

1918.
NEW ZEALAND.

LOCAL AUTHORITIES' SUPERANNUATION.

REPORT OF ACTUARY ON THE FUNDS OF THE WELLINGTON HARBOUR BOARD, THE AUCKLAND HARBOUR BOARD, AND THE BULLER COUNTY COUNCIL, FOR THE TRIENNIAL PERIOD ENDED 31st DECEMBER, 1916.

Laid before Parliament in pursuance of Section 14 (3) of the Local Authorities Superannuation Act, 1908, on the 19th October, 1917, and ordered to be printed on the 10th April, 1918.

Wellington, 11th October, 1917.

I HAVE the honour to submit the following report on the local authorities' superannuation funds:—

The Local Authorities Superannuation Act, 1908, which came into force on the 10th October, 1908, gave power to any local authority or any body possessing rating-powers over any district to establish a superannuation fund under the provisions of the Act, for the benefit of persons in the service of that local authority.

The pensions payable out of the fund—viz., one-sixtieth of salary for each year of service—only relate to service since becoming a contributor; but by the Local Authorities Superannuation Amendment Act, 1912, a local authority is empowered to pay out of its ordinary revenues a supplementary pension not exceeding this rate in respect of service prior to the establishment of the fund.

The contributions of the employees are supplemented by an annual subsidy from the local authority calculated as a percentage of their contributions, and the local authority is required to pay such further sums, if any, as may be necessary to enable the fund to meet its liabilities. The contributions, &c., are paid over to the Public Trustee, the money forming part of the common fund of that Office, and the capital is therefore guaranteed.

The benefits provided by the Act, and the contributions payable, are given in the appendix to this report.

At the 31st December, 1916, three local bodies had established superannuation funds under the Act, viz.: Wellington Harbour Board, 1st April, 1913; Auckland Harbour Board, 1st April, 1913; Buller County Council, 1st October, 1913.

As will be seen from the detailed reports, all the schemes are in a thoroughly satisfactory condition, and the capital value of the present subsidies gives a surplus of assets over liabilities in each case—or, in other words, they are more than are actually required to provide for the solvency of the funds. The cost of the schemes, however, depends on a number of uncertain factors—salary at retirement, rate of retirement, and the ages and number of widows and children left by those dying, &c. and I would recommend that any question of reducing the subsidies be deferred until more experience of the actual working of the funds has accumulated.

The Act has been fully justified by the establishment of these funds, which under its provisions provide pensions for old age and for widows and children, without any charge whatever on the Consolidated Fund.

WELLINGTON HARBOUR BOARD SUPERANNUATION FUND.

This fund was established on the 1st April, 1913. Permanent employees in the service of the Board at that date were given the option of joining the scheme within six months, but as regards persons entering the service after that time it is one of the conditions of their employment that they contribute to the fund.

The Board provides an annual subsidy towards the cost of the benefits of 65 per cent. of the members' contributions, and also supplements the pensions for service since joining the scheme, payable out of the fund, by pension at the full rate—viz., one-sixtieth of salary—for each year of service prior to the establishment of the fund.

The Consolidated Revenue Account for the period 1st April, 1913, to 31st December, 1916, is as follows :—

<i>Revenue.</i>			<i>Expenditure.</i>		
	£	s. d.		£	s. d.
Funds at 1st April, 1913	Nil.		Retiring-allowances	142	9 7
Members' contributions	13,475	12 3	Annuities to widows	239	0 4
Subsidy from Harbour Board (65 per cent. of members' contributions)	8,759	2 7	Allowances in respect of children	103	15 8
Interest	1,810	15 5	Contributions refunded to members	829	3 7
			Contributions refunded to personal representatives	83	17 9
			Amount of funds at 31st December, 1916	22,647	3 4
	<u>£24,045</u>	<u>10 3</u>		<u>£24,045</u>	<u>10 3</u>

The number of members who joined the scheme up to the 31st December, 1916, was 343, of whom forty-two had left the service of the Board and received a return of their contributions, twelve had died, and twelve had been pensioned, leaving 277 contributors at that date.

The annual pensions payable were—

	By the Fund.		By the Board.		Totals.	
	£	s. d.	£	s. d.	£	s. d.
To twelve members	90	10 9	1,394	8 5	1,484	19 2
To eight widows	144	0 0	..	..	144	0 0
To five children	65	0 0	..	..	65	0 0
Twenty-five pensions	£299	10 9	£1,394	8 5	£1,693	19 2

Average pension to members, £124 per annum.

The condition of the fund is shown in the following valuation balance-sheet :—

<i>Liabilities.</i>		£
Value of twelve pensions for £90 10s. 9d. per annum granted to members ..		734
Value of eight pensions for £144 per annum granted to widows		1,663
Value of five pensions for £65 per annum granted to children		178
Value of prospective pensions for service since contributing		11,434
Value of prospective pensions for future service		44,404
Value of prospective pensions to widows and children		13,231
Value of return of contributions on death or withdrawal		7,762
Surplus		9,272
		<u>£88,678</u>
<i>Assets.</i>		£
Accumulated funds		22,647
Value of future contributions		40,019
Value of subsidy of 65 per cent. of contributions		26,012
		<u>£88,678</u>

AUCKLAND HARBOUR BOARD SUPERANNUATION FUND.

This fund was established on the 1st April, 1913. Persons permanently employed in the service of the Board at that date were given the option of joining the scheme, but persons entering the service after that time are required to join as a condition of their employment. The right in both cases, however, is conditional on a satisfactory medical examination being passed.

The Board contributes an annual subsidy towards the cost of the benefits equivalent to 60 per cent. of the members' contributions, but no additional pensions are given for service prior to joining the fund, as in the Wellington Harbour Board and Buller County Council schemes.

The revenue and expenditure for the period 1st April, 1913, to 31st December, 1916, has been as follows :—

<i>Revenue.</i>			<i>Expenditure.</i>		
	£	s. d.		£	s. d.
Funds at 1st April, 1913	Nil.		Annuity to widow	11	7 5
Members' contributions	2,435	7 10	Allowances in respect of children	8	5 8
Subsidy from Harbour Board (60 per cent. of members' contributions)	1,461	4 8	Contributions refunded to members	191	12 6
Interest	273	1 3	Amount of funds at 31st December, 1916	3,958	8 2
	<u>£4,169</u>	<u>13 9</u>		<u>£4,169</u>	<u>13 9</u>

The total number of members who joined the scheme during the period was sixty-nine, but of these eleven had withdrawn and two had died, leaving fifty-six contributors at the date of the valuation.

The pensions payable amounted to £31 per annum—viz., £18 to the widow of a deceased contributor and £13 to a child.

The liabilities and assets of the fund at the 31st December, 1916, were as follows:—

<i>Liabilities.</i>		£
Value of one pension for £18 per annum granted to a widow .. .. .	.. .. .	179
Value of one pension for £13 per annum granted to a child .. .. .	.. .. .	64
Value of prospective pensions for service since contributing .. .. .	.. .. .	1,808
Value of prospective pensions for future service .. .. .	.. .. .	9,390
Value of prospective pensions to widows and children .. .. .	.. .. .	1,973
Value of return of contributions on death or withdrawal .. .. .	.. .. .	1,886
Surplus .. .. .	.. .. .	2,528
		<u>£17,828</u>
<i>Assets.</i>		£
Accumulated funds .. .. .	.. .. .	3,958
Value of future contributions .. .. .	.. .. .	8,669
Subsidy of 60 per cent. of contributions .. .. .	.. .. .	5,201
		<u>£17,828</u>

BULLER COUNTY COUNCIL SUPERANNUATION FUND.

This fund was established on the 1st October, 1913, and relates to the permanent staff. Persons employed in the service of the Council at that date were given the option of joining the scheme, to be exercised within six months, and it was made one of the conditions of employment for those entering the service after that time.

The Council contributes an annual subsidy equivalent to 80 per cent. of the members' contributions, and provides pensions at half-rates—(viz., $\frac{1}{2}$ of salary)—for each year of service prior to the establishment of the fund.

The revenue and expenditure for the period 1st October, 1913, to 31st December, 1916, has been as follows:—

<i>Revenue.</i>		£ s. d.	<i>Expenditure.</i>		£ s. d.
Funds at 1st October, 1913 .. .. .	.. .. .	Nil.	Retiring-allowances .. .. .	.. .. .	11 5 0
Members' contributions .. .. .	.. .. .	573 8 4	Contributions refunded to members .. .. .	.. .. .	134 13 3
Subsidy from Council (80 per cent. of members' contributions) .. .. .	.. .. .	458 14 7	Amount of funds at 31st December, 1916 .. .. .	.. .. .	934 4 11
Interest .. .. .	.. .. .	48 0 3			
		<u>£1,080 3 2</u>			<u>£1,080 3 2</u>

The accounts for the year ending 31st December, 1916, are, however, still subject to audit.

Nineteen members had joined the scheme, but six left the service of the Council and one had been pensioned, leaving twelve contributors at the date of the valuation.

The pensions payable amounted to £95 per annum, of which £5 was payable by the fund and £90 by the Council.

The liabilities and assets of the fund at the 31st December, 1916, were as follows:—

<i>Liabilities.</i>		£
Value of one pension of £5 per annum granted to a member .. .. .	.. .. .	38
Value of prospective pensions for service since contributing .. .. .	.. .. .	395
Value of prospective pensions for future service .. .. .	.. .. .	1,659
Value of prospective pensions to widows and children .. .. .	.. .. .	727
Value of return of contributions on death or withdrawal .. .. .	.. .. .	270
Surplus .. .. .	.. .. .	525
		<u>£3,614</u>
<i>Assets.</i>		£
Accumulated funds .. .. .	.. .. .	934
Value of future contributions	1,489
Value of subsidy of 80 per cent. of contributions	1,191
		<u>£3,614</u>

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APPENDIX.—THE BENEFITS AND CONTRIBUTIONS PROVIDED FOR BY THE ACT.

CONTRIBUTIONS.

THE contributions vary according to the age at the time when the first contribution becomes payable, and are as follows :—

Age 30 and under	..	..	..	..	..	5 per cent. of pay.
Over 30 and not exceeding 35	..	..	..	..	..	6 "
" 35	"	40	..	..	..	7 "
" 40	"	45	..	..	..	8 "
" 45	"	50	..	..	..	9 "
" 50	..	..	..	..	..	10 "

BENEFITS.

I. *On attainment of pension*: Males at age 65 or after contributing for forty years; females at age 55 or after contributing for thirty years :—

- (1.) A pension of one-sixtieth of yearly salary for each year's contribution, with a limit of forty-sixtieths (two-thirds) of salary. Maximum pension, £300.
- (2.) Or the option, in lieu thereof, of a return of total contributions. (NOTE: The local authority may in any particular case retire on a pension a male contributor whose age is not less than 60, or a female whose age is not less than 50.)

II. *On retirement before pension age*, on the grounds of being medically unfit for future duty :—

- (1.) At any time, on the certificate of two doctors approved by the local authority, a pension of one-sixtieth of yearly salary for each year's contribution, limited to forty-sixtieths, and not to exceed £300.
- (2.) Or the option, in lieu thereof, of a return of total contributions.

III. *On retirement before pension age*, on other grounds than medical unfitness :—

On voluntary retirement or dismissal, a return of total contributions.

IV. *At death*, whether before or after becoming entitled to a retiring-allowance :—

- (1.) Leaving no widow or children: A return of total contributions, less any sum received from the fund during lifetime.
- (2.) Leaving a widow :—
 - (a.) £18 yearly during widowhood; or
 - (b.) A return of total contributions paid by the deceased, less any sums received by him from the fund during his lifetime.
- (3.) Leaving children: 5s. weekly to each child till age 14.

NOTE.—The pensions are payable monthly, and are computed on the average salary for the last three years.

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