FEDERAL LEGISLATION AND PRIVATE PENSION PLANS

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INTRODUCTION

Private pension plans constitute a major institution in our social structure. The statistics alone give some indication of their importance—as of the end of 1966, $93.4 billion in assets were being held for the future benefit of more than 27 million employees; about 10 percent of these, or 2.7 million, were already retired and drawing benefits at a rate in excess of $3 billion yearly. Programs which have been negotiated by the UAW are backed up by more than $2.9 billion in assets being held for the benefit of about 1.5 million workers and retirees; approximately 200,000 retirees are currently receiving benefits at a yearly rate of approximately $350 million.

Large as these figures are, they must be put in perspective to be properly evaluated. The 27 million covered persons, including some presently retired, amounted to fewer than 45 percent of the labor force, excluding Government employees. Furthermore, a recent study has shown a serious imblance in the distribution of this coverage by amount of earnings:

26 percent of employees earning $3,000 to $5,999 yearly have pension coverage.

47 percent of employees earning $6,000 to $9,999 yearly have pension coverage.

52 percent of employees earning $10,000 or more yearly have pension coverage.

Other studies have shown that the bulk of employees who do not have pension coverage are those who work in small employment units.

Even those employees who are covered by a private pension plan may end up with few or no retirement benefits from that plan, because they do not meet various eligibility requirements of the plan or because the assets and income of the plan prove insufficient to pay their benefits.

These shortcomings have been the subject of considerable public discussion, particularly since the January 1965 report on "Public Policy and Private Pension Programs" by the President's Committee. I had the privilege of commenting upon that report as a member of the President's Labor-Management Advisory Committee, and have on other occasions expressed my views on the need for legislation: e.g., during the hearings in the last session of Congress on the Federal pension reinsurance proposal (S. 1575, 89th Cong.) by Senator Hartke.

The paper "Old-Age Income Assurance," prepared by your own

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