.63		7-1-49
Camden	63,542.59	6,384.12	69,926.71		4-1-44
Cape Elizabeth	124,326.15	(14,074.95)	110,251.20		4-1-66
Cranberry Isles	756.72	2,166.21	2,922.93		3-1-71
Cumberland County	284,522.41	(21,012.41)	263,510.00		1-1-44
Dexter	29,591.06	6,729.92	36,320.98		3-1-67
Damariscotta	51.11	116.50	167.61		1-1-74
Dixfield	460.47	530.64	991.11		4-1-74
Dover-Foxcroft	6,632.34	-	6,632.34		7-1-72
Dover-Foxcroft Water District	2,482.76	-	2,482.76		5-1-70
East Millinocket	109,443.98	12,070.38	121,514.36		1-1-56
Eliot	1,695.99	1,736.25	3,432.24		4-1-73
Ellsworth	139,562.67	6,872.17	146,434.84	Police Only	1-1-46
Exeter	709.43	583.00	1,292.43		10-1-71
Falmouth	77,056.57	14,521.16	91,577.73		5-1-66
Falmouth Memorial Library	4,082.44	1,707.54	5,789.98		1-1-57
Farmington	25,376.49	7,070.92	32,447.41	Police Only	4-1-67
Farmington Village Corporation	8,513.54	1,676.77	10,190.31		9-1-68
Fort Kent	13,502.48	10,243.89	23,746.37		1-1-67
Fort Fairfield	59,726.36	12,520.07	72,246.43		7-1-46
Fort Fairfield Utilities District	11,591.53	26.53	11,618.06		4-1-69
Franklin County	32,246.30	25,045.36	57,291.66		7-1-67
Freeport	6,666.90	5,494.33	12,161.23		9-1-70
Frenchville	-	-	-		7-1-74
Fryeburg	655.75	1,380.17	2,035.92		5-1-71
Gardiner	136,554.93	34,699.64	171,254.57	F & P	9-1-47
Garland	194.74	1,305.00	1,499.74		7-1-71
Glenburn	1,806.24	895.50	2,701.74		4-1-72
Gorham	7,241.34	12,116.50	19,357.84		9-1-69
Greater Portland Council of Governments	-	-	-		7-1-74
Greater Portland Public Dev. Commission	59,038.87	29,650.48	88,689.35		1-1-62
Greenville	5,390.88	534.81	5,925.69		5-1-68
Hallowell	6,091.27	-	6,091.27		4-1-72
Hampden	10,664.79	10,391.98	21,056.77		6-1-71

	Net Balance-June 30, 1974			Special Plan	Date
	Normal	Contributions-Accrued	Liability	Fire & Police	Entered System
Hampden Water District	\$ 943.03	\$ -	\$ 943.03		6-1-70
Hancock County	93,549.94	50,076.52	143,626.46		1-1-57
Hermon	5,636.37	-	5,636.37		5-1-71
Houlton	261,408.73	47,183.39	308,592.12		1-1-45
Houlton Water District	167,380.63	40,965.02	208,345.65		1-1-48
Indian Township Passamaquoddy Res. H. A.	997.21	-	997.21		1-1-73
Jay	43,053.21	6,392.96	49,446.17		10-1-50
Kennebec County	144,689.97	36,450.41	181,140.38		7-1-51
Kennebec Water District	61,939.18	4,841.01	66,780.19		1-1-49
Kennebunk	44,451.14	3,674.04	48,125.18		4-1-66
Kennebunk Light & Power District	61,378.64	45,104.36	106,483.00		8-30-59
Kennebunkport	4,994.57	4,646.67	9,641.24		9-1-73
Kittery	90,147.19	21,848.37	111,995.56		4-1-46
Kittery Water District	57,566.82	32,905.67	90,472.49		2-1-46
Knox County	76,385.52	25,220.43	101,605.95		3-1-49
Lebanon	1,941.61	677.00	2,618.61		3-10-73
Lewiston	1,160,836.76	78,153.41	1,238,990.17	F & P	7-1-51
Lewiston-Auburn Water Pollution C. A.	1,824.66	196.00	2,020.66		3-1-72
Lewiston Housing Authority	2,172.25	994.50	3,166.75		4-1-71
Limestone Water & Sewer District	-	-	-		6-1-74
Lincoln	50,969.53	818.85	51,788.38	F & P	4-1-64
Lincoln Academy	1,240.65	-	1,240.65		9-1-69
Lincoln County	22,661.16	10,680.10	33,341.26		1-1-67
Lisbon	36,629.38	16,146.47	52,775.85		1-1-68
Livermore Falls	15,413.03	1,979.45	17,392.48		4-1-68
Livermore Falls Water District	14,732.80	3,166.63	17,899.43		3-1-49
Lubec Water & Electric District	19,052.25	17,544.22	36,596.47		7-1-66
Madawaska	21,431.32	6,669.89	28,101.21		9-1-65
Maine Housing Authority	9,369.36	848.60	10,217.96		6-20-72
Maine Maritime Academy	412,647.69	1,846.39	414,494.08		7-1-59
Maine Municipal Association	26,818.76	10,937.38	37,756.14		11-1-56
Maine Municipal Bond Bank	175.50	189.24	364.74		10-1-73
Maine - N. H. Bridge Authority	66,001.33	27,599.72	93,601.05		8-1-50
Maine Turnpike Authority	998,818.95	90,858.37	1,089,677.32		9-1-52
Mechanic Falls	13,039.27	-	13,039.27		4-1-68
Medway	-	-	-		3-1-74
Mexico	30,310.25	2,326.93	32,637.18		3-1-63

	Net Balance-June 30, 1974			Special Plan	Date
	Normal	Contributions-Accrued	Liability	Fire & Police	Entered
					System
Mexico Free Public Library	\$ 2,125.03	\$ 57.70	\$ 2,182.73		9-1-63
Milford	215.22	-	215.22		7-1-73
Millinocket	165,085.23	40,015.46	205,100.69	F & P	7-1-43
Milo	18,368.69	5,508.12	23,876.81		1-1-68
Monson	244.86	-	244.86		7-1-73
Mt. Desert	93,823.00	14,460.34	108,283.34		4-1-46
Mt. Desert Island Regional School District	12,767.33	-	12,767.33		8-1-68
Naples	970.87	935.33	1,906.20		5-1-70
New Canada Plantation	121.27	(610.45)	(489.18)		11-1-72
Norway	18,523.00	16,722.55	35,245.55		4-1-69
Norway Water District	1,977.00	598.00	2,575.00		5-1-70
Old Orchard Beach	13,729.47	31,828.26	45,557.73		7-1-70
Old Town	107,309.45	34,818.23	142,127.68	F & P	1-1-68
Old Town Water District	12,399.88	9,749.08	22,148.96		1-1-65
Orland	1,976.12	(2,083.47)	(107.35)		1-1-72
Orono	86,387.78	18,155.82	104,543.60	F & P	7-1-59
Otisfield	65.32	(5.38)	59.94		10-1-73
Oxford County	107,387.61	2,027.45	109,415.06		7-1-57
Paris	10,131.01	7,143.50	17,274.51		4-1-69
Paris Utilities District	2,661.44	3,602.50	6,263.94		1-1-72
Penobscot County	166,597.88	71,282.57	237,880.45		1-1-45
Piscataquis County	15,950.96	-	15,950.96		1-1-69
Pittsfield	16,448.98	3,575.82	20,024.80		5-2-68
Pleasant Point Passamaquoddy Res. H. A.	884.61	-	884.61		1-1-72
Portland	2,057,442.31	(231,042.30)	1,826,400.01	F & P	3-1-43
Portland Housing Authority	6,797.77	5,065.21	11,862.98		7-1-73
Portland Public Library	125,817.65	34,087.45	159,905.10		5-1-50
Portland Renewal Authority	75,671.05	262.00	75,933.05		10-1-55
Presque Isle	206,288.73	17,151.68	223,440.41	F & P	1-1-43
Rockland	184,164.71	20,974.53	205,139.24	F & P	11-1-46
Rockport	3,906.13	3,595.50	7,501.63		4-1-72
Rumford	142,788.77	18,152.77	160,941.54		4-1-65
Rumford, Fire & Police	126,772.16	50,644.04	177,416.20	F & P	2-10-58
Rumford Water District	22,740.84	24,069.55	46,810.39		4-1-60
Sabattus	728.41	-	728.41		1-1-73
Saco	12,193.65	11,341.67	23,535.32		12-31-73
Sagadahoc County	19,408.92	36,905.00	56,313.92		1-1-67
Sanford	213,347.77	18,061.53	231,409.30		1-1-66

	Net Balance-June 30, 1974			Special Plan	Date
	Normal	Contributions-Accrued Liability	Total	Fire & Police	Entered System
Sanford Housing Authority	\$ 1,185.72	\$ 137.42	\$ 1,323.14		6-1-71
Sanford Sewerage District	18,046.88	10,777.54	28,824.42		11-1-66
Sanford Water District	3,559.58	3,938.33	7,497.91		11-1-72
Scarborough	28,583.20	13,689.45	42,272.65		5-1-71
School Administrative District #2	4,883.37	869.33	5,752.70		3-5-73
School Administrative District #9	28,621.62	-	28,621.62		9-1-68
School Administrative District #16	3,653.14	2,271.75	5,924.89		10-1-73
School Administrative District #28	4,234.79	-	4,234.79		12-2-64
School Administrative District #29	9,152.32	(4,302.27)	4,850.05		9-1-72
School Administrative District #34	42,969.08	-	42,969.08		4-18-64
School Administrative District #41	12,272.68	7,480.19	19,752.87		10-1-70
School Administrative District #49	3,584.74	4,819.47	8,404.21		4-1-73
School Administrative District #51	-	-	-		7-1-74
School Administrative District #53	6,607.04	1,462.45	8,069.49		9-15-69
School Administrative District #54	28,284.23	5,112.81	33,397.04		5-1-68
School Administrative District #60	6,610.31	-	6,610.31		7-1-73
School Administrative District #66	39,405.49	-	39,405.49		12-1-67
School Administrative District #67	14,723.32	2,563.07	17,286.39		7-1-68
School Administrative District #71	35,642.20	7,816.00	43,458.20		5-1-69
Searsport	9,327.78	-	9,327.78		4-1-68
Searsport Water District	4,402.31	1,379.00	5,781.31		1-1-69
Skowhegan	50,562.81	10,390.46	60,953.27		4-1-65
Somerset County	27,816.46	16,798.07	44,614.53		7-10-67
South Berwick	6,881.57	-	6,881.57		7-1-70
South Berwick Water District	253.43	-	253.43		11-1-72
South Portland	892,741.80	21,485.06	914,226.86	F & P	9-1-44
Southern Kennebec Valley Regional P. C.	2,778.05	-	2,778.05		1-1-70
State Principals Association	3,472.82	-	3,472.82		8-7-67
Thomaston	2,988.82	3,999.83	6,988.65		5-1-72
Topsham	26,232.54	5,786.62	32,019.16	F & P	3-1-65
Van Buren	2,037.90	-	2,037.90		6-1-73
Vassalboro	1,863.86	-	1,863.86		7-1-71
Waldo County	79,507.91	22,670.50	102,178.41	Police Only	1-1-51
Waldoboro	-	-	-		6-1-74
Wallagrass Plantation	147.82	627.75	775.57		4-1-72
Washington County	83,438.56	16,940.42	100,378.98		1-1-50
Waterville, Fire & Police	117,014.67	19,332.41	136,347.08	F & P	2-1-61

	Net Balance-June 30, 1974			Special Plan	Date
	Normal	Contributions-Accrued Liability	Total	Fire & Police	Entered System
Waterville Urban Renewal Authority	\$ -	\$ -	\$ -		4-1-74
Wells	45,863.30	12,696.54	58,559.84	F & P	1-1-68
Westbrook	89,032.37	5,845.13	94,877.50		3-1-69
Westbrook, Fire & Police	98,422.13	24,480.80	122,902.93	F & P	1-1-62
Wilton	15,913.58	6,312.80	22,226.38		5-1-66
Winslow	8,594.57	797.17	9,391.74		9-1-70
Winthrop	3,657.52	3,644.31	7,301.83		5-1-73
Yarmouth	52,392.90	22,411.09	74,803.99	Police Only	4-1-68
York	47,397.88	3,590.22	50,988.10		7-1-48
York County	113,652.86	38,178.53	151,831.39		10-1-49
York Sewer District	2,555.08	6,711.00	9,266.08		5-1-70
York Water District	66,926.85	8,555.79	75,482.64		10-1-49
	<u>\$ 53,490,721.57</u>	<u>\$ 23,664,111.42</u>	<u>\$77,154,832.99</u>		
Undistributed Earnings			7,166,832.89		
TOTALS			<u>\$84,321,665.88</u>		

MAINE STATE RETIREMENT SYSTEM  
Administration Funds  
Fiscal Year Ending June 1974 and 1973

	General Administration		Participating Districts Actuarial Services	
	1974	1973	1974	1973
Revenue:				
General Fund - State	\$187,252.68	\$ 39,185.00	\$	\$
General Fund - Teachers	163,421.00	131,199.00		
Highway Funds	38,469.99	19,407.00		
Special Revenue Funds	29,759.46	11,481.27		
Bond Funds	28.74	-		
Public Service Enterprises	3,960.83	2,275.00		
Working Capital Funds	3,617.27	1,760.00		
Trust & Agency Fund	316.04	51.00		
Participating Districts	57,178.92	55,224.28		
University of Maine & Indian Educ.	3,415.97	2,355.00		
Actuarial Services	270.00	345.00	27,147.50	39,325.50
Misc. Services	30.40	-		
Adjustment	6.80	-		
Total Revenue	487,728.10	263,282.55	27,147.50	39,325.50
Expenditures:				
Salaries	198,485.72	191,125.32		
Actuarial Services	10,309.03	9,787.05	27,147.50	39,325.50
Medical Services	1,249.01	1,175.19		
Data Processing	25,892.43	13,599.61		
Travel Expense	3,639.51	2,560.48		
Telephone	3,275.73	3,117.59		
Rentals	2,035.71	2,037.45		
Repairs to Equipment	6,014.36	6,351.25		
Meter Postage	16,158.10	14,122.56		
Mailroom Costs	1,772.30	-		
Printing & Binding	4,669.54	3,406.06		
Office Supplies	3,735.93	3,311.52		
Office Equipment	2,065.81	4,596.97		
Retirement Costs	20,837.59	14,761.27		
Research & Legal Services	2,327.59	-		
Health Insurance - Active	2,146.93	-		
Health Insurance - Retirees	140,890.61	-		
General Operating Costs	715.39	2,426.72		
Total Expenditures	446,221.29	272,379.04	27,147.50	39,325.50
Current Year Reserves	41,506.81	( 9,096.49)		
Prior Year Reserves	30,628.57	39,725.06		
Balance of Reserves	\$ 72,135.38	\$ 30,628.57	\$ -0-	\$ -0-

MAINE STATE RETIREMENT SYSTEM

Comparative Balance Sheet  
Group Life Insurance  
At June 30, 1973, Compared to June 30, 1974

	<u>ASSETS</u>		
	<u>1974</u>	<u>1973</u>	Increase or (Decrease)
Investments:			
Bonds Note I	\$ -	\$ 720,889.50	\$ (720,889.50)
Commercial Paper-Finance Co.	2,379,472.56	-	2,379,472.56
Cash (Time-Deposit)	<u>1,300,000.00</u>	<u>1,950,000.00</u>	<u>(650,000.00)</u>
Total Investments	<u>3,679,472.56</u>	<u>2,670,889.50</u>	<u>1,008,583.06</u>
Other Assets:			
Cash (Demand Deposit)	53,533.22	127,168.84	(73,635.62)
Accounts Receivable (Net)	5,363.50	7,143.77	(1,780.27)
Due From Other Funds	<u>50,000.00</u>	<u>50,000.00</u>	<u>-</u>
Total Other Assets	<u>108,896.72</u>	<u>184,312.61</u>	<u>(75,415.89)</u>
Total Assets	<u>\$3,788,369.28</u>	<u>\$2,855,202.11</u>	<u>\$ 933,167.17</u>

RESERVES, LIABILITIES AND WORKING CAPITAL

Reserves & Working Capital:			
Reserve for Future Premiums	\$1,259,094.38	\$ 804,277.60	\$ 454,816.78
Reserve for Deficiency - Basic	25,000.00	25,000.00	-
Reserve for Deficiency - Supplemental	1,723,244.95	1,523,997.74	199,247.21
Working Capital	<u>50,000.00</u>	<u>50,000.00</u>	<u>-</u>
Total Reserves & Working Capital	<u>3,057,339.33</u>	<u>2,403,275.34</u>	<u>654,063.99</u>
Liabilities:			
Group Life Insurance Deductions-Basic	454,980.43	283,420.07	171,560.36
Group Life Insurance Deductions-Supp.	250,426.54	154,127.78	96,298.76
Group Life Insurance Deductions-Dep.	22,670.56	14,277.07	8,393.49
Other Current & Accrued Liabilities	2,847.32	-	2,847.32
Accounts Payable	<u>105.10</u>	<u>101.85</u>	<u>3.25</u>
Total Liabilities:	<u>731,029.95</u>	<u>451,926.77</u>	<u>279,103.18</u>
Total Reserves, Liabilities & Working Capital	<u>\$3,788,369.28</u>	<u>\$2,855,202.11</u>	<u>\$ 933,167.17</u>

Note I - Cost



# MAINE STATE RETIREMENT SYSTEM

## Statement of Operations Group Life Insurance Fund Year Ending June 30, 1974

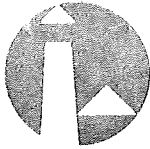
### Available Funds:

Premiums Collected (1972-73) Brought Forward		\$ 451,824.92
Premiums Collected (1973-74)		
Basic	\$1,770,089.66	
Supplemental	921,028.40	
Dependent	85,951.02	
		<u>2,777,069.08</u>
Dividend Received-		
State & Teachers	902,254.56	
Participating Districts	249,140.49	
		<u>1,151,395.05</u>
Appropriation from General Fund-		
Active Employees	25,621.00	
Retired Employees	359,000.00	
		<u>384,621.00</u>
Reimbursement of Administration Costs-		
State	26,000.00	
Participating Districts	4,750.00	
		<u>30,750.00</u>
Earnings on Investments-		
Interest on Bonds & Commercial Paper		218,930.84
TOTAL		<u>\$5,014,590.89</u>

### Expenditures, Dividend Distribution and Addition to Reserves:

Premiums Paid to Insurance-		
Active Employees:		
State Funds	\$ 24,000.00	
Employees & Employers Contributions		
Basic	1,598,529.30	
Supplemental	824,729.64	
Employees Contributions		
Dependent	77,557.53	
		<u>2,524,816.47</u>
Retired Persons:		
Employees Insurance Premiums	559,342.41	
		<u>3,084,158.88</u>
Supplemental Distribution		268,400.00
Administration Expense		30,750.00
Dividend Distributed to Participating Districts-		
Cash Payments	239,762.90	
Retained Dividend	2,847.32	
Retained for Administration Costs	6,530.27	
		<u>249,140.49</u>
Addition to Reserves:		
Reserve for Future Premiums	454,816.78	
Reserve for Deficiency - Supplemental	199,247.21	
		<u>654,063.99</u>
Premiums Collected April, May & June Note I		<u>728,077.53</u>
TOTAL		<u>\$5,014,590.89</u>

Note I - April, May & June premiums were withheld and applied against dividend to be paid in September.



October 2, 1974

Board of Trustees of the Maine State Retirement System  
 and its Advisory Council on Group Life Insurance  
 Augusta, Maine

Gentlemen:

This is the report on the nineteenth dividend payable under the Maine State Group Life Insurance program. It covers the period from July 1, 1973 to June 30, 1974. It includes the State Employees and Teachers Regular plan, the State Employees and Teachers Supplemental plan and Participating Local District plans.

The total dividend payable to the State by Union Mutual Life Insurance Company is \$1,231,340.65. The dividend is allocated as follows:

<u>Classification</u>	<u>Amount</u>
State and Teachers (Regular)	\$698,273.00
State and Teachers (Supplemental)	312,444.85
City of Portland	43,446.42
City of Bangor	23,411.12
Pooled Districts (Regular)	139,102.79
Pooled Districts (Supplemental)	<u>14,662.47</u>
Total Dividend	\$1,231,340.65

The balance of this report presents the detailed experience and methods used to compute dividends for all plans.

State Employees and Teachers Regular Plan

State Contributions Active Employees and Teachers	\$24,000.00
Retired Employees and Teachers Contributions	559,342.41
Employees and Teachers Contributions	1,231,311.45
Employees and Teachers Dependent Life Insurance	<u>63,946.04</u>
	\$1,878,599.90

Board of Trustees of the Maine State Retirement System  
and its Advisory Council on Group Life Insurance  
October 2, 1974

Claims

Claims for the policy year are divided into three categories:

1. Paid Claims
2. Conversion Charges
3. Disability Claims

Paid Claims

During the 12 month period, actual paid claims were \$1,034,925.00.

Conversion Charges

During the 12 month period, employees and teachers converted \$62,500 of insurance. The charge at \$75/1000 amounted to \$4,687.50.

Disability Claims

During the 12 month period, 21 employees with insurance retired on disability and were still alive on June 30, 1974. During the same period, waiver of premium was approved for 6 people not retired on disability. The total amount of insurance for this group was \$276,100.00. At \$600 per 1000, the disability reserve charge was \$165,660.00.

Disability Recoveries

During the 12 month period, there were no disability recoveries.

Disabled Deaths

During the 12 month period 7 disabled people died with \$27,500.00 of insurance. This released reserves of \$16,500.00.

Reduction in Disability Claims

During the 12 month period, the amount of insurance on 39 disability claimants was reduced by \$34,785.00. This released reserves by \$20,871.00. An additional reserve release of \$60,840.00 was developed as a result of an audit of the accumulated reserve account since inception of the insurance program.

Board of Trustees of the Maine State Retirement System  
and its Advisory Council on Group Life Insurance  
October 2, 1974

DIVIDEND NINETEENTH POLICY YEAR

Earned Premiums			\$1,878,599.90
Less: Paid Claims	\$1,034,925.00		
New reported and approved			
disability claims	165,660.00		
Conversion Charges	4,687.50		
Retention (3.9%)	<u>73,265.40</u>	<u>1,278,537.90</u>	
Net			\$600,062.00
Plus: Reduction in Disability			
Claims	81,711.00		
Disabled Deaths	16,500.00		
Disabled Recoveries	<u>-0-</u>	<u>98,211.00</u>	
Nineteenth Year Dividend			\$698,273.00

State Employees and Teachers (Supplemental)

On March 5, 1962, a Supplemental plan for State Employees and Teachers became effective.

The premiums for the past policy year on this portion of the plan were \$849,604.42.

Conversion Charges

During the 12 month period \$37,000.00 of insurance was converted. The charge at \$75/1000 amounted to \$2,775.00.

Disability Claims

During the 12 month period waiver of premium was approved for 3 people not retired on disability. The amount of insurance was \$28,000.00. At \$600 per \$1000, the reserve charge was \$16,800.00.

Disability Recoveries

During the 12 month period there were no disability recoveries.

Board of Trustees of the Maine State Retirement System  
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October 2, 1974

DIVIDEND THIRTEENTH POLICY YEAR

Earned Premiums		\$849,604.42
Less: Paid Claims	\$487,000.00	
Conversion Charges	2,775.00	
Disability Claims	16,800.00	
Retention (3.9%)	<u>33,134.57</u>	<u>539,709.57</u>
Net		\$309,894.85
Plus: Reduction in Disability Claims	1,350.00	
Disabled Deaths	<u>1,200.00</u>	<u>2,550.00</u>
Thirteenth Year Dividend		\$312,444.85

Dividends for Participating Local Districts

During the year we received premiums for 110 Participating Local Districts.

Those districts having over 300 lives are kept separate as their experience is on an accumulative basis similar to the State Case. There are two such districts: the City of Portland and the City of Bangor.

The dividend calculation for these two districts follows; both districts have an advance discount of 15%:

City of Portland

Manual Premium		\$115,807.96
Less: Advance Discount	\$17,371.14	
Paid Claims	49,050.00	
Conversion Charge	150.00	
5% Retention	<u>5,790.40</u>	<u>\$72,361.54</u>
Nineteenth Year Dividend		\$43,446.42

Conversion Charges

During the 12 month period \$2,000.00 of insurance was converted. The charge at \$75/1000 amounted to \$150.00.

Board of Trustees of the Maine State Retirement System  
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City of Bangor

Manual Premium		\$92,851.35
Less: Advance Discount	\$13,927.66	
Paid Claims	50,870.00	
5% Retention	<u>4,642.57</u>	<u>69,440.23</u>
Nineteenth Year Dividend		\$23,411.12

Conversion Charges

During the 12 month period there were no conversions.

The experience of the other 108 districts was pooled, developing a dividend as follows:

Manual Premium		\$425,831.48
Less: Advance Discount	\$42,408.80	
Paid Claims	213,145.00	
Conversion Charge	225.00	
Disability Claims	5,400.00	
6% Retention	<u>25,549.89</u>	<u>\$286,728.69</u>
Nineteenth Year Dividend		\$139,102.79

Conversion Charges

During the 12 month period, \$3,000.00 of insurance was converted. The charge at \$75/1000 amounted to \$225.00.

Disability Claims

During the 12 month period, there was one waiver of premium claim with \$9,000.00 of insurance. The charge at \$600/1000 amounted to \$5,400.00.

The dividend of \$139,102.79 has been allocated to the Local Districts, subject to the following two conditions:

1. Any Participating Local District having a loss ratio greater than the State will receive no dividend.
2. In no event shall claims plus dividend exceed 94% of earned premiums.

Board of Trustees of the Maine State Retirement System  
and its Advisory Council on Group Life Insurance  
October 2, 1974

The State's loss ratio was calculated as follows:

$$\frac{1,107,061.50}{1,878,599.90} = 58.9\%$$

The following Participating Districts received no dividends because their loss ratio was greater than the State's:

<u>District</u>	<u>Net Premiums</u>	<u>Claims</u>	<u>Loss Ratio</u>
Town of Camden	\$ 2,893.88	\$ 8,000	276.4
Town of Houlton	5,619.51	7,300	129.9
Town of Mt. Desert	3,959.98	9,000	227.3
Town of Ft. Fairfield	2,517.33	10,000	397.2
Kennebec Water	3,425.47	3,000	87.6
Livermore Falls Water	534.75	750	140.3
City of Belfast	4,106.50	8,000	194.8
Portland Public Library	2,185.83	4,455	203.8
Maine Turnpike	34,751.19	27,000	77.7
Auburn Water	1,556.95	1,000	64.2
City of Bath	10,088.51	7,500	74.3
Town of Skowhegan	4,652.28	6,500	139.7
Town of Kunnebunk	2,447.19	18,000	735.5
Town of Cape Elizabeth	8,492.06	15,000	176.6
County of Piscataquis	1,651.36	3,000	181.7
Town of Gorham	3,608.17	4,150	115.0
Town of Dover Foxcroft	4,141.03	13,925	336.3
Waterville Sewer	1,036.25	7,000	675.5
S.A.D. #50	685.68	12,000	1750.1
	<u>\$98,353.92</u>	<u>\$165,580</u>	

The following Districts received a reduced dividend under 2 above.

<u>District</u>	<u>Net Premiums</u>	<u>Claims</u>	<u>Dividend</u>
Sagadahoc County	\$ 3,671.70	\$2,000	\$1,451.40
Town of Limestone	2,021.10	1,075	824.83
Maine Maritime	<u>15,835.32</u>	<u>8,000</u>	<u>6,885.20</u>
	<u>\$21,528.12</u>	<u>\$11,075</u>	<u>\$9,161.43</u>

The combination of claims and dividends equals 94% of premiums earned.

Board of Trustees of the Maine State Retirement System  
and its Advisory Council on Group Life Insurance  
October 2, 1974

The allocation of the dividend for the pooled districts was developed  
as follows:

	<u>Manual Premium</u>	<u>Advance Discount</u>	<u>Net Premium</u>	<u>Dividend</u>
Total for Pooled Districts	\$425,831.48	\$42,408.80	\$383,422.68	\$139,102.79
Less: Premiums - those districts not developing a dividend			\$98,353.92	-0-
Reduced District dividend			<u>21,528.12</u>	<u>9,161.43</u>
Net			\$263,540.64	\$129,941.36

Dividend Percentage of Premium

$$\frac{129,941.36}{263,540.64} = .49306005$$

Supplemental Life Plan

The following districts have taken advantage of the Supplemental Group  
Life benefits:

Town of Waldoboro	Town of Mars Hill
Waldoboro Sewer District	S.A.D. #74
County of Cumberland	Anson Water District
Kittery Water District	Piscataquis County
Houlton Water Company	Town of Wiscasset
York Water District	Twon of Anson
Waterville Sewerage	Town of Bucksport
Town of Cape Elizabeth	Hallowell Water District
Town of Wilton	Town of Thomaston
Fort Fairfield Utilities	Maine State Employees Association
Maine Turnpike Authority	S.A.D. #52
Sagadahoc County	Kennebec Valley Regional P.C.
Maine Housing Authority	Kennebec Sanitary Treatment District
Maine Municipal Bond Bank	

Total premiums for the year ended June 30, 1974 amount to \$71,423.98.  
There were \$52,000.00 paid in claims for the same period. The following  
table develops a dividend on the Supplemental plan equal to \$14,662.47.



Board of Trustees of the Maine State Retirement System  
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October 2, 1974

Manual Premium		\$79,358.56
Less: Advance Discount	\$ 7,934 58	
Paid Claims	52,000.00	
6% Retention	<u>4,761.51</u>	<u>64,696.09</u>
Ninth Year Dividend		\$14,662.47

Disability Claims

During the 12 month period there were no waiver of premium claims.

The following Participating District received no dividends because their loss ratio was greater than the State's.

<u>District</u>	<u>Net Premium</u>	<u>Claims</u>	<u>Loss Ratio</u>
Maine Turnpike	\$33,404.10	\$27,000.00	80.8
Town of Cape Elizabeth	5,472.45	15,000.00	274.1
County of Piscataquis	1,254.00	3,000.00	239.2
Waterville Sewer	<u>933.85</u>	<u>7,000.00</u>	749.6
	\$41,064.40	\$52,000.00	

The allocation of the dividend for the pooled districts was developed as follows:

	<u>Manual Premium</u>	<u>Advance Discount</u>	<u>Net Premium</u>	<u>Dividend</u>
Total for Pooled Districts	\$79,358.56	\$7,934.58	\$71,423.98	\$14,662.47
Less: Premiums - those districts not developing a dividend			<u>\$41,064.40</u>	<u>-0-</u>
Net			\$30,359.58	\$14,662.47

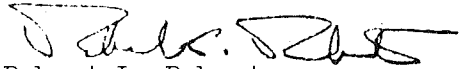
Board of Trustees of the Maine State Retirement System  
and its Advisory Council on Group Life Insurance  
October 2, 1974

Dividend Percentage of Premium

$$\frac{14,662.47}{30,359.58} = .48296024$$

Exhibit B lists the dividends in detail and they have been distributed on exactly the same basis as that used for the Participating Districts regular coverage.

Respectfully submitted,



Robert L. Roberts  
Sr. Vice President  
Insurance Operations  
UNION MUTUAL LIFE INSURANCE COMPANY

Attachments

EXHIBIT A

MAINE STATE RETIREMENT SYSTEM GROUP POLICY #2200

NINETEENTH YEAR DIVIDEND 6/30/74

<u>District</u>	<u>Manual Premium</u>	<u>Experience &amp; Advance Discount</u>	<u>Incurred Claims</u>	<u>Dividend</u>
State Employees & Teachers	\$2,656,214.39	\$777,614.49	\$1,107,061.50	\$698,273.00
Supplemental-Employees & Teachers	1,424,724.59	575,120.17	504,025.00	312,444.85
City of Portland	115,807.96	17,371.14	49,200.00	43,446.42
City of Presque Isle	8,312.22	831.21	2,000.00	3,688.59
County of Cumberland	10,934.79	1,093.47	2,750.00	4,852.36
Town of Camden	3,215.42	321.54	8,000.00	-0-
City of South Portland	44,340.89	4,434.04	11,475.00	19,676.47
Town of Houlton	6,243.89	624.38	7,300.00	-0-
County of Penobscot	5,254.04	525.40	-0-	2,331.50
Kittery Water	1,132.49	113.25	-0-	502.55
City of Ellsworth	5,433.22	543.32	-0-	2,411.01
Town of Bar Harbor	4,832.32	483.23	1,500.00	2,144.36
Town of Mt. Desert	4,399.97	439.99	9,000.00	-0-
Town of Fort Fairfield	2,797.03	279.70	10,000.00	-0-
City of Rockland	7,452.77	745.27	-0-	3,307.20
City of Bangor	92,851.35	13,927.66	50,870.00	23,411.12
Boothbay Water	907.39	90.74	-0-	402.66
Bangor Public Library	4,116.78	411.67	-0-	1,826.84
City of Augusta	26,716.06	2,671.58	8,750.00	11,855.37
City of Gardiner	4,082.98	408.29	-0-	1,811.88
Houlton Water	4,064.02	406.40	-0-	1,803.45
Town of York	2,285.86	228.58	-0-	1,014.36
Kennebec Water	3,806.07	380.60	3,000.00	-0-
Livermore Falls Water	594.17	59.42	750.00	-0-
County of Knox	2,806.17	280.61	-0-	1,245.25
Augusta Water	3,284.44	328.44	-0-	1,457.48
City of Belfast	4,562.77	456.27	8,000.00	-0-
Maine Maritime	17,594.78	1,759.46	8,000.00	6,885.20
York Water	1,204.11	120.41	-0-	534.33
County of Washington	3,865.55	386.55	-0-	1,715.34
Portland Public Library	2,428.70	242.87	4,455.00	-0-
Town of Brunswick	19,266.90	1,926.67	6,840.00	8,549.77
County of Waldo	3,099.51	309.95	500.00	1,375.40
Maine Turnpike	38,612.39	3,861.20	27,000.00	-0-
Auburn Sewerage	925.05	92.50	-0-	410.50

EXHIBIT A (Continued)

<u>District</u>	<u>Manual Premium</u>	<u>Experience &amp; Advance Discount</u>	<u>Incurred Claims</u>	<u>Dividend</u>
Auburn Water	\$ 1,729.94	\$ 172.99	\$ 1,000.00	\$ -0-
Town of E. Millinocket	3,782.51	378.25	-0-	1,678.50
Bangor Water	4,955.25	495.52	-0-	2,198.91
Town of Rumford	4,483.69	448.36	-0-	1,989.66
Town of Orono	3,609.40	360.94	750.00	1,601.69
Kennebunk Light	3,316.83	331.68	1,000.00	1,471.86
Augusta Sewerage	2,611.74	261.17	-0-	1,158.97
Rumford Water	679.55	67.95	-0-	301.56
County of Androscoggin	10,248.47	1,024.84	1,250.00	4,547.80
Brunswick Sewer	840.69	84.07	-0-	373.06
City of Bath	11,209.44	1,120.93	7,500.00	-0-
S.A.D. #34	2,035.20	203.52	-0-	903.13
S.A.D. #28	236.17	23.62	-0-	104.80
Town of Skowhegan	5,169.19	516.91	6,500.00	-0-
Town of Topsham	284.30	28.43	-0-	126.16
Town of Sanford	16,193.72	1,619.35	2,800.00	7,186.04
Town of Kennebunk	2,719.10	271.91	18,000.00	-0-
Town of Cape Elizabeth	9,435.61	943.55	15,000.00	-0-
Town of Wilton	467.01	46.70	-0-	207.24
Town of Falmouth	7,266.24	726.62	2,000.00	3,224.43
Town of Rumford	7,160.65	716.06	-0-	3,177.57
Sagadahoc County	4,079.66	407.96	2,000.00	1,451.40
Town of Milo	1,913.21	191.32	-0-	849.00
S.A.D. #54	2,567.09	256.71	-0-	1,139.16
Town of Yarmouth	2,405.65	240.56	-0-	1,067.52
County of Piscataquis	1,834.84	183.48	3,000.00	-0-
Town of Norway	2,088.68	208.87	-0-	926.86
Town of Paris	1,275.33	127.53	-0-	565.93
S.A.D. #71	1,704.18	170.42	-0-	756.24
Town of Bucksport	7,087.74	708.77	-0-	3,145.22
Port Fairfield Utilities	641.21	64.12	-0-	284.54
Town of Gorham	4,009.07	400.90	4,150.00	-0-
Belfast Water District	638.88	-0-	-0-	315.01
Co. Kennebec Valley	149.08	14.91	-0-	66.15
S.A.D. #41	876.60	87.66	-0-	388.99
Auburn Housing Authorities	1,086.56	-0-	-0-	535.74
Town of Hermon	1,424.56	142.45	-0-	632.16
Sanford Housing Authorities	169.77	16.98	-0-	75.33
Paris Utilities	765.74	76.57	-0-	339.80
Town of Rockport	772.91	77.29	-0-	342.98
Town of Thomaston	397.27	39.73	-0-	176.29
Town of Dover Foxcroft	4,601.14	460.11	13,925.00	-0-
Milo Water	548.42	54.84	-0-	243.36
Waterville Sewer	1,151.39	115.14	7,000.00	-0-
Town of Waldoboro	459.51	45.95	-0-	203.91
Town of Ashland	553.34	55.33	-0-	245.55
Town of Frenchville	135.34	13.53	-0-	60.06
Town of Wiscasset	3,711.18	371.11	-0-	1,646.85

EXHIBIT A (Continued)

<u>District</u>	<u>Manual Premium</u>	<u>Experience &amp; Advance Discount</u>	<u>Incurred Claims</u>	<u>Dividend</u>
Town of Anson	\$ 616.40	\$ 61.64	\$ -0-	\$ 273.53
Hallowell Water	419.43	41.94	-0-	186.13
Town of Fairfield	4,140.89	414.08	500.00	1,837.54
Town of Lubec	273.90	27.39	-0-	121.54
Town of St. Agatha	509.14	50.91	-0-	225.93
Town of Limestone	2,245.66	224.56	1,075.00	824.83
Presque Isle Water	817.13	81.71	-0-	362.61
Town of W. Paris	144.58	14.46	-0-	64.16
S.A.D. #1	4,776.45	477.64	-0-	2,119.57
Town of Winthrop	3,621.02	362.10	-0-	1,606.84
Brunswick & Topsham	2,069.24	206.92	-0-	918.24
Anson Water	172.60	17.26	-0-	76.59
Limestone Water	126.51	12.65	-0-	56.14
S.A.D. #17	1,065.13	106.51	-0-	472.66
Town of Mars Hill	765.19	76.52	-0-	339.56
S.A.D. #36	1,091.22	109.12	-0-	484.23
M.S.E.A.	1,174.43	117.44	-0-	521.16
S.A.D. #40	306.79	30.68	-0-	136.11
S.A.D. #50	761.87	76.19	12,000.00	-0-
Presque Isle Sewer	532.11	53.21	-0-	236.13
Waldoboro Sewer	70.66	7.07	-0-	31.35
S.A.D. #68	1,182.03	118.20	-0-	524.53
S.A.D. #51	738.43	73.84	-0-	327.68
S.A.D. #74	1,197.74	119.77	-0-	531.50
S.A.D. #52	581.40	58.14	-0-	258.00
Lewiston-Auburn Water	524.72	52.47	-0-	232.85
Maine State House Authority	1,528.81	152.88	-0-	678.42
Kennebec Sanitary	308.76	30.88	-0-	137.01
Maine Mun. Bond Bank	13.44	-0-	-0-	6.63
TOTAL	\$4,715,429.77	\$1,426,442.26	\$1,929,926.50	\$1,216,678.18

EXHIBIT B

MAINE STATE RETIREMENT SYSTEM - GROUP POLICY #2200

SUPPLEMENTAL LIFE (DISTRICTS)

<u>District</u>	<u>Manual Premium</u>	<u>Experience &amp; Advance Discount</u>	<u>Claims Incurred</u>	<u>Dividend</u>
Cumberland County	\$ 9,618.08	\$ 961.80	\$ -0-	\$ 4,180.64
Kittery Water	792.09	79.21	-0-	344.29
Houlton Water	3,599.43	359.94	-0-	1,564.55
York Water	404.69	40.47	-0-	175.90
Maine Turnpike	37,115.62	3,711.52	27,000.00	-0-
Town of Cape Elizabeth	6,080.49	608.04	15,000.00	-0-
Town of Wilton	394.66	39.47	-0-	171.54
Sagadahoc County	3,876.00	387.60	-0-	1,684.76
County of Piscataquis	1,393.33	139.33	3,000.00	-0-
Town of Bucksport	5,680.30	568.02	-0-	2,469.03
Fort Fairfield Utilities	607.52	60.75	-0-	264.07
So. Kennebec Valley	138.92	13.89	-0-	60.39
Town of Thomaston	394.73	39.47	-0-	171.58
Waterville Sewer	1,037.61	103.76	7,000.00	-0-
Town of Waldoboro	343.04	34.30	-0-	149.11
Town of Wiscasset	2,656.87	265.68	-0-	1,154.85
Town of Anson	538.67	53.87	-0-	234.14
Hallowell Water	419.43	41.94	-0-	182.31
Anson Water	162.20	16.22	-0-	70.50
Town of Mars Hill	715.79	71.58	-0-	311.13
M.S.E.A.	1,006.34	100.63	-0-	437.42
Waldoboro Sewer	61.99	6.20	-0-	26.94
S.A.D. #74	307.46	30.75	-0-	133.64
S.A.D. #52	261.10	26.11	-0-	113.49
Maine Housing Authority	1,528.82	152.88	-0-	664.52
Kennebec Sanitary Treat. Dist.	211.50	21.15	-0-	91.93
Maine Mun. Bond Bank	11.88	-0-	-0-	5.74
Total	\$79,358.56	\$7,934.58	\$52,000.00	\$14,662.47

DIVIDEND SUMMARY (ALL PLANS)

MAINE STATE RETIREMENT SYSTEM-GROUP POLICY NUMBER 2200

7/1/73 to 6/30/74

	<u>State Regular</u>	<u>State Supplementary</u>	<u>City of Portland</u>	<u>City of Bangor</u>	<u>Regular Districts</u>	<u>Supplementary Districts</u>	<u>Totals</u>
Premiums - Manual	\$2,656,214.39	\$1,424,724.59	\$115,807.96	\$92,851.35	\$425,831.48	\$79,358.56	\$4,794,788.33
Premiums - Discount	777,614.49	575,120.17	17,371.14	13,927.66	42,408.80	7,934.58	1,434,376.84
Net Premiums	1,878,599.90	849,604.42	98,436.82	78,923.69	383,422.68	71,423.98	3,360,411.49
Paid Claims	1,034,925.00	487,000.00	49,050.00	50,870.00	213,145.00	52,000.00	1,886,990.00
+Conversion Charges	4,687.50	2,775.00	150.00	--	225.00	--	7,837.50
+Disability Claims	165,660.00	16,800.00	--	--	5,400.00	--	187,860.00
-Disability Recoveries	--	--	--	--	--	--	--
-Disability Deaths	16,500.00	1,200.00	--	--	--	--	17,700.00
-Reduction in Disability Claims	81,711.00	1,350.00	--	--	--	--	83,061.00
Incurred Claims	1,107,061.50	504,025.00	49,200.00	50,870.00	218,770.00	52,000.00	1,981,926.50
Retention	73,265.40	33,134.57	5,790.40	4,642.57	25,549.89	4,761.51	147,144.34
Net Dividend	698,273.00	312,444.85	43,446.42	23,411.12	139,102.79	14,662.47	1,231,340.65

# MAINE STATE RETIREMENT SYSTEM

For Employees of the  
State of Maine  
Participating Local Districts  
and  
Public School Teachers



## Constitution of the State of Maine

All of the assets, and proceeds or income therefrom, of the Maine State Retirement System or any successor system and all contributions and payments made to the system to provide for retirement and related benefits shall be held, invested or disbursed as in trust for the exclusive purpose of providing for such benefits and shall not be encumbered for, or diverted to, other purposes.

Chapter 95 Resolves 1961

Voted, General Election, November 6, 1962

Proclaimed, November 21, 1962

Adopted and Effective December 21, 1962