terminated.[3] While there are undoubtedly some plans that have not qualified, the difference between the number of plans in existence and those qualifying is probably small. Consequently, the IRS data may be used to indicate the percentage of plans actually terminated. Relating the number of terminations of pension plans as well as deferred profit-sharing plans to active plans from 1948 through 1965 yields an annual termination rate of about 1 to 2 percent. Since 1955, separate data for pension and profit-sharing terminations have been released. The termination rate for pension plans is about 1 percent; the rate for profit-sharing plans is about 1.3 percent. The IRS quarterly release does not include data on the terminated plans' membership.

In addition to Latimer's study, data from three studies show that terminated plans are likely to cover few employees. The first is a joint Labor and Treasury Department study of all terminated pension plans reported to IRS from 1954 through 1965. Preliminary figures indicate a total of 4,243 terminations with only 183,699 members—an average membership of only 45.[4] The second, by the New York State Banking Department, included information on 97 pension and profit-sharing plans terminated in that State from 1936 through 1954. A total of 3,448 active employees and 88 retired employees were covered by the terminated plans.[5] The average number of employees covered by each terminated plan was 350, compared with an average of 2,000 for all active plans. The third, by the Social Security Administration (SSA) of terminations reported to the Office of Welfare and Pension Plans (OWPP) in 1961–62, analyzed data on the participants (retired and nonretired) of 137 terminated plans. These plans had a total of 77,266 participants—an average of almost 600 per plan.[6] Active plans reporting to OWPP reported an average membership of almost 800. (The average membership of the terminated plans in the last study was high because 11 plans, with 46,000 members, were merged. Also, plans with fewer than 26 members are not required to file reports with the OWPP.)

Consequences

Retirement protection for members of some terminated plans continued. The SSA's study concluded that approximately 70,000 members of the terminated plans had their protection continued, and that 6,700 had their protection discontinued.[7] Two studies of a limited number of companies that merged also concluded that members of some plans continued to have retirement protection. In addition, the two studies concluded that the members of the absorbed company did not always receive full credit for service covered by the discontinued plan.[8]

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[3] U.S. Treasury, Internal Revenue Service, *Determination Letters Issued on Employee Benefit Plans*. Quarterly.

[4] Senate Committee on Finance, *op. cit.*, p. 19.

[5] New York State Banking Department, *Pension and Other Employee Welfare Plans*, New York, 1954. p. 6.

[6] Joseph Krislov, "Private Pension Plan Terminations," *Social Security Bulletin*, December 1963, table 7, p. 19.

[7] *Ibid.*

[8] James Hammond, "The Effect of Mergers on Private Pensions" (unpublished doctoral dissertation, University of Pennsylvania, 1960), pp. 3–4 and 96; and Charles P. Spencer & Associates, Inc., *Employee Benefit Plan Review Research Reports* (162–13). Chicago, December 1958.