

Secure Old Age

BY RALPH WALLACE

American corporations were building social plans a generation ago. Now millions of workers are protected in retirement.

John L. Shields, 81, never made more than \$32.50 a week in his life. He worked as a watchman in Frankfort, Ky. When he became old he had to retire. He had a rented house for himself and his wife, a tiny savings account, and little more.

A few years ago Johnny might have ended up on the poor farm. Yet right now he is doing about as well as in his palmiest days. He doesn't work a lick. But every month he cashes checks totaling \$130, or almost precisely what he once drew in salary. The answer? Johnny has a generous pension from his old employers—Schenley Distillers.

The ghost of a needy old age has been laid for 2,000,000 American workers by the greatest corporate pension rush in history. Before the war only about 1000 corporations had pension plans. Now 6000 such plans have been filed for Treasury approval, with more snowing down on Treasury desks every day. Private industry may ultimately pay aged workers a billion dollars each year. Moreover, these annual payments are guaranteed, either by insurance company funds or irrevocable trusts.

Labor, once opposed to pensions as a scheme to hold down wages, now generally approves corporate programs to supplement Social Security benefits. The average Government payment to old couples ranges between \$50 and \$60 a month—admittedly inadequate to provide more than bedrock essentials. Additional contributions by employers spell the difference between comfort and misery.

Such enlightened social thinking has

already drawn employer and employee more closely together. I made a survey of more than 100 representative American corporations which have established pension plans. Company after company reported increased production and better worker morale. More than 80 companies reported lower labor turnover. One executive told me his labor turnover had been only half as much as anticipated, simply because workers knew they would be taken care of in old age if they stuck with their jobs.

Almost equally significant, the landslide of new pension plans has helped stimulate an impressive boom in company-sponsored life and health insurance programs—the other two keystones of workers' social security. Group health and accident plans now protect about 7,000,000 workers; 15,000,000 are covered by group life. In these programs the company bears a third or more of the costs.

"The worker makes American business click," Langbourne Williams, president of Freeport Sulphur, told me. "Why shouldn't he have business-sponsored safeguards for his life, his health, and his financial security in old age?"

One of the most liberal pension plans was established several years ago by Shell Oil. Employees after 20 years' service receive as a pension 40 percent of their last five years' average pay. This means a \$3000-a-year worker can retire at \$1200 a year. Employees do not contribute a cent to this program. Even more impressive, Shell has a "Provident Fund"—a voluntary plan by which up to ten percent of an employee's salary can be deducted and saved until he quits or retires, with the company matching the worker's contribution dollar for dollar. Just before

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