

Revenue Service. The argument for this type of proposal is often based on equity. The staff document states that the mobile worker may well give equal value to society yet never receive pension benefits.

The National Foundation cannot take a position on specific suggested legislation. The attitudes of particular members of the Foundation would, in all probability, vary substantially on this proposal as well as on others, such as funding and reinsurance proposals. Many jointly trustee pension funds provide significant protection for workers who move from job to job because most of these plans cover many employers. There also is considerable activity among these plans directed toward the establishment of reciprocity arrangements within particular work classifications, and it appears that there is a general trend toward more liberal vesting in particular plans.

Although these considerations may not be sufficient to avoid the national community's preference for a mandatory vesting provision in all qualified plans, any legislative proposals in this area should consider the objective of encouraging the private pension system. A mandatory vesting provision might be applied without substantially disrupting the private pension system if it were applicable—

Only after a plan has existed for a period of time in order to accommodate the provision of significant benefits to those near retirement.

Only to benefits earned from the date of the applicable statute; this would avoid adding to pension liabilities costs not anticipated in earlier negotiations and applicable to service covered by prior negotiations.

Only to retirement benefits; it is difficult to see the public policy need for granting vesting rights to ancillary benefits such as those paid on death.

These and other reasonable modifications of a mandatory vesting requirement probably would limit the cost increases brought on by such legislation and still allow for significant accomplishment of the public goal of increasing actual coverage under plans.

It appears to the board that benefits should be put on a vested basis only after the covered participant has participated in the plan for a reasonable period in order to avoid many small benefit rights that would be difficult to keep recorded. Also, the vesting of benefits for the younger employees during the period when there is significant movement as work goals are being determined would not seem to be necessary to accomplish broad public policy goals.

FUNDING AND REINSURANCE

It is difficult to respond to the staff document's statement on funding and reinsurance. The suggested approach is contrary to that being widely suggested in governmental circles. Legislators and the executive branch, as represented by the report of the President's Committee, have suggested that pension plans fund accrued liabilities over a stated period of time.

The staff document suggests that funding of accrued liabilities should not be encouraged. The reasons given for this position are:

Funding by raising current contributions costs is an impediment to extension of plan coverage.