

of the public at large. Every reasonable support should be given to nondiscriminatory plans, however modest their beginnings and however gradual their liberalization. Incentives to more rapid funding and vesting can be increased without revenue loss and to the benefit of the country as a whole. The extension of certain desirable regulation of a fiduciary character and broader policies of meaningful disclosure are in the public interest and should be encouraged. In general, those proposals that are likely to be helpful are those that allow wide scope for individual plans and bargaining and impose only broad regulatory standards upon the complex and competitive forces that have produced the extraordinary progress of these past decades.

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CHARLES A. SIEGFRIED: STATEMENT FOR THE METROPOLITAN LIFE INSURANCE CO.

As the economy grows, more and more saving is necessary for investment to keep the expanding labor force employed and to help raise its productivity. This ultimately raises the standard of living of the whole population. Life insurance and private pension funds contribute to the economic growth of the Nation because this money is invested in machinery and buildings for production, public utilities, housing, and so forth. Social security, by contrast, tends to reduce aggregate saving because of the redistributive effect of the taxes used to finance the program. Social security should be regarded as a minimum basic layer of protection and not as a means for providing the full income desired at retirement. If social security is kept at sound basic levels, employers will be able to provide additional and excellent private group plan coverages. Furthermore, individuals will be able to afford personal supplemental measures. Private plans should, wherever practicable, contain appropriate vesting provisions and funds should be conservatively invested to secure certainty of payment of benefits. The plans should provide for appropriate disclosure to assure sound administration. Private saving accumulations, whether in pension funds or elsewhere, are needed to provide strong, noninflationary and sustained economic growth, not only for the prosperity of the Nation in general, but also specifically to make sure that programs like social security are able to meet their annual obligations out of national income. Naturally, an expanded system of private pensions would not rule out improvements in the social security program, if they were consistent with sound financial and economic development.

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STATEMENT OF THE NEW YORK LIFE INSURANCE CO.

We recognize the importance and desirability of the social objectives reflected in the report to the President on private employee retirement plans. We would, however, postulate one caution that any requirements mandated on the private pension system recognize that funding and other improvements are costly, and must not be raised too quickly to too high a level, a level that would inhibit the growth and vitality of the private system. Important as these issues are, those raised by the Joint Economic Committee print with respect to private saving