

Notes and Brief Reports

Public Policy and Private Pension Programs*

The President's Committee on Corporate Pension Funds and Other Private Retirement and Welfare Programs submitted its report to President Johnson on January 15, 1965. The Cabinet-level committee, appointed by President Kennedy in 1962, was headed by Labor Secretary W. Willard Wirtz; the alternate for Secretary of Health, Education, and Welfare Anthony Celebrezze was the Commissioner of Social Security, Robert M. Ball.

President Kennedy established the Committee on March 28, 1962. He asked that it conduct "a review of the implications of the growing retirement and welfare funds for the financial structure of the economy, as well as a review of the role and character of the private pension and other retirement systems in the economic security system of the Nation, and consideration of how they may contribute more effectively to efficient manpower utilization and mobility."

In summarizing the relationship between the private plans and old-age, survivors, and disability insurance (OASDI), the Committee described the Federal program as the Nation's basic program of old-age security, with more than 9 out of every 10 persons in paid employment and self-employment covered or eligible for coverage. The private pension, it stated, is typically related to the individual's length of service within the particular firm or industry, and private plans tend to emphasize more nearly adequate retirement income for the average and above-average earner and for the career employee. It concluded that—

(1) The public program will continue to be the Nation's basic instrument for assuring reasonably adequate retirement income to workers and to their widows and dependents.

(2) Private plans should continue as a major

* President's Committee on Corporate Pension Funds and Other Private Retirement and Welfare Programs, *Public Policy and Private Pension Programs: A Report to the President on Private Employee Retirement Plans*, January 15, 1965.

element in the Nation's total retirement security program. Their strength rests on the supplementation they can provide to the public system.

(3) Because of the social purposes served by the private plans, public policy should continue to provide appropriate tax incentives to their growth and set a firmer foundation for their development.

(4) Continuing attention is needed to assure that the combined benefits available through OASDI and private pensions are reasonably related to wage levels and living standards.

With respect to vesting provisions, the Committee made several recommendations, including the following:

(1) Amendment of the Internal Revenue Code to require that a private pension plan, to qualify for favored tax treatment, provide a reasonable measure of vesting.

(2) A system of graded deferred vesting based solely on service.

Recommendations made by the Committee for strengthening the minimum standards for funding include the following:

(1) For stated benefit plans, full funding for all current-service liabilities and full amortization of all accrued liabilities over a period that roughly approximates the average work life of employees but not more than 30 years.

(2) For fixed contribution plans, contribution commitments realistically related to benefits promised and actually paid.

(3) Certification by a qualified actuary at the inception of the plan and periodically thereafter.

(4) Review by the Internal Revenue Service on the basis of guidelines or ranges of standards with respect to the actuarial assumptions.

(5) Determination, made concurrently with actuarial certification, by a qualified public accountant with respect to the value of the fund assets.

In connection with both the vesting and funding provisions, the Committee recommended an appropriate transition period, and special procedures that would be made available to any plan whose costs would be raised by more than 10 percent as a result of the recommendations for vesting or funding or a combination of the two.

In other sections of the report the Committee considered the Federal Government's interest in

the private retirement plans; the effect of pensions on labor mobility and manpower policy; portability and insurance; inequities under the tax laws; and financial aspects of the plans, including the effects of accumulated reserves and investment policy and the protection of employees against the misuse of pension funds. The Committee also suggested some areas for further study and research.

Recent Publications*

SOCIAL SECURITY ADMINISTRATION

Disability and Social Security. (OASI-29f.) Washington: U. S. Govt. Print. Off., Mar. 1965. 40 pp. 20 cents.

Summarizes disability provisions, with emphasis on the evaluation of impairments and the kinds of medical evidence needed.

Disability Applicants Under the Old-Age, Survivors, and Disability Insurance Program, 1963: Selected Data. Baltimore: The Administration, Mar. 1965. 56 pp. Limited free distribution; apply to the Social Security Administration, Baltimore, Md. 21235.

DIVISION OF RESEARCH AND STATISTICS. *Enrollment of Blue Cross and Blue Shield Plans, 1963.* (R&S Note No. 7-1965.) Washington: The Division. 1965. 11 pp. Limited free distribution; apply to the Division of Research and Statistics, Social Security Administration, Washington, D. C. 20201.

WELFARE ADMINISTRATION

COLL, BLANCHE D. "Deprivation in Childhood: Its Relation to the Cycle of Poverty." *Welfare in Review*, vol. 3, Mar. 1965, pp. 1-10. 35 cents.

Considers economic, emotional, and cultural deprivation and illness, and research in the field.

OFFICE OF AGING. *You—the Law—and Retirement*, by Virginia Lehmann. Washington: U. S. Govt. Print. Off., 1965. 36 pp. 25 cents.

How to use legal help in preparing for retirement.

OFFICE OF JUVENILE DELINQUENCY AND YOUTH DEVELOPMENT. *Conference Proceedings: Extension of Legal Services to the Poor.* Washington: U. S. Govt. Print. Off., 1965. 202 pp. 60 cents.

Proceedings of a conference held in Washington in November 1964 to facilitate cooperation between lawyers and social workers.

GENERAL

BECKER, JOSEPH M., S.J., editor. *In Aid of the Unem-*

* Prepared in the Library, Department of Health, Education, and Welfare. Orders for items listed should be directed to publishers and booksellers; Federal publications for which prices are listed should be ordered from the Superintendent of Documents, U. S. Government Printing Office, Washington, D. C. 20402.

ployed. Baltimore: Johns Hopkins Press, 1965. 317 pp. \$8.95.

Ways our society helps the unemployed worker.

BORTS, GEORGE H., and STEIN, JEROME L. *Economic Growth in a Free Market.* New York: Columbia University Press, 1964. 235 pp. \$7.50.

Detailed economic analysis, interpreting the growth, development, and decline of various regional economic entities in the United States.

DUNNE, GEORGE H., S.J., editor. *Poverty in Plenty.* New York: P. J. Kenedy & Sons, 1964. 142 pp. \$3.95.

Seven papers examining the causes of poverty and proposing weapons to combat it.

FERGUSON, JAMES M., editor. *Public Debt and Future Generations.* Chapel Hill: University of North Carolina Press, 1964. 234 pp. \$6.75.

Articles on the shifting of a burden of public expenditure to future generations of taxpayers.

IMAMURA, SADAOKO. *Mother and Blind Child.* New York: American Foundation for the Blind. (Research Series No. 14.) 1965. 78 pp. \$1.50.

Influence of a parent's attitude and actions on the behavior of a young, blind child.

JOHNSON, BYRON. "You Mean Poverty is My Responsibility?" *Social Action*, vol. 31, Mar. 1965, entire issue. 35 cents.

The church and poverty.

SHAFFER, HELEN B. "Unemployment Benefits in Prosperity." *Editorial Research Reports*, vol. 1, Mar. 5, 1965, entire issue.

Problems of the unemployment insurance system.

U. S. DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE and U. S. HOUSING AND HOME FINANCE AGENCY. *Two-Year Progress Report: Joint Task Force on Health, Education, Welfare Services, and Housing*, by I. Jack Fasteau and Abner D. Silverman. Washington: U. S. Govt. Print. Off., Sept. 1964. 79 pp.

RETIREMENT AND OLD AGE

BENJAMIN, B. "Demographic and Actuarial Aspects of Ageing, with Special Reference to England and Wales." *Journal of the Institute of Actuaries*, vol. 90, part III, No. 386, 1964, pp. 211-253. \$3.50.

Population factors and actuarial implications of current gerontological research.

BIRREN, JAMES E. *The Psychology of Aging.* Englewood Cliffs, N. J.: Prentice-Hall, 1964. 303 pp. \$6.95.

BLENKNER, MARGARET, and others. *Serving the Aging: An Experiment in Social Work and Public Health Nursing.* New York: Community Service Society of New York, 1964. 249 pp. \$2.50.

"Dual Beneficiaries Under Railroad Retirement and Social Security Acts, 1962." *Monthly Review* (Railroad Retirement Board), vol. 26, Mar. 1965, pp. 2-6f.

Summarizes information on dual beneficiaries as of the end of 1962.

NATIONAL CONFERENCE OF CATHOLIC CHARITIES. *Guides for Catholic Homes for the Aging.* Washington: The
(Continued on page 45)