spread, pressure is exerted on all employers to adopt programs. Marginal employers who adopt pension plans in response to these pressures are more likely to discontinue operations than their better financed competitors.

On the other hand, it is likely that the losses suffered by members of terminated plans may diminish in future years. Plans terminated in the next decade (without any successor plans) are likely to be better financed than their counterparts in the past. Continued public discussion of and legislative interest in private pension plans will undoubtedly focus attention on the need for funding. Moreover, the many plans developed in the post-World War II period will have been in existence for more than two decades and should, therefore, have made considerable progress toward full funding.

The losses suffered by members when a successor plan does not grant full credit for service with the absorbed company depends upon a decision of the plan's trustees. They can choose to honor all, part, or none of the credit is earned by their newly acquired employees. Increased employee awareness of the value of these credits may result in considerable pressure on trustees to grant full credits. This awareness and consequent pressures will probably develop among organized but not among unorganized workers.

John M. Grogan (Arthur Stedry Hansen Consulting Actuaries):

AN ACTUARIAL ANALYSIS OF THE LOSS OF PENSION BENEFITS THROUGH THE TERMINATION OF PRIVATE PENSION PLANS

To assist Congress and other interested parties in the evaluation of various proposals for changes in Federal laws governing private pension plans, we have made an actuarial analysis of a recent Government study of pension plan terminations in order to determine the approximate rate of benefit loss in the system as a whole.

The study, covering 4,259 plans which terminated during the years 1955–65, was made jointly by the Bureau of Labor Statistics, U.S. Department of Labor, and the Internal Revenue Service, U.S. Department of the Treasury. The results were reported in the *Monthly Labor Review*, June 1967, in an article "Terminations of Pension Plans: 11 Years' Experience," by Emerson H. Beier of the Division of Industrial and Labor Relations, Bureau of Labor Statistics.

The total number of employees included in the plans at the time of termination was 225,000. This constitutes an average of about 20,000 workers per year or approximately one-tenth of 1 percent of the total covered population in the United States. Although the incident of plan terminations proved to be rising with the continuing spread of private plans, the study noted that the ratio of terminated plans to continued plans remained constant at around 1 percent. The study shows that terminated plans tend to be small and relatively shortlived. Mergers accounted for the greatest number and percentage of terminations and covered employees as a single category but the combina-