

entirely separate plan to another. Also, if fund assets were to be transferred from one pension plan to another for an individual, the assets transferred would have to be limited so that the security of other individuals was not impaired.

J. J. JEHRING: DEFERRED PROFIT SHARING AND OLD-AGE INCOME ASSURANCE

The furnishing of retirement benefits for employees is only one function of deferred profit-sharing programs in the United States. An other, and a much more important role for these plans, is to furnish incentives to all the factors of production, that is, labor, management, and capital, to reach high levels of productivity. Special tax advantages were not given to deferred profit-sharing plans primarily because they were the means of furnishing retirement benefits for employees. The rationale was to encourage the use of such programs through favorable tax treatment because it was decided that profit-sharing plans would not only provide incentives but would also spread capitalism and, as a result, could benefit the economy if they were to become wisely used in American business. Only later with the advent of the interest in retirement was it stated in the law that deferred profit-sharing plans could be used to furnish retirement benefits. The main contribution profit sharing can make to old-age income insurance comes from whatever incentives it can provide to increase productivity.

A pension plan is primarily a program to provide fixed and determinable benefits for employees after they reach retirement age through a spreading of the cost over the entire group of employees. A deferred profit-sharing plan is best viewed as a method of providing the individual employee with the opportunity for creating an estate for himself and his family. One of the most significant differences between the pension and the deferred profit-sharing program is that the former must be viewed as a single purpose plan while the latter is in reality a multipurpose benefit plan. Unlike the pension program where many of the workers covered by a given plan at a given time will never receive any benefits from that plan, practically all the workers covered by deferred profit-sharing plans receive some benefit from the plan in which they are currently participating.

WILLIAM J. HOWELL: PROFIT SHARING AND OLD-AGE INCOME ASSURANCE

Those deferred profit-sharing plans which lack incentive realization and whose predominant result is to provide old-age income insurance fall along with private pension plans into the purview of the Committee study and ought logically be treated taxwise in the same manner. But economic society and the public interest have greater need of those deferred profit-sharing plans with realized productivity motivation and with those plans that promote self-development, self-reliance, and financial independence even before retirement and accordingly greater governmental encouragement of these plans is called for. The burden of providing retirement security can be