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### PROGRESS REPORT

During 1969, members of this Association voted for an amendment designed to assure long term stability of the Pension Fund. This approval marks the turning point in our philosophy of management, and I wish to give this periodic assessment of our progress, since the fund now represents a highly significant asset to each of you.

This fund originated more than a half century ago when our Departmental strength was less than three hundred men and the salary of a Trooper was two dollars (\$2.00) per day and board. Pension obligations were easily managed by token dues and field receipts. Accumulated surpluses were invested in low yield municipal bonds generally yielding a return of about three percent. The nation's economy tends to inflate at about five percent per year. Thus we tended to lose rather than accumulate relative strength with the passing of time. Such investments are suitable for individuals with no tax exempt status but not appropriate for us. We changed this with your consent in the amendment which became effective in May, 1965.

Prior to discussing our growth pattern it may be beneficial to include a brief refresher on the mechanics of this fund.

Since July 3, 1969, we each pay into the fund, 4½% of the officially listed base pay of a Trooper, \$4.62. This money goes into the "Current Fund". This is a revolving fund from which pensions are paid. We are now paying into the "Current Fund" which will pay pensions for the calendar year 1973. This money is invested generally in shorter term, high yield, treasury notes, etc., until needed to pay pensions. As we withdraw from one year's current fund for monthly pension payments we are adding dues and other income to the next year's fund.

All other deducted money is placed in the "Investment Fund". Only the yield generated by this investment money can be used to pay pensions. Profit realized from the sale of "Investment Fund" securities is reinvested to broaden the investment base.

Three primary sources of revenue pay pensions; approximately \$10.00 per month dues paid by members into the current fund; income generated by the "Investment Fund" and contributions received during our annual rodeo or field meet.

At the end of each calendar year we equate the amount of money accumulated in the "Current Fund" with the number of members receiving pensions and establish the next year's pension rate accordingly. We do this after deducting 5% of this money for contingency and operating expenses. Four factors then are subject to vary and to affect this equation. (Dues, Investment Yield, Field Meet Receipts, and Number of Pensioners). Input from dues increases as the department acquires added manpower. (\$461,448. per year as of July, 1972). Investment income increases as our investment base continues to broaden. (\$1,135,000.) per year as of above date. Field meet receipts fluctuate but the trend is toward a decline and we foresee the stage where this third input factor will lose its significance as a sustainer of the pension fund. We still experience a moderate increase in the number of pensioners. The increase projected for 1972 was two pensioners. This occurred because deaths among the group on pension rolls closely approximated the number of men taking retirement.

The chart on page 3 portrays changes in the relationship between our three principal segments of income.

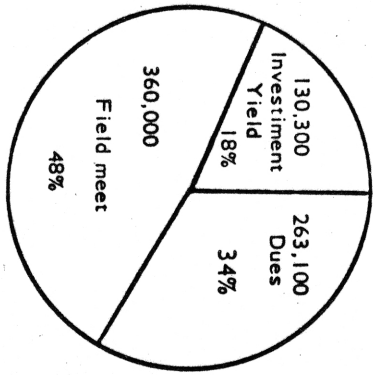
All money paid by members into the "Investment Fund" is returnable to any member leaving the department prior to eligibility for retirement.

Current fund contributions (\$10.00 per month) are not returnable. An immediate payment survivors benefit of \$10,000. is provided when any member is claimed by death prior to retirement. This benefit was increased from \$500.00 on July 3, 1969, and we will endeavor to increase this amount again, as the official base pay of a Trooper is elevated.

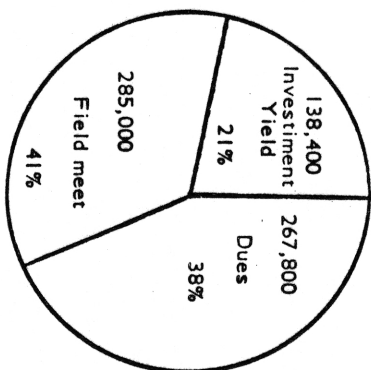
New members joining the Association, establish an immediate equity in a pool of assets which by year's end will total nearly \$9,000,000. The growth rate is accelerating and added input from the July, 1972 class will elevate the annual input to the "Investment Fund", to \$1,135,000.

Our present yield on invested money is 5.6%.

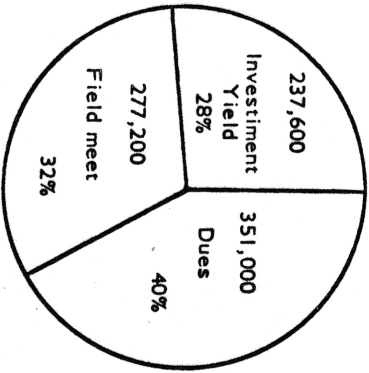
DIFFERENCE BETWEEN THE THREE SEGMENTS DEPICTED HERE AND TOTAL AMOUNT PAID OUT IN PENSIONS, REPRESENTS CONTRIBUTIONS OR PROFITS REALIZED FROM SALE OF SECURITIES HELD BY THIS PARTICULAR CURRENT FUND.



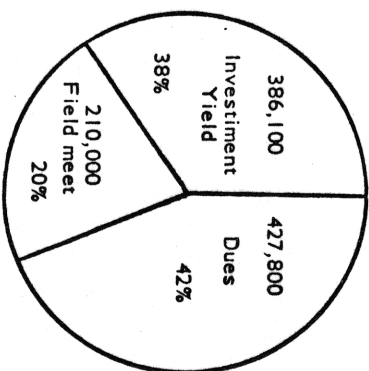
2192 ACTIVE MEMBERS  
Circle Represents \$763,040 paid to 549 Pensioners



2231 ACTIVE MEMBERS  
Circle Represents \$760,607 paid to 730 Pensioners



2925 ACTIVE MEMBERS  
Circle Represents \$854,543 paid to 802 Pensioners



3565 ACTIVE MEMBERS  
Circle Represents \$1,103,919 paid to 871 Pensioners and we paid \$69,000 in death and funeral benefits.

**TOTAL ASSESTS**  
**STATE POLICE CIVIC ASS'N**

