

## The Need for a Retirement Plan

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viding retirement funds for eligible personnel about ready to retire, if the Regents would provide funds to establish annuities for all later retirements.

The Board of Regents was able to establish its annuity plan by increasing salaries of those who were eligible to participate, by five per cent to match a similar amount to be contributed by the staff member. In other words it was possible to establish an adequate retirement plan covering employees of the University by an increase of only five per cent of payroll.

In the years that have elapsed since the establishment of the annuity plan at the University, some of the annuities have matured and the respective annuitants are receiving the proceeds of same; however, after "unification" no further annuities were contracted for any of the staff of the six colleges in the system.

In the light of the splendid results obtained from what annuities were established, and in view of the difficulties encountered by the Board in providing funds for other members of the staff who have since reached the age of retirement, our Board is in a position to note the advantages of an annuity system similar to that established at the University, and the disadvantages of attempting to provide for retired personnel without some such system. Today we have 40 emeritus professors, of

whom 8 or 10 require no compensation from the Board of Higher Education because their annuities established under the old University Plan provide adequately for them. Of the remaining 32, five or six are receiving some income from annuities and some compensation from the Board. To cover the Board's contribution to them and to the 26 or 27 who receive their entire compensation from the Board, it is necessary for the Board to pay approximately \$50,000 per year. That in itself, obviously, is a real burden because although the emeritus professors receiving compensation from the Board are required to serve part time in teaching or research, it is a fact that the loss of their services would not seriously handicap our operations. It is further significant that this sum of \$50,000 per year is almost the amount which would be required to establish and provide annuities for our entire professional staff of say 500 people who would be eligible for an annuity plan. In other words, that \$50,000 plus an additional \$10,000 would cover the Board's five-percent-of-salary contribution necessary to pay premium on a complete annuity plan where the Board pays half and the annuitant half of the premium.

Another matter which should not be overlooked is that whereas we now have about 40 people on the emeritus status, there are about that many more now over 60 years of age who will soon be a problem and will add to the amount which we are now paying to those above the age of retirement.

Now what is the answer to this very serious problem that confronts us? Just how serious it is you can appreciate from the fact that until the legislature at the last session provided financial relief for the Board, and for which relief we

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