



Analysis of Benefits

Under 26 Selected

Private Pension Plans

by

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and

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Social Security Administration . . . . . Division of the Actuary

ACTUARIAL STUDY NO. 56

January 1963

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## FOREWORD

This study presents an analysis of the benefits of 26 large private pension plans in the United States and of their coordination with Old-Age, Survivors, and Disability Insurance benefits.

While it is not claimed that the 18 illustrative categories of wage and service histories in this study necessarily represent typical or average retirement benefits for all U.S. workers, the different assumptions are intended to provide examples and thereby enable various comparisons of benefits under these plans. For this reason, it was also decided to include the retirement benefit under the U.S. Civil Service Retirement system for each category.

The provisions of the 26 private plans as they existed on January 1, 1962, of the Social Security Act as amended in 1961, and of the U.S. Civil Service Retirement system as amended in 1962, were used in this study.

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# ANALYSIS OF BENEFITS UNDER 26 SELECTED PRIVATE PENSION PLANS

## A. Introduction

This study presents examples of retirement benefits (including the OASDI primary old-age benefit) to be provided for hourly-rated employees, under current provisions of 26 of the larger private pension plans in the United States. The examples afford some information as to patterns of total retirement protection provided by different types of benefit formulas, especially the different methods by which these formulas take into account the employee's expected retirement benefit under OASDI. The 26 plans were selected on the basis of size and general importance, and as illustrations of typical forms of development of the principle of OASDI-plan correlation.

Benefit examples based on provisions as of January 1, 1962 with respect to service after 1961 are given in Tables 1 and 2 and are plotted in bar-chart form in Charts 1 and 2. The examples relate to retirement at age 65 under several assumptions as to wage patterns and total service. Benefits are shown based on level wages (Table 1 and Chart 1) and on increasing wage patterns (Table 2 and Chart 2). Although the examples refer to service after 1961, the wage patterns are not intended in any sense to represent predictions of wage levels or wage trends in future years. Rather, they were selected so as to best illustrate the inter-action of plan and OASDI formulas above and below the \$4,800 annual maximum earnings creditable under OASDI.

This study is not intended as a survey of all factors affecting the general structure of the plans considered. No account is taken of provisions for early retirement, benefits for dependents, survivor and disability benefits, lump-sum payments, etc. Also, retirement benefit levels naturally differ according to the relative emphasis on different types of protection intended by the plan, and by such incidental factors as whether or not employee contributions are required, etc. Thus, no comparison of relative employee expectations under various plans is implied. Instead, this study attempts merely to evaluate the effectiveness of the various OASDI coordination methods which are being used.

## B. Methods of Coordination of OASDI and Plan Benefits

In some cases, private pension plan formulas are written to describe the "total" retirement benefit, of which the plan pays only that portion not provided by the OASDI primary old-age benefit<sup>1/</sup>. More common currently, however, is a deduction from the "total" benefit of only a portion (usually one-half) of the OASDI benefit, or a constant amount, as a less direct allowance for OASDI. Most plans in the U.S. provide OASDI-coordinated benefits by applying in the formula a percentage-of-earnings factor which is lower for annual earnings up to \$4,800 (the maximum annual amount creditable toward a benefit under OASDI) than for earnings above \$4,800--a less "effective" or "precise" coordination procedure.

It should be noted from the outset that the fact that the plan formula is adjusted for OASDI coordination does not in any way act to produce lower benefits, since a system may be designed to pay total benefits on any desired scale, without regard to which method of OASDI coordination, if any, is chosen. However, historically, if the formula provides the same "total" benefit both before and after the OASDI primary benefit has been increased by legislative action, the plan benefit is thereby automatically reduced. Plan benefits based on "offset percentages" are also automatically reduced if the same lower percentage factor is applied to earnings up to the OASDI maximum earnings base both before and after an increase in this base. (The OASDI maximum earnings base has been increased 3 times, by amendments in 1950, 1954, and 1958, and the primary benefit formula has been increased in 1950, 1952, 1954 and 1958.)

These changes undoubtedly cause difficulties for plans attempting to continue the principles of coordination with OASDI, since if the plan is to avoid reducing its benefits, it must either base its offsets on outdated OASDI provisions or it must increase "total" benefits or applicable percentages in the basic formula. If the first method is chosen, the plan becomes less fully coordinated with OASDI, and certain anomalies in benefits are likely to result; the second method involves inconvenience and added costs in redesigning the plan benefit formula. Historically, this problem has been dealt with by each of these methods, and also by the method of decreasing the proportion of the OASDI benefit taken as a deduction or changing to a flat deduction. In 3 plans, a flat \$80 is deducted, while in 3 others, one-half of the OASDI benefit is deducted. In 2 other plans, the OASDI

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<sup>1/</sup> Generally, there is no attempt to provide allowance in the normal retirement formula for the OASDI wife's benefit, although such allowance may exist directly or indirectly in other provisions of the plan (e.g., for plan survivor benefits). Very often, also, coordination of the plan and OASDI exists in disability benefit provisions. Neither of these areas of protection is covered in this study.

benefit is only deducted if the minimum-benefit provision (instead of the normal benefit formula) is used. In all other plans, the full benefit from the private plan is added to the OASDI benefit.

Benefits have, of course, generally increased over the past several years, and most plans have been amended several times. Thus, it has been possible to handle any desired changes for OASDI reasons in the normal course of events.

In most of the 26 plans, service is credited towards the retirement benefit from the first day, as it is under OASDI. However, 2 plans require 1 year of service before the employee becomes eligible to join; 1 plan requires 5 years; and 1 plan requires 3 years of service as well as attainment of age 30--in all these 4 plans, such qualifying service is not used in the benefit computations, which are based on years of membership service. Another plan requires 5 years of service before the employee becomes eligible for membership, but from then on those first 5 years of service count toward his retirement benefit, although at a lower percentage than do subsequent years of service.

The pattern of retirement benefits naturally differs according to which method of OASDI coordination is chosen and according to the method of adjusting for OASDI increases. There is no "best" method for coordination and adjustment, except as related to various possible basic objectives of the plan. Benefit patterns illustrated in this study may help to indicate how these methods actually work out in practice.



### C. Analysis of Current Plan Provisions

Table 1 shows total benefits (including the OASDI primary old-age benefit) at age 65 under three different level wage assumptions. For each wage assumption, benefits are shown for both 30 and 40 years of total company service, not all of which is necessarily creditable in the plan benefit computation formula. Current plan provisions for "future service" benefits only are considered, so that the benefits shown are often somewhat higher than those currently payable for the given wage and service conditions. The employee is considered to enter company service on January 1, 1962 at age 25 or age 35, working continuously under the plan until retirement at age 65.

For the typical employee first employed (for purpose of plan benefits) on January 1, 1962 at exact age 35, it seems unreasonable to assume no prior earnings creditable under OASDI, since with this restriction the average monthly wage used in the computation of the OASDI primary benefit would be reduced by the effect of 6 years in the benefit computation period beginning with 1956 in which no earnings are credited. A more nearly typical OASDI benefit is obtained in these examples by assuming prior covered employment at the given wage levels, covering at least the period from January 1, 1956 to the date of employment (January 1, 1962). No such assumption was necessary for the 40-year service cases, as no more than 38 calendar years of earnings are necessary for development of a "full" OASDI average monthly wage. Actually, for men born in 1929 and after, the OASDI primary insurance amount will be based on an average monthly wage determined over exactly 38 calendar years; these years may be any 38 and are in fact chosen to give the highest possible 38-year total of creditable earnings. The figures for the OASDI benefits relate to a male worker; they would be slightly higher for a female worker in some cases because the computation period for women is generally 3 years less than for men. This would result in a higher average monthly wage.

Chart 1 illustrates in bar-chart form the monthly benefits shown in Table 1. For each plan, two bars are shown, the darker one representing 30 years of total service (entry age 35) and the other, 40 years (entry age 25). The total benefit (including the OASDI primary old-age benefit) is read from the scale at the top of the chart, considering the end line of the bar for the benefit at the \$450 wage level, the first line to the left of the end for the \$400 level, and the third line for the \$350 level. Only two lines are shown if the benefit is the same. The OASDI primary old-age benefit (included in all plan benefit totals) is shown separately as item 27 on the chart. Since not more than \$4,800 a year is creditable under OASDI, the primary benefit is identical at the \$450 and \$400 levels.

Table 2 and Chart 2 have been prepared in the same manner as Table 1 and Chart 1, except that benefits are based on monthly wage scales which increase each year by \$5.<sup>1/</sup> For example, the starting monthly wage of \$350 per month means \$350 per month during the first year of service, \$355 per month during the second year, etc. Only the starting monthly wages are indicated in Table 2 and Chart 2. The resulting over-all wage patterns are more fully described by the schedule shown below.

Wage Patterns Inherent in Examples in Table 2<sup>2/</sup>

<u>Starting Monthly Wage</u>	<u>Years of Service</u>	<u>Career-Average Monthly Wage</u>	<u>Monthly Average Wage for 5 Years Immediately Preceding Retirement</u>
\$200	30	\$272.50	\$335.00
200	40	297.50	385.00
250	30	322.50	385.00
250	40	347.50	435.00
300	30	372.50	435.00
300	40	397.50	485.00
350	30	422.50	485.00
350	40	447.50	535.00
400	30	472.50	535.00
400	40	497.50	585.00
450	30	522.50	585.00
450	40	547.50	635.00

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<sup>1/</sup> This increase of \$5 per year is supposed to represent normal wage raises in the work history of an employee. They do not represent anticipated increases due to inflation or wage increases reflecting rising general productivity. If such changes should take place, private pension plans and OASDI benefits would probably be adjusted to some extent (if not proportionately).

<sup>2/</sup> Table 2 shows starting monthly wages from \$200 to \$450, while Chart 2 illustrates just the first three of these assumptions.

As can be seen from the foregoing table, none of the career-average wages in Table 2 are equivalent to any of the level wages assumed for Table 1. Therefore, it is difficult, for example, to compare benefits from Table 1 and Table 2 for the same company based on a given career wage average, in order to note differences based only on the level or increasing incidence of wages.<sup>2/</sup>

The OASDI benefits for the 30-year service cases in Table 2 and Chart 2 involve previous earnings assumptions similar to those in Table 1 and Chart 1. Continuous previous earnings are assumed covering the period from at least January 1, 1956 to date, at level monthly wages equal to the starting wages shown, so as to avoid any unrealistic reduction in the OASDI benefit assumed payable.

The benefit for each of the 18 illustrative wage categories that would be obtained under the U. S. Civil Service Retirement system for Federal employees is also shown on the tables for comparative purposes. It should be noted that Federal employees, except a few who are serving on a temporary basis, are not covered under the OASDI system. Therefore, the U. S. Civil Service Retirement benefit shown in the tables does not include any OASDI benefit--not even for the "30 years of service" categories.

Table 1, which shows retirement benefits based on level monthly wages, has been separated into Tables 1a, 1b, and 1c for level monthly wages of \$350, \$400 and \$450, respectively. The total retirement benefit for each example is also expressed as a percentage of the assumed level wage. In almost all cases the retirement benefit represents a higher percentage for the lower monthly wage than for the higher monthly wage, mainly due to the fact that the OASDI benefit is of a weighted nature and moreover is based only on earnings up to \$400 a month. In two cases only is the benefit a slightly higher percentage of the monthly wage of \$450 than of the monthly wage \$350. For each plan the decrease in the percentage is about the same for the 30-year service benefit as for the 40-year service benefit.

The benefits from 20 of the pension plans are substantially higher for 40 years of service than for 30 years of service because the benefit formula is based on years of service and, in most cases, on average wage.

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<sup>3/</sup> This comparison may be made, however, on an approximate basis in three cases for 40 years of service--for Table 2, starting monthly wages of \$250, \$300, and \$350 may be compared to the \$350, \$400, and \$450 level-wage examples, respectively, in Table 1. For these cases, career-average monthly wages differ by only \$2.50.

However, the gain in the total benefit from these 20 plans is not directly related to the extra 10 years of service. This is partly due to the effect of the OASDI benefit, which is not proportional to the number of years of service, although such larger service may result in a slightly higher benefit (as shown on the tables) when it increases the average monthly wage. Those plans which have the highest benefits in dollars (or benefits representing a larger percentage of monthly wages), also have a relatively larger increase due to a larger period of service. Under the other 6 plans, one plan credits only 30 years of service for benefits, and 5 plans provide a flat benefit.

If an old-age pension is derived from a social insurance system, it tends to be fixed with a view toward minimum levels of subsistence. It usually represents a larger percentage of wage in countries with a low wage level and standard of living and a smaller percentage of wage in countries with a high standard of living. Although some social insurance benefits, such as OASDI, are wage-related, they do not show nearly as wide a range with varying wages as do old-age pensions derived from private plans.

Pensions under private plans not only vary according to wages and hence according to the standard of living of the worker during his working years, but they also show wide variations for workers with the same average monthly wage depending upon such factors as collective bargaining and employer goals. In Table 1c, for instance, the 26 plans show a range in total benefits of from 39% to 110% of monthly wage for a level wage of \$450 per month and 40 years of service, while the OASDI benefit alone is 28% of monthly wage.

Table 2, which is based on increasing earnings assumptions of \$5 per month for each year of service is divided into six parts. Table 2a shows benefits for monthly wage starting at \$200 and increasing to \$345 for 30 years of service, and \$395 for 40 years of service. Tables 2b to 2f start with monthly wages of \$250, \$300, \$350, \$400, and \$450 respectively, and increase by the same amounts. The percentages in these tables are based on the final wage, while the benefits are based on career-average wage or some other formula which gives a wage lower than the final wage. Therefore, the benefits as a percent of final wage are lower than in Table 1, although the same general trends exist--namely, the benefits based on lower wages represent a higher percent of final wages.

This table, which probably is based on more realistic wage-history assumptions, well illustrates the importance of the method of determining the average wage--and also the effect of flat-benefit formulas. The 5 "union" plans pay a flat benefit which is not related to the wages or years of service of the retired worker, giving the worker with lower wages a larger benefit when related to final wage. The 6 automotive and rubber industry plans pay a benefit based on years of service times a fixed amount, and are thus not related to individual wages. The other 15 plans are based

on years of service and average wages. Career-average earnings are used in 10 of these plans; a final-10-year average (or virtual equivalents, such as a "high-10-year" average) is used in 4 plans; and a final-5-year average is used for the plan of the American Telephone and Telegraph Company.

In a wage history of increasing earnings, using the final-10-year average (or final-5-year average) will naturally yield a higher benefit than using a career-average if the same benefit formula is used. In fact, a final-average plan might yield higher benefits than a career-average plan even though the former has lower benefit factors in its formula. For example, the plan of the American Telephone and Telegraph Company appears to provide relatively low benefits when Table 1 is considered (for 40 years of service and a level monthly wage of \$400, only 6 plans are lower), but in Table 2 for wage histories that are comparable with those of Table 1 this plan ranks above the median (for 40 years of service and a beginning monthly wage of \$300, 16 plans are lower). The reader should remember that the comparisons made here relate solely to benefit amounts for retirement at age 65 and thus the relative "liberality," costs, or financing of the various plans should not be judged from this material. Most plans do not provide full benefits for retirement before age 65, but a few plans do so (e.g., American Telephone and Telegraph at age 60 for men and age 55 for women, United Mine Workers at age 60, and Civil Service Retirement at age 60 with 30 years of service).

Also, under the increasing-wage assumption, the benefits which are based on longer years of services are a higher percentage of final wage, while they are lower in those plans where the benefit is not based on years of service. Of course, the OASDI benefit is also a lower percent for larger years of service, since it too is not based on years of service. Again, the range of the total benefit as percent of final wage is very large, varying from 35% to 91% for the 26 plans for 40 years of service with a starting monthly wage of \$300 increasing up to \$495, while the OASDI benefit for this example is only 25% of the final monthly wage.

With a starting monthly wage of \$450 increasing up to \$645 for 40 years of service (Table 2f), the variation is even greater, ranging from 27% (for a flat benefit plan) to 95%, while the OASDI benefit represents only 20% of the final monthly wage.

Table 3a gives the average benefit for the 26 plans (weighting each plan equally) for each of the different wage and service assumptions used in this study. Naturally, these figures are not supposed to represent an average benefit for all the workers covered under these plans, since it is not known how many workers (if any) would actually fall into each of these 18 illustrative categories. Since there is such a wide range among all the plans for each of the assumptions, it may be of interest to see how these assumptions compare with each of the others in terms of benefits in dollars

as in Table 3a, and as a percentage of final wage as in Table 3b. These averages are based on the 26 coordinated private plans only, so that they in turn can be compared to benefits received from U. S. Civil Service or OASDI alone.

As may be expected, the highest average benefit in terms of dollars is noted in the cases with the highest level and increasing monthly wages with 40 years of service, while the highest average benefit as percent of final wage is observed in the category with the lowest level and increasing monthly wages.

From the illustrative categories of pension plans in this study, especially from the more realistic assumption of increasing monthly wages, it appears that an employee under these plans can anticipate a total retirement benefit at age 65 of about one-half of his final wage (see Table 3b); about half of this retirement income comes from OASDI. If he also has a wife aged 65 at the time he retires, his total retirement income would be increased by one-half of his OASDI benefit, so that their combined total retirement benefit represents about two-thirds of his final wage.

Table 1a

MONTHLY RETIREMENT BENEFITS AT AGE 65 (INCLUDING OASDI PRIMARY)  
 BASED ON EMPLOYMENT BEGINNING 1/1/62 AT AGE 25 AND AT 35

LEVEL MONTHLY WAGE OF \$350

Plan	Total benefit		Total benefit as percent of wage	
	30 years of service	40 years of service	30 years of service	40 years of service
Aluminum Company of America	\$194	\$220	55%	63%
Amalgamated Clothing Workers	166	166	47	47
American Telephone and Telegraph	178	198	51	57
Armstrong Cork	218	252	62	72
Bethlehem Steel	194	207	55	59
Chrysler	200	228	57	65
Cities Service	243	287	69	82
Consolidated Edison	289	289	83	83
E. I. duPont	232	270	66	77
Eastman Kodak	221	256	63	73
Firestone	191	216	55	62
Ford	200	228	57	65
General Electric	200	228	57	65
General Motors	200	228	57	65
B. F. Goodrich	191	216	55	62
Goodyear	191	216	55	62
Grumman Aircraft International	313	392	89	112
Brotherhood of Electrical Workers	166	166	47	47
International Ladies Garment Workers	181	181	52	52
Johnson and Johnson	210	238	60	68
National Maritime Union	241	241	69	69
Standard Oil of Indiana	268	321	77	92
United Mine Workers	191	191	55	55
U. S. Rubber	179	200	51	57
U. S. Steel	194	207	55	59
Westinghouse Electric	194	220	55	63
U. S. Civil Service	199	269	57	77
OASDI Primary	116	116	33	33

Table 1b

MONTHLY RETIREMENT BENEFITS AT AGE 65 (INCLUDING OASDI PRIMARY)  
 BASED ON EMPLOYMENT BEGINNING 1/1/62 AT AGE 25 AND AT 35

LEVEL MONTHLY WAGE OF \$400

Plan	Total benefit		Total benefit as percent of wage	
	30 years of service	40 years of service	30 years of service	40 years of service
Aluminum Company of America	\$204	\$247	51%	62%
Amalgamated Clothing Workers	176	177	44	44
American Telephone and Telegraph	183	223	46	56
Armstrong Cork	242	283	61	71
Bethlehem Steel	204	218	51	54
Chrysler	210	239	52	60
Cities Service	271	322	68	80
Consolidated Edison	327	327	82	82
E. I. duPont	258	303	64	76
Eastman Kodak	246	287	62	72
Firestone	201	227	50	57
Ford	210	239	52	60
General Electric	222	255	56	64
General Motors	210	239	52	60
B. F. Goodrich	201	227	50	57
Goodyear	201	227	50	57
Grumman Aircraft International	351	442	88	111
Brotherhood of Electrical Workers	176	177	44	44
International Ladies Garment Workers	191	192	48	48
Johnson and Johnson	239	274	60	68
National Maritime Union	251	252	63	63
Standard Oil of Indiana	300	361	75	90
United Mine Workers	201	202	50	50
U. S. Rubber	189	223	47	56
U. S. Steel	204	218	51	54
Westinghouse Electric	207	235	52	59
U. S. Civil Service	225	305	56	76
OASDI Primary	126	127	32	32



Table 1c

MONTHLY RETIREMENT BENEFITS AT AGE 65 (INCLUDING OASDI PRIMARY)  
 BASED ON EMPLOYMENT BEGINNING 1/1/62 AT AGE 25 AND AT 35

LEVEL MONTHLY WAGE OF \$450

Plan	Total benefit		Total benefit as percent of wage	
	30 years of service	40 years of service	30 years of service	40 years of service
Aluminum Company of America	\$215	\$272	48%	60%
Amalgamated Clothing Workers	176	177	39	39
American Telephone and Telegraph	198	243	44	54
Armstrong Cork	271	322	60	72
Bethlehem Steel	204	227	45	50
Chrysler	210	239	47	53
Cities Service	289	346	64	77
Consolidated Edison	360	360	80	80
E. I. duPont	274	325	61	72
Eastman Kodak	276	327	61	73
Firestone	201	227	45	50
Ford	210	239	47	53
General Electric	252	295	56	66
General Motors	210	239	47	53
B. F. Goodrich	201	227	45	50
Goodyear	201	227	45	50
Grumman Aircraft International	388	495	86	110
Brotherhood of Electrical Workers	176	177	39	39
International Ladies Garment Workers	191	192	42	43
Johnson and Johnson	266	309	59	69
National Maritime Union	251	252	56	56
Standard Oil of Indiana	329	400	73	89
United Mine Workers	201	202	45	45
U. S. Rubber	198	243	44	54
U. S. Steel	204	227	45	50
Westinghouse Electric	210	239	47	53
U. S. Civil Service	253	343	56	76
OASDI Primary	126	127	28	28

Table 2a

MONTHLY RETIREMENT BENEFITS AT AGE 65 (INCLUDING OASDI PRIMARY)  
 BASED ON EMPLOYMENT BEGINNING 1/1/62 AT AGE 25 AND AT 35

STARTING MONTHLY WAGE OF \$200

Plan	Total benefit		Total benefit as percent of wage	
	30 years of service	40 years of service	30 years of service <sup>1/</sup>	40 years of service <sup>2/</sup>
Aluminum Company of America	\$175	\$210	51%	53%
Amalgamated Clothing Workers	147	156	43	39
American Telephone and Telegraph	168	207	49	52
Armstrong Cork	180	223	52	56
Bethlehem Steel	175	197	51	50
Chrysler	181	218	52	55
Cities Service	196	251	57	64
Consolidated Edison	228	266	66	67
E. I. duPont	206	270	60	68
Eastman Kodak	179	255	52	65
Firestone	172	206	50	52
Ford	181	218	52	55
General Electric	172	206	50	52
General Motors	181	218	52	55
B. F. Goodrich	172	206	50	52
Goodyear	172	206	50	52
Grumman Aircraft International	257	350	74	89
Brotherhood of Electrical Workers	147	156	43	39
International Ladies Garment Workers	162	171	47	43
Johnson and Johnson	165	209	48	53
National Maritime Union	222	231	66	58
Standard Oil of Indiana	217	282	63	71
United Mine Workers	172	181	50	46
U. S. Rubber	160	202	46	51
U. S. Steel	175	197	51	50
Westinghouse Electric	172	207	50	52
U. S. Civil Service	190	294	55	74
OASDI Primary	97	106	28	27

<sup>1/</sup> Based on Final Monthly Wage of \$345<sup>2/</sup> Based on Final Monthly Wage of \$395

Table 2b

MONTHLY RETIREMENT BENEFITS AT AGE 65 (INCLUDING OASDI PRIMARY)  
 BASED ON EMPLOYMENT BEGINNING 1/1/62 AT AGE 25 AND AT 35

STARTING MONTHLY WAGE OF \$250

Plan	Total benefit		Total benefit as percent of wage	
	30 years of service	40 years of service	30 years <sup>1</sup> of service	40 years <sup>2</sup> of service
Aluminum Company of America	\$186	\$219	47%	49%
Amalgamated Clothing Workers	158	165	40	37
American Telephone and Telegraph	174	232	44	52
Armstrong Cork	202	254	51	57
Bethlehem Steel	186	206	47	46
Chrysler	192	227	49	51
Cities Service	225	285	57	64
Consolidated Edison	267	303	68	68
E. I. duPont	231	301	58	68
Eastman Kodak	205	256	52	58
Firestone	183	215	46	48
Ford	192	227	49	51
General Electric	185	229	47	51
General Motors	192	227	49	51
B. F. Goodrich	183	215	46	48
Goodyear	183	215	46	48
Grumman Aircraft	296	400	75	90
International Brotherhood of Electrical Workers	158	165	40	37
International Ladies Garment Workers	173	180	44	40
Johnson and Johnson	195	244	49	55
National Maritime Union	233	240	59	54
Standard Oil of Indiana	249	321	63	72
United Mine Workers	183	190	46	43
U. S. Rubber	171	226	43	51
U. S. Steel	186	206	47	46
Westinghouse Electric	184	218	47	49
U. S. Civil Service	217	332	55	75
OASDI Primary	108	115	27	26

<sup>1</sup>/ Based on Final Monthly Wage of \$395

<sup>2</sup>/ Based on Final Monthly Wage of \$445

Table 2c

MONTHLY RETIREMENT BENEFITS AT AGE 65 (INCLUDING OASDI PRIMARY)  
 BASED ON EMPLOYMENT BEGINNING 1/1/62 AT AGE 25 AND AT 35

STARTING MONTHLY WAGE OF \$300

Plan	Total benefit		Total benefit as percent of final wage	
	30 years of service	40 years of service	30 years of service <sup>1/</sup>	40 years of service <sup>2/</sup>
Aluminum Company of America	\$195	\$241	44%	49%
Amalgamated Clothing Workers	167	172	38	35
American Telephone and Telegraph	189	255	42	52
Armstrong Cork	228	288	51	58
Bethlehem Steel	195	231	44	47
Chrysler	201	234	45	47
Cities Service	252	316	57	64
Consolidated Edison	304	340	68	69
E. I. dupont	256	330	58	67
Eastman Kodak	231	290	52	59
Firestone	192	222	43	45
Ford	201	234	45	47
General Electric	209	261	47	53
General Motors	201	234	45	47
B. F. Goodrich	192	222	43	45
Goodyear	192	222	43	45
Grumman Aircraft International	335	452	75	91
Brotherhood of Electrical Workers	167	172	38	35
International Ladies Garment Workers	182	187	41	38
Johnson and Johnson	224	280	50	57
National Maritime Union	242	247	54	50
Standard Oil of Indiana	281	361	63	73
United Mine Workers	192	197	43	40
U. S. Rubber	185	250	42	51
U. S. Steel	195	231	44	47
Westinghouse Electric	195	229	44	46
U. S. Civil Service	245	370	55	75
OASDI Primary	117	122	26	25

<sup>1/</sup> Based on Final Monthly Wage of \$445

<sup>2/</sup> Based on Final Monthly Wage of \$495

Table 2d

MONTHLY RETIREMENT BENEFITS AT AGE 65 (INCLUDING OASDI PRIMARY)  
 BASED ON EMPLOYMENT BEGINNING 1/1/62 AT AGE 25 AND AT 35

STARTING MONTHLY WAGE OF \$350

Plan	Total benefit		Total benefit as percent of wage	
	30 years of service	40 years of service	30 years <sup>1</sup> of service	40 years <sup>2</sup> of service
Aluminum Company of America	\$201	\$270	41%	50%
Amalgamated Clothing Workers	173	176	35	32
American Telephone and Telegraph	207	277	42	51
Armstrong Cork	256	323	52	59
Bethlehem Steel	201	255	41	47
Chrysler	207	238	42	44
Cities Service	276	344	56	63
Consolidated Edison	340	375	69	69
E. I. duPont	279	356	56	65
Eastman Kodak	259	327	52	60
Firestone	198	226	40	41
Ford	207	238	42	44
General Electric	236	295	48	54
General Motors	207	238	42	44
B. F. Goodrich	198	226	40	41
Goodyear	198	226	40	41
Grumman Aircraft International	375	505	76	93
Brotherhood of Electrical Workers	173	176	35	32
International Ladies Garment Workers	188	191	38	35
Johnson and Johnson	253	315	51	58
National Maritime Union	248	251	50	46
Standard Oil of Indiana	313	400	63	73
United Mine Workers	198	201	40	37
U. S. Rubber Co.	203	272	41	50
U. S. Steel	201	255	41	47
Westinghouse Electric	204	238	41	44
U. S. Civil Service	273	408	55	75
OASDI Primary	123	126	25	23

1/ Based on Final Monthly Wage of \$495

2/ Based on Final Monthly Wage of \$545

Table 2e

MONTHLY RETIREMENT BENEFITS AT AGE 65 (INCLUDING OASDI PRIMARY)  
 BASED ON EMPLOYMENT BEGINNING 1/1/62 AT AGE 25 AND AT 35

STARTING MONTHLY WAGE OF \$400

Plan	Total benefit		Total benefit as percent of wage	
	30 years of service	40 years of service	30 years <sup>1/</sup> of service	40 years <sup>2/</sup> of service
Aluminum Company of America	\$223	\$296	41%	50%
Amalgamated Clothing Workers	176	177	32	30
American Telephone and Telegraph	224	298	41	50
Armstrong Cork	286	361	52	61
Bethlehem Steel	204	276	37	46
Chrysler	210	239	39	40
Cities Service	297	370	54	62
Consolidated Edison	375	408	69	69
E. I. duPont	298	379	55	64
Eastman Kodak	290	365	53	61
Firestone	201	227	37	38
Ford	210	239	39	40
General Electric	266	333	49	56
General Motors	210	239	39	40
B. F. Goodrich	201	227	37	38
Goodyear	201	227	37	38
Grumman Aircraft International	415	558	76	94
Brotherhood of Electrical Workers	176	177	32	30
International Ladies Garment Workers	191	192	35	32
Johnson and Johnson	283	351	52	59
National Maritime Union	251	252	46	42
Standard Oil of Indiana	343	439	63	74
United Mine Workers	201	202	37	34
U. S. Rubber	220	292	40	49
U. S. Steel	204	276	37	46
Westinghouse Electric	210	243	39	41
U. S. Civil Service	301	446	55	75
OASDI Primary	126	127	23	21

<sup>1/</sup> Based on Final Monthly Wage of \$545

<sup>2/</sup> Based on Final Monthly Wage of \$595

Table 2f

MONTHLY RETIREMENT BENEFITS AT AGE 65 (INCLUDING OASDI PRIMARY)  
 BASED ON EMPLOYMENT BEGINNING 1/1/62 AT AGE 25 AND AT 35

STARTING MONTHLY WAGE OF \$450

Plan	Total benefit		Total benefit as percent of wage	
	30 years of service	40 years of service	30 years <sup>1/</sup> of service	40 years <sup>2/</sup> of service
Aluminum Company of America	\$251	\$321	42%	50%
Amalgamated Clothing Workers	176	177	30	27
American Telephone and Telegraph	239	318	40	49
Armstrong Cork	315	400	53	62
Bethlehem Steel	218	296	37	46
Chrysler	210	239	35	37
Cities Service	316	394	53	61
Consolidated Edison	408	441	69	68
E. I. duPont	315	401	53	62
Eastman Kodak	320	405	54	63
Firestone	201	227	34	35
Ford	210	239	35	37
General Electric	296	373	50	58
General Motors	210	239	35	37
B. F. Goodrich	201	227	34	35
Goodyear	201	227	34	35
Grumman Aircraft International	452	610	76	95
Brotherhood of Electrical Workers	176	177	30	27
International Ladies Garment Workers	191	192	32	30
Johnson and Johnson	310	386	52	60
National Maritime Union	251	252	42	39
Standard Oil of Indiana	373	478	63	74
United Mine Workers	201	202	34	31
U. S. Rubber	235	312	39	48
U. S. Steel	218	296	37	46
Westinghouse Electric	216	247	36	38
U. S. Civil Service	329	484	55	75
OASDI Primary	126	127	21	20

<sup>1/</sup> Based on Final Monthly Wage of \$595

<sup>2/</sup> Based on Final Monthly Wage of \$645

Table 3a

AVERAGE TOTAL BENEFIT FOR 26 PRIVATE PLANS  
AND OASDI BENEFIT ONLY FOR DIFFERENT  
WAGE AND SERVICE ASSUMPTIONS

<u>Level</u> <u>Monthly Wage</u>	<u>30 Years of</u> <u>Service</u>		<u>40 Years of</u> <u>Service</u>	
	<u>Average</u> <u>for 26</u> <u>plans</u>	<u>OASDI</u> <u>Benefit</u> <u>only</u>	<u>Average</u> <u>for 26</u> <u>plans</u>	<u>OASDI</u> <u>Benefit</u> <u>only</u>
\$350	\$208	\$116	\$231	\$116
400	224	126	252	127
450	236	126	269	127
 <u>Increasing</u> <u>Monthly Wage</u>				
\$200 - 395	181	97	218	106
250 - 445	198	108	235	115
300 - 495	214	117	256	122
350 - 545	230	123	277	126
400 - 595	244	126	293	127
450 - 645	257	126	310	127



Table 3b

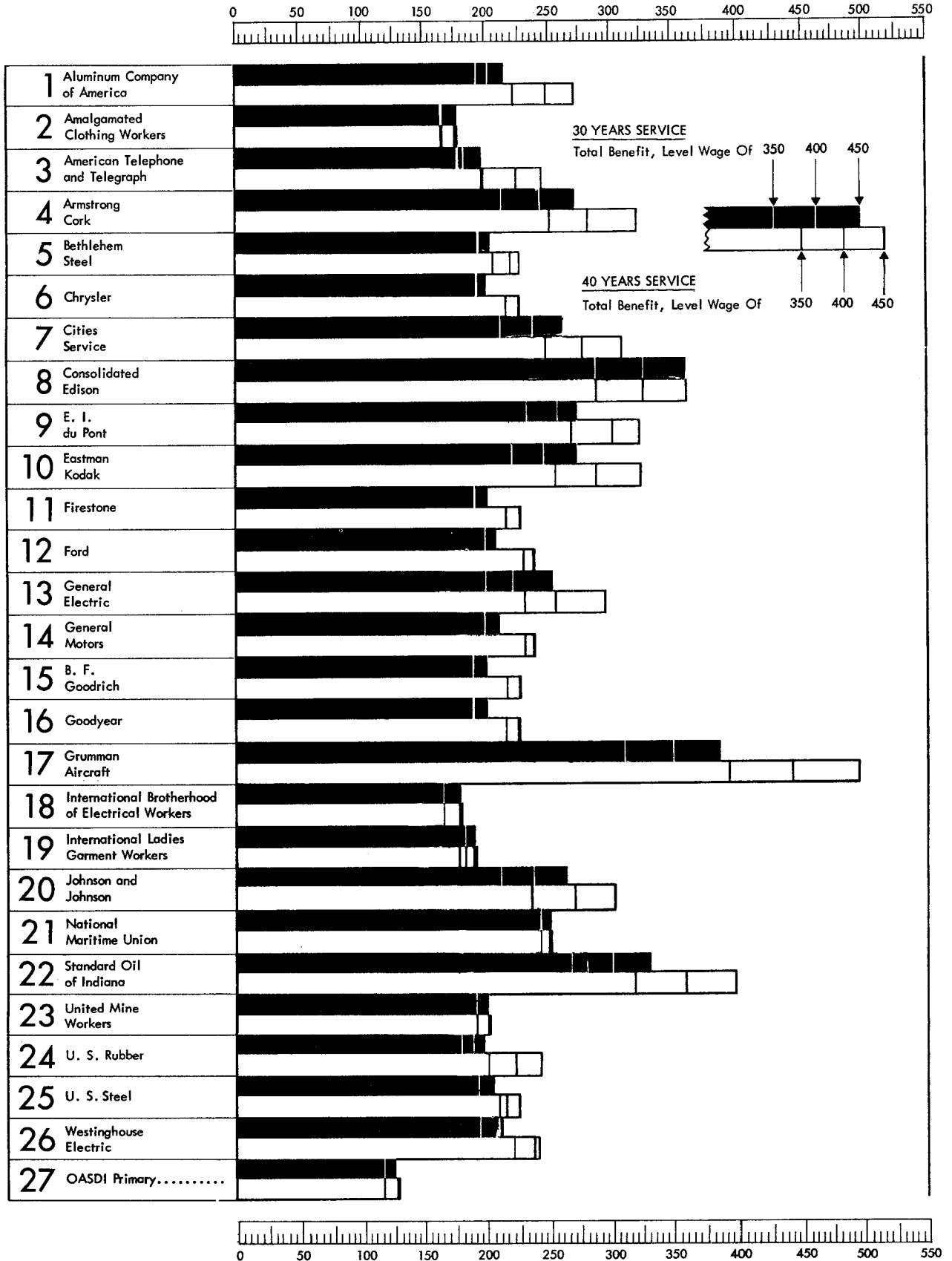
AVERAGE PERCENTAGE OF WAGE FOR 26 PLANS AND  
OASDI BENEFIT ONLY FOR DIFFERENT  
SERVICE AND WAGE ASSUMPTIONS

Level Monthly Wage	30 Years of Service		40 Years of Service	
	Average for 26 plans	OASDI Benefit only	Average for 26 plans	OASDI Benefit only
\$350	59%	33%	66%	33%
400	56	32	63	32
450	52	28	60	28
<u>Increasing</u> <u>Monthly Wage</u> <sup>1/</sup>				
\$200 - \$395	52	28	55	27
250 - 445	50	27	53	26
300 - 495	48	26	52	25
350 - 545	46	25	51	23
400 - 595	45	23	49	21
450 - 645	43	21	48	20

<sup>1/</sup> Percentage is based on Final Wage

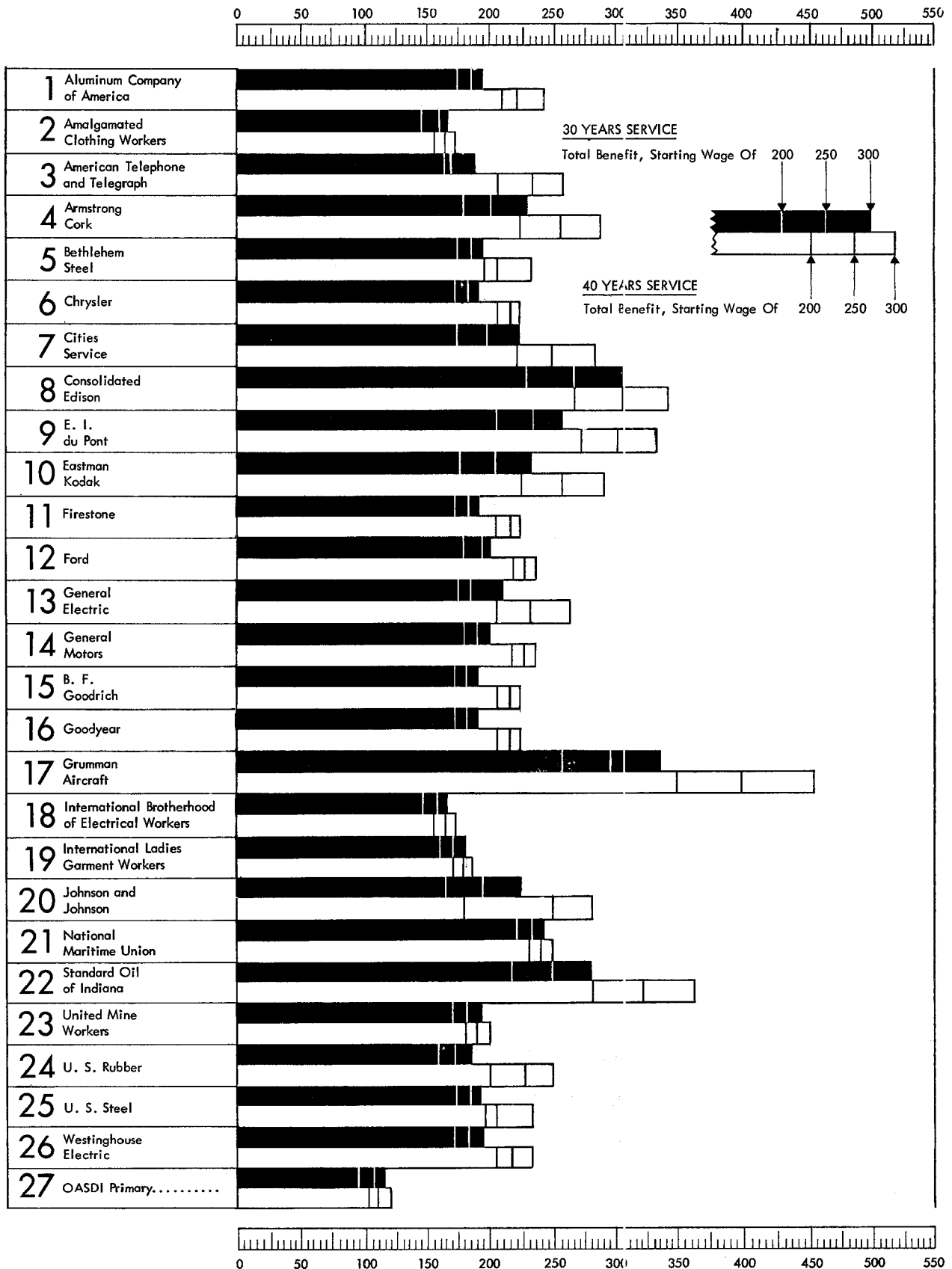
Monthly Retirement Benefit at Age 65 (Including OASDI Primary)  
 Based on Employment Beginning 1/1/62 at Age 25 And at 35  
 ASSUMING LEVEL MONTHLY WAGE

Chart 1



Monthly Retirement Benefit at Age 65 (Including OASDI Primary)  
 Based on Employment Beginning 1/1/62 at Age 25 And at 35  
 ASSUMING ANNUAL WAGE INCREASE OF \$5 PER MONTH

Chart 2



Actuarial Studies Available from the Division of the Actuary\*

10. Various Methods of Financing Old-Age Pension Plans--September 1938.
14. An Analysis of the Benefits and Costs under Title II of the Social Security Act Amendments of 1939--December 1941.
19. OASI 1943-44 Cost Studies--May 1944.
21. Analysis of Long-Range Cost Factors--September 1946.
32. Analysis of 346 Group Annuities Underwritten in 1946-50--October 1952.
34. Analysis of the Benefits under the OASI Program as Amended in 1952--December 1952.
37. Estimated Amount of Life Insurance in Force as Survivor Benefits under Social Security Act Amendments of 1952--August 1953.
38. Long-Range Cost Estimates for Changes Proposed in the OASI System by H.R. 7199, with Supplementary Estimates for Universal Coverage--March 1954.
40. The Financial Principle of Self-Support in the OASI System--April 1955.
41. Analysis of Benefits, OASI Program, 1954 Amendments-- May 1955.
43. Estimated Amount of Life Insurance in Force as Survivor Benefits under OASI--1955--September 1955.
44. Analysis of 157 Group Annuity Plans Amended in 1950-54--July 1956.
45. Present Values of OASI Benefits in Current Payment Status 1940-56 --May 1957.
46. Illustrative United States Population Projections--May 1957.
47. Estimated Amount of Life Insurance in Force as Survivor Benefits under OASI--1957--July 1958.
48. Long-Range Cost Estimates for Old-Age, Survivors, and Disability Insurance under 1956 Amendments--August 1958.

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\* Numbers not listed are out of print.

49. Methodology Involved in Developing Long-Range Cost Estimates for the Old-Age, Survivors, and Disability Insurance System--May 1959.
50. Analysis of Benefits, OASDI Program, 1960 Amendments--December 1960.
51. Present Values of OASI Benefits in Current Payment Status, 1960 -- February 1961.
52. Actuarial Cost Estimates for Health Insurance Benefits Bill-- July 1961.
53. Medium-Range Cost Estimates for Old-Age, Survivors, and Disability Insurance and Increasing-Earnings Assumption--August 1961.
54. Estimated Amount of Life Insurance in Force as Survivor Benefits under OASI 1959-60--October 1961.
55. Remarriage Tables Based on Experience under OASDI and U.S. Employees' Compensation Systems--December 1962.
56. Analysis of Benefits under 26 Selected Private Pension Plans-- January 1963.