

# HOUSE . . . . No. 170

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## The Commonwealth of Massachusetts

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DEPARTMENT OF EDUCATION,  
TEACHERS' RETIREMENT BOARD,  
100 NASHUA STREET, BOSTON, December 4, 1940.

*To the General Court of Massachusetts.*

In compliance with the provisions of section 33 of chapter 30 of the General Laws, I herewith submit part of the annual report of the Teachers' Retirement Board (Pub. Doc. No. 109) containing a recommendation for legislation with the accompanying bill.

WALTER F. DOWNEY,  
*Commissioner of Education.*

## RECOMMENDATION.

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TO ESTABLISH A MINIMUM RATE OF INTEREST TO BE CREDITED TO THE ACCOUNTS OF MEMBERS OF THE TEACHERS' RETIREMENT ASSOCIATION.

The retirement system for state employees, the retirement systems for county employees and the retirement systems for city and town employees, all provide that the accounts of members shall be credited with interest at substantially the rate earned, with a minimum rate of 3 per cent. The Teachers' Retirement System provides that interest shall be credited at substantially the rate earned, but there is no minimum rate. As the Teachers' Retirement System is the only system which does not have a guaranteed minimum rate, it is recommended that the definition of "regular interest" in the Teachers' Retirement Law be amended by adding the provision that interest at the rate of 3 per cent will be guaranteed.

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Accompanying the recommendation of the Teachers' Retirement Board. Pensions.

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## The Commonwealth of Massachusetts

In the Year One Thousand Nine Hundred and Forty-One.

AN ACT ESTABLISHING A GUARANTEED MINIMUM RATE OF INTEREST UNDER THE TEACHERS' RETIREMENT LAW.

*Be it enacted by the Senate and House of Representatives in General Court assembled, and by the authority of the same, as follows:*

1 Section six of chapter thirty-two of the General  
2 Laws is hereby amended by striking out the defini-  
3 tion of "Regular interest", as appearing in the Ter-  
4 centenary Edition, and inserting in place thereof the  
5 following:

6 "Regular interest", interest at the rate determined  
7 by the retirement board, which shall be substantially  
8 that which is actually earned, compounded annually  
9 on the last day of December; provided, that in no  
10 event shall said interest rate be less than three per  
11 cent, and if the income from investments of the funds  
12 of the system for any year is insufficient to pay said  
13 rate the commonwealth shall make good the defi-  
14 ciency as provided by paragraph (2) of section nine.

