unknown but possibly substantial proportions, depending on its adequacy, thus inhibiting potential benefits.

It would be a mistake, under these circumstances, to impair the usefulness of the private pension plans by burdening them with requirements intended to assist a fractional percentage of those covered, especially when there is no compelling reason in equity to secure such individuals against this particular risk of plan discontinuance when funds prove to be inadequate.

Conclusions as to Portability

Portability also is a concept which may have some appeal in certain circumstances, although it is perhaps not of major usefulness if there is vesting. The great variations in pension benefits, in actuarial assumptions, and in degrees and methods of funding make it difficult to conceive that it would be practical or equitable to carry a pension credit from one entirely separate plan to another. Also, if fund assets were to be transferred from one pension plan to another for an individual, the assets transferred would have to be limited so that the security of other individuals was not impaired. The Bell System companies believe that much more study is required before legislation of this type is enacted.

Summary and Conclusions

On the basis of their 54 years of operation of their own pension and benefit plans, during 40 years of which they have been funding pensions, the Bell System companies conclude that:

1. Private pension plans have a valid business purpose, which it is also in the interests of employees and the public to protect.
2. The circumstances surrounding private pension plans are so varied and complex that great freedom and latitude to adapt to and change with those circumstances should continue to be permitted.
3. Occasional abuses should not lead to legislation which would impair the usefulness of pension plans in general.
4. The potentialities for basic harm to the private pension system of various current proposals for rigid funding requirements, unlimited vesting, reinsurance and portability make it the path of wisdom to refrain from prematurely enacting new legislation along those lines. Much more study, factual analysis, and examination of probable consequences, as well as further evaluation of the premises behind the proposals, is needed. The Bell System companies believe that the likely ultimate conclusion will be that no such legislation would be desirable. But, in any event, further study should serve to clarify the issues involved. They are not clear now, many complexities are not recognized, and valid priorities of values seemingly have not been established even by proponents of change. Important and far-reaching legislation should not be enacted in such circumstances.