

LOCAL GOVERNMENT BOARD (IRELAND).

REPORT to the LOCAL GOVERNMENT BOARD FOR IRELAND on the FINANCIAL PROVISIONS of the POOR LAW SUPERANNUATION (IRELAND) BILL, 1901.

Presented to both Houses of Parliament by Command of His Majesty.



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REPORT to the LOCAL GOVERNMENT BOARD FOR IRELAND on the FINANCIAL PROVISIONS of the POOR LAW SUPERANNUATION (IRELAND) BILL, 1901.

GENTLEMEN,—

In accordance with your instructions, I have conducted an investigation to ascertain the probable cost to the rates which would be incurred if this Bill became law, and I have now the honour to submit my Report.

In any inquiry as to the cost of such a Superannuation scheme as is proposed by this Bill to be set up, it is essential to know :—

(i.) The present ages of those upon whom it is desired to confer the right to Pensions.

(ii.) The annual incomes of such persons—The Pension Fund is to be formed and maintained by percentage deductions from such incomes (salaries and emoluments), and the Pensions to be granted are to be specified proportions of these incomes.

(iii.) The number of years' service already given by such persons.—The Pensions to be granted (after ten years' service) are to range from ten-sixtieths to forty-sixtieths of the average salary at date of retirement, according to years of service then completed. Thus, a person now aged 35 years, and entering this year, would, on retirement at age 65, receive half his then average salary as Pension, while, if he had already completed ten years' service, his Pension at 65 would be two-thirds of his then average salary.

With a view, therefore, to the procuration of these particulars, I sent to every Clerk of a Union in Ireland, and, in the very few cases where the office was separately held, to each District Council Clerk a supply of cards, with a letter requesting the Clerk to have a card completed for each person in his Union or District Council proposed to be affected by the Bill. A copy of this card is shown on page 8.

This card enabled the Union or District Council, name, age, position in Union or District Council, date of appointment to such position, and the annual income (including value of all emoluments) of the officer or servant for whom it was completed to be recorded.

Much greater delay, and more trouble than I had anticipated, occurred before I had in my possession completed cards embracing the entire Poor Law and District Council service in Ireland, and I can assure the Board that the amount of labour involved in sorting these completed cards (dealing with 4,895 lives) into years of age, and further dividing them into years of service, and then performing a variety of necessary calculations, was so great as to sufficiently account for my being unable to forward this Report sooner.

Section 11 of the Bill appears to provide for the establishment of a separate Pension Fund in each Union. If this intention be carried into effect, I have to remark that it will render any attempt to forecast the cost of the scheme futile.

When it is desired to appraise the cost of a Pension scheme it is necessary to assume that the Mortality amongst the members shall conform to that indicated by the mortality Table employed in the investigation. But, to warrant this assumption, it is necessary that the number of lives involved shall be sufficiently large to ensure that the mortality amongst the members shall conform with reasonable closeness to that expected by the Mortality Table.

In some of the returns sent in to me the number of employees shown is but ten, and in others less than twenty.

Such small numbers would be wholly insufficient to yield the requisite stability in the mortality, and, by reason of paucity of data, it would be impossible to say beforehand whether a proposed contribution is adequate for the Pension to be granted or otherwise.

Another most serious objection to the establishment of a separate Pension scheme for each Union arises owing to the great difficulty which would, in the majority of instances, be experienced in profitably accumulating the contributions of the employees, which the Bill provides shall be carried to, and form part of, the common fund of the Union.

Possibly, in the large Unions where the annual deductions would form a considerable fund, the remunerative investment of these moneys could be secured, but, in the smaller Unions, it is tolerably certain that in many instances the interest yield from the investment of the deductions would be a negligible quantity.

In what follows, therefore, I have assumed that if this Bill becomes law one large Pension Fund will be set up, embracing the entire Poor Law and District Council service in Ireland, and that this Fund will be administered by the Local Government Board, or by some office charged with the duty of collecting and accumulating the percentage deductions, and of disbursing the Fund thereby created as the Pensions may require.

In the calculations I have made, I have adopted Dr. Farr's English Life Table, No. 3 (Males) as representing the mortality to be expected amongst the members of the Fund. I am satisfied that this is the most suitable Table to be employed, so far as the male lives are concerned.

But, having regard to the superior vitality usually found to prevail amongst female lives, I am not sure that in using this Table for the considerable number of female lives in the Poor Law service, I am not acting over-generously towards the Bill.

I have also assumed that the moneys to be annually paid in to this Pension Fund (see Clause 12 of Bill) will be accumulated at the rate of £3 per cent. per annum.

And I have made the following further assumptions:—

- (a.) That the Pension age shall be 65, and that retirement at that age shall be compulsory upon all officers and servants.
- (b.) That no refunds shall be made to the representatives of those who die before reaching the Pension age, and that no Pensions shall be payable to those who from any cause whatsoever retire before age 65.
- (c.) That the salaries *presently payable* shall be those upon which the Pensions will be calculated.
- (d.) That all entrants hereafter shall pay contributions adequate to the Pensions proposed to be granted.
- (e.) That the persons referred to in the Schedule attached hereto were the *exact* ages shown therein, and had completed *exact* years of service deduced by deducting the year of entry from 1901.
- (f.) That the contributions are payable at the commencement of each year.

I would specially direct the attention of the Board to these assumptions, because it will be seen that my scheme contemplates benefits much less valuable, and therefore less costly, than are proposed to be conferred by the Bill.

Under the latter, Pensions are proposed to be granted on (i.) permanent incapacity of mind or body; (ii.) at age 60; (iii.) at age 65; and (iv.) power is given to the Guardians, with the consent of the Local Government Board, to add ten years to the number of years actually served when computing the amount of a superannuation allowance.

I am well aware that assumption (c.) does not accord with the facts, as, of course, the salaries now payable will be subject to increase. But, as there appears to be no regular scale of pay in the Poor Law Service in Ireland—the remuneration of an office differing widely even in adjacent Unions—I had perforce, to make it. It is entirely in favour of the Bill. The latter provides

that the Pension payable shall be the due proportion of the average salary or wages and emoluments for the five years preceding date of retirement ; I have treated the present salaries as stationary. The difference in the deficiency brought out on the assumption that present incomes are stationary, and on the basis that they will increase according to an assumed scale will, in most cases, be very considerable.

Thus, if a person aged 35 years be appointed clerk of a union this year at a salary of £200 per annum, on the basis upon which I have obtained the results in the Schedule, I should bring out this officer as being entitled at 65 to a Pension of £100 per annum, of which Pension his annual deduction of £4 would secure but £35 16s. 5d., thus leaving £64 3s. 7d. per annum unpaid for.

If, now, we suppose the salary of this officer to be increased every five years by £40 until it reaches a maximum at age 60 of £400, in terms of the Bill the Pension to be paid him at 65 would be £200 per annum, of which sum his contributions would have secured only £48 17s. 4d. as follows :—

						£	s.	d.
Pension at 65, secured by payment of £4 per annum from age 35 to age 64, both inclusive,						35	16	5
Same secured by payment of 16s. per annum from ages 40 to 64, .						5	4	0
" " " 16s. " " 45 to 64, .						3	12	2
" " " 16s. " " 50 to 64, .						2	6	9
" " " 16s. " " 55 to 64, .						1	6	8
" " " 16s. " " 60 to 64, .						0	11	4
						£48 17 4		

thereby leaving no less a sum than £151 2s. 8d. of the Pension wholly unpaid for.

Marked attention should be directed to the assumption that all new entrants will pay contributions sufficient to secure the Pensions proposed.

This assumption is altogether at variance with the provisions of the Bill, whereby the contribution of any person hereafter joining the Fund is limited to 2 per cent. of the annual salary and emoluments, no matter what the age at entry may be.

Attached to this Report is the Table I have calculated for the purpose of the Report. From it may be seen that at *no age* therein is a contribution of 2 per cent. per annum sufficient to secure the Pensions proposed by the Bill.

Thus, at the youngest, and therefore most favourable, age it is seen that £2 per annum from age 18 to age 64 inclusive secures a Pension of £44 4s., while the Pension to be granted is proposed to be £66 13s. 4d.

And at age 35 a similar annual payment will only secure a Pension of £17 18s. 2d., while the *least* Pension by the Bill is to be £50, as this sum will be exceeded if the officer has already any back years of service to his credit.

And, obviously, as the age increases the difference between the Pension proposed and that paid for becomes more marked.

Therefore, if the Bill becomes law, the heavy deficiency shown in the Schedule is the *least* that can arise, as *every entrant hereafter* will aggravate it.

It is right that I should inform the Board that in my calculations I have taken no account of secessions—that is to say, I have ignored any profit accruing to the Fund owing to the resignation or dismissal of persons before reaching the Pension age.

No data are, I believe, available whence to deduce a rate of withdrawal.

But I do not apprehend that the withdrawals in the Irish Poor Law service will be considerable. In a scheme embracing the entire service transfers from one Union to another would not, of course, affect the Pension Fund ; and there seems to be little inducements tempting those in the service to relinquish it.

Moreover, I am of opinion that any profit from this source should be retained in hand to help towards maintaining the rate of accumulation at £3 per cent. per annum, and to go towards defraying the cost of managing the Fund (which I have not otherwise provided for).

I have now to draw the Board's attention to the Schedule to this Report. I have tabulated the particulars in this form in the hope that the whole state of matters may thereby be readily seen. This Schedule embraces every officer or servant of a Union or District Council apparently entitled to a Pension under the Bill. It includes Caretakers drawing ten shillings a year, as well as Union Clerks in receipt of substantial incomes. The Pensions secured by the deductions shown have been calculated by the Table appended hereto, as have also the present values of the portions of the proposed Pensions which the deductions fail to secure. Provision has been made for payment of the pensions quarterly, with, in the cases of those presently less than 65 years of age, a proportionate payment to date of death.

It appears from the Schedule—*carefully bearing in mind the important assumptions upon which it has been compiled*—that the percentage deductions will secure Pensions at 65 amounting to £49,802, while the Pensions proposed by the Bill will amount to £189,116, leaving thereby Pensions amounting to £139,314 to be defrayed by the rates.

In the last column of the Schedule is shown the sum, £433,677, which should now be paid over to any body undertaking the grant of the Pensions proposed by the Bill, and to ensure the solvency of the scheme.

Instead of representing the cost to the rates, to be brought about if this Bill becomes Law, by a present payment of £433,677, it may, perhaps, be more satisfactory if we assume (for the purpose of ascertaining the *annual* cost to the rates) that this sum is paid over to the Office for administering the Pension Fund by, say, the Treasury, and that its repayment with 3 per cent. interest is secured by a charge upon the rates. Under these circumstances, if the loan was to be repaid in 40 years the *half-yearly* charge upon the rates for that period would require to be £9,345 14s. 8d.

By direction of the Board I have made separate calculations to ascertain the incidence of the various classes upon the proposed Pension Fund, and I have adopted the following classifications:—

CLASS I. includes the entire intern Establishment of the Unions, the Medical Officers, Relieving Officers, Sanitary Officers, and, generally, all who are largely and permanently engaged in the Poor Law and District Council Services.

CLASS II. includes the Workhouse Chaplains.

CLASS III. refers to Nuns, employed in the Workhouses. The number of persons shown in this Class does not represent the whole number of Nuns in the Poor Law Service, as, in some cases, these ladies were omitted by the clerks when sending the cards on the ground that they would not claim Pensions.

CLASS IV. includes a number of persons employed at small salaries as Caretakers of Dispensaries, Grave-yards, &c.

CLASS V. deals with but 19 lives, and includes Analysts, Architects, Solicitors, Organists, and a few persons whose employment appeared to be merely temporary.

The following is the result of the classification:—

—	No.	Salaries and Emoluments.	Deductions from Salaries and Emoluments.	Pensions at 65 secured by Deductions.	Pensions by Bill.	Pensions unpaid for.	Present Value of unsecured Pensions.
		£	£	£	£	£	£
Class I., .	3,886	318,209	7804.83	47752.374	179558.95	131806.576	405569.98
Class II., .	305	13,383	250.97	884.600	5190.42	4305.820	18883.68
Class III., .	133	6,064	139.97	934.100	3230.05	2295.95	5575.21
Class IV., .	267	1,587	29.85	113.350	698.24	584.89	2650.60
Class V., .	19	979	21.90	118.160	438.65	320.49	997.30
	4,610	340,222	8247.52	49802.584	189116.31	139313.726	433676.77

As the Bill does not seem to provide for the grant of Pensions to those retiring with less than ten years' service, it would happen that if retirement at age 65 be made compulsory on all officers and servants, 128 present officials, receiving in salaries and emoluments £4,824 yearly, would go without Pensions. For these I have, therefore, made no calculations, and here refer to the matter as worthy of attention if a modification of the Bill is contemplated.

Cards have also been sent to me having reference to 157 "existing officers" in receipt of annual incomes amounting to £19,071 per annum.

As these officers are entitled to Pensions under the Local Government (Ireland) Act, 1898, I have not, of course, included them in my investigation which concerns itself solely with those persons whose right to Pensions would be the creation of this Bill if it became law.

I have now referred to all points which occur to me as calling for remark.

If, however, the Board requires any further information, I shall be most happy to afford it.

I am,

Gentlemen,

Your most obedient Servant,

C. E. HOWELL, LL.D., A.I.A

66, Upper Sackville-street,

Dublin, 8th November, 1901.

SCHEDULE.

SHOWING the number of PERSONS in Poor Law and Rural District Councils' service in Ireland proposed to be affected by Bill, their Salaries and Emoluments, the amount of Deductions from such Salaries and Emoluments, the Pensions at age 65, which such Deductions will secure, the Pensions proposed to be granted by Bill, the amount of Pensions proposed by Bill not paid for by Deductions from Salaries and Emoluments, and the Present Value of such unpaid for Pensions.

Age.	No.	Salaries and Emoluments.	Deductions from Salaries and Emoluments.	Pensions at Age 65 secured by Deductions in Column 4.	Pensions proposed by Bill.	Amount of proposed Pensions unpaid for by Deductions in Column (4) = (6) - (5).	Present Value of unpaid for Pensions as in Column (7).
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Years		£	£	£	£	£	£
18	2	32	64	14.145	21.33	7.185	6.97
19	6	221	4.42	93.129	147.30	54.171	54.48
20	17	600	12.00	240.910	400.00	159.090	166.05
21	16	577	11.54	220.620	384.60	163.980	177.77
22	46	1,954	39.08	711.060	1302.60	591.540	666.20
23	59	2,849	56.98	986.150	1899.33	913.180	1068.50
24	71	4,066	81.58	1342.200	2710.66	1368.460	1663.70
25	96	4,861	98.15	1534.080	3240.60	1706.520	2156.30
26	110	6,564	132.14	1960.760	4352.82	2392.060	3142.50
27	85	6,630	137.895	1941.180	4359.66	2418.480	3303.47
28	102	6,224	128.980	1721.260	4019.34	2298.080	3263.80
29	115	7,334	162.750	2057.340	4979.93	2922.590	4317.00
30	167	11,830	251.010	3003.110	7443.80	4440.690	6824.40
31	91	7,858	169.905	1922.200	4887.22	2965.020	4740.20
32	111	9,682	210.395	2248.680	5994.80	3746.120	6233.00
33	122	9,480	207.190	2089.900	5711.55	3621.650	6273.38
	1,216	81,262	1704.655	22086.724	51855.54	29768.816	44057.72

SCHEDULE—continued.

Age.	No.	Salaries and Emoluments.	Deductions from Salaries and Emoluments.	Pensions at Age 65 secured by Deductions in Column (4).	Pensions proposed by Bill.	Amount of proposed Pensions unpaid for by Deductions in Column (4) = (6) - (5).	Present Value of unpaid for Pensions as in Column (7).
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Years		£	£	£	£	£	£
	1216	81,262	1704·655	22086·724	51855·54	29768·816	44057·72
34	109	7,844	176·020	1673·880	4755·92	3082·04	5558·20
35	172	12,255	272·595	2441·120	7199·21	4758·09	8935·40
36	132	10,197	235·105	1980·200	5990·23	4010·03	7845·90
37	116	9,505	219·790	1738·870	5540·41	3801·54	7750·30
38	125	10,294	248·000	1840·410	5961·01	4120·60	8856·06
39	99	8,880	217·935	1514·740	5179·55	3664·81	8122·30
40	213	14,385	345·045	2242·520	8261·43	6018·91	13913·30
41	91	9,014	228·635	1387·040	5258·09	3871·05	9336·78
42	118	9,253	229·365	1296·350	5111·15	3814·80	9606·58
43	109	11,375	301·625	1585·010	6593·44	5008·43	13176·63
44	105	8,371	215·710	1051·540	4527·40	3475·86	9551·70
45	195	14,294	356·990	1610·350	7327·76	5717·41	16429·00
46	106	7,382	194·030	807·730	3905·34	3097·61	9313·30
47	88	5,498	142·245	544·840	2825·80	2280·96	7179·60
48	111	8,675	230·700	810·360	4498·04	3687·68	12154·50
49	79	7,232	199·100	638·950	3850·12	3211·17	11092·00
50	236	14,547	380·600	1111·240	7101·10	5989·86	21702·40
51	67	6,066	169·800	448·900	3334·94	2886·04	10977·70
52	100	8,149	218·085	519·220	3864·15	3344·93	13374·40
53	74	7,235	206·560	440·120	3954·98	3514·86	14793·00
54	85	7,077	202·070	382·540	3773·53	3390·99	15030·90
55	125	9,741	265·120	442·090	4530·77	4088·68	19114·90
56	111	9,441	266·400	387·240	4659·47	4272·23	21087·01
57	54	5,528	159·680	199·760	2815·89	2616·13	13654·10
58	79	7,100	204·950	217·120	3534·59	3317·47	18338·70
59	57	4,383	123·945	108·890	2061·46	1952·57	11445·30
60	132	8,132	236·600	167·490	3833·43	3665·94	22840·70
61	45	4,476	131·580	72·030	2246·99	2174·96	14423·00
62	48	3,958	116·485	46·200	1997·96	1951·76	13813·00
63	20	888	24·100	6·150	262·11	255·96	1937·60
64	15	800	24·000	2·960	298·72	295·76	2400·68
65	31	1,536	—	—	460·82	460·82	3981·95
66	21	788	—	—	229·57	229·57	1904·97
67	14	1,132	—	—	350·73	350·73	2792·16
68	13	370	—	—	125·43	125·43	956·99
69	5	231	—	—	70·01	70·01	511·28
70	32	1,030	—	—	333·54	333·54	2329·78
71	6	242	—	—	64·90	64·90	433·14
72	9	278	—	—	87·88	87·88	559·97
73	8	265	—	—	79·84	79·84	485·34
74	5	165	—	—	68·34	68·34	395·96
75	8	176	—	—	66·05	66·05	364·60
76	5	182	—	—	58·56	58·56	307·73
77	1	31	—	—	7·75	7·75	38·75
78	2	85	—	—	40·17	40·17	190·97
79	1	16	—	—	5·07	5·07	22·91
80	11	338	—	—	97·08	97·08	416·86
81	1	31	—	—	5·68	5·68	22·72
82	2	4	—	—	1·20	1·20	4·65
84	1	10	—	—	6·50	6·50	22·69
87	1	40	—	—	23·33	23·33	69·64
93	1	35	—	—	23·33	23·33	51·05
	4,610	340,222	8247·520	49802·584	189116·31	139313·726	433676·77

TABLE.

SHOWING (i.) the ANNUAL PENSION at age 65 which a payment of £1 at age (x) will secure; (ii.) the Annual Pension at age 65 which a payment of £1 PER ANNUM from age (x) to age 64 inclusive will secure; and (iii.) the annual payment from age (x) to age 64 inclusive required to provide a Pension of £1 per annum, commencing at age 65.

First payment of Pension three months after age 65, thence quarterly with proportionate payment to date of death.

Rate of Interest, . . . Three per cent.

Rate of Mortality, . . . English Table, No. 3 (Males).

Age (x.)	Pension at Age 65 secured by payment of £1 at Age (x.)	Pension at Age 65 secured by payment of £1 per annum, from Age (x) to Age 64 inclusive.	Annual payment from Age (x) to Age 64 inclusive, to secure Pension of £1 per annum at Age 65.
	£	£	£
18	1.0311	22.1009	.0452
19	.9943	21.0698	.0475
20	.9581	20.0755	.0498
21	.9224	19.1174	.0523
22	.8880	18.1950	.0550
23	.8546	17.3070	.0578
24	.8225	16.4524	.0608
25	.7914	15.6299	.0640
26	.7612	14.8385	.0674
27	.7321	14.0773	.0710
28	.7041	13.3452	.0749
29	.6770	12.6411	.0791
30	.6507	11.9641	.0836
31	.6255	11.3134	.0884
32	.6010	10.6879	.0936
33	.5773	10.0869	.0991
34	.5545	9.5096	.1052
35	.5325	8.9551	.1117
36	.5111	8.4226	.1187
37	.4905	7.9115	.1264
38	.4706	7.4210	.1348
39	.4512	6.9504	.1439
40	.4326	6.4992	.1539
41	.4146	6.0666	.1648
42	.3971	5.6520	.1769
43	.3801	5.2549	.1903
44	.3639	4.8748	.2051
45	.3480	4.5109	.2217
46	.3326	4.1629	.2402
47	.3177	3.8303	.2611
48	.3034	3.5126	.2847
49	.2895	3.2092	.3116
50	.2760	2.9197	.3425
51	.2629	2.6437	.3783
52	.2501	2.3808	.4200
53	.2376	2.1307	.4693
54	.2256	1.8931	.5282
55	.2139	1.6675	.5997
56	.2026	1.4536	.6879
57	.1916	1.2510	.7994
58	.1809	1.0594	.9439
59	.1706	.8785	1.1383
60	.1605	.7079	1.4126
61	.1508	.5474	1.8268
62	.1413	.3966	2.5214
63	.1321	.2553	3.9170
64	.1232	.1232	8.1169

[COPY.]

COPY OF CARD REFERRED TO ON PAGE 1.

Union of _____

Name of Officer or Servant, _____

Age next Birthday . . . YEARS.

Position in Union, _____

When appointed thereto, _____

Present annual Income payable by
 Union (including value of all
 emoluments, if any), . . . £ .