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A Teacher Retirement System for Kentucky

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Mrs. W. E.

1934
A TEACHER RETIREMENT SYSTEM FOR KENTUCKY

BY

MRS. W. E. WILLIS

A THESIS

SUBMITTED IN PARTIAL FULFILLMENT

OF THE REQUIREMENTS FOR THE DEGREE OF

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REWARD OF A TEACHER

The teacher fills an humble place;
She never rushes to the fore,
She holds a steady even pace,
She seeks results and nothing more.

Her work so often seems in vain,
She wonders if it is worth while
To strive and struggle to obtain,
To strain a league to gain a mile.

But on and on, she can not quit,
There are no Mollie Pitchers near;
If she should falter in her task,
Who would this burning faggot bear?

When hair grows grey, and step less sure,
And child has grown from youth to man,
Then wealth and fame can never secure
The rich reward she has at hand.

- E. S. Moncief.
PREFACE

This thesis is undertaken with the intention of studying the state-wide teacher retirement systems in operation in the United States and its territories; also, to present a plan of retirement that will help to solve the needs of the teachers of Kentucky.

The writer desires to express an appreciation to Miss Margie Helm, librarian of the Western Kentucky State Teachers College, for her assistance in the collection of material. I am grateful to Dr. Lee Francis Jones for his interest and careful reading of this work; to Dr. Earl A. Moore and to Dr. Gordon Wilson, my minor professor, for their rhetorical corrections and suggestions. Grateful acknowledgments are also due Dr. Bert R. Smith for his guidance and careful supervision of this study.
CHAPTER I

INTRODUCTION

The state of Kentucky has no satisfactory method of taking care of its teachers who because of superannuation or disability are unable to give full service in return for their compensation. In order that Kentucky may attract to its service and hold the best type of teacher, it is practically essential that a soundly financed retirement plan be operated to take care of teachers who become aged or infirm while in service.

Therefore, the proposed plan is suggested as a forward step for Kentucky to take in improving its teaching service. Such a step would enable the state to have on its teaching force only teachers who are able to do justice to the exacting requirements of the teaching profession and would undoubtedly prove to be of advantage to both the public and the teachers.

Statement of the problem.- 1. To find out the effort being made to establish a state-wide teacher retirement system in those states where no retirement system exists.

2. To study and analyze each state-wide teacher retirement system in effect.

3. To set up a state-wide teacher retirement plan for Kentucky.

Scope of the study.- This study is limited to the state-wide teacher retirement systems of the United States and its territories. It is so limited in order that a thorough study may be made of the principles and main provisions underlying a teacher retirement system in an effort to present a plan that will help to solve the needs of Kentucky.

Sources of data.- The data for this study have been secured from the following sources:
Letters from the state departments of those twenty-five states, besides Kentucky, that do not have retirement systems.

Copies of the retirement laws of the twenty-two states and the two territories that have state-wide teacher retirement systems in operation.

A copy of the act creating a teachers' retirement system for Kentucky. This system has not been put into operation.

Books, bulletins, and pamphlets from the National Education Association, the Carnegie Foundation, and other organizations.

Books and magazines in the library of the Western Kentucky State Teachers College.

Method of treatment.- The material herein is presented comparatively and analytically. The main provisions of the state-wide teacher retirement systems are tabulated and compared. The majority of practices of these main provisions as determined by the tabulation, the fundamental principles of a retirement system, and the opinions of experts and teachers are used to determine a plan of retirement for the teachers of Kentucky. Such a plan is presented in the closing chapter.

Definitions of terms.- The following words and phrases used in this study have the following meanings unless a different meaning is plainly required by the context:

"Retirement system" means a business-like plan whereby teachers who retire because of advanced age or physical disability are assured an income for life.

"Retirement board" means the board provided for in the various acts for the administration of such matters as funds, determination of benefits, and publication of reports.

"Teacher" means any teacher, principal, supervisor, or superintendent,
employed in a public day school within the state, in any state educational
institution supported and controlled by the state. In all cases of doubt
the retirement board shall determine whether any person is a teacher as de-

"Employer" means the board of education, school district, or other
agency within the state by which a teacher is employed or paid.

"Member" means any person included in the membership of a retirement
system.

"Contributor" means any person who has an account in the teachers' re-
tirement fund.

"Beneficiary" means any person in receipt of a retirement allowance
or other benefits as provided for in the acts.

"Annuity" means the annual payments for life derived from contributions
made by a contributor as provided for in the acts.

"Pension" means the annual payments for life derived from payments made
by the employer.

"Retirement allowance" means the pension plus the annuity.

"Assessments" means the annual payments to the retirement fund made by
the members of the fund.

"Regular interest" means a certain per centum per annum compounded
annually. This rate is usually determined by the board.

"Actuarial equivalent" means the benefit of equal value when computed
upon the basis of such mortality tables as shall be adopted by the board.

"Prior service" means the service rendered either within or without
the state prior to the date of the establishment of the retirement system
for which credit is allowable.

"Accumulated contributions" means the sum of the amounts deducted from
the compensation of a member and credited to his individual account in the retirement fund, together with regular interest thereon.

"Medical board" means the board of physicians provided for by the fund for the examination of those members applying for disability retirement.

"Retirement" means withdrawal from active service with a retirement allowance granted under the provisions of the various acts.

"Pension system" and "retirement system" are used interchangeably in this study.

Review of similar studies.— The Research Division of the National Education Association has made several studies of the teacher retirement movement. One study, "Teachers' Retirement Allowances," was published in May, 1924. "Efficient Teaching and Retirement Legislation" was published in May, 1926. "The Advance Of The Teacher Retirement Movement" was published in May, 1926; and "Current Issues In Teacher Retirement" was published in November, 1930. These studies contain much valuable material on teacher retirement, but at the present time it is not up to date.

The Report of the Committee on Retirement Allowances was presented in July, 1933, at the Chicago meeting of the National Education Association. This report brings up to date much material on current legislation of the teacher retirement movement and the number and location of the systems in effect.
CHAPTER II
THE DEVELOPMENT OF THE TEACHER RETIREMENT SYSTEM

The future of a nation depends upon the children of that nation. Progress rests upon the education of the people, and for that reason the children of the United States should have the best teachers that the nation can produce. A sound teacher retirement system is a leading factor in keeping the teaching personnel at the highest possible standing.

Philosophy.— For no group in the social order is there greater need for some system of retired pay than for public school teachers. The public school teacher renders a service to the state as important as that rendered by any other profession engaged in active service.¹

No class of employees renders service higher in its quality, more generous in its quantity, and at a less commission on its actual value to its employer than do the teachers. Their financial rewards are never commensurate with unusual ability, because the work of the teacher can hardly be judged in terms of money and because the salaries come from taxation. Salaries are so modest, as compared with those in other vocations, that there is little opportunity for the teachers to save a sufficient amount to insure even the most modest living in old age. Their services are of the greatest financial value, but this value belongs entirely to the public when they retire. The retirement system, therefore, simply relieves the teachers of the dread of old age and furnishes a plan by which they may build up in their life work an asset that will sustain them in old age. The public's share of the retirement system is simply the fund out of which old teachers are

paid part of the dividends upon part of the value they have added to the
wealth of the state.2

"It is essential when the need of the country is to attract
good teachers to the schools, to consider carefully the economic
conditions involved. Superannuation in employment is an economic
waste; turnover in employment is an economic waste; failure to
retain trained and experienced employees is an economic waste.
Inefficiency in the schools is far more deplorable than inefficiency
in business, for it wastes not money alone, but the time and op-
portunity of the pupils."3

Capable, high-minded people should be encouraged in every way, by tenure,
pensions, social recognition, and adequate salaries, to enter upon teaching
as a career: people who would go into teaching not as a trade or commercial
undertaking but as a fine art, who would teach with joy, with enthusiasm,
with the missionary spirit. Such teachers are often ready and willing to
go into teaching for the love of it, for the good they can do, without too
much regard for the salary, provided they can have some security against
dependence in old age or if disabled in any way.4

The only solution is a system of retired pay that will provide gen-
erously for the teacher, will be fair to the public, and will promote the
efficiency of the schools.5

The Research Bulletin, Vol. IV, No. 3, of the National Education Asso-
ciation discusses the value of a teacher retirement law to the teacher and
to the public. The following are the principal reasons given why every state
should enact a sound teacher retirement law.

I. A sound teacher retirement law protects school children from teach-

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2 Report of the State Teachers Retirement System of Ohio
(Columbus, P. J. Herr Printing Co., 1926) pp. 15-20.
3 Addresses and Proceedings of the National Education Association, 1923,
4 Ibid., 1919, p. 146.
5 Ibid., 1919, p. 538.
ors rendered incompetent by advanced age because:

1. It sets up a plan whereby every teacher upon attaining old age and infirmity will have some provision made for retirement.

2. It frees school boards from the obligation of continuing to employ teachers formerly satisfactory, but who are now rendered incompetent by old age.

3. It removes the necessity for teachers to continue in service after their effectiveness has been seriously reduced by advanced age, or other disability.

II. A sound teacher retirement law tends to attract capable young people into the teaching profession because:

1. It partly compensates for the lower remuneration that teaching offers during service.

2. It gives a better guarantee of promotion within the profession.

3. It increases the dignity of the teaching profession by keeping its ranks free of those incapacitated by old age.

III. A sound teacher retirement system tends to keep capable teachers in the classroom because:

1. It makes it unnecessary for capable people to seek other employment than teaching in order to provide for old age.

2. It makes each year of teaching service a step towards independence in old age.

IV. A sound teacher retirement system increases the efficiency of the teacher in the classroom because:

1. It lengthens the period of teaching efficiency by relieving the teacher's mind of the fear of a destitute old age.

2. It makes it possible for a teacher to invest in study, training,
and travel, without endangering the provision made for his later years.

3. It improves the morale of a teaching force by keeping open the paths of promotion.

4. It increases the child's respect for the teacher and thereby makes his work more effective.

V. A sound teacher retirement system in the long run means a substantial saving to the general public because:

1. It makes possible the replacement of superannuated teachers, who receive the maximum salaries, by younger teachers, who begin at a smaller salary.

2. It protects the public from the waste of an expensive school plant manned by a superannuated teacher.

3. It guarantees the public a definite and valuable return for its share of the cost.

4. It prevents the enactment of ill-considered and costly "pension" systems.

5. Its cost to the general public is small when compared with the benefits received.

VI. The adoption of a sound teacher retirement system is in accord with the best thought of the day because:

1. Private industry has already recognized retirement plans as essential to good business.

2. A retirement plan has already been put into effect in all other important public services.

3. The public in general contributes billions of dollars each year for the support of insurance companies that offer protection for the
Fundamental principles of a teacher retirement system.

1. A retirement system should be state-wide in organization.

The fundamental purpose of the retirement system is to promote the efficiency of a group of workers; therefore it should include all teachers of the state.

2. Membership should be required of new teachers and be optional for those already in service.

Membership should be compulsory for teachers entering the service after the enactment of the retirement law and optional for those already in service, this option to be exercised within a reasonably short period.

3. Teachers should be allowed a voice in its administration.

The board in charge of the administration of the retirement system should represent both the public and the teachers.

4. Costs should be shared by both the teachers and the public.

The sums deposited by the teachers and the public should be approximately equal.

5. Individual accounts should be kept.

The retirement board should open an account with each individual teacher. Sums deposited in that account by the teacher should be held in trust for that teacher. Under no circumstances should the funds deposited by one teacher be used to pay the annuities of another teacher.

6. Teachers' accumulated deposits should be returnable in case of withdrawal from service, or death prior to retirement.
Teachers leaving the service before the regular retirement age should retain the right to all money accumulated to their account. Teachers' accumulated deposits should be returned upon withdrawal from service or death prior to retirement. In case of death the teachers' deposits, together with the accumulated interest, should be paid to the designated beneficiary or to the estate.

7. Choice of options should be allowed upon retirement.

The teacher should have the opportunity to elect the manner in which he will receive the benefits represented by the accumulated value of his deposits and the state's payments. He may choose a straight annuity or an assured annuity of a certain number of equal payments.

8. Credit should be allowed for past service.

Upon the adoption of a retirement plan, teachers should be given credit for their service prior to the establishment of the system; funds for this purpose should be provided.

9. Disability should be provided for.

A retirement allowance should be provided for disabled teachers after a reasonable period of service.

10. Guarantees should be made to both public and teacher.

Retirement ages and rules should be defined and administered so as to retain teachers during efficient service and provide for their retirement when old age or disability makes satisfactory service no longer possible. The retirement allowance should be sufficient to enable the retiring teacher to live in reasonable comfort, thereby removing the temptation to remain in the classroom beyond the period of efficient service.

11. The retirement system should be on a reserve basis.

An adequate and sound reserve fund should be created to guarantee that
the necessary money to pay the benefits promised will be on hand at the time of retirement.

12. Periodic actuarial investigations should be made.

There should be definite times for actuarial investigations of the retirement system in order to insure its financial soundness.

13. Rights under previous retirement systems should be safeguarded.

The public should guarantee active teachers all the benefits which they had a reasonable right to expect under the old system. It should guarantee teachers retired under a former system the allowance promised at the time of their retirement.

14. There should be reciprocal relations between states.

It should be possible for a teacher to render service in any state of the United States or its territories without being penalized by a reduced retirement allowance due to change of service from one jurisdiction to another.

History of the retirement system.—Thirty years ago little was said or printed in America touching pensions or old age annuities, while in Switzerland pensions were provided for teachers as early as 1839. Modern pension systems had their beginning in the relief of the poor, and in some communities and states the matter has not advanced beyond that stage. In the United States the pensioning of teachers began during the last half-century, and the history of the movement may be divided into three periods. The first began in 1869, with the establishment of the first mutual-aid associations in the cities. These associations were voluntary, and the

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7 Henry E. Pritchett, op. cit., p. 3.
8 Ibid., p. 6.
funds for their support were raised by dances, entertainments, and bazaars. The second began in 1894; this period brought in the first retirement legislation, and for two and a half decades a number of local and state pension systems were instituted. A uniform pension was paid to all teachers regardless of salary or period of service. These systems did not last long, as they were not established on a sound basis. The third period began in 1914 and is characterized by the enactment of the first compulsory, contributive, and state-wide teachers' retirement law in Massachusetts. This was followed by the establishment of pension systems in Connecticut in 1917, in Pennsylvania, New Jersey, and Vermont in 1919, and in Ohio in 1920. In these systems the teacher contributes a percentage of the yearly salary, and the state matches this with an equal grant. Each member is allowed a separate account, provisions are made for withdrawal and disability allowances, and a minimum pension is guaranteed at retirement.  

Present status of the retirement system. - The following lists of states and territories where retirement systems are in effect reveal the present situation in regard to teacher retirement.

State-wide teacher retirement laws exist in these states and territories:

- Arizona
- California
- Connecticut
- District of Columbia
- Hawaii
- Illinois
- Indiana
- Montana
- Nevada
- New Jersey
- New Mexico
- New York
- North Dakota
- Ohio

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Allwood F. Cubberly, State School Administration (Boston, Houghton, Mifflin Co., 1927), p. 659
No organized effort has been made in Kansas and Tennessee to establish a state-wide retirement system. Efforts have been made in the following states to establish retirement systems, but with no success: Colorado, Delaware, Florida, Idaho, Iowa, Mississippi, Missouri, New Hampshire, South Dakota, Utah, and West Virginia. Committees are at work on retirement legislation in Alabama, Arkansas, Georgia, Nebraska, North Carolina, Oklahoma, Oregon, South Carolina, Texas, and Wyoming. An act to create a teacher retirement system for Kentucky passed the 1928 legislature, but has not been put into operation. Louisiana has a proposed plan of retirement ready to present to the legislature; this has been deferred because of lack of funds. The retirement system of Virginia has broken down, but a new plan is ready to be presented to the legislature.

The geographical distribution of state-wide systems is of interest. New England is fairly well covered (Maine, Vermont, Massachusetts, Rhode

10 Letters from the State Departments of Education of Kansas and Tennessee.
11 Letters from the state departments of the states named.
12 Letters from the state departments of the states named.
13 Carroll's Kentucky Statutes, (Louisville, Standard Printing Co., 1920) Article XII, Section 4506a-1 to 4506a-15.
14 A letter and a copy of the proposed plan from the State Department of Louisiana.
15 Letter from the State Department of Virginia.
Island, Connecticut). The more populous Atlantic states have also attempted to meet the problem (District of Columbia, Maryland, New Jersey, New York, Pennsylvania). The Mid-West has six state-wide systems (Illinois, Indiana, Michigan, Minnesota, Ohio, Wisconsin). In the West and the Far West six state-wide systems have been set up (Arizona, California, Montana, Nevada, North Dakota, Washington). In the main the South has not favored state provision and has tended in eleven states (Florida, Georgia, Kentucky, Mississippi, North and South Carolina, Louisiana, Tennessee, Texas, West Virginia) to depend upon local systems, whether authorized by state enactment (Georgia, Kentucky, Louisiana) or not. The same is true of certain Western states (Arkansas, Colorado, Idaho, Iowa, Kansas, Missouri, Oklahoma, South Dakota, Utah). The more northern states may be said to be fairly well committed to the notion of state-wide provisions for teacher retirement; the more southerly states are not, as noted on the map, p. 15. The movement for teacher retirement systems in many instances parallels the modernizing of the state public school system.16

Summary of the chapter.— There are many reasons for teachers' retirement systems. Socially, men and women of character and intelligence are willing to undertake difficult public service that is poorly paid; but it is too much to expect them to sacrifice the prospect of security and dignity in old age and disability. Educationally, there is a great need to attract, retain, and advance able people in teaching as a permanent career. Economically, the work of an organization is not effective unless there is a satisfactory method of retiring aged or infirm workers. Only a satisfactory retirement system can prevent either the dismissal of aged or infirm

16 Henry S. Pritchett, op. cit., p. 38.
STATE-WIDE TEACHER RETIREMENT LAWS IN EFFECT

No state-wide retirement law.

State-wide teacher retirement law.

UNITED STATES
teachers without resources or the sacrifice of the best interests of the schools in order to continue the employment of teachers who are no longer capable. The schools, the children, and society will all gain by rendering the teacher secure against the risks of life. A good retirement system helps to do this.

The following are the fundamental principles of a teacher retirement system:

1. Retirement system state-wide in organization.
2. Membership required of new teachers; optional for those already in service.
3. Allow teachers a voice in its administration.
4. Costs shared by both teachers and public.
5. Individual accounts kept.
6. Teachers' accumulated deposits returnable in case of withdrawal from service or of death prior to retirement.
7. Choice of options offered upon retirement.
8. Credit allowed for past service.
9. Disability provided for.
10. Guarantees to both teachers and public.
11. Retirement system on a reserve basis.
12. Periodic actuarial investigations.
13. Rights under previous retirement systems safeguarded.
14. Reciprocal relations between states.

The pensioning of teachers began in the United States in the last half-century. The first system was established in 1869, and the first retirement legislation for teachers was in 1894. These early attempts were not successful; as they were not financially sound, they could not carry on the
proposed work. The first state-wide teacher retirement law was enacted by Massachusetts in 1914; this marked the beginning of the compulsory and contributive systems.

Since that time the advance of the teacher retirement movement has been rapid. At present twenty-two states and two territories have enacted state-wide teacher retirement laws, and several other states have committees at work on reports for retirement legislation. It appears to be only a matter of time, patience, and persistence until every public school teacher in the United States will be eligible for membership in a state-wide teacher retirement system.
CHAPTER III

A TABULATION OF THE MAIN PROVISIONS OF THE STATE-WIDE TEACHER RETIREMENT SYSTEMS IN OPERATION IN THE UNITED STATES AND ITS TERRITORIES

No state-wide teacher retirement system now in existence can be regarded as ideal, as many of them are in a period of transition, in which an attempt is being made to bridge the gap between an older and less sound system and a sound system through better provisions. By this continuous change in adopting newer and better provisions that more closely conform to the fundamental principles of a retirement system, each state-wide teacher retirement system in effect is constantly becoming more sound.

This chapter presents a tabular statement listing the main provisions of the state-wide teacher retirement systems of the United States and its territories. Only the principal features of the separate systems are listed; additional information may be obtained from the texts of the original acts to which references are made in the tabulation.

The retirement laws in this study are generally in agreement with the fundamental principles of a teachers' retirement system as stated in the preceding chapter. They represent the practical applications of the best modern theory concerning teacher retirement legislation.

Sound retirement legislation should be based on expert advice and technical data. The following statements concerning current practice are based on a careful analysis of the state and territorial teacher retirement systems. Attached to these are opinions of experts and teachers. These practices and opinions do not prove anything, but they do present the amount of support that various principles of the retirement system possess.

The practices in the majority of the provisions will be used to set up a plan for Kentucky. Since the majority of the teacher retirement systems have been furnishing a very satisfactory and economical way of taking care
of those teachers who grow old in service or become incapacitated before old age, then it can be assumed that a retirement system whose provisions are based upon the majority of practices of the provisions of the state-wide teacher retirement systems and upon the advice of teachers and experts would be a success, by having the accumulated experiences of the other states and their advisers.

The following paragraphs are intended to clarify the meanings of the column headings and to summarize briefly each provision of the tabulation:

Where act is in force and date effective. In this column are found the name of the state and the date that the retirement law became effective.

Method of administration. The administration of the system involving such matters as funds, determination of benefits, and publication of reports is in charge of a retirement board. Each board includes representatives of both the public and the teacher. The state board of education is the retirement board for four states, and one state gives no data. Of the states that have special retirement boards, two states have a board of three members each, eleven states have a board of five members each, while only one state has a board of six members; four states have a retirement board of seven members, and one system is administered by an annuity and investment board of seven members through three boards of five members each representing the public schools, the normal schools, and the university.

Expenses of administration borne by. This includes all overhead costs of administering the fund. In one system the teacher and the state pay the expense, in two systems the fund pays the expense, in two systems the fund and the state pay the expense, in fifteen systems the state pays the expense, and four systems give no data on the matter.

Membership optional or compulsory. Nineteen states make membership
compulsory for new teachers. In five states membership is compulsory for present teachers as well as for new entrants. Membership is optional for all in five states. Fifty-four per cent of the 109 experts and seventy per cent of the 10,000 teachers believe that membership should be optional for those teaching prior to the enactment of the retirement law.\textsuperscript{17}

State's contribution to the retirement fund income. — The tabulation shows that fourteen retirement funds are supported jointly by payments from the state and by deposits of the teacher. These fourteen states make annual or biennial contributions that are approximately equal to the contributions of the teacher. In two systems the state pays all of the contributions. Cooke\textsuperscript{18} says that nineteen systems are supported jointly by the state and the teacher, while three are supported by teachers' deposits only.

Teacher's contributions to the retirement fund income. — In two states no contribution is required of the teacher, six systems have stated a flat rate to be paid by the teacher, and seventeen states require the teacher to pay a certain percentage of the yearly salary, the amount of which will be sufficient to provide an annuity when the member reaches the retirement age. This rate is subject to change by the retirement board on the basis of the experience of the system. Four systems specify five per cent of the yearly salary, two systems require the member to pay four per cent of the salary, and four other systems range from one to three per cent of the salary.

Conditions for superannuation retirement. — Age: The age for optional retirement ranges from fifty to sixty-five. One system retires the teachers at fifty years of age, one at sixty-five, two at fifty-five, four at sixty-

\textsuperscript{17} Dennis M. Cooke, Problems of the Teaching Personnel (New York, Longmans, Green and Co., 1930) p. 119.
\textsuperscript{18} Dennis M. Cooke, op. cit., p. 120.
two, eight at sixty, and eight would make no age requirement. Those requiring compulsory retirement set the age at seventy. Seventy per cent of the teachers whose opinions were considered do not favor a compulsory retirement age.

Term of service: The term of service required for superannuation retirement ranges from twenty to forty years, with a certain amount of time to be spent in the state. One system requires thirty-six years of service, one requires from twenty-five to forty years of service, and the member to have reached the age of sixty, while another requires the applicant to have served as a teacher since fifty-two years of age. Two systems require twenty years as a term of service, three require thirty years, and four systems do not specify a definite number of years for a required amount of service. Eleven of the states require from fifteen to twenty-five years of the service to have been spent in the state, the most frequent number being twenty years.

Provisions for irregular retirement in the case of.- Disability: Two systems require the member to have served five years before receiving a disability allowance, two systems require six years of service, eight require ten years of service, nine require fifteen years, and three require twenty years. Sixteen systems require a medical examination of the member, and four systems require part of the service to have been spent in the state. A few of the systems require the teacher to be under a certain age, generally the minimum age for superannuation retirement. One system allows the member on disability $600 per year; of the other twenty-three systems thirteen allow the member an annuity purchased by his and the state's accumulated contributions. The remaining ten systems allow such part of the pension or final average salary as the term of service is of the required length of service. Death: All twenty-four systems pay to the estate or the beneficiary of the member all of the accumulated savings upon the death of a member.
Resignation or dismissal: Thirteen systems make available the payment of
the teacher's deposits in full upon the resignation or dismissal of a member.
Six systems pay only a fractional part of the deposits of the teacher. One
system makes no provision for the return of any deposits, two systems have
no deposits of the teacher to return, and two give no data on the matter.

Retirement allowance paid by the state.- Five states match the annuity
of the member with a pension. Twelve other systems pay a part of the re-
tirement allowance. The total amount of the accumulated contributions plus
the interest is paid to the member upon retirement. Two systems pay the
total retirement allowance, and five systems give no data.

Retirement allowance paid from teachers' contributions.- In one system
the teacher pays all of the retirement allowance, in two systems the teacher
does not contribute to the system, four systems specify a definite amount
that the teacher will receive, and fifteen systems allow the member the
accumulated deposits of the teacher's savings plus the interest in an annuity.
No data are given for one state.

Provision regarding teachers retired under former system.- Thirteen of
the retirement systems make a definite provision for the teachers who have
been retired under a former system. Three systems make no provision, and
eight give no data on this point. Ninety-five per cent of the experts be-
lieve that the teachers' rights should be safeguarded. 19

Liability assumed for teachers with prior service.- Fifteen systems
give credit for prior service, two systems make no provision for prior serv-
ice, and seven systems give no data on the subject. Ninety-five per cent of
the experts say that credit for prior service should be allowed. 20

19 Dennis H. Cooke, op. cit., p. 120.
20 Dennis H. Cooke, op. cit., p. 120.
Mortality table and rate of interest. - Four systems use McClintock's Mortality Table. One system uses the American Experience Table, one uses the American Female Tables, seven systems allow the retirement board to adopt the tables, one system makes no provision for mortality tables, and ten give no data concerning tables. Six systems use a four per cent rate of interest, four systems use three per cent, and one system uses a combination rate of three and one-half per cent and four and one-half per cent. No provision is made in one state for any rate of interest, and twelve systems give no data on the interest rate.

Summary of the chapter. - The tabulation and the above paragraphs show that:

Twenty-four states give the date that the retirement law becomes effective.

The state board of education is the retirement board in four systems, eleven systems have a board of five members, other systems vary as to members of the retirement board from three to seven members.

The state bears the cost of the administration of the fund in fifteen systems.

Membership is compulsory for new teachers in nineteen systems; optional for those already in service in the same member.

The retirement system is supported jointly by payments from the state and by deposits of the teacher in nineteen states.

The teacher pays a certain percentage of the yearly salary, as determined by the board, the amount of which will be sufficient to provide an annuity at the age of retirement, this practice is found in seventeen systems.

The age for optional retirement ranges from fifty to sixty-five years; eight systems retire their teachers at sixty, and eight other systems make
no age requirement. The term of service required varies from twenty to forty years, nine systems require thirty years of service, others vary, and four do not specify a term of service.

The term of service for disability retirement varies from six to twenty years; eight systems require ten years of service, and nine systems require fifteen years of service. Sixteen systems require a medical examination of the member. Thirteen systems allow the member upon disability an annuity purchased by his and the state's accumulated contributions. Thirteen systems return the payments of the teacher in full upon resignation or dismissal. All twenty-four systems pay upon death the accumulated savings of the member to the estate or beneficiary.

Twelve states pay a part of the retirement allowance of each member.

The retirement allowance paid by the teacher is the accumulated savings of the member plus the interest.

Thirteen systems make a definite provision for teachers who have been retired under a former system.

Fifteen systems give credit for prior service.

Thirteen systems allow the retirement board to adopt the mortality tables and set the rate of interest.
CHAPTER IV

CONCLUSIONS AND RECOMMENDATIONS, INCLUDING A PLAN OF RETIREMENT
FOR THE TEACHERS OF KENTUCKY

At the present time retirement problems are receiving nation-wide attention. Modern thought is recognizing the importance of keeping the active service of the teaching profession at its highest peak of efficiency. The most important step in this respect is to relieve the service of employees after they have reached the age when they are unable to meet the full demands of the service.

Therefore, in order that Kentucky may attract to its service and hold the best type of teacher, it is practically essential that a soundly financed retirement plan be operated to take care of those teachers who become superannuated or disabled while in the service of the state.

After a careful analysis and comparison of the state-wide teacher retirement systems in operation the writer suggests the following plan of state-wide teacher retirement, as a forward step for Kentucky to take in improving the service of its teaching personnel. This plan is based upon the majority of practices of the main provisions of the state-wide teacher retirement systems, upon the fundamental principles of a teacher retirement system, and upon the opinions of experts and teachers.

This plan is divided into two parts: Part I includes that part of the retirement plan that is based upon the majority of practices of the main provisions of the teacher retirement systems in operation, upon the fundamental principles of a retirement system, and upon the opinions of experts and teachers; Part II includes that part of the retirement plan that is based upon the fundamental principles of a retirement system, upon the opinions of experts and teachers, and upon some of the practices of the
A TEACHER RETIREMENT PLAN FOR KENTUCKY
Part I

Section 1. Establishment of system.— The Kentucky State Teachers’ Retirement System, hereinafter called the retirement system, is hereby established, to become effective

The retirement system so created shall have the powers and privileges of a corporation, and under its corporate name all of its business shall be transacted, all funds invested, all warrants for money drawn and payments made, and all cash and securities and other property shall be held.

Section 2. Membership of system.— (1) The membership of the retirement system shall consist of the following: (a) All teachers who shall for the first time enter the service of the public schools of the state after the passage of this act, shall become thereby members of the retirement system, except as herein provided. (b) All teachers in service after the passage of this act, except those who have filed with their employer a statement in writing requesting exemption from membership, shall become thereby members of the retirement system.

Section 3. Contributions of members.— Each member of the retirement system shall pay into the retirement fund a certain percentage of his current salary. The percentage of contribution shall be determined by the board and must be sufficient to provide an annuity at the time of retirement. The contributions made by the members shall be credited to such members severally in individual accounts up to the time of retirement, and at the same time each member so contributing shall be credited individually with the contribution of the state. Contributing members shall be credited with the interest earned by their several contributions and by the contributions made by the state.

Section 4. Contributions of the state.— An annual or biennial appro-
appropriation shall be made by the General Assembly to cover the liability of the state for the period. This amount must be determined by actuarial investigation and must provide for allowances for the teachers and for the liability assumed for the teachers with prior service.

Section 5. Retirement allowances.- Regular retirement: Any member of the retirement system who shall have retired from service in the public schools of the state and who shall have complied with all of the provisions of this act and with the rules and regulations of the retirement board shall be entitled to receive from the annuity fund, (1) such annuity as his contributions to the fund with interest thereon, together with the contributions to the state and the interest thereon, will purchase on the basis of the mortality tables adopted by the board, or, (2) at his option, he shall be entitled to receive an annuity of less amount, as may be determined by the retirement board for annuitants electing such option, with the provision that if the annuitant dies before receiving payments equal to the sum of his assessments and the contributions made by the state with interest, the difference between the amount of said payments and the total amount of such assessments and contributions with interest shall be paid as an annuity to a beneficiary or legal representative, subject to such rules and regulations as the retirement board may prescribe.

Disability retirement: Any member who shall become totally and permanently disabled to teach, as determined by physicians approved by the retirement board, shall receive an annuity based upon the accumulated sum of his contributions and the contributions of the state with interest, calculated on the basis of the mortality tables adopted by the board. If such retiring member should die before receiving in an annuity all of the accumulations up to the time of his disability from his own and the state's
annual contributions, the balance shall be paid to a beneficiary or legal representative, subject to the rules and regulations of the retirement board.

Resignation or dismissal: Any member who withdraws from service or ceases to be a teacher for any cause other than death or retirement shall be paid the accumulated contributions standing to the credit of his individual account in the annuity savings fund, in such manner as may be determined by the retirement board.

Death: Should a contributor die before retirement, his accumulated contributions shall be paid to his estate or to such person as he shall have nominated by written designation duly executed and filed with the retirement board.

Section 6. Prior service.- The retirement board shall determine how much, if any, of the prior service of the members shall be allowed. The state shall assume its liability for all prior service allowed.

Section 7. Discontinuance of City Retirement System.- The discontinuance of existing city retirement systems shall be governed by the provisions of the Teacher Retirement Law of Kentucky, enacted in 1928, as follows:
Should the members of the retirement system of cities of Kentucky merge with the retirement system as provided under sub-division (d) of Section 3 of this act, said city retirement system shall be discontinued as follows:

a. The retirement board created by this act shall employ an actuary to value the assets of the city retirement system. The actuary so employed shall be approved by the city boards of education where such systems exist and paid by the retirement board. He shall make a statement of the present value of any annuities which, at the time of discontinuance of the city system, are a charge against the city systems, and which the city systems are paying to its beneficiaries. He shall deduct from the assets of the city
systems the total of the present values of such annuities.

b. The amount of the said present values shall be paid into the benefit fund, and from the said fund shall be paid to the said beneficiaries the annuities which shall not be less than they were receiving at the time of the transfer.

c. The remainder, if any, found by deducting the present value of the annuities mentioned in (a) of this section shall be paid into the accumulation fund and this credited to the individual accounts of the former members of the city system.

The actuary shall supply the State Board with a list of the amounts which shall be credited to each of the said members prorated to his findings. The said amounts after being so credited shall be as if contributed to said fund by said members.

Part II

Section 1. Management of system.— (1) The general administration and responsibility for the proper operation of the retirement system and for making effective the provisions of this article are hereby vested in a retirement board which shall be organized immediately after the appointment of its members.

(2) The retirement board shall consist of five members as follows:

(a) The Superintendent of Public Instruction, who shall be president thereof;
(b) the State Treasurer, who shall be the treasurer of the fund; (c) three members of the retirement system, who shall be elected by ballot by the members of the retirement system; one member thus elected shall serve for a period of one year, one for a period of two years, and the third for a period of three years. One member shall be elected each year thereafter to serve for a period of three years. A vacancy occurring during a term
shall be filled for the unexpired term by the appointment of a successor in the same manner as his predecessor. The board shall meet annually at Frankfort within three months after July first of each year, at a time to be fixed by the board, and at any other time on the call of the president or of any two members thereof. The members of the retirement board shall serve without compensation, but they shall be reimbursed for all necessary expenses which they may sustain through their service on the board.

(3) General duties. The retirement board shall provide for the payment of all retirement allowances and such other expenditures as are prescribed by this act and shall perform such other functions as are required for the execution of the provisions hereof; and to that end said board shall make all by-laws and regulations not inconsistent with the provisions of this act, shall employ a secretary whose duty it shall be to keep a record of all its proceedings, and shall provide such other clerical assistance as may be necessary for the discharge of the duties prescribed herein. The necessary and reasonable expense of such clerical assistance shall be paid by the fund.

(4) Administrative duties. The retirement board shall adopt mortality tables for the retirement system herein created and shall determine the rate of interest to be established in connection with the tables. Said board may modify the mortality tables or adopt others and may change rate of interest once established, but not so as to impair the vested rights of any member of the retirement system, unless such changes or modifications shall be assented to by the member. Said board shall establish and maintain, under competent actuarial advice, a complete system of records and accounting.

Section 2. Creation of fund. - There is hereby established and created a fund known as the "Kentucky Teachers' Retirement Fund." Said fund shall be derived from the following sources: (1) Payments made by teachers who
become members of the fund and accumulated interest on the payments;
(2) donations, gifts, legacies, devises, and bequests made to or for
the benefit of said fund; (3) moneys contributed by the state as herein
provided; (4) interest derived from the investment or the earnings of the
money belonging to said fund; (5) from the transfer of assets of any local
teacher retirement system as herein provided.

Section 3. Investment of funds.- The retirement board shall de-
determine from time to time what part of the moneys belonging to the retire-
ment system shall be invested. When such board shall determine upon the
investment of any moneys or upon the conversion (or sale) of any securities,
it shall direct the treasurer to invest the moneys or convert or sell the
securities. It shall be the duty of the treasurer to collect the interest
thereon as the same becomes due and payable and also the principal there-
of and place the same, when so collected, to the credit of the retirement
system.

Section 4. Superannuation retirement.- Any member of the retirement
system who shall have served as a public school teacher for a period of
thirty years or shall have attained the age of sixty years, as the board
shall decide, may retire from service in the public schools, without for-
feiting any of the benefits of the retirement system; and at any time
thereafter, if incapable of rendering satisfactory service, such member
may be so retired with the approval of the retirement board. Retirement
of members is compulsory at the end of the school year in which the age
of seventy years is attained.

Section 5. Disability retirement.- Any member who has completed
fifteen or twenty years of total service, as the board sees fit, may be
retired on account of disability, either upon the application of his
employer or upon his own application, provided the retirement board, after
a medical examination of said member, shall determine upon the physician's
certificate that such member is physically or mentally incapacitated for the
performance of duty and that such member ought to be retired.

Section 6. Reinstatement of member.- Any member of the retirement
system who shall have withdrawn from service in the public schools of this
state shall, on being reemployed therein, be reinstated in the retirement
system upon such terms and conditions as the retirement board shall prescribe.

Section 7. Membership in other retirement systems.- No member of the
retirement system shall participate in the benefits of any other teacher re-
tirement system, supported in whole or in part by funds raised by taxation.

Section 8. Legal advisor.- The Attorney General of the State of Kentucky
shall be the legal advisor of the retirement board.

Section 9. Actuarial basis.- At such times as the retirement board
shall deem it necessary and at least once within the first three years of the
operation of this act and once in every five-year period thereafter, the re-
tirement board shall have prepared, by a competent actuary familiar with
retirement systems, a report showing a complete valuation of the present and
prospective assets and liabilities of the fund created by this act. The
actuary shall make an investigation of the mortality and service experience
of the members of the system and shall report fully upon the conditions of
the retirement system together with such recommendations as he shall deem
advisable for the information of the retirement board in the proper operation
of the retirement system.

Section 10. Protection against fraud.- Any person who shall knowingly
make any false statement or shall falsify or permit to be falsified any record
or records of this retirement system shall be guilty of a misdemeanor and
shall be punished by fine or imprisonment in the discretion of the court.

Section 11. Exemption from taxation.—All funds of the retirement system and all moneys due any person under the provisions of this act shall be exempt from taxation, attachment, or any other process whatsoever.

Section 12. Certificates of membership.—The retirement board shall issue to each member "A Certificate of Membership" specifying the contributions, accumulations, and benefits of the plan according to which the arrangement with each member will be carried out.
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* Source: *E. F. H. 1931*
**State Retirement System**

**Teachers' Retirement System**

- Teachers' Retirement System is administered by the State Board of Equalization and the State Teachers' Retirement Board.
- Teachers in the State Retirement System are covered by the State Teachers' Retirement System, which provides a pension for retirement.

**Teachers' Retirement System Benefits**

- Teachers receive a pension based on a percentage of their salary and years of service.
- Teachers' retirement benefits are calculated based on the number of years of service and the average salary during those years.

**Teachers' Accumulated Savings**

- Teachers may contribute to a savings plan, which can be used to purchase an annuity or other retirement benefits.
- Accumulated savings can also be used to provide an allowance for teachers.

**Annuity Calculation**

- Annuities are calculated based on the average salary during the final 10 years of service.
- Annuities are paid to teachers' representatives or to the teachers themselves, depending on the age of the teacher.

**Pension Calculation**

- Pensions are calculated based on the number of years of service and the average salary during those years.
- Teachers may receive a pension based on a percentage of their salary and years of service.

**State Matched Annuity**

- The State matches the contributions of teachers, providing a investment match for teachers' retirement savings.

**Liabilities in Retirement**

- Liabilities in retirement are based on the number of years of service and the average salary during those years.
- Teachers may receive a pension based on a percentage of their salary and years of service.

**Pension Options**

- Teachers have the option to receive their pension as a lifetime annuity or as a lump sum.
- Teachers can choose to receive their pension at a younger age, or they can wait until they are older to receive their pension.
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<td>Present and Future: 8 years plus accrued liability</td>
<td>Pension equal to 1/70 of final average salary times years of service.</td>
<td></td>
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<tr>
<td>Connecticut</td>
<td>Present and Future: 8 years plus accrued liability</td>
<td>Pension equal to 1/70 of final average salary times years of service.</td>
<td></td>
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<tr>
<td>Delaware</td>
<td>Present and Future: 8 years plus accrued liability</td>
<td>Pension equal to 1/70 of final average salary times years of service.</td>
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<tr>
<td>District of Columbia</td>
<td>Present and Future: 8 years plus accrued liability</td>
<td>Pension equal to 1/70 of final average salary times years of service.</td>
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<tr>
<td>Florida</td>
<td>Present and Future: 8 years plus accrued liability</td>
<td>Pension equal to 1/70 of final average salary times years of service.</td>
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<tr>
<td>Georgia</td>
<td>Present and Future: 8 years plus accrued liability</td>
<td>Pension equal to 1/70 of final average salary times years of service.</td>
<td></td>
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<tr>
<td>Hawaii</td>
<td>Present and Future: 8 years plus accrued liability</td>
<td>Pension equal to 1/70 of final average salary times years of service.</td>
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<tr>
<td>Idaho</td>
<td>Present and Future: 8 years plus accrued liability</td>
<td>Pension equal to 1/70 of final average salary times years of service.</td>
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<tr>
<td>Illinois</td>
<td>Present and Future: 8 years plus accrued liability</td>
<td>Pension equal to 1/70 of final average salary times years of service.</td>
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<tr>
<td>Indiana</td>
<td>Present and Future: 8 years plus accrued liability</td>
<td>Pension equal to 1/70 of final average salary times years of service.</td>
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<tr>
<td>Iowa</td>
<td>Present and Future: 8 years plus accrued liability</td>
<td>Pension equal to 1/70 of final average salary times years of service.</td>
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</tr>
<tr>
<td>Kansas</td>
<td>Present and Future: 8 years plus accrued liability</td>
<td>Pension equal to 1/70 of final average salary times years of service.</td>
<td></td>
</tr>
<tr>
<td>Kentucky</td>
<td>Present and Future: 8 years plus accrued liability</td>
<td>Pension equal to 1/70 of final average salary times years of service.</td>
<td></td>
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<tr>
<td>Louisiana</td>
<td>Present and Future: 8 years plus accrued liability</td>
<td>Pension equal to 1/70 of final average salary times years of service.</td>
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<tr>
<td>Maine</td>
<td>Present and Future: 8 years plus accrued liability</td>
<td>Pension equal to 1/70 of final average salary times years of service.</td>
<td></td>
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<tr>
<td>Maryland</td>
<td>Present and Future: 8 years plus accrued liability</td>
<td>Pension equal to 1/70 of final average salary times years of service.</td>
<td></td>
</tr>
<tr>
<td>Massachusetts</td>
<td>Present and Future: 8 years plus accrued liability</td>
<td>Pension equal to 1/70 of final average salary times years of service.</td>
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<tr>
<td>Michigan</td>
<td>Present and Future: 8 years plus accrued liability</td>
<td>Pension equal to 1/70 of final average salary times years of service.</td>
<td></td>
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<tr>
<td>Minnesota</td>
<td>Present and Future: 8 years plus accrued liability</td>
<td>Pension equal to 1/70 of final average salary times years of service.</td>
<td></td>
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<tr>
<td>Missouri</td>
<td>Present and Future: 8 years plus accrued liability</td>
<td>Pension equal to 1/70 of final average salary times years of service.</td>
<td></td>
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<tr>
<td>Montana</td>
<td>Present and Future: 8 years plus accrued liability</td>
<td>Pension equal to 1/70 of final average salary times years of service.</td>
<td></td>
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<tr>
<td>Nebraska</td>
<td>Present and Future: 8 years plus accrued liability</td>
<td>Pension equal to 1/70 of final average salary times years of service.</td>
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<tr>
<td>Nevada</td>
<td>Present and Future: 8 years plus accrued liability</td>
<td>Pension equal to 1/70 of final average salary times years of service.</td>
<td></td>
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<tr>
<td>New Hampshire</td>
<td>Present and Future: 8 years plus accrued liability</td>
<td>Pension equal to 1/70 of final average salary times years of service.</td>
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<tr>
<td>New Jersey</td>
<td>Present and Future: 8 years plus accrued liability</td>
<td>Pension equal to 1/70 of final average salary times years of service.</td>
<td></td>
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<tr>
<td>New Mexico</td>
<td>Present and Future: 8 years plus accrued liability</td>
<td>Pension equal to 1/70 of final average salary times years of service.</td>
<td></td>
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<tr>
<td>New York</td>
<td>Present and Future: 8 years plus accrued liability</td>
<td>Pension equal to 1/70 of final average salary times years of service.</td>
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<tr>
<td>North Carolina</td>
<td>Present and Future: 8 years plus accrued liability</td>
<td>Pension equal to 1/70 of final average salary times years of service.</td>
<td></td>
</tr>
<tr>
<td>North Dakota</td>
<td>Present and Future: 8 years plus accrued liability</td>
<td>Pension equal to 1/70 of final average salary times years of service.</td>
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<tr>
<td>Ohio</td>
<td>Present and Future: 8 years plus accrued liability</td>
<td>Pension equal to 1/70 of final average salary times years of service.</td>
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<tr>
<td>Oklahoma</td>
<td>Present and Future: 8 years plus accrued liability</td>
<td>Pension equal to 1/70 of final average salary times years of service.</td>
<td></td>
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<tr>
<td>Oregon</td>
<td>Present and Future: 8 years plus accrued liability</td>
<td>Pension equal to 1/70 of final average salary times years of service.</td>
<td></td>
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<tr>
<td>Pennsylvania</td>
<td>Present and Future: 8 years plus accrued liability</td>
<td>Pension equal to 1/70 of final average salary times years of service.</td>
<td></td>
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<tr>
<td>Rhode Island</td>
<td>Present and Future: 8 years plus accrued liability</td>
<td>Pension equal to 1/70 of final average salary times years of service.</td>
<td></td>
</tr>
<tr>
<td>South Carolina</td>
<td>Present and Future: 8 years plus accrued liability</td>
<td>Pension equal to 1/70 of final average salary times years of service.</td>
<td></td>
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<tr>
<td>South Dakota</td>
<td>Present and Future: 8 years plus accrued liability</td>
<td>Pension equal to 1/70 of final average salary times years of service.</td>
<td></td>
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<tr>
<td>Tennessee</td>
<td>Present and Future: 8 years plus accrued liability</td>
<td>Pension equal to 1/70 of final average salary times years of service.</td>
<td></td>
</tr>
<tr>
<td>Texas</td>
<td>Present and Future: 8 years plus accrued liability</td>
<td>Pension equal to 1/70 of final average salary times years of service.</td>
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<tr>
<td>Utah</td>
<td>Present and Future: 8 years plus accrued liability</td>
<td>Pension equal to 1/70 of final average salary times years of service.</td>
<td></td>
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<tr>
<td>Vermont</td>
<td>Present and Future: 8 years plus accrued liability</td>
<td>Pension equal to 1/70 of final average salary times years of service.</td>
<td></td>
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<tr>
<td>Virginia</td>
<td>Present and Future: 8 years plus accrued liability</td>
<td>Pension equal to 1/70 of final average salary times years of service.</td>
<td></td>
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<tr>
<td>Washington</td>
<td>Present and Future: 8 years plus accrued liability</td>
<td>Pension equal to 1/70 of final average salary times years of service.</td>
<td></td>
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<tr>
<td>West Virginia</td>
<td>Present and Future: 8 years plus accrued liability</td>
<td>Pension equal to 1/70 of final average salary times years of service.</td>
<td></td>
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<tr>
<td>Wisconsin</td>
<td>Present and Future: 8 years plus accrued liability</td>
<td>Pension equal to 1/70 of final average salary times years of service.</td>
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<tr>
<td>Wyoming</td>
<td>Present and Future: 8 years plus accrued liability</td>
<td>Pension equal to 1/70 of final average salary times years of service.</td>
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<tr>
<td>Description</td>
<td>State</td>
<td>New Jersey</td>
<td>New Mexico</td>
</tr>
<tr>
<td>-------------</td>
<td>----------------</td>
<td>------------</td>
<td>------------</td>
</tr>
<tr>
<td>Compulsory</td>
<td>for new</td>
<td>for new</td>
<td>for new</td>
</tr>
<tr>
<td>teachers</td>
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<td>no data</td>
<td>no data</td>
</tr>
<tr>
<td>Age</td>
<td>no data</td>
<td>no data</td>
<td>no data</td>
</tr>
<tr>
<td>Requirement</td>
<td>50. per month not to exceed $29. per calendar year until $500. has been paid</td>
<td>102. per year. Total contribution must equal $500.</td>
<td>Amount sufficient to procure at 62 an annuity of 1/140 of average salary times years served; prior to service credited, at present state pays 50 cts. to $2,00 per month depending on age.</td>
</tr>
<tr>
<td>Service</td>
<td>20 years of service, of which 15 including last 10 years in state.</td>
<td>15 years service.</td>
<td>Actuarial equivalent of such part of 300, as service is of 30 years.</td>
</tr>
<tr>
<td>Benefit</td>
<td>Annual salary of $600. if teacher is receiving less than $2000. per year from other sources.</td>
<td>Teacher receives his accumulated savings, plus pension of 1/70 of average salary times years service.</td>
<td>Annuity in actuarial equivalent of teacher's accumulated savings, plus pension of 1/70 of average salary times years service.</td>
</tr>
<tr>
<td>Benefits</td>
<td>no data</td>
<td>no data</td>
<td>no data</td>
</tr>
<tr>
<td>Notes</td>
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<td>no data</td>
</tr>
<tr>
<td>-------</td>
<td>------</td>
<td>------</td>
<td>------</td>
</tr>
<tr>
<td>Salary</td>
<td>$1,272</td>
<td>$1,272</td>
<td>$1,272</td>
</tr>
<tr>
<td>Amount</td>
<td>$6,000</td>
<td>$6,000</td>
<td>$6,000</td>
</tr>
<tr>
<td>Accumulated savings</td>
<td>$150</td>
<td>$150</td>
<td>$150</td>
</tr>
<tr>
<td>Pension equal to 1/8 of final average salary.</td>
<td>P</td>
<td>P</td>
<td>P</td>
</tr>
<tr>
<td>Pension equal to annuity plus a pension of 1/8 of average final salary times years of service.</td>
<td>P</td>
<td>P</td>
<td>P</td>
</tr>
<tr>
<td>Pension equal to the reserve values of pensions granted under former systems.</td>
<td>P</td>
<td>P</td>
<td>P</td>
</tr>
<tr>
<td>Liability on account of prior service equals $1,272 x 30 years.</td>
<td>L</td>
<td>L</td>
<td>L</td>
</tr>
<tr>
<td>Liability paid by state and local districts.</td>
<td>L</td>
<td>L</td>
<td>L</td>
</tr>
<tr>
<td>Liability continued under former system.</td>
<td>L</td>
<td>L</td>
<td>L</td>
</tr>
<tr>
<td>Liability paid by state and local districts.</td>
<td>L</td>
<td>L</td>
<td>L</td>
</tr>
<tr>
<td>Liability continued under former system.</td>
<td>L</td>
<td>L</td>
<td>L</td>
</tr>
</tbody>
</table>

Note: The given chart outlines the pension and salary requirements for teachers in various states, including the calculation of pension credits, salary, and accumulated savings based on years of service.
<table>
<thead>
<tr>
<th>State</th>
<th>Plan</th>
<th>Age Requirement</th>
<th>Service Requirement</th>
<th>Retirement</th>
<th>Pensions</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Women 60, Men 65</td>
<td>20 years to 25 years service, 50 in last 5 years</td>
<td>state deposits, not accrued</td>
<td>State payments to teacher's accumulated savings, plus state contributions, or state contributions only if member has contributed $720.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>20 years in state</td>
<td>6 years service, and 3 years in state</td>
<td>6 years member</td>
<td>No data</td>
</tr>
<tr>
<td></td>
<td></td>
<td>35 years to 40 years</td>
<td>30 years, 25 of which have been spent in state</td>
<td>6 years member</td>
<td>No data</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Women 70, Men 70</td>
<td>25 years to 30 years</td>
<td>1/2 average annual salary for last 20 years</td>
<td>No data</td>
</tr>
<tr>
<td></td>
<td></td>
<td>25 years to 30 years</td>
<td>6 years member</td>
<td>1/2 average annual salary for last 20 years</td>
<td>No data</td>
</tr>
<tr>
<td></td>
<td></td>
<td>None</td>
<td>5 years service, and 5 years in state</td>
<td>No data</td>
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<tr>
<td></td>
<td></td>
<td>None</td>
<td>6 years member</td>
<td>No data</td>
<td>No data</td>
</tr>
<tr>
<td></td>
<td></td>
<td>None</td>
<td>6 years member</td>
<td>No data</td>
<td>No data</td>
</tr>
<tr>
<td></td>
<td></td>
<td>None</td>
<td>6 years member</td>
<td>No data</td>
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<td></td>
<td>None</td>
<td>6 years member</td>
<td>No data</td>
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<tr>
<td></td>
<td></td>
<td>None</td>
<td>6 years member</td>
<td>No data</td>
<td>No data</td>
</tr>
</tbody>
</table>

**Notes:**
- Pension purchased by state deposits plus accumulated deposits of the state.
- Teachers receive annuities granted under old system for life.
- Liability in 1950 over $10,000,000. State created contingent reserve to care for this. Prior service allowed after 25 years in system.
- Present rate 3 1/2%.

**Sources:**