

eration is essential. We deal with about 1200 separate employers. We do not select the persons who handle our business with these employers; neither can we train them or replace them if they fail to function properly. To many of them, especially clerks of small school districts, our accounting procedures seem complicated. They are not and cannot be expected to be expert accountants. All of them try hard, and do their best to cooperate. Nevertheless, delays and errors, with resultant confusion and impaired service, do occur and mistakes are costly. Legislation or requests which would tend to make the operation more complicated than at present should be avoided.

The members should be discouraged from asking information which can serve no useful purpose. Two examples will suffice.

Recently a teacher, 43 years old, wrote and requested estimates of the amount of pension she might expect at age 50, 53, 56, 60 and 65. To answer her question required some research and some fairly complicated calculations, to say nothing of the assumption as to future salary, interest earnings, etc. However, she received our answer and immediately wrote to say that she wanted no approximate estimates, but wanted some guaranteed figures. The explanation as to why our figures could be no more than estimates required some time, too. The expense of answering this one inquiry was about \$15.00, or as much as the member will contribute to the expense account for perhaps seven years. If every member did the same thing, expenses would be so increased as to materially reduce the amount of pension we will be able to pay. At age 43, this party could only have been motivated through curiosity. She might not even live to age 50, the earliest age for which she requested information. Her request was unnecessary, useless and expensive.

#### **Pension Formula Given**

When a member is at or near retirement age, either voluntary or compulsory, and a decision as to the member's future course of action is indicated, then he needs and should be

furnished as accurate an estimate as possible in order to assist him in his decision. Generally speaking, the purely curious should be satisfied with the formula reflecting the potential pension at age 65, namely: \$2.50 per month for each year of prior service credit, \$3.33 per month for each year of current service between July 1, 1946, and July 1, 1949, and \$4.16 per month for each year of current service after July 1, 1949.

#### **Expense of Individual Statements**

The other example to be cited is the request that an annual individual statement be furnished to each member. This statement to show the member's balance at the beginning of the year, his contributions during the year, the interest added and the expense deducted and his balance at the end of the year. Certainly, this could be done but the very substantial expense involved cannot be justified from any standpoint whatsoever. Any reasonably systematic person could keep his own record were he so inclined. Each employer submits only one detailed report per year to the retirement office. By the time these reports are audited, adjusted and posted, several months will have inevitably elapsed, so that the member's balance, if furnished him, will reflect his balance at the end of the preceding fiscal year and cannot coincide with his actual balance because of continuing contributions made subsequent to the employer's annual report.

#### **Vital Information Available**

There are only three situations which require an accurate up-to-date computation of a member's balance; namely, death, retirement, or termination of membership. When one of these occurs, the employer furnishes a supplemental report enabling the retirement board to compute the amount due a beneficiary, the amount of the member's pension, or his withdrawal benefit as the case may be. Here again, when the information is vital and serves a purpose, it is and must be readily available. An annual individual statement serves no purpose, tells no story which the member could not tell himself, and would create an unwarranted, unjustified expense.