

estimated as it would be to avoid establishing any plan at all because of unfounded fears concerning the possible cost. There is clearly room for further technical exploration but that does not diminish the need for a funding standard which will guide all plans in the future.

2. *Regulation of investments.*—The long-term nature of pension obligations and the flexibility that exists in valuing the assets of pension funds may encourage some fund managers to indulge in highly speculative investments. Disclosure requirements which will eliminate these occurrences should be adopted promptly. Under most plans, the earnings of the funds serve to reduce the need for employer contributions. The investment manager's decision should be guided not merely by the rate of return on a particular security but also by the community's need for funds of specific types, such as mortgages for low-cost homes, community and area development projects, etc. Some arrangements should be required whereby the participants covered by a pension program have an opportunity as a group to instruct the plan managers with respect to corporate stock voting rights. Congress should adopt measures to clearly fix fiduciary responsibility and to require that funds be invested and managed in the overall best interests of the covered group.

3. *Plan administration.*—It is a proper function of the Government to review administrative decisions, whether on the basis of spot checks or upon appeals of individuals, in order to see if the benefits which a plan purports to provide are in fact paid.

In conclusion, the first priority is to make substantial improvements in social security. We must utilize the social security program to assure everyone an adequate retirement income; the voluntary and diversified nature of the private plan precludes dependence upon them for other than supplementary benefits. These supplementary benefits, however, are needed to assure all Americans the standard of comfort, decency, and dignity that they have a right to expect after ceasing their active employment because of old age or disability. In some cases, retirement earlier than permitted under social security is a high-priority goal; in others, there is a need to provide benefits related to preretirement incomes above the limit recognized for social security purposes. The combination of public and private pension plans would then truly be the mechanism for assuring the financial security of retirees and could become one of the major tools for meeting the long-range goal of achieving an equitable distribution of the increasing quantity of goods and leisure time available as the result of our advancing technology.

HARRY DAVIS: VESTING PROVISIONS IN PRIVATE PENSION PLANS

In recent years, vesting—the right of a participant to receive his accrued pension benefits if he leaves the plan before he is eligible for retirement benefits—has become one of the most discussed aspects of pension plans. The Bureau of Labor Statistics recently repeated the analysis it made nearly 5 years ago of the vesting provisions in