It is vitally important, however, whether Holland's projections of pension fund flows prove to be close to the actual events. As he correctly points out, the margin of error is likely to be modest for 1970 or 1975, but can increase materially for 1980. Essentially, he assumed that the role of social security in the years ahead would not substantially changed from what it has been. A few of the other crucial assumptions relate to the pace of increases in coverage, changes in standards for vesting and funding, and the rate of return earned by the investment portfolios.

Because changes in a number of the variables can have the effect of producing offsetting influences on the size of asset accumulations, we can have confidence in using Holland's average annual fund accumulation despite some recent surge of growth in years of high corporate earning power. His projections for the pace of annual net addition to assets follow:

Year	*Billions*
1965	$6.7
1970	7.5
1975	7.6
1980	7.4

Source: Holland's projections, table 28, p. 69.

This projected leveling off in fund accumulations, whether it occurs in another decade or is delayed by current developments, is the most significant aspect of future influences on capital market flows. Given an orderly pace of economic growth, it means that pension funds for individuals in private employment will account for a diminishing fraction of total net acquisitions of financial assets.

As trusteed portfolios become more seasoned—that is to say, as the average holding period of fixed-income securities lengthens—maturities and repayments will become much more important. In the 1970's, we may anticipate that gross acquisitions will continue to rise long after net acquisitions have leveled off. A projection for any year after 1970 will, therefore, be subject to a wide margin of error when expressed in terms of net acquisitions. With all of these qualifications, it may be useful to look at some possible patterns for the future (table V-8).

TABLE V-8.—POSSIBLE FUTURE NET ACQUISITIONS OF FINANCIAL ASSETS BY PENSION FUNDS COVERING INDIVIDUALS IN PRIVATE EMPLOYMENT, 1970, 1975, AND 1980

[In billions of dollars]

Assets	1970	1975	1980
Government securities	(1)	0.2	0.2
Corporate and other bonds	1.3	1.9	2.4
Corporate stocks	4.3	3.0	2.0
Mortgages	1.6	2.0	2.2
Other assets, including real estate	.3	.5	.6
Total	7.5	7.6	7.4

[1] Negligible.

The division of fund flows between bond, mortgage, and real estate investments is clearly a function of relative yields and terms. Since it is impossible to determine precisely what these will be, the distri-