

Case Studies on the 1941 Teacher Retirement Bill Showing How It Would Operate In Typical Cases

These calculations are based upon several assumptions:

1. That reserve funds can be kept invested at interest for the coming years.
2. That such investments in the long run of years will yield 3% interest, compounded.
3. That school salaries in terms of dollars will continue at present levels.
4. That for the next half century medical science, the American way of living, and other factors, will not materially change life expectancies.
5. That the yield on investments in refund life annuities beginning at age 65 will not change materially from the present rates.

The 1941 plan would levy 4% on salaries of school employees. Upon retirement, the employee would receive a refund annuity purchased by the reserve. The state would make its contribution from the formula of the bill (Section 18), "multiplying the average annual salary (up to a maximum of \$3,000) for the last ten years of school service, by the total number of years of school service and dividing by 160. Provided that any person having a record of thirty years or more of school service shall receive a service annuity which added to his savings annuity will total not less than one-third of the average annual salary during the last ten years of school service. Provided further: That any eligible employee who shall have served less than thirty years shall receive payments in the proportion which those years of service bear to thirty years; and the minimum service annuity for any person having twenty years or more of school service shall be \$120." The specific appropriation of \$400,000 provided in the 1941 bill would necessitate a pro-ratio payment of service annuities. From available figures this pro-ratio payment would probably run four-sevenths of the amount guaranteed under the bill in 1942.

ANNUITIES IN YEARLY TOTALS

I Begins teaching in 1941 at age 22.

Teaches 7 years.

Average annual salary \$750.

Assessment \$30.

Reserve accumulated at age 65.....	\$ 675
Refund annuity purchased by reserve	47
Service annuity	32.81 (or pro-rata)
Total annuity	\$ 79.81