

the employee contributions to the benefit of the not-to-be-favored groups. In addition, to the extent that effective vesting is promoted by employee contributions, the prohibited discriminations are more readily prevented. Realism seems to favor a revival of the contributory plan and perhaps tax changes to stimulate it, or more accurately to remove the present tax encouragement for noncontributory plans. The policy of according deductibility to employer contributions but not to employee contributions should be reversed because employee contributions strengthen employee benefit rights and minimize discriminations in favor of stockholders and highly compensated employees.

In this country, no device other than vesting or multiemployer plans has been seriously considered to provide retirement income to able-bodied employees separated before retirement age. No proposal for vesting in the United States has included any device or institutional arrangement whereby vested rights follow the employee, rather than, as at present, having the employee and his credit go separate ways until retirement.

The possibility of small, perhaps minuscule benefits, the incompatibility of benefit provisions, disproportionately high administrative costs, attrition of fixed benefits by inflation, withdrawal of contributions, their lack of utility for the disabled, and the nonparticipation of vested deferred benefits in plan improvements, all argue for the desirability of collecting the bits and pieces of employees' vested pension credits into one more adequate benefit, a benefit based upon contributions which have earnings and growth up to the date of retirement. Indeed, as will be shown, such a combination of credits can facilitate liberal vestings. Outside of the multiemployer plans, such piecing is not presently possible; no device exists in this country for transferring and cumulating credits. In my discussions, starting in 1959, with officials of insurance companies, banks, pension consulting firms, unions, management, Government, and academics, I found interest in some device to coordinate plans or benefits. But I encountered no fixed ideas, except that some want to exclude or minimize the role of the Federal Government.

At any given point in time it is possible for an actuary to place a monetary value upon the pension credits of an employee. This sort of valuation is done routinely in Norway, where white-collar workers' private pension credits are universally transferrable. The value of the separated employee's past credits are simply transferred to the plan into which he moves and the new plan gives him whatever credits he is entitled to by virtue of the payment made. Whenever a plan is less than fully funded, the award of a fully paid up benefit or credit to a separated employee favors that employee to the possible detriment of the employees who remain behind in the plan. To allow for this contingency, the credit to be conferred upon departing employees could vary according to the state of funding. Both plans, the one the employee leaves and the one he joins, must have provisions for the transfer. Only the last plan would be responsible for the benefits, under its own formula—having received and credited value from all prior plans in which the employee participated.

Whether individual plan provisions, without supporting institutions or devices, are sufficient to facilitate transfer values for exiting employees is to be doubted. A "clearinghouse" could facilitate and, in