



**Normal Retirement
Early and Disability Retirement
Fall 1959**

Bulletin No. 1284

UNITED STATES DEPARTMENT OF LABOR
Arthur J. Goldberg, Secretary

BUREAU OF LABOR STATISTICS
Ewan Clague, Commissioner



PENSION PLANS UNDER COLLECTIVE BARGAINING

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Preface

The principal features of normal, early, and disability retirement provisions of 300 selected pension plans under collective bargaining are analyzed in this bulletin—the second in a series of pension plan studies. The first report (BLS Bull. 1259, July 1959) analyzed the vesting and involuntary retirement provisions of the same 300 plans. A subsequent report will cover death benefits and survivor options.

The 300 plans studied ranged in coverage from a thousand to several hundred thousand workers. In total, approximately 4.7 million workers under collective bargaining were covered, or about half of the estimated number of workers covered by all pension plans under collective bargaining in the United States. The provisions of these plans do not necessarily reflect the provisions of smaller plans under collective bargaining or in non-union situations.

Summary articles of this study appeared in the October and November 1960 issues of the Monthly Labor Review. A few minor differences in the data reported, due to later revisions, will be found in this final bulletin.

The study was conducted and this bulletin was prepared in the Bureau's Division of Wages and Industrial Relations by Walter W. Kolodrubetz and Harry L. Levin, under the supervision of Donald M. Landay.

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Pension Plans Under Collective Bargaining

Normal Retirement

The normal retirement provision found in virtually every private pension plan specifies the age at which, in the design of the plan, a worker would be expected to retire and the formula to be used in the computation of the retirement income for a qualified worker. The normal retirement age, as used in this study, may be defined as the earliest age at which a worker, having otherwise qualified for benefits, may retire of his own accord (i. e., without his employer's consent or compulsion) and receive immediately the full amount of benefits to which he is entitled under the normal benefit formula of the plan. In most plans, this age is 65 years. In addition to attaining this age, a worker must fulfill service requirements to qualify for normal retirement benefits under most plans.

An important characteristic of the normal retirement provision is its influence on other plan provisions, since it often serves as a standard to which other provisions are tied. Included in these other provisions are vesting, early and disability retirement, and compulsory or automatic retirement (under some plans, workers may be compelled to retire at the age which is also designated as the normal retirement age).¹

The basic factors in normal benefit formulas are service (length of employment) and earnings, or service alone. Another important aspect is the explicit or implicit relationship between plan benefits and social security benefits. The various values assigned these elements lead to wide diversity in the benefits promised by private pension plans. The use of an earnings factor combined with length of employment maintains, to some degree at least, differentials in retirement income commensurate with differentials in preretirement earnings, whereas benefits based on consideration of service alone place all workers on a common ground, regardless of their preretirement earnings differences. Gearing benefits solely to length of employment has become more common in collectively bargained plans in recent years.

The expectation that workers will be eligible for social security benefits at age 65 is taken into account in pension planning, both in setting the normal retirement age and in the benefit formulas. Social security benefits are explicitly taken into account in some private plans, either through the reduction of computed plan benefits by all or part of the amount of the worker's social security payment (i. e., by integrating private and public benefits to yield a specific income level) or by the use of different benefit formulas for workers with earnings below and above the taxable limits under the Social Security Act. Without any direct tie-in to social security, benefit levels in all other private plans reflect the expectation that social security payments will be forthcoming. As this study of plans in effect in the fall of 1959 shows, the greater part of the retirement income to be expected by most workers covered by pension plans under collective bargaining when they reach 65 will be provided by social security.

¹ See Pension Plans Under Collective Bargaining, Late 1958: Part I. Vesting Provisions and Requirements for Early Retirement; Part II. Involuntary Retirement Provisions, BLS Bull. 1259 (1959).

Scope of Study

For this study, 300 selected pension plans under collective bargaining, in effect in the fall of 1959, were analyzed.² Each plan covered 1,000 or more workers. Considerations in the selection of these plans for study were the union involved, type of employer bargaining unit, industry, type of plan, and geographical location. The selected plans ranged in coverage from 1,000 to 300,000 workers—totaling approximately 4.7 million workers under collective bargaining agreements or about half of the estimated coverage of all pension plans under collective bargaining in the United States (table 1).

All major industries (excluding railroads and airlines) were represented in the selection (table 2). About 3 out of 4 plans (229) were in manufacturing industries and covered 3.2 million workers; 71 were in nonmanufacturing industries and applied to approximately 1.5 million workers. Sixty-nine plans, covering more than a third of the workers in the study, were established on a multiemployer basis. Forty-nine plans were financed by both the employer and the worker (contributory plans); the remaining 251 plans were financed entirely by the employer (noncontributory plans),³ and covered almost 85 percent of all workers.

The normal retirement provisions found in the selected pension plans were analyzed in detail, including minimum age and service requirements and other elements of the benefit formulas. In addition, the benefit amounts provided by the plans under certain assumed conditions were computed for illustrative purposes. The effects of preparticipation requirements on normal benefit provisions were also examined.

A previous Bureau study of 300 pension plans in effect in late 1952 provided a basis for a limited evaluation of major trends over the past 7 years.⁴ Of these plans, 219 were included in the present study. The substitution of 81 plans was occasioned by (1) the elimination of plans covering fewer than 1,000 workers;⁵ (2) mergers, companies going out of business, or plans terminated; or (3) in a few cases, the lack of current information.

Requirements for Participation

To participate in or to be covered by a pension plan, the worker must meet certain conditions. Many noncontributory plans merely require that the worker be a regular full-time employee on the payroll. Provisions such as this, which make participation more or less automatic, are designed to exclude from

² These plans included those established for the first time as the result of collective bargaining and plans established originally by the employer or the union but since brought within the scope of the collective bargaining agreement—at least to the extent that the agreement established employer responsibility to continue or provide certain benefits.

Many plans were extended uniformly to cover workers outside the scope of the collective bargaining agreement. However, the pension plan coverage used in this study represents only the number of workers under collective bargaining agreements.

The same selection of plans was used in BLS Bull. 1259 previously cited. A subsequent study will cover death benefits and survivor options.

³ Some of these plans gave the worker an option to contribute to a supplementary plan to build up additional pension benefits. In these cases, only the basic noncontributory plan was analyzed.

⁴ Pension Plans Under Collective Bargaining, BLS Bull. 1147 (1953).

⁵ The 1952 study included 21 plans with fewer than 1,000 workers.

plan coverage only seasonal and part-time workers and workers who have not passed through a probationary period. Under jointly financed or contributory plans, the worker usually has a choice as to whether or not he will participate by making the necessary contributions (i. e., participation is voluntary); in some cases, however, participation is compulsory, that is, a condition of employment.

Some plans, both contributory and noncontributory, also have preparticipation requirements which withhold pension coverage from a newly hired worker until he has met certain age or employment requirements or both. These provisions may affect eligibility for plan benefits and the amount of benefits, hence they are important elements of pension plans.

Of the 300 plans studied, 65 plans covering almost 600,000 workers had preparticipation requirements which, regardless of the worker's age, withheld pension plan coverage for periods of 1 to 5 years after hiring (table 3). (In the 1952 study, 77 plans contained similar restrictions.⁶) Minimum age requirements ranging from 25 to 35 years were also stipulated in 25 of these 65 plans. Another seven plans had minimum age but no service requirements.

In some plans, length of plan membership—i. e., service after first being covered by the plan—rather than length of total employment was used in determining eligibility for benefits and in computing benefits. Therefore, to put all plans on the same footing, preparticipation provisions must be considered in conjunction with service requirements for benefits. Of the 72 plans with preparticipation requirements, only 8 plans counted service before plan coverage in determining eligibility for normal retirement; in the remaining 64 plans, only service during plan membership was counted (table 4). Of the 72 plans, moreover, 59 plans did not count employment prior to date of plan membership in computing basic normal retirement benefits (table 5). This exclusion was to be expected in the 35 contributory plans in which benefits are typically directly related to employee contributions.

Requirements for Normal Retirement Benefits

Virtually every pension plan requires that the worker attain a specified age, usually 65 years, to be eligible for normal retirement benefits. In addition, many plans also require the fulfillment of a certain number of years of credited service⁷ with the employer or group of employers. Although age and service requirements are typically the key elements in determining eligibility for other types of benefits found in pension plans (e. g., early and disability retirement and vesting of pension rights), under no other provision is the attainment of a certain age given so much weight. The normal retirement age fixes the earliest age at which the worker may retire at his own volition with immediate full benefits. It may also serve as the age of compulsory or automatic retirement and the age at which benefits of a deferred nature become payable or are to be recomputed.⁸

⁶ In both studies, plans with service requirements for plan participation of less than 1 year were excluded from this group.

⁷ As used in this bulletin, the term "service" applies to employment or service credited toward qualification or for computing benefits under plan provisions, regardless of the definition of service in the plan. In the plan documents, it may be referred to as "continuous service," "credited service," "consecutive years of service," etc.

⁸ See BLS Bull. 1259, pp. 10-11.

The minimum age and service requirements for normal retirement benefits are shown in table 6 as they were expressed in the plans, i. e., without adjustment for the preparticipation service requirements in the 64 plans which counted plan membership only. Only six of the contributory plans specified service requirements, while virtually all noncontributory plans did so. The concentration of plans and workers covered in two categories—age 65 and 10 years of service and age 65 and 15 years of service—reflects the influence of plans in the automobile and steel industries, respectively.

After adjustment to account for the 64 plans which credited plan membership service only (i. e., after the addition of preparticipation service to plan membership service) the total employment requirements for normal retirement ranged from none to 35 years (table 7). Approximately 55 percent of the plans covering half the workers, specified either 10 or 15 years of credited service, while about 25 percent of the plans specified less than 10 years (including 18 plans with no service requirement).⁹ On the other hand, 16 percent of the plans covering nearly 30 percent of the workers required at least 20 years of credited service for normal retirement benefits.

Minimum age requirements for normal retirement were found in all but one of the plans studied. Some plans had alternative normal retirement ages depending on the amount of credited service. For example, one plan describes its flexible normal retirement age as follows:

An employee . . . who has attained the age of 65 and has 10 years or more of company service credit . . . or who has attained age 60 or over and has 30 or more years of company service credit is eligible for a pension benefit. . . .

The impact of the Social Security Act and the interrelation of public and private pension plans is reflected in the fact that age 65 (the age at which male workers qualify for old age benefits under the act) was the normal retirement age in more than 9 out of 10 plans. All but 2 of the remaining 20 plans had a normal retirement age below 65—usually 60. The Bureau's 1952 study showed a similar distribution of normal retirement ages.

Of the 300 plans studied, 21 provided a lower normal retirement age for women. The ages specified are shown below:

Normal retirement age		Plans	Workers (thousands)
All plans with earlier normal retirement age for women -----		21	264.5
<u>Men</u>	<u>Women</u>		
65	62	3	21.7
65	60	11	76.7
65	55	3	12.9
60	55	4	153.2

⁹ The absence of a service requirement or a low service requirement usually means a small retirement benefit if the worker fails to build up sufficient service, unless the plan provides a substantial minimum benefit regardless of length of service; few of the plans studied contained such minimum provisions.

Normal Retirement Benefit Formulas

The amount of retirement income a qualified worker is entitled to at normal retirement age is determined by the normal benefit formula of the plan. These formulas, which vary widely among plans, usually take into account the amount of credited service, or service and earnings. A distinction may also be made in the treatment of benefits for employment before the effective date of the plan ("past service") and benefits for service since that date ("future service"). In addition, social security benefits payable to the worker may affect the amount paid by the private plan. The normal benefit formula is also important to workers qualifying for early and disability retirement and for vesting, since benefits under these provisions are usually derived from the normal retirement formula or a modification of it.

Past Service Benefit Formulas.—Almost every plan studied credited the service rendered prior to the effective date of the plan, "past service." However, the evaluation of past service was often based on different factors or formulas than "future service." Some plans also provided a different formula for "future service" rendered before the effective date of an amendment to the plan but after the effective date of the plan, i. e., "intermediate service." Both past service and intermediate service formulas usually yield smaller benefits than future service formulas for the same amount of service and earnings.

Since pension plans are relatively new, particularly those under collective bargaining, probably most of the workers retiring within the next few years will receive benefits determined in large part by the application of past and intermediate service formulas. However, these formulas vary widely among plans, differing in the liberality of allowance for past service credits as well as in the key dates which the formulas take into account (date of plan establishment, amendments, etc.). Because past and intermediate service formulas, in general, are essentially interim devices, and because future service formulas tend to become the important element in collective bargaining, the rest of this study deals with future service formulas and the benefits to be derived from these formulas.

Basic Benefit Formulas.—All of the 300 plans studied provided a basic benefit formula for computing the retirement benefits payable to qualified workers (table 8). For example, one plan stated that:

The monthly amount of any pension . . . shall equal 1 percent of the average monthly compensation received by the applicant from the company for services rendered during the 120 calendar months next preceding the month in which the applicant shall retire, multiplied by the number of years of his continuous service . . . [subject to a deduction of \$85 for primary social security benefits].

In addition, 112 plans, covering 30 percent of the workers, had a minimum benefit or alternative benefit formula, establishing a level below which benefits for the qualified worker could not fall, regardless of the amount computed under the basic formula. For example, the plan quoted above also provided that:

The minimum monthly pension for an employee who shall retire at or after age 65 and become entitled to a pension . . . shall be based on the employee's continuous service immediately preceding retirement, up to a maximum of 30 years, calculated as follows: (1) \$2.50 multiplied by such years of continuous service beginning on or after November 1, 1957; and (2) \$2.40 multiplied by such years of continuous service prior to November 1, 1957.

The period of service to qualify for the minimum benefit was the same as for the basic benefit in about two-thirds of the plans and was higher in the other plans.

The many basic benefit formulas found in the plans studied emphasize the variety and complexity of pension plans. However, the vast majority of formulas may be classified into three major types according to the variables employed: (1) The benefit varies by earnings and credited service; (2) the benefit varies by credited service alone; and (3) a uniform or flat benefit is provided for all workers who fulfill specified requirements. Examples of each type follow:

- (1) The monthly pension benefit for an employee who qualifies therefor shall be computed by taking 1.1 percent of the employee's average straight-time monthly earnings during the 120 calendar months next preceding his retirement, multiplied by his company service credit.
- (2) The monthly amount of pension payable to an employee . . . shall be \$1.50 a month for each of his years of credited service, to a maximum of 30 years.
- (3) The amount of pension paid by the fund to eligible members is \$30 a month for life.

Formulas in which the benefit varies by earnings and credited service were found in 139 of the 300 plans, and 118 plans had formulas varying benefits by length of service alone (table 9). The third type of formula, which provided a uniform or flat benefit for all qualified workers, was found in 31 plans. Combinations and variations of the above formulas accounted for the remaining 12 plans. In comparison with the Bureau's 1952 study, it appears that the proportion of plans in which benefits were affected solely by length of service has increased at the expense of those also taking earnings into account. Moreover, increases in minimum benefits based on service in the latter type of plan, or the introduction of minimum benefits, may lessen the significance of earnings-based benefits (see page 13).

Adjustment of Private Plan Benefits to Social Security Benefits

Federal old-age, survivors and disability insurance benefits provided under title II of the Social Security Act are directly incorporated into normal retirement formulas in two ways.¹⁰ First, the plan may provide that all or part of the social security benefits payable to the worker shall be deducted from the

¹⁰ Some plans in this study include provisions for reducing private plan benefits by all or part of the income from other sources such as workmen's compensation payments, unemployment insurance payments, severance payments, payments under other plans financed in whole or in part by the employer, etc. In this study, however, the only deductions considered are those payable to the worker under the Social Security Act.

Under current provisions of the Social Security Act, primary insurance benefits are payable to qualified workers at age 65. Women may elect to receive a permanently reduced primary benefit to begin between ages 62 and 65. Since July 1, 1957, qualified workers have been entitled to receive a disability benefit from age 50 to 65, if they become permanently disabled, as defined in the act. When the worker receiving such a benefit attains age 65, the disability benefit reverts to old-age benefit.

amount calculated from the benefit formula under the private plan. This is commonly referred to as the "offset" approach. Usually this reduction applies only to the social security benefit due the worker himself, i. e., the "primary insurance amount" due as an old-age benefit under social security. Second, the benefit formula may determine a disproportionately larger benefit relative to earnings in excess of a specified amount, which is almost always equal to the maximum earnings considered in computing social security benefits at the time the formula was adopted.¹¹

As shown in the following tabulation, about a fourth of the plans studied, covering a fifth of the workers, used the offset approach. This compares with nearly half the plans in the Bureau's 1952 study. More than half of the offset plans in the current study followed the basic steel industry pattern by deducting \$85 a month—the maximum primary social security benefit at the time it was incorporated into the basic formula of the steel plans.¹² Most of the remaining offset plans reduced benefits by all or one-half of the primary social security benefit to which the pensioner is entitled.

Provision for integration with social security benefits	Plans		Workers	
	Number	Percent	Thousands	Percent
Total	300	100	4,672.7	100
No integration provision	180	60.0	3,255.9	69.7
Integrated plans	¹ 120	40.0	1,416.8	30.3
Integrated by offset method	¹ 79	26.3	967.6	20.7
With deduction of—				
All primary social security	17	5.7	54.8	1.2
One-half primary social security	13	4.3	241.0	5.2
\$85 for primary social security	44	14.7	644.3	13.8
Other deductions for social security	5	1.7	27.5	0.6
Integrated by percentage factors	¹ 43	14.3	458.0	9.8

¹ Includes 2 plans covering 8,800 workers using both offset and percentage factor methods.

NOTE: Because of rounding, sums of individual components may not equal totals.

The basic benefit formula was integrated with social security benefits by means of the second approach described above in about a seventh of the plans covering a tenth of the workers.

¹¹ Maximum earnings have risen from \$3,000 in 1935 to \$3,600 in 1951, to \$4,200 in 1955, to \$4,800 in 1959; cf. Social Security Act, Sec. 215(e)(1).

¹² The primary social security deduction in the basic steel pension plans was reduced to \$80 after this study was completed.

Under the direct offset method in which half or all of the primary social security benefit is deducted, any increase in social security benefits results in a corresponding decrease in the benefits to be paid by the private plan. Under plans in which only half of social security benefits are offset, the worker will benefit by one-half the increase in social security benefit levels. However, fixing the social security deduction on the basis of those benefits in effect when the plan is negotiated or amended, as in the steel industry plans, means that all future increases in social security benefits are passed along to the worker.

Earnings and Service Formulas.—Typically, earnings and service formulas read as follows:

$$\text{Pension} = \text{a percentage factor (or factors)} \times \text{earnings and years of service}^{13}$$

Three important elements are needed in the application of this type of benefit formula: (1) The percentage factor or factors to be applied; (2) the definition of earnings; and (3) the definition of service. In addition to participation requirements and the crediting of preparticipation service, which have already been discussed, the definition of service involves the treatment of periods of layoff, disability, leaves of absence, etc. The definition of earnings involves both the scope of earnings (e. g., inclusion of overtime pay and exclusion of periods of layoff, disability, etc.) and the time period over which they extend or are averaged. Almost half of the plans in which benefits varied with earnings and service used the earnings of the last or highest 5 or 10 years—usually the last 10 years—while the remaining plans used earnings in all years, i. e., career earnings (table 10). Under the normal or expected pattern of advancement in industry, the use of highest or terminal earnings to compute benefits, other factors remaining equal, has a definite advantage to the worker at retirement.

The percentage factor, the other element in determining benefits under this type of formula, varied markedly among plans, ranging from 0.40 to 2.50 percent (tables 11 and 12). As shown below, about two-thirds of the plans which used compensation in the benefit formula applied a single uniform percentage to the earnings used, whereas most of the remaining plans used two percentages applicable at different earnings levels. Use of the nonuniform percentage factors as previously discussed, is a method of integrating private plan benefits with social security.

Number of percentage factors used	Plans	Workers (thousands)
Total	139	1,619.8 ¹
One factor (uniform)	88	1,131.5
Two factors	46	478.2
Other	5	10.1

¹³ The pension and the earnings are expressed in the same time unit, i. e., monthly pensions are based on monthly earnings, and annual pensions are based on annual earnings. In addition, some plans combine the last two factors—earnings and service—by applying the percentage factor to each year's credited earnings and summing the amounts so computed.

Of the 88 plans using a single percentage factor, 54 used a 1-percent factor (table 11). Plans in the basic steel industry, an important example of this use, provided a basic formula of 1 percent of average monthly earnings during the 120 months immediately preceding retirement, multiplied by years of service. The factors found in the other uniform percentage plans studied ranged from 0.40 to 2.0 percent.

Application of different percentage factors at specified earnings levels was stipulated in 46 plans. To integrate with social security, all but three plans used a larger factor for earnings over a specified amount than below.¹⁴ About two out of five plans of this type applied a 1-percent factor to credited earnings below a specified amount, and either 1.50 or 2.0 percent to earnings above that amount (table 12). Three-fifths of the remaining plans applied a factor greater than 1-percent to the lower portion and, with one exception, between 1.50 and 2.50 percent to the higher. The earnings levels at which the percentage factors changed also varied widely, reflecting the variations in the maximum amounts considered in computing social security benefits at the time the plans were adopted or amended.¹⁵ The levels at which the second percentage applied, with one exception, therefore ranged from \$3,000 to \$4,800 a year. Some plans make automatic adjustments when the maximum taxable wage base on which social security benefits are computed is increased.

Almost half the plans where basic benefits varied by both earnings and service contained a provision for direct reduction by primary social security benefits (only four of these plans were found to use two percentage factors). Most of the plans with reductions followed the basic steel pattern by specifying an \$85 deduction for primary social security benefits from the amount determined by a formula utilizing a 1-percent factor or, in four plans, a higher factor (table 11). Some plans with percentage factors ranging from 1 to 2 percent reduced the basic formula by either all or, more frequently, one-half the primary social security benefit. No social security offset was found, however, in plans with formulas using a factor of less than 1 percent.

Benefits Related to Service.—Most plans in which the benefits varied by service alone computed normal monthly retirement benefits by multiplying a specified dollar amount by the number of years of credited service. The major programs in the auto industry, for example, provided a monthly benefit computed by multiplying \$2.50 by the number of years of credited service accumulated after a specified date.¹⁶ Some plans of this type limited the years of credited service that could be used to compute benefits, e.g., \$2.25 times years of credited service up to a maximum of 30 years. Another variation was a formula under which a flat amount (e.g., \$150 monthly) was provided workers who complete a required period of service (25 years) with the benefit being reduced for less service (\$5 per month for each year of service less than 25) to a minimum amount (\$100 for 15 years of service—the minimum service to qualify for benefits).

The dollar amounts used in computing monthly benefits varied widely, ranging from \$1 to \$7.50 (table 13). For all but 10 plans, this benefit was exclusive of any social security benefit to which the worker would become entitled. The formulas with social security offsets provided \$3.33 or more a

¹⁴ Both of the plans with a smaller rather than a larger factor applicable to the upper earnings range used the offset method to integrate with social security.

¹⁵ See footnote 11 for maximum earnings credited under the act.

¹⁶ Under these plans, a worker would receive \$2.50 times years of service on or after a specified date, e.g., November 1, 1959, and \$2.40 times years of service prior to that date.

month for each year of credited service. Reflecting the influence of the major auto plans, about a third of the service formulas specified \$2.50. A few plans set a flat monthly amount for specified credited service with a nonproportional reduction of benefits for less service.

A little more than half of the plans containing service formulas placed a maximum limitation on credited services used to compute benefits—usually 25 or 30 years. Thus, the rest of the formulas of this type (in 53 plans) did not fix a maximum limit on service or on benefits.

Flat Benefit for Specified Service.—The basic benefit formulas in which uniform amounts were provided to all workers who complete the required service—the least common type of formula found in this study—were, in all but two cases, contained in multiemployer plans. These included plans negotiated by the International Ladies' Garment Workers' Union, the Amalgamated Clothing Workers of America, and the United Mine Workers of America. This approach is also widely used in plans in the construction trades. In about a third of the 31 flat benefit plans, \$50 a month was provided retirees fulfilling the specified requirements (table 14). The remaining plans provided amounts ranging from \$20 to \$130 a month. Only three uniform benefit plans offset the flat benefit by primary social security benefits.

Minimum Benefit Formulas.—Many pension plans provide a floor under normal retirement benefits by guaranteeing a minimum benefit determined by a separate formula, which, for workers with certain earnings and service, yields a higher benefit than that due under the basic retirement formula previously discussed. Of the 300 plans studied, only 39 provided benefits at normal retirement age precisely as the formula prescribed, no matter how small the retirement annuity might be. (See table 8.) On the other hand, in 149 plans the minimum benefit was included in the basic formula, as in a flat benefit formula or a service-only formula which stipulated the minimum service for which a pension would be granted; workers not fulfilling these minimum requirements would receive no benefits. The remaining 112 plans contained a minimum benefit formula which modified the basic formula, generally to the advantage of lower income and shorter service pensioners. In many plans, as in the steel industry, the minimum benefit formula applied to the majority of retired workers.

All but 10 of the 112 plans with a separate minimum benefits formula had a basic formula based on earnings and service (table 15). Most minimum pensions were based solely on service; the rest had a flat minimum pension or another type of formula. Many plans in the basic steel industry, for example, provided, in addition to the basic normal retirement formula previously described, a minimum guarantee of \$2.50 per year of credited service after October 31, 1957, and \$2.40 per year of credited service prior to November 1, 1957, up to a maximum of 30 years.¹⁷ The least common approach was found in plans in which the formulas for both basic and minimum benefits were based on the same factors, but with different values.

A fourth of the minimum benefit formulas—about the same proportion as the basic formulas—were subject to social security offsets. Over three-fifths of such plans deducted all primary social security benefits (table 16). Offset basic benefit formulas were used by about a third of these plans.

¹⁷ These benefits are exclusive of social security. In January 1960, the parties negotiated an increase for employees retiring after January 1, 1960, to \$2.60 a month per year of service after December 31, 1959, and \$2.50 a month per year of service before January 1, 1960.

Variable Benefits.—An important consideration for workers who have retired or who are about to retire is the protection of pension benefits from the eroding effects of rising living costs. Among the 300 plans in this study, 3 plans provided for adjustments in pension benefits geared to price changes or to pension fund earnings.

In one plan, the normal benefit formula was geared to the Bureau of Labor Statistics Consumer Price Index. The pension benefit resulting from the application of the basic benefit formula was adjusted at retirement and periodically thereafter to reflect the changes in this price index. This clause stated that:

An adjustment of an employee's pension will be made by multiplying the employee's Monthly Base Figure $\sqrt{\text{basic pension amount}}$ by the "Consumer Price Index" last published in the 6 months' period preceding January 1 of the year of the employee's retirement . . . and dividing the result by 103.7 (Index for July 1948 on new basis). The "Consumer Price Index" shall be of the official Consumer Price Index published by the Bureau of Labor Statistics, U. S. Department of Labor (1947-1949=100). The pension amount will be recomputed on each July 1 and January 1 thereafter for the succeeding 6 months' period.

In two plans included in this study, part of the retirement benefit varied according to the investment experience of the fund, and the rest was based on a fixed benefit formula which followed the usual pattern to provide a fixed income. For example, one plan stated:

. . . The Supplemental Future Service Retirement Benefit. . . is a monthly amount that will vary from month to month or from time to time, depending upon the . . . earning rate required by this Section to be assumed in computing the amounts placed in the Variable Benefit Account and the actual earnings, gains or losses that occur in connection with investment of Trust assets in the Variable Benefit Account. Such Supplemental Future Service Retirement Benefit upon an Employee's retirement on and after his Normal Retirement date shall be the varying monthly amount.

Level of Benefits

The benefit formulas already discussed promise computable pensions for workers who fulfill the necessary requirements and who retire when they reach the normal retirement age. As pointed out previously, other formulas may apply to workers who have already built up service credits (i. e., past service). Thus, the only common ground upon which all pension plans can be put for purposes of revealing the level of benefits offered by them and of comparing them is that of future service; in other words, the pension promise made to a newly hired worker. It must be emphasized that these benefit provisions should not be interpreted as the amounts now paid workers who retire.

Additional assumptions are necessary to place all plans on a comparable level. For purposes of this study, the following conditions were assumed in computing potential benefit amounts for each plan:

1. The worker will retire at age 65.
2. Benefits were computed for annual earnings levels of \$4,000, \$4,800, and \$5,600, and future service periods of 20 and 30 years. These arbitrary earnings levels were assumed to be constant throughout the worker's career, thereby eliminating any difference between plans basing benefits on career earnings and those using a high or terminal period.
3. It was assumed that current maximum primary social security benefits will be received by each retiree. For the selected annual earnings levels, these are \$112 per month for earnings of \$4,000 and \$127 per month for earnings of \$4,800 and \$5,600. To bring to a common level plans that offset social security payments and those that do not, it was necessary to determine total retirement benefits including social security benefits.

Under these assumptions, total monthly retirement income (private plan benefit plus primary social security benefit) offered by the 300 plans studied ranged from \$112 for a \$4,000-a-year worker with 20 years of future credited service (the current maximum primary social security benefit for that level of earnings) to over \$350 a month for a worker earning \$5,600 a year with 30 years of future credited service (table 17). Only primary social security benefits would be payable under some plans because more than 20 years of credited service was required to qualify for private plan benefits or because, after the deduction of maximum primary social security benefits,¹⁸ no private plan benefits were payable.

Of the 300 plans studied, about 2 out of 3 plans provided the worker with 20 years' service and earning \$4,000 a year a total retirement income (including primary social security benefit) equal to at least half his preretirement earnings (before deductions) as contrasted with about 1 out of 4 plans at the \$4,800 level, and 1 out of 6 at the \$5,600 level. A similar disparity is shown for workers with 30 years of service (table 17).

The average normal retirement benefit,¹⁹ including maximum primary social security benefits, was \$167.44 a month for a \$4,000-a-year worker with 20 years of service or about half of his gross earnings prior to retirement (table 18 and chart 1). For workers with 30 years of service, this proportion increased to 56 percent. On the average, workers with earnings of \$4,800 and \$5,600 received smaller proportions of their preretirement monthly income than those earning \$4,000. This is attributable to several factors: (1) The basic benefits provided by half the plans were unrelated to earnings. Moreover, benefits in another large group of plans—such as those in the basic steel industry—for the assumed service and earnings levels were higher under the minimum formula based solely on service than under the basic service and earnings formula.

¹⁸ Although the computations made under conditions assumed by this study indicate that some plans provide little or no benefit, these are not necessarily the amounts commonly provided by the plan. Under plans which provide a benefit level including primary social security benefits, workers who do not receive maximum primary benefits would receive more from the private plan than under the assumptions used in this study. This comment is particularly appropriate in low-wage industries where the pension benefit formula is often based solely on service.

¹⁹ Arithmetic mean of normal retirement benefits, including social security benefits, weighted by number of workers covered.

- (2) Maximum benefit limitations held down benefits in a number of other plans.
 (3) Social security benefits are a smaller fraction of earnings at the higher earnings levels.²⁰

Benefit amounts paid by the private plan (exclusive of social security) ranged upwards to more than \$200 per month for \$5,600-a-year workers with 30 years of service (table 19). The average payments made by the plans ranged from \$55.44 per month for the \$4,000-a-year workers with 20 years to \$86.83 for those who earn \$5,600 with 30 years' service.

Larger benefits were, for the most part, provided by contributory than by noncontributory plans. For example, more than 90 percent of the former as compared with 19 percent of the latter provided a total benefit, including primary social security benefits, of at least half of the worker's average earnings for those with 30 years of service and earnings of \$5,600 (table 20). At the \$4,000 and 30 years' service level, contributory plans also provided larger benefits (table 21).

As previously pointed out, many plans that provided a basic benefit formula based on earnings and service had a separate minimum benefit formula based on service alone. (See table 15.) Under the assumptions used in this study, 202 and 193 of the 300 computations made for the \$4,000- and \$5,600-a-year workers, respectively, were based on service formulas even though only 151 plans had basic formulas based solely on service. The benefit amounts computed for service formulas and service and earnings formulas are shown separately in tables 22 and 23. The advantage to higher paid workers under the service and earnings formula is demonstrated by this comparison of the benefits for \$4,000- and \$5,600-a-year workers retiring with the same service.

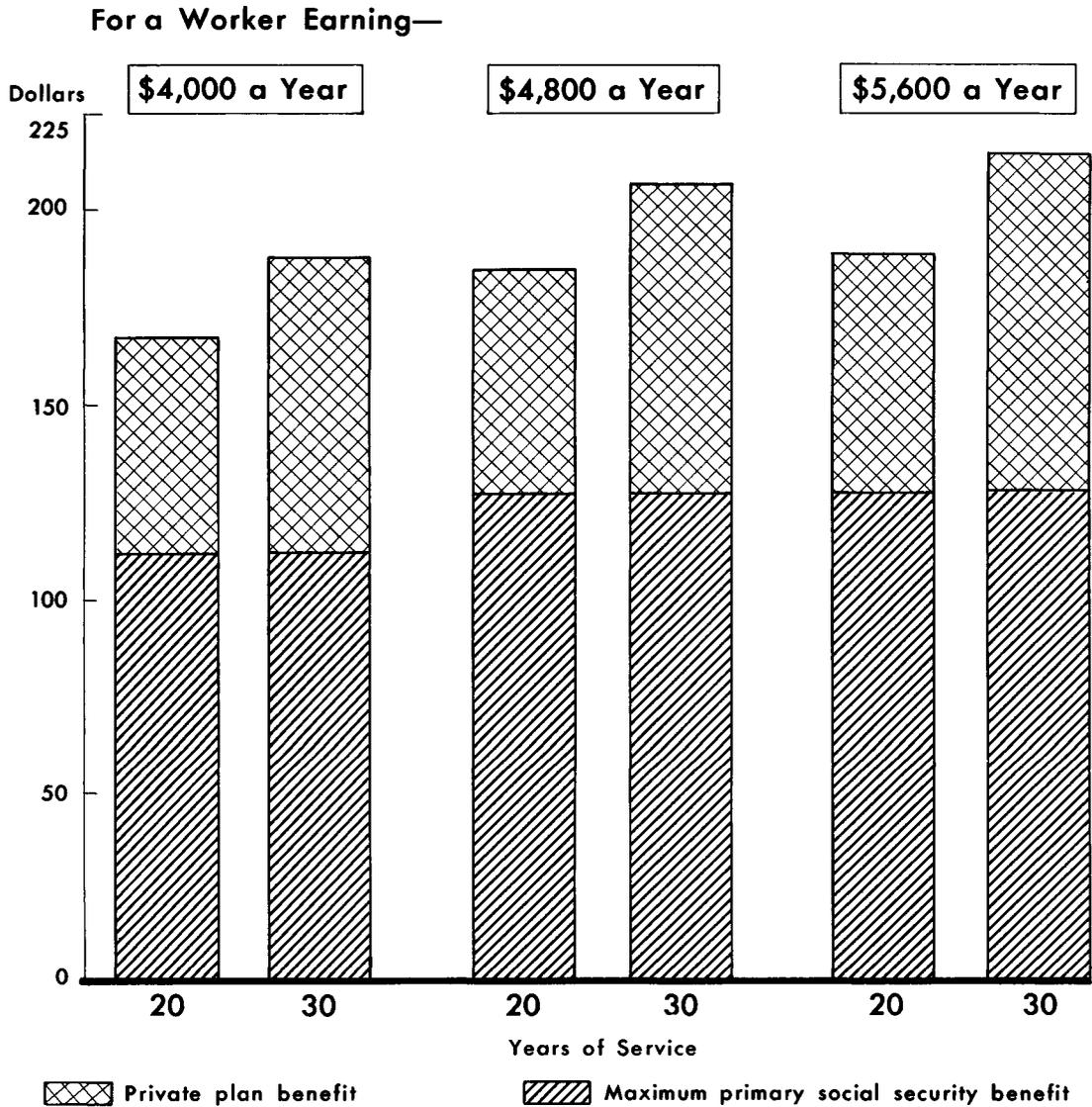
Changes Since 1952.—Increases in both plan benefits and primary social security benefits since 1952 account for a substantial increase in the total retirement income to which workers might look forward. The maximum primary social security benefit was raised from \$85 a month for a worker earning \$3,600 or more a year to \$112 for the \$4,000-a-year worker, and to \$127 for workers averaging \$4,800 and higher levels. Benefits under major plans in the automobile industry were revised upwards in 1953, 1955, and 1958, while basic steel plans were improved in 1954 and 1956. (Further improvements made in the basic steel plans in 1960 occurred too late to be considered in this study.)

Comparison between the Bureau's 1952 computations of future service benefits in 300 pension plans and the results of the present study can be made only with reference to the \$4,000-a-year worker. Distribution of the plans included in each study by the monthly benefit promised the \$4,000-a-year worker after 30 years of service, including maximum primary social security benefits (\$85 in 1952 and \$112 in 1959), show that the clustering of plans at the lower end of the benefit scale that characterized the 1952 distribution has changed to a more symmetrical distribution (chart 2). The principal reason for this change is undoubtedly the revisions negotiated by the parties. Moreover, as previously explained, the increase in social security benefits did not affect all future pensioners equally because of offset formulas in some plans.

In absolute amounts, it is likely that the increases for the \$4,800- and \$5,600-a-year workers were larger, since their social security maximum rose by \$42 as against the \$27 increase at the \$4,000-a-year level. In relative terms, however, this increase may have been counteracted somewhat by the greater emphasis on service (at these earnings levels) in 1959 plans, particularly in the steel industry.

²⁰ Maximum primary social security benefits are currently 33.6, 31.8, and 27.2 percent of average annual earnings of \$4,000, \$4,800, and \$5,600, respectively.

Chart 1. Average Monthly Normal Retirement Benefits for Selected Annual Earnings and Years of Future Service,¹ Fall 1959²

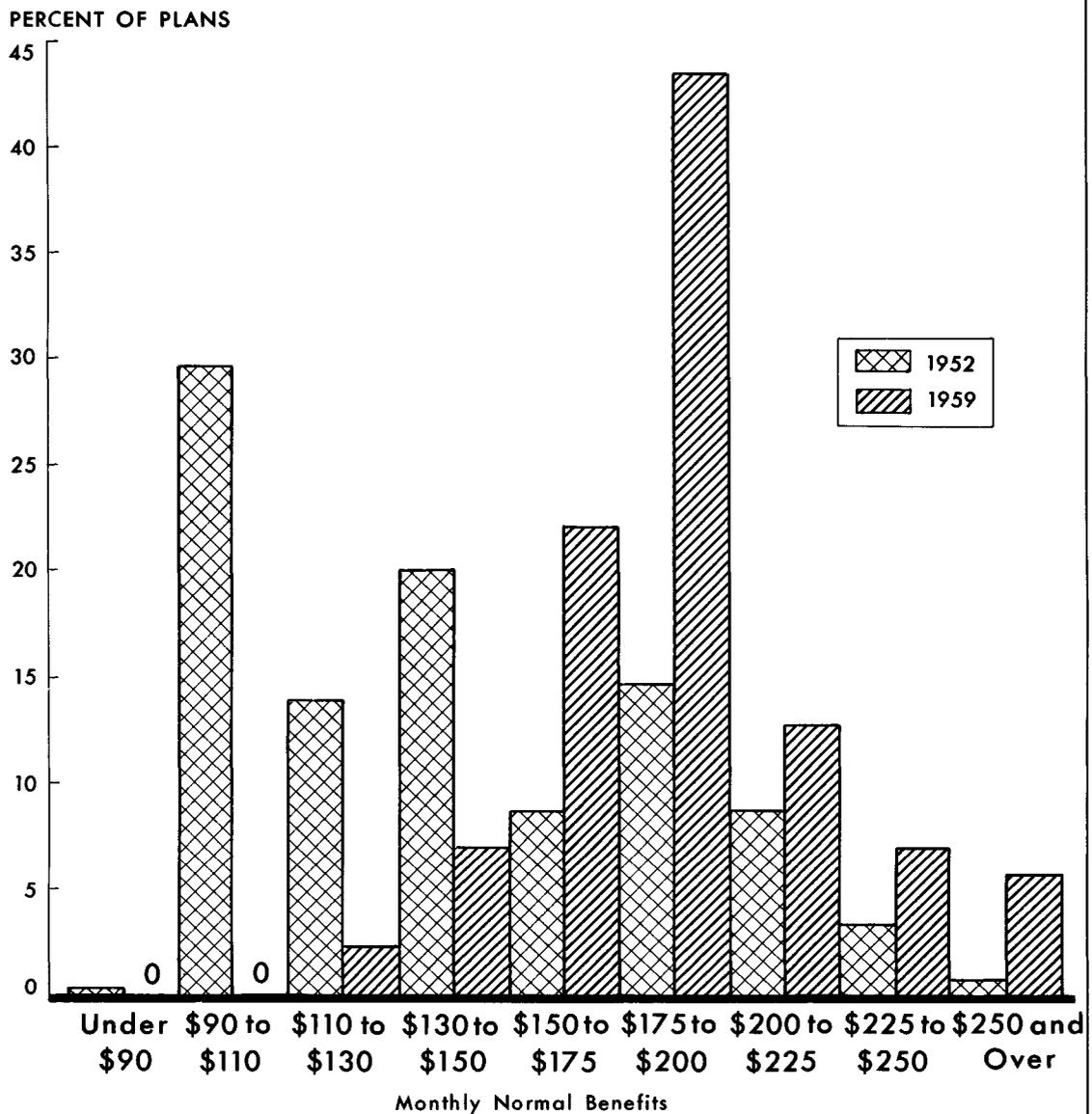


¹ Arithmetic mean of normal retirement benefits including primary social security benefits, weighted by number of workers covered. Benefit amounts are based on future service formulas, assuming a constant level of earnings, and monthly primary social security benefits of \$112 for workers earning \$4,000 per year and of \$127 for workers earning \$4,800 or \$5,600 per year.

² Based on a study of 300 selected pension plans under collective bargaining, covering approximately 4,670,000 workers.

UNITED STATES DEPARTMENT OF LABOR
BUREAU OF LABOR STATISTICS

**Chart 2. Monthly Normal Retirement Benefits for
a Worker Earning \$4,000 a Year with 30 Years
of Future Service¹, 1952 and 1959²**



¹ Monthly benefits under private pension plans plus primary social security benefits. Benefit amounts are based on 30 years of future service, assuming a constant level of earnings of \$4,000 a year, and including monthly primary social security benefits of \$85 and \$112 in 1952 and 1959, respectively.

² Based on a study of 300 selected pension plans under collective bargaining in effect in late 1952 and the fall of 1959, identical except for the substitution of 81 plans. In 1959, the plans covered approximately 4,670,000 workers.

UNITED STATES DEPARTMENT OF LABOR
BUREAU OF LABOR STATISTICS

Table 1. Distribution of plans studied by number of workers covered and method of financing, fall 1959

Number of workers covered	(Workers in thousands)					
	All plans		Noncontributory		Contributory	
	Number	Workers	Plans	Workers	Plans	Workers
All plans studied -----	300	4,672.7	251	3,901.9	49	770.8
1,000 and under 2,000 workers -----	55	78.1	43	61.4	12	16.7
2,000 and under 3,000 workers -----	41	99.1	34	81.5	7	17.6
3,000 and under 4,000 workers -----	35	115.8	31	102.6	4	13.2
4,000 and under 5,000 workers -----	22	95.0	19	82.4	3	12.6
5,000 and under 7,500 workers -----	28	165.4	23	134.4	5	31.0
7,500 and under 10,000 workers -----	18	149.1	16	132.1	2	17.0
10,000 and under 15,000 workers -----	36	410.9	29	325.6	7	85.3
15,000 and under 25,000 workers -----	23	418.8	18	329.2	5	89.6
25,000 and under 50,000 workers -----	22	704.6	20	632.8	2	71.8
50,000 and under 100,000 workers -----	9	613.5	9	613.5	-	-
100,000 workers and over -----	11	1,822.4	9	1,406.4	2	416.0

Table 2. Distribution of plans studied by industry group, method of financing, and type of bargaining unit, fall 1959

Industry group	(Workers in thousands)									
	All plans		Type of bargaining unit				Method of financing			
	Number	Workers	Plans	Workers	Plans	Workers	Plans	Workers	Plans	Workers
All industries -----	300	4,672.7	231	2,946.4	69	1,726.3	251	3,901.9	49	770.8
Manufacturing -----	229	3,209.6	197	2,639.8	32	569.8	195	2,821.1	34	388.5
Food and kindred products -----	17	185.0	12	70.2	5	114.8	11	156.6	6	28.4
Tobacco manufactures -----	3	26.1	3	26.1	-	-	3	26.1	-	-
Textile mill products -----	8	39.4	6	16.8	2	22.6	7	30.4	1	9.0
Apparel and other finished textile products -----	9	325.9	1	1.3	8	324.6	9	325.9	-	-
Lumber and wood products, except furniture -----	3	23.1	2	13.7	1	9.4	3	23.1	-	-
Furniture and fixtures -----	4	42.7	1	2.0	3	40.7	4	42.7	-	-
Paper and allied products -----	9	50.1	8	45.6	1	4.5	5	17.1	4	33.0
Printing, publishing, and allied industries -----	5	16.2	1	4.3	4	11.9	5	16.2	-	-
Chemicals and allied products -----	13	121.1	13	121.1	-	-	12	119.6	1	1.5
Petroleum refining and related industries -----	9	81.7	9	81.7	-	-	1	1.1	8	80.6
Rubber and miscellaneous plastics products -----	8	106.9	8	106.9	-	-	8	106.9	-	-
Leather and leather products -----	4	40.3	3	30.3	1	10.0	4	40.3	-	-
Stone, clay, and glass products -----	10	74.4	10	74.4	-	-	10	74.4	-	-
Primary metal industries -----	33	588.3	33	588.3	-	-	32	571.9	1	16.4
Fabricated metal products -----	13	113.0	13	113.0	-	-	13	113.0	-	-
Machinery, except electrical -----	28	201.2	27	194.7	1	6.5	26	184.4	2	16.8
Electrical machinery, equipment, and supplies -----	16	316.3	14	309.4	2	6.9	11	163.0	5	153.3
Transportation equipment -----	24	805.0	24	805.0	-	-	20	759.2	4	45.8
Instruments and related products -----	4	19.4	4	19.4	-	-	2	15.7	2	3.7
Miscellaneous manufacturing industries -----	9	33.5	5	15.6	4	17.9	9	33.5	-	-
Nonmanufacturing -----	71	1,463.1	34	306.6	37	1,156.5	56	1,080.8	15	382.3
Mining, crude petroleum, and natural gas production -----	6	221.6	4	21.6	2	200.0	5	218.0	1	3.6
Contract construction -----	12	405.0	-	-	12	405.0	11	105.0	1	300.0
Transportation ¹ -----	17	468.2	10	46.5	7	421.7	11	435.0	6	33.2
Communications -----	4	153.2	4	153.2	-	-	4	153.2	-	-
Utilities: Electric and gas -----	14	64.3	14	64.3	-	-	9	39.8	5	24.5
Wholesale and retail trade -----	8	50.1	-	-	8	50.1	8	50.1	-	-
Hotels and restaurants -----	2	39.0	-	-	2	39.0	2	39.0	-	-
Services -----	4	31.7	-	-	4	31.7	4	31.7	-	-
Miscellaneous nonmanufacturing industries -----	4	30.0	2	21.0	2	9.0	2	9.0	2	21.0

¹ Excludes railroad and airline industries.

Table 3. Minimum age and service requirements for participation in pension plans, fall 1959¹

(Workers in thousands)

Minimum service requirements	All plans		Minimum age requirements									
			No age requirement		Age 25		Age 30		Age 35		Alternatives	
	Num-ber	Work-ers	Plans	Work-ers	Plans	Work-ers	Plans	Work-ers	Plans	Work-ers	Plans	Work-ers
All plans with preparticipation requirements -----	72	622.1	40	371.5	10	51.9	14	114.9	5	29.5	3	54.3
Service requirement -----	7	25.6	-	-	² 2	6.0	3	5.4	³ 2	14.2	-	-
1 year -----	31	276.2	24	255.6	3	12.0	3	5.5	1	3.1	-	-
2 years -----	7	62.0	3	23.1	1	11.5	⁴ 2	17.4	1	10.0	-	-
3 years -----	12	142.1	8	73.6	2	9.4	2	59.1	-	-	-	-
5 years -----	12	61.9	5	19.2	2	13.0	4	27.5	⁵ 1	2.2	-	-
Alternatives -----	3	54.3	-	-	-	-	-	-	-	-	⁶ 3	54.3

¹ Based on a study of 300 selected pension plans under collective bargaining covering approximately 4,670,000 workers.
² 1 plan provided a minimum requirement of age 21.
³ 1 plan provided a minimum requirement of age 40.
⁴ 1 plan provided a minimum requirement of age 25 for women.
⁵ This plan provided a minimum requirement of age 30 for women.
⁶ Includes 1 plan covering 10,000 workers that provided for alternatives of age 25 and 5 years of service, or age 35 and 1 year of service; 1 plan with 40,000 workers for 5 years of service, or age 30 and 2 years of service; and 1 plan with 4,300 workers for age 35 and 5 years of service, or if hired after age 45, age 50 and $\frac{1}{2}$ year of service.

Table 4. Preparticipation requirements not credited as service for eligibility for normal retirement, fall 1959¹

(Workers in thousands)

Minimum service requirements	All plans		Minimum age requirements									
			No age requirement		25		30		35		Alternatives	
	Num-ber	Work-ers	Plans	Work-ers	Plans	Work-ers	Plans	Work-ers	Plans	Work-ers	Plans	Work-ers
Plans with preparticipation requirement not credited for normal retirement -----	64	593.5	33	346.9	9	47.9	14	114.9	5	29.5	3	54.3
No service requirement -----	7	25.6	-	-	² 2	6.0	3	5.4	³ 2	14.2	-	-
1 year of service -----	28	268.8	21	248.2	3	12.0	3	5.5	1	3.1	-	-
2 years of service -----	6	59.2	2	20.3	1	11.5	⁴ 2	17.4	1	10.0	-	-
3 years of service -----	11	133.7	7	65.2	2	9.4	2	59.1	-	-	-	-
5 years of service -----	9	51.9	3	13.2	1	9.0	4	27.5	⁵ 1	2.2	-	-
Alternatives -----	3	54.3	-	-	-	-	-	-	-	-	⁶ 3	54.3

¹ Based on a study of 300 selected pension plans under collective bargaining covering approximately 4,670,000 workers, of which 72 contained preparticipation requirements. (See table 3.)
² 1 plan provided a minimum requirement of age 21.
³ 1 plan provided a minimum requirement of age 40.
⁴ 1 plan provided a minimum requirement of age 25 for women.
⁵ This plan provided a minimum requirement of age 30 for women.
⁶ Includes 1 plan that provided for alternatives of age 25 and 5 years of service, or age 35 and 1 year of service; 1 plan for 5 years of service or age 30 and 2 years of service; and 1 plan for age 35 and 5 years of service or if hired after age 45, age 50 and $\frac{1}{2}$ year of service.

Table 5. Preparticipation requirements not credited as service for computation of basic normal retirement benefit, fall 1959¹

Minimum service requirements	(Workers in thousands)												
	All plans		Minimum age requirements									Alternatives	
			No age requirement		25		30		35				
Num-ber	Work-ers	Plans	Work-ers	Plans	Work-ers	Plans	Work-ers	Plans	Work-ers	Plans	Work-ers		
Plans with preparticipation requirements not credited for computation of basic normal retirement benefit	59	555.5	29	312.8	8	44.0	14	114.9	5	29.5	3	54.3	
No service requirement	7	25.6	-	-	² 2	6.0	3	5.4	³ 2	14.2	-	-	
1 year of service	25	240.7	19	224.0	2	8.1	3	5.5	1	3.1	-	-	
2 years of service	5	55.3	1	16.4	1	11.5	⁴ 2	17.4	1	10.0	-	-	
3 years of service	10	130.2	6	61.7	2	9.4	2	59.1	-	-	-	-	
5 years of service	9	49.4	3	10.7	1	9.0	4	27.5	⁵ 1	2.2	-	-	
Alternatives	3	54.3	-	-	-	-	-	-	-	-	⁶ 3	54.3	

¹ Based on a study of 300 selected pension plans under collective bargaining covering approximately 4,670,000 workers, of which 72 contained preparticipation requirements. (See table 3.)

² 1 plan provided a minimum requirement of age 21.

³ 1 plan provided a minimum requirement of age 40.

⁴ Includes 1 plan covering 11,800 workers that provides a minimum requirement of age 25 for women.

⁵ This plan provided a minimum requirement of age 30 for women.

⁶ Includes 1 plan that provided for alternatives of age 25 and 5 years of service, or age 35 and 1 year of service; 1 plan for 5 years of service or age 30 and 2 years of service; and 1 plan for age 35 and 5 years of service or if hired after age 45, age 50 and 1/2 year of service.

Table 6. Minimum requirements for normal retirement in selected pension plans under collective bargaining by method of financing, fall 1959

Minimum requirements ¹	(Workers in thousands)					
	All plans		Noncontributory		Contributory	
	Num-ber	Work-ers	Plans	Work-ers	Plans	Work-ers
All plans studied	300	4,672.7	251	3,901.9	49	770.8
Age only ²	72	644.7	29	195.1	43	449.6
Without preparticipation requirements:						
Age 65	14	80.2	7	36.8	7	43.4
With preparticipation requirements:						
Age 65	58	564.5	22	158.3	36	406.2
Age and service	216	3,903.6	211	3,583.9	5	319.7
Age 55 and 10 years	1	3.0	1	3.0	-	-
Age 60 and 10 years	1	4.0	1	4.0	-	-
Age 60 and 12 years	1	2.9	1	2.9	-	-
Age 60 and 15 years	1	10.0	1	10.0	-	-
Age 60 and 20 years	8	471.8	8	471.8	-	-
Age 65 and 2 years	1	180.0	1	180.0	-	-
Age 65 and 3 years	2	43.9	1	30.0	1	13.9
Age 65 and 5 years	4	29.0	4	29.0	-	-
Age 65 and 10 years	64	1,249.0	64	1,249.0	-	-
Age 65 and 12 years	1	16.2	1	16.2	-	-
Age 65 and 15 years	98	1,051.2	96	1,047.4	2	3.8
Age 65 and 18 years	1	10.0	1	10.0	-	-
Age 65 and 20 years	21	678.9	19	376.9	2	302.0
Age 65 and 25 years	9	137.8	9	137.8	-	-
Age 65 and 30 years	1	7.5	1	7.5	-	-
Age 70 and 20 years	2	8.4	2	8.4	-	-
Age and participation	6	29.0	6	29.0	-	-
Age 65 and 5 years	2	11.2	2	11.2	-	-
Age 65 and 10 years	2	6.6	2	6.6	-	-
Age 65 and 15 years	2	11.2	2	11.2	-	-
Alternatives	6	95.4	5	93.9	1	1.5
Age 60 and 20 years or age plus service equal 80	1	30.2	1	30.2	-	-
Age 65 and 10 years or age 60 and 30 years	1	21.0	1	21.0	-	-
Age 65 and 15 years or age 60 and 30 years	2	35.0	2	35.0	-	-
Age 65 and 15 years or 30 years	1	7.7	1	7.7	-	-
Age 65 or age 62 and 35 years	1	1.5	-	-	1	1.5

¹ Service refers to the period of employment, whereas participation includes period of plan membership only. Periods may be identical or may vary if eligibility requirements prior to membership in the plan are specified. (See table 4.) Age requirements were lower for women in a number of plans. (See tabulation on p. 15.)

² Of the plans in which age only is specified, 58 did not specify minimum service other than that required for plan participation and 14 did not specify any minimum service for eligibility.

Table 7. Minimum age and service requirements for normal retirement in selected pension plans under collective bargaining, fall 1959

Minimum service requirements ¹	All plans		Minimum age requirements ²					
	Num-ber	Work-ers	Age 60		Age 65		Other ³	
			Plans	Work-ers	Plans	Work-ers	Plans	Work-ers
All plans studied	300	4,672.7	15	574.9	280	4,077.2	5	20.6
No service requirement	18	89.3	-	-	18	89.3	-	-
1 year	25	256.3	-	-	25	256.3	-	-
2 years	7	239.2	-	-	7	239.2	-	-
3 years	13	177.6	-	-	13	177.6	-	-
5 years	16	135.2	-	-	16	135.2	-	-
6 years	2	11.2	-	-	2	11.2	-	-
10 years	67	1,261.3	1	4.0	65	1,254.3	1	3.0
11 years	1	1.3	-	-	1	1.3	-	-
12 years	2	19.1	1	2.9	1	16.2	-	-
15 years	101	1,072.4	1	10.0	100	1,062.4	-	-
18 years	1	10.0	-	-	1	10.0	-	-
20 years	32	1,189.3	9	502.0	21	678.9	2	8.4
25 years	9	137.8	-	-	9	137.8	-	-
30 years	5	71.2	3	56.0	1	7.5	1	7.7
35 years	1	1.5	-	-	-	-	1	1.5

¹ For those plans which specified a period of employment to be served before participation in the plan could begin, the minimum service requirement includes the preparticipation service and the required plan membership service.

² Some plans specified alternative requirements; for each case, the one with the earliest age or no age requirements was selected. Age requirements were lower for women in a number of plans. (See tabulation on p. 4.)

³ 1 plan provided a minimum requirement of age 55, 2 plans for age 70, 1 plan for age 62, and 1 plan had no age requirement with the specified credited service.

Table 8. Provisions for basic and minimum benefits in selected pension plans under collective bargaining by method of financing and type of bargaining unit, fall 1959

Provisions	(Workers in thousands)									
	All plans		Method of financing				Type of bargaining			
	Num-ber	Work-ers	Noncontributory		Contributory		Single employer		Multi-employer	
Plans			Work-ers	Plans	Work-ers	Plans	Work-ers	Plans	Work-ers	
All plans studied	300	4,672.7	251	3,901.9	49	770.8	231	2,946.4	69	1,726.3
Plans with basic benefits only ¹	188	3,284.9	162	2,823.1	26	461.8	122	1,582.1	66	1,702.8
Plans with basic and minimum benefits	112	1,387.8	89	1,078.8	23	309.0	109	1,364.3	3	23.5

¹ Includes 149 plans providing a minimum inherent in the basic formula by specifying minimum service requirements which must be met to qualify for benefits. No specific minimum formula was mentioned.

Table 9. Types of basic benefit formulas in selected pension plans under collective bargaining by method of financing and type of bargaining unit, fall 1959

Type of basic benefit formula	(Workers in thousands)									
	All plans		Method of financing				Type of bargaining unit			
	Num-ber	Work-ers	Noncontributory		Contributory		Single employer		Multiemployer	
		Plans	Work-ers	Plans	Work-ers	Plans	Work-ers	Plans	Work-ers	
All plans studied	300	4,672.7	251	3,901.9	49	770.8	231	2,946.4	69	1,726.3
Benefits vary by earnings and service ...	139	1,619.8	97	1,169.1	42	450.7	137	1,577.7	2	42.1
Benefits vary by service alone	118	2,070.2	115	1,760.6	3	309.6	82	1,198.1	36	872.1
Flat benefit for specified service	31	668.8	29	665.8	2	3.0	2	3.0	29	665.8
Other ¹	12	313.9	10	306.4	2	7.5	10	167.6	2	146.3

¹ This includes plans in which various combinations of the classifications above were used.

Table 10. Earnings base utilized in earnings and service formulas, fall 1959¹

(Workers in thousands)		
Earnings base	Plans	Work-ers
All plans in which benefits vary with earnings and service	139	1,619.8
Plans using earnings in all years	69	689.6
Each year's earnings	52	497.2
Total earnings	13	137.2
Average earnings	4	55.2
Plans using earnings in selected years	65	920.1
Last 10 years' earnings	47	635.9
High 10 consecutive years' earnings	5	73.6
High 5 of last 10 years' earnings	6	47.4
Last 5 years' earnings	2	6.0
High 5 consecutive years' earnings	5	157.2
Other	5	10.1

¹ Based on a study of 300 selected pension plans under collective bargaining covering approximately 4,670,000 workers.

Table 11. Percentage factor used in uniform percent formulas and reduction by primary social security benefit, by earnings computations utilized, fall 1959¹

Reduction and percentage factor	(Workers in thousands)																					
	All plans		Plans utilizing earnings in all years								Plans utilizing earnings in selected years											
			Total		Each year's earnings		Total earnings		Average earnings		Total		Last 10 years		10 highest consecutive years		5 highest of last 10 years		Last 5 years		5 highest consecutive years	
	Number	Workers	Plans	Workers	Plans	Workers	Plans	Workers	Plans	Workers	Plans	Workers	Plans	Workers	Plans	Workers	Plans	Workers	Plans	Workers	Plans	Workers
All plans with uniform percentage	88	1,131.5	31	266.4	16	84.1	13	137.2	2	45.1	57	865.1	44	612.0	4	71.0	2	18.9	2	6.0	5	157.2
All primary social security benefit deducted	4	20.8	-	-	-	-	-	-	-	-	4	20.8	2	3.9	-	-	1	12.0	1	4.9	-	-
1.00 percent	2	6.7	-	-	-	-	-	-	-	-	2	6.7	1	1.8	-	-	-	-	1	4.9	-	-
1.33 percent	2	14.1	-	-	-	-	-	-	-	-	2	14.1	1	2.1	-	-	1	12.0	-	-	-	-
One-half primary social security benefit deducted	12	219.9	5	20.9	1	2.9	4	18.0	-	-	7	199.0	1	9.8	2	36.0	-	-	-	-	4	153.2
1.00 percent	8	206.7	1	7.7	-	-	1	7.7	-	-	7	199.0	1	9.8	2	36.0	-	-	-	-	4	153.2
1.20 percent	1	3.5	1	3.5	-	-	1	3.5	-	-	-	-	-	-	-	-	-	-	-	-	-	-
1.50 percent	1	2.9	1	2.9	1	2.9	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
1.80 percent	1	4.2	1	4.2	-	-	1	4.2	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.00 percent	1	2.6	1	2.6	-	-	2 ¹	2.6	-	-	-	-	-	-	-	-	-	-	-	-	-	-
\$85 for primary social security benefit deducted	44	644.8	4	67.5	-	-	3	59.1	1	8.4	40	577.3	40	577.3	-	-	-	-	-	-	-	-
1.00 percent	40	577.3	3	-	-	-	-	-	-	-	40	577.3	40	577.3	-	-	-	-	-	-	-	-
1.25 percent	3	59.1	3	59.1	-	-	3	59.1	-	-	-	-	-	-	-	-	-	-	-	-	-	-
1.50 percent	1	8.4	1	8.4	-	-	-	-	1	8.4	-	-	-	-	-	-	-	-	-	-	-	-
No deduction for primary social security benefit	28	246.0	22	178.0	15	81.2	6	60.1	1	36.7	6	68.0	1	21.0	2	35.0	1	6.9	1	1.1	1	4.0
0.40 percent	1	36.7	1	36.7	-	-	-	-	1	36.7	-	-	-	-	-	-	-	-	-	-	-	-
0.50 percent	1	5.4	1	5.4	-	-	1	5.4	-	-	-	-	-	-	-	-	-	-	-	-	-	-
0.55 percent	1	11.5	1	11.5	1	11.5	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
0.60 percent	1	1.1	-	-	-	-	-	-	-	-	1	1.1	-	-	-	-	-	-	1	1.1	-	-
0.70 percent	1	1.5	1	1.5	1	1.5	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
0.75 percent	1	1.4	1	1.4	1	1.4	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
1.00 percent	4	19.3	2	8.4	2	8.4	-	-	-	-	2	10.9	-	-	-	-	1	6.9	-	-	1	4.0
1.10 percent	3	56.0	-	-	-	-	-	-	-	-	3	56.0	1	21.0	2	35.0	-	-	-	-	-	-
1.25 percent	2	7.6	2	7.6	-	-	2	7.6	-	-	-	-	-	-	-	-	-	-	-	-	-	-
1.50 percent	3	28.4	3	28.4	1	2.5	2	25.9	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.00 percent	1	21.2	1	21.2	-	-	1	21.2	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other ⁴	9	55.9	9	55.9	9	55.9	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

¹ Based on a study of 300 selected pension plans under collective bargaining covering approximately 4,670,000 workers.

² This plan provided for a reduction of the lesser of one-half primary social security benefit or \$52 if the worker had 20 years or more of credited service; or by all the primary social security benefit, if the worker had less than 20 years of credited service.

³ One plan provided for a reduction by \$55 for primary social security benefit.

⁴ These are plans in which benefits were determined by an earnings table in which the ratio of benefits to earnings was not uniform through all earnings ranges.

Table 12. Formulas with 2 or more percentage factors by earnings at which percentage factors change, fall 1959¹

Percentage factors		(Workers in thousands)											
		All plans		Annual earnings at which percentage factor changes—								Social security taxable wage base ²	
				\$3,000		\$3,600		\$4,200		\$4,800			
Num-ber	Work-ers	Plans	Work-ers	Plans	Work-ers	Plans	Work-ers	Plans	Work-ers	Plans	Work-ers		
All plans with 2-percentage factors ³		46	478.2	14	81.6	5	35.5	11	131.3	2	11.7	14	218.1
Percentage factors applicable to—													
<u>Lower level of earnings</u>	<u>Higher level of earnings</u>												
0.50	1.00	1	7.7	-	-	-	-	-	-	-	-	1	7.7
0.50	1.50	1	16.0	-	-	-	-	1	16.0	-	-	-	-
0.70	1.40	1	20.0	-	-	-	-	1	20.0	-	-	-	-
0.75	0.60	1	2.6	1	2.6	-	-	-	-	-	-	-	-
0.75	1.25	2	9.5	1	5.5	-	-	-	-	-	-	1	4.0
0.75	1.50	1	22.0	1	22.0	-	-	-	-	-	-	-	-
0.75	1.75	1	1.2	1	1.2	-	-	-	-	-	-	-	-
0.80	2.00	3	149.2	-	-	-	-	2	33.2	-	-	1	116.0
1.00	1.50	8	34.0	3	12.8	1	3.1	⁴ 1	2.8	-	-	⁵ 3	15.3
1.00	2.00	11	94.2	4	13.0	1	6.0	2	42.0	-	-	4	33.2
1.20	2.00	2	4.4	1	1.5	-	-	1	2.9	-	-	-	-
1.25	1.50	2	15.4	-	-	1	10.0	1	5.4	-	-	-	-
1.25	1.75	1	4.8	-	-	-	-	1	4.8	-	-	-	-
1.30	2.00	2	16.7	1	15.0	-	-	-	-	1	1.7	-	-
1.30	2.80	1	4.2	-	-	-	-	1	4.2	-	-	-	-
1.50	1.00	1	1.4	-	-	⁶ 1	1.4	-	-	-	-	-	-
1.50	2.00	5	43.7	1	8.0	-	-	-	-	1	10.0	⁷ 3	25.7
1.50	2.50	1	15.0	-	-	1	15.0	-	-	-	-	-	-
2.00	1.50	1	16.2	-	-	-	-	-	-	-	-	⁸ 1	16.2

¹ Based on a study of 300 selected pension plans under collective bargaining covering approximately 4,670,000 workers.
² The earnings at which the factor changes are automatically made equal to the maximum taxable wage base which is also the maximum amount on which benefits are computed under social security.
³ Includes 2 plans covering 10,500 workers with 3-percentage factors. The percentage factors applicable to earnings of the 2 highest earnings levels and the amount of earnings dividing those levels are shown above.
⁴ This plan provided for application of the second percentage factor at \$4,000.
⁵ 1 plan covering 1,300 workers provided for reduction of plant benefit by \$42.50 for primary social security benefits.
⁶ This plan provided for a reduction of plan benefit by all primary social security benefits.
⁷ 1 plan covering 7,500 workers provided for reduction of plan benefit by one-half primary social security benefit.
⁸ This plan provided for a reduction of plan benefit by one-half primary social security benefit and application of the second percentage factor at \$5,000.

Table 13. Monthly benefits for each year of credited service and maximum years of service allowed by plans providing a basic benefit varying by service, fall 1959¹

Monthly benefit for each year of credited service	(Workers in thousands)											
	All plans		Maximum years of credited service allowed—									
	Number	Workers	No maximum		20 years		25 years		30 years		35 or more years	
Plans			Workers	Plans	Workers	Plans	Workers	Plans	Workers	Plans	Workers	
All plans in which benefits vary by service	118	2,070.2	53	1,125.2	3	46.0	18	365.4	30	458.7	14	74.9
\$1.00	3	16.8	1	8.9	-	-	1	1.4	-	-	1	6.5
\$1.03	1	10.0	-	-	-	-	1	10.0	-	-	-	-
\$1.11	1	1.2	1	1.2	-	-	-	-	-	-	-	-
\$1.25	3	29.8	1	3.0	-	-	-	-	2	26.8	-	-
\$1.40	2	13.3	-	-	-	-	-	1	10.0	1	3.3	
\$1.50	4	14.6	1	3.3	-	-	-	3	11.3	-	-	
\$1.60	2	44.0	-	-	-	-	2	44.0	-	-	-	
\$1.75	3	10.5	1	3.0	-	-	-	2	7.5	-	-	
\$1.80	1	1.8	-	-	-	-	-	-	-	1	1.8	
\$2.00	10	207.5	3	62.0	1	5.0	4	93.2	1	25.0	1	22.3
\$2.08	1	3.0	-	-	-	-	-	1	3.0	-	-	
\$2.25	12	181.4	4	145.4	-	-	-	3	9.1	5	26.9	
\$2.30	1	1.6	-	-	-	-	-	1	1.6	-	-	
\$2.40	1	3.3	-	-	-	-	1	3.3	-	-	-	
\$2.45	1	1.9	1	1.9	-	-	-	-	-	-	-	
\$2.50	39	875.7	35	862.7	-	-	-	4	13.0	-	-	
\$3.00	1	1.5	-	-	-	-	1	1.5	-	-	-	
\$3.33	6	209.8	-	-	-	-	1	180.0	² 5	29.8	-	
\$3.50	1	5.0	-	-	-	-	1	5.0	-	-	-	
\$3.60	1	2.8	-	-	-	-	1	2.8	-	-	-	
\$4.00	1	6.8	1	6.8	-	-	-	-	-	-	-	
\$4.26	1	1.5	-	-	-	-	³ 1	1.5	-	-	-	
\$4.40	2	3.3	-	-	-	-	⁴ 2	3.3	-	-	-	
\$4.60	1	7.7	-	-	-	-	1	7.7	-	-	-	
\$4.83	1	4.6	-	-	-	-	-	-	⁵ 1	4.6	-	
\$5.00	2	46.7	-	-	1	35.0	1	11.7	-	-	-	
\$5.58	1	1.2	-	-	-	-	-	⁶ 1	1.2	-	-	
\$7.50	1	6.0	-	-	1	6.0	-	-	-	-	-	
Other	14	356.9	⁷ 4	27.0	-	-	-	-	5	315.8	⁸ 5	14.1

¹ Based on a study of 300 selected pension plans under collective bargaining covering approximately 4,670,000 workers.

² Includes 3 plans covering 5,400 workers which provided deduction of all primary social security benefit from plan benefit.

³ This plan provided deduction of \$85 for primary social security benefit from plan benefit.

⁴ These plans provided deduction of all primary social security benefit from plan benefit.

⁵ This plan provided for reduction of plan benefit by the primary social security benefit received by the worker as in effect in 1957.

⁶ This plan provided for reduction of plan benefit by all primary social security benefit.

⁷ 1 plan covering 17,000 workers provided for reduction of plan benefit by amount of social security the family receives.

⁸ 1 plan covering 1,200 workers provided for reduction of plan benefit by all primary social security benefit.

Table 14. Plans providing a flat benefit for specified service by monthly benefit amount, fall 1959¹

(Workers in thousands)		
Monthly benefit amount	Plans	Workers
All plans providing flat benefits -----	31	668.8
\$20.00 per month -----	1	2.3
\$25.00 per month -----	1	16.2
\$30.00 per month -----	1	1.5
\$35.00 per month -----	2	7.0
\$40.00 per month -----	3	18.4
\$42.50 per month -----	1	76.0
\$50.00 per month -----	11	249.1
\$60.00 per month -----	1	2.0
\$64.00 per month -----	1	1.0
\$65.00 per month -----	2	68.8
\$100.00 per month -----	2	198.0
\$130.00 per month -----	1	1.6
Other -----	² 4	26.9

¹ Based on a study of 300 selected pension plans under collective bargaining covering approximately 4,670,000 workers.

² 3 plans provided a reduction of plan benefit by all primary social security benefits.

Table 15. Minimum benefit provisions by type of basic benefit formula, fall 1959¹

Type of minimum benefit provision	Plans	Basic benefit formula based on—			
		Earnings and service	Service alone	Flat benefit	Other
All plans with minimum benefit -----	112	102	7	2	1
Benefit varies by service alone -----	81	74	5	1	1
Flat benefit for specified service -----	19	17	1	1	-
Benefit varies by earnings and service -----	4	4	-	-	-
Other -----	8	7	1	-	-

¹ Based on a study of 300 selected pension plans under collective bargaining covering approximately 4,670,000 workers.

Table 16. Provisions for deduction of primary social security benefit from minimum benefit by method of financing, fall 1959¹

Provision	(Workers in thousands)					
	All plans		Noncontributory		Contributory	
	Number	Workers	Plans	Workers	Plans	Workers
All plans with minimum benefit provisions -----	112	1,387.8	89	107.88	23	309.0
With deduction -----	28	311.2	19	240.4	9	70.8
All primary social security benefit deducted -----	17	105.0	10	48.8	7	56.2
One-half primary social security benefit deducted -----	5	158.0	5	158.0	-	-
\$85 for primary social security benefit deducted -----	3	29.4	3	29.4	-	-
Other -----	3	18.8	1	4.2	2	14.6
Without deduction -----	84	1,076.6	70	838.4	14	238.2

¹ Based on a study of 300 selected pension plans under collective bargaining covering approximately 4,670,000 workers.

Table 17. Normal retirement benefits, including maximum primary social security benefit, for selected earnings levels and years of future credited service in selected pension plans under collective bargaining, fall 1959¹

Amount of monthly benefit	(Workers in thousands)											
	Plans providing normal retirement benefits to workers with average annual earnings of:											
	\$4,000 per year				\$4,800 per year				\$5,600 per year			
	20 years' service		30 years' service		20 years' service		30 years' service		20 years' service		30 years' service	
Plans	Work-ers	Plans	Work-ers	Plans	Work-ers	Plans	Work-ers	Plans	Work-ers	Plans	Work-ers	
All plans studied	300	4,672.7	300	4,672.7	300	4,672.7	300	4,672.7	300	4,672.7	300	4,672.7
Under \$130 ²	21	176.6	7	12.2	20	164.6	6	11.2	20	164.6	5	9.4
\$130 and under \$140	14	85.1	7	34.8	-	-	-	-	-	-	-	-
\$140 and under \$150	30	576.7	14	98.1	8	43.3	4	6.0	7	31.3	5	7.8
\$150 and under \$160	42	536.5	21	240.8	22	449.7	7	45.5	21	446.2	7	45.5
\$160 and under \$170	107	1,952.8	30	735.0	30	411.2	23	259.6	26	309.3	20	208.8
\$170 and under \$180	29	348.9	37	597.2	123	2,178.3	28	665.2	120	2,110.1	28	642.7
\$180 and under \$190	13	259.5	98	1,760.8	11	34.1	22	356.4	11	122.3	15	160.2
\$190 and under \$200	17	160.8	10	175.0	12	221.5	25	318.8	12	155.0	20	265.6
\$200 and under \$210	7	66.8	9	65.7	19	419.5	91	1,762.5	11	330.6	98	1,960.8
\$210 and under \$220	15	323.2	22	473.5	13	100.9	10	46.7	5	138.1	9	79.3
\$220 and under \$230	2	33.2	8	86.8	12	304.7	13	509.4	13	343.8	8	360.9
\$230 and under \$240	-	-	15	89.6	13	64.6	4	27.1	13	93.9	6	79.1
\$240 and under \$250	2	146.6	5	164.3	9	58.5	17	126.4	10	79.1	9	65.6
\$250 and under \$275	1	6.0	16	117.7	7	215.8	19	323.9	25	273.2	16	338.1
\$275 and under \$300	-	-	1	21.2	1	6.0	16	83.7	5	69.2	19	191.0
\$300 and under \$325	-	-	-	-	-	-	13	94.1	1	6.0	11	91.9
\$325 and under \$350	-	-	-	-	-	-	2	36.2	-	-	19	106.2
\$350 and over	-	-	-	-	-	-	-	-	-	-	5	59.8
Average monthly benefit ³	\$167.44		\$187.50		\$184.92		\$206.76		\$188.87		\$213.83	

¹ Benefit amounts are based on future service formulas, assuming a constant level of earnings and monthly primary social security benefits of \$112 for workers earning \$4,000 per year, and \$127 for workers earning \$4,800 and \$5,600 per year.

² Includes plans in which no pension from the plan was provided because more than 20 years of service was required to qualify for benefits, or because of deduction of primary social security benefit.

³ Arithmetic mean of normal retirement benefits, including primary social security benefits, weighted by number of workers covered.

Table 18. Average¹ normal retirement benefits and their relationship to selected earnings levels² in selected pension plans under collective bargaining, fall 1959³

Item	\$4,000 per year		\$4,800 per year		\$5,600 per year	
	20 years' service	30 years' service	20 years' service	30 years' service	20 years' service	30 years' service
Including primary social security benefit:						
Monthly amount	\$167.44	\$187.50	\$184.92	\$206.76	\$188.87	\$213.83
Percent of earnings level	50.23	56.25	46.23	51.69	40.47	45.68
Excluding primary social security benefit:						
Monthly amount	55.44	75.50	57.92	79.76	61.87	86.83
Percent of earnings level	16.63	22.65	14.48	19.94	13.26	18.61

¹ Arithmetic mean of plan benefits weighted by number of workers covered.

² Computation of benefit amounts is based on future service formulas, assuming a constant level of earnings and monthly primary social security benefits of \$112 for workers earning \$4,000 a year, and \$127 for workers earning \$4,800 and \$5,600 a year.

³ Based on a study of 300 selected pension plans under collectively bargaining covering approximately 4,670,000 workers.

Table 19. Normal retirement benefits, excluding primary social security benefit, for selected earnings levels and years of future credited service in selected pension plans under collective bargaining, fall 1959¹

Amount of monthly benefit	(Workers in thousands)											
	Plans providing normal retirement benefits to workers with average annual earnings of—											
	\$4,000 per year				\$4,800 per year				\$5,600 per year			
	20 years' service		30 years' service		20 years' service		30 years' service		20 years' service		30 years' service	
Plans	Workers	Plans	Workers	Plans	Workers	Plans	Workers	Plans	Workers	Plans	Workers	
All plans studied -----	300	4,672.7	300	4,672.7	300	4,672.7	300	4,672.7	300	4,672.7	300	4,672.7
None ² -----	19	163.4	6	11.2	20	164.6	6	11.2	20	164.6	5	9.4
\$1 and under \$20 -----	2	13.2	2	2.5	-	-	2	2.2	-	-	3	4.0
\$20 and under \$30 -----	16	98.4	6	33.2	16	106.9	5	31.4	14	93.6	5	31.4
\$30 and under \$40 -----	29	564.7	14	108.9	26	515.1	14	74.3	25	457.3	12	60.2
\$40 and under \$50 -----	44	541.7	20	228.8	40	497.4	18	222.7	36	446.1	18	222.7
\$50 and under \$60 -----	108	2,074.8	33	858.0	108	1,984.1	32	824.2	108	2,018.7	27	615.1
\$60 and under \$70 -----	26	223.3	38	492.2	13	222.7	36	493.6	9	76.0	28	389.8
\$70 and under \$80 -----	13	260.6	96	1,748.6	10	265.7	91	1,759.3	13	301.3	95	1,864.0
\$80 and under \$90 -----	17	166.8	9	172.3	16	200.3	6	15.3	5	123.4	8	112.3
\$90 and under \$100 -----	8	73.2	8	62.6	14	121.3	12	187.7	7	153.4	7	72.7
\$100 and under \$125 -----	15	340.0	35	598.1	29	372.8	29	534.9	32	489.9	23	505.3
\$125 and under \$150 -----	2	146.6	22	253.0	7	215.8	17	300.4	25	273.2	15	336.9
\$150 and under \$175 -----	1	6.0	11	103.3	1	6.0	17	85.2	6	75.2	20	193.0
\$175 and under \$200 -----	-	-	-	-	-	-	13	94.1	-	-	10	89.9
\$200 and over -----	-	-	-	-	-	-	2	36.2	-	-	24	166.0
Average monthly benefit ³ -----	\$55.44		\$75.50		\$57.92		\$79.76		\$61.87		\$86.83	

¹ Benefit amounts are based on future service formulas, assuming a constant level of earnings, and monthly primary social security benefits of \$112 for workers earning \$4,000 per year, and \$127 for workers earning \$4,800 and \$5,600 per year.

² These are plans in which no pension from the plan was provided because more than 20 years of service was required to qualify for benefits, or because of the deduction of primary social security benefits.

³ Arithmetic mean of normal retirement benefits weighted by number of workers covered.

Table 20. Normal retirement benefits, including maximum primary social security benefit, for workers earning \$5,600 per year for 30 years of future credited service by type of bargaining unit and method of financing in selected pension plans under collective bargaining, fall 1959¹

Amount of monthly benefit	(Workers in thousands)									
	All plans		Single employer						Multiemployer	
	Num-ber	Work-ers	Num-ber	Work-ers	Plans	Work-ers	Plans	Work-ers	Num-ber	Work-ers
All plans studied -----	300	4,672.7	231	2,946.4	184	2,482.4	47	464.0	69	1,726.3
Under \$130 ³ -----	5	9.4	5	9.4	5	9.4	-	-	-	-
\$130 and under \$140 -----	-	-	-	-	-	-	-	-	-	-
\$140 and under \$150 -----	5	7.8	4	5.5	4	5.5	-	-	1	2.3
\$150 and under \$160 -----	7	45.5	2	2.4	2	2.4	-	-	5	43.1
\$160 and under \$170 -----	20	208.8	7	39.9	7	39.9	-	-	13	168.9
\$170 and under \$180 -----	28	642.7	10	39.5	10	39.5	-	-	18	603.2
\$180 and under \$190 -----	15	160.2	10	89.9	9	87.9	1	2.0	5	70.3
\$190 and under \$200 -----	20	265.6	15	185.3	14	184.3	1	1.0	5	80.3
\$200 and under \$210 -----	98	1,960.8	93	1,766.6	92	1,763.8	1	2.8	5	194.2
\$210 and under \$220 -----	9	79.3	6	63.5	6	63.5	-	-	3	15.8
\$220 and under \$230 -----	8	360.9	1	1.5	1	1.5	-	-	7	359.4
\$230 and under \$240 -----	6	79.1	5	69.1	2	60.9	3	8.2	1	10.0
\$240 and under \$250 -----	9	65.6	7	51.1	7	51.1	-	-	2	14.5
\$250 and under \$275 -----	16	338.1	13	179.8	10	44.6	3	135.2	3	158.3
\$275 and under \$300 -----	19	191.0	18	185.0	5	84.0	13	101.0	1	6.0
\$300 and under \$325 -----	11	91.9	11	91.9	5	27.3	6	64.6	-	-
\$325 and under \$350 -----	19	106.2	19	106.2	4	14.2	15	92.0	-	-
\$350 and over -----	5	59.8	5	59.8	1	2.6	4	57.2	-	-

¹ Benefit amounts are based on future service formulas, assuming a constant level of earnings and monthly primary social security benefits of \$127.

² With 2 exceptions, these plans were noncontributory.

³ Includes plans in which no pension from the plan was provided because of the deduction of primary social security benefits.

Table 21. Normal retirement benefits, including maximum primary social security benefit, for workers earning \$4,000 per year for 30 years of future credited service by type of bargaining unit and method of financing in selected pension plans under collective bargaining, fall 1959¹

Amount of monthly benefit	(Workers in thousands)									
	All plans		Single employer						Multiemployer	
	Num-ber	Work-ers	All plans		Noncontributory		Contributory		All plans ²	
Num-ber			Work-ers	Plans	Work-ers	Plans	Work-ers	Num-ber	Work-ers	
All plans studied	300	4,672.7	231	2,946.4	184	2,482.4	47	464.0	69	1,726.3
Under \$130 ³	7	12.2	7	12.2	7	12.2	-	-	-	-
\$130 and under \$140	7	34.8	4	6.3	3	5.0	1	1.3	3	28.5
\$140 and under \$150	14	98.1	7	36.3	7	36.3	-	-	7	61.8
\$150 and under \$160	21	240.8	9	76.1	9	76.1	-	-	12	164.7
\$160 and under \$170	30	735.0	13	165.8	13	165.8	-	-	17	569.2
\$170 and under \$180	37	597.2	29	456.0	26	447.4	3	8.6	8	141.2
\$180 and under \$190	98	1,760.8	94	1,567.9	92	1,565.3	2	2.6	4	192.9
\$190 and under \$200	10	175.0	8	166.0	4	14.0	4	152.0	2	9.0
\$200 and under \$210	9	65.7	7	54.9	4	14.8	3	40.1	2	10.8
\$210 and under \$220	22	473.5	15	114.1	6	32.1	9	82.0	7	359.4
\$220 and under \$230	8	86.8	7	79.1	4	72.2	3	6.9	1	7.7
\$230 and under \$240	15	89.6	12	61.1	7	36.1	5	25.0	3	28.5
\$240 and under \$250	5	164.3	3	17.7	-	-	3	17.7	2	146.6
\$250 and under \$275	16	117.7	15	111.7	2	5.1	13	106.6	1	6.0
\$275 and under \$300	1	21.2	1	21.2	-	-	1	21.2	-	-

¹ Benefit amounts are based on future service formulas, assuming a constant level of earnings and monthly primary social security benefits of \$112.

² With 2 exceptions, these plans were noncontributory.

³ Includes plans in which no pension from the plan was provided because more than 20 years of service was required to qualify for benefits, or because of the deduction of primary social security benefits.

Table 22. Normal retirement benefits, including maximum primary social security benefit, for workers earning \$5,600 per year for 30 years of future credited service by type of benefit formula used to compute benefits in selected pension plans under collective bargaining, fall 1959¹

Amount of monthly benefit	(Workers in thousands)					
	All plans		Type of formula			
	Num-ber	Work-ers	Service only		Service and earnings	
Plans			Work-ers	Plans	Work-ers	
All plans studied	² 300	4,672.7	³ 193	3,350.4	95	1,008.4
Under \$130 ⁴	5	9.4	4	7.7	1	1.7
\$130 and under \$140	-	-	-	-	-	-
\$140 and under \$150	5	7.8	4	6.0	1	1.8
\$150 and under \$160	7	45.5	7	45.5	-	-
\$160 and under \$170	20	208.8	18	204.5	-	-
\$170 and under \$180	28	642.7	25	600.8	2	38.9
\$180 and under \$190	15	160.2	12	137.1	3	23.1
\$190 and under \$200	20	265.6	18	258.2	2	7.4
\$200 and under \$210	98	1,960.8	86	1,651.0	9	216.1
\$210 and under \$220	9	79.3	5	32.1	4	47.2
\$220 and under \$230	8	360.9	7	359.4	1	1.5
\$230 and under \$240	6	79.1	1	10.0	4	11.7
\$240 and under \$250	9	65.6	2	14.5	5	48.1
\$250 and under \$275	16	338.1	3	17.6	12	175.5
\$275 and under \$300	19	191.0	1	6.0	17	181.9
\$300 and under \$325	11	91.9	-	-	11	91.9
\$325 and under \$350	19	106.2	-	-	18	101.8
\$350 and over	5	59.8	-	-	5	59.8

¹ Benefit amounts are based on future service formulas, assuming a constant level of earnings and monthly primary social security benefits of \$127.

² Includes 12 plans covering 313,900 workers which cannot be classified in either type of benefit formula.

³ Includes plans with a basic benefit formula which varies with earnings and service but a minimum provided by the plans based on service was applicable to those workers with 30 years' service and earnings of \$5,600 per year.

⁴ Includes plans in which no pension from the plan was provided because of the deduction of primary social security benefits.

Table 23. Normal retirement benefits, including maximum primary social security benefit, for workers earning \$4,000 per year for 30 years of future credited service by type of benefit formula used to compute benefits in selected pension plans under collective bargaining, fall 1959¹

Amount of monthly benefit	(Workers in thousands)					
	Type of formula					
	All plans		Service only		Service and earnings	
	Number	Workers	Plans	Workers	Plans	Workers
All plans studied	² 300	4,672.7	³ 202	3,470.7	86	888.1
Under \$130 ⁴	7	12.2	5	8.7	2	3.5
\$130 and under \$140	7	34.8	5	31.4	2	3.4
\$140 and under \$150	14	98.1	11	57.1	1	36.7
\$150 and under \$160	21	240.8	18	206.6	2	31.2
\$160 and under \$170	30	735.0	23	590.3	4	26.8
\$170 and under \$180	37	597.2	27	412.2	8	150.6
\$180 and under \$190	98	1,760.8	92	1,730.8	6	30.0
\$190 and under \$200	10	175.0	3	11.8	6	161.4
\$200 and under \$210	9	65.7	3	12.1	6	53.6
\$210 and under \$220	22	473.5	9	365.9	13	107.6
\$220 and under \$230	8	86.8	1	7.7	6	76.0
\$230 and under \$240	15	89.6	3	28.5	11	56.7
\$240 and under \$250	5	164.3	1	1.6	3	17.7
\$250 and under \$275	16	117.7	1	6.0	15	111.7
\$275 and under \$300	1	21.2	-	-	1	21.2

¹ Benefit amounts are based on future service formulas, assuming a constant level of earnings and monthly primary social security benefits of \$112.

² Includes 12 plans, covering 313,900 workers, which cannot be classified in either type of benefit formula

³ Includes plans with a basic benefit formula which varies with earnings and service but a minimum provided by the plans based on service was applicable to those workers with 30 years' service and earnings of \$4,000 per year.

⁴ Includes plans in which no pension from the plan was provided because of the deduction of primary social security benefits.

Early and Disability Retirement

Nearly nine-tenths of the 300 collectively bargained pension plans analyzed by the Bureau of Labor Statistics in the fall of 1959 permitted retirement before the normal retirement age on an immediate pension under early or disability retirement provisions. Three-fourths of the plans had no age requirements for disability retirement, and the age requirements for early retirement were usually 5 to 15 years lower than for normal retirement. The service requirements for both types of prenormal retirement were generally the same as or somewhat longer than those for normal retirement. Under most plans, total benefits (including social security) for totally and permanently disabled workers were at the same level as normal retirement benefits for workers with equivalent earnings and service. Early retirement benefits, on the other hand, were almost invariably lower, reflecting, among other things, the longer average period over which benefits would be paid.

An early retirement provision, as the term is used in this study, permits workers meeting certain age or service requirements or both to retire before reaching their plan's normal retirement age and receive immediate benefits. A few plans also permit the employer to require the worker's retirement on an immediate benefit. Although early retirement benefits are always payable immediately on retirement, under some plans the worker may choose to defer receiving a regular early retirement benefit until he attains the normal retirement age.

"Special" early retirement provisions recently added to many plans in the automobile and rubber manufacturing industries allow the employer to compel early retirement, but in recognition of the involuntary aspect of the worker's retirement, these plans provided more than twice the benefit payable to those retiring voluntarily under the regular early retirement provisions.

A disability retirement provision, on the other hand, requires that the worker be totally and permanently disabled in addition to meeting age or service requirements or both. It makes benefits payable immediately, usually following a short waiting period—most frequently 6 months. The definition of total and permanent disability and its application varied considerably among the plans studied. Under the 1956 amendments to the Social Security Act, totally and permanently disabled workers between the ages of 50 and 65 who had worked under the act for the required length of time became eligible for disability benefits.²¹ The ways in which these benefits were taken into account in private pension plans are discussed in this study. However, deductions for workmen's compensation payments under some private pension plans were not considered.

Scope of Study

For this study, 300 selected pension plans under collective bargaining in effect in the fall of 1959 were analyzed. These plans—the same plans used in the study of normal retirement provisions—covered approximately 4.7 million workers, or about half of the estimated coverage of all collectively bargained pension plans.²²

²¹ The 1960 amendments removed the minimum age requirement, so that after October 31, 1960, qualified workers may receive disability benefits at any age up to 65.

²² For additional information of the scope and coverage of the 300 plans studied, see page 2.

All but 32 of the 300 plans studied permitted retirement before the normal retirement age (table 24 and appendix). About two-thirds of these plans had both early and disability retirement provisions. The remaining third were almost equally divided between plans with early retirement only and those with disability retirement only. Most of the plans without either provision were multiemployer plans, and all but one were noncontributory.

Early Retirement Benefits

Early retirement provisions were included in 224 plans, three-fourths of those studied, and covered 2 out of 3 workers. An additional 12 plans, covering about 350,000 workers (excluded from the tabulations) provided early retirement for women only.²³

Wide variations in industry practices were found among the plans. All of the selected plans in the lumber, rubber, primary metal, fabricated metal, and instruments industries, for example, contained provisions for early retirement but none of them in the apparel and hotel and restaurant industries did so (table 25). Early retirement was provided by all but one plan in each of the following industries: Paper, tobacco, products of petroleum, transportation equipment, communications, and electric and gas utilities.

Industries with a high proportion of multiemployer plans usually had a high proportion of plans without early retirement. This reflected the fact that most multiemployer plans did not provide for early retirement while most single employer plans did. Nine-tenths of the 231 single employer plans contained early retirement provisions, compared with about a fourth (18 out of 69) of multiemployer plans. Early retirement was provided by all but 3 of the 49 contributory plans, and by 7 out of 10 of the 251 noncontributory plans.

In a comparable 1952 study, only 166 of 300 plans studied by the Bureau had early retirement provisions.²⁴ Largely responsible for the increase was the adoption of early retirement provisions in the basic steel, aluminum, and fabricated steel products industries.

Requirements for Early Retirement.—As in cases of normal retirement, age and service are the principal criteria used to establish eligibility for early retirement. The employer's consent, rarely a requirement for normal retirement, is also commonly required.

Service may refer either to the entire period of employment or to the length-of-plan membership.²⁵ Of the 224 plans with early retirement provisions, 67 contained preparticipation requirements. Preparticipation service was credited by 24 plans toward establishing eligibility for early retirement, but in the remaining 43 plans only plan membership service was counted. Twenty-two of

²³ Six of these plans, covering approximately 310,000 workers, were in the apparel industry. In all cases, their early retirement age (62) coincided with the earliest age at which primary social security benefits are payable to women (in reduced amounts). Except for variations in service requirements, a typical clause provided that: Covered female employees with 20 or more years of credited service may retire prior to normal retirement date and as of the first day of any calendar month coincident with or after attaining age 62.

²⁴ See Pension Plans Under Collective Bargaining (BLS Bull. 1147, 1953), p. 15.

²⁵ See page 3.

these 43 plans excluded the first few years of service regardless of the worker's age, and 7 excluded all service before a specified age—usually 30 years (table 26). The remaining 14 plans had a combination of age and service requirements for plan participation.

Age and service requirements for early retirement are shown in table 27 before adjustment for the 43 plans that did not credit preparticipation service and in table 28 after such adjustment. Approximately 70 percent of the plans, covering almost 80 percent of the workers, had both age and service requirements. One hundred plans covering over half the workers required that they be 60 years of age and have 10 or 15 years of service (table 28). This concentration is due to the specification of age 60 and 10 years of service by plans in the automobile industry and age 60 and 15 years in steel plans.

Minimum service requirements ranged up to 30 years. More than half the plans specified either 10 or 15 years of service, while one out of five required less than 10 years of service.

All plans permitted early retirement at least 5 years before the normal retirement age (which was 65 in all but 7 plans), and 45 percent of the plans, covering a third of the workers, allowed up to 10 years. Only a few plans permitted early retirement more than 10 years before the normal retirement age. The following cumulative tabulation shows the number of years before normal retirement age at which early retirement benefits were first payable.

	Plans	Workers (thousands)
All plans with early retirement provisions -----	224	3,031.6
5 years or less -----	224	3,031.6
7 years or less -----	102	1,047.5
10 years or less -----	101	1,033.6
15 years or less -----	17	224.6
20 years or less -----	11	209.9
Any age -----	10	205.9

NOTE: Where alternative requirements were specified, the earliest possible age for men was used, regardless of whether the employer's consent was required. See table 27 for a listing of alternatives.

Women were permitted to retire up to 5 years earlier than men in 10 plans covering 208,200 workers, and up to 10 years earlier in 1 plan with 2,900 workers. All but two of these plans also specified a sex differential in normal retirement ages.

Three out of four plans permitted the qualified worker to retire early on his own volition. The other plans either required the employer's consent or permitted the employer to initiate the worker's retirement. Twenty-eight plans permitted the employer to request a worker's retirement, and only one of them required the employee's assent.²⁶ In nine plans, age and service requirements

²⁶ Excludes the "special" early retirement benefit provisions of 25 plans under all but 1 of which an employee may be compelled to retire at the employer's request. See page 4.

were less restrictive when the employer requested retirement. Each party's right to request early retirement and the other party's right, if any, regarding such a request are shown in the following tabulation:

	Approval of action by other party					
	Total		Required		Not required	
	Plans	Workers (thou- sands)	Plans	Workers (thou- sands)	Plans	Workers (thou- sands)
All plans with early retirement	224	3,031.6	-	-	-	-
Early retirement may be initiated by ¹ —						
Worker	196	2,534.6	46	320.1	150	2,214.5
Employer	3	37.9	0	0	3	37.9
Either	25	459.1	-	-	-	-
When worker initiates	-	-	8	156.8	17	302.3
When employer initiates ..	-	-	1	1.2	24	457.9

¹ Excludes special early retirement. See page 4.

Amount of Benefits.—Apart from a reduction for age, almost 9 out of 10 plans used the same formula to compute early retirement benefits that they used to compute normal retirement benefits (table 29). With the exception of four plans, the remainder used a slight modification of the normal retirement formula.

Early retirement benefits are almost always less than normal retirement benefits, because of (1) the shorter time the workers have to accumulate credited service and, (2) the longer time they will have, on the average, to receive payments. Because almost all plans had benefit formulas based, at least in part, on credited service, workers retiring early would receive lower benefits. Moreover, all but four plans made a further reduction to avoid excessive costs due to the longer life expectancy of early retirees.

About three out of five plans provided for the payment of the actuarial equivalent of the normal benefit²⁷ (table 29). All but 10 of these plans specified the percentage reduction at each year of age. Most of the remaining plans stipulated a percentage reduction for each month by which retirement precedes the normal retirement age—in almost half of these plans 0.60 or 0.50 percent per month. About a dozen plans (classified in table 29 among "other") used several percentages depending on the worker's age at retirement; for example, one plan reduced benefits 3 percent for each year between 65 and 60, 7 percent for each year between 59 and 55, and actuarially beyond 55.

The early retirement benefits provided by a basic steel and an automobile parts plan, which use an actuarial and an 0.60 percent reduction, respectively, are shown below as a percentage of the normal retirement benefit provided by each plan at ages 60 to 65.

²⁷ The actuarial equivalent of the normal benefit is a benefit whose ultimate cost is expected to be equal, on the average, to that of the normal benefit.

Percent of normal benefit payable

Retirement age	Basic steel plan (actuarial reduction)	Automobile parts plan (0.60 percent-per month reduction)
65 (normal) -----	100.00	100.00
64 -----	91.84	92.80
63 -----	84.60	85.60
62 -----	79.14	78.40
61 -----	72.36	71.20
60 -----	67.18	64.00

More than three out of five plans, covering about the same ratio of workers, permitted the retiring worker to defer receipt of benefits until the normal retirement age (table 30). Under some plans, workers who select this option may expect to receive a monthly benefit at the later age that is about 50 percent higher than they are entitled to if, for example, they retire at age 60.

Social Security Adjustment Option.—More than one out of five plans with an early retirement provision permitted the worker to choose a "social security adjustment option" or, as it is called in some plans, "a level income retirement option," because a primary (old-age) insurance benefit under social security is not payable to the qualified worker until he reaches age 65 (age 62 for women) (table 31). So that total monthly benefits (plan benefits plus primary social security benefits) are equalized, these plans provided a greater benefit to the worker than was actually due him under the plan formula prior to receipt of the primary social security benefit, and a reduced benefit after that time. About half of the contributory plans contained such a provision as against a sixth of the noncontributory plans.

Special Early Retirement Benefits.—In recent years, some plans in the automobile and rubber industries have added special benefit features to early retirement provisions that, in general, appear to combine elements of compulsory early retirement, a severance arrangement, and modified disability retirement related to a worker's incapacity to perform his job rather than to total and permanent disability.²⁸ Under these provisions, all but two plans stated that a worker eligible for early retirement could be retired at the option of the company. Three of these plans also permitted retirement "under mutually satisfactory conditions."²⁹ The benefits payable were substantially higher than they would be under the regular early retirement provisions of these plans.

Twenty-five plans in this study, covering 724,000 workers, provided a special early retirement benefit. All but one were in the automobile or rubber industries. The age and service requirements for the special benefit were the same as for the regular early retirement benefit: Age 60 with 10 years' service in the automobile plans and age 55 with 20 years in the rubber plans. Employers could compel eligible workers to retire under all but one plan, which required

²⁸ One plan went further than the others by explicitly stating that the benefit "shall be deemed to include cases of permanent and total disability occurring after age 60 with 10 but less than 15 years of service, [15 years of service required for permanent and total disability retirement] and shall also include retirement directly attributable to plant closings or shutdowns which result in the permanent layoff of an employee age 60 or older at the time of such layoff."

²⁹ This term was not defined in any of these plans.

the worker's agreement. Except in the case of two small plans, eligible workers could request retirement; however, the employer's consent was required under all except one of these plans.

In all 25 plans, the special benefit was double the normal benefit to which the worker's service entitled him, without any reduction for age.³⁰ It ranged between two and four times the early retirement benefit for workers with the same amount of credited service. The younger the worker the greater the difference between the two benefits because for each month the worker was under the normal retirement age, the early retirement benefit was reduced and the special benefit was not. For example, under a typical automobile industry plan, a worker retiring at his own option at the first opportunity (age 60 with 10 years of credited service) would receive \$32 a month for the rest of his life, while one not exercising his option until age 64 would get \$46.40 a month.³¹ But if these same workers retired at the employer's option, they would receive, regardless of their age, a special benefit of \$100 a month until age 65.

The special benefit was replaced, under 18 plans, by the normal benefit when the pensioner reached age 65—the normal retirement age—or became eligible for either social security primary (old-age) or disability benefits. The worker in the foregoing example would, therefore, receive from the plan \$50 a month after age 65 under the normal benefit formula, as compared with \$32 or \$46.40 under the regular early retirement formula. The remaining 7 plans, with nearly as much coverage as the 18, did not recompute benefits if the pensioner later should become eligible for social security disability benefits. Five of these plans substituted the normal benefit when the worker reached 65 or qualified for primary social security benefits and two small plans postponed recomputation until age 65 regardless of the receipt of any social security benefits. The distinction is rarely significant for male pensioners, but for most female pensioners recomputation would occur when they reached 62 years of age under five plans, since at that age those with enough service to qualify for special benefits would also be eligible for primary social security benefits.

Replacing the special benefit by the normal benefit would cut in half the amount paid by each of the 25 plans.³² However, the reduction would, in most instances, be more than made up by primary (old-age) social security benefits for which the pensioner would ordinarily become eligible when his benefits were recomputed. While the average monthly wage of workers retiring from all employment covered by the Social Security Act before age 65 (62 for women) would, of course, be reduced by their years of no earnings, their benefits would still be high enough to offset the reduction in private plan benefits.³³

³⁰ The special benefit would be less than twice the normal benefit for workers with high earnings under two plans that used a service and earnings formula for computing their normal benefits and a service formula for computing special benefits.

³¹ Computed as follows:
 (20 years x \$2.50) $\left[1 - (60 \text{ months} \times 0.6\%) \right] = \$50 (1-36\%) = 64\% \times \50 and
 (20 years x \$2.50) $\left[1 - (12 \text{ months} \times 0.6\%) \right] = \$50 (1-7.2\%) = 92.8\% \times \50 .

³² Under two small plans the reduction would, in some cases, be less for some pensioners because the special benefit is twice the normal minimum benefit. Pensioners with long service entitling them to more than minimum normal benefits would, of course, get more than half their special benefit.

³³ The maximum reduction under all but 1 of the 25 plans for a worker with 20 years of service was \$50. Primary social security benefits exceed that amount for workers with average monthly wages of \$84 or more. To have average earnings of \$84 at 65, workers retiring from all covered employment at age 55 (the minimum age at which special benefits were payable) would only have to earn \$96.35 a month, on the average, between ages 21 and 55.

Disability Retirement Benefits

Disability retirement provisions were included in 219 of the 300 plans studied (table 32)—approximately the same proportion as in the Bureau's 1952 study. Four out of 5 of the 231 single employer plans, covering more than 9 out of 10 workers in this category, provided disability retirement benefits, compared with half of the 69 multiemployer plans, representing slightly more than 600,000 workers. Three out of five contributory plans, and three out of four noncontributory plans, provided for disability retirement. In addition, 49 plans without disability retirement benefits provided a partial substitute in the form of early retirement benefits. (See appendix for their industry distribution.) Disability retirement provisions were included in all of the plans in the lumber; rubber; primary metal; fabricated metal; stone, clay, and glass products; and hotel industries; and in all but one plan in each of the following industries: Tobacco manufactures, products of petroleum, leather, communications, and miscellaneous nonmanufacturing (table 32). Only one plan in the service industries contained such a provision.

Requirements for Disability Retirement.—A worker disabled for a certain length of time—usually 6 months—by a physical impairment of a severity and expected future duration defined by each plan was also required to meet certain age or service requirements or both to qualify for disability benefits. The age requirements tended to be lower, if included at all, and the service requirements longer for disability retirement than for early retirement. Service requirements were expressed, just as for other retirement provisions, either in terms of length of employment or period of plan membership.

Only 23 of the 219 plans providing disability retirement benefits had any preparticipation requirements, and 5 of these credited preparticipation service in determining eligibility for benefits. The majority of the 18 plans not crediting preparticipation service limited plan membership to workers with a short period of service—usually 1 year. The rest also required that they be at least 25 to 35 years of age (table 33).

Although at the time of this study, social security disability benefits were not payable until age 50,³⁴ no age requirement was found in 75 percent of the plans covering more than 80 percent of the workers. The remaining plans stipulated ages ranging from 40 to 60, usually age 50 or 55³⁵ (table 34).

Service requirements, on the other hand, were found in almost all plans. They ranged from 1 to 25 years, after making appropriate adjustments for the 18 plans that did not credit preparticipation service when determining eligibility (table 35). Approximately 70 percent of the plans covering more than three out of four workers, required 15 years of service.

³⁴ See footnote 21.

³⁵ Similar findings were made in a report summarizing 9 separate studies made between 1950 and 1957. See U.S. Department of Health, Education, and Welfare, Bureau of Old-Age and Survivors Insurance, Age and Service Requirements for Total and Permanent Disability Benefits in Private Pension Plans (Analytical Note No. 108), February 1960.

Benefit Formulas.—As in early retirement, most plans provided disability benefits based, at least in part, on the normal retirement formula. After a waiting period,³⁶ usually 6 months (the same period required to qualify for social security disability benefits), disability benefits were immediately payable.³⁷ For workers receiving, or eligible for, social security disability benefits most plans used the same formula as for normal retirement. A more liberal formula was used by most plans to compute benefits for other disabled workers, including those retiring under the 171 plans providing benefits before age 50—the minimum age at which social security disability benefits were payable at the time of this study.

Most plans provided benefits computed by one or more of the following types of formulas—the same types as were used to compute normal benefits: (1) Multiplying a fixed dollar amount by years of credited service, (2) multiplying a percentage of average earnings (for the worker's entire period of credited service or for a specified period) by years of credited service,³⁸ or (3) a uniform monthly amount. Just as for normal benefits, more than two out of five disability plans also assured the worker a specified minimum disability benefit or a minimum calculated by an alternate formula. The formula used for those eligible for or receiving social security disability benefits was most commonly the same as that used to compute normal retirement benefits for workers with the same service and earnings.³⁹

Under basic steel plans, for example, the qualified worker would receive the greatest amount of the amounts calculated under three independent formulas:⁴⁰ (1) \$90 a month including, for those who qualify, the social security disability benefit; (2) 1 percent of average monthly earnings during the 120 months immediately preceding disability multiplied by years of continuous service, less \$85 (for social security benefits),⁴¹ or (3) \$2.50 times years of continuous service after October 31, 1957, plus \$2.40 times years of continuous service prior to November 1, 1957, up to a combined maximum of 30 years. At age 65, the benefit would be recomputed on the normal retirement formulas, but since the last two formulas are the same as the normal retirement formulas, in most cases, there would be no change in the benefit amount. Plans in the automobile industry, to cite another example, provided a disability benefit that was equal to twice the normal benefit (\$5 a month for each year of credited service instead of \$2.50). When the worker began to receive a social security disability benefit or attained age 65, the normal benefit formula of \$2.50 times years of credited service, exclusive of social security benefits, would be substituted.

³⁶ Temporary disability benefits under health and insurance plans were usually payable for all or part of the waiting period. See *Health and Insurance Plans Under Collective Bargaining: Accident and Sickness Benefits, Fall 1958*, BLS Bull. 1250 (1959).

³⁷ Four plans, covering 96,800 workers, were excluded from this study because they provided for payment of disability benefits only at age 65. In these plans, service was credited after total and permanent disability until age 65, when the normal benefit was payable. In other words, these plans had no regular disability benefit; they merely included periods of disability in their definitions of credited service for normal retirement.

³⁸ Total earnings were used by some plans instead of the product of average earnings and years of service. Other plans used the sum of the products of each year's earnings and a percentage factor or factors. (See pages 8–9.)

³⁹ See page 6.

⁴⁰ Higher benefits were payable effective January 1, 1960. (See footnotes 13 and 17.)

⁴¹ In workmen's compensation cases, the actual amount of the benefit would be deducted if social security benefits were less than \$85 a month.

Deduction of Social Security Disability Benefits.—Two out of 5 retirement plans providing for disability retirement (89), covering about the same proportion of workers, were integrated with the social security disability benefits by the offset method, that is, by deducting all or part of the public benefit from the amount calculated by the benefit formula (table 36).⁴² The entire social security benefit was deducted by 33 of the 89 plans in this group and half of the benefit was deducted by 12. The remaining plans, except for "other," followed their normal retirement formula and deducted \$85—the maximum old-age (primary) retirement benefit between 1952 and 1954. Thus, if social security benefits are increased, the entire increase would be passed along to the pensioners by the latter group, one-half by those deducting one-half the benefits, and none by those deducting all benefits. More than half of the 89 offset plans provided a minimum benefit determined by an alternate formula that did not require the deduction of the social security disability benefit.

Recomputation of Disability Benefits.—About a third of the plans permitting retirement for disability made no provision for the recomputation of benefits. The remaining plans recomputed benefits when the pensioner reached age 65 or, less frequently, when he reached 65 or became eligible for or received disability benefits or primary old-age benefits under the Social Security Act. The recomputed benefit was almost always based in whole or in part on the normal retirement formula. The period of disability was not credited as service for purposes of recomputation. The events requiring the recomputation of benefits and the type of benefit paid after recomputation are summarized below:

	Plans	Workers (thousands)
All plans with disability retirement	219	3,219.7
With recomputation	148	2,166.4
At age 65	101	1,244.2
Normal benefit payable thereafter	96	1,204.3
Other benefit payable thereafter	5	39.9
At age 65, or upon becoming eligible for or receiving social security disability or primary benefit	47	922.2
Normal benefit payable thereafter	43	904.0
Other benefit payable thereafter	4	18.2
Without recomputation	71	1,053.3

Level of Benefits.—To ascertain the level of benefits relative to previous earnings and to compare the monthly benefit amounts provided by the plans studied, disability retirement benefits were computed under certain uniform assumptions similar to those used in computing normal retirement benefits. These assumptions are:

1. Retirement at age 50—the earliest age at which social security disability benefits were payable in 1959. (Only 26 plans were excluded because they had a higher minimum age requirement.)

⁴² See pages 6–8. The offset method was also used by some plans to integrate benefits with workmen's compensation.

2. Twenty years of future credited service⁴³—an arbitrary basis for determining service credits for a worker who becomes disabled at age 50. (Only three plans had a longer minimum service requirement.)

3. Annual earnings of \$4,800—the maximum earnings used in determining benefits under the Social Security Act. They were assumed to be constant for all service used to compute public or private benefits.

4. Eligibility for and receipt of maximum social security disability benefits (\$127 per month at the time of the study).

No benefit amount was computed for 42 plans representing about 530,000 workers. In addition to the 29 plans that did not pay disability benefits to workers aged 50 with 20 years of service (the assumed minimum requirements of this study) the remaining 13 plans contained formulas that could not be calculated—usually because of an actuarial reduction of unspecified size.⁴⁴

Almost half the computed plans (87), covering about three out of five workers, would provide a disability pension benefit of \$50 per month (\$2.50 a month for each year of service, exclusive of social security disability benefits) under the assumed conditions (table 37). Virtually all of these plans were non-contributory, single-employer plans in manufacturing industries. Approximately a fourth of the plans, covering nearly a fifth of the workers, would provide \$60 or more a month; and a like proportion of plans covering about a sixth of the workers would pay less than \$50.⁴⁵ The weighted average computed disability benefit payable by the plans was \$54.48.⁴⁶

The weighted average monthly benefit, including the maximum social security disability benefit of \$127, thus would amount to \$181.48, or about 45 percent of the assumed \$400-a-month earnings level (gross). The total monthly benefit amounts would range from less than a third (social security alone) to two-thirds of preretirement gross earnings (table 38). One out of six plans would provide at least 50 percent of preretirement earnings, that is, at least \$200 a month. Twenty of these plans were noncontributory and 13 were contributory—a far higher proportion of the latter group than of the former.

The same disability and normal retirement benefit amounts, either including or excluding the \$127 social security benefit, would be payable to workers with 20 years of future service and average annual earnings of \$4,800 by three-fourths of the 174 plans for which both benefits were computable. In all but a few cases, the same benefit was computed because the same formula was used. Two-thirds of the plans in which benefit levels differed paid higher normal retirement benefits and a third provided larger disability benefits.

⁴³ For the significance of using future service, see page 11.

⁴⁴ No account was taken of workmen's compensation benefits which may, under one of the alternate formulas in some plans, be deducted from the plan benefits.

⁴⁵ Thirteen plans, covering about 6 percent of the workers, would provide no benefit under the assumed conditions because of a social security disability benefit offset. These plans do, however, pay benefits to workers entitled to less than maximum social security benefits.

⁴⁶ Weighted by the number of workers covered.

Workers qualifying for disability benefits under a collectively bargained pension plan do not necessarily qualify for social security disability benefits. To ascertain the level of benefits and relative amounts provided those who fail to qualify for social security benefits, the benefits promised by private plans were computed using the same assumptions as were previously used,⁴⁷ except, of course, the assumption regarding social security benefits. The weighted average benefit so computed was \$90.95—about two-thirds higher than the average amount provided by the same plans to retirees eligible for social security disability benefits and about half the average amount of social security and private plan benefits combined.

Of 177 plans for which benefits were computed, 123 provided a higher benefit to disabled pensioners not receiving social security disability benefits. The largest differentials were promised by the small group of plans which would pay the retiree the social security disability benefit (\$127 a month under the assumed conditions). A large number of plans, including most of those in the automobile and rubber industries, provided twice the usual disability benefits (e. g., \$5 a month for each year of service instead of \$2.50). Another large group of plans followed the pattern of the basic steel industry which provided a minimum benefit of \$90 a month instead of \$2.50 a month for each year of service (i. e., \$50 a month under the assumed conditions). Almost all the 177 plans would recompute benefits when the retiree becomes eligible for normal retirement benefits—age 65 in almost all plans.

Because of the large number of plans in these three industries (steel, automobile, and rubber manufacturing) and because of their influence on other collectively bargained plans, half the plans, covering over three-fifths of the workers, would pay \$90 or \$100 a month under the assumed conditions to disabled workers not eligible for social security disability benefits (table 39). These are, for the most part, the same plans that account for the concentration of plans providing \$50 a month to those receiving a public benefit.

⁴⁷ See pages 37–38.

Table 24. Provisions for early and disability retirement in selected pension plans under collective bargaining by method of financing and type of bargaining unit, fall 1959

Provisions	(Workers in thousands)									
	All plans		Noncontributory		Contributory		Single employer		Multi-employer	
	Num-ber	Work-ers	Plans	Work-ers	Plans	Work-ers	Plans	Work-ers	Plans	Work-ers
All plans studied -----	300	4,672.7	251	3,901.9	49	770.8	231	2,946.4	69	1,726.3
With provisions for disability and/or early retirement -----	268	3,601.5	220	3,130.7	48	470.8	226	2,936.9	42	664.6
Disability and early retirement -----	175	2,649.8	¹ 148	2,296.9	27	352.9	² 165	2,466.1	³ 10	183.7
Disability retirement only -----	44	569.9	42	566.9	2	3.0	20	137.0	24	432.9
Early retirement only -----	49	381.8	⁴ 30	266.9	19	114.9	41	333.8	⁴ 8	48.0
Without provisions for disability or early retirement (normal retirement only) -----	32	1,071.2	31	771.2	1	300.0	5	9.5	27	1,061.7

¹ Excludes 9 plans, covering 252,500 workers, that contained early retirement provisions for women only.

² Excludes 3 plans, covering 15,900 workers, that contained early retirement provisions for women only.

³ Excludes 6 plans, covering 236,600 workers, that contained early retirement provisions for women only.

⁴ Excludes 3 plans, covering 97,200 workers, that contained early retirement provisions for women only.

Table 25. Provisions for early retirement in selected pension plans under collective bargaining by industry group, method of financing, and type of bargaining unit, fall 1959

Industry group	(Workers in thousands)																	
	All plans						Noncontributory						Contributory					
	Total		With early retirement		Without early retirement		Total		With early retirement		Without early retirement		Total		With early retirement		Without early retirement	
	Plans	Work-ers	Plans	Work-ers	Plans	Work-ers	Plans	Work-ers	Plans	Work-ers	Plans	Work-ers	Plans	Work-ers	Plans	Work-ers	Plans	Work-ers
All plans studied	300	4,672.7	124	3,031.6	76	1,641.1	251	3,901.9	178	2,563.8	73	1,338.1	49	770.8	46	467.8	3	303.0
Manufacturing	229	3,209.6	189	2,675.6	40	534.0	195	2,821.1	155	2,287.1	40	534.0	34	388.5	34	388.5	-	-
Food and kindred products	17	185.0	15	173.7	2	11.3	11	156.6	9	145.3	2	11.3	6	28.4	6	28.4	-	-
Tobacco manufactures	3	26.1	2	21.5	1	4.6	3	26.1	2	21.5	1	4.6	-	-	-	-	-	-
Textile mill products	8	39.4	6	16.8	2	22.6	7	30.4	5	7.8	2	22.6	1	9.0	1	9.0	-	-
Apparel and other finished textile products	9	325.9	-	-	9	325.9	9	325.9	-	-	9	325.9	-	-	-	-	-	-
Lumber and wood products, except furniture	3	23.1	3	23.1	-	-	3	23.1	3	23.1	-	-	-	-	-	-	-	-
Furniture and fixtures	4	42.7	2	3.5	2	39.2	4	42.7	2	3.5	2	39.2	-	-	-	-	-	-
Paper and allied products	9	50.1	8	45.6	1	4.5	5	17.1	4	12.6	1	4.5	4	33.0	4	33.0	-	-
Printing, publishing, and allied industries	5	16.2	2	5.6	3	10.6	5	16.2	2	5.6	3	10.6	-	-	-	-	-	-
Chemicals and allied products	13	121.1	10	87.8	3	33.3	12	119.6	9	86.3	3	33.3	1	1.5	1	1.5	-	-
Petroleum refining and related industries	9	81.7	8	80.6	1	1.1	1	1.1	-	-	1	1.1	8	80.6	8	80.6	-	-
Rubber and miscellaneous plastics products	8	106.9	8	106.9	-	-	8	106.9	8	106.9	-	-	-	-	-	-	-	-
Leather and leather products	4	40.3	1	3.5	3	36.8	4	40.3	1	3.5	3	36.8	-	-	-	-	-	-
Stone, clay, and glass products	10	74.4	8	56.0	2	18.4	10	74.4	8	56.0	2	18.4	-	-	-	-	-	-
Primary metal industries	33	588.3	33	588.3	-	-	32	571.9	32	571.9	-	-	1	16.4	1	16.4	-	-
Fabricated metal products	13	113.0	13	113.0	-	-	13	113.0	13	113.0	-	-	-	-	-	-	-	-
Machinery, except electrical	28	201.2	24	194.7	4	6.5	26	184.4	22	177.9	4	6.5	2	16.8	2	16.8	-	-
Electrical machinery, equipment, and supplies	16	316.3	14	309.4	2	6.9	11	163.0	9	156.1	2	6.9	5	153.3	5	153.3	-	-
Transportation equipment	24	805.0	23	802.0	1	3.0	20	759.2	19	756.2	1	3.0	4	45.8	4	45.8	-	-
Instruments and related products	4	19.4	4	19.4	-	-	2	15.7	2	15.7	-	-	2	3.7	2	3.7	-	-
Miscellaneous manufacturing industries	9	33.5	5	24.2	4	9.3	9	33.5	5	24.2	4	9.3	-	-	-	-	-	-
Nonmanufacturing	71	1,463.1	35	356.0	36	1,107.1	56	1,080.8	23	276.7	33	804.1	15	382.3	12	79.3	3	303.0
Mining, crude petroleum and natural gas production	6	221.6	4	21.6	2	200.0	5	218.0	3	18.0	2	200.0	1	3.6	1	3.6	-	-
Contract construction	12	405.0	1	1.4	11	403.6	11	105.0	1	1.4	10	103.6	1	300.0	-	-	1	300.0
Transportation ^a	17	468.2	7	78.9	10	389.3	11	435.0	3	48.7	8	386.3	6	33.2	4	30.2	2	3.0
Communications	4	153.2	3	123.0	1	30.2	4	153.2	3	123.0	1	30.2	-	-	-	-	-	-
Utilities: Electric and gas	14	64.3	13	62.8	1	1.5	9	39.8	8	38.3	1	1.5	5	24.5	5	24.5	-	-
Wholesale and retail trade	8	50.1	4	38.4	4	11.7	8	50.1	4	38.4	4	11.7	-	-	-	-	-	-
Hotels and restaurants	2	39.0	-	-	2	39.0	2	39.0	-	-	2	39.0	-	-	-	-	-	-
Services	4	31.7	1	8.9	3	22.8	4	31.7	1	8.9	3	22.8	-	-	-	-	-	-
Miscellaneous nonmanufacturing industries	4	30.0	2	21.0	2	9.0	2	9.0	-	-	2	9.0	2	21.0	2	21.0	-	-

See footnotes at end of table.

Table 25. Provisions for early retirement in selected pension plans under collective bargaining by industry group, method of financing, and type of bargaining unit, fall 1959—Continued

Industry group	(Workers in thousands)											
	Single employer						Multiemployer					
	Total		With early retirement		Without early retirement		Total		With early retirement		Without early retirement	
Plans	Workers	Plans	Workers	Plans	Workers	Plans	Workers	Plans	Workers	Plans	Workers	
All plans studied	231	2,946.4	206	2,799.9	25	146.5	69	1,726.3	18	231.7	51	1,494.6
Manufacturing	197	2,639.8	180	2,541.3	17	98.5	32	569.8	9	134.3	23	435.5
Food and kindred products	12	70.2	12	70.2	-	-	5	114.8	3	103.5	2	11.3
Tobacco manufactures	3	26.1	2	21.5	1	4.6	-	-	-	-	-	-
Textile mill products	6	16.8	6	16.8	-	-	2	22.6	-	-	2	22.6
Apparel and other finished textile products	1	1.3	-	-	1	1.3	8	324.6	-	-	8	324.6
Lumber and wood products, except furniture	2	13.7	2	13.7	-	-	1	9.4	1	9.4	-	-
Furniture and fixtures	1	2.0	1	2.0	-	-	3	40.7	1	1.5	2	39.2
Paper and allied products	8	45.6	8	45.6	-	-	1	4.5	-	-	1	4.5
Printing, publishing, and allied industries	1	4.3	1	4.3	-	-	4	11.9	1	1.3	3	10.6
Chemicals and allied products	13	121.1	10	87.8	3	33.3	-	-	-	-	-	-
Petroleum refining and related industries	9	81.7	8	80.6	1	1.1	-	-	-	-	-	-
Rubber and miscellaneous plastics products	8	106.9	8	106.9	-	-	-	-	-	-	-	-
Leather and leather products	3	30.3	1	3.5	2	26.8	1	10.0	-	-	1	10.0
Stone, clay, and glass products	10	74.4	8	56.0	2	18.4	-	-	-	-	-	-
Primary metal industries	33	588.3	33	588.3	-	-	-	-	-	-	-	-
Fabricated metal products	13	113.0	13	113.0	-	-	-	-	-	-	-	-
Machinery, except electrical	27	194.7	23	188.2	4	6.5	1	6.5	1	6.5	-	-
Electrical machinery, equipment, and supplies	14	309.4	14	309.4	-	-	2	6.9	-	-	2	6.9
Transportation equipment	24	805.0	23	802.0	1	3.0	-	-	-	-	-	-
Instruments and related products	4	19.4	4	19.4	-	-	-	-	-	-	-	-
Miscellaneous manufacturing industries	5	15.6	3	12.1	2	3.5	4	17.9	2	12.1	2	5.8
Nonmanufacturing	34	306.6	26	258.6	8	48.0	37	1,156.5	9	97.4	28	1,059.1
Mining, crude petroleum and natural gas production	4	21.6	4	21.6	-	-	2	200.0	-	-	2	200.0
Contract construction	-	-	-	-	-	-	12	405.0	1	1.4	11	403.6
Transportation ²	10	46.5	4	30.2	6	16.3	7	421.7	3	48.7	4	373.0
Communications	4	153.2	3	123.0	1	30.2	-	-	-	-	-	-
Utilities: Electric and gas	14	64.3	13	62.8	1	1.5	-	-	-	-	-	-
Wholesale and retail trade	-	-	-	-	-	-	8	50.1	4	38.4	4	11.7
Hotels and restaurants	-	-	-	-	-	-	2	39.0	-	-	2	39.0
Services	-	-	-	-	-	-	4	31.7	1	8.9	3	22.8
Miscellaneous nonmanufacturing industries	2	21.0	2	21.0	-	-	2	9.0	-	-	2	9.0

¹ Excludes 12 plans covering 349,700 workers in which only women could retire early.² Excludes railroad and airline industries.

Table 26. Preparticipation requirements not credited as service for eligibility for early retirement, fall 1959¹

Minimum service requirement	(Workers in thousands)									
	All plans		Minimum age requirements ²							
			No age requirement		Age 25		Age 30		Age 35	
Number	Workers	Plans	Workers	Plans	Workers	Plans	Workers	Plans	Workers	
All plans with preparticipation requirements not credited for early retirement ³	43	383.5	22	220.3	7	38.5	11	108.3	3	16.4
No service requirement	7	25.6	-	-	⁴ 2	6.0	3	5.4	⁵ 2	14.2
1 year of service	18	197.0	14	184.8	2	8.1	2	4.1	-	-
2 years of service	3	33.8	1	16.4	-	-	2	17.4	-	-
3 years of service	8	75.9	5	11.4	1	5.4	2	59.1	-	-
5 years of service	7	51.2	2	7.7	⁶ 2	19.0	2	22.3	1	2.2

¹ Based on a study of 300 selected pension plans under collective bargaining covering approximately 4,670,000 workers.

² Age requirements were 5 years earlier for women in 2 plans covering 14,000 workers.

³ Preparticipation requirements were found in 72 of the plans studied, covering 622,100 workers. Of these, 5 plans covering 26,000 workers did not provide for early retirement; 24 plans covering 212,600 workers credited the worker with preparticipation years of service for the purpose of determining eligibility. Preparticipation requirements in the remaining 43 plans are shown in this table.

⁴ Includes 1 plan, covering 2,000 workers, that stipulated age 21.

⁵ Includes 1 plan, covering 8,900 workers, that stipulated age 40.

⁶ Includes 1 plan, covering 10,000 workers, that provided an alternative requirement of age 31 and 1 year of service.

Table 27. Minimum requirements for early retirement by consent required, fall 1959¹

Minimum requirements ²	(Workers in thousands)							
	All plans		Consent required					
			At worker's request, employer's consent:				Other ⁴	
	Num- ber	Work- ers	Not required		Required ³			
Plans			Work- ers	Plans	Work- ers	Plans	Work- ers	
Plans providing for early retirement -----	224	3,031.6	150	2,214.5	53	475.7	21	341.4
Service only (without preparticipation or age requirements) -----	1	21.2	1	21.2	-	-	-	-
25 years -----	1	21.2	1	21.2	-	-	-	-
Participation only (without service or age requirements) -----	2	8.6	-	-	2	8.6	-	-
Age ⁵ -----	38	344.2	11	54.0	25	164.2	2	126.0
Age 50 -----	3	5.3	-	-	3	5.3	-	-
Age 55 -----	30	209.9	8	44.5	21	155.4	1	10.0
Age 60 -----	5	129.0	3	9.5	1	3.5	1	116.0
Age and service -----	155	2,300.2	133	2,098.1	16	148.4	6	53.7
Age 45 and 15 years -----	1	4.0	1	4.0	-	-	-	-
Age 55 and 5 years -----	2	45.4	2	45.4	-	-	-	-
Age 55 and 10 years -----	8	113.5	5	78.1	2	26.4	1	9.0
Age 55 and 15 years -----	14	171.0	11	134.6	1	1.4	2	35.0
Age 55 and 20 years -----	14	165.6	11	137.1	2	23.0	1	5.5
Age 55 and 25 years -----	1	2.0	-	-	1	2.0	-	-
Age 58 and 3 years -----	1	13.9	1	13.9	-	-	-	-
Age 60 and 5 years -----	1	9.4	1	9.4	-	-	-	-
Age 60 and 10 years -----	33	900.2	31	891.2	1	6.0	1	3.0
Age 60 and 12 years -----	1	16.2	-	-	1	16.2	-	-
Age 60 and 15 years -----	64	808.3	61	751.1	3	57.2	-	-
Age 60 and 20 years -----	12	37.6	6	20.2	6 ⁵	16.2	1	1.2
Age 60 and 25 years -----	1	3.0	1	3.0	-	-	-	-
Age 60 and 30 years -----	2	10.1	2	10.1	-	-	-	-
Age and participation -----	10	48.1	4	24.2	5	21.6	1	2.3
Age 50 and 10 years -----	1	2.6	-	-	1	2.6	-	-
Age 55 and 5 years -----	2	19.5	1	11.8	1	7.7	-	-
Age 55 and 10 years -----	3	8.6	1	1.3	2	7.3	-	-
Age 55 and 15 years -----	1	2.3	-	-	-	-	1	2.3
Age 55 and 20 years -----	1	4.0	-	-	1	4.0	-	-
Age 60 and 10 years -----	1	2.2	1	2.2	-	-	-	-
Age 60 and 15 years -----	1	8.9	1	8.9	-	-	-	-
Alternatives -----	18	309.3	1	17.0	5	132.9	12	159.4
10 years of participation or age 55 and 25 years of service -----	2	18.2	-	-	-	-	2	18.2
25 years of service or age 55 and 10 years of participation -----	1	31.8	-	-	-	-	1	31.8
30 years of service or age 55 and 5 years of service -----	1	3.1	-	-	-	-	1	3.1
30 years of service or age 55 and 25 years of service -----	3	123.0	-	-	3	123.0	-	-
Age 50 and 20 years of service or age 55 and 10 years of service -----	1	3.9	-	-	1	3.9	-	-
Age 50 and 20 years of service, age 55 and 15 years of service, or age 60 -----	1	2.9	-	-	-	-	1	2.9
Age 55 or age 55 and 20 years of participation -----	1	11.5	-	-	-	-	1	11.5
Age 55 or age 60 and 25 years of service ---	1	6.0	-	-	1	6.0	-	-
Age 55 and 15 years of service or age 60 and 10 years of service -----	1	2.0	-	-	-	-	1	2.0
Age 55 and 20 years of service or age 60 ---	1	6.1	-	-	-	-	1	6.1
Age 55 and 20 years of service or age 60 and 20 years of service -----	2	14.8	-	-	-	-	2	14.8
Age 55 and 25 years of service or age 60 and 10 years of service -----	1	17.0	1	17.0	-	-	-	-
Age 55 and 30 years of service or age 60 and 20 years of service -----	1	9.8	-	-	-	-	1	9.8
Age 60 and 10 years of service or age 60 and 15 years of service -----	1	59.2	-	-	-	-	1	59.2

¹ Based on a study of 300 selected pension plans under collective bargaining covering approximately 4,670,000 workers.

² Service refers to the period of employment, whereas participation includes period of plan membership only. Periods may be identical or may vary if eligibility requirements prior to membership in the plan are specified.

³ "Employer's consent" includes 7 plans where employer's approval or employer's request is required.

⁴ Plans specified alternative consents involving both employer and worker options.

⁵ Includes 28 plans covering 318,900 workers that provided for some preparticipation service and 2 plans with 3,100 workers specified a preparticipation age.

⁶ Includes 1 plan covering 2,600 workers that specified a minimum age of 60, but age plus number of years of service must equal 80.

⁷ When age and service alternate used, initial age is 55, and age plus service must equal 80.

Table 28. Minimum age and service requirements for early retirement, fall 1959¹

Minimum service requirements ²	(Workers in thousands)									
	All plans		Minimum age requirements ³							
			No age requirement		Age 50		Age 55		Age 60	
Number	Workers	Plans	Workers	Plans	Workers	Plans	Workers	Plans	Workers	
All plans providing for early retirement -----	⁴ 224	3,031.6	8	187.7	7	18.7	84	812.4	125	2,012.8
No service requirement -----	10	25.3	-	-	-	-	7	15.8	3	9.5
1 year -----	15	186.6	1	3.0	3	5.3	10	62.3	1	116.0
2 years -----	2	22.0	1	5.6	-	-	1	16.4	-	-
3 years -----	9	89.8	-	-	-	-	7	72.4	⁵ 2	17.4
5 years -----	9	103.8	-	-	-	-	8	94.4	1	9.4
6 years -----	1	7.7	-	-	-	-	1	7.7	-	-
7 years -----	1	11.8	-	-	-	-	1	11.8	-	-
10 years -----	43	1,021.0	-	-	-	-	10	120.8	33	900.2
11 years -----	2	3.9	-	-	1	2.6	1	1.3	-	-
12 years -----	1	16.2	-	-	-	-	-	-	1	16.2
15 years -----	84	1,057.9	-	-	⁶ 1	4.0	16	175.3	67	878.6
20 years -----	31	230.1	-	-	2	6.8	16	175.7	13	47.6
21 years -----	2	16.3	-	-	-	-	1	11.5	1	4.8
25 years -----	7	93.2	2	53.0	-	-	4	37.2	1	3.0
30 years -----	7	146.0	4	126.1	-	-	1	9.8	2	10.1

¹ Based on a study of 300 selected pension plans under collective bargaining covering approximately 4,670,000 workers.

² For those plans which specified that a period of employment be served before participation in the plan could begin, the minimum service requirement includes the preparticipation service and the required plan membership service.

³ In 20 plans, covering 375,900 workers, alternative requirements were specified; the one with the earliest age requirement at the worker's option is shown, or the earliest age or no age requirement is used if no worker option was permitted. Age requirements were lower for women in a number of plans: 5 years earlier in 10 plans covering 208,200 workers, and 10 years in 1 plan covering 2,900 workers.

⁴ Excludes 12 plans, covering 349,700 workers, in which only women could retire early. In 9 plans, covering 333,400 workers, the minimum requirements were age 62 and 20 years of service; 1 plan with 1,300 workers, specified age 62 and 15 years of service; another plan covering 10,000 workers had a requirement of age 62 and 5 years of service; and in the remaining plan, covering 5,000 workers, the requirement was age 62.

⁵ Includes 1 plan with 13,900 workers, that specified age 58.

⁶ Plan specified age 45.

Table 29. Relationship of early retirement to normal retirement benefit formulas and method of financing by reduction for age, fall 1959¹

Relationship of early retirement to normal retirement formula and method of financing	Total		Percent reduction for each month retirement occurs prior to normal retirement age									
			None		Actuarial		0.625		0.60		0.55	
	Plans	Workers	Plans	Workers	Plans	Workers	Plans	Workers	Plans	Workers	Plans	Workers
All plans with early retirement -----	224	3,031.6	4	125.6	132	1,227.9	7	261.4	23	685.8	4	16.9
<u>Relationship of early retirement to normal retirement formula</u>												
Same as normal benefit formula -----	199	2,626.2	4	125.6	122	1,191.7	7	261.4	20	554.9	4	16.9
Modified normal benefit formula -----	21	259.0	-	-	8	22.8	-	-	3	130.9	-	-
Service limitations of 25 years -----	1	3.0	-	-	-	-	-	-	-	-	-	-
Minimum not applicable -----	15	111.7	-	-	7	21.6	-	-	1	6.0	-	-
Basic not applicable -----	1	4.9	-	-	-	-	-	-	1	4.9	-	-
Minimum based on service not applicable -----	2	18.2	-	-	-	-	-	-	-	-	-	-
With supplement -----	1	120.0	-	-	-	-	-	-	1	120.0	-	-
Supplement not applicable -----	1	1.2	-	-	1	1.2	-	-	-	-	-	-
Other formulas -----	4	146.4	-	-	2	13.4	-	-	-	-	-	-
<u>Method of financing</u>												
Noncontributory -----	178	2,563.8	4	125.6	100	1,002.7	7	261.4	23	685.8	4	16.9
Contributory -----	46	467.8	-	-	32	225.2	-	-	-	-	-	-
			0.50		0.4166		0.40		0.3333		Other ²	
All plans with early retirement -----	20	273.5	3	22.9	8	106.7	4	138.0	19	172.9		
<u>Relationship of early retirement to normal retirement formula</u>												
Same as normal benefit formula -----	16	256.8	3	22.9	6	70.7	3	22.0	14	103.3		
Modified normal benefit formula -----	4	16.7	-	-	2	36.0	-	-	4	52.6		
Service limitations of 25 years -----	1	3.0	-	-	-	-	-	-	-	-		
Minimum not applicable -----	3	13.7	-	-	2	36.0	-	-	2	34.4		
Basic not applicable -----	-	-	-	-	-	-	-	-	-	-		
Minimum based on service not applicable -----	-	-	-	-	-	-	-	-	2	18.2		
With supplement -----	-	-	-	-	-	-	-	-	-	-		
Supplement not applicable -----	-	-	-	-	-	-	-	-	-	-		
Other formulas -----	-	-	-	-	-	-	-	1	116.0	1	17.0	
<u>Method of financing</u>												
Noncontributory -----	18	269.3	1	7.5	8	106.7	1	3.9	12	84.0		
Contributory -----	2	4.2	2	15.4	-	-	3	134.1	7	88.9		

¹ Based on a study of 300 selected pension plans under collective bargaining covering approximately 4,670,000 workers.

² Includes 12 plans in which reductions varied according to age at retirements; the remainder reduced benefits by unspecified amounts.

Table 30. Time of payment for early retirement benefits by method of financing, fall 1959¹

Time of benefit payment	(Workers in thousands)					
	All plans		Noncontributory		Contributory	
	Number	Workers	Plans	Workers	Plans	Workers
All plans with early retirement	224	3,031.6	178	2,563.8	46	467.8
Immediately on retirement; cannot be deferred	85	1,081.6	56	779.8	29	301.8
Immediately on retirement or deferrable to normal retire- ment age	129	1,876.5	116	1,735.1	13	141.4
Anytime up to and including normal retirement age	10	73.5	6	48.9	4	24.6

¹ Based on a study of 300 selected pension plans under collective bargaining covering approximately 4,670,000 workers.

Table 31. Level income option under early retirement provisions by method of financing, fall 1959¹

Provision	(Workers in thousands)					
	All plans		Noncontributory		Contributory	
	Number	Workers	Plans	Workers	Plans	Workers
All plans with early retirement	224	3,031.6	178	2,563.8	46	467.8
With level income option	51	393.1	29	212.3	22	180.8
Without level income option	173	2,638.5	149	2,351.5	24	287.0

¹ Based on a study of 300 selected pension plans under collective bargaining covering approximately 4,670,000 workers.

Table 32. Provisions for disability retirement in selected pension plans under collective bargaining by industry group, method of financing, and type of bargaining unit, fall 1959

Industry group	(Workers in thousands)																	
	All plans						Noncontributory						Contributory					
	Total		With disability retirement		Without disability retirement		Total		With disability retirement		Without disability retirement		Total		With disability retirement		Without disability retirement	
Plans	Work-ers	Plans	Work-ers	Plans	Work-ers	Plans	Work-ers	Plans	Work-ers	Plans	Work-ers	Plans	Work-ers	Plans	Work-ers	Plans	Work-ers	
All plans studied	300	4,672.7	219	3,219.7	81	1,453.0	251	3,901.9	190	2,863.8	61	1,038.1	49	770.8	29	355.9	20	414.9
Manufacturing	229	3,209.6	178	2,777.1	51	432.5	195	2,821.1	159	2,481.6	36	339.5	34	388.5	19	295.5	15	93.0
Food and kindred products	17	185.0	10	157.2	7	27.8	11	156.6	8	148.0	3	8.6	6	28.4	2	9.2	4	19.2
Tobacco manufactures	3	26.1	2	20.8	1	5.3	3	26.1	2	20.8	1	5.3	-	-	-	-	-	-
Textile mill products	8	39.4	2	22.6	6	16.8	7	30.4	2	22.6	5	7.8	1	9.0	-	-	1	9.0
Apparel and other finished textile products	9	325.9	5	230.4	4	95.5	9	325.9	5	230.4	4	95.5	-	-	-	-	-	-
Lumber and wood products, except furniture	3	23.1	3	23.1	-	-	3	23.1	3	23.1	-	-	-	-	-	-	-	-
Furniture and fixtures	4	42.7	2	38.7	2	4.0	4	42.7	2	38.7	2	4.0	-	-	-	-	-	-
Paper and allied products	9	50.1	4	31.6	5	18.5	5	17.1	2	5.6	3	11.5	4	33.0	2	26.0	2	7.0
Printing, publishing, and allied industries	5	16.2	3	12.7	2	3.5	5	16.2	3	12.7	2	3.5	-	-	-	-	-	-
Chemicals and allied products	13	121.1	10	114.8	3	6.3	12	119.6	10	114.8	2	4.8	1	1.5	-	-	1	1.5
Petroleum refining and related industries	9	81.7	8	77.5	1	4.2	1	1.1	1	1.1	-	-	8	80.6	7	76.4	1	4.2
Rubber and miscellaneous plastics products	8	106.9	8	106.9	-	-	8	106.9	8	106.9	-	-	-	-	-	-	-	-
Leather and leather products	4	40.3	3	30.3	1	10.0	4	40.3	3	30.3	1	10.0	-	-	-	-	-	-
Stone, clay, and glass products	10	74.4	10	74.4	-	-	10	74.4	10	74.4	-	-	-	-	-	-	-	-
Primary metal industries	33	588.3	33	588.3	-	-	32	571.9	32	571.9	-	-	1	16.4	1	16.4	-	-
Fabricated metal products	13	113.0	13	113.0	-	-	13	113.0	13	113.0	-	-	-	-	-	-	-	-
Machinery, except electrical	28	201.2	24	192.7	4	8.5	26	184.4	23	179.4	3	5.0	2	16.8	1	13.3	1	3.5
Electrical machinery, equipment, and supplies	16	316.3	13	303.0	3	13.3	11	163.0	9	152.5	2	10.5	5	153.3	4	150.5	1	2.8
Transportation equipment	24	805.0	17	609.4	7	195.6	20	759.2	17	609.4	3	149.8	4	45.8	-	-	4	45.8
Instruments and related products	4	19.4	2	3.7	2	15.7	2	15.7	-	-	2	15.7	2	3.7	2	3.7	-	-
Miscellaneous manufacturing industries	9	33.5	6	26.0	3	7.5	9	33.5	6	26.0	3	7.5	-	-	-	-	-	-
Nonmanufacturing	71	1,463.1	41	442.6	30	1,020.5	56	1,080.8	31	382.2	25	698.6	15	382.3	10	60.4	5	321.9
Mining, crude petroleum, and natural gas production	6	221.6	4	21.6	2	200.0	5	218.0	3	18.0	2	200.0	1	3.6	1	3.6	-	-
Contract construction	12	405.0	4	20.1	8	384.9	11	105.0	4	20.1	7	84.9	1	300.0	-	-	1	300.0
Transportation ¹	17	468.2	13	132.5	4	335.7	11	435.0	7	99.3	4	335.7	6	33.2	6	33.2	-	-
Communications	4	153.2	3	145.3	1	7.9	4	153.2	3	145.3	1	7.9	-	-	-	-	-	-
Utilities: Electric and gas	14	64.3	7	31.0	7	33.3	9	39.8	6	28.4	3	11.4	5	24.5	1	2.6	4	21.9
Wholesale and retail trade	8	50.1	4	25.5	4	24.6	8	50.1	4	25.5	4	24.6	-	-	-	-	-	-
Hotels and restaurants	2	39.0	2	39.0	-	-	2	39.0	2	39.0	-	-	-	-	-	-	-	-
Services	4	31.7	1	1.6	3	30.1	4	31.7	1	1.6	3	30.1	-	-	-	-	-	-
Miscellaneous nonmanufacturing industries	4	30.0	3	26.0	1	4.0	2	9.0	1	5.0	1	4.0	2	21.0	2	21.0	-	-

See footnote at end of table.

Table 32. Provisions for disability retirement in selected pension plans under collective bargaining by industry group, method of financing, and type of bargaining unit, fall 1959—Continued

Industry group	(Workers in thousands)											
	Single employer						Multiemployer					
	Total		With disability retirement		Without disability retirement		Total		With disability retirement		Without disability retirement	
Plans	Workers	Plans	Workers	Plans	Workers	Plans	Workers	Plans	Workers	Plans	Workers	
All plans studied	231	2,946.4	185	2,603.1	46	343.3	69	1,726.3	34	616.6	35	1,109.7
Manufacturing	197	2,639.8	160	2,340.7	37	299.1	32	569.8	18	436.4	14	133.4
Food and kindred products	12	70.2	7	52.5	5	17.7	5	114.8	3	104.7	2	10.1
Tobacco manufactures	3	26.1	2	20.8	1	5.3	-	-	-	-	-	-
Textile mill products	6	16.8	-	-	6	16.8	2	22.6	2	22.6	-	-
Apparel and other finished textile products	1	1.3	1	1.3	-	-	8	324.6	4	229.1	4	95.5
Lumber and wood products, except furniture	2	13.7	2	13.7	-	-	1	9.4	1	9.4	-	-
Furniture and fixtures	1	2.0	1	2.0	-	-	3	40.7	1	36.7	2	4.0
Paper and allied products	8	45.6	4	31.6	4	14.0	1	4.5	-	-	1	4.5
Printing, publishing, and allied industries	1	4.3	1	4.3	-	-	4	11.9	2	8.4	2	3.5
Chemicals and allied products	13	121.1	10	114.8	3	6.3	-	-	-	-	-	-
Petroleum refining and related industries	9	81.7	8	77.5	1	4.2	-	-	-	-	-	-
Rubber and miscellaneous plastics products	8	106.9	8	106.9	-	-	-	-	-	-	-	-
Leather and leather products	3	30.3	3	30.3	-	-	1	10.0	-	-	1	10.0
Stone, clay, and glass products	10	74.4	10	74.4	-	-	-	-	-	-	-	-
Primary metal industries	33	588.3	33	588.3	-	-	-	-	-	-	-	-
Fabricated metal products	13	113.0	13	113.0	-	-	-	-	-	-	-	-
Machinery, except electrical	27	194.7	23	186.2	4	8.5	1	6.5	1	6.5	-	-
Electrical machinery, equipment, and supplies	14	309.4	11	296.1	3	13.3	2	6.9	2	6.9	-	-
Transportation equipment	24	805.0	17	609.4	7	195.6	-	-	-	-	-	-
Instruments and related products	4	19.4	2	3.7	2	15.7	-	-	-	-	-	-
Miscellaneous manufacturing industries	5	15.6	4	13.9	1	1.7	4	17.9	2	12.1	2	5.8
Nonmanufacturing	34	306.6	25	262.4	9	44.2	37	1,156.5	16	180.2	21	976.3
Mining, crude petroleum, and natural gas production	4	21.6	4	21.6	-	-	2	200.0	-	-	2	200.0
Contract construction	-	-	-	-	-	-	12	405.0	4	20.1	8	384.9
Transportation ¹	10	46.5	9	43.5	1	3.0	7	421.7	4	89.0	3	332.7
Communications	4	153.2	3	145.3	1	7.9	-	-	-	-	-	-
Utilities: Electric and gas	14	64.3	7	31.0	7	33.3	-	-	-	-	-	-
Wholesale and retail trade	-	-	-	-	-	-	8	50.1	4	25.5	4	24.6
Hotels and restaurants	-	-	-	-	-	-	2	39.0	2	39.0	-	-
Services	-	-	-	-	-	-	4	31.7	1	1.6	3	30.1
Miscellaneous nonmanufacturing industries	2	21.0	2	21.0	-	-	2	9.0	1	5.0	1	4.0

¹ Excludes railroad and airline industries.

Table 33. Preparticipation requirements not credited as service for eligibility for disability retirement, fall 1959¹

Minimum service requirements	(Workers in thousands)									
	All plans		Minimum age requirements							
	Number	Workers	No age requirement		Age 25		Age 30		Age 35	
Plans			Workers	Plans	Workers	Plans	Workers	Plans	Workers	
All plans with preparticipation for disability retirement ²	18	134.0	10	108.5	4	14.7	2	3.4	2	7.4
No service requirement	3	8.3	-	-	³ 2	6.0	1	2.3	-	-
1 year of service	8	53.3	6	46.9	1	3.3	-	-	1	3.1
3 years of service	4	60.5	3	55.1	1	5.4	-	-	-	-
5 years of service	3	11.9	1	6.5	-	-	1	1.1	⁴ 1	4.3

¹ Based on a study of 300 selected pension plans under collective bargaining covering approximately 4,670,000 workers.

² Preparticipation requirements were found in 72 of the plans studied, covering 622,100 workers. Of these, 31 plans covering 228,900 workers did not provide for disability retirement; 23 plans with 259,200 workers provided disability retirement but credited the worker with preparticipation years of service for purposes of determining eligibility. Participation requirements in the remaining 18 plans are shown in this table.

³ Includes 1 plan covering 2,000 workers that stipulated age 21.

⁴ If hired after age 45-50 and $\frac{1}{2}$ year of service.

Table 34. Minimum requirements for disability retirement, fall 1959¹

Minimum requirements ²	All plans		Minimum requirements ³	All plans	
	Number	Workers		Number	Workers
All plans providing for disability retirement	219	3,219.7	Age and participation	4	37.8
Service only (without preparticipation or age requirements)	146	2,454.7	Age 45 and 15 years' participation	1	1.1
10 years' service	18	119.9	Age 50 and 15 years' participation	1	2.3
12 years' service	3	26.0	Age 50 and 20 years' participation	1	2.6
14 years' service	1	1.4	Age 60 and 15 years' participation	1	31.8
15 years' service	116	2,154.1	Service or participation (no age requirements)	1	22.0
20 years' service	5	125.7	25 years' service or any participation	1	22.0
25 years' service	3	27.6	Alternatives	⁴ 10	92.9
Participation only (without service or age requirements)	8	55.2	25 years' service, or age 50 and 15 years' service	3	43.8
Age only (no service requirements)	3	9.6	20 years' service, or age 55 and 15 years' participation	1	5.4
Age 50	2	6.3	10 years' service, or age 60 and 15 years' service	1	4.6
Age 55	1	3.3	15 years' service or age 55	1	21.2
Age and service	47	547.5	Age 50 and 15 years' service or age 55	1	4.0
Age 40 and 10 years' service	1	20.0	15 years' service or age 60 and 10 years' service	1	3.5
Age 40 and 15 years' service	1	2.0	Any age and service or 10 years' service	1	2.9
Age 45 and 15 years' service	3	35.0	Age plus service must equal at least 75 or any age and service	1	7.5
Age 45 and 25 years' service	³ 1	22.3			
Age 50 and 15 years' service	16	130.8			
Age 50 and 20 years' service	1	3.1			
Age 55 and 15 years' service	12	121.4			
Age 55 and 20 years' service	3	18.2			
Age 60 and 10 years' service	1	2.0			
Age 60 and 15 years' service	1	34.0			
Age 60 and 20 years' service	7	158.7			

¹ Based on a study of 300 selected pension plans under collective bargaining covering approximately 4,670,000 workers.

² Service refers to the period of employment, whereas participation includes period of plan membership only. Periods may be identical or may vary if eligibility requirements prior to membership in the plan are specified.

³ Plan provided that age plus service must equal 70 with initial minimums age 45, 15 years of service.

⁴ Includes 2 plans that distinguished between occupational and nonoccupational disability requirements and 1 plan that differentiated between disablement for work with the company or for all work.

Table 36. Provision for deduction of social security disability benefit from disability retirement benefits by method of financing, fall 1959¹

Provision	(Workers in thousands)					
	All plans		Noncontributory		Contributory	
	Number	Workers	Plans	Workers	Plans	Workers
All plans with disability retirement	219	3,219.7	190	2,863.8	29	355.9
With social security deduction	89	1,206.3	82	1,138.7	7	67.6
All social security disability benefit deducted	² 33	283.4	28	245.5	5	37.9
One-half social security disability benefit deducted	³ 12	226.1	11	212.8	1	13.3
\$85 for social security disability benefit deducted	⁴ 41	631.2	40	614.8	1	16.4
Other	⁵ 3	65.6	3	65.6	-	-
Without social security deduction	130	2,013.4	108	1,725.1	22	288.3

¹ Based on a study of 300 selected pension plans under collective bargaining covering approximately 4,670,000 workers.

² Includes 10 plans covering 50,100 workers that deducted such amounts on an alternative formula.

³ Includes 1 plan covering 9,800 workers that only made this deduction from basic percent formula.

⁴ All but 1 plan with 15,000 workers applied this deduction to an alternative formula.

⁵ Varied deductions were based on alternative formulas.

Table 37. Disability retirement benefits, excluding social security disability benefit, for workers 50 years of age earning \$4,800 per year for 20 years of future credited service by method of financing, fall 1959¹

Amount of monthly disability retirement benefit	(Workers in thousands)					
	All plans		Noncontributory		Contributory	
	Number	Workers	Plans	Workers	Plans	Workers
All plans with disability retirement benefits	219	3,219.7	190	2,863.8	29	355.9
Plans for which plan benefit was computed	177	2,689.7	157	2,433.2	20	256.5
Plans for which plan benefit was not computable ²	42	530.0	33	430.6	9	99.4
Under \$20	³ 15	191.4	15	191.4	-	-
\$20 and under \$30	9	99.4	8	86.1	1	13.3
\$30 and under \$40	6	21.9	4	16.2	2	5.7
\$40 and under \$50	11	117.4	11	117.4	-	-
\$50 and under \$60	93	1,745.3	91	1,727.9	2	17.4
\$60 and under \$70	9	63.6	6	43.4	3	20.2
\$70 and under \$80	8	50.8	7	48.0	1	2.8
\$80 and under \$90	6	19.8	5	15.8	1	4.0
\$90 and under \$100	6	110.3	6	110.3	-	-
\$100 and under \$110	7	94.3	4	76.7	3	17.6
\$110 and under \$120	1	116.0	-	-	1	116.0
\$120 and under \$130	4	41.5	-	-	4	41.5
\$130 and over	2	18.0	-	-	2	18.0

¹ Based on a study of 300 selected pension plans under collective bargaining covering approximately 4,670,000 workers.

² Includes 29 plans, covering 397,000 workers, that did not meet assumed conditions of this study; for the remaining 13 plans, benefits were reduced by unspecified amounts and therefore, not computable.

³ Includes 13 plans, covering 159,400 workers, that provided no plan benefit because of the deduction of social security disability benefits.

Table 38. Disability retirement benefits, including maximum social security disability benefit,¹ for workers 50 years of age earning \$4,800 per year for 20 years of future credited service by method of financing, fall 1959²

Amount of monthly disability retirement benefit	(Workers in thousands)					
	All plans		Noncontributory		Contributory	
	Number	Workers	Plans	Workers	Plans	Workers
All plans with disability retirement benefits	219	3,219.7	190	2,863.8	29	355.9
Plans for which benefit was computed	177	2,689.7	157	2,433.2	20	256.5
Plans for which benefit was not computable ³	42	530.0	33	430.6	9	99.4
\$127	4 ¹ 13	159.4	13	159.4	-	-
\$140 and under \$150	5	62.0	5	62.0	-	-
\$150 and under \$160	9	82.6	8	69.3	1	13.3
\$160 and under \$170	9	103.0	7	97.3	2	5.7
\$170 and under \$180	93	1,733.9	93	1,733.9	-	-
\$180 and under \$190	11	49.1	7	27.9	4	21.2
\$190 and under \$200	4	45.4	4	45.4	-	-
\$200 and under \$210	11	51.4	8	28.2	3	23.2
\$210 and under \$220	5	81.9	5	81.9	-	-
\$220 and under \$230	8	125.5	6	117.9	2	7.6
\$230 and under \$240	2	20.0	1	10.0	1	10.0
\$240 and under \$250	3	139.9	-	-	3	139.9
\$250 and over	4	35.6	-	-	4	35.6

¹ Current maximum is \$127 per month.

² Based on a study of 300 selected pension plans under collective bargaining covering approximately 4,670,000 workers.

³ Includes 29 plans, covering 397,000 workers, that did not meet assumed conditions of this study; for the remaining 13 plans, benefits were reduced by unspecified amounts and, therefore, not computable.

⁴ These plans do not provide any benefit under assumed conditions because of a social security disability benefit offset. They could, however, pay benefits to workers entitled to less than maximum social security benefits.

Table 39. Disability retirement benefits, for workers ineligible for social security disability benefit, 50 years of age earning \$4,800 per year for 20 years of future credited service by method of financing, fall 1959¹

Monthly benefit amount	(Workers in thousands)					
	All plans		Noncontributory		Contributory	
	Number	Workers	Plans	Workers	Plans	Workers
All plans with disability retirement benefits	219	3,219.7	190	2,863.8	29	355.9
Plans for which benefit was computed	177	2,689.7	157	2,433.2	20	256.5
Plans for which benefit was not computable ²	42	530.0	33	430.6	9	99.4
\$20 and under \$30	3	36.8	3	36.8	-	-
\$30 and under \$40	2	4.7	1	3.0	1	1.7
\$40 and under \$50	5	39.7	5	39.7	-	-
\$50 and under \$60	17	185.4	16	184.4	1	1.0
\$60 and under \$70	9	58.4	8	56.4	1	2.0
\$70 and under \$80	15	57.3	14	54.5	1	2.8
\$80 and under \$90	18	360.7	16	352.7	2	8.0
\$90 and under \$100	58	809.5	56	779.8	2	29.7
\$100 and under \$110	35	915.2	32	897.6	3	17.6
\$110 and under \$120	2	117.4	1	1.4	1	116.0
\$120 and under \$130	6	34.3	3	7.8	3	26.5
\$130 and under \$140	1	2.9	1	2.9	-	-
\$140 and under \$150	-	-	-	-	-	-
\$160 and under \$170	2	31.2	1	16.2	1	15.0
\$170 and under \$180	-	-	-	-	-	-
\$180 and under \$190	2	18.2	-	-	2	18.2
\$190 and under \$200	-	-	-	-	-	-
\$200 and over	2	18.0	-	-	2	18.0

¹ Based on a study of 300 selected pension plans under collective bargaining covering approximately 4,670,000 workers.

² Includes 29 plans, covering 397,000 workers, that did not meet assumed conditions of this study; for the remaining 13 plans, benefits were reduced by unspecified amounts.

Appendix

Provisions for normal, early, and disability retirement in selected pension plans under collective bargaining by industry group and method of financing, fall 1959

Industry group	(Workers in thousands)																	
	All plans		Noncontributory								Contributory							
			Normal retirement only		Normal and early retirement		Normal and disability retirement		Normal, early, and disability retirement		Normal retirement only		Normal and early retirement		Normal and disability retirement		Normal, early, and disability retirement	
Number	Workers	Plans	Workers	Plans	Workers	Plans	Workers	Plans	Workers	Plans	Workers	Plans	Workers	Plans	Workers	Plans	Workers	
All plans studied -----	300	4,672.7	31	771.2	¹ 30	266.9	42	566.9	² 148	2,296.9	1	300.0	19	114.9	2	3.0	27	352.9
Manufacturing -----	229	3,209.6	15	130.3	21	209.2	25	403.7	134	2,077.9	-	-	15	93.0	-	-	19	295.5
Food and kindred products -----	17	185.0	1	3.3	2	5.3	1	8.0	7	140.0	-	-	4	19.2	-	-	2	9.2
Tobacco manufacturing -----	3	26.1	-	-	1	5.3	1	4.6	1	16.2	-	-	-	-	-	-	-	-
Textile mill products -----	8	39.4	-	-	5	7.8	2	22.6	-	-	-	-	1	9.0	-	-	-	-
Apparel and other finished textile products -----	9	325.9	4	95.5	-	-	5	230.4	-	-	-	-	-	-	-	-	-	-
Lumber and wood products, except furniture -----	3	23.1	-	-	-	-	-	-	3	23.1	-	-	-	-	-	-	-	-
Furniture and fixtures -----	4	42.7	1	2.5	1	1.5	1	36.7	1	2.0	-	-	-	-	-	-	-	-
Paper and allied products -----	9	50.1	1	4.5	2	7.0	-	-	2	5.6	-	-	2	7.0	-	-	2	26.0
Printing, publishing, and allied industries -----	5	16.2	1	2.2	1	1.3	2	8.4	1	4.3	-	-	-	-	-	-	-	-
Chemicals and allied products -----	13	121.1	1	2.3	1	2.5	2	31.0	8	83.8	-	-	1	1.5	-	-	-	-
Petroleum refining and related industries -----	9	81.7	-	-	-	-	1	1.1	-	-	-	-	1	4.2	-	-	7	76.4
Rubber and miscellaneous plastics products -----	8	106.9	-	-	-	-	-	-	8	106.9	-	-	-	-	-	-	-	-
Leather and leather products -----	4	40.3	1	10.0	-	-	2	26.8	1	3.5	-	-	-	-	-	-	-	-
Stone, clay, and glass products -----	10	74.4	-	-	-	-	2	18.4	8	56.0	-	-	-	-	-	-	-	-
Primary metal industries -----	33	588.3	-	-	-	-	-	-	32	571.9	-	-	-	-	-	-	1	16.4
Fabricated metal products -----	13	113.0	-	-	-	-	-	-	13	113.0	-	-	-	-	-	-	-	-
Machinery, except electrical -----	28	201.2	2	2.5	1	2.5	2	4.0	21	175.4	-	-	1	3.5	-	-	1	13.3
Electrical machinery, equipment, and supplies -----	16	316.3	-	-	2	10.5	2	6.9	7	145.6	-	-	1	2.8	-	-	4	150.5
Transportation equipment -----	24	805.0	-	-	3	149.8	1	3.0	16	606.4	-	-	4	45.8	-	-	-	-
Instruments and related products -----	4	19.4	-	-	2	15.7	-	-	-	-	-	-	-	-	-	-	2	3.7
Miscellaneous manufacturing industries -----	9	33.5	3	7.5	-	-	1	1.8	5	24.2	-	-	-	-	-	-	-	-
Nonmanufacturing -----	71	1,463.1	16	640.9	9	57.7	17	163.2	14	219.0	1	300.0	4	21.9	2	3.0	8	57.4
Mining, crude petroleum, and natural gas production -----	6	221.6	2	200.0	-	-	-	-	3	18.0	-	-	-	-	-	-	1	3.6
Contract construction -----	12	405.0	6	83.5	1	1.4	4	20.1	-	-	1	300.0	-	-	-	-	-	-
Transportation ³ -----	17	468.2	3	328.0	1	7.7	5	58.3	2	41.0	-	-	-	-	2	3.0	4	30.2
Communications -----	4	153.2	-	-	1	7.9	1	30.2	2	115.1	-	-	-	-	-	-	-	-
Utilities: electric and gas -----	14	64.3	-	-	3	11.4	1	1.5	5	26.9	-	-	4	21.9	-	-	1	2.6
Wholesale and retail trade -----	8	50.1	2	4.2	2	20.4	2	7.5	2	18.0	-	-	-	-	-	-	-	-
Hotels and restaurants -----	2	39.0	-	-	-	-	2	39.0	-	-	-	-	-	-	-	-	-	-
Services and miscellaneous -----	4	31.7	2	21.2	1	8.9	1	1.6	-	-	-	-	-	-	-	-	-	-
Miscellaneous nonmanufacturing industries -----	4	30.0	1	4.0	-	-	1	5.0	-	-	-	-	-	-	-	-	2	21.0

¹ Excludes 3 plans, covering 97,200 workers, that contained early retirement provisions for women only.

² Excludes 9 plans, covering 251,500 workers, that contained early retirement provisions for women only.

³ Excludes railroad and airline industries.

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