

when contrasted with the older employee. This does not happen with deferred profit sharing because each individual shares directly, usually according to his wage or sometimes in addition to his length of service.

Unlike the pension program where many of the workers covered by a given plan at a given time will never receive any benefits from that plan, practically all the workers covered by deferred profit-sharing plans receive some benefits from the plan in which they are currently participating. However, members who have less than 100 percent vesting will forfeit some of their funds to the remaining participants when they separate from the company.

THE IMPORTANCE OF PRODUCTIVITY FOR RETIREMENT PROGRAMS

Deferred profit-sharing plans tend to raise productivity at the same time they are building funds for providing benefits to employees. This is the most important advantage of deferred profit sharing as a means of furnishing retirement funds, and is one that is most often overlooked because of an improper understanding of and appreciation for the importance of productivity in guaranteeing the value of the retirement payments to older employees.

It is only the production of more goods and services at lower costs as more people become eligible for retirement that can give real substance to retirement benefits. Unless we can constantly raise our efficiency and our production, we will only be playing a number's game with the dollar amounts of retirement benefits. We may be raising the dollar amounts of benefits older people receive and at the same time reducing the real values they can purchase.