Banks and insurance companies are attempting to make some of the advantages noted above available to smaller plans. Small employers can participate in commingled trust funds operated by banks and trust companies. The funds may include either fixed income securities or common stocks, or both. With reference to insured plans, deposit administration contracts are increasingly being made available to relatively small-size plans.

FROM STANDPOINT OF UNION

Uniform Benefits.—A labor official may view uniform pension benefits for all union members as a desirable objective. Uniform benefits can be negotiated under single-employer plans, but the varying cost characteristics of individual employers lead to different cost commitments. A multiemployer scheme does permit both uniform employer contributions and uniform employee benefits, if that is what management and labor desire.

Not all employees benefit from uniform benefit plans. In some cases, higher benefits would be available to some employees under single-employer plans. In at least one multiemployer plan, employees were removed from a more favorable company plan to participate in the newer joint plan. One union faced with this problem of having some members already covered in company plans gave the employees (as a group, not individually) of each employer the option to elect either the company plan or the multiemployer plan.

Portability of Pension Credits.—In most plans, employees accumulate pension credits for all employment with participating employers. More liberal service credit definitions may be based on employment in the industry or on years of union membership. The portability of pension credits is an important characteristic of these plans to employees in industries characterized by skilled craftsmen, numerous small employers, intense competition, and a high rate of business failure. Without the opportunity to transfer service credits, employees in certain industries would be unable generally to meet the requirements for a pension benefit. This feature of multiemployer plans is also advantageous to the union in that it may encourage membership loyalty.

The effectiveness of the above practice is somewhat limited, in that the transferability of pension credits is usually restricted to employment for participating employers. The provision becomes more meaningful in regional and national plans. Some unions have worked out reciprocity agreements which permit transfers of credits between various plans of the same union; a few plans permit transfers between plans of different unions.

The objective of portable pension credits can be achieved in single-employer plans by providing full and immediate vesting of earned pension benefits. This latter solution does, of course, raise the question of cost to the employer to provide such a benefit. Furthermore, the high rate of turnover in certain industries, such as the longshoring and maritime trades, makes a full and immediate vesting provision administratively burdensome and costly.

A high rate of turnover of the employee force is not of itself sufficient justification for the establishment of a multiemployer plan. There must be some cohesive force which will tend to keep these employees