

Private Pension Plans Set Record In Coverage And Resources For Year, Shows Growing Force In Economy

Private pension and retirement programs, one of the major economic forces built up by the American people through voluntary decision, have reached new high levels in their coverage and resources in a continuation of their rapid and persistent growth in recent years.

Today these programs are one of the fastest-growing of the nation's leading thrift channels, and are an outstanding example of how the people are building for the future and their confidence in it.

Highlights of Growth
Here are some of the highlights of the balance sheets of these private pension and retirement programs, insured and non-insured combined, as the year 1958 gets into its stride:

Coverage—more than 16 million members of the working population are now on the rolls (excluding retired pensioners), up more than 7 million, or 83 per cent, since 1950. Right now, private pension and retirement programs cover nearly one person in every three in private nonfarm employment.

Pensioners—approximately 1.3 million persons are now drawing a pension or receiving a retirement benefit under these plans, about three times as many as in 1950 when the number of pensioners added up to fewer than a half million. The trend of recent years indicates that the number of pensioners will show an increasing growth as the plans in effect continue to expand and to develop more maturity.

Pension payments—now running at an annual rate of more than a billion dollars for the first time, representing practically a threefold rise since 1950 when benefit payments were little more than \$350 millions.

Reserves Rising Rapidly
Reserves—estimated at approximately \$34 billions at the end of 1957, up about \$23 billions from 1950 and triple the total in that year. Reserves have also been showing an increasing growth trend, and the indicated 1957 increase of about \$4 billions was the biggest in the record of these programs.

Contributions—total of employer and employee combined now at an annual level of more than \$4 billions a year, over double the comparable 1950 figure. Employers are the predominant contributors, their proportion running about 85 per cent of the total annual contributions into private pension and retirement programs.

The number of persons covered under insured pension plans represents about a third of all those enrolled under private pension and retirement programs. The reserves behind the insured plans, which now exceed \$13 billions, currently constitute about 40 per cent of the reserves behind all private pension and retirement programs.

Taking the broad sweep of pension and retirement programs, public as well as private, the figures show that combined contributions into these plans are now running at the rate of approximately \$15 billions a year, more than double the comparable

\$8 billions a year in 1950. These rates of growth are much greater than that of the economy as a whole in the 1950-57 period.

A Stabilizing Force
Thus, from the point of view of how much they are now contributing to the nation's income stream, pension and retirement programs have become one of the significant stabilizers in the American economy, and will grow in importance in the years ahead. Based on the latest figures, more than 8 million persons 65 years

old and over, or substantially more than half of this entire age group, had some assured lifetime income under a public or private retirement program in 1956 exclusive of life insurance or any other savings they may have.

Thus the majority of our older population has some degree of financial independence, but this is at the mercy of the trend of the buying power of the dollar. In this respect, the rise in living costs to new record levels over the last two years, and the re-

newed inflationary pressures inherent in enlarged Government spending proposals, pose one of the major problems of our times.

As a rapidly-growing source of capital and investment funds for business and industry (small as well as large), Government, and the home owner, private pension and retirement programs have likewise become one of the major forces supporting the growth of the economy.

An analysis of how the reserves behind private pension and re-

retirement plans are invested, allocating to the reserves behind insured plans the same proportion of investments as prevail in total life insurance assets, shows that close to half of all these reserves are in corporation bonds. Most of the balance is divided between Government securities, mortgages and common and preferred stocks. Thus the contributions into private pension and retirement programs are being employed directly to promote jobs and opportunity.

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