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Public Service Superannuation

Discussion on the paper read by Mr. M. D. Grant, before the National Assembly of Civil Service Commissioners, Ottawa, June, 1916.

Mr. DANA: I wish to ask Mr. Grant one question. Under the plan of a joint contribution by the Government and the employees, will the employee's interest in the general fund be earmarked as if it was a savings bank deposit?

Mr. GRANT: Not specifically. As I explained before, under certain conditions it will be equivalent to that. That is, the amount he had paid into the fund, with or without interest, would be kept track of with sufficient accuracy to enable a return of those moneys to him or his representatives in certain contingencies; otherwise he would be treated as one of a group, and the annuity or retiring allowance would be paid to him according to the facts.

The CHAIRMAN: The Massachusetts Act treats him as an entity and his account as a separate account.

Mr. DANA: The Committee of the National Civil Service Reform League which went into this very thoroughly for a number of years and obtained the advice of trained experts, and also the Massachusetts Commission which employed trained experts and the Episcopal Commission which employed trained experts, and the Episcopal church fund, after having employed experts, have gone on the principle that it is quite essential to have the fund earmarked. That might seem as if it did not amount to anything. But let us assume that, with interest compounded at the rate the Government would guarantee, the fund equals X dollars when the man reaches the retirement age, and then the benefits, whatever they may be, whether for his children or wife or himself, the benefits generally are based upon X dollars. That has this very great advantage: Just as soon as the mass of employees, who have great influence with Congress, find that there is a large fund—and of course it does not make any difference to him and to those who are going to retire within the next ten years what will happen to those who are going to retire within the next thirty or forty years—when they find that there is a big fund they are apt to reach out for extra benefits from that fund. That has been the history of a big fund that has been left without any earmarks as to the individual interests in that fund. This was one of the troubles with the great British fund that failed, and then when the British Government found that it was in the position that there was not money enough, that the fund had become bankrupt, they were morally bound to make a straight out-and-out pension system. This has had the bad result, as has already been pointed out, of, in the long run, amounting to an indefinite and indirect contribution which was more costly to the employee, as was proved before the Committee of Parliament that investigated it, than an out and out deferred annuity would have been. That seems to