

The Public Employee Retirement Plan, to achieve its objective, concerns itself with the interests of the regular continuous workers who remain in the same employment for a long period of years. The retirement plan must remain flexible to meet special needs and changing circumstances. It must facilitate the removal of superannuated employees from active service without hardship or resistance from the employee. It must assist in attracting and retaining well qualified new employees. It must be adaptable and must meet the needs of the individual employee members.

Mr. St. John's conclusion is that the two plans supplement each other and that each plan separately achieves its individual objectives, but that neither employer nor employees should expect one plan to accomplish the objectives of the other.

The inadequacy of the Federal plan alone to meet the needs of a State is ably pointed out in an article in the same magazine by A. G. Gabriel, Actuarial Consultant of Detroit, Michigan, as follows:

"Compulsory Retirement. Relieving the payrolls of superannuated employees, who have become hidden pensioners, is one of the important reasons why the Federal Government, as an employer, the several states, cities, and other political sub-divisions have adopted retirement plans for their employees. These plans usually provide for the compulsory retirement of an employe at age 60, 65, or 70, depending upon the nature of his work or profession. Voluntary retirement is usually permitted prior to the time when retirement becomes compulsory.

"The old-age and survivors insurance program of the Social Security Act does not provide for the compulsory retirement of employes. Beginning at age 65, it provides retirement benefits only in case the employe quits working in employment covered by the Social Security Act. If public employes are brought under the provisions of the Social Security Act, it is quite likely that when an employe attains age 65 he will compare the amount of his weekly pay check with the amount of Social Security benefits to which he would be entitled if he retired and he will decide in favor of his weekly pay check. The end result will be that a city or a state will find that, in addition to paying social security

taxes to the Federal Government, it will continue to have the superannuated employes on its active payrolls, as hidden pensioners, receiving full pay, long after they have attained retirement age. The situation will be particularly serious in the police and fire organizations of cities and states where conditions require a force of physically able young men. There are not enough desk jobs in any police department or fire department to accommodate men past age 60. And men past age 55 are no more able to perform active police and fire duty in metropolitan cities than men past age 40 are able to perform active line duty in our Army and Navy. Certainly there are exceptions, but there aren't enough exceptions to protect property and maintain law and order."

Mr. Gabriel continues to describe the personalized individual treatment given employees by a local retirement system and the contribution of a public retirement plan towards efficient government as follows:

"Benefits of Retirement Plans. Public employe retirement plans provide retirement allowances for public employes who attain retirement age, or who complete a minimum number of years of service in the employ of the governmental unit.

"All these benefits are administered at home, usually by a board made up of elective or appointive officials who are ex-officio members of the board, and employe members who are selected by the employes themselves. The board members who administer the public employe retirement plan are men and women who work with the employes and are available to them. This close relationship between the management of a public employe retirement plan and the participating employes enables a local plan to render personalized service which cannot possibly be performed on a national scale. The employes share equal responsibility with the employing government unit for the proper operation of the retirement plan, and out of that sharing of the responsibility comes a proper regard as to what is reasonable and what is unreasonable in the nature of benefits to be granted by the plan.

Another recognized authority in this field Rainard B. Robbins, Vice-President and Secretary, Teachers Insurance and Annuity Association of New York in a paper presented at the 1944 Annual Conference of the Municipal Finance Officer's Association discussed the coordination of individual retirement plans with the Federal Social Security Act arriving at the following conclusion:

(Continued on page 26)

IF You Would Have Them