

and as a precedent in tending to restrict the growth and development of new plans and benefit provisions.

Third, we would try to find some clear, but basic, ground rules to guide administrators in the future. Specifically, if it were made clear that the central relationship of importance in the design of the rules was a comparison of the maximum monthly benefit with base wages, much of the mystery, confusion, and complexity of the present rules would be eliminated. Further, if it were understood that the "grandfather clause" arrangement would be kept, there would also be a good deal more certainty. At the minimum what should be avoided is new elements in a formula approach which cannot but be construed as signposts that there will be frequent further changes in the basic rules.

Fourth, to some degree "the monkey is on the wrong back" because Congress makes the changes in the law that lead to the reconsideration of the integration rule. Not so many years ago Congress, of course, was involved in consideration of the rule and perhaps it is time to return the problem from whence it came. We have no fixed view on how this should be handled, but it seems certain that the basic purpose of the rule to prevent discrimination needs review and probably this review should be legislative in nature.

Finally, we think the starting point should be agreement on the principle that the rule should not be changed solely because "the formula" is based on debatable assumptions which in their very nature are not subject to "proof."

In concluding, we would like to say again that we appreciate this opportunity to comment as part of the Service's background review before any proposed rule is issued. If the Institute and its staff can be of any further help in this connection, you have only to call on us.