

bank or trust company shall not exceed twenty-five per centum of the paid up capital and surplus of such bank or trust company.

(5) Except as otherwise herein provided, no trustee and no employee of the Board of Trustees shall have any direct interest in the gains or profits of any investment made by the Board of Trustees. No trustee or employee of the Board shall, directly or indirectly, for himself or as an agent, in any manner use the same except to make such current and necessary payments as are authorized by the Board of Trustees; nor shall any trustee or employee of the Board of Trustees become an endorser or surety, or in any manner an obligor, for moneys loaned to or borrowed from the Board of Trustees.

8. *Method of Financing.* All of the assets of the retirement system shall be credited, according to the purpose for which they are held, among five funds, namely, The Annuity Savings Fund, the Annuity Reserve Fund, the Pension Accumulation Fund, the Pension Reserve Fund, and the Expense Fund.

(1) ANNUITY SAVINGS FUND.

(a) The Annuity Savings Fund shall be a fund in which shall be accumulated contributions from the compensation of members to provide for their annuities. Upon the basis of such tables as the Board of Trustees shall adopt and regular interest, the actuary of the retirement system shall determine for each member the proportion of earnable compensation which, when deducted from each payment of his prospective compensation earnable prior to this attainment of the age of 65 and accumulated at regular interest until his attainment of said age, shall be computed to provide at that time an annuity equal to the pension to which he will be entitled at that age on account of his service as a member. Such proportion of compensation shall be computed to remain constant.

(b) The proportion so computed for a member of the age of 64 shall be applied to a member who attains a greater age before he becomes a member of the retirement system. The Board of Trustees shall certify to the head of each department, and the head of each department shall cause to be deducted from the salary of each member on each and every payroll of such department for each and every payroll period, the proportion of earnable compensation of each member so computed. But the head of any department shall not have any deduction made for annuity purposes from the compensation of a member who elects not to contribute if he has attained the age of 65 and has completed thirty-five years of service. In determining the amount earnable by a member in