

*Reasons for Superannuation generally and the Scheme recommended in particular.*

30. The advantages arising from well-considered superannuation schemes are so evident that many large employers of clerical and other labour have recognised their importance by adopting schemes of the kind in practice, and the tendency of the present day appears to be in the direction of extending the system. It has been pointed out by others that a sentimental consideration for the employee is not the sole motive for expenditure of this kind by corporations and bodies of men engaged in the profitable investment of capital. They are certainly guided by business principles, and realise that well-considered expenditure in this direction is justified by the ultimate results. All employees are compelled to partially provide for their future, thus relieving their employer of the assistance he would be practically forced to extend in necessitous cases. But perhaps the chief advantages to the employer are that the employees as a body are more firmly attached to his service, and he is enabled to exercise a freer hand in retiring aged employees at high salaries and promoting younger men at lower salaries. All interests are best served in the end by placing on the pension-list old servants who are past their work, and replacing them by younger ones who are in their prime.

31. I respectfully submit that the following are sound reasons why the scheme I am advocating should be accepted in its entirety:—

- (1.) On the one hand, *it will give full effect to the wishes of the Civil Service.*
- (2.) On the other hand, *it will impose the minimum of liability upon the Government to begin with, which liability will not be erratically subject to sudden large increases in the future.* The increase in the cost of superannuation itself will be very gradual, being for many years probably between £1,000 and £2,000 per annum, and when the present outlay for compensation, gratuities, and pensions is taken into account I believe the yearly increase in the total Government assistance to Civil servants will be still further reduced. Such a gradual increase will cause no undue strain to fall on the future increasing resources of the country.
- (3.) *The fund will be always sound if otherwise properly conducted.* When the unsatisfactory condition of some large Government funds of this kind in other parts of the world is considered, it will be recognised that this is a matter of the first importance; and I say, without any reservation, that the fund may be subjected at any time to the most exacting actuarial investigation, and, if no departure has been made from the principles I have laid down, it will always pass the test satisfactorily, thereby adding one more to the many large concerns of which the Dominion of New Zealand has cause to be proud.

*Conclusion.*

32. I have endeavoured to make an exhaustive investigation of this matter, and trust that the result of my labours will be of practical use. If any fault should be found with the length and complicated nature of the report it should be remembered that the subject is a difficult one to deal with in a lucid, and at the same time comprehensive, manner.

MORRIS FOX, ACTUARY.

APPENDIX No. 1.

THE BENEFITS provided in the Civil Service Superannuation Bill, 1906, are as follows:—

- I. *On attainment of pension*

{	Males, at age 60, or after 40 years' service.
	Females, ,, 50, ,, 30 ,,

  - (a.) A pension of one-sixtieth of yearly salary for each year's service, with a limit of forty-sixtieths (two-thirds) of salary (section 16).
  - (b.) Or the option, in lieu thereof, of a return of total contributions (section 24 (1)).
- II. *On retirement before pension-age (on the ground of being medically unfit for further duty).*
  - (a.) At any time, a pension of one-sixtieth of yearly salary for each year's service, limited to forty-sixtieths (section 17).
  - (b.) Or the option, in lieu thereof, of a return of total contributions (section 24 (1)).
- III. *On retirement before pension-age (on other grounds than medical unfitness).*
  - (a.) On ordinary dismissal or retirement, a return of total contributions (section 18).
  - (b.) On dismissal for the commission of a crime, a return of the balance of total contributions after any defalcations have been made good (section 18)
- IV. *At death.*
  - (a.) At death before pension entered upon, leaving no widow (widower) or children, a return of total contributions (section 19 (1)).
  - (b.) At death before pension entered upon, leaving a widow (widower) or children, £18 yearly during widowhood (widowerhood), and 5s. weekly for each child till fourteen years of age (section 19 (1)); with the option of a return of such portion of the total contributions as the Board thinks fit (section 19 (2)).
  - (c.) At death after pension entered upon, a return of the difference between pension received and contributions paid to the fund (section 24 (2)).
- V. *Benefits already accrued.*
  - (a.) In addition to benefits I to IV, the Bill provides that (1) moneys already deducted from salaries, under "The Civil Service Reform Act, 1886," or "The Post and Telegraph Classification and Regulation Act, 1890," shall be invested with the Public Trustee and become the property of the contributors on retirement; (2) life-assurance policies and annuities effected under "The Civil Service Insurance Act, 1893," may be kept alive or the surrender value invested with the Public Trustee for the benefit of the holders.