

effect on most funds since they are conscientiously administered. It is hoped that any legislation of this type will be consciously structured to avoid extra administrative burden and expense wherever possible.

THE MESSAGE OF THE JOINTLY TRUSTEED PENSION PLANS

The private pension system presently covers about half of the Nation's wage and salary workers. More needs to be done to encourage the expansion of this system to those not covered. It is generally agreed that a significant limiting factor is the small size of some employers who do not have plans.

The staff document states that the employees of small employers are discriminated against as compared to employees of large employers. The board believes this to be untrue in the case of many employees covered by jointly trustee pension plans. Not only are the amounts of their benefits often competitive, but also the plans in which they are participating provide significant protection for the mobile worker. Vesting is often a part of these plans, as well.

The message of the jointly trustee pension plan may indeed be the medium. A structure was created by the Labor Management Relations Act that gives a readily established form to multiemployer negotiated plans. The Internal Revenue Service qualifies these programs on a plan basis rather than on an employer-by-employer basis. Experience for all employers may be combined, thus requiring only one actuarial valuation.

Does all this provide a hint for the way Government might wish to move in the future in encouraging the growth of private pension plans? Should there be study on the part of the Federal Government, and particularly by the Treasury Department, into all possible alternative approaches for the single qualification of multiemployer plans that do not provide joint trusteeship?

It would be well also for those who service pension plans to attempt to provide for the easy establishment of plans by small employers, either individually or in groups. Many approaches offered to small employers today have relatively large administrative charges, which reduce their effectiveness.

The growth of the private pension system demands great creativity on the part of the Government and private groups involved in an effort to encourage the substantial growth of plans among small employers.

CONCLUSION

The board of directors of the National Foundation believes in the private pension system with its differing emphases in particular situations. The board believes that the private pension system is a well-established and desirable supplement to Federal programs that will provide significant benefits to many citizens. It has inherent flexibility, however, to meet the changing objectives of a given organization or group.