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A REPORT ON THE IMPROVEMENT
OF THE ECONOMIC SECURITY BENEFITS
OF NEW JERSEY STATE EMPLOYEES

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State of New Jersey

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A REPORT ON THE IMPROVEMENT OF THE
ECONOMIC SECURITY BENEFITS OF
NEW JERSEY STATE EMPLOYEES.

By- Steven E. Schanes
Administrative Secretary
Bureau of Public
Employees Pensions

This report deals with the problem of extending to general State employees improved economic security benefits. The report does not deal with employees who are members of the State Police Retirement and Benevolent Fund, the Prison Officers Pension Fund, and the Alcoholic Beverage Law Enforcement Officers Pension Fund. These employees already have special coverage protection because of the hazardous nature of their occupation. However, it may prove desirable to include such employees within the scope of the program set out below at some later date.

Basically, this report deals with two groups of employees: some 13,700 members of the State Employees Retirement System, and over 7,000 employees who are not in the Retirement System, but who are covered by the Veterans Retirement Act.

The first part of this report is concerned with the benefits of the State Employees Retirement System. The second part presents a recommended program for meeting the deficiencies of the System. The third part deals with veteran employees, and as a result is a recommendation for a solution of the entire veteran employees retirement problem. Part four deals with suggestions made for other employee benefits.

I. State Employees Who Are Members of the New Jersey State Employees Retirement System (SERS).

A. Service Retirement Allowance.

Members of the SERS may retire at age 60 on a retirement allowance of 1/60 of final average salary (5 year av.) for each year of service. (Class B.)

On April 6, 1953 a "Report on Comparative Economic Security Benefits for Employees of New Jersey State Employees Retirement System and Seven Private Employers" was submitted to Mr. Percy A. Miller, State Commissioner of Labor and Industry, by the Department of Governmental and Economic Research of the New Jersey State Chamber of Commerce. With regard to service retirement benefits for long service employees (two hypothetical cases were used) the report concluded:

"The service retirement benefit payable by the State Employees Retirement System is substantially greater than the benefit paid by a combination of most of the private plans plus Social Security. The greatest benefit, however, is the right of the members of the SERS to retire at age 60 and receive a full retirement benefit until death."

However, studies made by the State Bureau of Public Employees Pensions indicate that short term or low salary State employees would do better under Social Security than they would under the SERS. An analysis of a sample of the present retirement roll indicates that approximately 50% of those persons who have retired at age 65 or later would have received a greater allowance had they been under Social Security. In addition, there is payable under Social Security a retirement allowance on behalf of a wife who is age 65, or over, which could increase the total retirement allowance by 50%.

B. Non Service-Connected Disability Benefits

The ordinary (non service-connected) disability retirement benefit payable from the SERS was substantially improved by the enactment of Chapter 157, P.L.1953. After 10 years of service, the ordinary disability retirant now receives approximately 90% of what he would have received had he retired for service at age 60. In certain cases the payment is even larger. Assuming the enactment of Chapter 157 (then Assembly Bill #609), the report to Commissioner Miller stated:

"The ordinary disability retirement benefit paid by the SERS may be said to compare quite favorably with that provided by private employers if the disability occurs at or after age fifty following a long period of service. Since no examples of disability at an early age were worked out, this general statement might not apply in such a case. Examination of the benefit structures of the various plans, however, indicates that the SERS benefit, which has a minimum retirement allowance feature, would probably be substantially better at younger ages.

One of the great advantages of the SERS benefit is the fact that it is a level benefit payable from the date of disability retirement until death. The retirement benefits paid by the various companies vary considerably from year to year."

Under the SERS, an ordinary disability retirant may elect to receive a lesser allowance with the continuation of a monthly payment to his wife upon his death. In private industry, whether or not such an option is available, there is always a monthly payment to the widow of an employee at age 65 under Social Security.

C. Non Service-Connected (Ordinary) Death Benefits Before Retirement.

The SERS provides an ordinary death benefit of up to \$35. a month (in addition to a payment based upon the employee's

contributions) only after 20 years of creditable service. This benefit is extremely limited, being payable only to a widow. It provides no protection for the employee in his earlier years, at which time income may be lowest and family responsibilities greatest. The benefit itself is, at certain ages, equivalent to or greater than, a life insurance policy of \$5000. However, the fact that the payment is set up as a life annuity, with no options permitted, further restricts its value as far as individual needs of the beneficiary is concerned. Concerning this benefit the report to Commissioner Miller states:

"It is generally agreed that the greatest need for life insurance exists where the wage earner is married and has small children. If the insured dies, he leaves behind a relatively young widow who probably cannot support herself because of the necessity of caring for the children. It is during this period of life that insurance companies advise carrying term insurance, since a relatively large benefit is available at low cost.

As one's children grow up and finish school, the need for insurance coverage diminishes since there is only one person (the wife) dependent upon the wage earner. Furthermore, if death occurs while the wife is still in her late thirties or early forties, there is a strong possibility that she may be able to support herself for a number of years with only nominal assistance from insurance.

Finally, as the family moves into old age, it is anticipated that the children, now grown and self-supporting, will be able to render some assistance to a widowed mother. In old age, of course, a little insurance tends to go a long way and, if the family head were fully covered by Social Security, any widow of 65 or older would be assured of a pension from that source."

The report concludes that:

- "1. The State Employees Retirement System is substantially inferior to the combination of Social Security plus group insurance where death occurs during the period of greatest family dependency.

2. Following the period of greatest family dependency, there is no significant advantage to the SERS coverage as compared to that provided by the various group insurance plans.

3. The combination of Social Security and group insurance provides a much more satisfactory type of insurance coverage than does the SERS at nearly every age level."

D. Service-Connected (Accident) Disability Retirement.

The SERS provides a very liberal accident disability retirement allowance. The employee receives a pension of two-thirds of his annual salary at the time of retirement, in addition to an annuity based upon his accumulated deductions at the time of retirement. However, no ^{insurance} benefit is provided upon the death of such a retirant. The general problem of death benefits after retirement is discussed below.

E. Service-Connected (Accidental) Death Benefits.

In the event of accidental death, there is payable to a widow or dependent child a pension of one-half of the member's final average salary in addition to a payment equal to the amount of his accumulated deductions at the time of death.

F. Death After Retirement.

The SERS allows retiring members to exercise several options upon retirement which result in the payment of lower pension to the retirant, but with the continuation of all or a portion of such pension to a designated beneficiary upon the retirant's death. On this point, the report to Commissioner Miller states:

"Because of Social Security with its survivorship benefits, the death after retirement coverage for employees of private enterprise is substantially superior to that of State employees."

G. Summary of Economic Security Lacks in the SERS

1. Low retirement allowances for short term and low salary employees.
2. Inadequate non service-connected death benefits.
3. Low death benefits after retirement.

II. Recommended program for the Improvement of the SERS

A. Integration of Social Security

It is recommended that the SERS be integrated with Federal Old Age and Survivors Insurance. Under the plan proposed, there would be no basic change in the present service retirement benefit provisions of the SERS, but if and when the retirant received the Social Security benefit, the amount of the primary Social Security benefit (i.e., payable on account of the individual only) would be deducted from the Retirement System benefit, and the reduced amount would be payable from the SERS. In any event, the reduced amount would never be less than the annuity which could be purchased by the member's own contributions. Under the supplemental system, employees would reduce their contributions to the Retirement System by 2% of compensation, not exceeding \$3600. per year.

Mr. George B. Buck, Consulting Actuary, describes the proposal as follows:

"To illustrate the proposal, let us take the case of a Class B member now age 50, with 15 years of creditable service. Assume that his final compensation upon which his retirement system benefit is based is \$4,000., and that at age 65 he will have 30 years of service. At age 65 his gross retirement system benefit would be \$2,000. and his Social Security benefit (assuming full coverage on \$3600 per annum) would be \$1,020. Hence, he would receive \$2,000. minus \$1,020. or \$980. from the Retirement System and the balance of his benefit under the Social Security Act.

If his contributions provided an annuity of more than \$980. he would receive the greater amount from the Retirement System. If this member retired before age 65, say, at age 60 when he had 25 years of service, he would receive the full Retirement System benefit from age 60 to age 65, namely \$1,667., assuming his final compensation to be \$4,000., and then at age 65 whatever benefit is payable under the Social Security Act would be offset against his Retirement System benefit. Here again if his annuity were greater than the reduced amount, an amount equal to his annuity would be payable. Upon disability, it has been assumed that the full benefit would be payable until age 65 and thereafter any Social Security benefit payable would be deducted."

The State, as the employer, would contribute 2% of salary toward Social Security taxes, plus the requirements to maintain the Retirement System.

Mr. George Buck has prepared an analysis of this proposal which is given in Table A.

Table A

ANNUAL COST TO STATE OF SUPPLEMENTAL SYSTEM AS COMPARED WITH COST UNDER EXISTING SYSTEM				
SYSTEM	1954-59	1960-64	1965-69	1970
Existing System	\$2,968,019	\$2,968,019	\$2,968,019	\$2,968,019
Proposed Supplemental System	:	:	:	:
Including Social Security Taxes	2,051,125	2,261,231	2,471,337	2,576,391
Annual Savings	\$ 916,894	\$ 706,788	\$ 496,682	\$ 391,628

This table indicates annual savings during the first five years of operation of over \$916,000. It decreases thereafter to a minimum saving of \$391,000. annually from 1970 on. Employees' rates of contribution would remain at their present level until changed by Federal law. The present Federal law calls for an

increase of $\frac{1}{2}\%$ on the first \$3600. in 1960; an additional $\frac{1}{2}\%$ increase on the first \$3600. in 1965; and a $\frac{1}{4}\%$ increase on this amount in 1970. This would amount to a maximum annual increase in contributions of \$18. in 1960; \$18. in 1965; and \$9. in 1970. Under this arrangement the State employees would have extended to them the various survivorship and dependency benefits of Social Security, as indicated in Table B.

In determining the amount by which the payment from the Retirement System shall be reduced at age 65, only creditable service as a State employee under Social Security shall be used. Thus, if the individual raised the level of the Social Security benefits as a result of private employment, this additional amount would accrue to his benefit. In the event that the Retirement System paid benefits less than those indicated in Column 2 of Table B, the retirant would receive the benefits indicated in that column, plus an annuity based upon his own contributions to the SERS. In addition to the service retirement allowance, there are substantial payments in the event of death of the person providing the income for a family. Integration with Social Security will substantially improve the present low retirement allowances for short term and low salary State employees. It would also permit State employees to improve their allowance upon retirement by taking into account that Social Security pays an additional benefit on behalf of a widow/^{or wife} at the age of 65. Thus there would be a substantial improvement in both the service retirement allowances and the death benefit after retirement. The problem

TABLE B

EXAMPLES OF SOCIAL SECURITY MONTHLY BENEFITS

1	2	3	4	5	6	7	8
RETIREMENT BENEFITS				SURVIVORS BENEFITS			
Average Monthly Earnings	Retired Worker Only	Additional for Wife or Dependent Husband At 65	Widow or Dependent Widower or Parent at 65, or 1 Child Alone	Widow and 1 Child	Widow and 2 Children	Widow and 3 Children	Lump Sum Death Payment
\$300.00	\$85.00	\$42.50	\$63.80	\$127.60	\$168.90	\$168.90	\$255.00
280.00	82.00	41.00	61.50	123.00	164.10	168.90	246.00
260.00	79.00	39.50	59.30	118.60	158.10	168.90	237.00
240.00	76.00	38.00	57.00	114.00	152.00	168.90	228.00
220.00	73.00	36.50	54.80	109.60	146.20	168.90	219.00
200.00	70.00	35.00	52.50	105.00	140.10	160.20	210.00

of death benefit after retirement is further discussed below, in connection with ordinary death benefits in service.

B. The Extension of Basic Group Life Insurance.

It is recommended that the present ordinary death benefit of the SERS be eliminated, and that there be established in its place a wholly employer financed ordinary death benefit of one and one-half times salary at the time of death. In addition there would also be returnable the employee's contributions with interest, toward service retirement. It is further recommended that every member of the SERS be given an opportunity to purchase on a group basis an additional death benefit of one and one-half times salary. The actual effect of this program is demonstrated in Tables C and D.

Mr. George Buck has calculated that if the State were to extend a benefit of one times salary to all of the members of the SERS, the cost would be \$319,168. annually. Increasing the benefit to one and one-half times salary should produce an annual cost of approximately \$480,000. The cost to the members of the optional purchase of one and one-half times salary is estimated at 1.74% of salary. Mr. Buck points out that the group rate of this sort is higher than needed for the young employees, and lower for the older employees. He suggests that it would be fairer if a graded rate were adopted using fifth ages, as indicated in Table E. This ordinary death in service benefit program is identical to that which was extended to the Police and Firemen's Retirement System of New Jersey under Chapter 266, P.L.1953. The employee would have the right

TABLE C

EXAMPLE OF PROPOSED ORDINARY DEATH BENEFITS

Male Technician, Entered State Employ at Age 25

(1) <u>Members Attained Age</u>	(2) <u>Assumed Salary</u>	(3) <u>Employer-Paid Death Benefit</u>	(4) <u>Return Contrib.</u>	(5) <u>Total Benefit (3) + (4)</u>	(6) <u>Additional Optional Benefit</u>	(7) <u>Monthly Cost on Whole Group Basis</u>	(8) <u>Total Benefits (5) plus (6)</u>
30	\$4,200.00	\$6,300.00	\$ 702.39	\$ 7,002.39	\$ 6,300.00	\$ 6.09	\$13,302.39
35	4,740.00	7,110.00	1,495.21	8,605.21	7,110.00	6.87	15,715.21
40	5,280.00	7,920.00	2,351.78	10,451.78	7,920.00	7.66	18,371.78
45	7,200.00	9,630.00	3,850.53	13,480.53	9,630.00	9.31	23,110.53
50	7,500.00	10,800.00	5,515.69	16,315.69	10,800.00	10.44	27,115.69
55	7,500.00	11,250.00	7,552.91	18,802.91	11,250.00	10.88	30,052.91
60	7,500.00	11,250.00	9,914.62	21,164.62	11,250.00	10.88	32,414.62
65	7,500.00	11,250.00	12,658.66	23,908.66	11,250.00	10.88	35,158.66

• Upon Service or Ordinary Disability Retirement, an Amount equal to 3/16 of salary continues for life, fully paid up.

Upon Service or Ordinary Disability Retirement, an Amount equal to 3/16 of salary continues for life, fully paid up.

TABLE D

EXAMPLE OF ORDINARY DEATH BENEFIT

Male Clerk Entered State Employ At Age 18

(1) <u>Members Attained Age</u>	(2) <u>Assumed Salary</u>	(3) <u>Employer-Paid Death Benefit</u>	(4) <u>Return Contrib.</u>	(5) <u>Total Benefit (3) a (4)</u>	(6) <u>Additional Optional Benefit</u>	(7) <u>Monthly Cost on Whole Group Benefit</u>	(8) <u>Total Benefits (5) plus (6)</u>
30	\$3,120.00	\$4,680.00	\$1,089.22	\$ 5,769.22	\$4,680.00	\$ 4.52	\$10,449.22
35	3,480.00	5,220.00	1,910.04	7,130.04	5,220.00	5.05	12,350.04
40	4,200.00	6,300.00	2,627.10	8,927.10	6,300.00	6.09	15,227.10
45	4,560.00	6,840.00	3,687.44	10,527.44	6,840.00	6.61	17,367.44
50	4,560.00	6,840.00	4,826.92	11,666.92	6,840.00	6.61	18,506.92
55	4,560.00	6,840.00	6,276.05	13,116.05	6,840.00	6.61	19,956.05
60	4,560.00	6,840.00	7,820.03	14,660.03	6,840.00	6.61	21,500.03
65	4,560.00	6,840.00	9,745.87	16,585.07	6,840.00	6.61	23,425.07

Upon Service
or Ordinary
Disability,
Retirement, an
Amount Equal to
3/16 of salary
continues for
life, fully
paid up.

Upon Service
or Ordinary
Disability Re-
tirement, an
Amount Equal
to 3/16 of
salary contin-
ues for life,
fully paid up.

TABLE E.

FIFTH AGES - PERCENTAGE RATES OF CONTRIBUTION
REQUIRED FOR THE DEATH BENEFIT

<u>AGE AT</u> <u>ELECTION</u>	<u>RATE</u>
2059
2572
3089
35	1.13
40	1.41
45	1.77
50	2.24
55	2.81

to select any named beneficiary and to establish any actuarially sound method of payment of the benefit. In addition, the beneficiary would have the right to alter the method of payment, except that the beneficiary could not select a lump sum payment if this had not been preselected by the member himself. This device permits a flexibility which would relate the benefit to the specific needs of a given individual.

It is further recommended that there be established a wholly employer financed death benefit after service retirement or ordinary disability retirement, equal to $3/16$ of salary received in the year before retirement. Where the employee has purchased the optional death benefit protection described above, there would also be additional death benefit after service retirement or ordinary disability retirement, equal to $3/16$ of salary received in the year before retirement. This again follows the pattern established under Chapter 266, P.L.1953. Examples of the benefits payable to and on behalf of a specific individual through the adoption of the program of increased death benefits and Social Security integration are given in the attached tables.

III. Veteran Employees

The Veterans Retirement Act provides that there shall be payable to an honorably discharged veteran of specific wars an annual pension equal to one-half final salary after twenty years of service, upon attaining age 62 or being disabled.

This is a non-contributory pension and contains no economic security benefits either before or after retirement other than the retirement allowance. On October 29, 1951, the State Department of Banking and Insurance presented an actuarial study of the cost of providing benefits under the existing Veterans Retirement Act, and under a proposed revision (Assembly 326, 1951, Second Official Reprint). The costs were determined as of December 15th, 1950. The total liabilities under the present Veterans Law were as follows:

State Employees	\$35,432,738.
School District Employees	37,094,718.
County Employees	25,164,313.
Municipal Employees	<u>84,762,031.</u>
Total	<u>\$182,453,800.</u>

In the same report, it was indicated that if veteran employees were brought into a system similar to the SERS, receiving credit toward retirement in proportion to length of service under the Veterans Retirement Act, the total liabilities would be as follows:

State Employees	\$20,306,030.
School District Employees	24,845,924.
County Employees	15,941,877.
Municipal Employees	<u>36,230,241.</u>
Total	<u>\$97,324,072.</u>

It is recommended that this concept be adopted with one change: that veteran employees receive free credit toward retirement at the rate of 1/60 of final average salary for every year of service. However, a veteran employee should receive no less of a retirement allowance than he would have

received under the existing Veterans Retirement Act. Therefore, it is recommended that in any event a veteran shall receive a retirement allowance which shall not be less than that payable under the existing law.

Under this program, the existing law would cease to operate, and all future veteran employees would receive benefits identical with those of other employees. In order to provide veteran employees with economic security benefits, it is further recommended that:

1. All State, County, School District, and Municipal veteran employees be brought within the coverage of the integrated Social Security--SERS described above. (This would include the proposed ordinary death benefits.)
2. The State assume the liabilities of the veterans employed in the school districts.
3. The liabilities be financed over a thirty year or greater period by payments from the various governmental units to the SERS.
4. The veteran employees contribute to the SERS in accordance with rates at entrance age into public employment.

An actuarial investigation is currently being made of the additional cost offsets to be made under this proposal. Examples of the effect of this program upon individual veteran employees are given in the attached tables.

EXAMPLE TABLES

The seven tables which follow give examples of the payment of benefits under the proposed program. Wherever possible, these tables are self-explanatory. However, the difference in treatment between the veteran and non-veteran employees in service retirement benefits requires two separate tables. (Tables No. 1 and 1-A)

It should be especially noted that the retirement allowances given in Tables 1 and 1-A are minimum allowances. Depending upon a member's earnings after service retirement, or upon his accumulated contributions in the Retirement System, individual allowances may be larger than those indicated in Tables No. 1 and 1-A.

NON-VETERAN EMPLOYEES

SERVICE RETIREMENT ALLOWANCE - TABLE NO. 1

(Minimum Social Security Benefits)

Average Final Salary - \$3600

Age at Entry into System	Retire At 60	When Wife 65	Retire At 62	When Wife 65	Retire At 65	When Wife 65	Retire At 70	When Wife 65
20	2400	2880	2520	3012	2700	3210	3000	3510
25	2100	2576	2220	2709	2400	2910	2700	3210
30	1800	2271	1920	2407	2100	2610	2400	2910
35	1500	1965	1620	2058	1800	2310	2100	2610
40	1200	1656	1320	1794	1500	2010	1800	2310
45	900	1342	1020	1490	1200	1710	1500	2010
50	600	1020	720	1176	900	1410	1200	1710

Average Final Salary - \$4800

20	3200	3680	3360	3852	3600	4110	4000	4510
25	2800	3276	2960	3448	3200	3710	3600	4110
30	2400	2871	2560	3047	2800	3310	3200	3710
35	2000	2465	2160	2598	2400	2910	2800	3310
40	1600	2056	1760	2234	2000	2510	2400	2910
45	1200	1642	1360	1830	1600	2110	2000	2510
50	800	1220	960	1416	1200	1710	1600	2110

Average Final Salary - \$6000

20	4000	4480	4200	4692	4500	5010	5000	5510
25	3500	3976	3700	4189	4000	4510	4500	5010
30	3000	3471	3200	3687	3500	4010	4000	4510
35	2500	2965	2700	3138	3000	3510	3500	4010
40	2000	2456	2200	2574	2500	3010	3000	3510
45	1500	1942	1700	2170	2000	2510	2500	3010
50	1000	1420	1200	1656	1500	2010	2000	2510

Average Final Salary - \$7500

20	5000	5480	5250	5742	5625	6135	6250	6760
25	4250	4726	4625	5114	5000	5510	5625	6135
30	3750	4221	4000	4487	4275	4760	5000	5510
35	3125	3615	3375	3813	3750	4260	4275	4760
40	2500	2956	2750	3224	3125	3635	3750	4260
45	1875	2317	2125	2595	2500	3010	3125	3635
50	1250	1670	1500	1956	1875	2385	2500	3010

Options would be available so that a member could take a reduced allowance upon retirement, thus providing an additional allowance for his beneficiary upon death.

VETERAN EMPLOYEES
 SERVICE RETIREMENT ALLOWANCE-TABLE NO. 1A
 (Minimum Social Security Benefits)

Average Final Salary - \$3600

Age at Start Of Employ- ment	Retire When At 60	Retire When Wife 65	Retire When At 62	Retire When Wife 65	Retire When At 65	Retire When Wife 65	Retire When At 70	Retire When Wife 65
20	2400	2880	2520	3012	2700	3210	3000	3510
25	2100	2576	2220	2709	2400	2910	2700	3210
30	1800	2271	1920	2407	2100	2610	2400	2910
35	1500	1965	1800	2283	1800	2310	2100	2610
40	1200	1656	1800	2277	1800	2310	1800	2310
45	900	1342	1020	1490	1800	2310	1800	2310
50	600	1020	720	1176	900	1410	1800	2310

Average Final Salary - \$4800

20	3200	3680	3360	3852	3600	4110	4000	4510
25	2800	3276	2960	3449	3200	3710	3600	4110
30	2400	2871	2560	3047	2800	3310	3200	3710
35	2000	2465	2400	2943	2400	2910	2800	3310
40	1600	2056	2400	2937	2400	2910	2400	2910
45	1200	1642	1360	1830	2400	2910	2400	2910
50	800	1220	960	1416	1200	1710	2400	2910

Average Final Salary - \$6000

20	4000	4480	4200	4692	4500	5010	5000	5510
25	3500	3976	3700	4189	4000	4510	4500	5010
30	3000	3471	3200	3687	3500	4010	4000	4510
35	2500	2965	3000	3483	3000	3510	3500	4010
40	2000	2456	3000	3477	3000	3510	3000	3510
45	1500	1942	1700	2170	3000	3510	3000	3510
50	1000	1420	1200	1656	1500	2010	3000	3510

Average Final Salary - \$7500

20	5000	5480	5250	5742	5625	6135	6250	6760
25	4250	4726	4625	5114	5000	5510	5625	6135
30	3750	4221	4000	4487	4275	4760	5000	5510
35	3150	3615	3750	4233	3750	4260	4275	4760
40	2500	2956	3750	4227	3750	4260	3750	4260
45	1875	2317	2125	2595	3750	4260	3750	4260
50	1250	1670	1500	1956	1875	2385	3750	4260

Options would be available so that a member could take a reduced allowance upon retirement, thus providing an additional allowance for his beneficiary upon death.

Table II

Non-Service-Connected Death Before Retirement

	Actual Salary at Time of Death			
	\$3600	\$4800	\$6000	\$7500
Social Security Lump Sum Payment	255	255	255	255
Employer Paid Benefit	5400	7200	9000	11,250
<hr/>				
Total*	5655	7455	9255	11,505
Employee Paid Benefit	5400	7200	9000	11,250
<hr/>				
Total*	11,055	14,655	18,255	22,755
Annual Payment to Widow 1 child under 18	1531	1531	1531	1531
Annual Payment to Widow 2 children under 18	2027	2027	2027	2027
Annual Payment to Widow at age 65	766	766	766	766

* In addition, there would be a return of all normal contributions made to the Retirement System, with interest.

Depending upon length of service and salary, this amount may vary from \$1 to over \$10,000.

Table III

Service-Connected Death Before Retirement

	Actual Salary at Time of Death			
	\$3600	\$4800	\$6000	\$7500
Social Security Lump Sum Payment	255	255	255	255
Annual Payment to Widow or Dependent Child from Retirement System	1800	2400	3000	3750
<u>PLUS</u>				
Annual Payment to Widow - 1 child under 18	1531	1531	1531	1531
Annual Payment to Widow - 2 children under 18	2027	2027	2027	2027
Annual Payment to Widow at Age 65	766	766	766	766

In addition, there would be a return of all normal contributions made to the Retirement System, with interest.

Depending upon length of service and salary, this amount may vary from \$1. to over \$10,000.

Table IV

DEATH AFTER RETIREMENT IF MAXIMUM PAYMENT IS SELECTED
UPON RETIREMENT *

	Actual Salary at Retirement			
	\$3600	\$4800	\$6000	\$7500
Social Security Lump Sum Payment	255	255	255	255
Employer Paid Benefit	675	900	1125	1406
<hr/>				
Total	930	1155	1380	1661
Employee Paid Benefit	675	900	1125	1406
<hr/>				
Total	1605	2055	2505	3067
Annual Payment to Widow at Age 65	766	766	766	766
Annual Payment to Widow-1 child under 18	1531	1531	1531	1531
Annual Payment to Widow-2 children under 18	2027	2027	2027	2027

*Upon service or ordinary disability retirement, options would be available so that a member could take a reduced allowance upon retirement, thus providing an additional allowance for his beneficiary upon death.

TABLE V

SERVICE-CONNECTED DISABILITY RETIREMENT

	Actual Salary at Time of Retirement			
	\$3600	\$4800	\$6000	\$7500
Annual Retirement Allowance *	2400	3200	4000	5000

There also would be the following maximum Social Security benefits available in the event of death after retirement. The actual amount would depend upon earnings and length of life after retirement.

Social Security Lump Sum Payment	255	255	255	255
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Plus

Annual Payment to Widow - 1 child under 18	1531	1531	1531	1531
Annual Payment to Widow - 2 children under 18	2027	2027	2027	2027
Annual Payment to Widow at age 65	766	766	766	766

*In addition, there would be a return of all normal contributions made to the Retirement System, with interest.

Depending upon length of service and salary, this amount may vary from \$1. to over \$10,000.

TABLE VI

NON-SERVICE-CONNECTED DISABILITY RETIREMENT

(Class B)	Final Average Salary at Retirement			
	\$3600	\$4800	\$6000	\$7500
Years of Service	ANNUAL ALLOWANCE			
10	918	1224	1530	1912.50
15	918	1224	1530	1912.50
20	1080	1440	1800	2250.
25	1350	1800	2250	2812.50
30	1620	2160	2700	3375.

In the event of death after retirement, the following Lump Sum Benefits would be paid:

Social Security (max.)	\$ 255	255	255	255
Employer Paid Benefit	675	900	1125	1406
Total	930	1155	1380	1661
Employee Paid Benefit	675	900	1125	1406
Total	1605	2055	2505	3067

There also would be the following maximum Social Security benefits available in the event of death after retirement. The actual amount would depend upon earnings and length of life after retirement.

Annual Payment to Widow - 1 child under 18	1531	1531	1531	1531
Annual Payment to Widow - 2 children under 18	2027	2027	2027	2027
Annual Payment to Widow at Age 65	766	766	766	766

TABLE VII

Rates and Dollar Contributions, Not Including
Optional Purchase of Death Benefit Protection

Age At Start of Employment	Salary Rate	\$3600 Dollar Cost	Salary Rate	\$4800 Dollar Cost	Salary Rate	\$6000 Dollar Cost	Salary Rate	\$7500 Dollar Cost
<u>1954 - 1959</u>								
20	4.80	173	4.80	230	4.80	288	4.80	360
25	4.91	177	4.91	236	4.91	295	4.91	368
30	5.19	187	5.19	249	5.19	311	5.19	389
35	5.59	201	5.59	268	5.59	335	5.59	419
40	6.04	217	6.04	290	6.04	362	6.04	455
45	6.55	236	6.55	314	6.55	393	6.55	491
50	7.12	256	7.12	332	7.12	427	7.12	534
<u>1960 - 1964</u>								
20	5.30	191	5.18	248	5.10	306	5.04	378
25	5.41	195	5.29	254	5.21	313	5.15	386
30	5.69	205	5.57	267	5.49	329	5.43	407
35	6.09	219	5.97	284	5.89	353	5.83	437
40	6.54	236	6.42	308	6.34	380	6.28	473
45	7.05	254	6.93	332	6.85	411	6.79	509
50	7.62	274	7.50	350	7.42	445	7.36	552
<u>1965 - 1969</u>								
20	5.80	209	5.56	266	5.40	324	5.28	396
25	5.91	213	5.67	272	5.51	331	5.39	404
30	6.19	223	5.95	285	5.79	347	5.67	425
35	6.59	237	6.35	302	6.19	371	6.07	455
40	7.04	254	6.80	326	6.64	398	6.52	491
45	7.55	272	7.31	350	7.05	429	7.03	527
50	8.12	292	7.98	368	7.72	463	7.60	570
<u>1970 - on</u>								
20	6.05	218	5.75	275	5.55	333	5.40	405
25	6.16	222	5.86	281	5.66	340	5.51	413
30	6.44	232	6.14	294	5.94	356	5.79	434
35	6.84	246	6.54	311	6.34	380	6.19	464
40	7.29	263	6.99	335	6.79	407	6.64	500
45	7.80	281	7.50	359	7.65	438	7.15	536
50	8.37	301	8.17	377	7.87	472	7.72	579