

likely to continue, when smaller organizations set up plans they will probably be insured. Also, TIAA and CREF have such a large proportion of the higher educational field and the advantage of portable pensions that few if any of their funds are likely to be transferred to noninsured funds.

A combined portfolio of all pension funds of nonprofit organizations amounted to \$3.4 billion at the end of 1964, with 39 percent invested in corporate and other bonds, 28 percent in mortgages, and 22 percent in common stock. It should be noted that these figures include noninsured funds at book value and CREF at an estimate of book value computed only in this paper. When market values are substituted for the two series, the total is \$3.7 billion, with 30 percent invested in common stock; 35 percent in bonds, excluding U.S. Government; 26 percent in mortgages. In that year the combined funds purchased \$136 million in common stock, \$127 million in mortgages, and \$100 million in corporate and other bonds. The expected sustained rate of growth in total pension funds of nonprofit organizations suggests a continued flow of funds to the securities markets.

ARTHUR S. FEFERMAN, COMMENTS OF THE AMERICAN
JAMES L. O'LEARY: LIFE CONVENTION AND LIFE
INSURANCE ASSOCIATION OF
AMERICA

The main points presented in this paper may be summarized as follows:

1. The private pension system has a record of outstanding accomplishment and has clearly demonstrated its capacity for growth and improvement. Private pension plans now cover about 25 million employees, and there is a strong trend toward increased coverage and more rapid funding and vesting.

2. Pension plans benefit the rank and file of employees. The bulk of such plans qualify under provisions of the Internal Revenue Code designed to insure that they do not discriminate as to coverage and benefits in favor of highly paid employees as compared with employees with modest incomes.

3. A private pension system, which continues to grow and continues to improve, is essential for achieving the best possible retirement protection for our population. Pension plans offer unique advantages for this purpose, in view of their flexibility and ability to adjust to the individual circumstances of particular groups of employees in different firms, industries, and geographical locations.

4. The social security program is a basic ingredient in our system of providing retirement protection. But it is essential to keep a proper balance between private pension plans and the social security system. The latter should not be expanded in wage base and benefit levels to the point where it takes over retirement functions which can be performed better by the private sphere. At the same time it is important to continue to improve private pension plan coverage, vesting, and funding so that pension plans which are now doing a good job can do an even better job. The objective is to develop new pension plans