

8. Special provisions enable employers to become contributors to the Main Fund on behalf of their employees. The benefits are as described in paragraph 6, but the scope is widened by admitting employees irrespective of their income or age at the date of joining, and by granting pensions up to 80s. (by 10s. intervals) per week. Where, however, a pension is contracted for when the employee is fifty years of age or over, and where the pension exceeds 40s. per week, the whole of the contribution payable in the former case and that portion of the contribution payable in respect of the excess of the pension over 40s. per week in the latter, does not attract a Government subsidy. The Fund receives all contributions from the employer, who may or may not pay the whole or part thereof, according to his arrangement with his employees. The contributions payable in these cases are shown in Table I of the Appendix.

9. Females are admitted to the Main Fund on practically the same terms as males. There are, however, minor modifications in the conditions precedent to the grant of the subsidiary benefits described in paragraph 6, and where advantage is taken of the widened provisions of entry in employer groups the rates of contribution payable are somewhat higher than the corresponding rates for males. There are comparatively few female contributors to the Main Fund.

10. At the valuation date there were 20,991 members of the Main Fund contributing £1,550 per week for prospective pensions amounting to £13,042 per week. Of these, only 77 were contributing through approved friendly societies and 370 through forty employer groups. Pensions amounting to £230 per week were being paid to 269 pensioned contributors, and 173 widows and 301 children were in receipt of allowances of 7s. 6d. per week, the total annual charge for pensions being £21,281.

11. Pension funds almost invariably exhibit features peculiar to themselves in the rates of mortality, discontinuance, &c., experienced by their members, and consequently it is desirable, if possible, to value a fund having regard to its own experience in the immediate past and to possible future trends. On this occasion the experience of the Main Fund has been analysed for the period elapsed since the last valuation, and the results, subject to modification where persistent trends are evident and where prudence is called for in estimating the future, have been adopted in the valuation.

The most outstanding feature of the experience is the high withdrawal rate which approaches 20 per cent. two years after entry and persists for many years. This appears to be a definite feature of the Fund, as the experience of the period covered by the economic depression differs little, if at all, from that of years of greater general prosperity. As, however, an overestimate of the future withdrawal rates might have a serious adverse effect on the finances of the Fund, considerably lower rates have been used in the valuation than were exhibited in the experience.

12. The rates of mortality experienced were much below comparable rates deduced from the experience of the general population of New Zealand and approximated closely to rates experienced for the years 1924 to 1929 by lives assured in English life offices experiencing noticeably light rates of mortality. The experience rates suitably adjusted have been used in the valuation.

The conditions governing the grant of subsidiary benefits are peculiar to the Fund. For incapacity benefit an income limit is involved and allowances made to widows are in fact but supplements of children's allowances. The Fund has no information of members' incomes or of their dependants, and rather than value the subsidiary benefits by using extraneous data of doubtful application it has been thought advisable to use rates of claim deduced from the inter-valuation experience.

13. The valuation of the Main Fund carried out on bases described above yields the following results:—

Present value of—					£
Existing pensions	..	..	..	..	129,187
Prospective pensions	..	..	..	..	2,222,801
Existing widows' and orphans' allowances	..	..	..	..	36,198
Prospective death benefits	..	..	..	..	271,732
Present and prospective incapacity allowance	..	..	..	..	113,339
Prospective refunds on withdrawal	..	..	..	..	227,961
Total benefits	..	..	..	..	£3,001,218
Present value of—					£
Future contributions	..	..	..	..	886,941
Future State subsidies	..	..	..	..	215,296
Total	..	..	..	..	£1,102,237

LOCAL AUTHORITIES' SECTION.

14. All Hospital Boards must, and other local authorities may, contribute to the Fund on behalf of their permanent employees. A local authority electing to become a contributor may exclude any of its employees at the time of its election, but it must contribute on behalf of all future entrants to its permanent staff.