

In drafting a financial scheme of retirement the aim should be to so arrange the details so as to prove permanently satisfactory to all concerned. This may be taken as the criterion. If anyone should succeed in fully satisfying it he may regard it as a crowning achievement. The problem is difficult, and too much should not be hoped for. It is well to remember that a scheme which may appear satisfactory for the present may develop exceedingly unsatisfactory features in the future. Some attempt should be made to gauge the ultimate results. Care should be taken to see that the scheme would not bind itself to abuse present or future. The proof of pudding is not in the eating. We must wait a few hours after to get the proper perspective.

If the proper view is to regard "financial schemes of retirement" as part of the system of administration, it is necessary to have some knowledge of the general policy before the scheme can be consciously designed to carry out that policy. I shall therefore state briefly what I conceive should be the policy of administration whenever it is likely the establishment of a financial scheme of retirement will be contemplated.

The policy should be to attract employees potentially efficient and capable for the work they will likely be called upon to perform. After an employee has once joined a service and his suitability more or less proved there should be some positive inducement to his staying; but this inducement, not the initial attraction, should be so great as to appeal to any material extent to those whose aptitudes should lead them to seek employment. Therefore, periods of probationary service, or even a few years of permanent service, should not by reason of contributions, etc., appear to commit an employee to such an extent that he would feel obliged to remain in the Service in order to realize on his commitment, when from his aptitudes he should seek employment elsewhere. It will be in the interests of efficiency and economy to in general eliminate those whose efficiency materially decreases on account of ill-health or advancing years. But, again, the inducement should not be such as to eliminate in early life those whom it is not advantageous to eliminate. It is essential that some advanced age be fixed upon at which service must cease, the age being that at which on the average employees in the class concerned on the average cease to render the best service. This in practice does not appear possible without providing some financial consideration, and only then when a definite limit is fixed. The age should be sufficiently low to enable those retired to re-arrange their life, to take new interests and attachments before overtaken by declining years.

I have so far used the expression "financial scheme of retirement" as being more comprehensive than the expression "superannuation." I take this opportunity to remark that if the general policy of administration should be as already outlined, then all schemes of retirement based on the "Savings Bank Principle" tend in exactly the opposite direction. It is certainly no attraction to employees to make a deduction from their salaries to be accumulated at a lower rate of interest than may be had on good investments. The fact that an employee may not touch his accumulated savings without leaving the Service means there is a standing temptation to the vigorous and capable to accept opportunities as they may present themselves elsewhere. An adequate provision may be made for those attaining an advanced age, as, say 65, but the deduction will in most cases be heavy. In the "Savings Bank Schemes" the employer has more to object to than the employee, but such schemes are to the advantage of neither. Lack of