

The atypical group comprises eight funds containing about 26 percent of total multiemployer and union fund assets in 1964. The eight funds cover members of five unions—the Teamsters, Ladies' Garment Workers (two funds), Brotherhood of Electrical Workers (two funds), Amalgamated Clothing Workers (two funds) and United Mine Workers.

Both the Garment Workers' and Clothing Workers' funds follow a policy of not investing in corporate stock. In addition, the Clothing Workers exclude purchases of corporate bonds and the Garment Workers first began acquiring these investments in 1955–56.

The two large IBEW funds and the largest Teamster fund invest heavily in mortgages, the principal difference being that the bulk of IBEW mortgages are Government-insured or guaranteed and on single-family dwellings, while the Teamsters have recently favored conventional multifamily and commercial mortgages. Over two-thirds of the assets of these three funds are mortgage investments.

The United Mine Workers' fund reflects substantial variation in investment policy over the years 1959–64. In the earlier years, U.S. Government bonds were favored. This was followed by a shift to cash, particularly bank time deposits, and in 1963 and 1964 the fund more than doubled its holdings of corporate stock.

The category of "selected" funds, obtained by excluding the eight atypical funds, represents a wide range of sizes, industries, unions (the smaller funds of the unions represented in the atypical group are included), and portfolio policies. It is, therefore, more typical than the aggregates heavily weighted by the extremes in portfolio policy. Furthermore, the "selected" group is growing more rapidly than the atypical funds. Because of this, the aggregate portfolio of the future will look more like the selected funds, assuming no radical change in policy by any of the funds.

LIQUIDITY

Multiemployer and union pension funds have relatively greater cash holdings than do corporate funds. One reason for this is that the average corporate pension fund is substantially larger than the average multiemployer fund, and, as table I-10 indicates, fund holdings of cash tend to decline as a proportion of total assets as fund size increases.

TABLE I-10.—PORTFOLIO COMPOSITION OF MULTIEMPLOYER AND UNION PENSION FUNDS BY SIZE OF FUND
1959

[In percent of book value]

	Assets per fund (thousands)				
	\$10,000 and over	\$5,000 to \$9,999	\$1,000 to \$4,999	\$500 to \$999	Under \$500
Cash.....	3.4	6.2	6.9	17.0	31.7
Other assets.....	1.7	2.4	3.0	2.3	3.2
Invested assets.....	94.9	91.4	90.1	80.7	65.1
U.S. Government securities.....	38.7	25.4	30.3	24.7	24.9
Corporate and other bonds.....	20.1	45.4	37.8	35.5	20.0
Preferred stock.....	1.7	2.2	1.9	1.2	.9
Common stock.....	12.1	14.5	17.0	17.4	12.2
Mortgages.....	20.8	3.6	2.5	.4	.9
Other investments.....	1.4	.3	.8	1.6	6.2

Source: NBER survey.