

persons 65 and over (whether retired or not) have the protection of medicare. Furthermore, a social insurance program can be adjusted with relative ease to rising earnings levels and to changing standards of living, whereas private plans find it difficult to meet the additional costs invariably involved in adjusting benefits for those on the rolls.

Although private pensions cover fewer workers than the public system, they are a significant element in the Nation's total retirement program. For OASDHI beneficiaries in receipt of such pensions, the supplementary benefit means the difference between a less than modest and a reasonably comfortable level of living. This is especially the case with respect to career employees and regularly employed members of the labor force with average and above-average earnings.

In addition, private plans offer a flexibility which is not available under a public program. This flexibility permits employers to adapt their plans according to special circumstances, needs, and financial ability. For example, in some occupations and in some industries special types of provisions, such as lower retirement ages, may be desirable. In other instances, retirement provisions may be used to attract and hold good employees, to reduce labor turnover and its attendant costs, and to make it easier to retire those who are unproductive.

This summary of the scope and complexity of our dual public-private retirement system has been necessarily brief. Although the main outlines are fairly clear, adjustment of its components to the emerging needs of our society is a continuous process. The type of review and analysis of the system included in this compendium is a vital part of the adjustment process. We, therefore, welcome the opportunity extended by the Joint Economic Committee to contribute to this compendium.

BENJAMIN BRIDGES, JR.: CURRENT REDISTRIBUTIONAL
EFFECTS OF OLD-AGE INCOME
ASSURANCE PROPOSALS

Aged persons have a number of possible sources of purchasing power: Earnings, prior savings, personal gifts, private charity; and public assistance, social security pensions, and other pensions. In addition, they enjoy tax benefits and are aided under a number of Government expenditure programs directed expressly toward meeting their needs. This paper does not deal with all of these old-age income sources but only with the collective old-age money income transfer programs (public pensions, private group pensions, and public assistance) and with income tax concessions for the aged.

The programs dealt with here can be examined from different economic viewpoints (i.e., various of their economic aspects can be stressed). Each program has a significant element of current redistribution or current transfer and in addition most have one or more of the following aspects: Insurance, savings, deferred compensation, and lifetime redistribution. This paper does not deal with all of these characteristics but only with the element of current redistribution. It presents estimates of the distributions of current benefits, taxes, and net benefits (benefits minus taxes) under old-age income pro-