

ever, plans covering about half of the workers had no age requirements; they vested the benefits of all workers meeting their service requirements, usually 10 years.

Employees covered by plans with deferred graded vesting generally qualify at an earlier age and with less service to vest part of their equity than those under plans with deferred full vesting. To become fully vested under graded plans, however, usually required much longer service than under most deferred full vesting plans.

Ten or fifteen years of service were most frequently required to vest the first step of the worker's equity in deferred graded plans.

The amount initially vested usually ranged from 10 to 25 percent of accrued normal pension benefits. To become fully vested, nine out of 10 workers covered by graded plans had to have 15 years or more of service and often as much as 20 to 30 years.

A worker that met the specified age and service requirements usually would be vested regardless of the reason for the termination of his employment. However, plans covering one out of eight workers in plans with vesting—mostly those negotiated by the steelworkers—required that the employee be separated involuntarily.

The employee generally receives his vested benefit in the form of a life annuity, commencing at the normal retirement age specified in the plan. The amount of the benefit is determined by the normal retirement benefit formula, using the member's credited service and earnings at the time his membership terminated.

In about two out of three plans, the benefit was payable only at normal retirement age, usually 65 years. Employees could elect to receive the actuarial equivalent of vested benefits before normal retirement age in one of three plans which covered four out of nine workers. An actuarial reduction was specified in three out of four plans, covering over half the workers, that allowed the employee to receive his vested benefit before normal retirement age. Most of the remaining plans had specific reduction factors, such as 6 percent a year for each year before age 65.

JOSEPH KRISLOV: THE EXTENT AND CONSEQUENCES OF PENSION PLAN TERMINATIONS

Despite the lack of detailed information, some conclusions seem warranted. Relatively few plans—covering relatively fewer workers—have been terminated. Probably a very small proportion of covered workers—perhaps no more than a few percent—have been affected. Most members of terminated plans have probably lost some benefits. Only fragmentary information exists as to the actual losses from termination as a result of the failure of successor plans to grant full credit for the newly acquired member's past service. While more information is available on the consequences of complete termination, it would be premature to generalize.

Barring a serious recession, it does not seem likely that the number of terminations will rise significantly in the future. There may be some small increase as pension plans spread. Only the financially stable companies develop pension plans initially. As coverage becomes wide-