our program is that when an individual retires on an immediate annuity either after 12 years of service or because he has become disabled, he is entitled to retain his insurance without any further payment of premium. If he retires before the age of 65, the amount of insurance in force at the date of retirement remains at that level until he reaches 65. When he is both 65 and retired it begins to decline by 2 percent a month until it gets down to 25 percent of the face value. This is a rather costly feature of this particular program.

We estimate that if we did not have the insurance continuing after retirement—in other words, if the only benefit available to the employees after retirement were one of converting to an individual policy, then the cost of this program would be roughly half of its present cost.

Mr. THOMPSON. One more question, Mr. Chairman, and then I will yield the floor. Has any effort been made to equate the cost of this program with the cost of other plans of large corporations in this country? In other words, has any effort been made to get a comparison of the cost of the type plan that we have with that of U.S. Steel or General Motors or something of that sort, their group plans?

Mr. RUDDOCK. We have and do from time to time look at the premium structure of other plans, but since ours in the ultimate has to be the actual cost which is going to be determined by the number of deaths and the amount of benefits that have to be paid, this isn't really too productive.

Mr. THOMPSON. Well, then what you are saying is that ours is the actual cost plus four-tenths of 1 percent as a risk factor, which is a profit, so to speak, for the first $190 million and then two-tenths of 1 percent of everything over that?

Mr. RUDDOCK. Yes, sir.

Mr. THOMPSON. This, is in essence, what the cost of insurance is to the employee?

Mr. RUDDOCK. Yes, sir. When this began in 1954, the premium was fixed at 25 cents per thousand biweekly for the employee, and 12 and a half cents for his employing agency, and that premium held until the first pay period beginning in February 1968, when it was increased 2 and a half cents for the employees and half that amount for the Government.

Mr. THOMPSON. Thank you very much, Mr. Ruddock.

Mr. RUDDOCK. This increase was based on our actual experience, not on comparison with anybody else.

Mr. THOMPSON. Well, that was the point I was trying to make. You have made it very clear and I appreciate very much your testimony.

Mr. RUDDOCK. Thank you, sir.

Mr. BROOKS. Could we go to——

Mr. RANDALL. Just one very brief question, not one-tenth as long as the other one. The charge we hear from time to time about the retirement system, that it is not solvent or there is no money in the till, would you address yourself to that?

Mr. MACY. That is not a short question.

Mr. RANDALL. Well, all right. Put it this way—do we have anything to worry about? Are we going to have to put some more money in?

Mr. MACY. Yes.

Mr. RANDALL. All right, that's all, Mr. Chairman.