Deferred Graded Vesting.—Employees under plans with deferred graded vesting generally qualified at an earlier age, and with less service, to vest part of their equity than those under plans with deferred full vesting. To become fully vested under graded plans, however, usually required much longer service than under most deferred full vesting plans.

Service of 10 or 15 years was most frequently required to vest the first step of the worker's equity in deferred graded plans.

The amount initially vested typically ranged from 10 to 25 percent of accrued normal pension benefits. To become fully vested, nine out of 10 workers covered by graded plans had to have 15 years or more of service and often as much as 20 to 30 years.

Type of Separation

A worker that met the specified age and service requirements usually would be vested regardless of the reason for terminating his employment. However, plans covering one out of eight workers in plans with vesting—mostly those negotiated by the steelworkers—required that the employee be separated involuntarily in order to qualify for his accrued benefits.

TABLE 7

Conditions for vesting	Plans		Workers	
	Number	Percent	Number (thousands)	Percent
All plans with vesting	11,782	100.0	10,842	100.0
Any separation	11,101	94.2	9,410	86.8
Involuntary separation	681	5.8	1,432	13.2

Benefits Payable Under Vesting Provisions

The employee generally receives his vested benefit in the form of a life annuity, commencing at the normal retirement age specified in the plan. The amount of the benefit is determined by the normal retirement benefit formula using the member's credited service and earnings at the time his membership terminates. However, if the plan has a minimum normal retirement benefit, it is usually not used in computing vested benefits.

In about two out of three plans, the benefit was payable only at normal retirement age, usually 65 years.

TABLE 8

Time of benefit payment	Plans		Workers	
	Number	Percent	Number (thousands) [1]	Percent
All plans with vesting	[1] 11,747	100.0	10,824	100.0
At normal retirement age only	8,081	68.8	6,257	57.8
At normal retirement age or—				
In prior 5-year period	559	4.8	2,060	19.0
In prior 10-year period	2,024	25.7	2,357	21.8
In prior 15-year period	83	.7	149	1.4

[1] Excludes 35 plans covering 18,220 workers for which complete information was not available.