



## **Benefits for Survivors**

### **Winter 1960-61**

**Bulletin No. 1334**

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

This bulletin, which completes a series of pension plan studies, analyzes the principal forms of survivor protection, including death benefits, the return of worker contributions, and survivor options, in 300 selected pension plans under collective bargaining. The first study in this series analyzed vesting and involuntary retirement provisions, and the second analyzed the normal, early, and disability retirement provisions of the same 300 plans. (See footnote 3, page 2.)

The 300 plans ranged in coverage from 1,000 to over 100,000 workers. In all, approximately 4.7 million workers under collective bargaining were covered, or more than two-fifths of the estimated number of workers covered in 1960 by all pension plans under collective bargaining in the United States.

This study was conducted and the bulletin was prepared in the Bureau's Division of Wages and Industrial Relations by Harry L. Levin and Stanley S. Sacks, under the supervision of Donald M. Landay.



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# Pensions Plans Under Collective Bargaining:

## Benefits for Survivors, Winter 1960—61

### Introduction

Provisions for payment of benefits to the survivors of workers covered by pension plans are gaining increasing recognition and acceptance among labor and management pension negotiators. These provisions, like the normal, early, and disability retirement provisions, supplement benefits provided under the Social Security Act. In most instances, social security payments comprise the major part of survivor protection, just as they usually comprise the major part of a worker's retirement income.

Pension plans protect survivors in two ways: (1) By death benefit provisions under which payments may be made automatically to survivors upon the death of the worker or pensioner, and (2) by survivor options allowing covered workers the option of surrendering some part of their regular pension benefits to provide some protection for their survivors. In addition, most contributory plans offered some protection by returning worker contributions. Virtually all survivors of active workers are also protected by life insurance benefits of an associated health and insurance plan, which, less frequently, offers some protection to the survivors of retired workers.

One type of protection not dependent on the worker's prior choice is the death benefit. This includes lump-sum payments made to the worker's beneficiary immediately after his death; widow's pension under which part of the worker's regular pension is continued to his widow until she dies or remarries; and guaranteed payments under which the worker and his beneficiary are jointly assured that they will receive a minimum number of monthly pension checks regardless of when the worker dies. The latter device, called "payment certain," operates in this manner: A pensioner may be guaranteed a minimum of 60 monthly payments. If he dies during this period, the remaining number of guaranteed payments are payable to his beneficiary; if he lives beyond the 60-month period, his pension continues until his death.<sup>1</sup>

Contributory pension plans provide another type of protection for survivors. Such plans almost invariably guarantee that the worker's total contributions will be returned either as retirement benefits or as payments to his survivor, or both. The guarantee usually includes interest (at a specified rate) presumed to have been earned on his contributions. Payments to the survivor are usually made in monthly amounts equal to the worker's accrued pension claim, but may be paid as a lump sum, particularly when the monthly amounts are small.

Several types of options are provided by pension plans. The worker may elect a joint and survivor option which provides him a reduced annuity until his death, after which a previously specified annuity is paid for life to his

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<sup>1</sup> Plans that guarantee a specified number of payments even if the worker dies before retirement base their guarantee on the worker's accrued pension at the time of his death. Thus, for example, the beneficiary of a worker dying after 20 years of credited service would receive from a plan paying a normal retirement benefit of \$2 a month for each year of service or \$40 a month for the guarantee period, regardless of the worker's age at death.



designated joint annuitant. The reduction in benefits to the pensioner in electing the joint and survivor option depends on the age and sex of both the pensioner and his joint annuitant at the time of the worker's retirement, as well as on the amount of the benefit the worker chooses to have continued payable after his own death.

The worker may elect a period-certain option which insures payment of an annuity for a specified period of time, thereby assuring the annuitant that he and his survivor will receive at least the total number of payments specified by the guarantee. In essence, this option provides a decreasing amount of life insurance payable to the beneficiary if the pensioner dies before the expiration of the guarantee period. If, however, the pensioner lives beyond the guarantee period—the period-certain—he will continue to receive the same monthly benefit for the rest of his life. The principal difference between this option and the joint and survivor option is that the latter guarantees payment of benefits over the total life spans of two persons. The reduction in the monthly benefit (the cost) for a guarantee of a given duration depends solely on the age and sex of the pensioner.

The cash refund option, another possible choice, guarantees payment to the pensioner and his beneficiary of a total amount equal to the amount of his contributions, usually plus interest. A strong similarity exists between the cash refund and period-certain options, regardless of the method of financing, because they both guarantee that a stipulated minimum benefit will be paid the retired worker and/or his survivor. For that reason, the cost of the cash refund option also depends solely on the worker's sex and age at retirement. This option is chosen infrequently because contributory plans normally guarantee at least the return of worker contributions.

### Scope of Study

For this study, 300 selected pension plans under collective bargaining, in effect in December 1960, were analyzed.<sup>2</sup> The selected plans ranged in coverage from 1,000 to over 100,000 workers. These 300 plans—the same plans used in the previous two studies in this series<sup>3</sup>—covered approximately 4.7 million workers (table 1), or more than two-fifths of the estimated coverage in 1960 of all collectively bargained pension plans in the United States.

All major industries (excluding railroads and airlines) were represented in the selection (table 2). More than 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

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<sup>2</sup> 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.

<sup>3</sup> Pension Plans Under Collective Bargaining, Late 1958: Part I. Vesting Provisions and Requirements for Early Retirement; Part II. Involuntary Retirement Provisions, BLS Bulletin 1259 (1959), and Pension Plans Under Collective Bargaining, Fall 1959: Normal Retirement, Early and Disability Retirement, BLS Bulletin 1284 (1961).

more than a third of the workers in the study, were established on a multiemployer basis. Noncontributory plans, i.e., those financed solely by the employer,<sup>4</sup> numbered 251 and covered 84 percent of the workers; the remaining 49 plans (contributory) were financed by both the employer and the worker.

Virtually all plans required that members be full-time rather than part-time or seasonal workers. In addition, a number of plans had preparticipation requirements that withheld pension plan membership until certain age or service requirements, or both, had been met.<sup>5</sup>

### Death Benefits

A death benefit provision, as defined, was included in 50 plans covering 1.2 million workers, or about 1 out of 4 workers in the study. Nearly 1 out of 3 multiemployer plans studied, with more than 2 out of 5 workers under such plans, provided death benefits, compared with about 1 out of 8 single employer plans covering about 1 out of 6 workers (table 3). More than 1 out of 6 non-contributory and contributory plans provided a death benefit.<sup>6</sup> The communications industry was the only industry studied in which all of the plans analyzed provided death benefits. All of the larger plans in the transportation industry provided death benefits.

In addition to providing a death benefit, 19 plans with more than 300,000 workers also made available one or more survivor options including, with only one exception, a joint and survivor option. To avoid double coverage, however, no death benefit was payable if an option was selected.

All but 3 of the 50 plans provided death benefit coverage after retirement. Only 18 plans, however, paid a benefit if death occurred before retirement. Lump-sum payments were more common than any other type of death benefit, as shown in the following tabulation:

Type of death benefit	Plans	Workers (thousands)
Total plans with death benefits .....	50	1,199.2
Lump-sum payment .....	31	861.3
Before retirement only .....	3	178.0
After retirement only .....	17	314.7
Before or after retirement .....	<sup>1</sup> 11	368.6
Payment-certain .....	18	331.4
After retirement only .....	<sup>1,2</sup> 14	204.5
Before or after retirement .....	4	126.9
Widow's pension .....	1	6.5
After retirement only .....	1	6.5

<sup>1</sup> Includes 1 plan covering 3,000 workers that provided a payment-certain guarantee for 120 months in case of death after retirement.

<sup>2</sup> Includes 4 plans covering 37,700 workers that provided for the return of worker contributions if death occurred before retirement.

<sup>4</sup> 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.

<sup>5</sup> BLS Bulletin 1284, op. cit., pp. 2 and 3.

<sup>6</sup> See later discussion of return of worker contributions.

Requirements for Benefits. Twenty-nine of the plans with death benefit provisions contained eligibility requirements<sup>7</sup> typically based on age and/or service at the time of death (table 5). Such requirements were, with one exception, prerequisites to the payment of survivor benefits in case of death before retirement. For death after retirement, age and/or service requirements were applicable in 8 out of 15 plans, while 11 plans only required that the deceased be on the pension rolls at the time of death. Two out of three plans providing a death benefit made the retiree automatically eligible for such benefit.

Nineteen plans with eligibility requirements stipulated the completion of a specified period of service—usually 5 years or less. Five of these plans also required the attainment of a specified age. In three plans, coverage depended merely upon membership in the employer's group insurance plan, which was attainable after a few months' employment. Forty of the 50 plans permitted the worker to designate anyone with an insurable interest<sup>8</sup> as his beneficiary. Ten plans restricted the choice of beneficiary to either a spouse (3 plans); spouse and child (2 plans); spouse, child, and dependent relative (4 plans); or spouse, child, relative, and estate (1 plan).

Level of Benefits. The lump-sum benefit payable in case of death before or after retirement was usually the same for all qualified workers, regardless of their earnings, age, or service. A few plans, however, paid larger benefits to long-service workers, and one plan paid \$2,000 when death occurred before age 70 and \$1,000 if it occurred after.

The length of the payment-certain guarantee was uniform in each plan for all eligible workers. The amounts payable were dependent on the size of the pension and the number of payments, if any, made prior to death. For example, assuming all pensioners under a given plan were guaranteed 60 monthly payments, then the maximum amount payable to the survivors of a pensioner entitled to \$100 a month would be \$6,000; only \$3,000 would be payable if he were entitled to \$50 monthly.

To ascertain the level of benefits relative to previous earnings and credited service, and to compare the death benefit amounts provided by the plans studied, death benefits were computed under the following arbitrary assumptions:

1. Thirty years of future credited service.
2. Annual earnings of \$5,000. This earnings level was assumed to be constant throughout the worker's career, in order to eliminate any difference between plans basing benefits on career earnings and those using a period of high or terminal earnings. Some plans would, however, pay the same benefit if average earnings in specified years or if average earnings over the career were also \$5,000.
3. Retirement at age 65.
4. For benefits before retirement: That death occurred at age 65, on the day before retirement.
5. For benefits after retirement: That death occurred immediately after retirement and before receipt of the first monthly pension payment.

It must be emphasized that the benefits thus calculated are hypothetical; they should not be interpreted as the amounts currently paid to beneficiaries of eligible workers.

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<sup>7</sup> For preparticipation requirements of pension plans, see BLS Bulletin 1284, op. cit., p. 2. Such requirements were equally represented among plans with and without death benefits.

<sup>8</sup> An insurable interest may be in the form of love and affection (presumed in a close family relationship) or a pecuniary relationship. See O. D. Dickerson, Health Insurance (Homewood, Ill., Richard D. Irwin, 1959), p. 87.

Under these assumed conditions, the lump-sum death benefits provided by 31 plans ranged from \$36 to \$8,200. The following tabulation provides a distribution of these lump-sum benefits according to three situations:

Lump-sum death benefit for worker earning \$5,000 a year	Death benefit payable in case of death occurring—							
	All plans		Before retire- ment only		After retire- ment only		Before or after retirement	
	Number	Workers (thousands)	Plans	Workers (thousands)	Plans	Workers (thousands)	Plans	Workers (thousands)
Total plans with lump-sum death benefit .....	31	861.3	3	178.0	17	314.7	11	368.6
Less than \$1,000 .....	11	231.2	1	30.0	9	194.3	1	6.9
\$1,000 to \$1,999 .....	7	292.8	-	-	<sup>1</sup> 4	105.3	3	187.5
\$2,000 to \$2,999 .....	7	193.3	1	145.0	4	15.1	<sup>2</sup> 2	33.2
\$4,000 to \$4,999 .....	1	8.0	-	-	-	-	1	8.0
\$5,000 to \$5,999 .....	4	129.9	1	3.0	-	-	3	126.9
\$8,000 to \$8,999 .....	1	6.1	-	-	-	-	1	6.1

<sup>1</sup> Includes 1 plan covering 4,200 workers that provided \$4,500 in case of death before retirement.

<sup>2</sup> Includes 1 plan covering 3,000 workers that provided a payment-certain guarantee for 120 months in case of death after retirement.

For the 27 plans providing a lump-sum death benefit after retirement, the average benefit (weighted by worker coverage) amounted to \$2,116, or about two-fifths of the assumed preretirement earnings. Most plans provided less. The average for the 14 plans providing a death benefit before retirement was \$2,765. Two-thirds of the 18 payment-certain guarantees, as shown in the following tabulation, were for 60 months.

Length of guarantee	Plans with benefit if death occurs—					
	All plans		After retirement		Before or after retirement	
	Number	Workers (thousands)	Plans	Workers (thousands)	Plans	Workers (thousands)
Total plans with payment-certain benefit .....	18	331.4	14	204.5	4	126.9
6 months .....	1	1.4	1	1.4	-	-
12 months .....	3	45.9	2	43.0	1	2.9
36 months .....	2	92.7	2	92.7	-	-
60 months .....	12	191.4	<sup>1</sup> 9	67.4	3	124.0

<sup>1</sup> Includes 4 plans covering 37,700 workers that provided for the return of worker contributions before retirement.

As a temporary form of insurance, the amount of survivor protection provided by payment-certain plans is limited. Even the most liberal of these guarantees may span only a part of a survivor's remaining years. Wives of

men retiring at 65, for example, have an average life expectancy of nearly 20 years.<sup>9</sup> The amount of money likely to be paid out under such guarantees is conditioned by the fact that 4 out of 5 men reaching their 65th birthday live to see their 70th.

Because of the rapid decline in the amount of protection provided by payment-certain guarantees, as well as the brief period over which they give protection, it is difficult to compare them, in money terms, with lump-sum death benefits which remain fixed throughout the retirement period. However, the initial (and maximum) protection available immediately after retirement through payment-certain guarantees was considerably greater than that provided by lump-sum benefit plans. The weighted average amounted to \$4,884, or almost a year's earnings. As shown in the following tabulation, nearly half the plans provided at least \$5,000.

Maximum survivor benefit for worker retiring at age 65 <sup>1</sup>	Plans	Workers (thousands)
Total plans with payment-certain benefit .....	18	331.4
Less than \$1,000 .....	3	29.3
\$1,000 to \$1,999 .....	1	18.0
\$3,000 to \$3,999 .....	2	94.0
\$4,000 to \$4,999 .....	4	16.6
\$5,000 to \$5,999 .....	1	4.0
\$6,000 to \$6,999 .....	2	120.1
\$7,000 to \$7,999 .....	3	45.1
\$8,000 to \$8,999 .....	1	2.8
\$9,000 and over .....	1	1.5

<sup>1</sup> Computed by multiplying the monthly pension payable under the assumed conditions by the guaranteed number of monthly payments.

### Return of Worker Contributions

Instead of providing death benefits, as such, most contributory plans guarantee the return of worker contributions, with interest, either as pension payments or, if the worker dies before he has received the entire sum, as payments to his beneficiary. If, for example, a worker dies just before retirement, his beneficiary would receive the entire amount he contributed, plus interest calculated at the rate specified in the plan.<sup>10</sup> If he dies after retirement, the sum of the benefits already paid to him would be subtracted from the total contributed and the interest accrued during his retirement would be added to it.

<sup>9</sup> The U.S. Life Table for 1958 shows a life expectancy of 19.2 years for white women at age 60—typically the age of women whose husbands are 65. See Vital Statistics of the United States, 1958 (U.S. National Office of Vital Statistics, 1961), p. 5-4.

<sup>10</sup> Assuming that a uniform amount is contributed each month for 30 years and that interest is compounded annually, accrued interest would amount to between a third and somewhat more than a half of the contributions, depending on whether it is computed at 2 or 3 percent a year.

Of the 49 contributory plans studied, 42 provided for return of worker contributions and, with 4 exceptions, the accrued interest. All but 1 of these 42 plans did so regardless of whether death occurred before or after retirement. Whereas the exception provided for the return of contributions before retirement only. Contributions were returned under four additional plans only if death occurred before retirement, but a death benefit was provided when death occurred after retirement; another two plans provided death benefits either before or after retirement; and the one remaining plan provided neither returned contributions or a death benefit. The death benefits provided for in the six plans were, with one exception, in the form of payment-certain guarantees and in all cases they exceeded the maximum amount of worker contributions, including interest.

The total amounts contributed by workers to their plan under the conditions assumed in computing death benefits, plus the accrued interest to the date of retirement, are shown in the following tabulation for the 42 plans only returning contributions. Nearly 60 percent of these plans returned at least \$5,000.

Maximum worker contributions and interest to date of retirement <sup>1</sup>	Returning worker contributions—					
	All plans		Without interest		With interest	
	Number	Workers (thousands)	Plans	Workers (thousands)	Plans	Workers (thousands)
Total plans returning worker contributions .....	42	311.0	4	10.4	38	300.6
Less than \$1,000 .....	2	12.8	-	-	2	12.8
\$1,000 to \$1,999 .....	1	2.0	1	2.0	-	-
\$2,000 to \$2,999 .....	1	1.0	1	1.0	-	-
\$3,000 to \$3,999 .....	4	20.2	1	4.4	3	15.8
\$4,000 to \$4,999 .....	10	70.8	1	3.0	9	67.8
\$5,000 to \$5,999 .....	6	41.6	-	-	6	41.6
\$6,000 to \$6,999 .....	7	60.4	-	-	7	60.4
\$7,000 to \$7,999 .....	6	53.4	-	-	6	53.4
\$8,000 to \$8,999 .....	5	48.8	-	-	5	48.8

<sup>1</sup> Interest estimated for 3 plans not specifying an interest rate on basis of interest rate in similar plans in the same industry.

The weighted average, based on the maximum amounts returnable, was \$5,840, or more than a year's earnings. Translated into time intervals, the age at which workers retiring on their 65th birthday could expect the full return of their contributions, including interest, ranged from age 65 years and 2 months to 71 years, and averaged about age 68.

### Life Insurance

Although death benefits, return of worker contributions, and survivor options afford some survivor protection, group life insurance remains the chief method of protecting workers covered by both a pension and an insurance plan. Life insurance is provided by more employers, covers more active and retired workers, and generally provides more survivor protection. The Bureau's earlier study of 300 health and insurance plans under collective bargaining showed that

98 percent provided life insurance for active workers and 63 percent for retired workers.<sup>11</sup> In contrast, only 20 percent of the pension plans studied automatically provided any protection for survivors of active workers; 31 percent provided protection for survivors of retired workers.<sup>12</sup>

To determine how pension and insurance protection complement each other and to obtain some measure of the absence of any type of protection 200 associated pension and insurance plans were analyzed.<sup>13</sup> Of these 200 programs, a fourth (55) provided some pension plan protection for survivors of retired workers (table 6). In these programs, however, pension plan and life insurance protection tended to complement each other. In the 55 plans, pension plan protection for survivors replaced, at least temporarily and in part, the life insurance protection which would be reduced or discontinued at age 65 when the worker retired.

The insurance discontinued at retirement under 51 plans was fully replaced in 7 pension plans and partially in 9 others. The reductions provided in 125 other life insurance plans were fully offset in 22 pension plans and partially offset in 10 others. Five of the 10 programs that maintained life insurance at age 65 but later reduced or discontinued it, provided some other type of survivor protection—in all but one plan by returning the worker's contributions. That the complementary relationship between the insurance and pension plans was far from perfect is shown by the failure of 19 pension plans to provide more than partial replacement of discontinued or reduced life insurance, and of all but 14 plans to provide more than temporary protection.

Most of the 145 programs with no pension plan protection provided only limited amounts of life insurance for retired workers. No protection of any kind was automatically provided by 35 programs.<sup>14</sup> On the other hand, 14 programs maintained for retired workers the same amount of life insurance provided for active workers, while 98 plans provided only reduced amounts of life insurance.

### Survivor Options

A more common method of providing some protection for pensioners' survivors is to offer workers a reduced annuity with specified benefits for their survivors in place of the straight life annuity normally paid by the plan. One or more types of annuities with benefits for survivors or "survivor options," previously described, were offered by about half the plans studied: (1) Joint and survivor, (2) period certain, and (3) cash refund. Unlike death benefits discussed in the preceding pages, the cost of these options was typically borne solely by the retiree, because the optional annuity provided a smaller monthly benefit of the same actuarial value as the regular pension payable to him.<sup>15</sup> The options were

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<sup>11</sup> See Health and Insurance Plans Under Collective Bargaining: Life Insurance and Accidental Death and Dismemberment Benefits, Early Summer 1960, BLS Bulletin 1296 (1961).

<sup>12</sup> An additional 29 percent of the pension plans, covering 25 percent of all workers, provided only optional benefits for survivors of retired workers. Details are discussed subsequently in this bulletin.

<sup>13</sup> The analysis was limited to the 200 pension plans whose associated insurance plan was previously analyzed in Bulletin 1296. Although the pension plans generally were companywide, benefit provisions of many of the health and insurance plans varied from plant to plant and from area to area. Those analyzed here covered the largest group of workers under collective bargaining.

<sup>14</sup> Includes 12 plans that made only survivor options available.

<sup>15</sup> Subsequent to the period covered by this report, the United Automobile Workers negotiated a new survivor's option with a number of automobile companies which provides that the cost of the option will be shared by the companies and the pensioners electing it.

made available only to active employees meeting certain conditions such as age, health, and service. These restrictions are designed to minimize the possibility of adverse selection against the plan by retirees, who, in expectation of an early death, attempt to extend payments to their survivors.

Optional forms of annuities were included in about half (148) of the 300 plans and covered 2 out of 5 workers in the study. Of the 229 plans in manufacturing industries, 125 plans, covering 1 out of 2 workers, made an option available, while 23 out of 71 plans in nonmanufacturing, representing 1 out of 9 workers, contained such a provision (table 7).

Optional forms of annuities were much more common in single employer than in multiemployer plans, and in contributory as against noncontributory plans. Of the 231 single employer plans in the study, 3 out of 5 contained provisions for optional annuities, while only 1 out of 11 multiemployer plans did so. Nearly 9 out of 10 contributory plans and only slightly more than 2 out of 5 noncontributory plans had optional features.

Availability. All but 1 of the 148 plans with optional annuities offered a joint and survivor option, with the exception offering only the period-certain option. Of the 147 plans with a joint and survivor option available, 121 plans provided no other option; 18 plans also provided a period-certain option; 6 plans allowed the worker an additional choice of any form of survivor option approved by the administrator of the plan; and the remaining 2 plans also allowed a cash refund annuity (table 4).

Only about half of the plans with a joint and survivor option made it available for all types of retirement owing both to the limited number of plans providing disability retirement benefits and the large number restricting the option to early and normal retirement. As shown by the following tabulation, 36 plans expressly excluded the joint and survivor option for disability retirement and an additional 38 plans did not provide for that type of retirement.

Type of retirement provision	Total with retirement provision containing a survivor option		With joint and survivor option		Without joint and survivor option	
	Plans	Workers (thousands)	Plans	Workers (thousands)	Plans	Workers (thousands)
Normal retirement .....	147	1,820.2	147	1,820.2	-	-
Early retirement .....	138	1,747.9	128	1,655.8	10	92.1
Disability retirement .....	111	1,476.3	73	1,076.3	38	400.0

Language in the plans varied widely. A large number of plans made the option applicable to "actual retirement," without specifying a particular type of retirement to which the option was applicable. For example, a typical clause stated:

Any member may elect to convert the retirement allowance otherwise payable on his account after retirement into a reduced retirement allowance in accordance with the optional forms named below.



In some additional plans, the particular types of retirement provisions were specifically mentioned:

Any employee may . . . before the due date of the first payment of his normal, disability, or early pension, elect to convert such pension into an optional form of benefit of equivalent actuarial value .

On the other hand, 10 plans expressly excluded the option for early retirees:

. . . in the event an employee shall retire prior to attaining age 65, any election of an optional method of payment theretofore made by him shall be inoperative and ineffective.

Thirty-eight other plans containing disability retirement benefits that confined the availability of the option to normal retirement only, used language such as:

. . . the worker may have the option only . . . before the due date of his normal retirement.

Joint and Survivor Option. In the plans studied, the joint and survivor option generally may be elected without restriction up to a specified age or specified time prior to retirement.<sup>16</sup> Plans that permitted the election of the option after the specified age or point of time required the worker to demonstrate that he was in good health, usually by a physical examination. In addition, advance notification of the worker's intention was required to prevent a worker in poor health from transferring his pension to a beneficiary immediately prior to retirement; such adverse selections, however, can be made at the time when the option may be elected without restriction, and to that extent represent additional costs to the plans which cannot be limited.

Seven out of 10 plans with options for normal retirement required that evidence of good health be submitted if the option was to be elected after the required time or age (table 8). Most plans in this group (81 plans covering about 7 out of 8 workers) required workers electing the option within 5 years of retiring to submit evidence of good health. The remaining 22 plans required that, unless the election of the option was made from 1 to 3 years prior to retirement, evidence of the worker's good health had to be submitted.

Individual company policy regarding advance notice to the employee of the criteria that must be fulfilled for selection of an option could not be determined from plan documents. In one plan, however, which allowed employees to elect an option anytime prior to age 64, without any other restriction, the company made a definite commitment to give such notice as follows:

The company agrees to give each employee notice at least 6 months prior to the 64th anniversary of his birth of his right to elect such reduced pension.

Only 21 plans permitted the worker to elect the joint and survivor option without restriction up to the time of his retirement or receipt of plan benefits. Five other plans made the option available up to the time eligibility for retirement was established, or within 90 days of retirement. Sixteen plans withdrew the option entirely after periods ranging from 1 to 5 years prior to retirement

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<sup>16</sup> Since all but one plan offered the joint and survivor option, this analysis is limited to that option. However, usually the same requirements and effective dates would be applicable to the other options.

or after ages from 62 to 64. Eight of the plans with time restrictions allowed the worker to make an election anytime prior to actual retirement, so that a worker failing to meet the prescribed time limit could, by postponing his actual retirement until after normal retirement age, still elect the option.<sup>17</sup> Under the seven plans with age limitations, the worker had no recourse but to select the option prior to those ages.

Joint and survivor options were generally available to early retirees under the same conditions as for normal retirees. The chief exceptions were 29 plans that permitted the early retiree to select the option anytime before he was eligible for such retirement (table 9). Under these plans, once the age and service requirements for early retirement had been met, the option was no longer available.

Options were available to disability retirees in 73 plans, but requirements similar to those in early and normal retirement are undoubtedly more restrictive in the case of disability retirement. Disability retirees usually cannot anticipate their retirement, and thus they may not be able to meet the same conditions of election imposed under normal and early retirement. Although 47 of the 53 plans requiring at least a year's notice do not make that notice an absolute condition, they do require evidence of good health—a requirement which may be inconsistent with the evidence the worker must show for disability retirement (table 10). However, 15 of the 73 plans permitting disabled workers to elect the joint and survivor option had no requirements other than that the election be made prior to retirement or receipt of payment of plan benefits. In three plans providing the time limitations of 30 through 90 days prior to retirement or receipt of plan benefits, the worker could qualify for the option during the 6 months' waiting period usually required for disability retirement benefits.<sup>18</sup>

Effective Date of Joint and Survivor Option. The valid election of a joint and survivor option does not immediately guarantee the worker and his beneficiary the protection of the option. It is also necessary for the worker to be alive on the "effective date" of the option. In most cases, this is the date of his actual retirement; for those workers retiring before the normal retirement age, many plans defer the effective date until they reach normal age. Prior to the effective date, changes can be made in the designation of the beneficiary or in the percent of the annuity that is to be continued to the beneficiary, subject to the approval of the insurance company or retirement committee. However, the option cannot be canceled lest the advance notice requirements be made ineffective. Only the death of the worker or his beneficiary after election of the option and prior to its effective date automatically cancels the option.

In all of the plans analyzed, the option continued in force once the effective date had passed, so that even if the beneficiary's death preceded that of the retiree, he continued to receive only the reduced income specified by the option.

More than three-fourths of the plans (113) made the effective date of the option coincide with the worker's actual retirement; i.e., the employee who continued to work after normal retirement age<sup>19</sup> was not covered by the option until he retired (table 11). Included in this group were 27 plans under which

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<sup>17</sup> Since the actual retirement date is based upon the date on which the individual worker chooses to retire, these time limitations can be applicable only if retroactive from these dates.

<sup>18</sup> See BLS Bulletin 1284, op. cit., p. 35.

<sup>19</sup> Age 65 was the normal retirement age in virtually all of the 300 pension plans studied. See BLS Bulletin 1284, op. cit., p. 3.

retirement was not considered formal until the fourth month after actual retirement. All of these plans were included in agreements of the Steelworkers union, which defer regular pension benefits for 90 days during which a special payment of up to 13 weeks of vacation pay is made.<sup>20</sup>

Of the 48 plans in which the election of the option was limited to "anytime prior to normal retirement," 27 plans did not make the option effective until actual retirement or some later date. On the other hand, because postponement of the option's effective date might deter the worker who had elected the option from continuing to work after age 65, an additional 18 plans made the option effective at normal retirement age, regardless of the time the employee actually retired. For example, one such provision stated:

. . . a member who remains in active service after . . . age 65, may nevertheless elect one of the said optional forms, and . . . the member and the person designated under the option shall be treated as if the member had retired at the time of election, except that no retirement allowance payments shall accrue or be payable to the member until he retires, or accrue, or be payable to the person designated under the option until the death of the member either before or after retirement.

Under such a provision, the worker who continued in employment after age 65 did not receive a plan benefit until he actually retired, but one would be payable to the survivor upon his death even if it occurred while the worker was still an active employee.

The effective date of the option for the early retiree often followed a longer waiting period than for the normal retiree. Under 43 plans, the option for the early retiree became effective only after the pensioner reached normal retirement age. One provision stated, for example, that:

. . . the employee may . . . elect to have annuity payments commence at optional early retirement date . . . but, if both the employee and the previously designated joint annuitant are living on the first of the month next following the employee's 65th birthday, annuity payments then and thereafter shall be made on the joint and survivor annuity form.

An apparent reason for this kind of provision was to avoid further reduction in the early retirement benefit which is already reduced below the level of the normal straight-life annuity. Since no supplementary income (such as social security benefits<sup>21</sup>) could generally be expected, such a reduction might make the option unattractive to many workers. Seven out of 10 of the 82 plans that permitted the option to be elected anytime prior to actual early retirement made the option effective on retirement. In addition, 1 out of 4 of these plans (20) deferred the effective date to normal retirement age.

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<sup>20</sup> Thirteen weeks of vacation pay, less vacation payments received during the calendar year of retirement, is paid to all retirees except those eligible for deferred benefits or disability retirement.

<sup>21</sup> Under the 1961 amendments to the Social Security Act, reduced benefits are payable to qualified male workers retiring at age 62. The extent to which private pension plans have been amended to reflect this change is unknown. One plan, however, anticipated such a change in the law, and inserted the following clause: Effective January 1, 1961 . . . an employee may elect . . . at anytime prior to his 62d birthday, or he may make such election anytime after his 62d birthday and prior to his normal retirement date, provided, in the latter instance, he furnishes evidence of his good health.

Although 73 plans made a joint and survivor option available to the disability retiree, about half (35) postponed the effective date of the option until the retiree attained normal retirement age. One such provision stated:

If a member receiving disability benefits attains his normal retirement date he shall then receive ... if he has so elected, optional retirement benefits ... with credited service to the date of commencement of disability benefit payments.

By taking into account the possibility of a disability retiree's early death, these plans reduce the cost of adverse selection against the plan.

Twenty-seven of the 45 plans permitting the disabled worker to elect the option at anytime prior to actual retirement made the option effective at such retirement. For the worker retiring at an early age, the amount of the deduction necessitated by the selection of a joint and survivor option could be so great as to make the option unattractive, owing to the shorter accumulation period for service credit and the longer duration of the expected payment period. Two out of five plans (17) using this election criterion postponed the effective date until normal retirement age was attained. In addition, more than 3 out of 4 plans which allow the option to be elected prior to receipt of plan benefits made the option effective when the disability retiree reached age 65.

Amount of Joint and Survivor Annuity. In all but five plans providing a joint and survivor option, the survivor could receive payments equal to that of the annuitant (table 12). Sixty plans contained no restriction as to the fraction of benefit the retiree could select for payment, after his death, to his survivor; 65 plans restricted the choice to equal or one-half payments; 11 plans allowed the selection of specified fractions ranging from one-half to equal payments, while 10 plans restricted the choice to one fraction only—usually equal payments. Plans which restricted the choice of amount at a minimum level of one-half did so to assure the survivor a significant amount relative to previous payments.

The larger the monthly benefit payable to the joint annuitant the larger the actuarial reduction in the pensioner's regular annuity. For example, the reduction in the life annuity for a male pensioner age 50 to provide an annuity equal to his own for a wife 5 years younger was, as shown in the following tabulation, almost twice the reduction required to make available to the beneficiary

Age at which male pensioner retired	Percent reduction in life annuity for joint and survivor option providing beneficiary <sup>1</sup> —	
	One-half of pensioner's reduced annuity	Same amount as pensioner's reduced annuity
50 -----	12.1	21.8
55 -----	14.2	24.9
60 -----	16.0	28.4
65 -----	19.2	32.2

<sup>1</sup> Based on actuarial reductions in a typical insured plan for wife 5 years younger than her husband.

an annuity equal to one-half of his reduced annuity.<sup>22</sup> This ratio gradually declines as age increases. To leave his wife a benefit equal to half his own, a man retiring at age 65 has to give up only about one-fifth of his regular pension amount, but for her to receive the full amount of his reduced annuity he has to give up about one-third.

Under the new agreements of 1961 in the automobile industry, the cost to the retiree of electing a 50-percent joint and survivor annuity with his spouse as joint annuitant—the only option offered by these plans—is one-eighth the amount of his basic pension if his spouse is 5 years younger, instead of one-fifth the basic pension.<sup>23</sup> As shown below, the additional pension accruing to the retiree and to his widow is 8 percent greater than that provided by the example cited above.

Years of service	Basic pension in automobile plans	Joint and survivor benefit <sup>1</sup>			
		Typical insured plan <sup>2</sup>		Automobile plans	
		Retiree	Widow	Retiree	Widow
25 -----	\$70.00	\$56.56	\$28.28	\$61.25	\$30.63
30 -----	84.00	67.87	33.93	73.50	36.75
35 -----	98.00	79.18	39.59	85.75	42.88

<sup>1</sup> Based on male retiring at age 65 with a wife age 60 named as beneficiary.

<sup>2</sup> Basic pension less reduction for one-half annuity shown in preceding tabulation.

This additional benefit amount is provided by the companies absorbing about a third of the cost of this option. The workers are, however, restricted to naming their spouses as beneficiaries.

Period-Certain Option. Only 25 of the 148 plans that provided optional annuities offered a period-certain option, as shown in the following tabulation. Since all period-certain options had the same actuarial value as the life annuities they replaced, the longer the length of the guarantee period, the greater the cost—i. e., the greater the consequent reduction of the annuity payable to the retiree. Twelve plans permitted the worker to elect a guarantee period of any length up to a specified limit (usually 120 months), 11 plans provided a guarantee of 120 months, and the remaining 2 plans permitted the worker a choice of 60 or 120 months.

<sup>22</sup> For a given amount of annuity, the greater the proximity of the female joint annuitant's age to that of the male annuitant the smaller the actuarial reduction.

<sup>23</sup> Although the automobile plans provide for reduction of the pensioner's benefit by 12<sup>1</sup>/<sub>2</sub> percent regardless of his age or sex, if the joint annuitant is 5 years younger, the reduction in other plans depends on both the pensioner's age and sex. The one-fifth reduction attributed in the text is based on the assumption in footnote 2 of the tabulation above.

Length of period-certain option	Total		Joint and survivor or period certain		Any survivor option <sup>1</sup>	
	Plans	Workers (thousands)	Plans	Workers (thousands)	Plans	Workers (thousands)
All plans providing a period-certain option .....	25	177.0	19	132.4		44.6
Any length within a specified maximum .....	12	100.2	<sup>2</sup> 10	85.1	2	15.1
60 or 120 months .....	2	9.7	2	9.7	-	-
120 months .....	11	67.1	7	37.6	4	29.5

<sup>1</sup> Any form of reduced annuity approved by the plan authority.

<sup>2</sup> Includes 1 plan, covering 3,000 workers, having a period-certain option only.

Since period-certain options guarantee benefits for limited periods, whereas joint and survivor options guarantee income for the combined life span of two people, the actuarial reduction for the former is the smaller.<sup>24</sup> The difference in cost is, moreover, much greater for early than for normal retirees. The reductions for the joint and survivor option and the period-certain option in the following illustration show that the one-half payment joint and survivor option is over 3 times as costly as the 120-month period-certain option at age 55; at age 65, it is only 1½ times as costly.<sup>25</sup>

Age at retirement	Percent reduction of life annuity of a male pensioner	
	Joint and survivor one-half payment option <sup>1,2</sup>	Period-certain option (120 months)
55 .....	11.4	3.4
60 .....	13.0	5.7
65 .....	14.9	9.9

<sup>1</sup> Based on actuarial reductions made by a typical insured plan.

<sup>2</sup> Female contingent annuitant same age as pensioner.

<sup>24</sup> While the foregoing is generally true, very long period-certain options exceeding, say, 120 months are often more costly than joint and survivor options providing equal benefits to a survivor considerably older than the pensioner.

<sup>25</sup> A joint and survivor option providing the same amount to the joint annuitant as to the pensioner is over 6 times as costly as the period-certain option at age 55, and 3 times as costly at age 65.

It is interesting to note that owing to the smaller-than-usual reduction of benefits in the new automobile plans, the cost of providing a 50-percent joint and survivor benefit to a spouse for workers retiring at 65, is 10 percent—about the same as the cost of the 120-month period-certain option under the example cited.

Designation of Beneficiary. Three out of four plans offering optional annuities allowed the retiree to name anyone with an insurable interest as a beneficiary (table 13). Persons with such an interest, by definition, included not only the worker's spouse but anyone who might, as a result of his death, suffer a hardship or a loss. Moreover, allowing him to designate "anyone" as beneficiary makes the option meaningful to the unmarried retiree by permitting him to pass his pension on to his choice of survivor(s).

All of the remaining 37 plans contained specific limitations on the designation of a beneficiary; 22 of these plans, for example, restricted the choice to the pensioner's spouse.

Table 1. Distribution of plans studied by number of workers covered and method of financing, winter 1960-61

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, type of bargaining unit, and method of financing, winter 1960-61

Industry group	(Workers in thousands)									
	All plans		Type of bargaining unit				Method of financing			
			Single employer		Multiemployer		Noncontributory		Contributory	
	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 related 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 -----	28	201.2	27	194.7	1	6.5	26	184.4	2	16.8
Electrical 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 -----	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 <sup>1</sup> -----	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

<sup>1</sup> Excludes railroad and airline industries.



Table 3. Distribution of benefits for survivors of active and retired workers in selected pension plans under collective bargaining and benefit entitlement as related to time of death, by type of bargaining unit and method of financing, winter 1960-61

Entitlement to survivor benefit as related to time of death	(Workers in thousands)									
	All plans		Type of bargaining unit				Method of financing			
	Number	Workers	Single employer		Multiemployer		Noncontributory		Contributory	
Plans			Workers	Plans	Workers	Plans	Workers	Plans	Workers	
All plans studied .....	300	4,672.7	231	2,946.4	69	1,726.3	251	3,901.9	49	770.8
Total with death benefit .....	50	1,199.2	28	472.4	22	726.8	44	1,039.4	6	159.8
With survivor option <sup>1</sup> .....	19	317.2	18	310.7	1	6.5	13	157.4	6	159.8
Death benefit payable for death occurring—										
Before retirement only .....	3	178.0	1	3.0	2	175.0	3	178.0	-	-
With survivor option <sup>1</sup> .....	1	3.0	1	3.0	-	-	1	3.0	-	-
After retirement only .....	32	525.7	15	165.2	17	360.5	28	488.0	4	37.7
With survivor option <sup>1</sup> .....	10	132.3	9	125.8	1	6.5	6	94.6	4	37.7
Before or after retirement .....	15	495.5	12	304.2	3	191.3	13	373.4	2	122.1
With survivor option <sup>1</sup> .....	8	181.9	8	181.9	-	-	6	59.8	2	122.1

<sup>1</sup> Plans containing provisions for both a death benefit and survivor option.

Table 4. Distribution of plans providing death benefits, survivor options, and return of worker contributions, winter 1960-61<sup>1</sup>

Death benefit			Survivor option			Worker contributions returnable <sup>2</sup>		All plans	
Before retirement only	After retirement only	Before or after retirement	Any	Joint and survivor	Period certain	Before retirement only	Before or after retirement	Number	Workers (thousands)
								184	2,726.4
-	-	x		x		-	-	8	181.9
-	x	-		x		-	-	6	94.6
-	-	x		-	-	-	-	7	313.6
-	x	-		-	-	-	-	22	393.4
x	-	-		-	-	-	-	2	175.0
x	-	-		-	x	-	-	1	3.0
-	x	-		x	-	x	-	<sup>3</sup> 4	37.7
-	-	-		x	-	-	-	72	1,073.8
-	-	-		x	x	-	-	15	109.8
-	-	-		x	-	-	x	<sup>4</sup> 33	258.2
-	-	-		x	x	-	x	2	14.0
-	-	-		x	x	x	-	1	5.6
-	-	-		x	-	-	-	5	32.6
-	-	-		x	-	-	x	1	12.0
-	-	-		-	-	-	x	5	21.2

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

<sup>2</sup> Relates only to contributory plans.

<sup>3</sup> Includes 1 plan covering 31,800 workers that also provided a cash refund option.

<sup>4</sup> Includes 1 plan covering 16,400 workers that also provided a cash refund option.

Table 5. Eligibility requirements for death benefits for active and retired workers, winter 1960-61<sup>1</sup>

Eligibility requirement	Total		Death benefit payable upon death occurring—					
			Before retirement only		After retirement only		Before or after retirement	
	Plans	Workers	Plans	Workers	Plans	Workers	Plans	Workers
All plans with death benefit -----	50	1,199.2	3	178.0	32	525.7	15	495.5
Plans without eligibility requirements for death benefits -----	21	385.4	-	-	20	379.3	1	6.1
Plans with eligibility requirements for death benefits -----	29	813.8	3	178.0	12	146.4	<sup>2</sup> 14	489.4
Service -----	11	524.1	2	148.0	3	43.6	6	332.5
3 years or less -----	4	149.7	-	-	2	34.6	2	115.1
5 years -----	4	45.5	1	3.0	1	9.0	2	33.5
10 years -----	1	145.0	1	145.0	-	-	-	-
15 years -----	2	183.9	-	-	-	-	2	183.9
Participation <sup>3</sup> -----	3	44.9	1	30.0	-	-	2	14.9
3 years or less -----	3	44.9	1	30.0	-	-	2	14.9
Age -----	2	27.1	-	-	2	27.1	-	-
Age 65 -----	2	27.1	-	-	<sup>4</sup> 2	27.1	-	-
Age and service -----	5	27.8	-	-	1	6.0	4	21.8
Age 30 and 2 years' service -----	1	11.8	-	-	-	-	1	11.8
Age 45 and 10 years' service -----	1	3.0	-	-	-	-	1	3.0
Age 55 and 5 years' service -----	1	4.1	-	-	-	-	1	4.1
Age 60 and 10 years' service -----	1	2.9	-	-	-	-	1	2.9
Age 65 and 15 years' service -----	1	6.0	-	-	1	6.0	-	-
Alternatives -----	1	116.0	-	-	-	-	1	116.0
15 years' service or age 60 -----	1	116.0	-	-	-	-	1	116.0
Other -----	7	73.9	-	-	<sup>5</sup> 6	69.7	<sup>6</sup> 1	4.2

<sup>1</sup> See footnote 1, table 4.<sup>2</sup> Includes 11 plans, covering 474,400 workers, with eligibility requirements for active workers only.<sup>3</sup> Excludes premembership service.<sup>4</sup> Includes 1 plan covering 25,000 workers that provided if disability retirement occurred after age 60, the death benefit would not be payable until the worker attained age 65.<sup>5</sup> Includes 2 plans covering 10,300 workers that provided automatic eligibility if insured under company group life insurance plan; and 1 plan covering 6,500 workers that provided a widow's benefit at age 55, payable for life or until remarriage.<sup>6</sup> Provided automatic eligibility if insured under company group life insurance plan.

Table 6. Relationship of life insurance to pension plan protection at retirement (age 65) in 200 programs under collective bargaining, winter 1960-61

Relationship	(Workers in thousands)											
	All programs		With pension plan protection at age 65, for survivors								Without pension plan protection at age 65, for survivors	
			Total		Death benefits				Worker contributions returnable			
	Total	Work-ers	Plans	Work-ers	Lump sum		Payment certain		Plans	Work-ers	Plans	Work-ers
Plans					Work-ers	Plans	Work-ers					
All programs analyzed .....	200	3,551.4	55	799.5	14	323.3	15	243.3	26	232.9	<sup>1</sup> 145	2,751.9
Life insurance discontinued .....	51	749.8	16	227.9	8	147.8	6	31.1	2	49.0	35	521.9
Fully replaced by pension plan protection <sup>2</sup> .....	7	78.1	7	78.1	1	2.3	4	26.8	2	49.0	-	-
Partially replaced by pension plan protection .....	9	149.8	9	149.8	7	145.5	2	4.3	-	-	-	-
No pension plan protection provided .....	35	521.9	-	-	-	-	-	-	-	-	<sup>3</sup> 35	521.9
Life insurance immediately reduced .....	125	2,309.1	32	529.3	6	175.5	8	210.7	18	143.1	93	1,779.8
Fully replaced by pension plan protection <sup>2</sup> .....	22	418.4	22	418.4	3	149.8	<sup>4</sup> 7	185.7	<sup>5</sup> 12	82.9	-	-
Partially replaced by pension plan protection .....	10	110.9	10	110.9	<sup>6</sup> 3	25.7	1	25.0	<sup>7</sup> 6	60.2	-	-
No pension plan protection provided .....	93	1,779.8	-	-	-	-	-	-	-	-	<sup>8</sup> 93	1,779.8
Life insurance maintained at age 65 .....	24	492.5	7	42.3	-	-	1	1.5	6	40.8	17	450.2
Reduced or discontinued later .....	10	38.5	5	18.6	-	-	1	1.5	4	17.1	<sup>9</sup> 5	19.9
Not reduced or discontinued later .....	14	454.0	2	23.7	-	-	-	-	2	23.7	<sup>10</sup> 12	430.3

<sup>1</sup> Includes 68 plans covering 1,116,100 workers that made survivor options available.

<sup>2</sup> In most plans, the replacement protection was, at least temporarily, greater than the amount discontinued.

<sup>3</sup> Includes 12 plans covering 163,100 workers that made only survivor options available.

<sup>4</sup> Includes 2 plans covering 147,800 workers that further reduced the amount of life insurance before age 70.

<sup>5</sup> Includes 4 plans covering 44,600 workers that further reduced the amount of life insurance before age 70.

<sup>6</sup> Includes 1 plan covering 6,000 workers that discontinued life insurance coverage, and 1 plan with 7,900 workers that further reduced the amount of life insurance before age 70.

<sup>7</sup> Includes 1 plan covering 3,600 workers that further reduced the amount of life insurance before age 70.

<sup>8</sup> Includes 51 plans covering 910,600 workers that made survivor options available.

<sup>9</sup> Includes 3 plans covering 18,400 workers that made survivor options available.

<sup>10</sup> Includes 2 plans covering 24,000 workers that made survivor options available.

Table 7. Plans providing survivor options by industry group, type of bargaining unit, and method of financing, winter 1960-61<sup>1</sup>

Industry group	(Workers in thousands)									
	All plans		Type of bargaining unit				Method of financing			
			Single employer		Multiemployer		Noncontributory		Contributory	
Number	Workers	Plans	Workers	Plans	Workers	Plans	Workers	Plans	Workers	
All plans with survivor options -----	148	1,823.2	142	1,776.5	6	46.7	105	1,373.6	43	449.6
Manufacturing -----	125	1,658.4	122	1,635.7	3	22.7	91	1,269.9	34	388.5
Food and kindred products -----	9	38.6	8	31.8	1	6.8	3	10.2	6	28.4
Tobacco manufactures -----	2	21.5	2	21.5	-	-	2	21.5	-	-
Textile mill products -----	1	9.0	1	9.0	-	-	-	-	1	9.0
Apparel and related products -----	-	-	-	-	-	-	-	-	-	-
Lumber and wood products, except furniture -----	3	23.1	2	13.7	1	9.4	3	23.1	-	-
Furniture and fixtures -----	-	-	-	-	-	-	-	-	-	-
Paper and allied products -----	7	43.3	7	43.3	-	-	3	10.3	4	33.0
Printing, publishing, and allied industries -----	1	4.3	1	4.3	-	-	1	4.3	-	-
Chemicals and allied products -----	8	59.6	8	59.6	-	-	7	58.1	1	1.5
Petroleum refining and related industries -----	8	80.6	8	80.6	-	-	-	-	8	80.6
Rubber and miscellaneous plastics products -----	8	106.9	8	106.9	-	-	8	106.9	-	-
Leather and leather products -----	1	3.5	1	3.5	-	-	1	3.5	-	-
Stone, clay, and glass products -----	9	52.1	9	52.1	-	-	9	52.1	-	-
Primary metal industries -----	21	493.5	21	493.5	-	-	20	477.1	1	16.4
Fabricated metal products -----	7	86.6	7	86.6	-	-	7	86.6	-	-
Machinery -----	14	113.6	13	107.1	1	6.5	12	96.8	2	16.8
Electrical equipment and supplies -----	9	286.5	9	286.5	-	-	4	133.2	5	153.3
Transportation equipment -----	9	203.7	9	203.7	-	-	5	157.9	4	45.8
Instruments and related products -----	4	19.4	4	19.4	-	-	2	15.7	2	3.7
Miscellaneous manufacturing industries -----	4	12.6	4	12.6	-	-	4	12.6	-	-
Nonmanufacturing -----	23	164.8	20	140.8	3	24.0	14	103.7	9	61.1
Mining -----	2	6.9	2	6.9	-	-	1	3.3	1	3.6
Contract construction -----	1	4.0	-	-	1	4.0	1	4.0	-	-
Transportation <sup>2</sup> -----	1	12.0	1	12.0	-	-	-	-	1	12.0
Communications -----	2	38.1	2	38.1	-	-	2	38.1	-	-
Utilities: Electric and gas -----	13	62.8	13	62.8	-	-	8	38.3	5	24.5
Wholesale and retail trade -----	1	15.0	-	-	1	15.0	1	15.0	-	-
Hotels and restaurants -----	-	-	-	-	-	-	-	-	-	-
Services -----	-	-	-	-	-	-	-	-	-	-
Miscellaneous nonmanufacturing industries -----	3	26.0	2	21.0	1	5.0	1	5.0	2	21.0

<sup>1</sup> See footnote 1, table 4.<sup>2</sup> Excludes railroad and airline industries.

Table 8. Plans with an option for normal retirement by conditions of election and availability of option, winter 1960-61<sup>1</sup>

Conditions of election	(Workers in thousands)									
	All plans		Option available anytime prior to—						Other	
			Actual retirement		Normal retirement age		Receipt or payment of benefits			
	Number	Workers	Plans	Workers	Plans	Workers	Plans	Workers	Plans	Workers
All plans providing a joint and survivor option -----	147	1,820.2	61	734.9	52	552.5	31	527.5	3	5.3
No conditions of election -----	21	319.1	<sup>2</sup> 10	236.0	5	31.5	5	49.8	1	1.8
Option not available after -----	21	236.5	15	216.7	3	13.4	3	6.4	-	-
90 days or less prior to retirement -----	5	18.4	1	3.5	<sup>3</sup> 2	10.3	<sup>4</sup> 2	4.6	-	-
1 year prior to retirement -----	2	37.1	2	37.1	-	-	-	-	-	-
2 years prior to retirement -----	4	126.2	<sup>5</sup> 3	123.1	1	3.1	-	-	-	-
3 years prior to retirement -----	1	9.0	1	9.0	-	-	-	-	-	-
5 years prior to retirement -----	3	12.8	2	11.0	-	-	1	1.8	-	-
A specified age -----	6	33.0	<sup>6</sup> 6	33.0	-	-	-	-	-	-
Evidence of annuitant's good health required if elected after -----	103	1,260.6	35	279.2	43	506.6	23	471.3	2	3.5
1 year prior to retirement -----	7	54.8	2	18.0	2	30.0	3	6.8	-	-
2 years prior to retirement -----	8	62.0	3	38.8	4	21.1	-	-	1	2.1
3 years prior to retirement -----	5	27.6	4	23.6	1	4.0	-	-	-	-
5 years prior to retirement -----	76	1,066.3	<sup>7</sup> 21	156.3	35	445.5	20	464.5	-	-
A specified age -----	3	36.8	<sup>8</sup> 2	35.4	-	-	-	-	<sup>9</sup> 1	1.4
A specified age or 5 years prior to retirement -----	4	13.1	<sup>10</sup> 3	7.1	<sup>11</sup> 1	6.0	-	-	-	-
Other -----	2	4.0	1	3.0	1	1.0	-	-	-	-

<sup>1</sup> See footnote 1, table 4.<sup>2</sup> Includes 2 plans covering 63,000 workers that prohibited election after eligibility for retirement was established.<sup>3</sup> 1 plan covering 4,800 workers specified that the option was not available after 31 days prior to retirement; and 1 plan covering 5,500 workers specified after 15 days.<sup>4</sup> Option not available after 30 days prior to receipt or payment of benefits.<sup>5</sup> Includes 1 plan covering 59,200 workers that specified that the option was not available after 2 years prior to retirement, or age 65, whichever is earlier.<sup>6</sup> 1 plan covering 3,000 workers specified that the option was not available after age 62; another plan, covering 2,600 workers, specified age 63; and the remaining 4 plans, covering 27,400 workers, specified age 64.<sup>7</sup> Includes 3 plans covering 45,600 workers that required evidence of good health of both the annuitant and the contingent annuitant.<sup>8</sup> 1 plan covering 9,400 workers required evidence of good health if the option was elected after age 60; and the other plan, covering 26,000 workers, specified age 64.<sup>9</sup> Required evidence of good health if option elected after age 62.<sup>10</sup> Option may be elected upon the earlier of age 65 or 5 years prior to retirement.<sup>11</sup> Option may be elected upon the earlier of age 60 or 5 years prior to retirement.

Table 9. Plans with an option for early retirement by conditions of election and availability of option, winter 1960-61<sup>1</sup>

Conditions of election	(Workers in thousands)											
	All plans		Option available anytime prior to—								Other	
			Actual retirement		Normal retirement age		Minimum early retirement requirements		Receipt or payment of benefits			
Num-ber	Work-ers	Plans	Work-ers	Plans	Work-ers	Plans	Work-ers	Plans	Work-ers	Plans	Work-ers	
All plans providing a joint and survivor option for early retirement -----	128	1,655.8	56	683.4	11	217.0	29	229.4	30	522.5	2	3.5
No conditions of election -----	17	300.0	<sup>2</sup> 9	234.8	-	-	3	15.4	5	49.8	-	-
Option not available after -----	19	201.5	14	186.5	1	3.1	1	5.5	3	6.4	-	-
90 days or less prior to retirement -----	4	13.6	1	3.5	-	-	<sup>3</sup> 1	5.5	<sup>4</sup> 2	4.6	-	-
1 year prior to retirement -----	1	6.9	1	6.9	-	-	-	-	-	-	-	-
2 years prior to retirement -----	4	126.2	<sup>5</sup> 3	123.1	1	3.1	-	-	-	-	-	-
3 years prior to retirement -----	1	9.0	1	9.0	-	-	-	-	-	-	-	-
5 years prior to retirement -----	3	12.8	<sup>6</sup> 2	11.0	-	-	-	-	1	1.8	-	-
A specified age -----	6	33.0	<sup>6</sup> 6	33.0	-	-	-	-	-	-	-	-
Evidence of annuitant's good health required if elected after -----	90	1,150.3	32	259.1	10	213.9	24	207.5	22	466.3	2	3.5
1 year prior to retirement -----	5	29.8	1	8.0	-	-	1	15.0	3	6.8	-	-
2 years prior to retirement -----	8	62.0	3	38.8	-	-	4	21.1	-	-	1	2.1
3 years prior to retirement -----	3	15.2	3	15.2	-	-	-	-	-	-	-	-
5 years prior to retirement -----	67	993.4	<sup>7</sup> 20	154.6	9	207.9	19	171.4	19	459.5	-	-
A specified age -----	3	36.8	<sup>8</sup> 2	35.4	-	-	-	-	-	-	<sup>9</sup> 1	1.4
A specified age or 5 years prior to retirement -----	4	13.1	<sup>10</sup> 3	7.1	<sup>11</sup> 1	6.0	-	-	-	-	-	-
Other -----	2	4.0	1	3.0	-	-	1	1.0	-	-	-	-

<sup>1</sup> See footnote 1, table 4.<sup>2</sup> 2 plans covering 63,000 workers prohibited election after eligibility for retirement was established.<sup>3</sup> Option not available after 30 days prior to retirement.<sup>4</sup> Option not available after 30 days prior to receipt or payment of benefits.<sup>5</sup> 1 plan covering 59,200 workers specified that the option was not available after 2 years prior to retirement, or age 65, whichever is earlier.<sup>6</sup> 1 plan covering 3,000 workers specified that the option was not available after age 62; 1 plan, covering 2,600 workers, specified age 63; and 4 plans, covering 27,400 workers, specified age 64.<sup>7</sup> 3 plans covering 45,600 workers required evidence of good health of both the annuitant and the contingent annuitant.<sup>8</sup> 1 plan, covering 9,400 workers, specified age 60; the other plan, covering 26,000 workers, specified age 64.<sup>9</sup> Required evidence of good health if elected after age 62.<sup>10</sup> Option may be elected upon the earlier of age 65 or 5 years prior to retirement.<sup>11</sup> Option may be elected upon the earlier of age 60 or 5 years prior to retirement.

Table 10. Plans with an option for disability retirement by conditions of election and availability of option, winter 1960-61<sup>1</sup>

Conditions of election	All plans		Option available anytime prior to—					
			Actual retirement		Normal retirement age		Receipt or payment of benefits	
	Number	Workers	Plans	Workers	Plans	Workers	Plans	Workers
All plans providing a joint and survivor option for disability retirement -----	73	1,076.3	44	423.9	7	162.3	22	490.1
No conditions of election -----	15	176.6	<sup>2</sup> 10	125.5	1	10.0	4	41.1
Option not available if elected after -----	9	58.5	6	49.3	1	4.8	2	4.4
90 days or less prior to retirement -----	3	10.9	1	3.5	<sup>3</sup> 1	4.8	<sup>4</sup> 1	2.6
1 year prior to retirement -----	2	32.2	<sup>5</sup> 2	32.2				-
2 years prior to retirement -----	1	2.6	<sup>6</sup> 1	2.6			-	-
5 years prior to retirement -----	3	12.8	2	11.0			1	1.8
Evidence of annuitant's good health required if elected after -----	47	830.2	26	238.1	5	147.5	16	444.6
1 year prior to retirement -----	1	26.0	<sup>7</sup> 1	26.0	-	-	-	-
2 years prior to retirement -----	1	4.0	1	4.0				
3 years prior to retirement -----	3	14.1	2	10.1	1	4.0		
5 years prior to retirement -----	38	773.0	<sup>8</sup> 19	190.9	3	137.5	16	444.6
A specified age or 5 years prior to retirement -----	4	13.1	3	7.1	1	6.0	-	
Other -----	2	11.0	2	11.0	-	-	-	-

<sup>1</sup> See footnote 1, table 4.<sup>2</sup> Includes 2 plans covering 63,000 workers that prohibited election after eligibility for retirement was established.<sup>3</sup> Option not available after 31 days prior to retirement.<sup>4</sup> Option not available after 30 days prior to receipt or payment of benefits.<sup>5</sup> Includes 1 plan covering 2,000 workers that specified that the option was not available after age 64.<sup>6</sup> Option not available after age 63.<sup>7</sup> Evidence of good health required if elected after age 64.<sup>8</sup> Includes 1 plan covering 9,400 workers that required evidence of good health if elected after age 60.

Table 11. Time requirements for election of a joint and survivor option by effective date of option, winter 1960-61<sup>1</sup>

(Workers in thousands)

Time requirements	All plans		Option is effective—											
			Upon actual retirement		At normal retirement age		Later of actual retirement or normal retirement age		60 days after actual retirement		Date annuity received or payment made		Other	
	Number	Workers	Plans	Workers	Plans	Workers	Plans	Workers	Plans	Workers	Plans	Workers	Plans	Workers
All plans providing option for normal retirement ---	147	1,820.2	71	722.8	29	361.5	27	495.8	6	55.2	9	103.8	5	81.1
Prior to actual retirement -----	47	521.7	29	315.5	<sup>2</sup> 3	38.0	7	36.9	2	23.2	5	88.1	1	20.0
Prior to normal retirement -----	48	529.0	24	183.3	18	271.0	2	9.9	1	5.5	-	-	3	59.3
Prior to receipt or payment of benefits -----	31	527.5	7	35.7	1	5.0	16	444.6	3	26.5	4	15.7	-	-
Prior to a specified age <sup>3</sup> -----	8	38.4	2	6.0	5	29.4	1	3.0	-	-	-	-	-	-
Period of years prior to actual or normal retirement <sup>4</sup> -----	10	198.3	8	180.2	<sup>5</sup> 2	18.1	-	-	-	-	-	-	-	-
Other -----	3	5.3	1	2.1	-	-	1	1.4	-	-	-	-	1	1.8
All plans providing option for early retirement ---	128	1,655.8	67	671.2	17	259.2	27	495.8	5	54.0	9	103.8	3	71.8
Prior to actual retirement -----	82	943.7	51	481.4	<sup>2</sup> 12	228.1	9	46.8	2	27.5	5	88.1	3	71.8
Prior to receipt or payment of benefits -----	30	522.5	7	35.7	-	-	16	444.6	3	26.5	4	15.7	-	-
Prior to a specified age <sup>3</sup> -----	6	33.0	1	2.0	4	28.0	1	3.0	-	-	-	-	-	-
Period of years prior to actual retirement <sup>4</sup> -----	8	153.1	7	150.0	1	3.1	-	-	-	-	-	-	-	-
Other -----	2	3.5	1	2.1	-	-	1	1.4	-	-	-	-	-	-
All plans providing option for disability retirement -----	73	1,076.3	29	255.0	12	252.9	24	487.5	4	45.8	4	35.1	-	-
Prior to actual retirement -----	45	536.4	22	189.8	<sup>2</sup> 10	247.4	8	42.9	2	23.2	3	33.1	-	-
Prior to receipt or payment of benefits -----	22	490.1	2	18.0	1	2.9	16	444.6	2	22.6	1	2.0	-	-
Prior to a specified age <sup>3</sup> -----	3	8.6	2	6.0	1	2.6	-	-	-	-	-	-	-	-
Period of years prior to actual retirement <sup>4</sup> -----	3	41.2	3	41.2	-	-	-	-	-	-	-	-	-	-

<sup>1</sup> See footnote 1, table 4.<sup>2</sup> Includes 1 plan covering 8,400 workers that made the option effective the earlier of actual or normal retirement.<sup>3</sup> Election of option must be made prior to ages 62-65.<sup>4</sup> Election of option must be made within 1 to 5 years prior to actual retirement or good health must be demonstrated.<sup>5</sup> Election of option must be made within 1 to 2 years prior to normal retirement or good health must be demonstrated.



Table 12. Distribution of plans by effective date and amount of joint and survivor option, winter 1960-61<sup>1</sup>

(Workers in thousands)

Effective date	All plans		Amount of joint and survivor option											
			Any fraction <sup>2</sup>		Choice of—				Equal payments only		Two-thirds payments only		One-half payments only	
					Equal or one-half payments		Equal, one-half payments, or other fraction							
					Plans	Workers	Plans	Workers						
Number	Workers	Plans	Workers	Plans	Workers	Plans	Workers	Plans	Workers	Plans	Workers			
All plans providing a joint and survivor option -----	147	1,820.2	60	361.8	65	1,126.4	11	224.8	6	34.3	2	63.0	3	9.9
Upon actual retirement -----	71	722.8	42	201.1	14	269.4	<sup>3</sup> 8	209.1	3	17.3	1	16.0	<sup>4</sup> 3	9.9
Upon normal retirement -----	29	361.5	8	58.7	17	289.9	<sup>5</sup> 2	3.9	2	9.0	-	-	-	-
Later of actual retirement or normal retirement age -----	27	495.8	-	-	27	495.8	-	-	-	-	-	-	-	-
60 days after actual retirement -----	6	55.2	<sup>6</sup> 5	51.3	1	3.9	-	-	-	-	-	-	-	-
Date annuity is received or payment is made -----	9	103.8	4	10.7	3	38.1	-	-	1	8.0	1	47.0	-	-
Other -----	5	81.1	1	40.0	3	29.3	<sup>7</sup> 1	11.8	-	-	-	-	-	-

<sup>1</sup> See footnote 1, table 4.<sup>2</sup> The worker may elect any fraction of his reduced annuity to be continued to his joint annuitant.<sup>3</sup> 4 plans, covering 161,800 workers, specified a choice of equal, one-half, or three-fourths payments; and 4 plans, covering 47,300 workers, specified a choice of equal, one-half, or two-thirds payments.<sup>4</sup> Includes 1 plan covering 2,000 workers that specified one-half or two-thirds payments.<sup>5</sup> 1 plan, covering 2,600 workers, specified a choice of equal, one-half, or three-fourths payments; and 1 plan, covering 1,300 workers, specified a choice of equal, one-half, or two-thirds payments.<sup>6</sup> Includes 1 plan covering 20,000 workers that specified any amount, but not more than three-fourths that of the annuitant.<sup>7</sup> Choice of equal, one-half, or two-thirds payments.Table 13. Distribution of survivor options by designated contingent annuitant, winter 1960-61<sup>1</sup>

(Workers in thousands)

Type of option available	Total		Contingent annuitant <sup>2</sup>					
			Anyone		Spouse		Dependents	
			Plans	Workers	Plans	Workers	Plans	Workers
All plans providing optional annuities -----	148	1,823.2	111	1,234.3	23	461.1	14	127.8
Joint and survivor only -----	121	1,598.0	89	1,074.7	18	395.5	<sup>3</sup> 14	127.8
Joint and survivor and period certain -----	18	129.4	13	63.8	<sup>4</sup> 5	65.6	-	-
Joint and survivor and cash refund -----	2	48.2	2	48.2	-	-	-	-
Any survivor option -----	6	44.6	6	44.6	-	-	-	-
Period certain only -----	1	3.0	1	3.0	-	-	-	-

<sup>1</sup> See footnote 1, table 4.<sup>2</sup> Only persons with an insurable interest, by definition, could be designated as a beneficiary. See footnote 8, page 4.<sup>3</sup> Includes 1 plan covering 30,200 workers that specified the following order of precedence: Spouse, children, relatives, or estate; and 2 plans covering 9,400 workers that specified immediate family only.<sup>4</sup> Includes 1 plan covering 10,000 workers that specified spouse or children only.