SESSION II.
1921.
NEW ZEALAND.

NATIONAL PROVIDENT FUND.

ACTUARIAL EXAMINATION FOR THE TRIENNIUM ENDED 31ST DECEMBER, 1919.

Laid before Parliament in pursuance of Section 24 (3) of the National Provident Fund Act, 1910.

BY THE ACTUARY APPOINTED BY HIS EXCELLENCY THE GOVERNOR-GENERAL TO MAKE THE ACTUARIAL EXAMINATION OF THE NATIONAL PROVIDENT FUND FOR THE TRIENNIAL PERIOD ENDED 31ST DECEMBER, 1919.

1. I HAVE the honour to submit the following report on the National Provident Fund as at the 31st December, 1919, as required by section 24 of the National Provident Fund Act, 1910.

2. The National Provident Fund falls to be considered under three headings: first, the main scheme; second, the local-authorities scheme; and third, the approved-friendly-societies scheme.

THE MAIN SCHEME.

3. The principal Act, which came into operation on the 1st March, 1911, is an endeavour to solve two of the pressing problems of the times—namely, (1) the making of provision for old age, and (2) the maintenance of some degree of family comfort (the bare necessities of life at the very least) when sickness or death robs the breadwinner of his earning-powers.

4. To the State old age has always been a problem, and old-age pensions have become an important item in the Budgets of almost all civilized countries. Humanitarian as is the idea in the case of unfortunates, it is very poor economics to burden posterity with the cost of providing pensions for the thriftless section of the present generation, and the State should encourage (one feels almost tempted to say "compel") its citizens to provide their own pensions.

5. Premature death or even lengthy sickness of the wage-earner, with the accompanying family hardships, presents a problem even more important than old age, because the provision that could have been made even by the most thrifty is very small. The State, in subsidizing any sound insurance scheme to aid a widow to support and train children too young to fend for themselves, is making a wise investment.

6. The broad principle underlying the National Provident Fund Act of 1910 is that the State undertakes the cost of providing family allowances (proportionate to the size of the family) in the event of the death or prolonged sickness of the father, conditional on the latter contributing sufficient to provide a pension for himself at age 60.

7. The benefits provided by the principal Act and the requisite contributions are fully set out in the Appendix, Table I. The table of contributions shows that very low rates are charged, particularly as a feature of the scheme is that under no circumstances is a member to receive from the Fund less than he has paid in. The member has the option to withdraw the whole of his contributions (less benefits) on giving twelve months' notice, and if, after his death, the allowances that are, or have been previously, paid to his family fall short of his total contributions the balance is handed over to his representatives.

8. The Government subsidy amounts to one-fourth of the contributions received in the previous year—that is to say, the contributor pays 80 per cent. and the State 20 per cent. of the total cost of the various benefits.

LOCAL-AUTHORITIES SCHEME.

9. The amending Act of 1914, No. 1, considerably widened the scope of the principal Act by granting the National Provident Fund Board power to establish pension schemes for the employees of local authorities. A large number of these schemes have been inaugurated, and come up now for the first time for valuation.

10. The purpose is to grant the employees of these bodies a superannuation scheme that will enable them to maintain on retirement a degree of comfort commensurate with that enjoyed during the later years of service, and to secure, in the event of death, an annuity to the widow and allowances to each of the children under age 14.

11. The main benefit is a pension based on "final" salary and the number of years' service. This and subsidiary benefits are specifically set out in Table II of the Appendix.

12. Membership in the fund is optional in respect of the existing staff, but compulsory for all new entrants.