

THE CIVILIAN

VOL. IX.

AUGUST 18, 1916.

No. 9

Financial Scheme of Retirement

Paper read by Mr. Andrew D. Watson, B.A., Actuary in the Department of Insurance, before the National Assembly of Civil Service Commissioners. In this address Mr. Watson discusses the question of superannuation from another viewpoint to the one taken by Mr. Grant, whose paper appeared in The Civilian in the issues of July 7th and 21st.

For the present I shall assume that some "financial scheme of retirement" is desirable in the case of all large permanent employers. In adopting any such scheme care should be taken to see that the details conduce to carrying out the main policy of administration. Too often the fund established is regarded as an insurance company granting benefits in return for equivalent contributions, the employers' interests beginning and ceasing with his share of the contributions. Any such scheme should be regarded as part and parcel of the system of administration, as a means to an end. As generally happens, the indirect consequences of the establishment of any such scheme will outweigh the intended results. It is therefore important to satisfy ourselves that the balance of indirect consequences will tend in the right direction. It would be vain to hope that only good would flow from the establishment of such a scheme.

The subject is a large one to deal with in a few minutes, but in the present case is greatly delimited in that we need only consider public employees. So great are the differences between public and private services it is unsafe to conclude that what is satisfactory in the one will apply to the other. It is very largely a question of the particular case. There are, nonetheless, principles, proved by experience, which should be observed. Like guiding stars these principles tell us our position and show us the danger points, but do not necessarily bind us down to any particular course. Our course will be determined almost wholly by practical considerations and expediency. Frequently those called in to deal with such problems appear to regard the whole question as one of mathematics. A question depending for its solution on the application of the principles of compound interest and possibly life contingencies. I have all due reverence for sound principles, but these principles must be controlled by and be subservient to the practical demands of the case. Principles should be our servants to do our bidding; not our masters. Any number of schemes absolutely sound financially, in the narrower sense, may be devised, but worse than none when regarded in the broader sense. The proper administration of a country's affairs is supremely more important than strict adherence to any particular theory in a matter of detail.

In dealing with the problem in practice it is necessary to take a broad look and a long look. An open mind is necessary, and perhaps an open heart. To approach the problem in a spirit of antagonism for employees is to fail. It must ever be recognized that the best interests of the Civil Service and of the public are identical.