

RECEIPTS—DISBURSEMENTS—ASSETS

Trends during recent years point to a steady and persistent increase over the years in finances as indicated by the latest compiled figures:

(Amounts in millions of dollars)

Period	Receipts	Benefit and withdrawal payments	Assets—Cash and security holdings
1964-65	\$5,260	\$2,008	\$31,814
1963-64	4,787	1,844	28,639
1962-63	4,394	1,665	25,629
Percent increase:			
1964 to 1965 from 1963 to 1964	9.9	8.9	11.1
1963 to 1964 from 1962 to 1963	8.9	10.8	11.7

Source: Bureau of the Census, Department of Commerce.

MAJOR CATEGORIES OF INVESTMENTS

The following table illustrates the major categories of investments for the 1964-65 fiscal year with the amounts for the 1963-64 fiscal year given for comparison:

(Dollar amounts in millions)

Items	1964-65		1963-64	
	Amount	Percent of total	Amount	Percent of total
Cash and security holdings at end of fiscal year	\$31,814	100.0	\$28,639	100.0
Cash and deposits	323	1.0	300	1.0
Government securities:				
Federal	7,397	23.3	6,954	24.3
State and local	2,745	8.6	3,082	10.8
Nongovernmental securities:				
Corporate bonds	15,098	47.4	13,346	46.6
Corporate stocks	1,422	4.5	1,123	3.9
Loans to members	15	.1	18	.1
Mortgages	3,379	10.6	2,809	9.8
Other	1,436	4.5	1,007	3.5

Source: Bureau of the Census data.

SUPPLY OF CAPITAL FUNDS

BASIC FACTORS

The investment history of public retirement funds has consisted of a concentration in U.S. Government bonds, and State and municipal bonds. For many years the investments of these funds in State and municipal bonds were confined exclusively to the State of their operation. Since 1946, a considerable relaxing of restrictions occurred and bonds of other States and municipalities were made eligible for investment subject to prescribed limitations and conditions. The realization during recent years that larger earnings could be obtained on other types of securities with reasonable safety has resulted in a broadening of the investment authority by the inclusion of corporate bonds, mortgages, and common stocks. The increasing need of additional revenues has contributed in some measure to this change of policy.