

# How One Government Avoids the Pension System

Plan of the United States for Looking After the Soldiers and Sailors and Their Families in Case of Injury or Death Due to War—Comprehensive Plan for Life Insurance and Indemnification for Injury.

A plan for providing family allowances, indemnification, re-education and insurance in behalf of officers and enlisted men in the army and navy of the United States has been introduced in the United States Congress, which is occasioning very wide comment in life insurance circles. The plan is intended to do away with the pension system in toto. The proposal is outlined in a letter from Secretary of the Treasury McAdoo to President Wilson, and in part is as follows:—

"After a revision of the bill had been completed, I submitted the measure to the advisory committee of insurance representatives appointed as a result of the insurance conference held July 2. This committee considered it over a period of two days and reported its general approval of the several parts of the bill, except that providing for Government insurance. They made a number of suggestions of change in details, some of which have been accepted.

"One of their fundamental objections to the proposed plan of insurance whereby any man in the service can purchase from \$1,000 to \$10,000 of insurance was, that this gave an opportunity to the wealthier men to get something which the poorer men could not obtain. They admitted that they had failed to ascertain the premium rates to be charged under the plan contemplated. This objection is not tenable because the president of the Actuarial Society of America stated in their presence, in response to my question, that the premium rate to be made by the Government during the war would be between \$7 and \$8 per \$1,000 of insurance. This rate would make the cost of \$10,000 insurance only \$80 per year—and only \$40 per year for half that amount—and would enable practically every private to take the maximum amount.

"After careful consideration of actuarial estimates, and after consultation with Capt. S. H. Wolfe, of the War Department, one of the leading actuaries of the country, I have reached the conclusion that if the bill is promptly enacted into law the total expenditure for the first and second years will be as follows:—

	First year	Second year
Family allowances .....	\$141,000,000	\$190,000,000
Death indemnities .....	3,700,000	22,000,000
Compensation for total disability...	5,250,000	35,000,000
Compensation for partial disability	3,200,000	21,000,000
Insurance against death and disability .....	23,000,000	112,500,000

Total .....\$176,150,000 \$380,500,000

"The main purpose of the bill," says Mr. McAdoo, "is to grant a reasonable Government indemnity against the losses and risks incurred in the discharge of a patriotic duty and in the performance of an extraordinarily hazardous service to which the Government has called and forced the citizen. It provides not only for the man but for his family. It aims to accomplish these ends by granting a reasonable

measure of indemnity against the risk of loss: (1) Of support of the breadwinner; (2) of life and limb; (3) of present insurability at ordinary rates.

"The risk of dependency, in the case of an enlisted man's family, is indemnified against by allotment of part of the pay of the enlisted man, supplemented by a family allowance granted and paid by the Government.

"To illustrate: A private gets \$33 a month for service abroad. If he has a wife and two children he must allot to them at least \$15 out of his pay. The Government supplements this by giving the family an allowance of \$32.50. This family's minimum income, therefore, would be \$47.50. The father can allot as much more as he pleases. If there is another child, the Government will allow \$5 additional. If that man should have a mother or father actually dependent upon him, and to whom he has been accustomed to contribute, say, \$15 a month, he can secure an allotment of \$10 a month from the Government for the parent by allotting \$5 more of his pay. Thus, the private with a wife, three children and a mother actually dependent upon him, by giving \$20 out of his \$33 a month, would get from the Government for his family \$47.50 a month, giving the family an income of \$67.50, and still leave the man \$13 a month for spending money. If there are more children, or if there is also a dependent father, the Government would give up to \$50 in all, over and above the man's own allotment."

Mr. McAdoo continued: "If total disability results from personal injury suffered or disease contracted in the course of the service, the compensation, based on the percentage of pay, but with a minimum of from \$40 to \$75 per month, according to the size of the family, may increase for the higher officers to a maximum of \$200 per month. Compensation, however, is not payable while the officer receives retirement allowance. Partial disabilities are compensated for on the basis of percentages of the compensation for total disability, dependent upon the average impairment of earning capacity resulting from such injuries in civil occupations. Provision is made for commutation under regulations, but of a part only of the compensation. Medical, surgical and hospital treatment, supplies and appliances are given.

"Two principles are established in the bill: (1) The man's obligations to avail himself of such opportunities as the Government may provide or cause to be provided under penalty of loss of compensation during any period of unreasonable refusal. (2) A man's right to disability compensation regardless of his individual economic recuperation. This is an essential spur to the full development of his potentialities.

(Continued on page 13)

## LIFE INSURANCE

For information, for advice, for insurance consult

**W. P. ARGUE**

Room 45  
640 Hastings St. West

Telephone—Office: Seymour 768  
Res.: Bayview 1150Y

## R. KERR HOULGATE

Estate Agent Insurance of all kinds Loans

Agent for the

RHODE ISLAND INSURANCE COMPANY, LIMITED and the  
GENERAL FIRE ASSURANCE COMPANY of Paris, France

Phone Seymour 4574

502-3 Yorkshire Bldg., Vancouver, B.C.

## Vancouver Insurance and Vessel Agency

LIMITED

**FIRE AND MARINE INSURANCE**

Representing: AETNA INSURANCE COMPANY, HARTFORD  
CONTINENTAL INSURANCE COMPANY, NEW YORK

Vancouver Block

Telephone Seymour 7540

Vancouver, B.C.