STATE-WIDE TEACHER RETIREMENT SYSTEMS

by

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INTRODUCTION

A sound state-wide teacher retirement system is a financial plan for the automatic retirement of teachers who have become imcompetent through age or disability. Such a plan frees the pupils from instructional handicap, without compelling the local board to dismiss an old and faithful servant of the public. At present teachers dismissed frequently are obliged to earn a living at other work (for which they may be unprepared), live with relatives and friends, or to live upon public charity. The benefits of retirement plans are of vital significance to the welfare of the public.

For the teacher, a sound retirement system makes it unnecessary to work beyond his time. It provides him with a modest but assured income for life and thus relieves him of the constant worry, as he faces old age, of becoming dependent or destitute. The efficiency of the teacher is increased by relief from worry and by having resources to devote to travel and study.

Capable young people are attracted to the teaching profession and retained through their best years by a sound teacher retirement plan. It helps to compensate some for the low salary generally received, and opens the paths to promotion for others through an assured retirement of those in desirable positions at a specified age. A school system manned by superannuated teachers means a waste to the public, both in money and in the lives of the children who are poorly taught. A sound retirement plan prevents ill-advised and costly pension laws, which are usually the alternative. "Modern joint contributory retirement systems, organized on the actuarial reserve plan, require only one-fourth as much in public appropriations as did the pension systems of the past." (11)

The adoption of a teacher retirement system is in accord with the best thought and practice of the day. Hundreds of the best known and most efficient business concerns are adopting retirement plans, and Congress, by enacting the Social Security Act, has provided old age retirement for a vast number of our citizens, but excluded the public school employees. Already the twenty-eight states that have state-wide teacher retirement systems and the many cities and towns having local teacher retirement systems are promising old age security to sixty-five per cent of the teachers of the public schools in the United States. In addition, a teacher retirement system insures the public against the disadvantages to its children which result when such a plan does not exist. In short, a sound teacher retirement law is a straight business proposition in which two interested groups share the cost of supporting an enterprise which brings equally valuable returns to both.

There have been three rather definite periods in the history of the teacher retirement movement in the United States. The first period was from 1869, when New York City teachers formed a Mutual Aid Organization, to 1896, when the New Jersey State Legislature enacted a law providing for a voluntary state-wide plan. These first organizations began with voluntary contributions by the teachers, but later regular dues were assessed from members. The failure of these mutual aid systems was attributed to voluntary membership, and little, if any, thought was given to the actuarial unsoundness.

From 1896 to 1920, both state-wide and local systems were established, but by 1904 the state-wide systems were predominant. During this period, legislative enactments were made in many states. Some systems were of a voluntary nature, while some had compulsory membership. The contribution of the public was first a small addition to funds collected from the teachers, but later became the principal, if not the sole, source of funds. This period could properly be called the expansion period, with the years 1913-14-15 the years of greatest activity, resulting in the organization of thirteen state-wide systems.

From 1920 to the present time has been a period of reorganization and extension. Several new systems have been organized during this period, and all but three of the older systems have been reorganized. Most of the emphasis has been placed on the reorganization of the funds of the systems upon a sound actuarial reserve basis.

The National Education Association has been very active in promoting the movement. In 1900 the association approved the following resolution (13):

> Proper standards--both general and professional--for entrance upon the work of instruction, security of tenure, decent salaries, and an adequate pension system are indispensable if the schools are to attract and hold the service of the best men and women of the United States; and the nation can afford to place its children in the care of none but the best.

In 1930 a committee on Teacher Retirement Allowances of the National Education Association, in cooperation with the National Council of Teacher Retirement Systems, drew up fifteen fundamental principles on which a sound retirement system should be based.

The purpose of this study is to find how nearly the twenty-eight states that have adopted state-wide teacher retirement systems conform to these principles, to determine the effect of non-conformity on the system and to aid in the movement to inaugurate, in Kansas, a state-wide system for the retirement of public school teachers.

GENERAL METHODS

The material for this study has been obtained from questionnaires sent to the state superintendents of public instruction of the twenty-eight states having state-wide teacher retirement systems, from letters and bulletins sent by them, from the National Education Association Research Bulletins, and from the reports of the Proceedings of the Annual Meetings of the National Council of Teacher Retirement Systems.

In order to establish and maintain a sound retirement system, fifteen fundamental principles, as determined by the N. E. A. committee, must be observed (13). These principles which are the basis for evaluating the systems are as follows:

1. Membership required of new teachers; optional for those in service.

Membership should be compulsory for teachers entering the service after the enactment of the retirement law; optional for teachers already in the service.

2. Guaranties to both teacher and public.

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

3. Costs shared by teachers and public.

The sums deposited by the teachers and by the public during the period of service should be approximately equal.

4. Amount of deposits and payments stated definitely.

The amount of deposit by the teacher and of payment by the public should be stated by the organic act creating a retirement system, subject to adjustment in accordance with future actuarial investigation.

5. Deposits of teacher and payments by state concurrent with service.

The teacher's contributions and the state's payments to the retirement fund should be made regularly and concurrently during the teacher's period of service.

6. Individual accounts kept.

The retirement board should open an account with each individual teacher. Sums deposited in that account by the teacher should be held in trust for that teacher.

7. Retirement system on a reserve basis.

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

8. Periodic actuarial investigations.

Periodic actuarial investigations should be made of every retirement system to insure its financial soundness.

9. Disability provided for.

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

10. Teachers' accumulated deposits returnable in case of withdrawal from service, or death prior to retirement.

Teachers leaving the service before the regular retirement age should retain rights to all monies accumulated in their accounts. Teachers' accumulated deposits should be returnable upon withdrawal from teaching service, or at death prior to retirement.

11. Choice of options offered upon retirement.

The teacher should have the opportunity to elect the manner in which he will receive the benefits represented by the accumulated value of his deposits and the state's payments.

12. Credit should be allowed for past service.

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

13. Rights under previous retirement systems safeguarded.

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

14. Reciprocal relations between states.

Provision should be made for cooperative or reciprocal relations between the retirement systems of the different states.

15. Retirement board in control.

The administration of the retirement system should be in the hands of a retirement board whose make-up is carefully prescribed in the retirement law, and which represents both the public and the teachers.

FINDINGS

The information required in the questionnaire for this study was, in many cases, not readily accessible in the office of the state superintendent of public instruction. In such cases, a copy of the teacher retirement law, or an explanatory bulletin, was sent in reply to the questionnaire. A summary of the information gathered from this material is shown in the tables that follow.

Twenty answers were received from the twenty-eight questionnaires sent out. One state, New Mexico, was not included in this study, as the 1937 legislature repealed the state-wide retirement law of 1933, which had been inoperative, and replaced it by an act authorizing local boards to set up retirement systems.

A careful study of each of the other nineteen systems has been made to see in what way each one has conformed to or deviated from the fifteen fundamental principles mentioned above and outlined hereinafter. The results are briefly shown in Tables 1, 2, and 3.

Table 1 shows how each of the four states, Montana, New Jersey, New York, and Ohio, conforms to all the fifteen fundamental principles. Those states had all established retirement systems previous to the one now in operation, but have been forced to reorganize in recent years to conform to the above principles.

Table 2 shows data concerning seven states which have either established or reorganized their teacher retirement systems in conformity with the principles herein established except in one principle. Two states, California and Minnesota, have no compulsory retirement age, and thereby fail to protect the public against those teachers who would teach past their years of efficiency. In one state, Connecticut, the state's contribution is not on a reserve

Table 1. How certain states have complied with all the fifteen fundamental principles of sound teacher retirement systems.

The fundamental principles of sound teacher retirement systems.	Montana	New Jersey	New York	Ohio
Membership required of new teachers; optional with those in service.	Teachers in service may be exempt upon request. Teachers automatically become members when employed after enactment of law.	Teachers in service may be exempt for duration of present contract. Teachers employed after enactment of law become members by virtue of contract.	Teachers in service may become members upon application. Teachers employed after enactment of law are members by virtue of contract.	Teachers in service may be exempt upon request. Compulsory for all teachers appointed after 1920. State institutions, if management accepts obligations, eligible.
Guaranties to both teacher and public; optional retirement age, compulsory retirement age.	Optional after 30 yrs. of service and 55 yrs. of age. Compulsory retirement at age of 70, or at option of board.	Optional retirement at 62. Compulsory retirement at 70.	Optional after 25 yrs. service at age of 60. Retirement at 70 at option of employer.	Optional at age of 60 if at least 5 yrs. of service. Compulsory retirement at age of 70.
Costs shared by teacher and public.	Annuity from teachers' deposits. Pension equal to one-fourth average final salary.	Annuity from teachers' deposits. Pension equal to 1/140 average salary for last 5 yrs. multiplied by yrs. of service.	Annuity from teachers' deposits. Pension equal to 1/140 average salary for last 5 yrs. multiplied by yrs. of service.	Annuity from teachers' deposits. Equal pension from state.
Amount of deposits and payments stated.	Teacher - 5% salary. State - (a) per cent of earnable compensation of each member, (b) further per cent for deficiency contribution, both fixed by actuarial valuations.	Teacher - per cent of salary determined by benefits promised. State - amount paid from school appropriation fund represents constant ratio of earnable salary of new entrants.	Teacher - 4% of salary. State - (a) uniform constant per cent of earnable salary of each new entrant, (b) amount payable to deficiency fund to be actuarially computed.	Teacher - 4% of salary. State - (a) uniform constant per cent of earnable salary of average new entrant, (b) amount payable to deficiency fund to be actuarially computed.
Deposit of teacher and payment by state concurrent with service.	Teacher - deducted from payroll. Public - annually.	Teacher - deducted from payroll. Public - annually.	Teacher - deducted from payroll. Public - annually.	Teacher - deducted from payroll. Public - annually.
Individual accounts kept.	Retirement board.	Retirement board.	Retirement board.	Retirement board.
Retirement system on a reserve basis.	Pension accumulation fund.	Pension accumulation fund.	Pension accumulation fund.	Employer's accumulation fund.
Periodic actuarial investigation.	Once in every 5 yrs.	Once in every 5 yrs.	Each year.	As board may require. At least once in every 5 yrs.
Disability provided for.	After 15 yrs. service in the state.	After 10 yrs. service in the state.	After 20 yrs. service, the last 10 being state service.	After 10 years service in the state.
Teachers' accumulated deposits returnable in case of withdrawal from service, or death prior to retirement.	Accumulated deposits returnable.	Accumulated deposits returnable.	Accumulated deposits returnable.	Accumulated deposits returnable.
Choice of options offered upon retirement.	(a) Full allowance for life, (b) lesser allowance and other benefits.	(a) Full allowance for life, (b) lesser allowance and other benefits.	(a) Full allow. for life, (b) aft. 30 das. may elect lesser allow. with other ben.	(a) Full allow. for life, (b) aft. 1st. payment may elect lesser allow. with ben.
Credit should be allowed for prior service.	Full credit for state service. 10 yrs. credit for out-of-state service.	10 yrs. credit allowed new entrant. 35 yrs. credit allowed present entrant.	10 yrs. credit for state service. 10 yrs. credit out-of-state may be purchased.	Full credit for state service. Full credit for service out-state may be purchased.
Rights under previous systems safeguarded.	Local system may merge. Actuarial evaluation of assets and liabilities.	Continuation of former system. All rights protected.	Local system merged with state system. Liabilities accepted by state.	Local system merged with state. Actuarial evaluation of assets and liabilities.
Reciprocal relations between states.	10 yrs. credit for out-of-state service.	10 yrs. credit allowed from other states.	10 yrs. out-of-state credit may be purchased.	Full credit for out-of-state service may be purchased.
Retirement board in control.	Supt. schools, attorney-general, state treas., 2 teachers appointed by governor.	Commissioner of education, state treasurer, 1 trustee appointed by governor, 2 trustees elected by members.	Comptroller of state, 1 elected by board regents of university, 2 app'ted by commissioner of educ., 3 elected by members retirement system.	Superintendent of schools, attorney-general, auditor of state, 2 teachers elected by members.

Table 2. How these states have conformed to all the fifteen fundamental principles except one.

The fundamental principles of sound teacher retirement systems.	California	Connecticut	Kentucky	Louisiana	Minnesota	Pennsylvania	Texas
Membership required of new teachers; optional with those in service.	Optional for those in service; compulsory for new entrants.	Optional for those in service; compulsory for new entrants.	Optional for those in service; compulsory for new entrants.	Optional for those in service; compulsory for new entrants.	Optional for those in service; compulsory for new entrants.	Optional for those in service; compulsory for new entrants.	Optional for those in service; compulsory for new entrants.
Guaranties to both teacher and public; optional retirement age, compulsory retirement age.	Optional after 30 yrs. service. No compulsory age.	Optional after 25 yrs. service at age of 60. Compulsory at age of 70.	Optional after 20 yrs. of service at age of 60. Compulsory at age of 70.	Optional at age of 60. Compulsory at age of 70.	Optional retirement at age of 55. No compulsory age.	Optional at 62 after 10 yrs. serv. in Penn. Compulsory at age of 70.	Optional at 60 after 20 yrs. Texas service. Compulsory at age of 70.
Costs shared by teacher and public.	Teacher - annuity purchased by teachers' accumulations. State - retirement salary of $50 a month.	Annuity from teachers' deposits. State - pension equal to annuity.	Retirement allowance based upon age at retirement.	Annuity from teachers' deposits. Pension by state equal to annuity.	Annuity from teachers' deposits. Pension by state equal to annuity.	Annuity from teachers' deposits. Annuity from state 1/160 final salary for ea. year of service.	Fifty-fifty relationship fixed in constitutional amendment.
Amount of deposits and payments stated.	Teacher - $24 plus annuity deposit. Local board - $12. State - 5% inheritance tax.	Teacher - 5% salary. State - appropriation by general assembly as needed to pay pensions.	Teacher - per cent of salary depending upon age at entrance. State - equal to teacher deposit.	Teacher - 4% salary. State - equal to teachers' deposits.	Teacher - 5% salary. State - amt. determined actuarially to equal teachers' annuity.	Teacher - per cent of salary determined by age at entrance. Public - actuarially determined to match teachers' deposit.	Teacher - 5% salary. State - amount equal to teachers' deposit.
Deposit of teacher and payment by state concurrent with service.	Teacher & local boards contribute each mo. State - annually.	Teachers' deductions ea. mo. State - when teacher retires.	Teacher - deduction from payroll.	Teacher - deduction from payroll. State - makes contribution for pension.	Teacher - deducted from payroll. State - annually.	Teacher - deducted from payroll. Public - semi-annually.	Teacher - deduction from payroll. State - annually.
Individual accounts kept.	Retirement investment board.	Retirement board.	State treasurer.	Retirement board.	State treasurer.	School employees' retirement fund and accounts.	Teachers' saving fund.
Retirement system on a reserve basis.	Teachers' permanent fund. Teachers' annuity deposit fund.	Teachers' pension fund. State--at time of retirement.	Teachers' savings fund. State - accumulation fund.	Pension accumulation fund.	Teachers' retirement fund.	School employees' retirement fund, actuarially determined.	State accumulation fund.
Periodic actuarial investigation.	At least once in 6 years.	Annually.	Once in 5 years.	Each year.	Annually.	Once in every 5 yrs.	Once in every 5 years.
Disability provided for.	After 15 yrs. service, last 10 yrs. in Calif.	After 5 payments to annuity fund.	After 20 yrs. of service and attained age of 50.	After 10 yrs. of service.	Subject to physical examination.	After 10 yrs. of service in Pennsylvania.	Annuity from teachers' saving fund; equal from state fund.
Teachers' accumulated deposits returnable in case of withdrawal from service, or death prior to retirement.	Accumulations returnable.	Accumulation plus int., or after 10 yrs. may choose an annuity.	Accumulations with int. at regular rate.	Accumulations with compounded interest.	Accumulations returnable.	Accumulations plus interest compounded at 4%.	Accumulations plus interest compounded at 3½% returnable.
Choice of options offered upon retirement.	(a) Full allowance, (b) lesser allow. with other benefits.	(a) Full retirement allowance, (b) lesser allowance, other benefits.	After 1st. payment of retirement allowance member may elect option.	(a) Full allow. for life. (b) reduced allow. with other benefits.	(a) Cash settlement or (b) annuity for life.	(a) Full allowance, (b) Reduced allow. with other benefits.	(a) Full allow. for life, (b) reduced allowance with other benefits.
Credit should be allowed for prior service.	Full credit.	Full credit.	Full credit for service within state.	Full credit for service within state.	Full credit allowed.	Full credit allowed.	10 yrs. credit allowed.
Rights under previous systems safeguarded.	Benefits promised in former system cont'd.	Benefits promised under existing systems cont'd.	Optional merger with state system.	Optional membership if member of local system.	Funds transferred to new system but held separate.	Local systems may, by 2/3 vote, dissolve & enter assoc.	No other systems.
Reciprocal relations between states.	15 yrs. credit from out-of-state, last 10 yrs. must have been in state.	10 yrs. out-of-state service allowed provided teacher contrib. amt. due.	None.	None.	After 15 yrs. may contrib. 5% average salary & receive credit for out-of-state serv.	None.	None.
Retirement board in control.	State board of education and the appointive members of the investment board (2 teachers).	Insurance commissioner, bank commissioner, secretary of state board of education, 2 teachers elected by members.	Superintendent of schools, attorney-general, state treasurer, 3 teachers & 1 layman elected by members.	Secretary of state teachers' assoc., secretary of state, state treasurer, state superintendent of schools, & 3 teachers elected by members.	Commissioner of education, state auditor, commissioner of insurance, 2 members elected by the members.	Superintendent of public instruction, state treasurer, 1 member appointed by governor, 3 members elected by members.	State insurance commissioner, chairman of the board of control, 3 teachers elected by members, 1 selected by board of education.

basis. As a result, from 1933 to 1937, the state failed to establish its reserve for teachers retiring at that time. However, the state paid the pensions of these teachers on a cash basis so that no teacher lost anything on account of this economy measure.

Table 2 indicated that four states, Kentucky, Louisiana, Pennsylvania, and Texas, failed to make any provision for reciprocal relations with other states. The schools of these states will suffer in efficiency according to the N. E. A. committee (11).

> The efficiency of the school demands that nothing should prevent the free exchange of teachers between different states. Such an interchange of administrative and teaching personnel provides a desirable commerce of progressive ideas and educational practices. It should be possible for a properly qualified teacher to render service in any state in the United States or its territories, without being penalized by a reduced retirement allowance due to change of service from one jurisdiction to another. . . . Every sound retirement system should provide for cooperation with other systems and look forward to the time when all states will have such systems.

Table 3 shows data concerning eight states that have failed to conform to two or more of the principles established. Washington failed to provide a compulsory retirement age, and to establish a reserve basis for the state's share of the allowance. Wisconsin did not establish a compulsory retirement age, nor was provision made for reciprocal relations with other states.

Vermont (Table 3) permits a teacher to retire at any time, but his annuity does not start until he is fifty years of age. No compulsory retirement age is set. No provision is made for reciprocal relations with other states. The third principle violated by Vermont is the requirement of compulsory membership for new entrants. As a result the benefits to both the teaching profession and the public are greatly minimized. In Vermont in 1936 there were only 434 active members enrolled in the state teacher retirement system, while other states with compulsory membership for new entrants have most of their teachers enrolled. For example, New Jersey has 27,377 active members.

Nevada (Table 3) established its system in 1915, and reorganized in 1937, but did not prescribe a compulsory retirement age or make provision for reciprocal relations with other states. The State Board of Education serves as a retirement board, and this violates Principle 15 by not providing for teacher participation in control of the system. However, no evidence was found of abuse because of this condition.

Maine (Table 3) has not protected the public against the over-aged teacher, as no compulsory retirement age is set. The teacher, moreover, are not protected against disability before retirement, and the physically disabled teacher will continue to handicap the schools (11).

> The presence in the classroom of teachers whose effectiveness has been seriously lowered by physical disability is bound to have a detrimental effect upon the children involved.

No provision is made for reciprocal relations with other states. The rights under previous systems are only partly safeguarded by a non-contributory fund established by the state. This failure to recognize previous contributions by some teachers would seem to be unfair in most cases.

In Indiana the present teacher retirement system makes no provision for compulsory retirement for those teachers past the age of efficiency. However, a 1937 amendment to become effective in 1939 reduces the service requirement and establishes compulsory retirement at sixty-six. The Indiana law states definitely how the teacher's deposits are determined, but leaves the state's payment indefinite. This indefiniteness has, as far as can be determined, not been abused by the legislature. The Indiana system has made no provision for reciprocal relations with other states.

Table 3. How certain states have complied with the fifteen fundamental principles of sound teacher retirement systems except two or more.

The fundamental principles of sound teacher retirement systems.	Washington	Wisconsin	Vermont	Nevada	Maine	Indiana	North Dakota	Virginia
Membership required of new teachers; optional with those in service.	Optional with teachers in service; compulsory for new entrants.	Optional with teachers in serv.; compulsory for new entrants after 25.	No.	Optional for those in service. Compulsory for new entrants.	Optional for those in service. Compulsory for new entrants after 25.	Optional for those in service. Compulsory for new entrants.	Optional.	No membership - all contribute.
Guaranties to both teacher and public; optional retirement age, compulsory retirement age.	Optional retirement at 60. No compulsory age.	Retire at any time. Annuity may start at 50. No compulsory age.	Optional retirement at 60, if a man, after 30 yrs. of service. No compulsory age.	Optional retirement at 60 after 30 yrs. service. No compulsory age.	Optional retirement at 60 after 30 yrs. service. No compulsory age.	Optional retirement at 60 after 40 yrs. of service. No compulsory age.	25 yrs. of service. No age requirement.	Optional retirement at 50, if a woman, or 58, if a man, after 30 yrs. serv. in the state. No compulsory age.
Costs shared by teacher and public.	Annuity from teachers' deposit. Pension from state fund to provide $40/mo.	Annuity from teachers' deposit. State deposit determined by yrs. of service.	Annuity purchased by deposit and an equal amount contributed by state.	Annuity purchased by teachers' accumulations. Equal annuity purchased by state.	Annuity purchased by teachers' accumulations and an equal state payment.	Teacher pays flat rate. State - amount necessary to pay pension of $16 for each year of service.	Annuity equal to 1/50 average salary for last 5 yrs. multiplied by yrs. of service. Minimum $350, maximum $750.	Pension equal to ½ average salary for last 5 yrs., not to exceed $400 from joint fund.
Amount of deposits and payments stated.	Teacher - per cent of salary according to age at entering serv. State - 4% of current school fund.	Teacher - 5% of salary. State - a surtax of 1/6 of the normal income tax.	Teacher - rate of deposit set each year by retirement board not to exceed 5% of salary. State - contributes equal amount.	Teacher - 5% salary. State - ad valorem tax of 1.5 mills on all taxable property.	Teacher - 5% salary, $20 minimum, $80 maximum. State - amount equal to teachers' deposit deducted from state school fund.	Teacher - flat amount graded upon age at entering service. State - proceeds from tax levy.	Teacher - per cent of salary according to serv. State - sum set aside from county tuition fund equal to 10¢ for each child of school age.	Teacher - 1% salary. State - "Such sums as may be appropriated for the benefit of the 'retired teachers' fund'."
Deposit of teacher and payment by state concurrent with service.	Teacher deposit deducted from payroll. State fund, annually.	Teacher deposit deducted from payroll. State, annually.	Teachers' deposits and state's payment made annually.	Teacher's deposit deducted from payroll. State - annually.	Teacher - deducted from payroll. State - annually.	Teacher - annually. State - biennially.	Teacher - deducted from payroll. State - annually.	Teacher - deducted from payroll. State - not specified by law.
Individual accounts kept.	Pension fund.	Retirement deposit fund.	Teachers' annuity fund.	Members' savings annuity. account.	Annuity fund.	Pension reserve fund.	Teachers' insurance & retirement fund.	Not specified by law.
Retirement system on a reserve basis.	Annuity only. State not on reserve basis.	Retirement deposit fund. Annuity reserve fund.	Annuity fund. Accrued liability fund.	Public school teachers' permanent fund.	School pension fund.	Pension reserve fund.	No reserve.	Teachers' deposits only. State - none.
Periodic actuarial investigation.	Once in 5 years.	Annually.	Annually.	Annually.	Yes. Data not complete.	Yes. Data not complete.	None.	None.
Disability provided for.	After 10 yrs.	After 5 yrs. of service.	After 6 yrs. service in Vermont.	Aft. 30 yrs. serv. and attained age of 55.	After 6 yrs. service.	After 10 yrs. service.	None.	After 25 yrs. of service in the state.
Teachers' accumulated deposits returnable in case of withdrawal from service, or death prior to retirement.	Deposits with interest returnable.	Deposits with interest returnable.	Deposits with interest returnable.	Teachers' accumulations returnable or may be left to purchase an annuity at 60 yrs. of age.	Yes. Data not complete.	Yes. Data not complete.	Teachers' accumulations returnable upon withdrawal but not upon death prior to retirement.	Not specified by law.
Choice of options offered upon retirement.	(a) Full retirement allowance, (b) lesser allowance with other benefits.	(a) Full retirement annuity for life, (b) lesser allowance with other benefits.	(a) Full annuity for life, (b) lesser annuity with other benefits.	(a) Life annuity, (b) cash settlement.	Yes. Data not complete.	None.	None.	None.
Credit should be allowed for prior service.	Full credit allowed. State pays arrearage.	Full credit allowed. State pays arrearage.	If member was past 45 yrs. of age prior to July 1,'31, a sum of $200 added to annuity.	Full credit allowed when back payments are made up by teachers.	Non-contributory pension.	Teachers are charged for actual yrs. of serv. & state matches contrib.	Full credit allowed. State pays arrearage.	Full credit. State pays arrearage.
Rights under previous systems safeguarded.	Yes. Data not complete.	State assumes obligations created by law of 1911.	All obligations of former system assumed by new association.	Members under prev. sys. may become new members or retain former privileges.	Met by non-contributory fund.	Yes. Data not complete.	Not specified.	No.
Reciprocal relations between states.	15 yrs. outside service allowed.	None.	None.	None.	Service from outside of state counts toward service requirement.	One-fourth of total service may be from out-of-state.	7 yrs. out-of-state service allowed.	None.
Retirement board in control.	State supt. of schools, state insurance commissioner, 3 members (1 must be classroom teacher) chosen by state board of educ.	State superintendent, 4 appointed by governor.	Commissioner of education, state insurance commissioner, state treasurer, 2 members elected by board.	State board of education.	Commissioner of educ., commissioner of insurance, commissioner of banking, attorney-general, treas. of state, 2 members appointed by governor.	Five members appointed by governor.	State treasurer, superintendent of public instruction, 3 members appointed by governor.	State board of education.

North Dakota (Table 3) established a teacher retirement system in 1913 with optional membership, and like Vermont, the only other state having optional membership, has not had the full benefit of a teacher retirement system. There is no retirement age provision in the law. Twenty-five years of service are required for retirement. The North Dakota system is not on a reserve basis, though considerable effort was made by the supporters in 1929 to change to a reserve basis. The lack of funds to meet the accrued liability caused the defeat of the measure. Since there is no reserve, a periodic investigation is not provided for. The system has no provision for retirement because of disability before the regular retirement age. The law makes provision for the return of the teacher's deposits upon withdrawal, but not for payment to the teacher's dependents in case of death before retirement. Reciprocal relations are not provided for in the law, nor is there any mention made of safeguarding rights under previous systems. The lack of a provision that in case of death the teacher's deposits should go to his dependents, the financial unsoundness, the failure to provide for reciprocal relations with other states, and the uncertainty of treatment for those under previous systems have undoubtedly contributed to the lack of popularity of the North Dakota law, which is shown by the very small enrollment.

Virginia (Table 3) has a pension law enacted in 1908 establishing a pension fund to which all teachers are required to contribute one per cent of their salary, and to which the state contributes "such sums as may be appropriated for the benefit of the retired teacher's fund." Upon reaching the age of fifty, if a woman, or fifty-eight, if a man, a teacher may retire and receive a pension equal to one-half the average salary for the last five years, but not to exceed four hundred dollars, from the joint fund. These are the only features of the law that are comparable to the N. E. A. principles. Because of the unsoundness of this plan, only one-half of the pensions due teachers was paid in 1934 (22).

GENERAL CONCLUSIONS

In general those state-wide systems established, or recognized, since the publication of the Research Committee's report are in accord with the principles established. When the laws have not conformed to these principles, the teacher, the public, or both, have suffered as will be shown in the following:

1. Membership should be made compulsory for new teachers entering the field. When it is left optional with the teacher, the younger teachers fail to join the system. Thus the benefits are minimized both to the teacher and to the state.

2. When a compulsory retirement age is not established by law, Principle 2 is violated. Teachers tend to remain in service too long, with the result that the paths of promotion are blocked, and the efficiency of the service is lowered.

3. The present-day conception of teacher retirement systems is not that they are an act of charity but that they are a contractual agreement between the teacher and the public for the benefit of each. When both benefit, both should share in the cost.

4. When the share of the cooperating fund has not been specifically enacted into law, Principle 4 is violated, and unfavorable legislatures have failed to make the necessary appropriations. This results in the system's becoming financially unsound.

5. In some systems the payment by the public has been deferred until the teacher was retired. The result is an increased later cost to the public, for an accumu-

lated reserve would have been earning interest during the period of the teacher's service. In many cases, the resulting cost is three times what the concurrent cost would have been.

6. An itemized individual accounting system must be kept in order that a teacher receive his just share upon retirement, withdrawal, or death prior to retirement.

7. When an actuarial reserve basis of financing teacher retirement has not been adopted, thus violating Principle 7, financial disaster has been followed, in many cases, by a complete breakdown of the system.

8. If the system is to remain sound financially, an actuarial investigation is necessary at least every five years, not to audit accounts, but to ascertain whether accrued liabilities are being met.

9. Retirement for disability due to sickness or accident is justified for the same reasons as retirement for superannuation.

10. The failure to return the teacher's deposit in case of death or withdrawal from service is contrary to Principle 10, and is unjust to teachers. Such provision has been made in all the retirement systems included in this study except one.

11. When the choice of options of settlement is withheld from the teacher, the plan is not elastic enough to meet the individual teacher's retirement problem and proves to be unpopular with the teachers.

12. The public's original and fundamental intention in the enactment of a retirement law is to improve the efficiency of the schools by removing teachers who have become incapacitated because of age or disability. Unless payment is made for prior service, teachers in service may not retire until forced to do so by the public. Therefore, the public will not receive full benefit from the plan until those teachers are retired.

13. Provisions for reciprocal relations with other states have been neglected in many of the retirement systems, even in recently reorganized or established systems. In such cases of neglect, the public will suffer to the extent that teachers from out of the state are employed by the schools of the state.

14. Where a separate board is not set up to administer the law, as is provided in Principle 15, the teacher retirement system may suffer from political manipulation.

15. Teacher retirement allowances should be as

liberal as possible without making the amount of deposit too burdensome, or the length of service too long. Where the teacher deposit is too large, no allowance can be made in the individual's budget for a personal retirement fund through life insurance and, at the same time, for protection to those dependent upon the teacher's income. If the retirement age is set too late, one of the primary purposes of the plan is defeated, that of protecting the public against incompetency caused by old age.

RECOMMENDATIONS

The history of state-wide teacher retirement systems shows that their development has required long and hard struggles. After a long period of experimentation, many of the weaknesses that have caused the breakdown of former systems have been eliminated. States that are contemplating the inauguration of a system can find sufficient examples upon which a sound teacher retirement system can be based.

One of the greatest obstacles to the inauguration of a retirement system is the initial cost of meeting the prior service liability. This liability can best be met by an actuarially determined appropriation made annually by the state and not by setting up the entire reserve at once.

There is an apparent trend to provide a college education for an ever-increasing number of our young people. Therefore, an adequate teacher retirement system should include the employees of the state educational institutions. Eight of the nineteen systems included in this study have made provision for at least part of the state educational institutions' employees.

The enactment of a teacher retirement system depends upon making the advantages of such a system clearly understood by the teachers, citizens, and legislators. This important task calls for an extensive educational program on the part of those who are advocating teacher retirement legislation of state-wide application.

The popularity with the teachers of a retirement system depends, to a very great extent, upon the size of the retirement allowance. However, the teacher must realize that there is a direct mathematical relationship between payment and benefits, and that the only way to increase allowances is to increase the amount of payment by the teacher and the public, or to lengthen the period over which the payments are made.

The benefit to the teacher is fixed and tangible. The benefit to the public, while just as real, is intangible and difficult to point out convincingly. Therefore, the work of initiating a retirement system must be done by the teachers, if such a plan is ever put into operation.

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