

Retirement age.

4. The age of retirement shall be fixed by Act compulsorily at 60 for those not over 35 years of age at the present time, and for new entrants into the Service; and for those over 35 it shall be optional on joining the scheme whether the age of retirement be 60 or 65.

Contributions.

5. The contributions shall be composed of deductions of *not more* than 5 per cent. per annum of the salaries of all those included in the scheme; the deduction to be not less than £5 in any case.

Benefits.

6. The benefits to all those included in the scheme shall be,—

- (a.) *A temporary insurance, ceasing at age 60, for an amount equal to one year's salary, up to the last even £50 of salary attained by each member; the insurance to be not less than £100 in any case.*
- (b.) *A deferred annuity (commencing at 60 or 65, as the case may be) for as much as the balance of the contribution, after deduction of the premium for the insurance, will purchase by the accompanying table.*
- (c.) *On voluntary or compulsory retirement from the Service, from other cause than permanent incapacity, the full actuarial value of the policy, or nearly so; the only condition necessary from the nature of the benefit for the protection of the Insurance Department being that, in case of retirement within ten years of the commencement of the annuity, the Government Insurance Commissioner may require reasonable proof of good health, in manner to be settled hereafter.*

NOTE.—All those who joined the Service between the passing of the Acts of 1871 and 1886 are now entitled to one month's salary for each year of service, upon ordinary dismissal; and I propose, of course, that this privilege shall remain unaltered, and thus form an additional allowance upon retirement, besides the value of the policy.

7. Benefits (a), (b), and (c)—viz., the insurance benefit, the annuity benefit, and the ordinary retirement benefit—will be purchased by the deductions from salary, without extraneous assistance.

8. I propose that the following additional benefit shall be provided from the Consolidated Fund:—

- (d.) *To all those members of the scheme who shall, through no fault of their own, become permanently incapacitated from further work there shall be granted a gratuity equal to one month's final salary for each year of service.*

NOTE.—This last benefit is the only one I propose the Government shall take up, and it is to some extent a moral liability at present for the Government to provide something for an officer incapacitated whilst in harness. I have not yet actually estimated this liability, as I have not received the schedules containing particulars of the members of the Civil Service, but I think it will prove very moderate if proper precautions are taken. The Government undertakes this liability in respect of members of the Police Force; and in a body of nearly five hundred men the aggregate amount paid on this account for the last ten years was only £8,244, or about £800 per annum. I would suggest that the Government retire a servant on the ground of permanent incapacity only upon a certificate from a Medical Board of two or more doctors.

Those now over 50.

9. After a certain age, probably not later than 50, it will perhaps be considered that the annuity obtained for a deduction of 5 per cent. of salary is too small. I propose that it shall be optional for existing members of the Service (not exempted in clauses 1 and 2) over that age to join the scheme, or that it be modified for them by providing a lump sum at age 65 instead of an annuity.

Surplus.

10. The policies shall receive their full share of the profits of each triennium, and these profits shall be applied to increase the annuities, or to continue the insurance beyond the age of 60, as individual members may select.

Administration.

11. As to the practical working of this scheme, I propose that the Act shall only lay down the essentials, and that power shall be given to the Governor in Council to make regulations with the Government Insurance Commissioner to provide for benefits (a), (b), and (c). I propose that the Government Insurance Commissioner shall take charge of all the 5-per-cent. deductions, and shall issue to each member a contract combining the insurance and annuity benefits, and providing for periodical increases of the same.

Whenever the increase in a salary brings such salary up to another £50 the temporary assurance shall be increased by £50, and, after providing for the premium for the increased insurance, the balance of the increased 5-per-cent. deductions shall be applied to purchase as much additional annuity as the tables will provide for. I propose that for intermediate increases of salary between £100 and £150, £150 and £200, &c., no increase in the existing deductions of £5, £7 10s., &c., be made, which will obviate the necessity for keeping a separate account for each member.

12. As regards the death benefit proposed to be granted by the Government Insurance Commissioner, it will be necessary that, in the case of all future entrants into the Service, permanent arrangements shall be made that will satisfy the Commissioner that only fairly sound lives are admitted into the Service, and consequently into the scheme. As to those already in the Service, and who will be required, or elect, to join the scheme, I think the case will be met by the Government Insurance Commissioner requiring a simple health form from members and their heads of departments. It will only be necessary to weed out thoroughly uninsurable lives: to these the insurance benefit could not be extended by the Insurance Commissioner. Note: I would suggest that this information—as to present state of health—be obtained as early as possible about all those Civil servants whom it is proposed shall join the scheme: if the number of uninsurable lives is very small, the Government may be willing to undertake this liability, perhaps in a reduced and modified form, on account of existing Civil servants only.