

ANCIENT ORDER UNITED WORKMEN.

Important Change of Age Rating—Canadian Executive Committee's Report to Next Grand Lodge.

The last number of the "Canadian Workman" devotes nearly a page to setting forth the manner in which the monthly collections and payments have been acting during eleven months of 1911, showing that in this brief time a shortage has developed amounting to \$100,099.43.

At the beginning of the year there was a sum of \$100,457.46 in the "beneficiary fund" and on October 1st there was only \$358.03 of it left. This fund is only what was derived from the monthly surpluses during several previous months and kept "on deck," as it were, for current use.

The Order has a well-invested reserve fund of \$1,476,844.61, to which the beneficiary fund was a sort of buffer, or protection against depletion of that reserve fund, and it was hoped that since the increase of the rates, in 1905, a good addition could be made from this source at the close of each year. And as a matter of fact this has been done, though mostly in decreasing amounts yearly. For instance, in 1906 there was added to the reserve \$290,088. In 1907 the addition was \$126,168. In 1908 a sum of \$297,839. In 1909 a saving of \$113,407. And finally, in 1910, only \$83,627.

Persistent Monthly Deficiency.

What has happened during the subsequent months, in the shape of a persistent monthly deficiency, is stated by the executive as follows:—

Months.	Collections.	Contracts Matured.	Monthly Deficiency.
January	\$84,638.61	\$102,004.36	\$17,365.75
February	84,956.45	90,649.45	5,693.00
March	84,212.81	100,348.77	16,134.96
April	84,189.05	93,562.44	9,373.59
May	87,023.89	101,500.00	14,476.11
June	83,598.80	99,900.85	16,302.05
July	83,373.45	90,426.40	7,052.95
August	83,005.11	88,000.00	4,994.89
September	84,000.00	Esd 92,706.13	8,706.13
Totals	\$758,998.17	\$859,097.60	\$100,099.43

This certainly presents a most alarming state of things. Something had to be done. Not a single member of the executive was so blind that he could not now see that some check must be devised, to stem this rapid depletion of the funds, or the reserve fund would be encroached upon, or else the widows and orphans would have to wait a while for their money. In either case confidence would disappear, and the fate that has befallen nearly one-half of all the state lodges of the A. O. U. W. in the United States, notably in Michigan, Illinois, Ohio, New York and Massachusetts, would soon be that of the Order in Ontario.

Will Only Delay the Inevitable.

The Executive Committee, as authorized at last session of the Grand Lodge held in this city, has devised a plan which they fondly hope will at least delay the inevitable a while longer. That it can do more than that we feel sure no intelligent member of the committee can believe. It is a step in the direction, but a tardy one, of what this journal pointed out as one which should have been taken when the new scales of rates were adopted in 1903, and again in 1905.

We pointed out the inadequacy and unfairness of changing the rates without also changing the age of the member up to date. For instance, in 1905, take age 30, per \$1,000. Before 1903 it was 75 cents per month, in 1903 a slight rise was made to 84 cents, but that was found almost useless towards any perceptible increase in the reserve funds. And so in 1905 a greater hitch was made, raising the 84 cents to \$1.16 per month per \$1,000. At age 40 the figures for the three periods were 90 cents, \$1.26 and \$1.72.

This shows a present assessment, upon that and older ages, of about double what it was previously to 1903. Though there was a loss of membership, this change produced a real increase in the income. Hence the "reserve fund" began to look more encouraging. The latter grew from \$683,981 in 1905 to \$1,595,110 in 1910. But there it halted. The income for 1910 fell short of 1909 by \$8,960.00, and then for the eleven succeeding months by the large sum of \$100,099.43 as per above alarming table.

Question of Entry Age.

What The Monetary Times pointed out, on both occasions, was that with the increase of the rate there ought also to have been an increase of the age from the entry age to the attained age. For instance, if a party who entered at age 30 and for ten years was contributing less than it had cost the society to carry his insurance, then why should he be allowed to pay, under the increased scale, just the same as if he was still only 30, whereas he was now 40. Every new member coming in at age 40 would pay \$1.72, while the old member was permitted to pay on age 30, or \$1.16. This was most inequitable upon the two men. Upon a \$2,000 certificate the one has had to pay \$41.28 per year and the other only \$27.84. Difference \$13.44,

and both men the same age! But that is not all. The new man has just come from the medical examiner's hands and is pronounced sound and suitable. The other is practically an impaired life, because out of every thousand persons who were insured ten, twenty or thirty years ago, a large number could not now pass a successful examination.

Ages to Be Advanced.

What the Executive Committee have now decided upon is to recommend that on May 1st, 1912, all the old members shall have their ages advanced for future assessments, to the ages they had attained on May 1st, 1905. But in no case will any member be rated upon a higher assessment than that due to age 49, which is \$2.69 per \$1,000.

This means that a member who joined at age 42 in 1905 and has ever since been paying \$1.93 per \$1,000 per month, will continue to be rated as 42 years old, and pay \$1.93 as before. But if he had joined in 1900, at age 42, and in 1905 continued to be rated, as they all were, at the age of joining, he must hereafter have his age advanced, for rating, by five years, just as if what we recommended had been done at that time. Instead of \$1.93 per \$1,000 he will now pay \$2.42, because he was actually 47 in 1905. However, he should be well pleased that it is no worse, for he should have been paying the \$2.42 every year since 1905. Therefore, upon \$2,000 he has saved \$11.76 per year for seven years past, or \$82.32 without adding interest upon that sum.

Will Increase Monthly Income.

The Executive Committee's estimate is that if the Grand Lodge adopted this change of age base, it will increase the monthly income of the society to about \$123,935.71, whereas it has been standing nearly stationary at about \$84,000. On the other hand, it will undoubtedly cause quite an increasing number of the members of age 70 or over, to take advantage of one or other of the three options recently adopted by the Grand Lodge, of ceasing to be a contributing member, and taking a paid-up certificate for half the original amount. Or, in lieu thereof, taking half the amount in cash of what he has contributed in assessments. We should suppose the latter would prove the more popular method of dropping out.

It remains to be seen, therefore, whether this increase of the age at this late date, thus losing all the difference that would have, and should have, been contributed during the seven years from 1905 to 1912, will really improve the solvency of the society by adding any material sum to its present very inadequate reserve fund.

Condition of the Order.

The following table shows the condition of the society, from year to year, for the eight years of 1903 to 1910, inclusive:—

Year.	New Issue.	Terminated.	Income.	Assets.
1903	\$3,715,000	\$3,527,000	\$878,578	\$447,377
1904	1,852,000	4,769,000	1,040,480	539,742
1905	497,500	7,440,000	1,070,765	683,981
1906	866,000	3,508,900	1,184,717	974,069
1907	1,345,000	2,167,700	1,161,443	1,100,237
1908	1,947,000	2,343,500	1,176,822	1,398,076
1909	2,524,000	2,718,100	1,189,101	1,511,483
1910	2,283,500	2,703,500	1,180,141	1,595,110
Totals	\$15,430,000	\$29,178,700		

The total amount of insurance carried December 31st, 1903, was \$72,388,500. Since then it has steadily decreased, year by year, and on December 31st last was only \$58,052,800. It will, no doubt, be considerably less at the close of this year.

The membership in 1903 was 46,125, and in 1910 had fallen to 38,799. And notwithstanding a whirlwind effort for new members during this year, the total number has continued to drop, month by month, and on November 1st only 36,867 responded with their contributions, yielding \$82,162.99, to which is to be added \$1,378.60 received for arrears, making a total of \$83,541.59. Multiply by twelve, and it produces only \$1,002,499 as the income for 1912. Compared with the above \$1,180,141 for 1910, this shows a shortage for the current year of \$177,642.

Effect of New Rating.

As above stated, the estimate of the Executive Committee is, that the rating up of the ages of the older members, to the actual ages attained in 1905, will produce a monthly income of \$123,935. If it does, then it is easy to see that the difference above the present \$83,541 will be about \$40,000, or fifty per cent. as an average over the whole membership. But as the new members, since 1905 are not to contribute anything more than heretofore, and the members who had attained to age 49 or more, in 1905 are not to be affected by the new rating-up, it follows that those whose age-rates are affected, will have to more than double up their monthly contributions, or drop out. In taking the latter course they will only be "following the crowd." During the past eight years, as the table shows, the lapses and deaths put together terminated \$29,178,700 of this temporary sort of life insurance. Of course those who accept the inevitable and continue to pay, will preserve their title to a share in the "gilt-edged bonds and debentures" which the "Canadian Workman" informs the members was, with the