

Factors Involved in Pension Legislation For Governmental Employees

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tributions and include with the refund interest on the accumulated contributions of the employee.

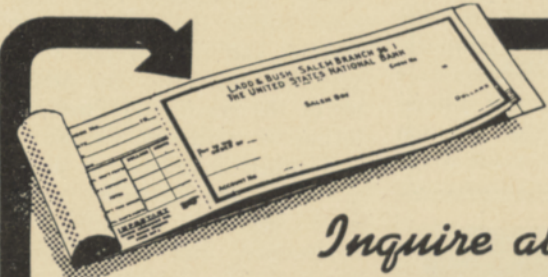
In Illinois where the governmental unit contributes sums in lieu of salary deductions for employees disabled in line of duty, these amounts are refunded along with the employees' contributions. This means a refund of the total amounts paid by the employee plus certain contributions made on his behalf by the employing unit, and while the latter payment is made only in a limited contingency, it has been considered by some to be not in accord with soundest pension provisions. The Department of Insurance has recommended that these acts be amended so as to limit refunds at all times to the amounts actually paid by the employee himself.

The justification for refunds arises out of the general acceptance and prac-

tice of making membership in a retirement system compulsory. Illinois pension plans accept compulsory membership as an essential feature of a financially sound and administratively defensible retirement plan. The failure to provide for a refund of contributions, or some equivalent, would under such circumstances appear to penalize those who have contributed on a compulsory basis and are dismissed or have an opportunity for transfer before the retirement age is reached.

The chief objective raised to the payment of refunds upon resignation or dismissal from the service are that (1) it prevents the retirement system from having the desired effect in retaining men in the service, (2) it may actually encourage employees to resign when in need of funds, (3) it weakens the disciplinary powers of the superior officers and (4) it greatly increases the cost

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