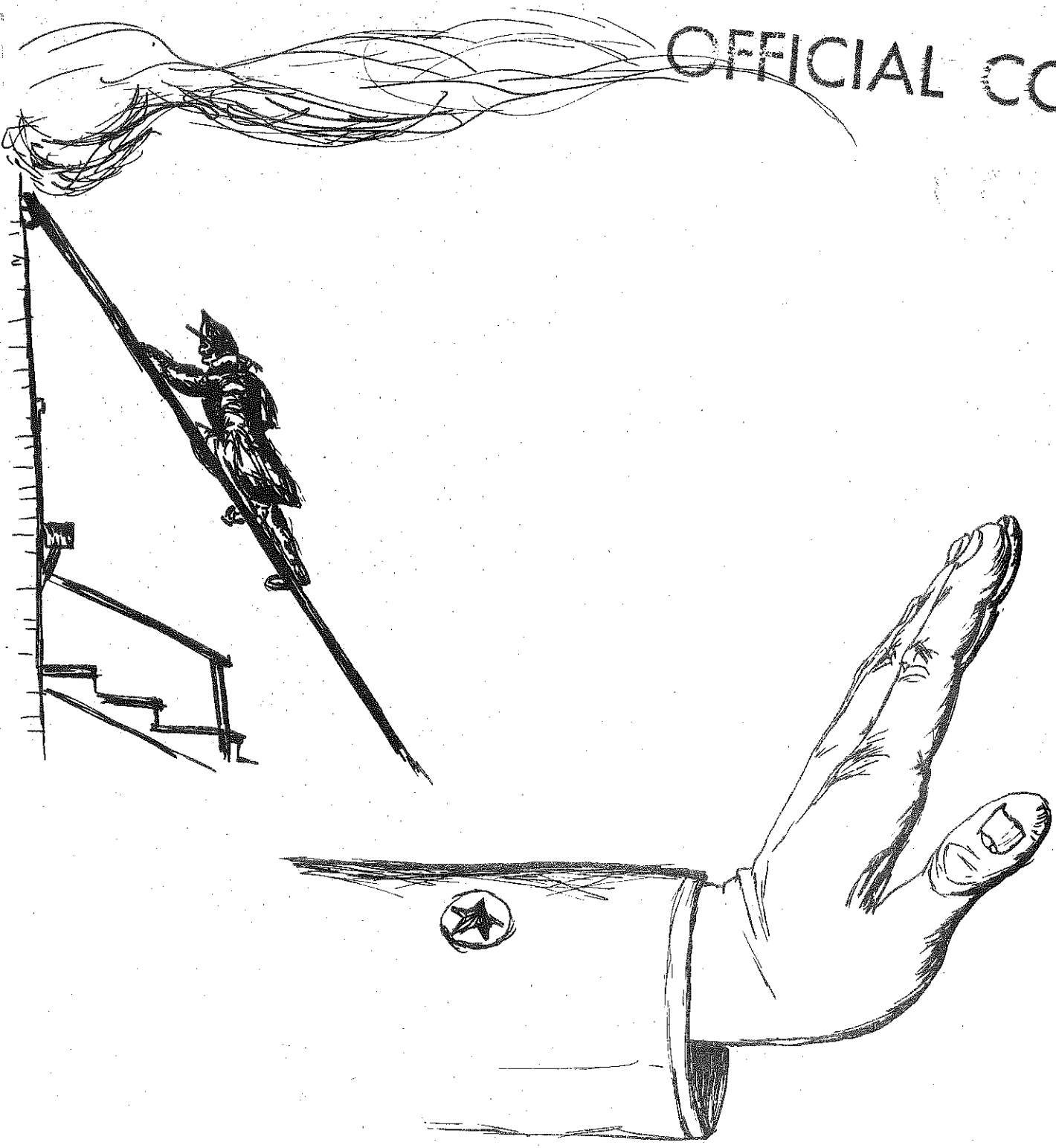


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ANNUAL REPORT
1968

POLICE AND FIRE RETIREMENT PLAN

ANNUAL REPORT

FOR PERIOD JANUARY 1, 1968 - DECEMBER 31, 1968

POLICE AND FIRE RETIREMENT PLAN

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POLICE AND FIRE DEPARTMENT RETIREMENT PLAN

RETIREMENT BOARD

The Retirement Plan is administered by a five member Board composed of two representatives from the City Council, a representative from the Civil Service Commission and two representatives who are city employees, one from the Police Department and one from the Fire Department.

In accordance with Section 2222.1 of the San Jose municipal Code, "A Board of Administration for the Police and Fire Department Retirement Plan, hereinafter in this Topic referred to as the 'Board' is hereby created and established."

As of December 31, 1968, the members were as follows:

- | | |
|---------------------|---|
| JOSEPH A. COLLA | - He is a member of the City Council and is one of its official representatives of the Board. He became a member of the Board on July 10, 1967. |
| BARTON L. COLLINS | - First elected as a representative of the employees of the Police Department on September 26, 1946, Chief Collins serves as the President of the Board. His present term expires October 10, 1972. |
| ROBERT I. JACKSON | - He is a member of the Civil Service Commission and serves on the Board at the pleasure of that body. He was first appointed on December 4, 1967. |
| RAYMOND E. JONES | - First elected as a representative of the employees of the Fire Department on October 11, 1962, Captain Jones serves as a member of the Board. His present term expires on September 30, 1970. |
| VIRGINIA C. SHAFFER | - She is a member of the City Council and is one of its official representatives on the Board. She became a member of the Board on May 28, 1962. |

The Board of Administration engages the following consultants to assist in making investments and in developing a sound retirement plan:

- | | |
|-----------------|---|
| FRANK G. WAITES | - Representative of Coates, Herfurth and England |
| JOHN PACKARD | - Representative of Scudder, Stevens, & Clark, Inc. |
| RICHARD DUNN | - Representative of Scudder, Stevens, & Clark, Inc. |

The Board meets on the second Monday of each month, and holds special meetings as the occasion demands. The meetings are currently held in the Council Offices, City Hall, at 11:00 a.m. Members of the Retirement Plan may attend any of the meetings.

POLICE AND FIRE RETIREMENT PLAN

HIGHLIGHTS AND GENERAL FEATURES OF THE PLAN

1. Both the employer and the employees make monthly payments into the the Retirement Fund. Effective August 1, 1968, Resolution No. 409 adopted and fixed new rates of contribution as follows:
Current service
 By Members 4.4% of payroll
 By City 11.6% of payroll

Prior service
 By City 8% of payroll
2. The Board members serve without pay. The support services (City Attorney, City Finance, and Personnel Departments) budgets are not charged to the Plan and the consultants' fees are set by contract.
3. A member of the Police and Fire Retirement Plan normally may retire at age 55 with 20 years of service, on a pension of approximately 50% of his average salary for a period of three years. More than 20 years of service above 55 years of age give a larger pension. Retirement is possible at age 50, although at a smaller pension. Retirement is mandatory at age 65.
4. Due to a previous negative vote of employees of the emergency service departments, Police and Fire personnel do not contribute to or receive benefits from the O. A. S. D. I. provisions of the Social Security Act.
5. Employees' membership in the Plan increased from 827 as of December 31, 1967, to 938 as of December 31, 1968, an increase of 111 members.
6. One member retired for service, six members retired because of disability and two members retired for service with findings of disability during 1968.
7. There are 75 members and 7 survivors receiving benefits from the Plan as of December 31, 1968.
8. During the reporting period 12 members left the membership of the Retirement Plan and had their contributions refunded.
9. The fund balance as of December 31, 1968, was \$12,562,632, an increase of \$2,175,921 during 1968.
10. Payment of pensions or survivors benefits were about \$23,115 per month during the reporting period.
11. Interest on long term investments for the year was \$492,578 and averaged about \$41,048 per month for the year of 1968.
12. Short term investing in treasury bills earned \$9,943 for 1968.
13. Yield on investments averaged 6.40% for the year which raised the annual return for the entire portfolio to 4.94% as of December 31, 1968.

14. A special actuarial survey was undertaken in April, 1968, to review proposed changes by the Pension Review Committee for increases in survivorship benefits and the reductions in possible retirement age.
15. On August 1, 1968, Ordinance No. 14209 was adopted which made the following changes in the Police and Fire Retirement Plan:
 - A. Changed age which members may retire from 55 to age 50 with a reduction in the amount a member may receive if he elects to retire before age 55.
 - B. Increased the amounts of certain survivorship benefits payable to surviving spouses and children.
 - C. Added new classes of employees to those eligible for membership in the Plan.
16. During 1968 four Fireman accepted the option to transfer from the 1946 Retirement Plan to the 1961 Retirement Plan.

POLICE AND FIRE DEPARTMENT RETIREMENT PLAN

*Financial Report

as of December 31, 1968

ASSETS:

Cash in Bank	\$	27,303	
Interest Receivable		161,822	
Investments (at cost)		<u>12,373,507</u>	
			<u>\$12,562,632</u>

LIABILITIES: FUND BALANCE

\$12,562,632

ANALYSIS OF CHANGES IN FUND BALANCE year ended 12-31-68

Fund balance 12-31-67 \$10,386,711

Add Revenues:

Employee;s contributions:

Old Plan	\$	3,252	
New Plan	\$	<u>375,740</u>	\$ 378,992

City's Contributions:

Old Plan, current serv.	8,674	
Old Plan, Prior serv.	4,292	
New Plan, current serv.	987,967	
New Plan, Prior serv.	<u>536,488</u>	1,537,423

Income on investments

long term	492,578	
short term	<u>9,943</u>	502,521

Gain on sale of securities

Accrued interest income 53,090

Cancellation of uncashed checks

written 3-31-66 315

TOTAL REVENUE

2,472,341

Subtract:

Pension and survivor benefits paid 277,384

Contribution refunds 19,036

TOTAL EXPENDITURES

296,420

fund balance 12-31-68

\$12,562,632

*All figures subject to final audit.

POLICE AND FIRE DEPARTMENT RETIREMENT PLAN

SUMMARY OF REVENUE & EXPENSES
1-1-68 to 12-31-68

REVENUE:

Employee Contributions	\$ 378,992	
City's Contributions	1,537,423	
Investment Income	<u>502,521</u>	
Total Revenue		<u>\$ 2,418,936</u>

EXPENSES:

Benefits Paid	\$ 277,384	
Contribution Refund	<u>19,036</u>	
Total Expenses		(296,420)

\$2,122,516

POLICE AND FIRE DEPARTMENT RETIREMENT PLAN
INVESTMENT HISTORY

JUNE, 1959 to DECEMBER 31, 1968
CUMULATIVE PERFORMANCE

<u>Period Ending</u>	<u>Investments at Cost</u>	<u>Income</u>	<u>Rate of Return</u>	<u>Cumulative Gain or Loss on Sales</u>
12-31-68	\$ 12,125,000	\$ 599,000	4.94%	\$ 14,442
12-31-67	10,186,000	474,800	4.66	14,442
12-31-66	8,345,000	369,800	4.43	14,442
12-31-65	7,051,000	301,700	4.28	14,880
6-30-64	5,518,000	227,900	4.14	18,232
6-30-63	4,628,000	190,900	4.14	16,857
6-30-62	3,815,000	161,300	4.23	2,416
6-30-61	3,178,000	135,500	4.27	2,388
6-30-60	2,568,000	105,900	4.11	(5,682)
6-30-59	2,103,000	77,800	3.69	(8,152)

ANNUAL STATISTICS

<u>Period Ending</u>	<u>Investments Net Increase at Cost</u>	<u>Income Net Increase</u>
12-31-68	\$ 1,940,000	\$ 124,000
12-31-67	1,840,000	105,000
12-31-66	1,294,000	68,100
12-31-65	1,537,000	73,800
6-30-64	889,000	37,000
6-30-63	798,000	29,600
6-30-62	637,000	25,800
6-30-61	603,000	29,600
6-30-60	462,000	33,300
6-30-59	334,000	15,900

GROSS PURCHASE HISTORY
JUNE 1959 to DECEMBER 1968

<u>Period Ending</u>	<u>Investments at Cost</u>	<u>Income</u>	<u>Rate of Return</u>
12-31-68	\$ 1,940,000	\$ 124,000	6.40%
12-31-67	1,840,000	105,000	5.71
12-31-66	1,385,000	72,000	5.20
12-31-65	2,313,000	105,400	4.56
6-30-64	967,000	40,000	4.14
6-30-63	1,353,000	55,600	4.11
6-30-62	680,000	27,400	4.03
6-30-61	873,000	40,100	4.59
6-30-60	805,000	40,500	5.03
6-30-59	475,000	19,000	4.07

POLICE AND FIRE DEPARTMENT RETIREMENT PLAN

INVESTMENT COUNSEL REPORT

DECEMBER 31, 1967 to DECEMBER 31, 1968

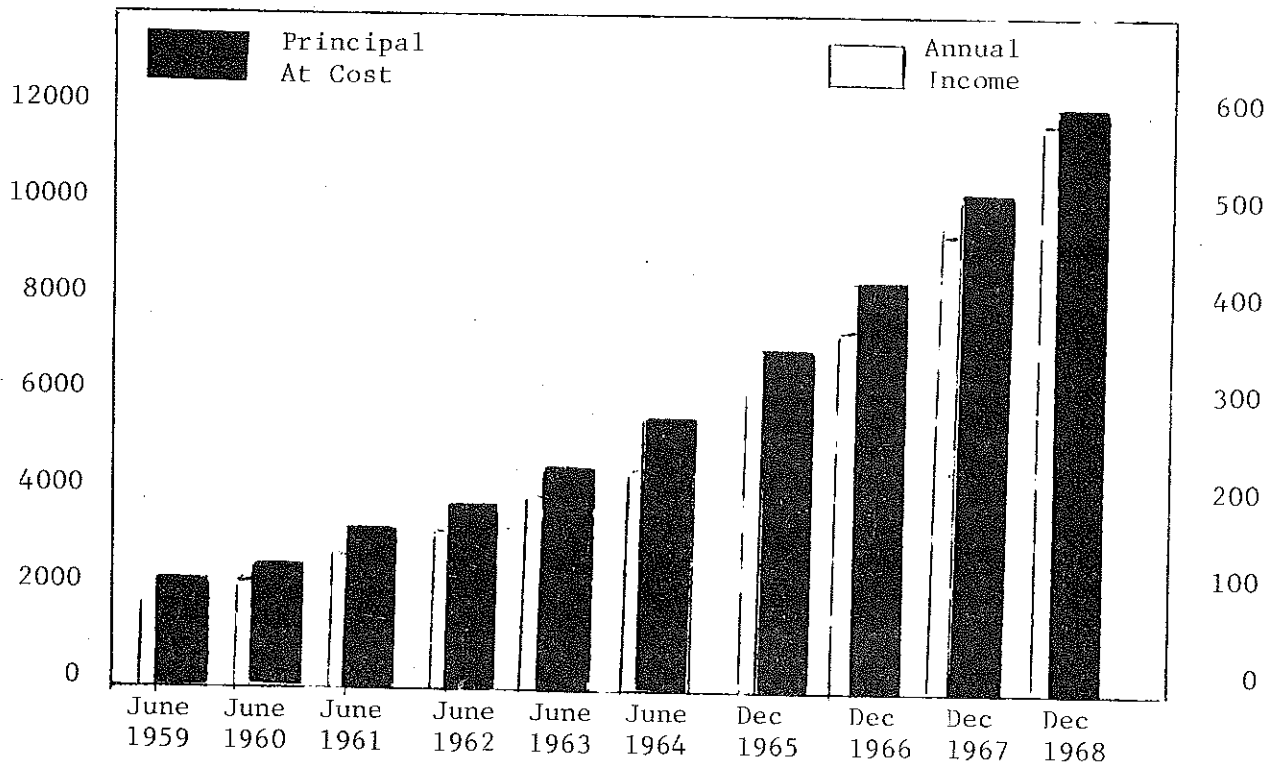
During the year, a net total of \$1,940,000 was added to the Police and Fire Department Retirement Plan investment portfolio to bring the Plan's investments on a cost basis to a new total of \$12,125,000. This figure is exclusive of the cash and temporary investments of the Retirement Plan. The annual rate of income from investments was increased \$124,000 during the period, raising the total income to a \$599,000 rate at year-end. The 1968 contributions were invested to provide an average annual return of 6.40% and served to raise the annual return, based on cost, of the entire portfolio to 4.94% as of December 31, 1968.

During 1968 the international and domestic money markets continued under pressure. Britain's devaluation of the pound in November 1967, the gold crisis of March 1968, a new French monetary crisis, and continued weakness of sterling all helped contribute to the continuing decline in the bond market. Domestically, a very high rate of inflation and the monetary demands of the Vietnam War, which in turn helped create an outsized Treasury deficit were all factors which put severe downward pressure on bond prices. As a result, yields, as measured by high-quality utility bonds, fluctuated from the January 1 level of approximately 6.60% to a level of 6.25% in August to 7.05% at year-end. At current historically high interest rates, the Retirement Plan has an unusual opportunity in that new funds added to the portfolio can be invested at interest rates approximately 3% higher than could be obtained five years ago.

INVESTMENTS AND INCOME
1959 - 1968

\$ (000's)

\$ (000's)



POLICE AND FIRE DEPARTMENT RETIREMENT PLAN

Pension and Survivor Benefits Paid
January 1, 1968 - December 31, 1968

<u>NAME</u>	<u>DATE RETIRED</u>	<u>TOTAL PAID DURING PERIOD</u>	<u>AMOUNT OF MONTHLY PENSION</u>
Crawford, A. F.	4-5-68	3,425.64	386.35
Anderson, W. E.	11-14-67	4,524.00	377.00
Bartolini, H. R.	4-1-68	3,300.93	366.77
Holden, R. S.	4-26-62	3,365.40	280.45
Mattern, J. A.	7-16-66	4,698.72	391.56
Turnage, G. E.	3-8-68	3,573.35	365.59
Poelle, W. P.	9-11-68	1,526.91	416.43
Stanley, J. H.	1-14-68	4,202.15	362.86
Terry, E. E.	9-1-43	1,151.04	95.92
Campbell, L. A.	2-1-63	5,010.96	417.58
Rebhan, B. E.	8-15-65	4,449.96	370.83
Ratkovich, P. J.	4-1-68	3,292.65	365.85
Mauldin, W. P.	9-26-44	1,174.68	97.89
Atwell, H. F.	12-19-66	4,143.72	345.31
Murphy, P. F.	4-18-50	1,692.48	141.04
Higgins, T. J.	8-1-53	2,507.40	208.95
Salisbury, D. E.	2-1-59	2,763.84	230.32
Dennis, H. C.	4-1-39	1,170.00	97.50
Basile, F.	1-14-52	2,242.20	186.85
Adams, H.	7-14-53	2,372.28	197.69
Malpass, W. A.	10-7-56	2,818.20	234.85
Browder, S. D.	4-1-65	4,378.32	364.86
Creamer, W. M.	4-15-67	4,420.80	368.40
Bosque, C. J.	5-3-66	3,617.04	301.42
Alvares, A.	2-1-66	4,002.12	333.51
Hoffman, V. D.	12-6-65	4,092.96	341.08
Pinkston, J. A.	4-16-66	4,620.60	385.05
Lorenz, H. E.	3-15-68	3,673.65	384.74
Quain, R. C.	4-1-63	4,037.28	336.44
Acquistapace, J. M.	2-1-66	4,002.12	333.51
Maclean, A. A.	11-27-57	3,010.32	250.86
Matranga, J.	2-1-53	2,047.80	170.65
Gadsby, W. R.	9-1-63	4,124.64	343.72
Kidder, D. R.	9-1-66	4,782.24	398.52
Flesner, F. J.	7-28-63	4,109.76	342.48
Emerson, R. M.	12-10-58	811.44	67.62
Schwandt, H. J.	1-1-57	2,484.84	207.07
Powers, J. J.	8-22-55	2,719.32	226.61
Emery, L. W.	8-20-64	3,395.28	282.94

<u>NAME</u>	<u>DATE RETIRED</u>	<u>TOTAL PAID DURING PERIOD</u>	<u>AMOUNT OF MONTHLY PENSION</u>
Parker, H. C.	5-1-64	5,281.08	429.40
Garcia, S.	2-27-62	3,336.24	278.02
Miller, E. C.	11-1-59	3,418.68	284.89
Powers, E. W.	6-1-59	3,332.16	277.68
*Humburg, W.	3-12-53	2,078.28	173.19
Murray, C. A.	3-12-62	3,837.24	319.77
Jones, I. A.	8-21-57	2,597.04	216.42
Anderson, E. D.	8-1-55	2,718.48	226.54
Kirby, H.	7-1-62	4,582.08	381.84
Cecil, D.	7-7-66	5,098.20	424.85
Haas, C. G.	6-7-66	4,054.68	337.89
Morss, K. G.	9-20-57	2,607.72	217.31
Foley, R. J.	5-13-42	1,231.68	102.64
Fuller, P.	1-8-46	1,212.72	101.06
Gomes, A.	1-15-68	4,929.54	426.86
Guerin, P. C.	2-15-66	4,212.60	351.05
Fusco, G. W.	6-10-67	4,224.84	352.07
Spadafore, C.	3-1-60	3,012.72	251.06
Edes, H. A.	7-1-62	3,906.00	325.50
Anderson, H. H.	11-1-55	2,731.80	227.65
Blackwood, T. C.	11-1-64	4,331.64	360.97
Jennings, R. R.	9-5-60	3,517.68	293.14
Batti, G. J.	5-11-64	4,227.36	352.28
Pracna, E. S.	4-13-63	5,175.24	431.27
Gray, R. t.	4-1-65	3,921.36	326.78
Conyers, Sr. F. E.	10-26-62	3,957.72	329.81
Brown, W. C.	4-1-47	2,075.04	172.92
**Kunze, B. E.	11-25-55	1,772.52	147.71
Davis, H.	9-1-65	4,455.84	371.32
Morton, J. H.	1-14-52	1,950.72	162.56
Murtha, V. D.	4-1-65	4,014.36	334.53
Emery, W.	5-26-60	3,036.12	253.01
Guptill, L. E.	7-1-54	2,612.04	217.67
Volonte, L. J.	5-2-49	1,390.32	115.86
Urzi, R. S.	3-18-68	3,460.05	366.08
		<u>246,038.83</u>	

Survivorship Benefits:

Shepherd, D. M.	5,394.96	449.58
Sawyer, B. E.	4,493.76	374.48
Wakeman, L. C.	2,485.80	207.15
Odgen, A. L.	2,797.92	233.16
Bruegmann, M. A.	5,152.80	429.40

<u>NAME</u>	<u>DATE RETIRED</u>	<u>TOTAL PAID DURING PERIOD</u>	<u>AMOUNT OF MONTHLY PENSION</u>
SURVIVORSHIP BENEFITS: (Continued)			
Lunsford, P. M.		8,795.68	345.38
Russo, J.		1,918.68	159.89
***Hill, I. C.		834.32	104.29
	(subtotal)	<u>277,912.75</u>	
DECEASED:			
Siebuhr, L.	10-1-46	<u>436.58</u>	116.94
	(subtotal)	278,349.33	
* Less charge to fund 01-619-826 Industrial Award to Mr. Humburg		<u>- 962.52</u>	
		277,386.81	
*Pension for I. C. Hill Discontinued			
*** B. E. Kunze receives a monthly pension of \$228.14 less \$18.46 paid by State Industrial Accident Insurance Fund.			
		centless adjustment <u>- 2.81</u>	
		<u><u>277,384.00</u></u>	

POLICE AND FIRE DEPARTMENT RETIREMENT PLAN

THE FOLLOWING PERSONS APPLIED FOR AND RECEIVED ENTITLEMENT FOR A MONTHLY RETIREMENT BENEFIT DURING THE PERIOD JANUARY 1, 1968 TO DECEMBER 31, 1968:

- JACK STANLEY - Employed 6-4-44 to 1-14-68 in the Fire Department. Retired under provisions of Section 2903.206.
- ANTHONY GOMES - Employed 11-12-45 to 1-15-68 in the Fire Department. Retired under provisions of Section 2903.206.
- HERMAN LORENZ - Employed 12-1-42 to 3-15-68 in the Police Department. Retired under provisions of Section 2903.206.
- HERBERT BARTOLINI - Employed 7-6-59 to 4-1-68 in the Police Department. Retired under provisions of Section 2903.209.
- ROBERT URZI - Employed 12-6-46 to 3-18-68 in the Fire Department. Retired under provisions of Section 2903.208.
- GORDON TURNAGE - Employed 2-15-60 to 3-8-68 in the Fire Department. Retired under provisions of Section 2903.209.
- ANDREW CRAWFORD - Employed 6-26-57 to 4-5-68 in the Police Department. Retired under provisions of Section 2903.209.
- PAUL RATKOVICH - Employed 11-15-61 to 4-1-68 in the Fire Department. Retired under provisions of Section 2903.210.
- WILLIAM POELLE - Employed 9-11-51 to 9-11-68 in the Police Department. Retired under provisions of Section 2903.210.

THE FOLLOWING PERSONS DIED AFTER RETIREMENT DURING THE PERIOD JANUARY 1, 1968 to DECEMBER 31, 1968:

- LOUIS SIEBHUR - Employed 8-15-03 to 10-1-46 in the Fire Department. Died on 4-22-68.

POLICE AND FIRE DEPARTMENT RETIREMENT PLAN

Contributions Refunded
 January 1, 1968 - December 31, 1968

<u>NAME</u>	<u>DEPARTMENT</u>	<u>CONTRIBUTIONS</u>	<u>INTEREST</u>	<u>TOTAL REFUND</u>
Clark, Harold	Fire	2,538.06	190.48	2,728.54
Collins, Billy J.	Police	3,229.41	300.75	3,530.16
Culwell, Kenneth	Police	1,186.22	42.12	1,228.34
Ferrera, Barton	Police	1,248.30	40.29	1,288.59
Fitch, John	Police	2,207.40	128.31	2,335.71
Hodges, Gerald	Police	2,400.57	164.88	2,565.45
McKenzie, Charlene	Police	2,303.31	204.43	2,507.74
Olmsted, William	Police	1,289.10	44.24	1,333.34
Pegram, Lawrence	Police	439.01	4.19	443.20
Reikes, John	Police	1,002.44	24.82	1,027.26
Schwartz, Gerald	Police	239.00	1.39	240.39
Sirois, Robert	Fire	249.95	1.75	251.70
		<u>\$ 18,332.77</u>	<u>\$1,147.65</u>	<u>\$ 19,480.42</u>

POLICE AND FIRE DEPARTMENT RETIREMENT PLAN

PENDING BOARD RECOMMENDED CODE REVISIONS

1. On September 6, 1966, the Board recommended that all military leave credits should be paid for by the City.
2. On September 6, 1966, the Board recommended that an amendment be made to the San Jose Municipal Code for designation of a beneficiary for retirement and survivorship benefits.
3. On September 10, 1968, the Board recommended that employee contributions to the Retirement fund could be used as collateral for loans made with the Employee Credit Union.
4. On October 3, 1968, the Board requested clarification of actuarial computation process on retirements granted for those between the ages of fifty and fifty-five.