

REPORT ON AN ACTUARIAL VALUATION OF THE
EMPLOYEES' RETIREMENT SYSTEM
OF THE COMMONWEALTH OF PUERTO RICO

JUNE 30, 1965

Esteban de Jesus

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Service**



1313 EAST SIXTIETH STREET, CHICAGO 37, ILLINOIS

WASHINGTON · SAN FRANCISCO

July 7, 1966

Mr. Antonio Cuevas Viret
Director of Personnel
Commonwealth of Puerto Rico
Aptdo 3831
San Juan, Puerto Rico

Dear Mr. Cuevas:

We are pleased to transmit herewith our Report on an Actuarial Valuation of the Employees' Retirement System of the Commonwealth of Puerto Rico. This report presents the results of an actuarial valuation of the assets and liabilities of the System as of June 30, 1965.

The evaluation was performed by Mr. A. A. Weinberg of our headquarters staff.

We wish to take this opportunity to express our appreciation for the cooperation and assistance extended to us by the personnel of the System.

Respectfully submitted,


Field Services Director

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(Organized not-for-profit on June 27, 1933, under the laws of the State of Illinois)

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REPORT ON AN ACTUARIAL VALUATION OF THE EMPLOYEES'
RETIREMENT SYSTEM OF THE GOVERNMENT OF PUERTO RICO
AS OF JUNE 30, 1965

This report presents the results of an actuarial valuation of the assets and liabilities of the Employees' Retirement System of the Government of Puerto Rico as of June 30, 1965. It embodies a discussion of certain aspects of the system's operations having a direct bearing on its financial progress.

The progress of a retirement system is properly measurable by the extent to which an improvement has occurred in the degree of coverage of its accrued liability by present assets. This test determines whether the system has strengthened its financial condition or has lost ground. In the case of the Employees' Retirement System, it is noted that an improvement has occurred since our last valuation as of June 30, 1963. The ratio of net present assets to the total accrued liability has increased from 56.0 to 66.0%. A higher rate of funding is indicative of progress.

The several factors responsible for this development are as follows: (a) increased revenues from the employer for the last two years; (b) steady increases in the rate and amount of investment income; and (c) the use of a 4% interest rate assumption in the valuation of the system.

The change in interest rate for the system is justified by the continued upward trend in the revenues from investments as a proportion of the average amount of assets. Under the broad investment authority in effect for the system, it is reasonable to assume that over the long term the system should be able to average a rate of 4% per annum on its assets. The expression "long term" means the average productive life of the employees in service plus their average future lifetime after retirement. Considering the basic character of public agencies, it is our opinion that the interest rate assumption to be maintained in valuations should be at a level which is not more than 10% above the expected investment earnings for the long term.

It is noted in the latest report from the investment counsel that the investment earnings of the system on its assets are at the rate of 4.72%. The assets, exclusive of common stocks, show an average return of 4.85%. Common stocks owned by the system yield 3.56%.

RESULTS OF VALUATION

The results of this valuation disclose a small increase in the unfunded accrued liability for the two-year period under review, as will be noted.

Amount at June 30, 1965	-	\$46,188,483.00
Amount at June 30, 1963	-	<u>45,144,609.00</u>
Increase		<u>\$ 1,043,874.00</u>

Because of the use of a 4% rate of interest in this valuation, a decrease has also occurred in the normal cost or current service cost as it is otherwise called. This cost was reduced from 4.63% to 4.32%. The new rate approximates very closely the average rate of contribution on the part of the members of the system.

The unfunded accrued liability, commonly referred to as the "actuarial deficit", at June 30, 1965 may be reconciled with the amount at June 30, 1963, as follows:

1. Normal cost for 2 years at rate of 4.32% based on average annual payroll for all members for the period of \$142,000,000	\$12,268,800.00
2. Interest at 4% per annum on \$45,144,609.00 being the unfunded accrued liability at June 30, 1963, for the 2-year period ended June 30, 1965	<u>3,683,800.00</u>
	\$15,952,600.00
3. <u>Less</u> , contributions by the employer:	
Year ended June 30, 1965 - \$8,009,903.56	
Year ended June 30, 1964 - <u>6,919,189.29</u>	
	<u>14,929,092.85</u>
DEFICIENCY in requirements for the 2-year period assuming interest increment only on the actuarial deficit	\$ 1,022,908.00

The difference between the foregoing two amounts of \$1,043,874.00 and \$1,022,908.00, representing the deficiency in funding on the

basis of current service cost plus interest only on the unfunded accrued liability, is due to the several variable factors that enter into the calculation of the liability.

To amortize the unfunded accrued liability over a period of 30 years will require an annual payment by the employer equal to 1.70% of payroll. Hence, the total cost of funding the system in accordance with actuarial reserve requirements, assuming a 30-year period for amortizing the unfunded accrued liability at a 4% interest rate assumption, is as follows:

Current service cost	4.32%
Accrued liability	<u>1.70</u>
Total	<u>6.02%</u>

*Inclusive
Public Corp.*

In this valuation effect has been given to all factors applicable to the operation of the system including amendatory changes that have occurred in the retirement act since June 30, 1963. By the use of a 4% interest rate assumption, costs have been established at an irreducible minimum.

The improved condition of the system since our 1963 valuation may further be illustrated by the current liability test. This involves a comparison of the sum of (a) the members' accumulated contribution credits, and (b) the actuarial value of the annuities in force, with the net present assets. This is given below.

	<u>J u n e 3 0 t h</u>	
	<u>1965</u>	<u>1963</u>
Members' contribution credits	\$ 41,269,075.00	\$38,687,884.00
Actuarial value of annuities in force	<u>61,004,945.00</u>	<u>48,014,798.00</u>
Totals	\$102,274,020.00	\$86,702,682.00
Net assets	<u>89,531,222.00</u>	<u>66,825,598.00</u>
EXCESS of matured or current liabilities over net assets	\$ 12,742,798.00	\$19,877,084.00

The foregoing statement illustrates that the deficiency of the net assets to meet the matured or current liabilities decreased materially during the two-year period under review. This is a constructive development in the operations of the system.

ACTUARIAL ASSUMPTIONS

The rates used in this valuation to measure the incidence in future operations of separations from service prior to retirement, deaths occurring while in service or after retirement and salary increments, are illustrated below.

Rates of separation from service prior
to retirement per 1,000 members

<u>Age</u>	<u>Withdrawal from service with refund</u>		<u>Death while in service</u>	
	<u>Male</u>	<u>Female</u>	<u>Male</u>	<u>Female</u>
20	104.0	119.0	0.9	0.8
25	93.0	112.0	1.2	1.0
30	80.0	92.0	1.6	1.3
35	50.0	70.0	2.2	1.9
40	48.0	52.0	3.3	2.9
45	33.0	28.0	4.9	4.3
50	19.0	12.0	7.7	6.1
55	10.0	6.0	11.5	9.3

Salary Scale - Rates of Salary Progression

<u>Age</u>	<u>Rate</u>	<u>Age</u>	<u>Rate</u>
20	0.65	45	0.82
25	0.67	50	0.91
30	0.70	55	1.00
35	0.73	60	1.00
40	0.76		

Rates of Death Among Retired Members / 1000 members

<u>Service Retirement</u>			<u>Disability Retirement</u>		
	<u>R a t e</u>			<u>R a t e</u>	
<u>Age</u>	<u>Male</u>	<u>Female</u>	<u>Age</u>	<u>Male</u>	<u>Female</u>
60	15.8	10.8	35	3.1	2.4
65	23.0	15.8	40	4.6	3.4
70	33.4	23.0	45	6.9	5.0
75	48.4	33.4	50	10.3	7.5
80	70.0	48.4	55	15.5	11.2
85	100.7	70.0	60	23.0	16.7
			65	34.3	24.9
			70	50.8	37.1
			75	75.1	55.0
			80	110.2	81.1

AMENDMENTS

Several amendments to Act 447 were approved since our last valuation. These changes are briefly described.

1. Act No. 26, approved June 15, 1965. Subsidiaries of public corporations whose functions are closely related to governmental operations were granted covered for their employees in the retirement system. This occurred by a change in the definition of a public corporation.

2. Act No. 96, approved June 26, 1965. This legislation amended the so-called reciprocity law. It authorized the transfer to the system under which an employee retired the actuarial value of the annuities earned by employees in the other systems subject to the reciprocity law computed according to their own actuarial standards. Previous to this change, transfers were required prior to the employee's retirement.

3. Act No. 22, approved June 14, 1965. This concerns the cultural trip program. The government will assume one-half of the interest on loans for this purpose, with the member to pay the other one-half. Previously the government paid the entire amount of interest.

Although additional costs are involved in at least two of these changes, the amounts thereof are of insignificant proportions. Effect to these costs, however, has been given in this valuation.

PURPOSE OF AN ACTUARIAL VALUATION

The purpose of a valuation is to establish the total liabilities and reserve requirements for the accrued and prospective pension credits under the prescribed benefit schedule. The benefit and contribution provisions of the system forming the basis of this valuation are summarized in the appendix. The actuarial functions used in this valuation are those previously formulated for this system based upon its own operating experience over a period of years. The rate of interest assumed in calculations was 4% per annum.

The true financial condition of a retirement system is determined by means of an actuarial valuation. An actuarial or valuation balance sheet is prepared showing the results of the valuation. This balance sheet embodies all accrued liabilities and the present assets available to meet these liabilities.

Because of the long pension accumulation period during the employees' productive service together with the period of payment of the pension, a forecast of the future must be based upon an extended period of past operations for the particular group of members comprising the system. Short term fluctuations or transitory factors must be disregarded in this process except to the extent that they affect certain benefits of a current operating character.

In an actuarial valuation a determination is made of the liabilities incurred for the several benefit obligations and the reserves required to meet these liabilities for the lifetime of the members and survivors. The factors of mortality, turnover and interest are basic in these calculations. Other factors are prominent in actuarial procedure. These include rates of salary and their progression until maturity of the obligations, investment earnings, disability incidents and ages at retirement.

Rates reflecting these factors were developed as actuarial functions from the operating experience of the system. These rates formed the basis of the actuarial valuation. Because of the diverse physiological conditions and employment characteristics, separate rates were established for male and female participants. Some variations from the established standards frequently arise in current operations. These are taken into account by means of an adjustment of the final results of the valuation after the application of the standard basic factors.

VALUATION BALANCE SHEET

A Valuation Balance Sheet embodying the results of this valuation is presented in the succeeding pages. The procedure followed in the preparation thereof is similar to that used by accountants in setting up a financial balance sheet except that a valuation balance sheet encompasses a broader scope. In addition to the current liabilities, the Valuation Balance Sheet includes accrued liabilities computed in accordance with actuarial criteria.

VALUATION BALANCE SHEET

AS OF JUNE 30, 1965

VALUATION BALANCE SHEET

Statement of Assets, Liabilities and Reserves

June 30, 1965

A S S E T S

PRESENT ASSETS

Cash with Treasurer (overdraft) \$ (559,014.23)

ACCOUNTS RECEIVABLE:

Interest on Cultural		
Trip Loans	\$ 5,265.61	
Interest on Investments	72,890.63	
Pension Payments to		
Retired Members	87,430.97	
Administrative Expense	17,427.83	
Contributions by Employers	72,795.58	
Contributions from Members	<u>23,591.96</u>	279,402.58

INVESTMENTS:

U.S. Treasury Bonds and Notes		
Government of Puerto Rico and		
Instrumentalities -		
Bonds	\$3,567,384.81	
Certificates of		
Deposit	<u>5,787,000.00</u>	9,354,384.81
Common Stocks		7,949,268.26
Mortgages -		
F. H. A.	\$34,746,542.37	
Farmers Home		
Administration	1,818,088.35	
Loans to Members	<u>21,440,176.87</u>	58,004,807.59
Cultural Trip Loans	<u>1,620,642.66</u>	90,904,008.38

MORTGAGE LIFE INSURANCE FUND 27,740.86

OTHER ASSETS:

Office Equipment 31,163.23

DEFERRED RECEIVABLE:

Unfunded Accrued Liability -		
Due from Government of Puerto		
Rico, Public Corporations and		
Municipalities on the Obliga-		
tion for accrued pension credits		<u>46,188,483.00</u>

Total Assets → 90,683,300.82

TOTAL ASSETS \$136,871,783.82

90,683,300.82 = 6625
136,871,783.82
100,000,000
100,000,000

VALUATION BALANCE SHEET

Statement of Assets, Liabilities and Reserves

June 30, 1965

CURRENT LIABILITIES

Engineer and lawyer fees, insurance and property taxes	\$ 968,299.40	
Cultural trips - advance deposits	<u>52,128.23</u>	\$ 1,020,427.63
Accounts payable - Mortgage loans to members	\$ 130,437.04	
Death benefits	<u>1,214.19</u>	131,651.23

ACTUARIAL RESERVE REQUIREMENTS

MEMBER CONTRIBUTIONS -

For prospective pensions to members in service	\$21,662,144.08	
For future refunds and death benefits	<u>19,606,931.00</u>	41,269,075.08

EMPLOYERS CONTRIBUTIONS -

Total requirements for prospective pensions to members in service	\$55,107,828.96	
Less, available members' contribution credits	<u>21,662,144.08</u>	33,445,684.88

RETIREMENT AND BENEFITS RESERVE -

Service retirement	\$34,553,160.00	
Disability	25,556,638.00	
Occupational death	<u>895,147.00</u>	<u>61,004,945.00</u>

TOTAL LIABILITIES AND RESERVE REQUIREMENTS \$136,871,783.82

The following explanation is given regarding the several items comprising the assets, liabilities and reserves of the system to facilitate an understanding of the function and meaning of these items.

Present Assets require no explanation since they comprise the assets on hand as taken from the report of the system for the fiscal year ended June 30, 1965.

Deferred Receivable constitutes the amount accrued and unpaid on account of service rendered prior to the balance sheet date. This is an obligation of the employer to be discharged in future years by increasing allocations to the system.

Current Liabilities comprise accounts payable and accrued benefits at the balance sheet date.

*Member Crts.
Employer Crts.
Ret. Benefit
Reserve*
Reserve Requirements embrace three items and represent the amounts necessary to provide in full for the liabilities for annuities and refunds covering service prior to the balance sheet date. The three items comprising these requirements are described below.

Member Contributions consist of the amounts of the participants' own contribution credits including interest to the balance sheet date. Part of these credits are subject to refund in future years on account of resignation, dismissal or death, actuarially determined, and part are to be applied to finance a portion of the retirement annuities and other benefits to become due in the case

of participants now in service who will ultimately qualify for such benefits.

Employer Contributions represent the amounts that must be on hand to finance the employer's portion of the accrued pension credits for those participants now in service who will become entitled to retirement annuities at the ages assumed for their retirement or other benefits.

Retirement and Benefits Reserve constitutes the amount necessary to pay out during the future lifetime of the present pensioners and beneficiaries the annuities and other benefits already granted and in force at the balance sheet date.

CERTIFICATION

We have completed an actuarial valuation of the assets and liabilities of the Employees' Retirement System of the Government of Puerto Rico as of June 30, 1965.

Present assets and current liabilities at the aforesaid date were derived from financial reports supplied by Rafael A. Serra, Head of the Retirement Division, Office of Personnel, Commonwealth of Puerto Rico.

In our opinion, the accompanying Valuation Balance Sheet correctly presents the condition of the Employees' Retirement System of the Government of Puerto Rico at June 30, 1965 after giving effect to accrued liabilities and reserve requirements under the applicable law in force at that date.

Public Administration Service

May 16, 1966

SUMMARY OF STATISTICAL DATA

For purposes of this valuation, a large amount of statistical information was compiled by the staff of the system under the direction of Rafael A. Serra, Head of the Retirement Division. This information was compiled and tabulated in excellent form and greatly facilitated the work in this valuation. A portion of this data is presented herewith.

Table A. NUMBER OF MEMBERS IN ACTIVE SERVICE
AND ANNUAL SALARIES

	<u>Number</u>	<u>Annual Salaries</u>
General Classifications	42,585	\$113,249,016
Policemen	4,648	16,229,186
Firemen	534	1,200,591
Public Corporations	6,778	22,657,790
Municipalities	<u>2,214</u>	<u>3,972,895</u>
<u>TOTALS</u>	<u>56,759</u>	<u>\$157,309,478</u>

Detailed statistics showing the breakdown of the membership for the several agencies comprising the employees of the general classifications, public corporations and municipalities are presented in the appendix.

Table B. NUMBER OF ANNUITANTS AT JUNE 30, 1965
AND ANNUAL PAYMENTS

<u>Act No. 104</u>	<u>Number</u>	<u>Annual Payments</u>
Age	1	\$ 539.28
Physical Disability	18	10,895.04
Service Retirement	42	37,876.08
Involuntary Separation	<u>9</u>	<u>6,764.16</u>
Totals	70	\$ 56,074.56
<u>Act No. 70</u>		
Age	19	20,060.52
Physical Disability	<u>188</u>	<u>117,168.60</u>
Totals	207	137,229.12
<u>Act No. 23</u>		
Age	20	17,438.28
Physical Disability	103	66,235.80
Service Retirement	223	235,214.75
Involuntary Separation	<u>61</u>	<u>78,134.52</u>
Totals	407	397,023.36
<u>Act No. 447</u>		
Age	3,102	2,460,232.80
Occupational Disability	395	446,650.92
Nonoccupational Dis.	1,212	761,106.36
Occupational Death	<u>56</u>	<u>100,774.08</u>
Totals	4,765	3,765,764.16
<u>Totals</u>	<u>5,449</u>	<u>\$4,359,091.20</u>

Note: As of June 30, 1965, under Act No. 127 of 1958, there were 126 pensioners with total pensions of \$292,083.60 per year. Under Act No. 118 of 1961, there were 4 pensioners with annual pensions of \$2,003.28.

Table C. ANNUITIES GRANTED DURING THE YEAR

Type of Annuity	GENERAL CLASSIFICATIONS		POLICEMEN AND FIREMEN		PUBLIC CORPORATIONS		MUNICIPALITIES	
	Number	Amount	Number	Amount	Number	Amount	Number	Amount
<u>Age - Optional</u>								
Male	82	\$ 62,882.51	7	\$13,662.24	15	\$15,114.41	2	\$ 709.65
Female	99	30,871.04	--	--	--	--	--	--
<u>Age - Mandatory</u>								
Male	75	40,449.96	12	15,050.24	19	10,065.82	1	1,205.83
Female	64	9,569.65	--	--	1	768.86	--	--
<u>Nonoccupational Disability</u>								
Male	47	28,914.01	14	10,384.66	13	7,470.87	1	492.42
Female	101	38,988.65	--	--	7	6,386.97	1	1,401.36
<u>Occupational Disability</u>								
Male	17	35,239.19	11	17,214.05	4	6,080.66	1	474.00
Female	16	15,514.08	--	--	1	2,351.44	--	--
<u>Occupational Death</u>								
Male	4	6,992.12	2	2,790.66	3	9,570.32	1	1,418.66
Female	--	--	--	--	--	--	--	--
<u>Totals</u>								
Male	225	\$174,477.79	46	\$59,101.85	54	\$48,302.08	6	\$4,300.56
Female	280	94,943.42	--	--	9	9,507.27	1	1,401.36
<u>COMBINED TOTAL</u>	505	\$269,421.21	46	\$59,101.85	63	\$57,809.35	7	\$5,701.92

Table E. DEATH CLAIMS PAID DURING YEAR -
DEATHS AMONG ACTIVE MEMBERS

	<u>GENERAL CLASSIFICATIONS</u>	<u>POLICEMEN AND FIREMEN</u>	<u>PUBLIC CORPORATIONS</u>	<u>MUNICIPALI- TIES</u>
1. <u>Number of Death Claims Paid</u>				
Male	52	15	13	10
Female	24	--	--	2
2. <u>Amount Paid - Member Con- tributions</u>				
Male	\$ 45,025.61	\$19,915.17	\$19,258.38	\$ 1,573.44
Female	12,338.36	--	643.05	269.79
3. <u>Interest Earned</u>				
Male	7,007.25	2,338.37	2,593.04	52.21
Female	1,890.06	--	32.10	9.77
4. <u>Government Con- tributions - Annual Salary</u>				
Male	137,823.84	43,040.00	44,872.48	16,305.60
Female	36,750.88	--	3,780.00	2,652.00
<u>Total</u>				
Male	\$189,856.70	\$66,292.54	\$66,723.90	\$17,931.25
Female	50,979.30	--	4,455.15	2,931.56
<u>COMBINED TOTAL</u>	<u>\$240,836.00</u>	<u>\$66,292.54</u>	<u>\$71,179.05</u>	<u>\$20,862.81</u>
<u>COMBINED NUMBER</u>	<u>76</u>	<u>13</u>	<u>14</u>	<u>12</u>

Table F. REFUNDS PAID DURING FISCAL YEAR

	<u>GENERAL CLASSIFICATIONS</u>	<u>POLICEMEN AND FIREMEN</u>	<u>PUBLIC CORPORATIONS</u>	<u>MUNICIPALI- TIES</u>
Number of Claims Paid	2,205	118	289	133
Amount of Refunds -				
Contributions	\$659,466.83	\$74,106.19	\$123,587.60	\$20,897.24
Interest	<u>53,547.15</u>	<u>5,148.60</u>	<u>8,958.82</u>	<u>746.45</u>
TOTAL	<u>\$713,013.98</u>	<u>\$79,254.79</u>	<u>\$132,546.42</u>	<u>\$21,643.69</u>

Classification by Length of Service

<u>Length of Service</u>	<u>Number of Refunds</u>
Less than 3 months	690
1/2 year to 3 years incl.	892
3-1/4 years to 6 years incl.	636 ^{2,218}
6-1/4 years to 9 years incl.	310
9-1/4 years to 12 years incl.	116
12-1/4 years to 15 years incl.	50
15-1/4 years to 18 years incl.	32
18-1/4 years to 21 years incl.	14
21-1/4 years to 25 years incl.	<u>5</u>
Total	<u>2,745</u>

FINANCIAL

The results of financial operations of the system for the fiscal year ended June 30, 1965, and the condition of the system at that date without consideration of actuarial liabilities are presented in the following pages consisting of:

1. Financial Balance Sheet at June 30, 1965
2. Statement of Revenues and Expenditures
for the Period From July 1, 1964 to
June 30, 1965
3. Statement of Cash Receipts and Disbursements
for the Period From July 1, 1964 to
June 30, 1965
4. Statement of Investments -
As of June 30, 1965

FINANCIAL BALANCE SHEET

JUNE 30, 1965

A S S E T S

Cash With Treasurer (overdraft) (\$ 559,014.23)

Accounts Receivable

Due for Administrative Expenses	\$	17,427.83	
Interest on Investments		72,890.63	
Interest on Cultural Trips From Government of Puerto Rico		5,265.61	
Contributions from Employers -			
Government Employees	\$	26,095.04	
Public Corporations		23,108.38	
Municipalities		<u>23,592.16</u>	72,795.58
Contributions from Members		23,591.96	
Pension Payment to Retired Members		87,430.97	
Transference to Mortgage Life Insurance Fund		<u>27,740.86</u>	307,143.44

Investments

United States Securities			
U.S. Treasury Notes, Bonds and Bills		\$13,974,905.06	
Government of Puerto Rico and Its Instrumentalities			
Bonds		3,567,384.81	
Certificates of Deposits		5,787,000.00	
Common Stocks		7,949,268.26	
Mortgages:			
Federal Housing Administration	\$	34,746,542.37	
Farmers Home Administration		1,818,088.35	
Loans to Members		<u>21,440,176.87</u>	
Cultural Trips Loans to Members		<u>1,620,642.66</u>	90,904,008.38

Other Assets

Office Equipment			<u>31,163.23</u>
<u>TOTAL ASSETS</u>			<u>\$90,683,300.82</u>

FINANCIAL BALANCE SHEET

JUNE 30, 1965

LIABILITIES AND RESERVES

Current Liabilities

Engineer and Lawyer
Fees, Mortgage Life
Insurance and Prop-
erty Taxes Advance
Deposit

\$968,299.40

Cultural Trips
Advance Deposit

52,128.23 \$ 1,020,427.63

Accounts Payable

Death Benefits
Mortgage Loan to
Members Pending
Payment

\$ 1,214.19

130,437.04 131,651.23

Total Liabilities

\$ 1,152,078.86

Reserves

Members Contributions

\$41,269,075.08

General Reserve

48,262,146.88

Total Reserves

89,531,221.96

TOTAL LIABILITIES AND RESERVES

\$90,683,300.82

Statement of Revenues and Expenditures
For the Period from July 1, 1964 to June 30, 1965

REVENUES

Contributions by Members

Government Employees	\$ 5,285,998.51	
Public Corporations	1,030,000.71	
Municipal Employees	<u>152,128.47</u>	\$ 6,468,127.69

Contributions by Employers

Government Employees	\$ 6,181,614.21	
Public Corporations	1,600,783.13	
Municipalities	<u>227,506.22</u>	8,009,903.56

Interest Income

Bonds, Notes, Mortgages, etc.	\$ 2,826,416.10	
✓Mortgage to Members	1,068,190.03	
✓Cultural Trips	13,837.59	
Bank Account - Special Disbursement Officer	<u>1,594.21</u>	3,910,037.93

Other Income

Fire Arm Licences, Fines and Rights		<u>255.30</u>
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TOTAL REVENUE

\$18,388,324.48

Statement of Revenues and Expenditures
For the Period from July 1, 1964 to June 30, 1965

EXPENDITURES

Annuities

Age and Service Retirement and Involuntary Separation	\$ 2,688,364.27	
Occupational Disability	461,337.73	
Non-Occupational Disability	740,932.98	
Occupational Death	293,084.52	
Special Acts	390,195.89	
Proportional Annuities Paid to Other Retirement Systems	<u>1,500.48</u>	\$ 4,575,415.87

Death Benefits

Death in Service - Member Contribution Credits	\$108,669.45	
Annual Salary Payment	<u>275,372.80</u>	384,042.25
Death After Retirement	<u>43,967.12</u>	428,009.37

Refunds

Upon Separation from Service - Member Contribution Credits Interest	\$ 880,178.39	
	<u>64,861.49</u>	945,039.88

Other Expenditures

Administrative Expenses		<u>311,419.19</u>
Total Expenditures		<u>\$ 6,259,884.31</u>

EXCESS OF REVENUE OVER EXPENDITURES \$12,128,440.17

Adjustments at June 30, 1965 -

Increase in Revenues	\$ 585,115.41	
Decrease in Revenues	<u>99,796.06</u>	<u>485,319.35</u>

Balance, Transferred to Reserves \$12,613,759.52

RECONCILIATION

Total reserves at June 30, 1964	\$76,917,462.44
Add, Amount transferred for year 1964-1965	<u>12,613,759.52</u>
Balance of reserves at June 30, 1965	<u>\$89,531,221.96</u>

Statement of Cash Receipts and Disbursements

For the Period from July 1, 1964 to June 30, 1965

Cash Balance at July 1, 1964 \$ 416,380.45

RECEIPTS

Amortization, Sale and Redemption

Mortgage Loan to Members	\$ 1,528,427.41	
Cultural Trip Loans	417,356.56	
Investments	<u>44,630,312.43</u>	\$46,576,096.40

Deposit for Payment of

Engineer and Lawyer Fees, Insurance and Property Taxes	\$ 1,114,566.16	
Cultural Trips	<u>87,573.90</u>	1,202,140.06

Contributions by

Members	\$ 6,468,127.69	
Employer - Commonwealth of Puerto Rico	6,181,614.21	
Public Corporations	1,600,190.03	
Municipalities	<u>227,506.22</u>	14,478,031.25

Interest

Investment	\$ 2,818,515.79	
Mortgage Loan to Members	1,068,190.03	
Cultural Trips Loans	13,837.59	
From Government of Puerto Rico on Cultural Trips	27,450.28	
Bank Account Special Disbursement Officer	<u>1,594.21</u>	3,929,587.90

Other Receipts

Refunds of Annuity Payments	\$ 126,957.26	
Pension Payment to Retired Members	1,500.48	
Fire Arms Licences, Fines and Rights	<u>255.30</u>	<u>128,713.04</u>

Total Receipts \$66,314,568.65

TOTAL CASH AVAILABLE FOR THE YEAR \$66,730,949.10

Statement of Cash Receipts and Disbursements

For the Period from July 1, 1964 to June 30, 1965

Total Cash Available for the Year \$66,730,949.10

DISBURSEMENTS

Loans Granted to Members -

Mortgage	\$4,608,654.40	
Cultural Trip	<u>556,001.39</u>	\$ 5,164,655.79

Investments Purchased During the Year	55,512,197.84
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Deposits for Payment of Engineer and Lawyer Fees, Insurance and Property Taxes	\$ 190,822.46
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Cultural Trips	<u>35,445.67</u>	226,268.13
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Annuities Paid	4,700,873.13
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Death Benefits	429,509.37
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Refund of Contributions -

Member Contributions	\$ 880,178.39	
Interest	<u>64,861.49</u>	945,039.88

Administrative Expenses	<u>311,419.19</u>
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<u>Total Disbursements</u>	<u>\$67,289,963.33</u>
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<u>CASH BALANCE AT JUNE 30, 1965 (overdraft)</u>	<u>\$ 559,014.23</u>
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STATEMENT OF INVESTMENTS

as of JUNE 30, 1965

<u>Type of Securities</u>	<u>Cost</u>	<u>Percent of Total Investments</u>
<u>U. S. Treasury Securities</u>		
Treasury Bonds	\$11,983,262.25	13.18%
Treasury Notes	1,026,795.31	1.12
Treasury Bills	964,847.50	1.06
<u>Commonwealth of Puerto Rico and Agencies</u>		
Commonwealth of Puerto Rico Bonds	779,196.08	0.86
<u>Public Corporations and Instrumentalities</u>		
Puerto Rico Water Resources Authority Bonds	2,788,188.73	3.06
Puerto Rico Acueduct and Sewer Authority Bonds	---	--
Puerto Rico Government Develop- ment Bank Certificates of Deposit	5,787,000.00	6.36
<u>Common Stocks</u>	7,949,268.26	8.74
<u>Mortgages</u>		
Federal Housing Administration		
Banco Credito y Ahorro Ponceño	9,667,552.05	10.63
Banco de Ponce	1,089,877.71	1.20
Frederick W. Berens	3,389,978.95	3.74
Housing Investments	1,007,878.72	1.10
James T. Barnes	19,591,254.94	21.55
Farmers Home Administration	1,818,088.35	2.00
<u>Loans Granted to Members</u>		
Mortgages	21,440,176.87	23.60
Cultural Trips	1,620,642.66	1.80
<u>TOTAL INVESTMENTS</u>	<u>\$90,904,008.38</u>	<u>100.00%</u>

RECOMMENDATIONS

In the light of the results disclosed by this valuation and in the consideration of other operating factors, the following recommendations are made.

Financing. The total cost to the government to meet its full funded obligation, in accordance with accruing requirements, is 6.02% of payroll. This consists of the normal cost rate of 4.32% and the accrued liability rate of 1.70%.

In budgeting for the requirements of the system, the foregoing rate of 6.02% should be applied to the assumed payroll of the members of the system for the fiscal year for which a budget is prepared.

Interest on refunds. In reports for prior years, the recommendation was made that interest on refunds be eliminated. It is noted that in the 1965 fiscal year more than 80% of the refunds paid involved service of less than 6 years. The average length of service for all refunds was 3-1/2 years.

While the amount of interest paid was fairly sizeable and some saving in cost to the system would occur by the elimination of interest, this is not the major factor for the recommendation. A considerable amount of administrative expense is incurred in the process of crediting interest and making the payment thereof. It is a time consuming job. The amount of interest paid in an individual case is of relatively small proportions.

*Revised 1% - Agents
pension payment*

Recommendation, therefore, is again made for an amendment of the law to repeal the authority for the payment of interest on refunds.

Disability claims. No progress seems to have been made in the reduction of the number of disability claims as a proportion of the total pension roll. The following table is illustrative:

	J U N E 3 0				
	<u>1965</u>	<u>1964</u>	<u>1963</u>	<u>1962</u>	<u>1961</u>
Act No. 104	18	18	20	21	23
Act No. 70	188	196	210	216	228
Act No. 23	103	108	110	116	122
Act No. 447	<u>1,607</u>	<u>1,445</u>	<u>1,269</u>	<u>1,117</u>	<u>975</u>
Totals	<u>1,916</u>	<u>1,767</u>	<u>1,609</u>	<u>1,470</u>	<u>1,348</u>
Number on the Pension roll at end of year	<u>5,449</u>	<u>5,077</u>	<u>4,826</u>	<u>4,424</u>	<u>3,963</u>
Ratio of disability claims to total pension roll	<u>35.1%</u>	<u>34.8%</u>	<u>33.3%</u>	<u>33.2%</u>	<u>34.0%</u>
Ratio of disability claims under Act No. 447 to total pension roll	<u>29.9%</u>	<u>28.4%</u>	<u>26.3%</u>	<u>25.2%</u>	<u>24.6%</u>

The number of disability claims is extremely high for a membership of the size of that comprising the Employees' Retirement

System. It is unduly high as a proportion of the total pension roll. Recommendations have been made aiming at a better control of these claims in administration. In addition to the previous procedures which are outlined in some detail in our 1963 actuarial report and in supplementary communications submitted from time to time, we submit the following:

1. If any employee is eligible to retire on a service retirement annuity because of having attained the age and service qualifying conditions, he shall not be eligible for any disability annuity but shall be granted a service retirement annuity.
2. Provide that if a person in receipt of a disability annuity resumes gainful employment of any kind, his disability annuity shall be reduced to the extent that it exceeds the difference between (a) the rate of salary in effect at the date of retirement on disability and (b) the amount of earnings from such employment.
3. Provision be made for a proportional disability annuity whereby the Board of Trustees would fix the rate of the annuity depending upon the degree of disability. The minimum annuity shall be 20% of salary and shall be subject to adjustment in multiples of 10 percentage points, not oftener than once every 2 years. The maximum rate shall be 50% of final salary in the case of occupational disability or 50% of final average salary in the case of non-occupational disability.

Amended by project of 6/6/64

This fluctuating rate of annuity would permit greater control over the disability claims. It also would give the Board of Trustees some flexibility in adjusting the rate of disability annuity based upon competent medical evidence as to the degree of disability and inability to perform some type of work.

Social security for policemen and firemen. The incidence of Medicare under federal social security and its restrictive effect beginning January 1, 1968, in the case of public employees, gives emphasis to a renewal of the recommendation previously made that an amendment to the Federal Social Security Act be proposed to permit the Commonwealth of Puerto Rico to extend social security coverage to policemen and firemen members of the Employees' Retirement System.

Investment earnings. It is noted that the investment counsel to the Treasury Department, serving also the needs of the Employees' Retirement System, has determined the average rate of investment earnings on the system's assets. This is commendable. Such information is necessary in fixing the guidelines for the interest rate assumption in actuarial studies and of value to the Board of Trustees in its investment operations.

The rate of investment earnings, however, should give effect to a proportionate charge to the Employees' Retirement System for counselling service in order that a precise rate may be established.

Codification of the pension laws. In view of the many amendments enacted since the present pension laws became effective, a codification thereof would be in order. This would effect a simplification of verbiage, a clarification thereof, proper organization of topical content and a reduction in the length of these laws. This should be accomplished without any change in the substantive provisions of the laws and without disturbing, in any way, the rights, benefits and expectancies of the members of the system.

*Legislation
Example?*

Social security amendments. The 1965 social security amendments increasing the maximum salary measure from \$4,800 to \$6,600 per year created a problem for the system affecting the rights and benefits of members receiving salaries above \$4,800 per year. To avoid impairment of their status, a recommendation was made which is hereby confirmed that the salary measure for both benefit and contribution purposes in the retirement system be fixed at \$4,800 per year by amendment of Act No. 447.

The weighting factors in the system's retirement annuity formula instituted several years ago make it difficult to revise the formula so as to eliminate reference to the foregoing figure. Also, it would be desirable from an administrative standpoint to have a uniform contribution rate for all members instead of a dual rate as is now the case. However, any adjustment of this kind would create an additional burden to the employees at salary levels below \$4,800 per year.

It is recommended, therefore, that in the interest of equity and to avoid distortions in the rates of benefit or rates of contributions for any segment of the system's membership, the present formulas be continued and the law be amended to fix the salary measure at \$4,800 per year in the consideration of social security both in the retirement annuity formula and in respect to contributions.

Administrative survey. A retirement system involves a continuous broadening of operations and steadily increasing revenues and expenditures. The system, therefore, requires a periodic review and survey of its internal practices and procedures to establish that they conform fully to current requirements for its efficient and effective operation. One of the principal objectives of such a survey is to review the methods of internal checks and balances to ascertain if adequate controls are in force in the recording of revenues and expenditures and in the processing of claims for the several types of benefits prescribed by the system. Another is to determine if current operations are being conducted at minimum effort and expense consistent with proper standards and modern methods of procedure and that the staffing of the personnel fully meets the peculiar needs of the system.

The cost of such a survey is generally offset by improved efficiency in operations and economies in administration. In the case of the Employees' Retirement System, such a survey is

of special importance in view of the several loan provisions in force and the increasing number of loans made by the system of the several types.

We fully concur in the recent judgment of the Board of Trustees by its authorization of a survey of the system. This project should produce worthwhile results.

CONCLUSION

The system is developing satisfactorily and is fulfilling its stated objectives effectively as an adjunct of a progressive personnel policy for the government of Puerto Rico. The various problems arising in its management and administration are being resolved in accordance with basic principles and progressive standards. The investment authority for the system is reasonably adequate and of a proper scope for a public agency. It is producing increasing amounts of revenues which are meeting in steadily larger proportions the requirements of the system for benefit purposes. The activities of the Board of Trustees and the administrator have been characterized by a conscientious and constructive effort to discharge efficiently and in full measure their respective responsibilities.

Public Administration Service

A P P E N D I X

Summary of Benefit and Contribution

Provisions

Statistical Tables

SUMMARY OF BENEFIT AND CONTRIBUTION PROVISIONS

B E N E F I T S

RETIREMENT ANNUITY. Retirement is optional with any member upon fulfillment of any of the following conditions:

(a) upon attainment of age 55 and the completion of at least 25 years of service.

(b) upon attainment of age 58 and the completion of at least 10 years of service.

Retirement is compulsory at age 62 in the case of members of the police or fire fighting force, with the exception of officers who may be continued in service after such age, upon approval by the respective department heads, but not beyond age 65.

In the case of other employees, retirement is compulsory at age 65. Employment thereafter may be extended beyond age 65 upon approval of the Director of the Office of Personnel for additional one year periods but not beyond age 68.

In the case of a member becoming separated from service prior to the optional age of retirement who does not take a refund of contributions, vesting in a retirement annuity occurs under the following conditions:

(a) If a member has completed 25 years of service, a deferred annuity would become payable when he attains age 55, for which he can apply at such age or at any time thereafter.

(b) If a member has rendered 10 years of service or more but less than 25 years, a deferred annuity would become payable when he attains age 58, for which he can apply at such age or at any time thereafter.

Upon retirement prior to age 65, the retirement annuity is equal to 1-1/2% of average annual salary per year of service up to 20 years, plus 2% of such average annual salary per year of service in excess of 20 years. If the resulting annuity is less than \$1,500.00 per year, but more than \$1,320.00 per year, the annuity shall be increased to \$1,500.00 per year. If the result is less than \$1,320.00 per year, the annuity shall be increased in the sum of \$180.00, provided that in the case of members who were in service and participants in the system on June 30, 1960, the annuity may not be less than 30% of average annual salary.

Except as to members of the police and fire fighting forces, the aforesaid rates of annuity shall be payable until the member attains age 65. Thereafter, an adjusted retirement annuity is payable equal to: 1% of average annual salary per year of credited service up to the maximum salary for social security purposes up to 20 years; 1-1/2% of average annual salary up to such maximum salary, per year of credited service in excess of 20 years; 1-1/2% of average annual salary in excess of the social security maximum, per year of credited service up to 20 years; and 2% of the average annual salary above such social security maximum, per year of credited service, above 20 years.

Minimum and maximum limitations. The minimum amount of retirement annuity in any case is \$300.00 per year and the maximum 75% of average compensation.

Where a retirement annuity to any pensioner retired before or after January 1, 1952, having at least 10 years' service (except for occupational disability) is less than \$60.00 per month, the payment shall be increased \$10.00 per month plus 10% of the original amount, provided that the adjusted sum plus social security shall not be more than \$60.00 per month.

Discount for early retirement. The retirement annuity is payable in full to any member retiring at age 58 or over, provided that if retirement occurs between ages 55 and 58 years, the annuity is reduced to its actuarial equivalent at the age of retirement of its value at age 58. This discount does not apply to members of the police or fire fighting forces.

Average compensation defined. Average compensation means the average annual rate of compensation for any five consecutive years of credited service when such average is highest.

REVERSIONARY ANNUITY. Any member who meets prescribed health standards may elect, at the time of retirement, to receive a reduced retirement allowance for himself and provide an annuity for designated beneficiaries to be paid upon his death after retirement.

The amount of the reversionary annuity cannot be less than \$240.00 per year. Annuities payable to one or more beneficiaries cannot exceed, in the aggregate, the amount of the reduced retirement annuity to the member resulting from his election.

NONOCCUPATIONAL DEATH BENEFIT. Upon death of a member from any cause other than occupational injury or disease, a benefit is payable to his designated beneficiary or beneficiaries, or to his estate, consisting of (a) the total contributions of the member (including contributions to a superseded pension fund) plus interest, and (b) if the member was in receipt of compensation or was on disability within a period of 12 months prior to his death, a payment equal to the annual rate of compensation in effect on the last day of his employment.

This benefit is also payable upon death of a member from occupational causes where no widow or children eligible for an occupational death annuity survive the member.

DEATH BENEFIT - DEATH AFTER RETIREMENT. Upon death of a retired member, provided the member did not elect to provide an annuity to a dependent or dependents to become payable upon his death, a death benefit is payable to the beneficiary or beneficiaries named by the member. This benefit is equal to the excess, if any, of the total contributions made by the member, including interest to the date of retirement, over the total amount of retirement annuity payments made to the member.

The minimum payment in such a case is \$200.00.

OCCUPATIONAL DEATH ANNUITY. Upon death of a male member due directly to occupational causes, a surviving widow is entitled to an annuity equal to 50% of the member's rate of compensation at the date of death. This is payable during widowhood.

If children under age 18, or children over such age pursuing studies also survive the member, the widow is entitled to an annuity of \$10.00 per month on account of each such child, subject to a maximum payment to a widow and children of 75% of the member's final rate of compensation. Adopted children have the same status as children of the blood.

If a widow does not survive, or if she remarries, and children exist, each child is entitled to \$20.00 per month, subject to a maximum payment of 75% of the member's rate of compensation at date of death.

Payments on account of children continue until they attain age 18, or if over age 18 until they complete their studies, or die, whichever event first occurs. Children pursuing studies means unmarried children of the blood or legally adopted children

under age 21, who are bona fide students of a profession or trade at an accredited public or private school, college or university as certified by the Secretary of Education are not engaged in gainful employment and who were dependent exclusively upon the member for their full support at the date of his death.

The annuities are additional to the amounts received or payable to the above survivors from the State Insurance Fund under the Workmen's Compensation Act.

OCCUPATIONAL DISABILITY ANNUITY. Upon disability of a member occurring as a result of occupational causes, an occupational disability annuity is payable equal to 50% of the rate of compensation in effect at date of disability.

The occupational disability annuity is in addition to disability compensation which a member may receive from the State Insurance Fund.

When a member attains age 65, the retirement annuity thereafter shall be recomputed according to the formula prescribed for service retirement for members qualifying for social security benefits subject to the same conditions as those applicable in the case of service retirement.

NON-OCCUPATIONAL DISABILITY ANNUITY. This annuity is payable to any member having at least 10 years of service who becomes totally and permanently disabled for service from any cause other than occupational disability, provided it was not due to any misconduct on the part of the employee.

The annuity shall be equal to 30% of average annual salary for the first 10 years of credited service, plus 1% of such average salary for each year of credited service above 10 years up to a maximum of 50% of average annual salary.

When a member attains age 65, the annuity thereafter shall be recomputed according to the formula prescribed for service retirement for members qualifying for social security benefits, provided the revised annuity does not exceed 50% of average annual salary.

REFUND OF CONTRIBUTIONS. Upon separation from service, any member who is not entitled to a retirement annuity may receive a refund of all contributions made to the system (including contributions to any superseded pension fund), plus interest.

C O N T R I B U T I O N S

By the members. Each member is required to contribute 3-1/2% of salary on salary up to the maximum salary for social security purposes, and 6% on the excess.

Members of the police and fire fighting forces, being excluded from social security, contribute 7% of total salary.

By the employer. The Government of Puerto Rico, and the participating public enterprises, are required to make contributions which, when taken with the amounts contributed by the members, will be sufficient to meet the remainder of the cost of the annuities and benefits of the system on an actuarially funded basis.

Contributions due from the employer must be budgeted as a part of the current payroll and appropriated each year at the same time that appropriations are made for personal services.

TABLE 1. Number of Members Classified by Age, Monthly Salaries and Members' Contribution Credits

<u>M A L E</u>			
<u>Age</u>	<u>Number</u>	<u>Monthly Salaries</u>	<u>Members Contribution Credits</u>
18	12	\$ 1,815	\$ 765
19	62	10,203	4,011
20	159	23,558	11,860
21	268	43,036	28,531
22	420	79,171	64,252
23	520	101,715	100,749
24	535	114,051	141,418
25	552	125,933	174,410
26	653	153,428	255,346
27	717	172,985	308,226
28	679	173,904	318,978
29	786	205,047	416,500
30	760	200,630	435,602
31	777	211,739	482,646
32	710	200,292	457,319
33	747	209,147	497,631
34	729	214,276	554,373
35	742	225,722	573,153
36	634	193,011	505,965
37	667	198,339	563,259
38	566	165,242	539,615
39	653	210,553	715,478
40	603	183,557	692,341
41	635	186,844	798,381
42	594	177,199	738,987
43	596	173,806	761,341
44	518	146,051	631,156
45	546	150,944	701,338
46	490	136,756	631,227
47	579	156,196	794,638
48	475	124,174	621,483
49	414	116,151	607,562

TABLE 1 - continued

<u>Age</u>	<u>Number</u>	<u>Monthly Salaries</u>	<u>Members Contribution Credits</u>
50	437	\$ 115,915	\$ 625,248
51	458	122,100	744,738
52	423	115,376	685,865
53	428	113,430	631,625
54	365	92,884	553,326
55	380	105,217	655,006
56	321	84,998	551,284
57	308	83,910	566,820
58	257	70,486	457,970
59	207	54,823	376,125
60	<u>202</u>	<u>50,658</u>	<u>377,229</u>
Totals	<u>22,147</u>	<u>\$5,955,173</u>	<u>\$21,452,100</u>

TABLE 2. Number of Members Classified by Length of Service, Monthly Salaries and Members Contribution Credits

<u>M A L E</u>			
<u>Years of Service</u>	<u>Number</u>	<u>Monthly Salaries</u>	<u>Members Contribution Credits</u>
1	2,113	\$ 499,942	\$ 244,495
2	2,282	541,359	460,473
3	2,412	643,344	932,067
4	1,390	366,708	676,244
5	1,641	424,908	1,021,671
6	2,049	577,376	1,898,879
7	1,455	369,459	1,060,301
8	1,230	348,350	1,144,823
9	923	247,888	920,982
10	<i>16,753</i> 1,258	333,064	1,376,460
11	521	145,780	670,638
12	581	147,862	746,135
13	283	79,111	455,643
14	469	136,992	859,831
15	452	130,995	906,760
16	309	96,618	655,799
17	354	96,971	708,686
18	637	161,506	1,278,325
19	365	105,937	827,832
20	<i>4282</i> 311	87,015	707,135
21	181	50,766	428,030
22	181	63,732	572,993
23	105	38,574	336,694
24	119	43,763	411,450
25	115	41,548	392,407
26	49	22,812	187,680
27	41	16,538	157,775
28	84	31,920	315,260
29	49	19,387	199,948

TABLE 2 - continued

<u>Years of Service</u>	<u>Number</u>	<u>Monthly Salaries</u>	<u>Members Contribution Credits</u>
30	54	\$ 23,969	\$ 247,464
31	22	11,247	111,683
32	13	6,080	58,850
33	12	5,178	52,925
34	17	6,472	66,137
35	12	4,989	57,424
36	12	5,299	55,580
37	14	5,476	63,309
38	9	3,784	41,340
39	2	805	10,275
40	12	7,186	82,994
41	3	2,135	22,570
42	4	1,368	16,628
43	1	260	2,940
45	1	700	6,565
Totals	22,147	\$5,955,173	\$21,452,100

TABLE 3. Number of Members Classified by Age, Monthly Salaries and Members' Contribution Credits

F E M A L E

<u>Age</u>	<u>Number</u>		<u>Monthly Salaries</u>		<u>Members Contribution Credits</u>
18	25	\$	3,900	\$	1,323
19	126		19,642		8,491
20	294		46,241		27,025
21	469		74,397		49,451
22	570		97,483		77,288
23	673		122,453		103,326
24	663		128,030		131,761
25	598		116,268		137,208
26	653		126,524		177,855
27	698		136,760		228,095
28	592		118,294		214,846
29	590		109,563		225,840
30	605		116,765		261,045
31	568		113,435		254,804
32	553		109,515		271,512
33	561		108,145		290,165
34	539		100,940		281,157
35	569		109,539		319,137
36	537		95,128		301,512
37	661		110,344		374,604
38	548		92,975		336,639
39	601		99,241		379,215
40	609		96,158		376,231
41	686		102,718		422,787
42	676		104,112		446,103
43	673		104,019		437,259
44	570		81,776		377,896
45	614		85,937		398,435
46	528		80,676		384,615
47	536		77,248		348,857
48	433		61,249		302,556
49	439		64,978		339,174

-continued-

TABLE 3 - continued

<u>Age</u>	<u>Number</u>	<u>Monthly Salaries</u>	<u>Members Contribution Credits</u>
50	392	\$ 57,453	\$ 317,637
51	396	62,638	372,627
52	345	55,743	332,293
53	346	56,253	322,035
54	265	38,814	235,697
55	285	43,667	278,642
56	214	34,644	213,401
57	224	35,138	215,737
58	132	21,638	137,832
59	106	15,975	109,711
60	<u>92</u>	<u>15,341</u>	<u>93,949</u>
Totals	<u>20,438</u>	<u>\$3,482,267</u>	<u>\$11,131,059</u>

TABLE 4. Number of Members Classified by Length of Service, Monthly Salaries and Members Contribution Credits

F E M A L E

<u>Years of Service</u>	<u>Number</u>		<u>Monthly Salaries</u>		<u>Members Contribution Credits</u>
1	1,879	\$	317,787	\$	114,959
2	2,149		374,929		275,506
3	2,016		357,407		392,172
4	1,254		216,043		317,553
5	1,243		199,747		367,919
6	1,241		208,233		464,607
7	834		143,949		363,129
8	1,232		200,858		574,424
9	972		161,384		524,477
10	1,692		264,151		979,157
11	634		96,929		410,648
12	614		92,924		452,625
13	411		60,782		324,797
14	1,366		186,212		1,111,542
15	786		102,051		645,353
16	226		49,927		312,259
17	238		53,639		356,860
18	315		69,366		493,940
19	328		72,263		531,428
20	311		65,779		502,166
21	190		46,286		358,350
22	107		28,517		228,129
23	43		11,689		97,231
24	62		16,858		142,006
25	65		17,870		157,055
26	30		8,118		71,422
27	37		10,656		91,758
28	44		12,266		117,485
29	17		4,906		41,121
30	21		6,056		57,262
31	25		7,872		74,955
32	7		2,573		25,517
33	9		2,536		25,812
34	3		551		5,099

71%

25%

3%

1%

TABLE 4 - continued

<u>Years of Service</u>	<u>Number</u>	<u>Monthly Salaries</u>	<u>Members Contribution Credits</u>
35	11	\$ 3,653	\$ 37,129
36	4	1,034	11,557
37	6	1,634	17,226
38	6	2,090	22,070
39	5	1,409	13,943
40	3	888	10,900
41	1	370	5,507
45	1	375	4,004
Totals <i>OK</i> →	20,438	\$3,482,267	\$11,131,059

Table 5. Employees of General Classifications

	<u>Agency</u>	<u>Number</u>	<u>Annual Salaries</u>
1.	<u>Legislature</u>		
	a. Senate	162	\$ 590,280
	b. House of Representatives	254	976,716
	c. Comptrollers Office	145	787,344
2.	<u>Office of the Governor</u>		
	a. Proper	102	416,736
	b. Bureau of the Budget	87	436,260
	c. Trans. Office	279	656,436
	d. Mining Com.	4	22,560
	e. Planning Board	652	2,918,532
	f. Civil Defense	55	197,796
3.	<u>State Department</u>	155	481,956
	a. Tax Ex. Office	14	63,132
4.	<u>Treasury Department</u>	3,945	11,463,744
5.	<u>Justice Department</u>	1,411	4,882,068
6.	<u>Office of Courts Adm.</u>	1,297	3,568,248
7.	<u>Department of Education</u>	4,501	10,875,168
	a. Luncheon Program	6,181	7,069,764
8.	<u>Labor Department</u>	1,694	5,838,888
	a. State Ins. Fund	997	3,066,240
	b. Industrial Com.	59	209,004
	c. Min. Wage Board	54	254,712
9.	<u>Public Works Dept.</u>	2,909	8,462,940

Table 5 - continued

	<u>Agency</u>	<u>Number</u>	<u>Annual Salaries</u>
10.	<u>Health Department</u>	12,512	\$ 32,450,004
	a. Boys Com.	6	23,220
	b. P. R. Aging Com.	7	29,124
11.	<u>Agriculture Department</u>	1,317	4,197,852
	2. Sugar Board	23	128,388
12.	<u>Commerce Department</u>	137	549,300
13.	<u>Fire Dept. (Civilians)</u>	54	137,340
14.	<u>State Elec. Board</u>	52	152,700
	a. Primary Inst.	5	25,200
15.	<u>Urban & Housing Adm.</u>	46	207,084
16.	<u>Racing Com.</u>	49	172,200
17.	<u>Economic Est. Adm.</u>	135	537,444
18.	<u>Coop. Develop. Adm.</u>	234	991,212
19.	<u>Economic Develop. Adm.</u>	538	2,298,564
20.	<u>National Guard</u>		
	a. Commonwealth	166	375,612
	b. Federal	483	2,564,184
21.	<u>Office of P. R. in Wash.</u>	9	60,540
22.	<u>Public Parks Adm.</u>	710	1,519,680
23.	<u>Popular Party</u>	4	19,860
24.	<u>Public Service Com.</u>	141	538,332
25.	<u>Personnel Office</u>	225	775,692
26.	<u>Police Dept. (Civilians)</u>	639	1,687,188

Table 5. - continued

	<u>Agency</u>	<u>Number</u>	<u>Annual Salaries</u>
27.	<u>Labor Relations Board</u>	31	\$ 139,512
28.	<u>Mun. Comp. Com.</u>	1	3,912
29.	<u>Agr. Exp. Sta. (Fed.)</u>	12	27,084
30.	<u>Com. of Betterment Com.</u>	76	320,304
31.	<u>Board of Appeals</u>	<u>16</u>	<u>78,960</u>
	Totals	<u>42,585</u>	<u>\$113,249,016</u>

TABLE 6. Statistics on Employees of Public Corporations

<u>Corporation</u>	<u>Number</u>		<u>Annual Salaries</u>	
	<u>Male</u>	<u>Female</u>	<u>Male</u>	<u>Female</u>
1. Prison Ind. Corp.	24	--	\$ 81,589	\$ --
2. Medical Center Corp.	147	245	634,119	513,656
3. Acueduct Authority	2,140	363	6,843,214	770,593
4. Met. Bus Authority	52	7	307,542	26,781
5. Com. Authority	504	305	1,177,180	742,283
6. Cultural Institute	67	24	211,844	60,036
7. Public Bldg. Authority	43	11	238,320	39,547
8. Agr. Cr. Corp.	30	16	144,780	46,080
9. Agr. Ext. Service (UPR)	12	50	109,092	155,029
10. Agr. Exp. Station (UPR)	7	2	51,372	8,947
11. Com. Develop. Co.	10	5	67,080	16,164
12. Ocup. Develop. Adm.	16	15	66,509	32,176
13. Urban & Housing Corp.	1,089	584	3,324,225	1,719,712
a. Housing Bank	8	8	49,620	21,342
14. Coop. Bank	13	5	71,220	12,495
15. Ind. Develop. Co.	224	70	1,380,021	268,487
16. Land Adm.	29	18	213,734	40,468
17. Ports Authority	68	16	469,881	76,360
18. Govt. Develop. Bank	70	70	587,087	242,513
19. Rec. Develop. Co.	14	6	55,680	15,384
20. P. R. W. R. A.	98	13	535,608	56,818
21. Land Authority	218	62	954,857	218,329
<u>Totals</u>	<u>4,883</u>	<u>1,895</u>	<u>\$17,574,582</u>	<u>\$5,083,208</u>

TABLE 7. Statistics on Employees of Municipalities

<u>Municipality</u>	<u>Number</u>		<u>Annual Salaries</u>	
	<u>Male</u>	<u>Female</u>	<u>Male</u>	<u>Female</u>
1. Aibonito	17	17	\$ 28,464	\$ 20,952
2. Barranquitas	21	23	40,711	30,244
3. Camuy	29	17	49,821	21,240
4. Carolina	38	45	106,464	111,905
5. Catano	28	40	44,928	54,417
6. Cayey	78	42	128,417	98,860
7. Comerio	26	17	47,184	20,640
8. Corozal	31	25	54,924	32,016
9. Culebra	14	5	24,240	6,000
10. Guayanilla	33	24	76,686	34,203
11. Hatillo	26	14	44,544	23,016
12. Hormigueros	18	14	35,724	17,700
13. Humacao	50	43	84,708	62,810
14. Juana Diaz	29	32	49,371	50,282
15. Lajas	21	17	36,912	19,620
16. Las Marias	16	12	36,540	16,620
17. Las Piedras	21	22	38,340	28,200
18. Mayaguez	173	112	403,975	222,146
19. Morovis	22	16	35,778	19,398
20. Patillas	13	23	24,540	30,480
21. Penuelas	26	25	49,032	31,394
22. Ponce	331	255	639,305	371,340
23. Quebradillas	24	13	43,677	15,907

Table 7. - continued

<u>Municipality</u>	<u>Number</u>		<u>Annual Salaries</u>	
	<u>Male</u>	<u>Female</u>	<u>Male</u>	<u>Female</u>
24. Rio Grande	18	17	\$ 34,680	\$ 24,360
25. San German	29	27	46,200	110,076
26. San Sebastia	31	24	53,310	29,688
27. Santa Isabel	21	35	44,496	45,810
28. Trujillo Alto	17	14	32,988	16,356
29. Vieques	<u>26</u>	<u>17</u>	<u>49,228</u>	<u>22,020</u>
<u>Totals</u>	<u>1,227</u>	<u>987</u>	<u>\$2,385,191</u>	<u>\$1,587,704</u>

