

The principal benefit is a pension based on length of service and modified final salary, granted on retirement through ill health or after attainment of normal pension age—*i.e.*, after attainment of a specified age or after completion of a specified period of service. In nearly all cases service with a local authority prior to its adoption of the scheme ranks for pension purposes.

A full description of the standard benefits is given in Table II of the Appendix.

13. The standard method of assessing contributions payable to the Fund is unusual. When a local authority brings an employee into the Fund an assessment is made, on the basis for the time being in use, of the cost of his prospective widow's and orphans' benefits and of the pension which will accrue on his retirement having regard to his present salary and to the years of service which he will have completed on attaining normal pension age. As and when his salary is increased, further assessments are made of the cost of the increases in pension which will become payable in virtue of the increases in salary. Increases in prospective pension bear the same proportion to increases in salary as the original prospective pension bears to the original salary.

The cost so calculated is divided among the contributing parties as follows:—

- (i) The State, as mentioned earlier in this report, pays an annual subsidy equal to 25 per cent. of the contributions paid by both the employee and the local authority.
- (ii) The employee contributes a percentage of his salary fixed by his age at entry into the Fund as follows:—

Age at Entry into Fund.	Employee's Contribution, per Cent.
Not over 30 .. .. .	4
Not over 35 .. .. .	5
Not over 40 .. .. .	6
Not over 45 .. .. .	7
Not over 50 .. .. .	8
Over age 50 .. .. .	9

These contributions cease on retirement and are usually reduced to a nominal amount during such period as the employee remains on the active staff after attaining normal pension age.

- (iii) The balance of the cost is met by the local authority's contribution, which in the past was usually made payable throughout the employee's future lifetime as an active or pensioned member of the staff, excepting for such period as the employee remained on the active staff after attaining normal pension age.

14. In recent years some departures from the standard scheme have been introduced. Under some contracts the percentages of salary contributed by employees are 1 per cent. of salary greater than the standard rates set out in the preceding paragraph, and the allowances which will be granted to the widows and children of these employees have been increased by approximately 100 per cent. In other cases the pensions which employees will attract on retirement are not fixed in relation to salary and service. Wherever possible contributions payable by local authorities (or other employers) are being put on the more satisfactory basis of termination with cessation of employment.

15. At the valuation date 43 Hospital Boards, 84 local authorities, 5 Government Departments, and 11 other employers, including 1 commercial company, were contributing to the Fund on behalf of 5,260 male and 5,336 female employees for prospective pensions of £1,387,588 per annum accruing in respect of present salaries. Pensions amounting to £87,906 per annum were payable to 497 male and 194 female retired employees, and 189 widows and 81 children were in receipt of allowances amounting to £4,455 per annum. The contributions available amounted to £270,328 per annum, £132,576 per annum being contributed by employees and £137,752 by employers.

16. After examination of the experience of the Local Authorities' Section, the valuation has been made on the basis used for the 1937 valuation, with the following results:—

Present value of—	£
Existing pensions .. .. .	828,504
Prospective pensions .. .. .	5,914,008
Existing widows' and orphans' allowances .. .. .	49,612
Prospective death benefits .. .. .	560,730
Prospective refunds on withdrawal .. .. .	345,415
Total benefits .. .. .	£7,698,269
Future contributions -	£
Employees .. .. .	1,253,286
Employers .. .. .	1,732,706
Future State subsidies .. .. .	2,985,992
Total .. .. .	£3,711,588

### COMBINED VALUATION RESULTS

17. The combined valuations disclose the following position for the Fund as a whole:—

VALUATION BALANCE-SHEET		£
Present value of benefits—		£
Main Fund .. .. .	3,231,938	Funds at 31st December, 1937 .. .. . 6,862,358
Local Authorities' Section .. .. .	7,698,269	Present value of—
Surplus .. .. .	558,801	Future contributions—
£11,489,008		(i) Main Fund .. .. . 737,603
		(ii) Local Authorities' Section .. .. . 2,985,992
		Future State subsidies—
		(i) Main Fund .. .. . 177,459
		(ii) Local Authorities' Section .. .. . 725,596
		£11,489,008