

State Retirement Plan Versus Social Security

The provisions of the Federal Social Security Act which do not apply to public employees are Unemployment Compensation and Old Age and Survivors Insurance. The latter is not designed as a complete retirement plan but as a "*minimum layer of basic protection against the major economic hazards of life.*"

The placing of public employees under Old Age and Survivors Insurance as currently urged by many groups would not remove the need for a retirement plan. An adequate retirement plan permits the employee to contribute to the accumulation of reserves to finance retirement benefits which permits routine retirement without violent readjustments in standards of living. Many states provide retirement plans which require their employees to contribute small amounts each month during their productive years to provide funds to care for themselves during their declining years. When retirement benefits are inadequate to permit retirement without a violent readjustment of standards of living, employees do not accept retirement until it is made compulsory. The tendency is to remain in service as long as permitted and much of the anticipated benefits to be derived from the retirement system are lost to the state.

Private industry in many instances is providing liberal sickness and disability benefits in addition to retirement benefits for their employees. These programs were adopted by the larger companies first but are today maintained by industry everywhere. We noted the following news item in the September 17, 1944, issue of the *Oregon Journal*:

"BANK BOOSTS BENEFITS TO EMPLOYEES
Members of the staff of the First National

Bank were told last week of new benefits available to them for contingencies of sickness, disability and hospitalization. Also announced to the employes by E. B. MacNaughton, president, are three new options in the retirement plan.

Under sickness and disability plan employes will receive sick benefits starting with one week's full salary for those having less than one year's service and increasing for each year up to 10 years. Upon completion of 10 years' service the employe will be eligible to receive a full year's sick leave with salary payments made up of 12 weeks full pay and 40 weeks half pay. Group life insurance benefits provide for monthly payments for total and permanent disability.

The group hospitalization and surgical benefits plan is a voluntary arrangement participated in by the employe and the bank. Two new provisions are being introduced. First, a provision for surgical and hospitalization benefits for family dependents, and second under-writing by the bank of one half the premium for this insurance for all employes who avail themselves of the protection. Benefits include hospital cost of \$5 per day up to a maximum of 70 days plus surgical, medical and diagnosis X-ray costs.

New provisions include one in which the First National now makes it possible for an employe who wishes to retire before the age of 65 when federal social security payments start, to do so with a larger retirement payment from the bank's pension fund until such time as he reaches the age to receive social security payment.

Third new provision is a clause under which all employes who found it necessary to withdraw from the pension plan when entering military service may sign anew on the same basis on which they left."

Another such item is quoted from the magazine *Spring Steel*, issue of September, 1944, published by the U. S. Spring Bumper Co., manufacturers of the steel brackets used in Oregon's modern highway guard fence:

"HEALTH PLAN FOR EMPLOYEES' BENEFIT

In appreciation of the loyalty and splendid cooperation of its employes in maintaining