PRIVATE PENSIONS AND LABOR MOBILITY

BY HUGH FOLK *

I. INTRODUCTION

The term "labor mobility" describes both propensity to change jobs and actual job changing.[1] These two meanings are related to the two principal problems arising from the interrelation of pensions and mobility: (1) the tendency of pensions to reduce the propensity to move; and (2) the effect of actual movement in keeping some persons who work in jobs covered by pensions during part of their work lives from eventually receiving pensions.

Section I of this paper introduces the problems. Section II examines the theory of worker and employer behavior with respect to pensions. Section III summarizes the direct evidence of association between pension plans and mobility. Section IV examines trends in mobility and in job-tenure. Section V considers pension trends that might have affected mobility and the number of retiring persons who can expect pensions. Section VI is a general summary of the findings of the paper.

EFFECT OF PENSIONS ON MOBILITY

President Kennedy in the memorandum establishing the Committee on Corporate Pension Funds and Other Private Retirement and Welfare Programs asked the committee to consider, among other things, how pensions "* * * may contribute more effectively to efficient manpower utilization and mobility." [2]

This concern was stimulated by the belief of many authorities that pensions reduce mobility. For instance, Clark Kerr writes:

> Private pension plans, except where they provide full and immediate vesting of both the employee's and firm's contribution, retard * * * movement. They tend to tie the worker to the com-

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[1] For reviews of studies on labor mobility, see H. Folk, *Private Pensions and Manpower Policy*, BLS Bulletin 1359, Washington, May 1963 (parts of which are included in this paper); and H.S. Parnes, *Research on Labor Mobility*, Social Science Research Council Bulletin 65, New York, 1954, and "The Labor Force and Labor Markets," in H. G. Heneman, Jr., and others (editors), *Employment Relations Research*, Industrial Relations Research Association Publication 23, New York, Harper, 1960.

[2] President's Committee on Corporate Pension Funds and Other Private Retirement and Welfare Programs, *Public Policy and Private Pension Programs: A Report to the President on Private Employee Retirement Plans*, Washington, U.S. Government Printing Office, January 1965, app. C, memorandum to the Secretary of Labor and others, Mar. 28, 1962.