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that. I'm having trouble down a little farther on line 10, not with standing the fore said percentage limits, the proceeds of the sale of such securities of any corporation may be reinvested in any securities authorized. Now that means that if we would sell any of the bonds or stocks in that fund that it is accepted from the 40%. Such as we got a 100 dollars of new money and we got a 100 dollars worth of sale money, can we not invest \$140 in anything we want to.

SENATOR WHITNEY: No I think the original 40 % still prevails. That would be my interpretation of it.

SENATOR KELLY: Mine is the reverse of that.

SENATOR WHITNEY: If you have a question there Senator Kelly, I think this is a good reason why we should kill this amendment and then lets get together with those who are interested and work out a different amendment.

SENATOR KELLY: Thank you very much.

SENATOR FRANK LEWIS: Mr. chairman I have a couple questions I'd like to direct not only to Senator Whitney, but perhaps to Senator Carpenter. But before I do that I would like to preface it a couple statements. My primary concern with this money we're talking about is the fact that it belongs to people and the basis of the investment has some determination on the quality of the retirement money they subsequently receive. This money belongs to other people, this money belongs to the state employ who pays it in. This money belongs to the schoolteacher that pay it in. This money belongs to those people, that is their money. And our first concern, our first concern has to be 1. For the safety of that investment. 2. For the highest return on that investment. There have been those who have looked at this as money that we can invest for good and worthwhile purposes, and we can loan it out to somebody else, and that's pretty damn big of us to say we're going to loan somebody elses money at a less rate than we're going to. So I think my concern, Whitney, is not how it teaches the teachers in the classrooms or on a piece of the action, or being part of America, my concern is that his bucks that we want to invest at the highest return on a safety level. Now, first, I'd like to ask you a question if I may.

SENATOR WHITNEY: Yes, sir.

SENATOR FRANK LEWIS: In your judgement, the change from the higher percent of investments in stocks to a lower percent would have significant effects on the earning rates for this fund

SENATOR WHITNEY; Senator, I believe it would over a long period of years. The University of Chicago made a study of the returns on common stocks after including capital gains. Over a period now of 35 years, they discovered that the earnings in stocks instead of being higher than they were from bonds The earnings averaged 9% a year. Now this was during a period of time when bonds had a lower yield of course than they presently do. But I feel that over a long period of time that a certain percentage of our portfolio should be the common stocks, and that therefore you will receive a higher