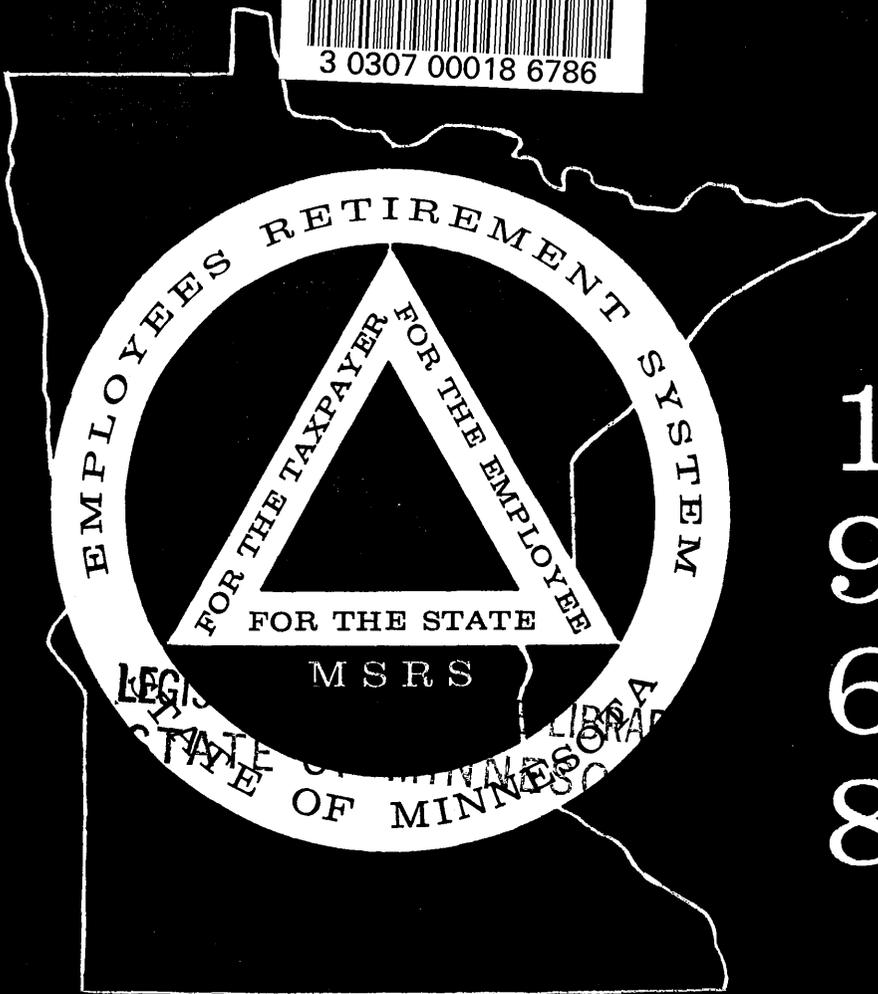


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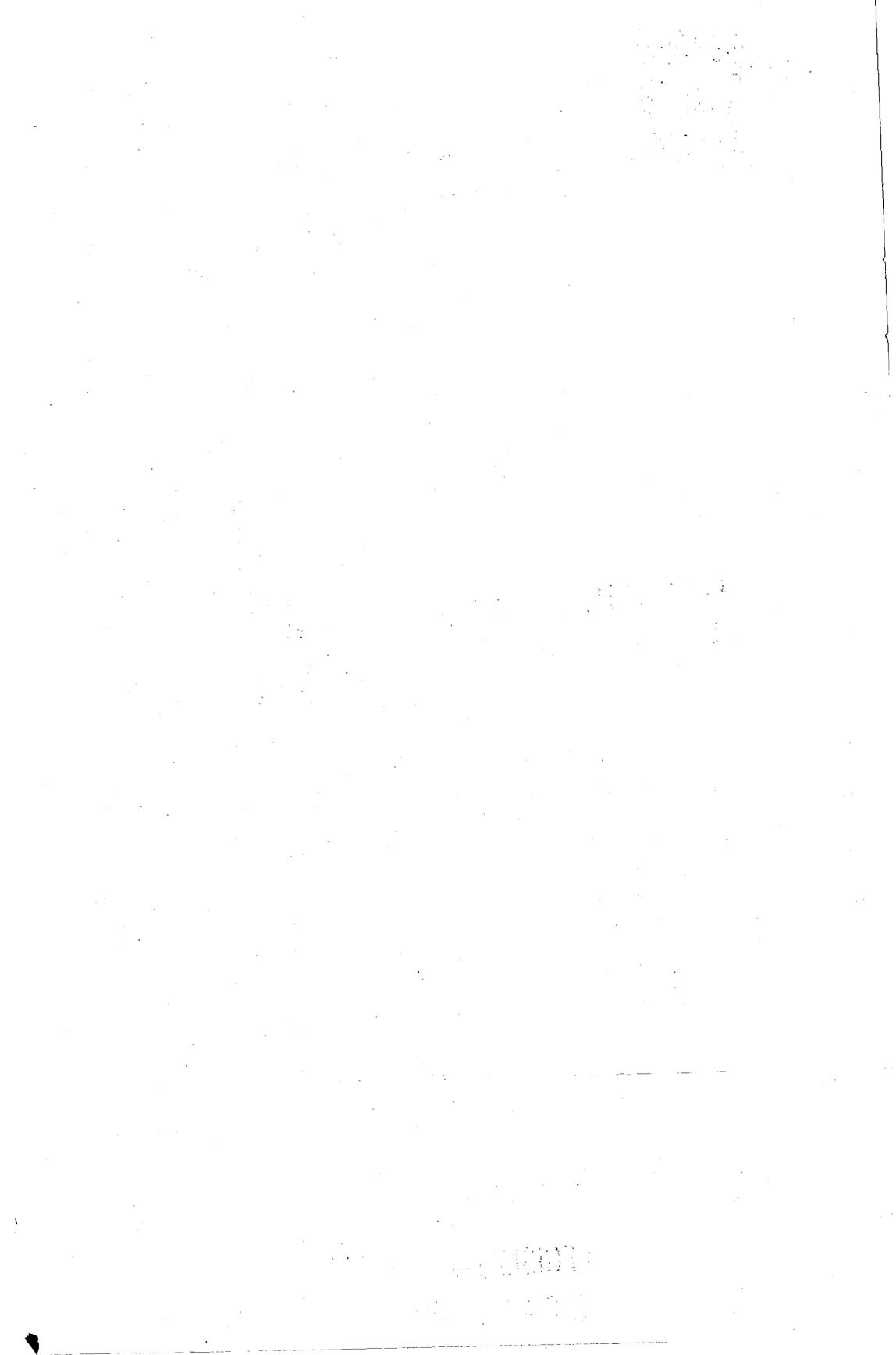


1968

# STATEMENT TO EMPLOYEES DECEMBER 31, 1968

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1968

## MINNESOTA STATE RETIREMENT SYSTEM



# MINNESOTA STATE RETIREMENT SYSTEM

530 North Robert Street  
St. Paul, Minnesota 55101  
221-2761

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## BOARD OF DIRECTORS

### ELECTED

Berdine Erickson, Chairman  
Rochester State Hospital  
Herbert C. Schultz, Vice Chairman  
State Highway Department  
Carolyn Anderson  
University of Minnesota  
Francis Hage  
Department of Conservation

### EX OFFICIO

State Auditor  
State Treasurer  
Commissioner of Insurance

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Robert H. Little, Actuary  
COATES, HERFURTH AND ENGLAND  
Consulting Actuaries  
Pasadena, San Francisco, Denver

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Paul L. Groschen, Executive Director  
Arne Ulvi, Assistant Director

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STATE OF MINNESOTA

This report covers the operation of the Retirement Fund from January 1 through December 31, 1968.

### FINANCIAL PROGRESS

The continued improvement of the fund is apparent in the comparative tabulations found later in this report. The state contribution reserve, which represents the excess of net assets over matured liabilities was \$43,839,739.00 at the end of 1968 compared to \$36,778,815 at the end of 1967. Matured liabilities consist of the sum of employee contribution credits and the present value of benefits granted and in force. As recently as 1959 the state contribution reserve was a deficit figure of \$1,139,842.

### NATIONAL GUARD TECHNICIANS

National Guard Technicians, who are employees of the State Adjutant General paid on Federal payroll, are covered by the State Retirement Plan if they are not eligible to participate in a Federal Civil Service Retirement Plan. Effective January 1, 1969, under the provisions of the National Guard Technicians Act of 1968, the technicians became eligible to coverage under the Federal Civil Service Retirement System unless they elected to remain with the State System. A total of 852 technicians were covered by MSRS and they all elected Federal coverage. By electing coverage under the Federal System they forfeited all rights under the Minnesota State Retirement System and were entitled only to a refund of their contributions. The 852 accounts were therefore removed from statistical tabulations of covered employees at the end of 1968 and total refundable contributions of \$1,320,756.84 were recorded as a current liability on December 31, 1968. Past due employer contributions of \$1,220,154.39, resulting from inadequate Federal funding were written off as uncollectible in 1968 (the write-off included \$183,452.13 accrued in 1968). These sums will be largely off-set by a reduction in the actuarial liability for earned and earnable benefits due to the transfer to Federal coverage of the 852 technicians.

### REVENUES

Employee and employer contributions totaled \$6,025,000 and \$10,006,803, respectively, in 1968. This compares with \$5,014,460 and \$8,323,604 in 1967. Total investment income and interest on back payments increased by \$684,462 to a total of \$4,788,135 in 1968.

### EXPENDITURES

Benefit payments totaled \$4,202,740, an increase of \$396,609 over 1967. A breakdown of benefit payments for the last 2 years is as follows:

	1968	1967
Service Retirement Annuities	\$3,973,947	\$3,616,804
Disability Retirement Annuities	125,904	109,094
Survivor Benefit Payments	33,527	35,117
Employee Death Interest	69,362	45,116
	<u>\$4,202,740</u>	<u>\$3,806,131</u>

The 1967 Legislature provided for supplemental benefit payments, payable from the General Revenue Fund. An employee who retired prior to July 1, 1963 with 20 or more years of allowable service credit was given a supplemental benefit of \$18 a month if he was not eligible to Social Security benefits as a result of state employment; if such employee was eligible to Social Security benefits as a result of state employment, the supplemental benefit was \$10 a month. Supplemental benefits, which are not included in the above figures, totaled \$203,581.79 in 1968 and \$107,253.55 for the half year in 1967.

Refundments amounted to \$3,341,062 in 1968, including the \$1,320,756 payable to national guard technicians. Refundments exclusive of national guard technicians, amounted to \$2,020,306 in 1968 compared to \$1,795,574 in 1967. Operating expenses in 1968 were \$329,320 amounting to .17% of covered payroll.

### INVESTMENTS — FIXED INCOME

Fixed income securities increased by \$4,526,959 in 1968 to a total of \$78,653,094 at year end compared to \$74,126,135 at the end of 1967. The average rate of return to maturity of fixed income securities was 4.73% as of December 31, 1968 compared to 4.52% as of December 31, 1967.

The State Board of Investment continued its long range plan of divestiture of low yield municipals started in 1961. In 1968 \$499M par value of tax exempt securities were sold at an estimated gain to the Fund of \$16,432.00. This estimate was obtained by projecting interest income at the average yield of fixed income securities purchased in 1968 for the remaining life of the old bonds, compared to the net income from the old bonds had they been held to maturity, less the loss on principal amount.

During the 8 year period, 1961-1968, the book value of fixed income securities sold amounted to \$21,848,000 and net proceeds from sales amounted to \$20,611,170. The projected gain in interest income is estimated to be about \$2,880,122 and, after deducting the loss on principal amount, \$1,236,834 the net gain to the fund is approximately \$1,643,288. The following listing shows the average yield on fixed income securities sold, purchased and held as of December 31 for the past 8 years.

	Sold	Purchased	Held
1961	3.18%	4.76%	3.55%
1962	3.10	4.75	3.77
1963	3.09	4.52	3.87
1964	3.06	4.60	3.98
1965	2.79	4.70	4.10
1966	2.95	5.16	4.35
1967	none	6.07	4.52
1968	3.82	6.69	4.73

### INVESTMENTS — EQUITIES

The first investment in corporate stocks for this Fund was made in 1961. Corporate stock holdings totaled \$35,158,642 at the end of 1968, representing 30.89% of the total investment portfolio of \$113,811,736. The average yield on equities (based on cost) was 3.48% in 1968 compared to 3.52% in 1967. This yield is considerably less than the yield on fixed income securities and points up the fact that equity investment is made primarily because of the growth potential. The market value of stocks was 16.72% more than cost as of December 31, 1968:

	1968	1967
Market value at December 31	\$41,035,809	\$30,406,503
Cost basis	35,158,642	27,858,645
Excess of market over cost	<u>\$ 5,877,167</u>	<u>\$ 2,547,858</u>

Alert management of a stock portfolio requires considerable research and analysis prior to purchase and constant evaluation of previous holdings. Safety of original investment, regular dividend income and, if possible, capital appreciation are of primary concern in the investment of retirement funds. Buying and selling in hope of a gain has no place in the management of a retirement fund portfolio. Prudent management does, however, require periodic divestment of stock if a particular stock or class of stock is not

performing up to expectations. Since 1961 a total of \$4,191,611 in corporate stock was disposed of at a net gain to the Fund of \$297,030.

### INVESTMENTS — SHORT TERM

A total of \$15,262,156 was placed in short term notes and treasury bills in 1968 at an average annual yield of 6.24%. Short term holdings at December 31, 1968 totaled \$3,598,248.

### RATE OF RETURN

The average rate of return on invested assets and cash was 4.32% in 1968 compared to 4.19% in 1967. This average rate of return is based on the 12 month average of invested assets and cash balances divided into investment income on an accrual basis, adjusted for amortization. The improvement in portfolio administration during recent years is evidenced by the persistent increase in the average rate of return:

1961	3.47%	1965	3.90%
1962	3.60%	1966	4.09%
1963	3.74%	1967	4.19%
1964	3.83%	1968	4.32%

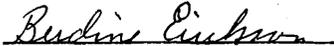
### COMMENTS ON ACTUARIAL VALUATION

The report on an actuarial valuation of the Retirement Fund shows a decrease in the unfunded accrued liability from \$28,032,854 the previous year to \$22,279,694 at December 31, 1968. This valuation was based on an interest assumption of 3% as provided in Minnesota Statutes, Chapter 356.

### EXHIBITS

The exhibits in this report are presented as prescribed in Minnesota Statutes, Chapter 356.

Respectfully submitted,



Chairman of the Board



Executive Director

## EMPLOYEE STATISTICS

	1968	1967
Active employees at December 31	34,591	34,278
Inactive accounts at December 31	7,377	6,538
New employees and former employees returned	9,357	9,238
Refundments and deaths	6,905	6,006
Retired	516	325
Net increase in number of active employees	313	1,272

The following is a comparison of an "average" male employee as of December 31:

	Average Age	Average Credited Service	Average Accumulated Contributions
1968	41.8 Yrs.	8.6 Yrs.	\$1,340.90
1967	41.9 Yrs.	8.8 Yrs.	1,307.68

and the average female employee:

1968	36.7 Yrs.	5.1 Yrs.	\$ 639.50
1967	36.9 Yrs.	5.2 Yrs.	622.01

Average as used in this report is defined as the arithmetic mean.

The median age, or that age at which one-half of the active employees are younger and one-half are older, was 42 years in 1968 and 1967 for males, and 33 years in 1968 and 34 years in 1967 for females.

The active employees ranged in age from age 16 to age 80 in 1968 and from age 15 to age 88 in 1967.

A total of 8,873 of the active employees had at least 10 years of credited service at the end of 1968 compared to 9,187 at the end of 1967. Those age 65 and older show:

	1968	1967
Active employees at age 65 or older	895	1,031
Age 65 and over with at least 10 years service credit	622	739

The average and median ages of new employees covered by the system in 1968 and 1967:

	Male		Female	
	1968	1967	1968	1967
Average age	31.5 Yrs.	32.0 Yrs.	27.4 Yrs.	28.1 Yrs.
Median age	27.0 Yrs.	27.0 Yrs.	22.0 Yrs.	22.0 Yrs.

The average age and service forfeited by those who took refundments in the past two years was:

	Male		Female	
	1968	1967	1968	1967
Average:				
Age	33.2 Yrs.	34.5 Yrs.	28.2 Yrs.	28.1 Yrs.
Service Forfeited	4.4 Yrs.	2.4 Yrs.	2.0 Yrs.	2.0 Yrs.

Analysis of the refundments shows that in 1968, 9.0% forfeited 10 or more years of service credit compared to 3.0% in 1967.

Refund statistics for 1968 are slightly distorted because of the 852 National Guard Technicians who elected coverage under the Federal Retirement System and took refundments from MSRS. The law making retirement compulsory at age 70 which became effective January 1, 1968 also had some effect.

Inactive accounts totaled 7,377 at the end of 1968 compared to 6,538 at the end of 1967. 330 of the inactive accounts at the end of 1968 show sufficient service credit to entitle the person to a deferred annuity at age 65. This compares with 327 at the end of 1967:

	Male		Female	
	1968	1967	1968	1967
10 years service or more	188	182	142	145
Average age	55	55	57	55
Average deferred annuity	\$55.53	\$57.59	\$50.35	\$49.71

#### ANNUITANT STATISTICS

	1968	1967
Age and service retirements at December 31	3,899	3,587
Disability benefits at December 31	167	146
Survivor benefits at December 31	37	39
Annuities and benefits granted during the year	516	322
Deaths	191	191

Average monthly benefits authorized in 1968 and 1967, also showing average age, service, and salaries:

Type	Age at Retirement	Salary Before 7/1/57	Salary After 6/30/57	Service Yrs. & Mos.		Average Benefit
<b>1968</b>						
Service	67.4 Yrs.	\$290.14	\$405.90	24	4	\$102.98
Disability	58.5 Yrs.	258.54	379.42	21	2	82.21
<b>1967</b>						
Service	66.0 Yrs.	276.06	380.11	22	10	91.47
Disability	59.4 Yrs.	258.88	361.27	18	2	62.70

Social Security benefits are in addition to the above.

The average service benefit authorized in 1968 was \$11.51 more than the average benefit granted 1967. The increase is due to the higher average salary both before and after July 1, 1957, and an increase in length of service credit for new annuitants. In 1968, 27.5% of the new annuitants were age 70 or older, whereas in 1967, only 15.1% were age 70 or older. The law making retirement compulsory at age 70 for classified employees became effective in January 1968 and caused the retirement of 88 employees that month. The statistics for calendar year 1968 are therefore slightly distorted.

The average age at death and the average length of retirement for disability and service retirements in the last two years is shown below:

	Male		Female	
	1968	1967	1968	1967
<b>Service Retirement</b>				
Age at Death	76.1 Yrs.	76.5 Yrs.	75.2 Yrs.	77.4 Yrs.
Retirement	9.2 Yrs.	9.0 Yrs.	8.9 Yrs.	10.3 Yrs.
<b>Disability Retirement</b>				
Age at Death	65.5 Yrs.	61.9 Yrs.	59.0 Yrs.	61.5 Yrs.
Retirement	6.9 Yrs.	3.3 Yrs.	4.1 Yrs.	2.3 Yrs.

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TELEPHONE  
AREA CODE 213 681-4455

July 17, 1969

Board of Directors  
Minnesota State Retirement System  
530 North Robert Street  
St. Paul, Minnesota 55101

Gentlemen:

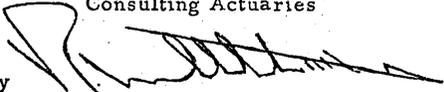
We hereby certify that we made an Actuarial Valuation of your Retirement System as of December 31, 1968. The valuation was made on the following basis prescribed in Section 356.20 to 356.23 of Minnesota Statutes 1967, Chapter 356.

1. Interest assumption - 3%
2. Other actuarial assumptions as determined during the course of our investigation into the experience of the System for the three-year period ending December 31, 1967, and
3. Use of the entry age normal cost method of funding to determine unfunded accrued liability.

We further certify that the results of the valuation referred to in the foregoing paragraph indicate that the contributions required from the employees and from the State under Minnesota Statutes 1967, Chapter 352, as presently constituted are adequate to provide the benefits that will be paid from the System.

Very truly yours,

COATES, HERFURTH & ENGLAND  
Consulting Actuaries

By 

Robert H. Little, F.S.A.

RHL:th

**MINNESOTA STATE RETIREMENT SYSTEM**  
**EXHIBIT REQUIRED BY MINNESOTA STATUTES 1967,**  
**CHAPTER 356, SECTION 356.20, SUBDIVISION 4(1)**  
**AS OF DECEMBER 31, 1968**

**ASSETS AND UNFUNDED ACCRUED LIABILITY**

**Assets**

Cash in Office	\$	25.00
Deposits in Banks		64,207.80
Short Term Investments		3,598,248.03
Accounts Receivable:		
(a) Members' Contributions	\$200,480.29	
(b) Employer Contributions	318,879.47	
(c) Other	<u>202,498.85</u>	721,858.61
Accrued Interest on Investments		1,061,956.47
Dividends declared but not received		36,756.34
Bonds at Amortized Cost		78,653,093.85
Stocks at Cost		
(Market Value 12/31/68—\$41,035,809.00)		35,158,642.59
Equipment at Cost, less depreciation		7,581.74
Other—Prepaid postage		2,000.00
<b>TOTAL ASSETS</b>		<u><u>\$119,304,370.43</u></u>

**Unfunded Accrued Liability**

Unfunded Accrued Liability to be funded by portion of State's 3% "Matching Contribution" in excess of State's share of entry age normal cost contribution and Operating Expenses	\$	6,445,487.00
Unfunded Accrued Liability to be funded by State's 2% "Additional" contribution		<u>15,834,207.05</u>
<b>Total Unfunded Accrued Liability</b>		<u>\$ 22,279,694.05</u>
<b>TOTAL ASSETS AND UNFUNDED ACCRUED LIABILITY</b>		<u><u>\$141,584,064.48</u></u>

**CURRENT LIABILITIES AND RESERVES REQUIRED**

**Current Liabilities**

Accounts Payable:		
(a) Annuity Payments	\$	3,220.82
(b) Survivor Payments		2,868.97
(c) Refunds to members		9,845.49
(d) Accrued expenses and overpaid dividends		<u>20,178.64</u>
Suspense items		2,783.72
Refundments due National Guard Technicians		<u>1,320,756.84</u>
<b>Total Current Liabilities</b>		<u>\$ 1,359,654.48</u>

**Reserves Required**

Total Reserves Required per attached schedule		<u>140,224,410.00</u>
<b>TOTAL CURRENT LIABILITIES AND RESERVES REQUIRED</b>		<u><u>\$141,584,064.48</u></u>

Note: Accumulated contributions, without interest, of members not yet retired amounted to \$35,890,087.88 as of December 31, 1968.

**MINNESOTA STATE RETIREMENT SYSTEM  
 DETERMINATION OF RESERVES REQUIRED  
 AS OF DECEMBER 31, 1968**

	(1)	(2)	(3)
<b>Benefits For:</b>	<b>Present Value of Benefits</b>	<b>Present Value of Applicable Portion of Normal Cost Contribution</b>	<b>Reserves Required (1) - (2)</b>
<b>Active Members:</b>			
(a) Retirement Benefits	\$149,081,920.00	\$60,448,215.00	\$ 88,633,705.00
(b) Disability Benefits	14,552,600.00	9,232,725.00	5,319,875.00
(c) Refundments due to death or withdrawal	30,162,651.00	25,085,138.00	5,077,513.00
Deferred Annuitants	1,909,019.00	—	1,909,019.00
Former Members Without Vested Rights	459,270.00	—	459,270.00
<b>Annuitants:</b>			
(a) Retirement Benefits	36,945,666.00	—	36,945,666.00
(b) Disability Benefits	1,492,282.00	—	1,492,282.00
(c) Survivors' Benefits	387,080.00	—	387,080.00
<b>TOTAL</b>	<b>\$234,990,488.00</b>	<b>\$94,766,078.00</b>	<b>\$140,224,410.00</b>

**MINNESOTA STATE RETIREMENT SYSTEM**  
**EXHIBIT REQUIRED BY MINNESOTA STATUTES 1967,**  
**CHAPTER 356, SECTION 356.20, SUBDIVISION 4(2) and (3)**  
**FISCAL YEAR ENDING DECEMBER 31, 1968**

**ANALYSIS OF INCOME AND DEDUCTIONS FROM INCOME**

**Income**

**From Members:**

(a) Employee contributions	\$ 5,804,936.45
(b) Employee accrued contributions receivable	200,480.29
(c) Employee contributions applied to past due payments	19,583.88

**From Employers:**

(a) Employer contributions	5,757,555.89
(b) Employer additional contributions	3,746,915.73
(c) Employer accrued contributions receivable	318,879.47
(d) Employer past due contributions receivable	183,452.13

**From Investments:**

(a) Interest on bonds and notes (net)	3,640,329.43
(b) Dividends on corporate stocks	1,145,218.94
(c) Premiums on bonds called	2,587.49

**Other Revenues:**

(a) Interest on back payments by members	4,128.02
(b) Employer payments in lieu of interest	319.46
(c) Adjustments in prior year benefit payments	989.97
(d) Unclaimed contributions and benefits cancelled into fund	221.01

Net Gain on Sale of Investments	93,792.83
<b>TOTAL INCOME</b>	<b>\$20,919,390.99</b>

**Deductions from Income**

**Benefits:**

(a) Annuities, disability and retirement allowances	\$ 4,099,851.96
(b) Survivor benefits	33,526.81
(c) Interest paid on deposits of deceased employees	69,361.81

**Refundments:**

(a) Left service	1,665,063.99
(b) Coverage by other retirement systems	1,862,147.48
(c) Employee deaths	254,949.74
(d) Annuitant deaths	50,638.23
(e) Erroneous deductions	8,263.31

**Operating Expenses**

329,320.97

**Write-off of employer contribution receivable for National Guard Technicians**

1,220,154.39

**Increase in Total Reserves Required:**

(a) Reserves Required 12-31-67	\$134,151,458.00	
(b) Reserves Required 12-31-68	140,224,410.00	6,072,952.00

**TOTAL DEDUCTIONS FROM INCOME** **\$15,166,230.69**

**EXCESS OF INCOME OVER**

**DEDUCTIONS FROM INCOME** **\$ 5,753,160.30**

**REDUCTION IN UNFUNDED ACCRUED LIABILITY:**

(a) Unfunded Accrued Liability 12-31-67	\$28,032,854.35	
(b) Unfunded Accrued Liability 12-31-68	22,279,694.05	\$ 5,753,160.30

**COMPARATIVE STATEMENT — SIX YEARS ENDED DECEMBER 31, 1968**

	1968	1967	1966	1965	1964	1963
<b>Revenues</b>						
Employee contributions	\$ 6,025,000	\$ 5,014,460	\$ 4,254,614	\$ 3,979,369	\$ 3,247,430	\$ 3,110,653
Employer contributions	9,823,351	8,176,275	6,939,710	6,574,919	5,376,401	5,174,473
Employer Contrib. receivable (Fed.)	183,452	147,329	120,859	28,957	18,021	22,590
Net interest, dividends, premiums	4,788,135	4,103,673	3,599,530	3,104,511	2,777,754	2,473,256
Gain on sale of investments	93,792	107,676				
Miscellaneous revenues	5,658	2,465	519	1,102	1,296	
<b>Total</b>	<b>\$ 20,919,388</b>	<b>\$ 17,551,878</b>	<b>\$14,915,232</b>	<b>\$13,688,858</b>	<b>\$11,420,902</b>	<b>\$10,780,972</b>
<b>Distribution of Revenues</b>						
Benefits paid	\$ 4,202,740	\$ 3,806,131	\$ 3,617,105	\$ 3,357,538	\$ 3,154,050	\$ 2,993,966
Refundments paid	3,341,062	1,795,574	1,802,712	1,597,687	1,273,565	1,352,232
Operating expenses	329,320	314,186	271,286	240,685	229,915	227,251
Loss on sale of investments			239,395	129,761	191,421	72,639
Miscellaneous expenses					140	812
Increase in reserves	13,046,266	11,635,987	8,934,734	8,363,187	6,571,811	6,134,072
<b>Total</b>	<b>\$ 20,919,388</b>	<b>\$ 17,551,878</b>	<b>\$14,915,232</b>	<b>\$13,688,858</b>	<b>\$11,420,902</b>	<b>\$10,780,972</b>
<b>Assets</b>						
Cash and temporary investments	\$ 3,662,481	\$ 1,824,018	\$ 1,315,546	\$ 1,195,721	\$ 1,252,530	\$ 677,177
Accounts receivable:						
Accrued contributions	519,359	316,696	356,398	366,860		
Past due employer contributions		1,040,743	893,414	772,554	798,326	780,305
Accrued interest and dividends	1,098,713	944,325	844,961	759,897	676,845	701,883
Other accruals	202,499	46,206	36,193	97,476	19,036	18,665
Investments at amortized cost	113,811,736	101,984,780	91,055,405	82,375,512	74,471,935	68,460,171
Other assets	9,581	10,301	12,574	11,234	13,362	13,436
<b>Total</b>	<b>\$119,304,369</b>	<b>\$106,167,069</b>	<b>\$94,514,491</b>	<b>\$85,579,254</b>	<b>\$77,232,034</b>	<b>\$70,651,637</b>
<b>Liabilities and Reserves</b>						
Current liabilities	\$ 1,359,654	\$ 48,466	\$ 31,875	\$ 31,372	\$ 47,340	\$ 38,754
Employee contribution reserve	35,390,037	34,361,928	32,028,080	30,724,612	29,428,364	28,390,261
Retirement and benefits reserve	38,714,939	34,977,360	33,714,602	31,040,647	29,279,436	28,408,824
State contribution reserve	43,839,739	36,773,815	28,739,934	23,782,623	18,476,394	13,813,798
<b>Total</b>	<b>\$119,304,369</b>	<b>\$106,167,069</b>	<b>\$94,514,491</b>	<b>\$85,579,254</b>	<b>\$77,232,034</b>	<b>\$70,651,637</b>
Rate of return on average invested assets and cash	4.32%	4.19%	4.09%	3.90%	3.84%	3.74%
Average bond yield to maturity (or call)	4.73%	4.52%	4.35%	4.10%	3.98%	3.87%

## INVESTMENT PORTFOLIO

CALENDAR YEAR ENDED DECEMBER 31, 1968

	Book Value	Par Value	Yield (to Maturity (or call))
Fixed income securities, December 31, 1967	\$74,126,134.67	\$74,184,175.00	4.52%
Add: Purchases in 1968	6,882,415.00	6,895,000.00	6.69%
Deduct: Securities sold in 1968	500,331.38	499,000.00	3.82%
Securities matured or called in 1968	1,864,331.38	1,864,918.87	
Add: Net Amortization	9,206.78		
Fixed income securities, December 31, 1968	\$78,653,093.85	\$78,715,256.13	4.73%
Average yield to maturity (or call), last 5 years:			
December 31, 1964	3.98%	December 31, 1967	4.52%
1965	4.10%	1968	4.73%
1966	4.35%		

Book value of fixed income securities and equities at December 31, 1968 and 1967 and distribution:

	Book Values		Distribution	
	1968	1967	1968	1967
Governments	\$ 18,684,033.77	\$ 20,177,046.83	16.42%	19.78%
Merchant Marine, 100% Govt. Guar.	2,325,000.00	2,370,000.00	2.04%	2.32%
Canadian Government Corporation	1,285,107.90	792,116.19	1.13%	.78%
	56,358,952.18	50,786,971.65	49.52%	49.80%
Total fixed income securities	\$ 78,653,093.85	\$ 74,126,134.67	69.11%	72.68%
Corporate Stocks	35,158,642.59	27,858,645.65	30.89%	27.32%
Total investments	\$113,811,736.44	\$101,984,780.32	100.00%	100.00%

The market value of corporate stocks was \$41,035,809 at December 31, 1968 (16.7% more than cost) and \$30,406,503 at December 31, 1967 (9.1% more than cost). The average yield on the original cost basis of equities was 3.48% in 1968 and 3.52% in 1967.

Investment income and average rate of return:

	1968	1967
Interest income: Long term investments	\$ 3,562,550	\$ 3,139,744
Short term investments	77,778	48,200
Dividend income	1,145,218	907,346
Interest on back payments	4,128	4,813
Premiums on bonds called	2,587	3,568
	\$ 4,792,261	\$ 4,103,671
12 month average of invested assets and cash	\$110,971,076	\$97,990,953
Average rate of return	4.32%	4.19%