

Retirement System—Questions and Answers

1. Q. What will be done with the contribution of the member after it is paid into the Retirement Fund?

A. The member's individual account which will be established at the time of his entrance into the System, will be credited with the amount of the contribution, and the contribution, together with the contributions from the employer, will be invested in high-grade securities. Interest earnings shall be added to and expenses deducted from all employee and employer accounts annually on the basis of the balance in each account and the amount of annual contributions.

2. Q. Who will control the investment of the funds?

A. The State Bond Commission with the approval of the Retirement Board. The State Treasurer is the custodian of the Retirement Fund.

3. Q. How will I receive the interest?

A. It will be credited to your individual account in the office of the Retirement System, the same as your contributions.

4. Q. Why is it necessary to invest the contributions?

A. In order to provide larger retirement income than could be done by contributions alone.

5. Q. Am I correct, then, in understanding that every one of the members of the Retirement System will have an individual account in the Retirement Office showing the total of all the contributions he has made, plus interest compounded annually and minus his share of the expenses of administering the System?

A. That is correct.

6. Q. Am I also correct in understanding that for every member, whether his individual account will total \$25 or \$1,225, bonds or cash in an amount equal to the total in his indi-

vidual account will be held in the State Treasury?

A. That is correct, also. And, in addition, for each member there will be in the State Treasury, in the form of cash or bonds, another amount equal to the contributions made by the State for service of each member after July 1, 1946.

7. Q. We have spoken only of contributions that will be made jointly by the members and the employer for service after July 1, 1946. What will be the liability assumed by the employer for prior service?

A. A portion of this liability will also be paid into the State Treasury by the employer as provided in the Act after July 1, 1947 at intervals designated by the Retirement Board. It is provided that the entire liability will be liquidated within 30 years.

8. Q. Are contributions made on overtime payments?

A. A member's contribution is calculated on the total amount he earns each month and it makes no difference if he worked "straight time" or "overtime" to earn it.

9. Q. Rates of contribution are said to be higher than other governmental retirement systems?

A. The contribution rates were adopted by the Retirement Board on the basis of recommendation of the consulting actuary who made a thorough study of the liabilities the system will incur. Some of the factors influencing these contributions rates were: 1. The low interest rates prevailing today on sound investments (2¼% today against 4¼% of 15 years ago); 2. A changing mortality table (people are now living longer and hence will draw retirement pay longer); 3. The age, sex and other factors were all considered.

(Continued on page 13)