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Consecutive No. 47

FIRST REPORT

OF THE

N. J. Pension and Retirement Fund Commission

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PENSION AND RETIREMENT FUND COMMISSION

141ST SESSION OF THE LEGISLATURE OF THE STATE OF NEW JERSEY

J. R. 11, LAWS OF 1917

Senators

WILLIAM E. FLORANCE, MIDDLESEX
WILLIAM B. MACKAY, JR., BERGEN

Assemblmen

ELMER H. GERAN, MONMOUTH
A. DAYTON OLIPHANT, MERCER
ARTHUR N. PIERSON, UNION

ARTHUR N. PIERSON, CHAIRMAN

OFFICE OF THE COMMISSION
NEW JERSEY STATE CHAMBER OF COMMERCE
CLINTON BUILDING, NEWARK

January 31st, 1918.

To the Senate and General Assembly of the State of New Jersey:

The Special Commission appointed under Joint Resolution No. 11, P. L. 1917, to investigate the subject of municipal, county and state pension and retirement funds submits the following report covering the work of the past year.

By means of hearings, questionnaires and special investigations conducted by trained investigators a vast amount of information has been gathered and compiled in connection with the pension funds of the several municipalities and the Teachers Retirement and Pension Fund of the State.

The time at the Commission's disposal, and the money available for this work, has not been sufficient to advance the investigation to the conclusions which the Commission feels a subject of this importance demands, but the investigation already made proves conclusively that few appreciate the far-reaching scope of the pension problem.

It is quite evident that many of the funds are now staggering under their load of liabilities, and it will be but a matter of a short time when they will completely break down, consequently immediate and serious consideration should be given this subject if we hope to avoid disaster.

The work entailed in the investigations has been very efficiently conducted by the Bureau of State Research, under the direction of Paul Studensky, Esq., who was eminently fitted for the task by previous experience in this field.

The Commission is forced to the conclusion that a more extended investigation should be made of the present funds to determine their liabilities, before definite recommendations for their reorganization and readjustment can be offered. It is therefore suggested that the Commission be continued for a further period in order to give the citizens of our State, as well as the members of the funds, the benefits of fuller and more complete investigation, with a view of placing all pensions on a sound basis under a fixed state policy.

Arthur N. Pierson, Chairman
William E. Florance William B. Mackay, Jr.
Elmer H. Geran A. Dayton Oliphant

Chapter I

Development of Pension Legislation†

Origin of pensions. Present extent of policemen's, firemen's and teachers' pensions. Pension movement among other classes of employees. Chaotic situation. Establishment of Pension and Retirement Fund Commission.

Origin of Pensions in New Jersey.

Before the year 1885 the idea of a pension for public employees found little recognition in New Jersey. It found its first expression in the laws of 1885 and 1887, when it was applied to policemen.(a) A year later, a law was passed allowing cities to pension firemen.(b)

The establishment of police and firemen's pensions was followed in 1891-95 by a movement among the teachers, looking towards the enactment of a state pension for teachers. But public opinion was opposed to a state pension for teachers. The pension bills which were introduced failed to pass, until an altogether different bill was introduced. It provided for the establishment of a retirement fund. The word "pension" was not used. It was an "Annuity" provided from dues paid by the teachers and without any expense to the state. The year 1903 gave a "real pension law" to the teachers: the pension was to be paid entirely at the expense of the state.

During the last ten years a multiplicity of laws were placed on the statute. There was hardly a year in which some pension law or amendment was not enacted. Most of these laws, over forty in number, were enacted for the benefit of the policemen, firemen and teachers. Incidentally, during these ten years about a dozen laws were passed for the benefit of some other small classes or groups of employees.

† The investigations which form the basis of this report have been conducted by Paul Studensky, Supervisor, assisted by Alexander Gourwich and Robinson K. Bissell of the staff of the Bureau of State Research.

(a) The police pension law of 1885 permitted any city to provide by general ordinance for the payment of a discretionary pension to policemen who had served 20 years and had either become 60 years of age or had become incapacitated through injury or sickness.

The law of 1887 established the principle of half-pay pension for policemen in New Jersey. It permitted the local police board of any city to pay a pension of $\frac{1}{2}$ the final salary to those policemen who had served 20 years and were 50 years of age. A benefit of $\frac{1}{2}$ pay was also designated for policemen disabled by accident incurred at any time in the service or incapacitated by disease contracted in the service, provided such policemen had served 10 years before the disease was contracted. No fund was necessarily established in either case, and the city was to pay the entire amount of the pension, unless it provided for contributions under its power to make rules and regulations for pensions.

(b) The firemen's pension act of 1888 provided that the city might pay pensions without establishing a special fund for this purpose, to paid or volunteer firemen who had served 20 years successively and had been incapacitated from the performance of duty by injury or by old age; paid firemen to receive between \$150 and \$300, and volunteer to receive not more than \$100 annually. A pension was also provided for legal dependents of paid or volunteer firemen who had died as the result of injuries sustained in the performance of duty, such pension not to exceed \$150.

Present Extent of Police, Firemen's and Teachers' Pensions.

The police pensions are governed in the main by five different sets of laws. Most of these laws are of a "permissive" character, i. e., they permit the municipalities to establish their own local police pension funds. Some cities are operating their pension fund under the amended law of 1887, others have availed themselves of certain amendments of the law 1902, the third have chosen different amendments of the same law, the fourth operate under the law of 1911, several cities are under the law 1906, and there are other variations. Furthermore, a number of cities have not availed themselves of any pension law whatever, and have established no police pension fund. Altogether thirty-six police pension funds have been established and are now in operation under these different laws. They cover 3100 policemen out of a total of 3700. The policemen in the townships are covered by a special law, which permits any municipality to pension them, without establishing a special fund.

Paid firemen are covered by two different laws, one for the two first class cities and the other for any other city. These laws are also of a permissive character. Nineteen cities and towns (a) have availed themselves of these laws and have established firemen's pension funds. There are only a few among the cities having a paid fire department which have not yet established a firemen's pension fund. Out of 2300 paid firemen, 2150 belong to pension funds.

The pensioning of teachers is regulated by two laws: the Retirement Fund Law, which was amended seven times and which provides them with an "annuity", and the Thirty-five-Year Half-pay Pension Law, which was amended six times within eight years, and which provides them with a half-pay "pension". Both laws are state-wide in scope, provide for centralized administration and cover all the 18,000 teachers in the state with only a few exceptions.(b)

In a word, the great majority of policemen and paid firemen and all the teachers in New Jersey are covered by some pension provision.

Pension Movement Among Other Classes of Employees.

When we turn to pension laws for other classes of public employees we find a very different situation. These laws were enacted under the pressure of sporadic movements which developed here and there among various classes of employees in favor of some pension provision. In most of the cases there was

(a) So far as could be ascertained by the commission.

(b) About 3000 teachers are not members of the Retirement Fund. They are subject, however, to the 35-year service pension law.

little connection between these movements and accordingly also between these laws. In 1908 a law was passed providing pensions for state judges. Two years later, a law was enacted permitting the establishment of pension funds for the county park police. The year 1912 gave a pension to the employees of the state penal and reformatory institutions. The following year added a special law for the sergeants-at-arms in the Court of Chancery, and another law permitting any city to establish a pension fund for the employees of the Board of Health. Then followed laws for county road policemen in the first class counties, for the street and water commission employees in first class cities, and still another law for "any county employee".

All these laws were enacted for the benefit of a few comparatively small groups of employees. Thus we find that among the 3300 employees of the state only about 350 are covered by some pension provision. These are judges, sergeants-at-arms in the Court of Chancery, and employees in the penal institutions. (a)

Among the approximately 3600 employees of the county only about 35 park policemen in Essex County are enjoying the benefits of a pension fund. The law for "any county employee" contains such high requirements that only very few employees will ever be able to comply with it. It requires of an applicant for pension to be 70 years of age, and, in addition, to have 45 years of continuous service in the county office to his credit. As to the law permitting the first class counties to establish a pension fund for the county road policemen, neither one of the two counties has apparently availed itself of the permission.

Among municipal employees other than policemen, firemen and teachers, we find that 74 employees of the Board of Health of Newark, and 226 employees of the Street and Water Commission of the same city, have formed pension funds of their own under the Laws of 1913 and 1915.

Altogether only 4.5 per cent of state, county and municipal employees other than policemen, firemen and teachers, come under any pension provision.

To summarize, of the total of about 23,950 state, county and municipal employees covered by pension provisions, teachers constitute about 75 per cent; policemen about 13 per cent; firemen about 9 per cent; less than 3 per cent belonging to other classes of public servants.

About 15,650 employees are not covered by any pension provisions. These are divided as follows: 2,950 state employees, 3,550 county employees, 600 policemen, 150 firemen, and 8,400 other municipal employees.

| Class of Employees | Number | Number | Total |
|---------------------------|-------------------------------|-----------------------------------|---------------|
| | Covered By Pension Provisions | Not Covered By Pension Provisions | |
| State employees | 350 | 2,950 | 3,300 |
| Teachers | 18,000 | | 18,000 |
| County employees | 50 | 3,550 | 3,600 |
| Policemen | 3,100 | 600 | 3,700 |
| Firemen | 2,150 | 150 | 2,300 |
| Other municipal employees | 300 | 8,400 | 8,700 |
| Total | 23,950 | 15,650 | 39,600 |

(a) A provision is also made for the widow of the governor.

Chaotic Situation.

Claims are sometimes advanced that "this class of employees have been neglected, while another class of employees have been given undue attention."

The enactment of a pension law for a certain class of employees leads to a similar demand from another class. The number of bills introduced in the Legislature, providing for the establishment of a pension for this or that particular class increases from year to year.

The terms of these bills differ greatly. While some provide for assessments from members, others provide that the entire cost of pension shall be borne by the state or city; some require that an applicant for a pension should have served 35 or 30 years and be at least 60 years of age; others consider that 25 or even 20 years of service and 55 or even 50 years of age should be sufficient to entitle one to a pension; some bills provide that the contribution of the state, county or municipality shall be appropriated from the general tax levy, while others designate a certain kind of public revenue to be set aside for the proposed pension fund.

The multiplicity of widely divergent bills became a matter of gravest concern to the legislators. The chaos which would result from the enactment of special laws for the many different groups among public employees who have not as yet come under any pension legislation would be much worse than the chaos which has developed so far. The situation required careful treatment.

Establishment of Pension and Retirement Fund Commission.

Desiring to preserve a due equity among the various groups of public employees and to introduce order in the growth of unscientific pension legislation, and having no basis upon which to determine the justice of the various claims and the merits or defects of various proposals, the Legislature of 1917 resolved that a commission be appointed to make a study of the pension subject in New Jersey, and that no bill be passed until the commission reports. (See Page 20).

In accordance with the resolution, the Commission made a systematic study of the pension laws in operation in this state, and also collected information about the scientific pension laws recently enacted in other states and countries, with a view to ascertain their fundamental principles and comparative advantages.

In order to obtain information regarding the actual operations and financial condition of the existing pension funds, the commission sent to all the funds the existence of which had been ascertained a questionnaire relating to the different items of revenues and disbursements for every year since the establishment of the fund, its capital, membership, salaries of members, number of pensioners, their age, length of service, amount of pension, etc. Complete information on these points was obtained from nearly all the funds that are now operating in the state.

To make possible the preparation of actuarial estimates of the costs that would be involved in extending pension legislation to those state, county and local employees who are not covered by any pension provisions, statistical information was necessary with regard to the number and salaries of employees of both sexes in different occupations. These data were ob-

tained, by correspondence or by personal investigation, from the State Civil Service Commission and from the greater part of the twenty-one counties and of the five hundred municipalities. (a)

Finally, several public hearings were held with a view to determine the views of the employees; and superior officers were consulted. The conclusions of this investigation are herewith submitted.

Chapter II Pension Benefits

Judgment by comparison. Justification of a pension system. Benefits provided under existing pension laws. Principles determining difference in benefits.

Judgment By Comparison.

The question as to whether those classes of employees who have not come under any pension legislation as yet deserve a pension as much as those who have already been provided for assumes a great importance. It is frequently being treated, as already stated, by means of comparison between the character of the particular services and between the conditions of employment.

Thus, for example, it may be argued that the employees in any city department perform as important duties as the employees in the board of health or in the street and water departments, that their conditions of employment are not any better, and that any principle which justifies the establishment of a pension fund for the board of health or the street and water department would as justly apply to them.

On the other hand, it may be argued that the duties in the board of health or in the street and water department are of much more strenuous character and have a greater tendency to impair the strength of the worker than the duties in any other department, and that they deserve a special recognition in the form of pensions. Even when comparison is made between the street and water commission employees in first class cities, who are covered by a special law, with street and water department employees in other cities, who are not covered, it may be argued that in some respect there is a difference in their conditions of employment which justifies the different treatment in the matter of pensions. Furthermore, some persons may point to the chaotic and haphazard way in which pension legislation has been developing in the past, they may express doubt as to whether the particular law was founded on any strong principle, and whether the particular class of employees with whom comparison is made should have ever been provided with a pension.

It appears therefore that the justice of a claim of any class of employees that a pension provision should be enacted for them cannot be satisfactorily settled by comparing their duties and conditions of their employment with the duties and conditions in those services in which pension laws are in operation. The fundamental question must be decided first: what is the main justification of any pension system?

(a) Of the 21 counties, only four (Hunterdon, Middlesex, Monmouth and Salem) did not furnish complete information. Of the total of 494 municipalities with an aggregate population of 2,844,000, complete information was obtained from 376 municipalities, having an aggregate population of 2,578,000.

Justification of a Pension System.

According to the reports of exhaustive investigations made by the Federal Government and by other states and countries and the scientific treatises which have appeared on the pension subject, the main justification for a pension system is two-fold: first, that it offers protection to the employees against dependency in their old age or premature disability and in many cases also to their dependents in the event of death, and, second, that it helps to maintain the service in an efficient condition by eliminating the old and incapacitated, who without such a system would remain in the service, by attracting the best forces to the service and by improving the morale and esprit de corps of the personnel.

In all the recent pension laws (a) which have been framed after a careful investigation of the problem the main justification for the contributions which are being exacted from the employees is the fact that the system offers them the desired protection against the main contingencies of life, and, on the other hand, the justification for the appropriation of public moneys for pension is the fact that the system helps to improve the efficiency of the service.

It appears therefore that the desirability of the establishment of a pension system for a particular class of employees should be decided by these fundamental considerations of the interest of the employees in their own welfare and protection, on one side, and of the public interest in efficiency, on the other.

Benefits Provided Under Existing Pension Laws.

The existing pension laws differ greatly as to the conditions under which benefits can be granted. Some laws offer pensions on demand after 50 years of age and 20 years of service, others require of an applicant that he be 60 years of age and have 20 years of service, or be 55 years of age and have 25 years of service; the third permit retirement only after 60 years of age and 25 years of service; the fourth after 65 years of age and 20 years of service; and there is one system which places the requirements as high as 70 years of age and 45 years of continuous service. Several laws require no age limit whatsoever. Some of these grant pensions after 20 years of service, but require proof of incapacity; others grant pensions after 35 years of service and require no proof of incapacity. In some systems retirement takes place on the demand of the employee, in others it depends on the discretionary decision of a superior officer or board.

(a) The pension laws of Massachusetts, New York City teachers, Pennsylvania teachers and Connecticut teachers.

No lesser chaos exists in the nature of benefits offered. Some systems offer only service pensions which protect the employee against dependency in old age. (a) Several provide in addition for disability in performance of duty, but make no provision for ordinary disability. (b) Others provide for both kinds of disability, but differ as to the minimum period of service after which a disability claim could be admitted; one law recognizes disability only after 25 years of service, (c) several recognize it after 20 years (d), others require only a minimum of nine years, and two laws pension ordinary disability after any length of service. (e)

Some systems do not offer any death benefits whatsoever. (f) Others offer death benefits, but disagree as to their nature and conditions: some limit them to cases of death resulting from performance of duty, others extend them to dependents of deceased pensioners, and a few also to cases of death from an ordinary cause. (g) It may be interesting to note here as an example of unjustified discrimination that the law under which the Newark and Jersey City Firemen's Pension Funds operate allows pensioning of dependents in case of death resulting from ordinary cause, whereas the law under which the firemen's funds of all other cities operate does not allow such benefits.

Furthermore, the systems which provide death benefits sometimes do not provide disability benefits, and vice versa.

In the event of resignation or dismissal most of the systems do not provide for any refund to the employee of his former contributions. One system; however, originally refunded one half of the members' dues without interest, but discontinued doing it some time ago. (h)

On the other hand, another system, recently created,

(a) The following laws: Teachers' 35-year service pension; pension for health officers or other chief officers of local boards of health in cities of first class; pension "for any county employee".

(b) All firemen's pension laws, police pension law of 1906; county park police pension and the law for police on county roads in first class counties.

(c) Pension for sergeants at arms in the Court of Chancery.

(d) Police pension laws of 1885 and 1902, under which the Newark Police Pension Fund and some other police funds formerly operated; the Teachers' Retirement Fund law; and the pension for employees of State Penal Institutions.

(e) Pension fund for street and water commission employees in first class cities and pension for Supreme Court judges.

(f) For example, the police law of 1906; the teachers 35-year service pension; the board of health employees pension law; the law for street and water commission employees in first class cities; the health officers in first class cities pension; the township policemen pension; the law for "any county employee"; the pension for Supreme Court judges; the pension for employees of State penal institutions; the pension for sergeants at arms in the Court of Chancery.

(g) For example, the police pension laws of 1914-17 and the firemen's laws for first class cities.

(h) Teachers' Retirement Fund—law of 1906.

allows refunds of the entire amount contributed by the employee. (a)

Several systems provide gratuitous pensions, (b) while others offer partly contributory benefits, i. e., partly paid up by employees, (c) and one system provides entirely contributory benefits, i. e., benefits given entirely at the expense of the employees. (d)

Most of the systems do not graduate pensions but provide half-pay in all cases of retirement, but there is one system which graduates the pension between 20 per cent and 50 per cent of salary, according to the number of contributions made by the employee, and another system which gives 60 per cent of salary. Furthermore one of the largest classes of employees can draw benefits from two systems and receive as much as 110 per cent of their salary.

Principles Determining Difference in Benefits.

So far as the Commission could ascertain among the chaos of existing provisions, there is no justification for the startling differences in the nature, conditions and amount of benefits. They are the result of the haphazard growth of pension legislation.

While the Commission realizes that an equitable and sound pension policy must not ignore differences existing between the various classes of employees, it believes that the extent of the differences can be ascertained only when fixed standards are provided for their accurate measurement.

This has been recognized in the scientific pension systems which have been recently enacted. Before any decision was made by the framers of these systems as to the nature of benefits which they should provide, a careful investigation was made of the contingencies of old age, disability, death and, to some extent, resignation and dismissal, in the particular service. An attempt was made in these studies to ascertain the relative importance from the point of view of efficiency, as well as interest of the employees, of the protection against the contingencies.

The decision as to differences in age, length of service and other conditions of retirement which should be adopted for different classes of employees was preceded by a scientific determination of the hazards of the different occupations and of their special requirements for efficiency. (e)

The amount of benefits was fixed more or less in proportion to the economic needs of the employees; it was made adequate but not extravagant; and it increased with length of service and years of contributing in such a way as to induce an employee to continue in service, after he should complete the minimum requirements, and until he feels that he can no longer perform his duties efficiently.

(a) Street and Water Commission Fund in Newark.

(b) All pensions for state employees; health officers; township police officers; "any county employee."

(c) Police and firemen's pension systems; park police, Board of Health employees; etc.

(d) Teachers' Retirement Fund.

(e) The New York City Commission on Pensions has made exhaustive investigations of this subject.

Chapter III Methods of Financing

Principles of Sound Financing. Financial Basis of Existing Systems in New Jersey. Cost of Police, Firemen's and Teachers' Pensions. Insufficiency of Revenue in Existing Systems. Annual Requirements would exceed 25 Per Cent of Salary. Actuarial Deficiency. Proportion Between Pension Requirements and Payroll in the Oldest Systems in the Country. Proportion Between Pension Requirements and Payroll in Foreign Systems. Burden on Taxpayers.

Principles of Sound Financing.

In examining the recently established scientific systems, the Commission finds that they embody certain principles of financing which are vital to the soundness and permanency of a pension system and to the equitable distribution of its burdens. A brief exposition of these principles is necessary.

A pension system involves a promise to each of its members that at some date in the future, when any member has complied with all requirements as to age, length of service or incapacity, a "pension" or "annuity" of a certain amount will be paid to him to the end of his life; and when he dies a benefit will be paid to his dependents, either in the form of a "pension" or "annuity" to the end of the widow's life, or until the children reach the age of maturity, or in the form of a lump sum amount. (a)

It may be determined by means of actuarial calculations what sum would be needed, at a certain age of retirement, on the average, to pay a certain benefit throughout the life of the retiring employee. This sum would depend on the rate of interest assumed and on the rates of mortality among the employees retiring at a certain age. The rate of mortality would determine the number of years during which the employees retiring at that age would, on the average, live and draw their pensions. The variations in this expectation of life, according to age, sex and occupation, are very considerable. Thus, according to the actuarial investigation made by the New York City Commission on Pensions, a policeman retiring at age 55 would live, on the average, 14.24 years, and if retired at age 65 would live 10.09 years, whereas a woman teacher retired at the same ages would live 19.78 and 13.38 years, respectively. Some pensioners of the same age, sex and occupation may live longer than this number of years, others may live shorter. But, if the number of pensioners is sufficiently large, the excess will balance the deficiency, and the working average will be established.

By means of service and mortality observations, actuarial tables may be constructed, showing how many members would withdraw from the fund through resignation, dismissal or death, and how many members will actually apply for retirement. On the basis of these tables, it is possible to determine the amount or percentage of salary that should be set aside each year during the service of each employee, in order to accumulate together with interest a reserve which would be sufficient at a certain age, or after a certain

period of service, to pay the promised pension to the end of the pensioner's life. The annual contribution towards a certain benefit at a certain age varies according to age at which the first contribution is made. Thus in the case of a member who begins to contribute at an early age the instalments towards the same total payment would be smaller but their number greater, whereas in the case of members who would begin to contribute at a late age the instalments would be larger, but their number would be smaller.

Just as in insurance companies, the actuaries calculate on the basis of approved mortality tables, interest tables and with the aid of mathematical formulae, the cost of various policies issued at different ages, so in pension systems the actuaries may determine the cost of different pensions for different entrance ages.

Just as in an insurance company every policy holder is a liability, a "risk" on the company, so in a pension system every employee, even the youngest employee, is a liability, a "risk" on the system, which can be actuarially determined. In order to be able to fulfill its promises, a sound pension system must plan far ahead, always some sixty or more years into the future. It must determine with the aid of an actuary, as the insurance companies do, the amount of aggregate liabilities to all its present members which would mature at different times in the future. Then it must determine what total assets it will realize in the future from the contributions which its present members will make during their lives and from other revenues. And it is only if the assets ascertained in this way equal the liabilities so determined that a pension system can be considered financially solvent.

During the early period of operation of a pension system, only a small part of its total liabilities matures for payment. With each new year another portion of its liabilities is presented for payment and is added to the liabilities already outstanding. As the amount of pension added each year is bound to exceed for some sixty or seventy years the amount liquidated through deaths among the pensioners previously retired, the pension disbursements grow from year to year. (a) The bulk of its liabilities would begin to mature for payment only some forty or fifty years after the system has been established. It is only then that the system would begin to bear the heaviest part of its load. The annual disbursements would then be many times greater than those at the beginning.

(a) Some pension systems do not provide death benefits as already stated.

(a) The increase in the membership of a fund would tend to extend this growth of disbursements.

If the system provides from the very outset an adequate reserve against its total liabilities, then, with the aid of this reserve, it can carry the tremendous load of the future without breaking down. Unless an adequate reserve is provided, there is no assurance that the system will be able to keep all its promises. It is for this reason that insurance companies are required by law to operate on a reserve basis. It is for this reason that the recent scientifically constructed systems of Massachusetts, Pennsylvania, Connecticut and New York have adopted the reserve basis. It is becoming recognized that no pension system is financially sound, unless it operates on a reserve basis.

Financial Basis of Existing Systems in New Jersey.

These fundamental principles were not recognized at the time the existing pension systems had been established. The sponsors of the pension measures frequently had in view this or that particular employee (a) or a few employees whose condition was pitiable: they were too old to perform their duties efficiently, and yet they were kept on the payroll, because their superior officers felt that it would be cruel to dismiss them after they had served the state or the city faithfully for many years. A pension measure would have provided a means to retire them humanely.

It was thought that very little expense would be involved in retiring them, as well as the few who might apply for retirement in the future. In some cases the employees who urgently requested the legislature to enact a pension measure were willing to contribute a small percentage of their salary, usually one per cent, to a special fund, from which these pensions could be paid. Frequently, the advocates of some pension measure asked the legislature that it permit the cities to add to such fund some miscellaneous revenues, such as fines, rewards, certain licenses and permits, or some special tax. In other cases, the proponents of pensions proposed that the state, the cities or the counties should pay the pensions by direct appropriation from the tax levy, without providing any special fund for the purpose, and without requesting the employees to contribute anything to the pension.

Some pension measures have started with very liberal conditions of retirement, (b) as the advocates of these measures thought that only very few employees would apply for retirement. The actual experience of the systems proved that their supposition was wrong. Other systems started with very modest benefits, high requirements and a limited scope of beneficiaries, but were soon amended so that the benefits were liberalized, requirements lowered, and a larger group of employees were admitted to retirement. (c) At no time was any estimate made of the cost of the benefits provided, of the modifications advocated, of the total liabilities involved in a proposed measure, or of the total obligations which the state or the city were asked to assume.

Pension systems were constructed and managed in a haphazard way, and the state and the cities were assuming obligations, without realizing that they amounted to many hundreds of thousands, and even many millions of dollars.

(a) The enactment of the teachers' pension law in 1903 presents such an instance. See page 3.

(b) For example the police pension laws of 1887, under which Jersey City has established a pension fund.

(c) For example the teachers' pension law, see page 3.

Cost of Police and Firemen's Pensions.

The commission believes that it is well-nigh time that the obligations under the existing pension systems be ascertained, and that the state and cities should know what the pensions they offer cost, and what the total amount of obligations which they assume is.

The commission has accumulated considerable statistical data (a) and has secured expert actuarial service. But in view of lack of time and funds it could not undertake the preparation of actuarial tables of the particular mortality and service experience among the various classes of public employees in the State of New Jersey, without which tables no exact estimates could be made.

In order to give to the legislators, the state and city officials, the employees and the people of New Jersey some idea of the cost of existing police and firemen's pensions, a very general estimate has been prepared as to what the benefits offered in New Jersey would cost if they were applied to the policemen and firemen of New York City, whose mortality and service experience has been ascertained after a four year investigation by the New York City Commission on Pensions.

Assuming the following typical benefits of police pension systems in New Jersey, we find that the following annual contributions are necessary to cover the cost of these benefits in the case of the average entrant (b) who begins to contribute from the time of his appointment.

| | |
|---|------------------------|
| Superannuation Benefit: on demand of the policeman at 60 years of age and after 20 years of service, or at 55 and after 25 years of service, a pension of one-half of the final salary | 2.18% of salary |
| Ordinary Disability Benefits: in case of injury or sickness not caused by the performance of duty, after 20 years of service, a pension of one-half of the final salary | 5.26% of salary |
| Disability in Performance of Duty Benefits: irrespective of length of service, a pension of one-half of the final salary | 0.71% of salary |
| Death in Performance of Duty Benefits: irrespective of length of service, the widow and the children under 16 years of age are entitled to one-half of the final salary | 0.19% of salary |
| Total | 8.34% of salary |

Assuming the following typical benefits of firemen's pension systems in New Jersey, we find that the contribution required to cover the cost of these benefits in the case of an average entrant are somewhat lower than in the police pension systems, because firemen's systems do not provide benefits for ordinary disability, as the policemen's systems do.

| | |
|--|------------------------|
| Superannuation Benefit: on demand of the fireman at age 55 and after 25 years of service, a pension of one-half of the final salary | 6.68% of salary |
| Disability in Performance of Duty Benefit: irrespective of the length of service, a pension of one-half of the final salary | 0.24% of salary |
| Death Benefits: in case of death after retirement or in case of death resulting from the performance of duty, a pension of one-half of the final salary to the widow and children under 16 years of age, or in the absence of widow and children to parents | 0.85% of salary |
| Total | 7.77% of salary |

(a) See page 15.

(b) The employee who enters the service at the average entrance age.

These contributions would be sufficient in the case of new entrants, by whom or on whose account they would be made since the time of their appointment. They would not be sufficient in the case of employees already in the service, because in their case no contribution would be made since the time of their appointment. Each of these employees has some period of prior service to his credit, during which no contributions were made, and which represents an "accrued liability".

The aggregate of these "accrued liabilities", or deficiencies of the past, amounts to hundreds of thousands and even millions of dollars, according to the number of members of a pension fund, their aggregate salaries and the kind of benefit provided. It may be estimated at \$1,988,740 per one dollar of payroll, in the case of policemen, and at \$1,228,844 per one dollar of payroll, in the case of firemen. This means that in a pension fund which starts with a membership of five or six hundred men drawing annually \$500,000 in salaries the deficiency on account of accrued liabilities would amount to almost one million dollars, if it is a police fund, and about \$615,000, if it is a firemen's fund; in a small police or fire fund with a membership of 50 or 60 men drawing annually \$50,000 the accrued liabilities would amount to almost \$100,000 and \$61,000 respectively.

Various methods have been suggested in recently established scientific systems, by which the deficiency on account of accrued liabilities could be liquidated in the course of a certain period of years. The City of Liverpool in England, in establishing in 1913 a pension fund for all municipal employees and teachers, adopted a method by which the burden of accrued liabilities is distributed equally over a period of sixty years. Each year an installment is paid to a special reserve, which is set for the purpose of liquidating this deficiency. If a similar method of funding the accrued liabilities of the New Jersey systems in 60 annual payments would be adopted, then, in addition to the normal contributions specified above, an "accrued liability contribution" of 8.79 per cent of salary would be necessary in the police funds and of 5.43 per cent in the firemen's funds.

This means that in order to be financially solvent a typical police pension fund must start with a total annual contribution of 17.13 per cent of salary, which would gradually decrease to a normal contribution of 8.34 per cent in the course of 60 years, and a typical firemen's fund must start with a contribution of 13.20 per cent of salary, which would gradually decrease during the same period of 60 years to 7.77 per cent.

If a police or fire fund would begin with a contribution below 8.34 per cent and 7.77 per cent, which were calculated for average new entrants, then these funds would begin with a deficiency not only on account of accrued liabilities, but on account of future services.

The total liabilities, including the accrued liabilities, of the typical police and firemen's systems at the time of their establishment may be estimated at \$2,870,190 per one dollar of payroll in the police system, and at \$2,178,494 per one dollar of payroll in the firemen's systems, on the assumption that the liabilities of a police or firemen's pension fund at the time of its establishment bear the same ratio to the liabilities

of the New York City Policemen's and Firemen's Pension Funds, as the rate of contributions for the entrant under the New Jersey system, bear to the corresponding rate under the New York City systems. The total liabilities of a police pension fund which begins with a membership drawing annually about \$500,000 in salaries would amount to \$1,435,000, or almost three times the amount of the payroll; and the total liabilities of a firemen's fund of about the same size would amount to about \$1,089,000, or about twice the amount of the payroll.

If a fund would be provided with annual contributions payable throughout the life of present members of 17.13 per cent of their salary in the police systems and 13.20 per cent in the firemen's systems, decreasing in the course of 60 years to 8.34 per cent and 7.77 per cent respectively, it would have total assets equal in value to the above estimated total liabilities and would be financially sound.

Insufficiency of Revenue In Existing Systems.

When we compare the cost of police, firemen's and teachers' pensions, with the amount of revenue with which these systems are now provided we find a most appalling situation.

Nearly three-fourths of the police pension funds now in operation have begun with a revenue from various sources amounting to less than 5 per cent of salaries; in about one-half of the funds the revenues amounted to 2 per cent or less. (a)

During the first few years, when few retirements were made, these revenues were apparently sufficient and usually resulted in annual surpluses, which were invested and formed the capital of the fund. As the number of pensions increase, the disbursements catch up with the receipts and result in annual deficiencies. (b) Then the promoters of these funds appeal to the legislature for an amendment of the law, which would permit the cities to add to the fund some new kind of miscellaneous revenues, or to cover from the tax levy any deficiency which these funds may develop. (c) The city authorities would be asked to make an annual appropriation for the benefit of the fund. As the annual deficiencies would increase from year to year, the annual appropriation would grow in corresponding measure and become increasingly burdensome. If the city is unwilling to increase its appropri-

(a) The revenues of police pension funds consist of contributions of the employees, generally amounting to 1 per cent of the salaries (with the exception of the two funds of Newark and of Trenton, where the policemen contribute 2%); of a direct appropriation by the city, the amount of which is in some cases fixed at a definite percentage of the salaries, amounting to 1%, 2% or 4%, and in other cases is left to the discretion of the municipality; and of proceeds from various other sources, such as fines, deductions for absence, rewards, donations, bequests, tax on foreign insurance, dog tax, parade permits, firearms permits, dance-hall permits, sale of unclaimed goods, sale of badges to special officers, etc.

In addition, pension funds raise moneys by different undertakings, such as balls, bazaars, fairs, carnivals, sale of souvenir books, etc.

(b) Deficiencies have occurred in the following police funds: Paterson, Newark, Atlantic City, Camden, Hoboken, Long Branch, Perth Amboy, Plainfield, Town of Union, Kearny.

(c) Such provisions were incorporated in almost all the police pension fund laws which are now in operation, except the law of 1905, which makes the deficiency appropriations discretionary with the city authorities.

ation, then the fund is compelled to draw upon its capital.(a)

The firemen's pension funds have usually started with a revenue which, although being considerably below the 13.20 per cent of salary estimated as necessary, represented a higher percentage than the revenue of most of the police funds, because they were provided with revenues from the tax on foreign insurance and in many cases also from other sources, such as theatre licenses, etc.(b) But these revenues do not increase at the same rate as the salaries of the members of the fund and often are either stationary or fluctuating. As a result, the proportion between the total receipts of the fund and the salaries often shows fluctuation from year to year. Several of these funds have already become involved in financial difficulties.(c)

Annual Requirements Will Exceed 20 Per Cent of Salary.

As the pension roll increases at an accelerating rate, it amounts to a higher and higher percentage of the payroll each year. In many pension funds the pension roll increased in the course of ten years from about one per cent of the payroll to about four or five per cent.(d) In several pension funds the pension roll already requires an annual outlay of about 10 per cent of the payroll. Among the latter we find the Firemen's Pension Fund of Jersey City; the Police Pension Fund of the same city; the Firemen's Pension Fund of Newark; the Firemen's Pension Fund of Paterson; in the Police Pension Fund of Plainfield the disbursements in the fourth year amounted to 11 per cent of the salaries. Eventually, the annual requirements under the increasing pension roll would amount to more than 20 and even 25 per cent. of the payroll, i. e., to much greater percentages than what would have been required had these systems operated on a reserve basis.

The teachers' 35-year pension law has started with pension disbursements amounting to an insignificant fraction of the total payroll. It had a very limited scope of application up to a few years ago. Yet the pension disbursements already amount to more than two per cent of the payroll. With each year the rates of pensions to payroll will increase.

(a) This actually happened in the police pension funds of Camden, Hoboken, Perth Amboy, Plainfield, Kearny and Town of Union.

(b) The revenues of firemen's pension fund are generally derived from contributions of the employees amounting to 1 per cent of salaries, and from various sources, such as: Fines upon firemen, rewards, gifts, donations and bequests, theatre and show licenses, tax on foreign insurance, tax on sale of explosives, fine upon persons whose chimneys are negligently set on fire, sale of old material, etc. In addition, several funds receive a direct appropriation from the municipality amounting to 1 per cent of salary.

(c) Deficits have occurred in nearly all of the oldest funds; in Newark, Jersey City, Paterson, Camden: the Trenton fund has avoided a deficit only by pensioning a number of firemen from the funds of the local Relief Association.

(d) For example: The Newark and Paterson Police Pension Funds and the Atlantic City Firemen's Pension Fund.

In the Police Pension Fund of Kearny, the disbursements have reached 7 per cent of the salaries after 6-years of operation; in that of the Town of Union, 9 per cent after 5 years.

Actuarial Deficiency.

The deficiency in the revenues with which the police and firemen's pension systems started, and which were much below the 13 or 17 per cent, which represent the actual pension costs, is being shifted upon the future. Having no idea of the total liabilities of the fund and of the true cost of pensions, and considering only the difference between their annual receipts and disbursements, the managers of these funds seldom realize that any such deficiency exists. If an actuarial investigation of these funds were made, it would have disclosed huge deficiencies. The actuarial valuations of the New York City pension funds, as of June 30, 1914, may give some idea of the deficiencies which an unsound pension fund may develop:

Illustration 1—Police Pension Fund of New York City. Membership 10,783. Annual revenue now amounts to about 6 per cent of salary, 1/3 of which comes from the employees' contributions and 2/3 from miscellaneous sources. (a) Total assets from these revenues estimated at ten million dollars; total liabilities—78 millions; deficiency 68 millions.

Illustration 2—Firemen's Pension Fund of New York City. Membership 5,009. Annual revenue from various sources, about 11 per cent of the payroll.* Total assets, about 10 million dollars; total liabilities 41.5 million dollars; deficiency about 31.5 million dollars.

Illustration 3—Teachers' Retirement Fund of New York City. Membership 20,588. Annual revenue, about 4 per cent of the payroll; one per cent is supplied by teachers' contributions and 3 per cent come from various sources. Total assets: maximum 15 million dollars; total liabilities about 70 million dollars; deficiency about 55 millions.

Rates of Pension Requirements to Payroll in the Oldest Systems in this Country.

None of the systems in New Jersey or in other states in this country have as yet developed disbursements of more than 20 per cent of the payroll, because the systems are comparatively recent. The Firemen's Pension Fund of New York City developed in 43 years a pension roll which amounted in 1914 to more than 14 per cent of the payroll. The oldest pension fund in this country is the New York City Police Pension Fund, which was established in 1857. Its annual disbursements in 1914 amounted to 16.5 per cent of the payroll, and they may soon reach the 20 per cent mark.

Ratio of Pension Requirements to Payroll in Foreign Systems.

Abroad, where pension systems have been more than 50 and even 100 years in operation, many systems have developed pension disbursements exceeding 20, 25 and even 30 per cent of the payroll. Thus the pension disbursements in the State Civil Service of France amounted to about 17 per cent of the payroll in 1912 and are coming closer and closer to 20 per cent. In the Police Pension Fund of Paris the annual pension roll amounted in 1909 to 26.4 per cent of salaries and is now nearing 30 per cent. The London Metropolitan Police Pension Fund, which started in 1844 with annual disbursements of about 0.8 per cent of salaries, required in 1915 an outlay of 29.3 per cent for pen-

(a) As these revenues are insufficient, the city appropriates annually the amounts necessary to cover the annual deficiencies. In 1914, this appropriation in the Police Pension Fund amounted to more than 10 per cent of the payroll, and in the Firemen's Pension Fund, to about 3 per cent of the payroll.

sions, and at the present moment undoubtedly requires more than 30 per cent. In the British Civil Service the proportion between the pension roll and the payroll varies in different departments: in the Local Government Board it reached 17.8 per cent twenty-five years ago; in the Prison Department it amounted to 25 per cent in 1903; in the Treasury Department to 29 per cent in the same year; and in the Customs—to 30.6 per cent. In Austria, the ratio of pension roll to payroll is 33 per cent, according to the figures for 1910. Only a small part, about 1/10th, of this tremendous pension roll is covered from the contributions of the employees. The state is required to appropriate annually for civil service pensions an amount equal to 29.6 per cent of the aggregate salaries.

The burden of pensions in these foreign systems would have been much lighter had the state or the cities contributed from the outset at an adequate rate and formed a reserve from which they could meet the heavy load of the future. But since this has not been done the burden becomes unbearable. France and Austria have been studying for years this grave problem.

Several attempts have been made in France to reorganize the civil service pension systems on a reserve basis. These attempts have not succeeded, because the reorganization would have involved a tremendous expense: besides the appropriation for the immense pension roll, an additional appropriation would be necessary to form a special reserve. The lesson which can be drawn from a study of the foreign experience in pensions is—that is paramount that a pension system should begin from the outset on a reserve basis.

Burden on Taxpayers.

The investigation of the pension funds now operat-

ing in this state, as well as the experience of other states and other countries, convinces the Commission that a pension system which does not operate on a reserve basis is financially unsound and inequitable as between the present and future generations of the tax-paying public, because the generation which sanctions the establishment of a pension for a service which it enjoys, and at the same time does not cover its share of the pension cost, escapes with a comparatively slight share of the burden, while the heaviest load is being shifted upon future generations. Under the pressure of this burden the state or city would be compelled either to abandon the system, or to curtail its other expenditures, or to depress the wages, or else to reorganize the system on a reserve basis at a tremendous additional cost.

Mr. Henry Bruere, former city chamberlain and vice-chairman of the Commission on Pension of the City of New York, says:

"It is unjust to taxpayers that they should be asked in any one year to meet the obligations for service rendered in the past. It is as financially shortsighted to fail to set aside currently the cost of an obligation currently accruing and to mature at some future date, as it would be to fail to amortize long-term bonds by annual instalments in the sinking fund. No method other than annual payments on an actuarial basis can be advanced for currently accruing funds to meet liabilities as they accumulate." (a)

The Commission firmly believes that each year that services are being rendered a contribution covering the cost of pensions on account of these services should be set aside to a reserve.

(a) New York Commission on Pensions. Report on Teachers' Retirement Funds, 1915, page 3.

Chapter IV

Teachers' Pension and Retirement Fund

Teachers' Retirement Fund. Teachers' 35-Year Service Half Pay Pension.

Teachers' Retirement Fund.

This fund was started in 1896 as a mutual aid association for protecting such teachers as would voluntarily join against incapacity from old age or from other causes. The Legislature recognized the fund by authorizing its incorporation. The fund started with a flat contribution of 1 per cent of salary on the part of its members and offered an annuity of half-pay on incapacity after twenty years or more of service. It has had an interesting career and has proved a great assistance to old and disabled teachers, having disbursed approximately \$1,629,000 in its twenty years of operation.

As time went on, various changes were made in this law, until in 1906 and 1907 amendments were passed which gave an implied state endorsement of the fund by requiring all new appointees to become members. At this time also, the yearly contributions were increased to 2, 2½ and 3 per cent, according to length of service prior to becoming a member, and the annuity was increased to 6/10ths of salary. At the present time, the fund has a membership of 15,000 out of a total of 18,000 teachers; it obtains from membership dues a sum of about \$255,000 annually and sustains an annual annuity roll of about \$256,000, and has a capital of about \$484,000.

The financial policy of the fund is similar to that

of fraternal organizations for mutual insurance in that it is not founded on an actuarial basis. The New Jersey Teachers' Association recently employed an actuary to investigate the financial condition of the fund, and we quote extracts from this report:

"The solvency of a pension fund, or a retirement fund, is not determined solely by the fact that it has funds to pay all claims presented, or even that the income exceeds the disbursements; for a fund may be in an unsound condition, although not yet in any financial difficulties. The true condition of a fund is shown by a valuation.

"The liabilities are of two classes; first, the present value of all annuities actually payable, and second, the accrued liability for future annuities which the fund may be required hereafter to give the members who have been contributing up to the time of valuation. The calculation of the first element of liability is simple, depending on the probable future lifetime of each annuitant, and the amount of the annuity. The calculation of the second element is more complicated, as we have to make an estimate of the present value of the annuity which may be payable to each present contributing member when incapacitated, and also to compute the off-setting value of the probable future contributions to be made by the member."

"As to the first item of liability—for annuities already granted—the annual payment due on annuities outstanding June 30, 1917 was \$267,542.88 and, after taking due account of the higher mortality among male annuitants, the least present value that can be assigned to these annuities is \$2,324,651.77, which considerably

exceeds the assets of the fund on June 30, 1917. From this the fund appears to be actuarially insolvent even at this liability alone, unless the future contributions to be made by members now contributing should be found to have a value so far in excess of the deferred or inchoate liability to those members as to offset the deficiency above shown."

As to the second class of liabilities, the actuarial report states:

"As the Retirement Fund office could not give the ages of the contributing members of the Fund, or any data upon which their age classification could be estimated, it is entirely impossible to make a valuation of the inchoate liability. All that can be done is to show what liability has accrued in certain typical cases."

"* * * * It appears that in a few cases where members have just joined the fund, the future dues may have a value slightly in excess of the present value of the future benefit to be enjoyed. In all the other cases, the present value of the future benefits exceeds the value of the future dues by a greater or less amount, depending partly upon the number of years the member had been contributing, and partly upon the inadequacy of the contribution made. In the aggregate, this inchoate liability amounts to many millions of dollars, of which no estimate could be made, for the reasons above stated."

Teachers' 35-Year Service Half Pay Pension.

In the year 1903, on March 15, upon the urgent solicitation of teachers, a law was enacted allowing any local school board to pension any teacher who had served 40 years consecutively in the same district. It appears that this law was enacted primarily for the benefit of a certain teacher, who had taught forty years consecutively in Jersey City, when he met with an accident which apparently incapacitated him for life. It is curious to note that after the law was enacted, he so far recovered that he was able to return to teaching, and refused therefore to avail himself of the pension.

The requirements of the law were so high that during the next three years only two teachers could qualify for the pension. The annual disbursements under the law amounted to only a few hundred dollars, which included a \$400 pension for two and half years and a \$625 pension for about a year.

Upon the request of the teachers, in 1906, an amendment of the law was enacted which lowered the requirements to 35 years of service, of which only 20 years must have been taught in the same district. This opened the pension system to a much larger group of teachers. Immediately, during the next two and one-half months, five teachers applied for retirement and received the pension. The number of retirements and the total amounts disbursed increased rapidly from year to year.

| Year Ending June 30th | Number of Pensioners (a) on the Retired List. |
|-----------------------|---|
| 1906 | 7 |
| 1907 | 26 |
| 1908 | 48 |
| 1909 | 65 |
| 1910 | 100 |
| 1911 | 125 |
| 1912 | 155 |
| 1913 | 185 |
| 1914 | 222 |

(a) The above figures were prepared from the records of the Teachers' Retirement Fund, since no other records were available. It is safe to assume that practically all of the pensioners who retired after the first 10 years were also members of the Retirement Fund.

The pension disbursement rose to several thousand dollars annually. In the meanwhile, in 1907, 1911 and 1912, three other amendments were passed. The first allowed not only the local boards of education, but also any other body employing teachers, to grant pensions; the second lowered still further the requirements, by giving credit for service rendered in any other state; and the third broadened the interpretation of the service to mean "employed in the public school work."

Until 1914 the fund was entirely local in its support and control. In that year the most important amendment took place. It provided for the central administration of the pension system in the office of the State Commissioner of Education, and further liberalized the retirement conditions: the requirement of 20 years service in the district in which the teacher applied for retirement was struck out of the law; the only limitation was that a teacher must have served, of the 35 years, 25 years in New Jersey; (a) teacher-clerks and "any person employed in any supervisory capacity", who were not previously subject to the law, were now admitted to its benefits. The funds necessary for the payment of pensions were to be supplied from the apportionment from railroad tax devoted to the maintenance and support of schools, which the comptroller distributed among the several counties.

The result of the provisions of 1914 was that the number of pensioners and the amount of pension roll increased at a still more rapid rate.

| Year Ending June 30th | Pensioners on the Retired List | Amount of Pension Roll |
|-----------------------|--------------------------------|------------------------|
| 1915 | 275 | \$150,000 |
| 1916 | 348 | 176,000 |
| 1917 | 369 | 211,000 |
| 1918 | [Estimated] | 246,000 |

It should be remembered that this fund has no reserve against the present tremendously large and ever-increasing liability. The outlay in connection with the present pension roll is small compared with a proper contribution to provide a reserve against future pension payments.

At no time when the amendments liberalizing the system were adopted, were any estimates made of the cost of the benefits offered and of the total liabilities assumed by the State thereunder. It is quite evident that the enormous amounts of these obligations were not suspected.

Believing that it is most important that the state should know what the total liabilities under the existing system are, the Commission had an actuarial estimate of the liabilities carefully prepared. This estimate shows that the cost of the half pay pensions on a funded basis amounts to about 4 per cent of the

(a) The teacher is eligible to retirement under the following conditions:

After 35 years of active service, 25 of which must have been performed in the state; or

After 70 years of age, if the last 20 years have been served in the state; or

After 75 years of age, 32 years have been served in the state; or

After 35 years of service and 70 years of age, in case of disability.

payroll for new entrants and that the total liabilities on account of present teachers amount to approximately \$24,350,000.

If the system continues to operate without providing an adequate reserve, then the annual requirements for

pensions, which now amount to but a few hundred thousand dollars and form slightly more than 1½ per cent of the payroll, will in a not distant future amount to more than a million dollars. The annual requirements would exceed 10 per cent of the payroll.

Chapter V

Conclusions and Recommendations

The Commission finds that there is a great lack of intelligent understanding as to pensions, especially as to the relations of the contributions and benefits involved in present pension funds. It is quite evident that few realize the uncertain financial condition, or have more than a vague idea of the actual liabilities of these funds; consequently we commend the subject of pensions for the careful investigation and study by public officials, taxpayers and fund members, as this subject constitutes one of the most important problems the people of our State have to face.

The time and funds available have not been sufficient to allow the Commission to pursue its investigation as to the condition of present pension funds to satisfactory conclusions. Such conclusions involve the necessity of exhaustive actuarial examinations to fix the present liabilities which must be known before a report of true conditions can be rendered.

The practice of creating a pension for City or County employees by mandatory legislative enactment is wrong in principle and evil in practice. It is the conviction of the Commission that the creation of all such pension funds should be left for the action of the people affected or their duly constituted representatives.

The Commission Recommends:

1. That the practice of obtaining public moneys for the support of Pension Funds from fines, fees or licenses, etc., is unwise and often detrimental to public policy and should be abandoned, and that the City's contribution to Pension Funds be made by definite appropriations from the City's treasury.
2. That no further laws or amendments be passed that constitute mandatory obligations upon any municipality or county for pension funds.
3. That cities before establishing further pension funds should have careful investigations made as to the financial provisions of the funds to determine whether the contributions and revenues

provided will be sufficient to pay the benefits granted by the Fund.

4. That a reserve basis be adopted as the policy for all future legislation in connection with pension and retirement funds; that contributions be based on definite actuarial calculations, and that no bills for the creation of pensions be considered by the legislature without actuarial valuations of the liabilities entailed by the bill accompanying same.
5. That cities having pension funds have an actuarial investigation made of their funds to ascertain their true financial condition, and that a plan be worked out to place the present funds on a reserve basis by adopting a schedule of fixed contributions for future payments, and means provided for accumulating the accrued liabilities.
6. That the Teachers Thirty-Five Year Half Pay Pension Fund be put on a reserve basis and that the state set aside by annual appropriations covering a period of years, an amount that shall represent a true reserve basis for current contributions and accrued liabilities.
7. That a further exhaustive investigation and study be made of the entire problem of teachers pensions and annuities for the purpose of determining a basis for a more scientific and just distribution of the costs and benefits.
8. That the state withdraw its implied sanction of the Teachers' Retirement Fund in requiring all new entrants into the system to join and contribute to the Fund; or as an alternative, that the prospective benefits of the fund be adjusted to represent their just relation to past and future contributions.

Assembly Bill No. 371 to provide a pension for state employees, embodying approved policies for distribution of costs and benefits, has been introduced by Assemblyman Pierson. In a supplementary report, the Commission submits for consideration a statement of the contents of that bill accompanied by an estimate of the probable cost of the proposed system.

APPENDIX A.—TEACHERS AND STATE, COUNTY AND MUNICIPAL EMPLOYEES IN NEW JERSEY WHO ARE COVERED BY PENSION PROVISIONS. NUMBER, AGGREGATE PAYROLL AND AVERAGE SALARY OF EMPLOYEES OF THE SEVERAL CLASSES.

| Classes of Employees | MEN | | | WOMEN | | | TOTAL | | |
|---------------------------|-------------|--------------------|----------------|--------------|---------------------|--------------|---------------|---------------------|---------------|
| | Number | Payroll | Av'ge Salary | Number | Payroll | Av'ge Salary | Number | Payroll | Av'ge Salary |
| State Employees (a) | 133 | \$ 149,000 | \$1,120 | 59 | \$ 25,000 | \$424 | 192 | \$ 174,000 | \$ 906 |
| Teachers (b) | 2462 | 3,015,000 | 1,225 | 14317 | 10,987,000 | 767 | 16,779 | 14,002,000 | 834 |
| County Employees | 35 | 44,000 | 1,257 | | | 35 | | 44,000 | 1,257 |
| Policemen | 3080 | 3,649,000 | 1,185 | | | 3,080 | | 3,649,000 | 1,185 |
| Firemen | 2140 | 2,541,000 | 1,187 | | | 2,140 | | 2,541,000 | 1,187 |
| Other Municipal Employees | 300 | 398,000 | 1,327 | | | 300 | | 398,000 | 1,327 |
| Total | 8150 | \$9,796,000 | \$1,202 | 14376 | \$11,012,000 | \$766 | 22,526 | \$20,808,000 | \$ 924 |

(a) Includes only permanent Civil Service Employees of the State.
 (b) The figures for teachers are those of the school year 1915-1916.
 (c) Includes a small number of women that could not be exactly ascertained.

APPENDIX B.—STATE, COUNTY, AND MUNICIPAL EMPLOYEES IN NEW JERSEY, NOT COVERED BY PENSION PROVISIONS. NUMBER, AGGREGATE PAYROLL AND AVERAGE SALARY OF EMPLOYEES OF THE SEVERAL CLASSES. (a)

| Classes of Employees | MEN | | | WOMEN | | | TOTAL | | |
|-------------------------------|-------------|--------------------|---------------|-------------|--------------------|--------------|--------------|--------------------|--------------|
| | Number | Payroll | Av'ge Salary | Number | Payroll | Av'ge Salary | Number | Payroll | Av'ge Salary |
| State Employees (b) | 1245 | \$1,092,000 | \$ 877 | 794 | \$ 359,000 | \$452 | 2039 | \$1,451,000 | \$711 |
| County Employees (c) | 1877 | 2,076,000 | 1,107 | 615 | 410,000 | 667 | 2490 | 2,486,000 | 998 |
| Policemen (d) | 571 | 560,000 | 981 | | | 571 | | 560,000 | 981 |
| Firemen (d) | 137 | 118,000 | 861 | | | 137 | | 118,000 | 861 |
| Other Municipal Employees (d) | 4284 | 3,803,000 | 888 | 1081 | 623,000 | 576 | 5365 | 4,426,000 | 825 |
| Total | 8114 | \$7,649,000 | \$ 943 | 2490 | \$1,392,000 | \$559 | 10602 | \$9,041,000 | \$853 |

(a) Are not included in this table: elective officials; employees paid by the day or by the hour; employees receiving fees; employees earning less than \$120 a year; janitors hiring help out of their salaries; teamsters hired with the team.
 (b) Only permanent civil service employees of the state are included.
 (c) Includes employees of all counties, except four (Hunterdon, Middlesex, Monmouth and Salem)
 (d) Includes employees of 376 municipalities, with aggregate population of 2,578,000, out of the total of 494 municipalities, with aggregate population of 2,844,000.

APPENDIX C.—PENSION AND RETIREMENT LAWS NOW IN OPERATION.

| Class of Employees affected | Act or latest amendment | | Class of Employees affected | Act or latest amendment | |
|--|-------------------------|---------|------------------------------------|-------------------------|---------|
| | Year | Chapter | | Year | Chapter |
| State Judges | 1911 | 485 | Policemen | 1915 | 239 |
| Employees of State Penal Institutions | 1912 | 323 | " | 1906 | 299 |
| Widows of Governors | 1912 | 146 | " | 1911 | 72 |
| Sergeants-at-Arms in Court of Chancery | 1913 | 354 | " | 1915 | 413 |
| County Park Police | 1910 | 48 | Firemen | 1908 | 74 |
| County Roads Police | 1914 | 36 | " | 1893 | 248 |
| Any County Employee | 1915 | 38 | " | 1897 | 148 |
| Teachers (Retirement Fund) | 1907 | 139 | " | 1912 | 240 |
| Teachers (State Pension) | 1914 | 268 | " | 1913 | 257 |
| Policemen | 1889 | 147 | Board of Health Employees | 1913 | 215 |
| " | 1917 | 69 | Chief Officers of Boards of Health | 1915 | 236 |
| | | | Street and Water Employees | 1917 | 91 |

APPENDIX D.—PENSION AND RETIREMENT SYSTEMS IN OPERATION IN NEW JERSEY.

| Class of Employees | State, County or Municipality | Year of Establishment | Membership of the Fund | Annual Payroll of Members |
|---|-------------------------------|-----------------------|------------------------|---------------------------|
| Employees of Prisons and Penitentiaries | State | | 192 | \$ 174,000 |
| Teachers Retirement Fund | | 1896 | | |
| Teachers Half-Pay 35 yr. | | | 16,799 | 14,002,000 |
| Service Pension | | 1903 | | |
| Park Police | Essex County | 1910 | 35 | 43,600 |
| Policemen | Asbury Park | 1908 | 17 | 20,000 |
| " | Atlantic City | 1913 | 111 | 132,000 |
| " | Bayonne | ? | 106 | 62,600 |
| " | Bloomfield | 1912 | 24 | 26,500 |
| " | Camden | 1911 | 165 | 179,400 |
| " | Clifton | 1916 | 14 | 15,400 |
| " | East Orange | ? | 66 | 78,500 |
| " | East Rutherford | 1917 | 8 | 7,800 |
| " | Edgewater | ? | 14 | 11,900 |
| " | Elizabeth | 1908 | 114 | 130,400 |
| " | Englewood | 1912 | 16 | 17,000 |
| " | Garfield | 1912 | 11 | 13,400 |
| " | Harrison | 1912 | 20 | 25,900 |
| " | Hoboken | 1912 | 130 | 172,300 |
| " | Irvington | 1913 | 18 | 21,300 |
| " | Jersey City | 1887 | 664 | 798,000 |
| " | Kearny | 1911 | 21 | 25,200 |
| " | Lodi | ? | 6 | 5,000 |
| " | Long Branch | 1914 | 19 | 19,000 |
| " | Lyndhurst | ? | 7 | 7,600 |
| " | Montclair | 1908 | 33 | 39,000 |
| " | Morristown | 1911 | 16 | 18,200 |
| " | Newark | 1902 | 788 | 1,025,000 |
| " | New Brunswick | 1912 | 32 | 32,000 |
| " | North Bergen | 1917 | 33 | 37,400 |
| " | Orange | 1907? | 39 | 47,700 |
| " | Passaic | 1911 | 55 | 59,600 |
| " | Paterson | 1907 | 180 | 202,300 |
| " | Perth Amboy | 1912 | 39 | 51,100 |
| " | Plainfield | 1914 | 26 | 26,500 |
| " | Rutherford | 1917 | 11 | 12,900 |
| " | South Orange | 1916 | 17 | 16,900 |
| " | Trenton | 1902 | 159 | 176,000 |
| " | Town of Union | 1912 | 25 | 29,800 |
| " | West Hoboken | 1906? | 49 | 61,300 |
| " | West New York | ? | 27 | 44,000 |
| Firemen | Atlantic City | 1907 | 173 | 205,900 |
| " | Bayonne | 1908 | 77 | 54,100 |
| " | Camden | 1906? | 114 | 121,300 |
| " | East Orange | 1905 | 56 | 57,000 |
| " | Elizabeth | 1905 | 74 | 93,600 |
| " | Hoboken | 1907 | 111 | 146,200 |
| " | Irvington | 1912 | 12 | 13,700 |
| " | Jersey City | 1902 | 348 | 459,700 |
| " | Montclair | ? | 40 | 41,000 |
| " | Newark | 1902 | 568 | 742,000 |
| " | New Brunswick | 1914 | 42 | 41,500 |
| " | Orange | 1909 | 34 | 40,100 |
| " | Passaic | 1911? | 51 | 58,200 |
| " | Paterson | 1905 | 183 | 200,800 |
| " | Plainfield | 1905 | 37 | 43,100 |
| " | Trenton | 1905 | 131 | 133,000 |
| " | West Hoboken | 1914 | 30 | 31,700 |
| " | West New York | 1915 | 40 | 42,200 |
| " | West Orange | 1915 | 19 | 16,300 |
| Board of Health Employees | Newark | 1914 | 74 | 110,000 |
| Street & Water Dept. and Employees | Newark | 1915 | 226 | 228,200 |
| Total | | | 22,526 | 20,808,100 |

APPENDIX E.—AN ESTIMATE OF THE PROBABLE COST TO THE STATE OF THE TEACHERS' 35-YEAR SERVICE PENSION SYSTEM.

Before presenting the results of the actuarial valuation prepared, a general statement should be made regarding the methods which were of necessity followed in its preparation. A valuation of a pension system like that under consideration, when made in strict accordance with the most exact methods, requires a detailed study of the service concerned, involving rather elaborate statistical and mathematical operations. The purpose of such study is to provide a measurement based upon the service itself, of those factors such as rates of withdrawal, mortality, salary, change, etc., upon which the cost of providing the benefits of the system to that service depends. The time and money at the disposal of the Commission for the preparation of this estimate would not permit such an investigation to be made of the New Jersey teaching service, and, consequently, the results of other investigations of teaching services had to be employed.

In other respects, data which were needed were not available in the records relating to the teachers of New Jersey. The consequent difficulties attendant upon the preparation of the estimate are made evident in the detailed description of the procedure followed.

That the basis for the estimate is not one to be desired in an actuarial valuation is admitted. However, no assumption in the work was made which in general would not tend to make the aggregate results conservative. While a thorough investigation of the service may result in changes important to the proper future administration of the system, it is believed that the final results of this valuation show what may fairly be considered the aggregate liabilities of the state on account of the system and may safely be employed by the state in guiding its immediate course of action in relation to the system.

Provisions of Law

The following digest of the provisions of the laws relating to the 35-Year Service Pension System of New Jersey gives only those provisions which were considered in the actuarial valuation of the liabilities of the system.

Benefits of the System

A service pension of one-half the average salary of the last 5 years of service is provided for.

(1) Teachers, teacher-clerks, principals, and persons employed in any supervisory capacity in the public schools, who complete 35 years of active service, the last 25 years of which were performed in the state.

(2) Teachers who attain age 70, the last 20 years of service having been rendered in the state.

(3) Teachers who attain age 75, 32 years of service having been rendered in the state.

(4) Teachers, teacher-clerks, principals, and persons employed in any supervisory capacity in the public schools who are disabled, having had 35 years of service in the state, and having attained 70 years of age.

Support of System

This system is supported entirely by appropriations made by the state.

Service Factors Required to Value System

The cost of providing pensions to a group of teachers depends upon the number and salaries of those who will remain in service long enough to fulfill the service requirements and receive pensions, and the length of time those who receive benefits will live after retirement. In other words, the cost of the benefits of a system is dependent upon the probable future rates of separation from service, rates of salary change, rates of mortality after retirement, etc. To obtain the probable future cost of providing the benefits of the system under consideration to present teachers of New Jersey, a measurement of the following factors must be made:

(1) Rates of separation from service without benefits through withdrawal by resignation; dismissal; disability; and death.

- (2) Rate of salary change.
- (3) Rate of retirement upon attainment of eligibility.
- (4) Rate of mortality after retirement.

As previous investigations have shown that the same rates are not applicable both to men and women teachers, the men and women teachers were considered in two distinct groups and rates derived for each group.

Adopted Rates and Basis for Adoption

Active Service Rates

The following tables show the rates of separation from active service adopted for use in the valuation of the liabilities of the system.

Table 1.—Rates of Separation from Active Service. Men Teachers.

| Age | Rate of Withdrawal | Rate of Death | Rate of Disability | Rate of Service Retirement |
|-----|--------------------|---------------|--------------------|----------------------------|
| 18 | .0208 | .0024 | .0005 | |
| 19 | .0220 | .0025 | .0005 | |
| 20 | .0248 | .0026 | .0005 | |
| 21 | .0257 | .0028 | .0005 | |
| 22 | .0263 | .0029 | .0005 | |
| 23 | .0265 | .0030 | .0005 | |
| 24 | .0263 | .0032 | .0005 | |
| 25 | .0258 | .0033 | .0005 | |
| 26 | .0250 | .0035 | .0005 | |
| 27 | .0240 | .0036 | .0006 | |
| 28 | .0228 | .0037 | .0006 | |
| 29 | .0215 | .0039 | .0006 | |
| 30 | .0203 | .0040 | .0006 | |
| 31 | .0189 | .0041 | .0006 | |
| 32 | .0174 | .0041 | .0006 | |
| 33 | .0160 | .0042 | .0007 | |
| 34 | .0147 | .0043 | .0007 | |
| 35 | .0135 | .0044 | .0007 | |
| 36 | .0122 | .0044 | .0007 | |
| 37 | .0109 | .0045 | .0008 | |
| 38 | .0097 | .0045 | .0008 | |
| 39 | .0085 | .0046 | .0009 | |
| 40 | .0074 | .0046 | .0010 | |
| 41 | .0063 | .0047 | .0010 | |
| 42 | .0054 | .0047 | .0011 | |
| 43 | .0045 | .0048 | .0012 | |
| 44 | .0038 | .0049 | .0014 | |
| 45 | .0032 | .0050 | .0015 | |
| 46 | .0027 | .0052 | .0017 | |
| 47 | .0022 | .0053 | .0018 | |
| 48 | .0018 | .0055 | .0020 | .0255 |
| 49 | .0015 | .0057 | .0022 | .0289 |
| 50 | .0011 | .0060 | .0025 | .0321 |
| 51 | .0008 | .0062 | .0028 | .0358 |
| 52 | .0005 | .0065 | .0031 | .0392 |
| 53 | .0003 | .0069 | .0035 | .0430 |
| 54 | .0000 | .0073 | .0039 | .0470 |
| 55 | | .0078 | .0044 | .0511 |
| 56 | | .0083 | .0049 | .0553 |
| 57 | | .0089 | .0056 | .0599 |
| 58 | | .0096 | .0063 | .0647 |
| 59 | | .0104 | .0072 | .0693 |
| 60 | | .0112 | .0082 | .0747 |
| 61 | | .0120 | .0096 | .0801 |
| 62 | | .0130 | .0110 | .0864 |
| 63 | | .0139 | .0125 | .0931 |
| 64 | | .0149 | .0142 | .1001 |
| 65 | | .0159 | .0160 | .1085 |
| 66 | | .0170 | .0180 | .1190 |
| 67 | | .0183 | .0200 | .1330 |
| 68 | | .0195 | .0223 | .1645 |
| 69 | | .0209 | .0245 | .2400 |
| 70 | | .0222 | .0270 | .9640 |

Table 2.—Rates of Separation from Active Service. Women Teachers.

| Age | Rate of Withdrawal | Rate of Death | Rate of Disability | Rate of Service Retirement |
|-----|--------------------|---------------|--------------------|----------------------------|
| 18 | .0026 | .0011 | .0005 | |
| 19 | .0063 | .0012 | .0005 | |
| 20 | .0123 | .0013 | .0005 | |
| 21 | .0214 | .0014 | .0005 | |
| 22 | .0318 | .0016 | .0005 | |
| 23 | .0563 | .0018 | .0005 | |
| 24 | .0720 | .0020 | .0005 | |
| 25 | .0760 | .0023 | .0006 | |
| 26 | .0770 | .0025 | .0006 | |
| 27 | .0752 | .0028 | .0006 | |
| 28 | .0717 | .0030 | .0007 | |
| 29 | .0668 | .0032 | .0008 | |
| 30 | .0615 | .0033 | .0008 | |
| 31 | .0548 | .0034 | .0008 | |
| 32 | .0471 | .0035 | .0009 | |
| 33 | .0393 | .0036 | .0010 | |
| 34 | .0319 | .0036 | .0010 | |
| 35 | .0262 | .0036 | .0011 | |
| 36 | .0216 | .0037 | .0012 | |
| 37 | .0177 | .0039 | .0013 | |
| 38 | .0159 | .0040 | .0016 | |
| 39 | .0133 | .0042 | .0029 | |
| 40 | .0111 | .0044 | .0045 | |
| 41 | .0090 | .0046 | .0064 | |
| 42 | .0073 | .0048 | .0088 | |
| 43 | .0055 | .0050 | .0103 | |
| 44 | .0043 | .0053 | .0110 | |
| 45 | .0034 | .0056 | .0113 | |
| 46 | .0028 | .0059 | .0114 | .0649 |
| 47 | .0023 | .0062 | .0114 | .0669 |
| 48 | .0019 | .0066 | .0114 | .0693 |
| 49 | .0018 | .0070 | .0114 | .0719 |
| 50 | .0016 | .0075 | .0114 | .0747 |
| 51 | .0015 | .0080 | .0114 | .0779 |
| 52 | .0014 | .0085 | .0114 | .0812 |
| 53 | .0013 | .0091 | .0114 | .0850 |
| 54 | .0013 | .0097 | .0114 | .0893 |
| 55 | .0011 | .0104 | .0114 | .0943 |
| 56 | .0010 | .0112 | .0114 | .0998 |
| 57 | .0009 | .0120 | .0114 | .1058 |
| 58 | .0009 | .0129 | .0114 | .1129 |
| 59 | .0008 | .0139 | .0114 | .1210 |
| 60 | .0006 | .0150 | .0114 | .1308 |
| 61 | .0005 | .0162 | .0114 | .1420 |
| 62 | .0004 | .0175 | .0114 | .1570 |
| 63 | .0003 | .0189 | .0114 | .1770 |
| 64 | .0001 | .0204 | .0116 | .2000 |
| 65 | .0001 | .0222 | .0124 | .2290 |
| 66 | .0000 | .0240 | .0147 | .2700 |
| 67 | | .0262 | .0177 | .3281 |
| 68 | | .0289 | .0215 | .4321 |
| 69 | | .0324 | .0263 | .6553 |
| 70 | | .0367 | .0329 | .9633 |

The data available for use as a basis in adopting the rates shown above are those presented in the results of actuarial investigations of the service experience of teachers in various retirement systems, namely, the Teachers' Retirement Fund of the City of New York (a); Boston Teachers' Retirement Fund (b); Teachers' Superannuation Fund of New Zealand (c); Elementary School Teachers' Deferred Annuity Fund of England and Scotland (d).

In adopting rates for use, the fact that monetary values were to be made dependent upon them was kept in mind. Where several services indicated a marked similarity in any one rate, the rate adopted followed closely the one indicated by these services. Peculiarities in any experience which were evidently characteristic of the one service alone were rejected. An effort was made to adopt such rates that, when used in combination, would form a safe and reasonable basis for estimating the cost of the proposed retirement plan.

Rates for Men Teachers.

The rate of withdrawal from active service adopted for use in valuing benefits to men teachers in New Jersey is a rate somewhat similar to that obtaining among New York City men teachers. It lies between the rate applying to men teachers in New Zealand, which is a comparatively high rate, and that applying to English and Scottish teachers, which is a comparatively low rate. The death rate assumed to reflect the mortality of men teachers is a higher rate of death than that based on the experience of New York City teachers with the exception of the rate from age 30 to age 38. It is a lower rate than that derived from the experience of English Elementary Teachers by King in 1906 but is somewhat higher to about age 48 than the rate derived for that service by Hardy in 1914. The rate of disability for men teachers of New Jersey is higher than the rate for New York City teachers but lower than that based on the experience of English and Scottish teachers. The rate of retirement upon eligibility is one based upon the experience of New York City teachers. The rate of death after eligibility for retirement is also based upon that experience. It is published in Part II of the Report of the Commission on Pensions of New York.

Rates for Women Teachers.

The rates adopted for the valuation of benefits to women teachers follow closely those employed recently by David P. Fackler, actuary, in the preparation of an estimate of the liabilities of the Teachers' Retirement Fund of New Jersey. The rate of withdrawal employed by him is 25 per cent higher than the one found to obtain among women teachers in New York City. This rate, to age 38, is a rate of withdrawal from all causes including disability. The rate of withdrawal adopted for women teachers is one based upon the rate used by Mr. Fackler, but covers only those causes of withdrawal which were assumed to have occurred through resignation and dismissal.

The rate of disability is based upon the experience of New York City teachers to about age 46 where the assumption is made that, unlike the latter rate, it is not influenced by early service retirements, and continues to increase. The rate of death in active service and the rate of retirement upon eligibility are based upon the experience of New York City teachers.

Pensioners' Mortality Rates

The following table shows the rates of mortality which were assumed to reflect the death rates of pensioners among New Jersey teachers. These rates are those found to obtain among service pensioners in New York City.

Table 3.—Service Pensioners' Mortality Rates.

| Age | Men | Women | Age | Men | Women |
|-----|-------|-------|-----|-------|-------|
| 50 | .0335 | .0134 | 67 | .0599 | .0361 |
| 51 | .0342 | .0140 | 68 | .0630 | .0388 |
| 52 | .0350 | .0146 | 69 | .0665 | .0418 |
| 53 | .0358 | .0153 | 70 | .0702 | .0450 |
| 54 | .0367 | .0161 | 71 | .0743 | .0486 |
| 55 | .0377 | .0169 | 72 | .0789 | .0525 |
| 56 | .0387 | .0178 | 73 | .0837 | .0567 |
| 57 | .0399 | .0188 | 74 | .0891 | .0614 |
| 58 | .0412 | .0199 | 75 | .0949 | .0664 |
| 59 | .0426 | .0212 | 76 | .1013 | .0720 |
| 60 | .0441 | .0225 | 77 | .1082 | .0780 |
| 61 | .0458 | .0239 | 78 | .1156 | .0845 |
| 62 | .0477 | .0255 | 79 | .1238 | .0916 |
| 63 | .0497 | .0273 | 80 | .1328 | .0994 |
| 64 | .0519 | .0292 | 81 | .1423 | .1078 |
| 65 | .0543 | .0313 | 82 | .1528 | .1170 |
| 66 | .0569 | .0335 | 83 | .1640 | .1268 |

- (a) Investigated 1912-1915
- (b) Investigated 1914
- (c) Investigated 1912-1915
- (d) Investigated 1906-1914-1916.

| Age | Men | Women | Age | Men | Women |
|-----|-------|-------|-----|-------|-------|
| 84 | .1762 | .1376 | 95 | .3855 | .3262 |
| 85 | .1895 | .1492 | 96 | .4121 | .3510 |
| 86 | .2033 | .1618 | 97 | .4399 | .3771 |
| 87 | .2189 | .1753 | 98 | .4691 | .4045 |
| 88 | .2355 | .1900 | 99 | .4994 | .4331 |
| 89 | .2528 | .2057 | 100 | .5303 | .4629 |
| 90 | .2717 | .2226 | 101 | .6000 | .4938 |
| 91 | .2918 | .2409 | 102 | .8000 | .5256 |
| 92 | .3132 | .2600 | 103 | | .5584 |
| 93 | .3360 | .2810 | 104 | | .5916 |
| 94 | .3600 | .3029 | 105 | | .6500 |

Service and Mortality Tables.

Active Service Tables and Salary Scales

The following active service tables were constructed on the basis of rates given in Tables 1 and 2 respectively. The salary scales were based upon the rates of salary increase which obtained in comparative experiences with due consideration of the statistics indicating in general the salary increases in New Jersey.

Table 4.—Active Service Table. Men Teachers.

| Age | Living | Withdrawals | Deaths | Disability Cases | Salary Scale |
|-----|---------|-------------|--------|------------------|--------------|
| 18 | 100,000 | 2,080 | 240 | 50 | 644 |
| 19 | 97,630 | 2,148 | 214 | 49 | 662 |
| 20 | 95,189 | 2,361 | 247 | 48 | 689 |
| 21 | 92,533 | 2,378 | 259 | 46 | 722 |
| 22 | 89,850 | 2,363 | 261 | 45 | 760 |
| 23 | 87,181 | 2,310 | 262 | 43 | 803 |
| 24 | 84,566 | 2,224 | 271 | 42 | 848 |
| 25 | 82,029 | 2,114 | 273 | 41 | 897 |
| 26 | 79,601 | 1,994 | 275 | 39 | 946 |
| 27 | 77,293 | 1,861 | 278 | 41 | 997 |
| 28 | 75,113 | 1,712 | 281 | 43 | 1,051 |
| 29 | 73,077 | 1,572 | 284 | 44 | 1,105 |
| 30 | 71,177 | 1,442 | 285 | 45 | 1,161 |
| 31 | 69,405 | 1,307 | 285 | 46 | 1,217 |
| 32 | 67,767 | 1,170 | 281 | 47 | 1,273 |
| 33 | 66,269 | 1,057 | 280 | 48 | 1,328 |
| 34 | 64,884 | 952 | 277 | 49 | 1,384 |
| 35 | 63,606 | 859 | 274 | 50 | 1,440 |
| 36 | 62,423 | 758 | 271 | 51 | 1,494 |
| 37 | 61,343 | 672 | 270 | 52 | 1,545 |
| 38 | 60,349 | 582 | 270 | 53 | 1,597 |
| 39 | 59,444 | 508 | 270 | 54 | 1,646 |
| 40 | 58,612 | 435 | 269 | 58 | 1,693 |
| 41 | 57,850 | 366 | 269 | 59 | 1,738 |
| 42 | 57,156 | 309 | 269 | 62 | 1,780 |
| 43 | 56,516 | 254 | 271 | 68 | 1,820 |
| 44 | 55,923 | 213 | 274 | 78 | 1,858 |
| 45 | 55,358 | 177 | 277 | 83 | 1,894 |
| 46 | 54,821 | 148 | 285 | 93 | 1,928 |
| 47 | 54,295 | 119 | 288 | 98 | 1,959 |
| 48 | 53,790 | 97 | 296 | 107 | 1,986 |
| 49 | 53,290 | 80 | 304 | 117 | 2,013 |
| 50 | 52,789 | 58 | 317 | 132 | 2,037 |
| 51 | 52,282 | 42 | 324 | 147 | 2,060 |
| 52 | 51,769 | 26 | 336 | 160 | 2,080 |
| 53 | 51,247 | 15 | 354 | 179 | 2,098 |
| 54 | 50,699 | | 370 | 198 | 2,116 |
| 55 | 50,131 | | 391 | 221 | 2,131 |
| 56 | 49,519 | | 411 | 243 | 2,145 |
| 57 | 48,865 | | 435 | 274 | 2,158 |
| 58 | 48,156 | | 462 | 304 | 2,169 |
| 59 | 47,390 | | 493 | 341 | 2,181 |
| 60 | 46,556 | | 521 | 382 | 2,189 |
| 61 | 45,653 | | 549 | 438 | 2,198 |
| 62 | 44,666 | | 581 | 491 | 2,207 |
| 63 | 43,594 | | 606 | 545 | 2,214 |
| 64 | 42,443 | | 632 | 603 | 2,221 |
| 65 | 41,208 | | 655 | 660 | 2,227 |
| 66 | 39,893 | | 678 | 718 | 2,234 |
| 67 | 38,497 | | 705 | 769 | 2,241 |
| 68 | 37,023 | | 722 | 826 | 2,248 |
| 69 | 35,475 | | 741 | 869 | 2,254 |
| 70 | 33,865 | | | | 2,261 |

Table 5.—Active Service Table. Women Teachers.

| Age | Living | Withdrawals | Deaths | Disability Cases | Salary Scale |
|-----|---------|-------------|--------|------------------|--------------|
| 18 | 100,000 | 260 | 110 | 50 | 484 |
| 19 | 99,580 | 628 | 119 | 50 | 491 |
| 20 | 98,783 | 1216 | 128 | 49 | 499 |
| 21 | 97,390 | 2084 | 136 | 49 | 509 |
| 22 | 95,121 | 3025 | 152 | 48 | 523 |
| 23 | 91,896 | 5182 | 165 | 47 | 540 |
| 24 | 86,502 | 6233 | 173 | 47 | 558 |
| 25 | 80,049 | 6086 | 184 | 46 | 580 |
| 26 | 73,733 | 5678 | 184 | 44 | 604 |
| 27 | 67,827 | 5098 | 190 | 44 | 629 |
| 28 | 62,495 | 4481 | 187 | 44 | 656 |
| 29 | 57,783 | 3862 | 185 | 44 | 685 |
| 30 | 53,692 | 3302 | 177 | 43 | 714 |
| 31 | 50,170 | 2749 | 171 | 40 | 744 |
| 32 | 47,210 | 2224 | 165 | 42 | 775 |
| 33 | 44,779 | 1760 | 161 | 45 | 805 |
| 34 | 42,813 | 1364 | 154 | 45 | 836 |
| 35 | 41,250 | 1081 | 149 | 45 | 864 |
| 36 | 39,975 | 863 | 148 | 48 | 893 |
| 37 | 38,916 | 688 | 152 | 51 | 920 |
| 38 | 38,025 | 605 | 152 | 61 | 947 |
| 39 | 37,207 | 495 | 156 | 108 | 973 |
| 40 | 36,448 | 405 | 160 | 164 | 996 |
| 41 | 35,719 | 321 | 164 | 229 | 1,020 |
| 42 | 35,005 | 256 | 168 | 308 | 1,040 |
| 43 | 34,273 | 189 | 171 | 353 | 1,059 |
| 44 | 33,560 | 144 | 178 | 369 | 1,076 |
| 45 | 32,869 | 112 | 184 | 371 | 1,091 |
| 46 | 32,202 | 90 | 190 | 367 | 1,105 |
| 47 | 31,555 | 72 | 196 | 360 | 1,116 |
| 48 | 30,927 | 59 | 204 | 352 | 1,127 |
| 49 | 30,312 | 54 | 212 | 346 | 1,135 |
| 50 | 29,700 | 47 | 223 | 339 | 1,143 |
| 51 | 29,091 | 43 | 233 | 332 | 1,150 |
| 52 | 28,483 | 40 | 242 | 325 | 1,155 |
| 53 | 27,876 | 36 | 254 | 318 | 1,160 |
| 54 | 27,268 | 35 | 265 | 311 | 1,165 |
| 55 | 26,657 | 29 | 277 | 304 | 1,169 |
| 56 | 26,047 | 26 | 292 | 297 | 1,172 |
| 57 | 25,432 | 23 | 305 | 290 | 1,176 |
| 58 | 24,814 | 22 | 320 | 283 | 1,177 |
| 59 | 24,189 | 19 | 336 | 276 | 1,179 |
| 60 | 23,558 | 14 | 353 | 269 | 1,181 |
| 61 | 22,922 | 11 | 371 | 262 | 1,182 |
| 62 | 22,278 | 9 | 390 | 254 | 1,184 |
| 63 | 21,625 | 6 | 409 | 247 | 1,186 |
| 64 | 20,963 | 2 | 428 | 243 | 1,187 |
| 65 | 20,290 | 2 | 450 | 252 | 1,189 |
| 66 | 19,586 | | 470 | 288 | 1,191 |
| 67 | 18,828 | | 493 | 333 | 1,192 |
| 68 | 18,002 | | 520 | 387 | 1,194 |
| 69 | 17,095 | | 554 | 450 | 1,196 |
| 70 | 16,091 | | | | 1,198 |

Retirement Tables

The active service tables trace the history of teachers until they become eligible to retire. The retirement tables continue the history of teachers from that time until they leave the service.

Table 6.—Retirement Table. Men Teachers.

| Age | Living | Dying | Retirements |
|-----|---------|-------|-------------|
| 48 | 100,000 | 350 | 2,550 |
| 49 | 97,100 | 369 | 2,806 |
| 50 | 93,925 | 424 | 3,015 |
| 51 | 90,486 | 443 | 3,240 |
| 52 | 86,803 | 458 | 3,403 |
| 53 | 82,942 | 474 | 3,567 |
| 54 | 78,901 | 491 | 3,708 |
| 55 | 74,702 | 519 | 3,817 |
| 56 | 70,366 | 562 | 3,891 |
| 57 | 65,913 | 578 | 3,948 |
| 58 | 61,387 | 589 | 3,972 |
| 59 | 56,826 | 593 | 3,938 |
| 60 | 52,295 | 593 | 3,906 |
| 61 | 47,796 | 642 | 3,828 |

Table 7.—Retirement Table. Women Teachers.

| Age | Living | Dying | Retirements |
|-----|---------|-------|-------------|
| 46 | 100,000 | 590 | 6,490 |
| 47 | 92,920 | 580 | 6,216 |
| 48 | 86,124 | 569 | 5,969 |
| 49 | 79,586 | 559 | 5,722 |
| 50 | 73,305 | 547 | 5,476 |
| 51 | 67,282 | 535 | 5,241 |
| 52 | 61,506 | 522 | 4,994 |
| 53 | 55,990 | 508 | 4,759 |
| 54 | 50,723 | 493 | 4,529 |
| 55 | 45,701 | 475 | 4,310 |
| 56 | 40,916 | 457 | 4,083 |
| 57 | 36,376 | 437 | 3,848 |
| 58 | 32,091 | 414 | 3,623 |
| 59 | 28,054 | 390 | 3,394 |
| 60 | 24,270 | 364 | 3,174 |
| 61 | 20,732 | 335 | 2,944 |
| 62 | 17,453 | 305 | 2,740 |
| 63 | 14,408 | 272 | 2,550 |
| 64 | 11,586 | 237 | 2,317 |
| 65 | 9,032 | 200 | 2,068 |
| 66 | 6,764 | 162 | 1,826 |
| 67 | 4,776 | 124 | 1,567 |
| 68 | 3,085 | 87 | 1,333 |
| 69 | 1,665 | 51 | 1,091 |
| 70 | 523 | 17 | 506 |

Mortality Tables

The following table is based upon the rates of mortality adopted for pensioners.

Table 8.—Mortality Table for Service Pensioners.

| Age | MEN | | WOMEN | |
|-----|--------|-------|--------|-------|
| | Living | Dying | Living | Dying |
| 50 | 66,715 | 2,237 | 75,857 | 1,014 |
| 51 | 64,478 | 2,206 | 74,843 | 1,044 |
| 52 | 62,272 | 2,177 | 73,799 | 1,076 |
| 53 | 60,095 | 2,150 | 72,723 | 1,112 |
| 54 | 57,945 | 2,125 | 71,611 | 1,150 |
| 55 | 55,820 | 2,102 | 70,461 | 1,191 |
| 56 | 53,718 | 2,080 | 69,270 | 1,235 |
| 57 | 51,638 | 2,060 | 68,035 | 1,282 |
| 58 | 49,578 | 2,042 | 66,753 | 1,331 |
| 59 | 47,536 | 2,024 | 65,422 | 1,384 |
| 60 | 45,512 | 2,009 | 64,038 | 1,440 |
| 61 | 43,503 | 1,993 | 62,598 | 1,498 |
| 62 | 41,510 | 1,979 | 61,100 | 1,560 |
| 63 | 39,531 | 1,964 | 59,540 | 1,624 |
| 64 | 37,567 | 1,949 | 57,916 | 1,690 |
| 65 | 35,618 | 1,935 | 56,226 | 1,758 |
| 66 | 33,683 | 1,918 | 54,468 | 1,827 |
| 67 | 31,765 | 1,902 | 52,641 | 1,898 |
| 68 | 29,863 | 1,881 | 50,743 | 1,968 |
| 69 | 27,982 | 1,860 | 48,775 | 2,037 |
| 70 | 26,122 | 1,835 | 46,738 | 2,104 |
| 71 | 24,287 | 1,805 | 44,634 | 2,169 |
| 72 | 22,482 | 1,773 | 42,465 | 2,228 |
| 73 | 20,709 | 1,734 | 40,237 | 2,283 |
| 74 | 18,975 | 1,691 | 37,954 | 2,329 |
| 75 | 17,284 | 1,640 | 35,625 | 2,367 |
| 76 | 15,644 | 1,584 | 33,258 | 2,393 |
| 77 | 14,060 | 1,521 | 30,865 | 2,406 |
| 78 | 12,539 | 1,450 | 28,459 | 2,405 |
| 79 | 11,089 | 1,373 | 26,054 | 2,387 |
| 80 | 9,716 | 1,290 | 23,667 | 2,352 |
| 81 | 8,426 | 1,199 | 21,315 | 2,298 |
| 82 | 7,227 | 1,104 | 19,017 | 2,224 |

Table 9.—Annuity Values for Pensioners.

| Age | MEN | | WOMEN | | |
|-----|----------|----------|----------|----------|--------|
| | Teachers | Teachers | Teachers | Teachers | |
| 50 | 11.285 | 14.179 | 55 | 10.332 | 12.823 |
| 51 | 11.105 | 13.919 | 56 | 10.125 | 12.537 |
| 52 | 10.920 | 13.653 | 57 | 9.914 | 12.246 |
| 53 | 10.730 | 13.38 | 58 | 9.697 | 11.950 |
| 54 | 10.533 | 13.105 | 59 | 9.476 | 11.650 |

Pensioners' Annuity Values.

The following table gives the annuity values based upon the pensioners' mortality tables.

Table 9.—Annuity Values for Pensioners.

| Age | MEN | | WOMEN | | |
|-----|----------|----------|----------|----------|--------|
| | Teachers | Teachers | Teachers | Teachers | |
| 50 | 11.285 | 14.179 | 55 | 10.332 | 12.823 |
| 51 | 11.105 | 13.919 | 56 | 10.125 | 12.537 |
| 52 | 10.920 | 13.653 | 57 | 9.914 | 12.246 |
| 53 | 10.730 | 13.38 | 58 | 9.697 | 11.950 |
| 54 | 10.533 | 13.105 | 59 | 9.476 | 11.650 |

Table 10.—The Number and Salaries of Teachers Classified by Age.

| Age | Total | | Men Teachers | | Women Teachers | |
|-----------|--------|------------|--------------|-----------|----------------|------------|
| | Number | Salaries | Number | Salaries | Number | Salaries |
| 18 - 22 | 2780 | \$ 1327651 | 487 | \$ 261479 | 2293 | \$ 1066172 |
| 23 - 27 | 5224 | 3221290 | 823 | 689384 | 4401 | 2531906 |
| 28 - 32 | 2924 | 2292869 | 446 | 509754 | 2478 | 1783115 |
| 33 - 37 | 2173 | 2127064 | 319 | 481075 | 1854 | 1645989 |
| 38 - 42 | 1753 | 2011386 | 252 | 461848 | 1501 | 1549538 |
| 43 - 47 | 1311 | 1664066 | 187 | 388094 | 1124 | 1275972 |
| 48 - 52 | 920 | 1237516 | 132 | 294389 | 793 | 943127 |
| 53 - 57 | 590 | 818315 | 83 | 197657 | 507 | 620658 |
| 58 - 62 | 292 | 409450 | 41 | 100110 | 251 | 309340 |
| 63 - 67 | 125 | 191853 | 15 | 47104 | 110 | 144749 |
| 68 - Over | 88 | 137600 | 10 | 33666 | 78 | 103934 |
| Total | 18185 | \$15439060 | 2795 | \$3464560 | 15390 | \$11974500 |

Table 11.—The Number and Salaries of Teachers Classified by Years of Prior Service.

| Service Group | Total | | Men Teachers | | Women Teachers | |
|---------------|--------|------------|--------------|-----------|----------------|------------|
| | Number | Salaries | Number | Salaries | Number | Salaries |
| 2 | 6976 | \$ 3945006 | 1234 | \$ 902305 | 5742 | \$ 3042701 |
| 7 | 4136 | 3290780 | 704 | 850412 | 3432 | 2440368 |
| 12 | 2696 | 2796871 | 426 | 726604 | 2270 | 2070267 |
| 17 | 1810 | 2143966 | 267 | 558477 | 1543 | 1585489 |
| 22 | 985 | 1192028 | 86 | 202173 | 899 | 989855 |
| 27 | 661 | 836127 | 46 | 117076 | 615 | 719051 |
| 32 | 450 | 583735 | 20 | 62185 | 430 | 521550 |
| 35 - Over | 471 | 650547 | 12 | 45328 | 459 | 605219 |
| Total | 18185 | \$15439060 | 2795 | \$3464560 | 15390 | \$11974500 |

Present Pensioners' Roll.

From data secured from the records of the Teachers'

Retirement Fund, the following age distributions of approximately all present pensioners were obtained.

Present Active Service Roll.

To make a valuation of the assets and liabilities of the system it was necessary to have tabulations of the number and salaries of men and women teachers classified by age and length of service. The approximate total number and salaries of teachers classified by sex were obtained as of January 1st, 1918. The total number in each group was distributed by age according to the age distribution of teachers of rural and urban districts combined, in Massachusetts. The total salary of each group was then distributed by age by means of the salary scales. In order to obtain a distribution of number and salaries by service, similar distributions by length of service, of number and salaries of teachers in the educational system in New York City were used. The results of these distributions are presented in summary form in the following tables.

Table 12.—The Number and Pensions of Present Pensioners Classified by Age.

| Age | MEN | | WOMEN | |
|-------|--------|----------|--------|-----------|
| | Number | Pensions | Number | Pensions |
| 53 | | | 3 | \$2,055 |
| 54 | | | 5 | 2,155 |
| 55 | | | 11 | 5,720 |
| 56 | | | 13 | 6,875 |
| 57 | 1 | \$1,315 | 18 | 9,560 |
| 58 | 3 | 1,815 | 19 | 9,970 |
| 59 | 3 | 2,550 | 23 | 14,220 |
| 60 | 4 | 1,395 | 27 | 14,350 |
| 61 | | | 19 | 8,370 |
| 62 | 1 | 750 | 25 | 12,755 |
| 63 | 4 | 3,800 | 22 | 12,475 |
| 64 | 2 | 960 | 18 | 8,855 |
| 65 | 1 | 245 | 17 | 7,840 |
| 66 | 4 | 5,105 | 19 | 8,585 |
| 67 | 2 | 2,920 | 19 | 9,780 |
| 68 | 1 | 475 | 15 | 5,770 |
| 69 | 5 | 4,670 | 11 | 7,010 |
| 70 | 2 | 2,560 | 12 | 6,550 |
| 71 | 3 | 1,650 | 10 | 4,765 |
| 72 | 3 | 2,365 | 15 | 8,490 |
| 73 | 2 | 1,025 | 4 | 1,735 |
| 74 | 3 | 2,270 | 8 | 3,735 |
| 75 | 1 | 1,210 | 5 | 2,365 |
| 76 | 3 | 2,110 | 3 | 1,900 |
| 77 | | | 1 | 965 |
| 78 | 1 | 920 | 4 | 1,070 |
| 79 | 1 | 1,500 | 2 | 460 |
| 80 | 2 | 2,930 | | |
| 81 | | | | |
| 82 | | | | |
| 83 | 1 | 750 | 1 | 265 |
| 84 | | | 1 | 920 |
| 85 | 1 | 1,075 | | |
| 86 | | | | |
| 87 | | | | |
| 88 | | | | |
| 89 | | | | |
| 90 | | | | |
| 91 | | | | |
| 92 | | | | |
| 93 | | | | |
| 94 | | | 2 | 750 |
| 95 | | | | |
| Total | 54 | \$46,365 | 352 | \$180,315 |

Interest Rate.

All monetary values were based upon an interest rate of 4 per cent.

APPENDIX F.—JOINT RESOLUTION NO. 11.

JOINT RESOLUTION FOR THE APPOINTMENT OF A COMMISSION TO INVESTIGATE THE SUBJECT OF MUNICIPAL, COUNTY AND STATE PENSION AND RETIREMENT FUNDS.

WHEREAS, There appear at each session of the Legislature numerous bills which are designed to provide pensions for various classes of service rendered to municipalities and counties, many of them imposing a mandatory obligation upon the municipality to provide sustenance for those injured in the performance of duty; or to provide for the widows and orphans of those whose lives are sacrificed in discharging such duties; others providing pensions for those who have served a term of years or attained a stated age;

AND WHEREAS, The Legislature cannot during the busy weeks of its session ascertain the conditions and facts surrounding these demands, and deal fairly with those who would receive the benefit of legislation of this class and the taxpayers whose money is thus appropriated;

AND WHEREAS, Hastily considered legislation may provide pensions or retirement funds for public servants to an amount that is unreasonably large, or, on the other hand, provide inadequately or entirely neglect other public servants, whose services should demand equal recognition;

AND WHEREAS, It is the opinion of the members of this Leg-

Statement of State's Liability.

The following statement exhibits the liability of the state under the Teachers' 35-year Service Pension System as far as the payment of benefits to present pensioners and present teachers is concerned.

Table 13.—Statement of the Liabilities of the State under the Teachers' 35-Year Service Pension System as of January 1, 1918.

The present value of pensions to be paid to present pensioners:

| | |
|-------------|----------|
| Men | \$ 326,8 |
| Women | 1,830,7 |

The present value of benefits to be paid present teachers who will receive benefits:

| | |
|-------------|----------|
| Men | 4,415,7 |
| Women | 17,784,5 |

Total

Rates of Contributions to Provide Benefits for Entrants

In the preceding table no consideration is made of future entrants into the State teaching service who would increase the liability of the State. The following table shows rates of contribution as percentages of salary which, if contributed annually throughout the service of new entrants, would provide the cost of the benefits to be paid to them.

Table 14.—Rates of Contribution as Percentages of Salary to Provide Benefits for Entrants.

| Age | Men | Women | Age | Men | Women |
|-----|------|-------|-----|------|-------|
| 18 | 4.20 | 4.08 | 32 | 3.19 | 3.34 |
| 19 | 4.15 | 4.03 | 33 | 3.17 | 3.24 |
| 20 | 4.09 | 4.00 | 34 | 3.16 | 3.14 |
| 21 | 4.02 | 3.96 | 35 | 3.18 | 2.97 |
| 22 | 4.00 | 3.92 | 36 | 3.33 | 3.14 |
| 23 | 3.87 | 3.89 | 37 | 3.50 | 3.33 |
| 24 | 3.79 | 3.86 | 38 | 3.68 | 3.54 |
| 25 | 3.71 | 3.82 | 39 | 3.88 | 3.76 |
| 26 | 3.62 | 3.78 | 40 | 4.10 | 4.01 |
| 27 | 3.53 | 3.73 | 41 | 4.33 | 4.28 |
| 28 | 3.45 | 3.67 | 42 | 4.59 | 4.58 |
| 29 | 3.36 | 3.59 | 43 | 4.87 | 4.95 |
| 30 | 3.29 | 3.51 | 44 | 5.17 | 5.26 |
| 31 | 3.24 | 3.43 | 45 | 5.51 | 5.66 |

islature that citizens of our State desire to recognize the services of those who serve them and that there is a general public sentiment that the entire system of pension and retirement fund be placed upon a scientific basis; therefore,

BE IT RESOLVED BY THE SENATE AND GENERAL ASSEMBLY OF THE STATE OF NEW JERSEY:

1—That a commission of five members be appointed, two by the President of the Senate and three by the Speaker of the House, to be known as "The Pension and Retirement Commission," to make a survey of the subject of pensions and retirement funds for the employees of the various municipal, county and State governments, and report its findings to the President of the Senate or a future session of the Legislature with such recommendations as it may deem best regarding municipal pensions and retirement funds.

AND BE IT FURTHER RESOLVED, That it is the sense of this Legislature that no further legislation along the lines above indicated should be enacted until the coming in of said commission report.

AND BE IT FURTHER RESOLVED, That an appropriation of one thousand dollars be placed in the supplemental appropriation bill and two thousand dollars in the annual appropriation bill to defray the expenses of such commission.

2—This resolution shall take effect immediately.
Approved March 29th, 1917.