

to or other than the rights created by meeting the eligibility standards for normal retirement.⁹⁶ There is first the direct vesting route which entitles the worker "to a future retirement benefit when he reaches retirement age regardless of where he may be at the time." Immediate full vesting would be inordinately costly in terms of feasible allocation of the wage increment. The unions consequently are agreeable to conditions for vesting such as the almost universal age and service requirement or "further increasing the percentage of accrued benefits * * * as additional requirements are fulfilled, until workers become fully vested."⁹⁷ The thrust of union strategy is to whittle away at the qualifying conditions in vesting by reducing the age or service requirement. The Bankers Trust survey comparison of 1960-65 and 1956-59 negotiated plans notes "a pronounced trend toward more liberal vesting requirements: The employee who has attained age 40 with 15 years of credited service vests fully in 75 percent of the pattern plans * * * but an employee with the same qualifications would have had a vested right in only 42 percent of the pattern plans in one previous study."⁹⁸

Other union routes to vesting provide for rights in the pension plans *before* normal retirement; that is, *early* retirement. The most common form of early retirement which was incorporated at the very start of pension bargaining in the single employer plans is retirement for permanent and total disability at a prorated, actuarially reduced benefit. This is almost costless to the plan because the disabled worker bears the full burden by taking a proportionately reduced benefit.

The union objectives for the improvement of disability provisions are the reduction of age and service requirement, the liberalization of disability definitions, and the integration of disability benefits with the public programs in social security, workmen's compensation and rehabilitation.⁹⁹

Early retirement in general on an actuarially reduced basis was possible under the first Ford plan but not in steel—which was not accomplished until the 1956 agreement. Prevailing negotiated plans permit early retirement at employee's option at age 60 after meeting a service requirement. The significant tendency is the increasing proportion of plans which permit such early retirement having risen in the Bankers Trust survey from 56 percent in 1956-59 plans to 69 percent in the 1960-65 plans. The early retirement provision is to be found in almost every negotiated plan, "rising from 70 percent in 1953-55 and 88 percent in 1956-59."¹⁰⁰

In the very recent period provisions for early retirement at a greater benefit than the actuarial equivalent, known as "special" early retirement have been negotiated as an inducement to employment attrition

⁹⁶ This is an adaptation of a definition in BLS, *Labor Mobility and Private Pension Plans*, *op. cit.*, p. 11.

⁹⁷ *Ibid.*, p. 12.

⁹⁸ Bankers Trust, *Study of Industrial Retirement Plans*, 1965, *op. cit.*, p. 19.

⁹⁹ AFL-CIO, *Pension Plans Under Collective Bargaining*, *op. cit.*, pp. 22-24; Skolnick, "Ten Years of Employee Benefit Plans," *op. cit.*, p. 15; IAM, *A Guide to Pension Planning*, *op. cit.*, p. 53; U.S. Department of Labor, "Changes in Negotiated Pension Plans, 1961-64," *Monthly Labor Review*, October 1965, p. 4; United Steelworkers of America, *Insurance, Pensions, and Supplemental Unemployment Benefits* (Washington: The Union, 1958), pp. 30-32; Joseph Krislov, *Age and Service Requirements for Total and Permanent Disability Benefits in Private Pension Plans*, analytic note No. 108, U.S. Department of Health, Education, and Welfare, Social Security Administration, 1960.

¹⁰⁰ Bankers Trust, *Study of Industrial Retirement Plans*, 1965, *op. cit.*, p. 13.