

rise to the higher figure prior to retirement (normal or medically unfit), but even a brief glance at the two sets of salaries showed that at the younger ages the disparity between actual and hypothetical salaries was not wide enough to justify the assumption of valuing on the basis that future salary increases would not bridge the gap. It therefore became necessary, not only to separate those contributing on actual and on hypothetical salaries, but also to make two valuations of those contributing on hypothetical salary to make the necessary allowance for the fact that males under age forty-seven and females under age forty-one would, on the average, rise to a higher actual salary than the hypothetical salary on which they were contributing. In making these several valuations it was essential to allow for the fact that all salaries at 1st February, 1934, were automatically increased by 5 per cent. as from 1st April, 1934, and to make some assumption as to an early restoration of portion of the remainder of the salary "cuts." For this purpose I assumed that an immediate all-round increase of 5 per cent. would be forthcoming on 1st February, 1935. Actually, a 7½-per-cent. increase was subsequently granted in August, 1935, and all salary "cuts" were fully restored as from 1st July, 1936.

18. The actual deaths among contributors during the quadrennium were 45 males and 32 females, as against 59 and 34 respectively expected by the tables used in the previous valuation. The lighter mortality during service among male members was in evidence for all age-groups, and was due to some extent to an increase in the number retiring medically unfit.

19. The withdrawals were 274 males and 1,565 females, as against an expectation of 271 and 1,471 respectively. The reduction in the number of females withdrawing was not unexpected in view of the natural hesitation to exchange remunerative employment for marriage during a period of prolonged economic depression.

20. The retirements numbered 200 males and 296 females, as against an expectation of 146 and 227 respectively, the excess being limited to those within ten years of the normal ages of retirement. I am not in a position to say what portion (if any) of this increase in the number of retirements was compulsory, or due to a deliberate use of the Fund to facilitate retrenchment. The number of contributors dropped from 9,614 in 1930 to 8,901 in 1934, while the number of pensioners (exclusive of widows and children) which had increased from 1,003 in 1927 to 1,231 in 1930, grew to no less than 1,542 in 1934.

21. In view of the special influences operating during the quadrennium, I decided to regard the experience as abnormal, and to adopt for valuation purposes future rates of mortality, withdrawal, and retirement based on the period 1919 to 1930 and used in the 1930 valuation.

22. Males and females were valued separately, and details of the Experience Tables adopted and the Life and Service Tables deduced therefrom are given in Tables VI and VII of the Appendix.

23. The factors necessary for the valuation of widows' and children's benefits were built up from population statistics combined with the experience of the Fund itself.

#### RESULTS OF VALUATION.

24. Section 111 (2) of the Act requires the actuarial report to be so prepared "as to show the state of the Fund at the close of the period, having regard to the prospective liabilities and assets."

The valuation has been made accordingly, and the results are shown in Table IX of the Appendix, but they may be shortly summarized as follow:—

		£	£
Present value of existing pensions and allowances	.. .. .	..	2,975,900
Present value of prospective benefits	.. .. .	5,834,778	
Less present value of members' contributions	.. .. .	1,323,677	
		-----	4,511,101
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Total net liabilities	.. .. .	..	7,487,001
Funds in hand	.. .. .	..	1,003,185
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Present value of total liability of State	.. .. .	..	6,483,816
Less present value of present subsidy of £43,000 (if treated as a perpetuity)	.. .. .	..	955,556
And less present value of State subsidy under section 114 of the Act	.. .. .	..	156,114
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Value of future subsidies to be provided for by the State over and above the present subsidy	.. .. .	..	£5,372,146
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25. The above statement shows a total State liability of £6,483,816, as compared with £5,559,202 at the last valuation, giving an increase of £924,614. It should, however, be pointed out that £156,114 of this increase is due to the inclusion of the special widows' and children's subsidy under section 114 of the Act as a permanent liability. In the past this has been treated as a supplementary payment to widows and children, and confusion has at times arisen in endeavouring to reconcile statements made as to the amount of Government subsidies paid to the Fund. The balance of the increase is mainly due to the accumulation at interest of that part of the State's liability which is unprovided for, and to the excessive number of retirements of comparatively young teachers.