

investment of funds with a reasonable degree of flexibility.

Each of the Illinois pension plans operates through a retirement board or board of trustees which, in most cases, is a body of from five to seven members and consists of persons representing both the employer and the employees. In a few of the systems the retirement board includes one representative of the pensioned employees. Inasmuch as the size of the governing board bears some relation to its effectiveness, it is generally recognized that it should not be so large as to include disinterested members, yet be large enough to allow adequate representation for both the employer and the employees. The Illinois systems appear to meet these general considerations, except that representation of annuitants on all retirement boards might be urged on various grounds.

The number of employees made available to the board depends very largely upon the nature and size of the pension system. In the smaller municipal systems, public officers such as the city clerk or treasurer, as ex-officio members of the board, in most instances serve the need for executive directors and secretaries. In the larger systems it is important that these duties be provided for by full-time paid employees, appointed by and under the control of the board. In all cases the services of an actuary should be available to the board, either for periodic valuations or as a continuing service. Provision for independent auditing is necessary, and for those systems offering disability benefits, adequate provision for medical examiners is essential. To a limited extent the need for the services of actuaries and auditors for individual pension plans is now met through the services being performed by the Department of Insurance in its periodic examinations of the state pension funds.

Present Illinois legislation empowers

the Department of Insurance (taking over this function from the former Department of Trade and Commerce) to make an examination of Illinois public pension funds and to report the results of these examinations, along with recommendations, to the General Assembly. This statute directs the department to conduct a biennial examination of the pension funds. Under present practice the cost of this examination is approximately \$25,000 in addition to the normal expenses of the Department which cannot be allotted directly to the examination. This cost is charged against the individual pension funds examined, and operates as a considerable burden upon the smaller of the pension systems. It is recommended by the Department of Insurance that provision be made instead for a quadriennial examination of the pension funds, and to facilitate this, that the board of trustees or retirement board for each of the pension systems be required to submit statements of their finances and statistics to the Department of Insurance.

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