

Factors Involved in Pension Legislation For Governmental Employees

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of the benefits since the sums refunded could otherwise have been used to pay benefits to other employees. Another point that may be noted is that an employee may dissipate his refund, so that the sums set aside over a period of years will not be used to provide economic security in old age.

These various objections to cash refunds have resulted in a discernible tendency to effect a compromise between cash refunds and the withholding of the contributions without benefit to the employee separated from the service. Current pension theory seems to be away from cash refunds and towards the use of the accumulated contributions to furnish such annuities as can be paid therewith, with payment to commence when the former employee reaches a specified age. Under this procedure, unlike that of cash refunds, it is generally conceded that the employer's contributions be treated just as are the contributions of the employee, that is, used to provide a deferred annuity. This is now the rule with some private pension plans. Under the new Illinois local government employees' pension act no cash refunds will be made if the

accumulated credits of the employee are adequate to pay an annuity of at least \$10 per month beginning with age 65.

A conspicuous advantage of uniformity in pension laws as between various governmental units and as between various branches of the service within one governmental unit, is that transfers without loss of pension rights are facilitated.

Administration of Pension Systems

Adequate provision for sound administration is one of the important considerations in regard to pension plans, because upon those who administer the system rests a large part of the responsibility for the success or the failure of the pension plan. The most important considerations in administering pension systems are: (1) Adequate provision for a supervisory board with authority to determine questions of policy, promulgate rules and regulations within the terms of the pension statute, and to supervise the work of actuaries, secretaries and other employees of the board. (2) Provision for the hiring of actuaries, executive officers and other employees as are necessary to make the actuarial studies upon which questions of pension policy are determined, and as are necessary to keep adequate records. (3) A fair distribution of employer and employee representation in questions of administration. (5) Adequate control of the



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