The accumulation of funds poses a continuing threat to maintenance of full employment.

The management of pension funds presents a challenge to effective supervision of economic power.

Perhaps this position has some merit, but there appears to be substantial economic theory to the contrary.[1] The National Foundation board finds the evaluation of these conflicting views on the relative worth of present consumption versus capital investment outside its scope of activity.

The board notes that many jointly trusteed funds probably are funding accrued liabilities to a lesser extent than similar single employer plans. This is due to a number of factors, among them:

The relative newness of many of jointly trusteed plans.

A recognition that the business failure of one or several employers will not affect the pension promise in many jointly trusteed funds.

The abrupt increase in benefit levels that probably would result at the time a fixed contribution plan were fully funded if the funding took place over a short period of time.

A resinsurance premium based upon the life expectancy of a plan is suggested in the staff document as a substitute for funding. It appears to the board that the establishment of life expectancies for various industries would be most difficult. Modern technology could change an expectation in a modest period of time.

On the other hand, funding requirements, if very stringent, could demand significant increases in employer contributions or result in reductions in plan benefits for many jointly trusteed plans. It is hoped that any funding requirement enacted would allow for a buildup of funds over a period long enough to avoid significantly disrupting contribution levels.

Much of the past discussion concerning funding has centered on "accrued liabilities." Since various actuarial methods and assumption combinations can vary this amount drastically, it would appear that some measure of funding is needed other than the degree that accrued liability is covered by funds available. Perhaps a more meaningful test is the degree to which vested benefits could be provided at any given time.

FEDERAL FIDUCIARY STANDARDS

The situations of wrongdoing in both jointly managed and single employer pension funds have been rare. Apparently present laws are usually effective in discouraging potential wrongdoers. Legislators are showing renewed interest, however, in the establishment of Federal fiduciary standards and a system by which those who do not meet these standards can be removed or, in cases of serious wrongdoing, prosecuted. Some suggest that this type of legislation may be required because of the often remote legal interest of participants under present State trust statutes and common law.

The National Foundation does not recognize any significant need for this type of legislation. On the other hand, it foresees no significant

[1] For example, see the statement of Dr. Roger Murray, professor of banking and finance and associate dean of the School of Business and Finance, Columbia University, before the American Pension Conference, Feb. 9, 1967.