PUBLIC POLICY AND PRIVATE PENSION PLANS**

1. General and Background Material


A critical analysis of the shortcomings of private group pension plans, especially with reference to extent of coverage and adequacy of benefits. Among the proposals made for strengthening these plans are changes in tax regulations to encourage vesting and employee contributions, and some degree of federal participation in a clearing house arrangement which would facilitate portability of pension credits.


The purpose of these hearings was to try "to identify those persons who comprise the 50 percent not now under private pension coverage and the 40 percent who are not expected to be covered in 1980" and also to receive suggestions "as to what Federal laws, administrative actions, and policies could result in improved coverage for the maximum number of this hard-to-cover 40 percent."


A study of the characteristics of 677 unfunded plans with respect to method of administration and provisions regarding benefits, early retirement, disability retirement, vesting, death benefits, and survivor options. In addition, 174 plans supplementary to funded plans were also analyzed.


This bulletin gives in chart form the principal features of 100 selected plans in 20 industries. The criteria for selecting plans for inclusion

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**Items from this list should be ordered directly from the publisher. Addresses are given in connection with each reference.
were that "they covered large numbers of workers in major industries, . . . they illustrated different approaches to pension planning, or because of widespread interest in the plan."

U.S. 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 retirement plans. Washington 20402: Government Printing Office. 1965. 82 pp., appendices. 75 cents.

An appraisal of "the whole range of public policy relating to the present and future of private retirement plans" with recommendations designed to increase the effectiveness of private pension plans as an integral part of the national economic security program. In brief, these recommendations include requiring that funds be vested in order to qualify for favored tax treatment, that funding requirements be strengthened, and that some regulation of investment policy to protect the interests of employees be established.

2. LEGAL AND FINANCIAL ISSUES


An analytical review of "the legal bases of employee rights under private pension plans and the impact on those rights of various acts of the employer, the employee, or the bargaining representative of the employees." Deficiencies in legal protection are pointed out and recommendations are made for changes or additions to governmental regulation of private pensions. These deal with delinquency in payments, bankruptcy, and mergers. While supporting the principle of vesting, compulsory vesting is not advocated.


 Recommends "that an appropriate regulatory body should be given added responsibilities over private corporate pension funds. These responsibilities should include the power: (1) to study and develop appropriate standards of prudence in investment of the funds; (2) to enforce such standards; (3) to assure periodic disclosure to beneficiaries of the financial statements of the fund; and (4) to bring suit against malfeasors on behalf of the plan participants and their beneficiaries." These recommendations were "a point of departure" for the President's Committee on Corporate Pension Funds.


Nearly two-thirds of 1213 pension plans studied had some type of vesting provision. This was more common among contributory than
non-contributory plans. Most of the article consists of detailed analysis of various types of eligibility requirements for full vesting.

Harbrecht, Paul P. *Pension funds and economic power*. New York 10021. Twentieth Century Fund (41 E. 70th St.). 1959. 328 pp. $5.00.

In developing his central theme that the vast expansion of pension funds is altering the character of American capitalism, the author also reviews critically the main characteristics of private pensions in their legal setting. He concludes that the rights of the beneficiaries of the pension funds are inadequately protected and that the power which they represent is becoming increasingly concentrated in "the corporate employers, in the labor unions and in the financial trustees on the economic side, and in government on the political side."


While acknowledging the restraining influence of pension plans on labor mobility, the author doubts the continued strength of this tendency because the "nature of pension plan developments to date encourages the hope that they will move ahead in directions favorable to mobility and economic freedom." He also argues that although the potential for economic concentration of pension funds is vast, "there is no real evidence that this has developed into a significant public problem." However "reasonable steps might be taken to give the public the opportunity to appraise, from time to time whether" such a problem "has or has not developed."

3. PENSIONS AND MANPOWER POLICY


"The cross-section analysis of the voluntary separation rates" of institutions of higher education showed that, for the industry as a whole, "mobility was as large" in institutions with non-vested plans as in those with vested plans, confirming the findings of similar studies of production workers. However the author was able to subdivide his data to a greater extent so that differential effects on the mobility of particular groups of faculty were observed. This leads him to speculate that subdividing aggregate data on industrial workers by occupation might also reveal differential effects.


Discusses the economic pressures which lead to the adoption of multi-employer pension plans and the extent to which such plans affect labor mobility. The authors conclude that "while pooled pensions do provide more latitude for movement than do single-employer plans . . . , it is
difficult to dismiss the fear that they still may have a restraining influence on mobility,” whether occupational, interindustry, or geographic.


An attempt “to assess the relative influence of private pension plans” on labor mobility through interviews with workers in two closely comparable firms, one with, and the other without, a pension plan. The author concludes that “private pension plans make little difference in the degree to which manual workers are ‘tied’ to their employers.” In his discussion of policy implications, he suggests that “the appropriate relationship between public and private retirement plans can be evaluated independently of mobility considerations,” and that “while provisions for deferred vesting in private pension plans may be eminently desirable... they are not likely to make the mobility of manual workers appreciably greater than it is under nonvested plans.”


Examines the effects of corporate pension plans on labor mobility, employment opportunities of older workers, and on retirement and withdrawal from the labor force.


This study of nearly 16,000 plans contains factual data on prevalence and types of plans and on types and characteristics of benefits provided. No attempt was made to measure the effects of various types of vesting, early retirement, and portability provisions on labor mobility directly, but the implications of specific practices for mobility are examined.


Outlines the provisions of the Pension Benefits Act which became effective in the Province of Ontario on January 1, 1965, and which covers all companies having fifteen or more employees. The most notable features are full vesting when a plan member becomes forty-five and has completed ten years of service and the “locking in” of employee contributions. Regulations with respect to types of investments permitted and funding are also included. The author reports that prospects are good for uniform portable pension legislation in all the provinces within a short period.