

percent of the negotiated plans contained a vesting provision and three-fourths of these were in contributory plans; only 10 percent of the noncontributory plans had vesting. By 1958, 60 percent of the negotiated plans were vested. In its 1962-63 survey, BLS found 67.2 percent of the plans representing almost 60 percent of the workers were vested. The Bankers Trust 1965 study showed 94 percent of the negotiated plans providing some form of vesting "compared with 82 percent in the 1960 study and 41 percent in the 1953-55 study."⁹⁰

The upsurge of vesting came about as a result of vesting improvements in the UAW-Ford agreement negotiated in 1955 and the Steelworkers' agreements in 1956. The Ford agreement conferred vested rights on "employees separated from active employment at or after age 40 with at least 10 years credited service."⁹¹ In United States Steel vesting became applicable "to employees laid off for more than 2 years or terminated as a result of a permanent shutdown" at age 40 and 15 years of continuous service.⁹²

"The concept of pensions as deferred wages is fundamental to the logic of vesting," an AFL report observed in 1949, and this logic has been the dominant tendency in union pension strategy.⁹³ But as a current AFL-CIO pension manual counsels, "If * * * there is strong resistance to the inclusion of a vesting provision in a newly established plan, the program should not be jeopardized for this reason. In the vast majority of cases a vesting provision is relatively easy to secure after the plan has been in operation for a few years."⁹⁴

Unless there is vesting the pension plan serves only a management purpose providing "the employer a cheap means of getting rid of superannuated workers with a specious show of generosity," the union viewpoint asserts. The freedom of the worker to change jobs in his own interest is impaired in fear of losing his pension. A worker discharged from a job before normal retirement is in effect assessed a double penalty: He loses his job and also his retroactive pension credits. Only as the pension plan firmly confers rights on all workers is it equitable as a deferred wage increase for the younger worker who in the majority of cases will not stay until normal retirement to collect on his pension. Vesting is essential if a balance of interests is to be maintained between younger and older workers and between longer and shorter service employees. In the recent period vesting makes more viable the early retirement or other forms of separations of employees redundant due to technological change and other forms of displacement.⁹⁵

Unions have pursued many roads to vesting if it is defined broadly as a guarantee to the employee of rights in a pension plan *in addition*

⁹⁰ Bankers Trust, *Study of Industrial Retirement Plans, 1965*, op. cit., pp. 19-20; BLS, *Labor Mobility and Private Pension Plans*, op. cit.; U.S. Department of Labor, Bureau of Labor Statistics, *Private Pension Plans and Manpower Policy*, Bulletin 1359, 1963.

⁹¹ U.S. Department of Labor, *Wage Chronology, Ford*, op. cit., p. 24.

⁹² U.S. Department of Labor, *Wage Chronology, United States Steel*, op. cit., p. 21; see also Bureau of National Affairs, *Pensions and Profit Sharing* (Washington: BNA, 1953), p. 236; Bankers Trust Co., *Study of Industrial Retirement Plans* (New York: Bankers Trust, 1960).

⁹³ AFL, "Retirement Plans in Collective Bargaining," op. cit., p. 3.

⁹⁴ American Federation of Labor and Congress of Industrial Organizations, *Pension Plans Under Collective Bargaining* (Washington: AFL-CIO, 1964), pp. 21-22.

⁹⁵ This is a composite argument based on the following: Kirkland, *Pension Plans Under Collective Bargaining*, op. cit., pp. 66-69; International Brotherhood of Pulp, Sulphite, and Paper Mill Workers, *Pension Plan Principles for Collective Bargaining*, Department of Research and Education (Washington: The Union, n.d.), pp. 4.10-4.11; Richard Shoemaker, *Pension Plans Under Collective Bargaining* (Washington: AFL-CIO, 1965), pp. 19-22; IAM, *Pension and Welfare Manual*, op. cit.; AFL, "Retirement Plans in Collective Bargaining," op. cit., p. 3; United Steelworkers of America, *Better Insurance, Better Pensions, Better SUB* (Washington: The Union, 1960(?)), p. 10.