Minimum income objectives are met chiefly through the mechanism of the OASDI program, supplemented where required by Old-Age Assistance payments and veterans' pensions. The OASDI program grants benefits on the basis of past work history without regard to financial need, while the other two programs are based entirely on need and have no relation to work history. Somewhere in between the ideal of a continued preretirement standard of living and the subsistence amount from Government programs is the "modest level" of living standard. This is a level that private retirement plans commonly attempt to reach when benefits are added to those of social security. Expansion of social security to provide a modest level of living would put increased pressures on the system and could destroy the balance mechanism to the point of endangering the basic floor of protection it now provides.

It appears that universal coverage of workers under private retirement plans that will insure a modest level of living in retirement is not likely to be achieved under the existing system of tax incentives for employer-sponsored retirement plans. To achieve this goal, we must look for avenues outside the employment relationship. We must seek some form of tax equality for individuals who work for corporations, for small employers, or for themselves. If public policy recognizes the accumulation of retirement income through the employment relationship as a social aim worthy of encouragement by special tax treatment, is not the accumulation of retirement income outside the employer-employee relationship equally worthy? A program for extending an incentive for building retirement income through private sources should be based on the following characteristics:

(1) Universality. There must be one system that permits equal opportunity for all income producers to accumulate retirement income.

(2) Equality. Because tax incentives produce a form of subsidy only for those who take advantage of them, they should be available to taxpayers on a relatively equal basis. Equality cannot be achieved through programs restricted to the employment mechanism.

(3) Simplicity.

(4) Flexibility of choice. Any universal mechanism must have a structural flexibility to allow a variety of objectives of individuals in vastly differing circumstances to be met through a wide choice of methods and rates of individual savings.

(5) Economy. Maximum incentive for private retirement income accumulation will result only from a program that permits personal retirement objectives to be met at the lowest possible cost in time and money.

If the objectives of maintaining private systems of retirement income are judged worthy of encouragement through tax incentives and if the characteristics outlined above appear to be appropriate guidelines for achieving these objectives, it would seem that such an alternative source of old-age income should be thoroughly explored and appraised. There should be no hesitation about conducting such an exploration on the grounds that it represents a substantial departure of the present form of private retirement systems.