It should, however, be determined at the outset whether invalidity will establish a claim to a pension without reference to age; also, whether age will determine the right irrespective of invalidity. On a general consideration of the objects of a pension scheme I think it will be admitted that, to make it comprehensive, invalidity should establish a claim. The extra direct cost would not be much, but I have no doubt that the question of occupation will have a considerable influence on the matter. I have found, from the actual experience of superannuation funds of ministers, that the average age at superannuation is about sixty-five; but only a slight knowledge of the question is sufficient to enable one to perceive that the occupations of miner and agricultural labourer render the value to be attached to a prospective pension totally different. For instance, the miner is not a long liver. He is exceptionally subject to the risk of death by accident, and to diseases of the respiratory organs. Comparatively few would live to the pension age, and those who did live would not long enjoy it. The experience among those following agricultural pursuits is the reverse. They are exceptionally long-lived, and would probably outlast the proverbial annuitant. I have referred to these two occupations because each embraces an important section of the Victorian population, and they indicate the necessity for a distinction being made in the case of any scheme involving contributions. If once the question of pension depend on invalidity, and not on age only, a wide field is presented for the exercise of management. It has been recognised by private societies that the greatest care and circumspection is necessary to prevent imposition and malingering for the sake of a pension; and, notwithstanding all the trouble taken, it is held to be proved that no amount of care can altogether prevent the funds from being improperly used in that way. To make pensions payable on invalidity must add, therefore, enormously to the expense of mana

I am of opinion that the best results are likely to be obtained by making the amount of the pension vary to some extent with the age at which it is claimed, and that the true basis should be,—

- (a.) That every person should be encouraged to work and earn enough for his own support so long as the physical or mental capacity exist.
- (b.) That to stimulate the feeling of self-interest it would be desirable to increase the amount of pension to be drawn in such a manner that a man entering upon a pension at, say, age seventy, would receive considerably more than one entering at age sixty-five or any younger age. One would be inclined to think that so long as, say, 20s. per week could be earned as wages few would be tempted to procure retirement on a sum not greater than one-half that amount; but it is probable that the few to whom the ease of retirement would prove a temptation would be all the better of having a hope held out before them of a larger pension by persevering in work for some years longer. The question of selection, which those in the life branch of the insurance business have forcibly brought home to them in many aspects, would have a powerful effect in a matter of this kind. On the average, people may be trusted to select what is the best for their financial interests where any sort of opinion is available; and the difficulty of deciding when a man is invalided from a medical point of view makes an incentive of this nature all the more valuable.
- (c.) That in the event of invalidity commencing at a much earlier age than the probable average of sixty-five—say, for instance, fifty—the amount of the pension be practically the same as an ordinary one commencing at age sixty-five, provided the invalidity is not brought about by some accident, but is the outcome of a degenerative disease. This would not hold if the basis of the pension be the contributions paid, as in the one case these would cease fifteen years earlier than in the other, but would only apply if the State take upon itself, either in part or whole, the burden of the provision.

The following table will give a fair indication of the relative values of a pension commencing at different ages. The contribution rates are based on the Carlisle mortality at 3 per cent. interest, with no margin for expenses.

Contributions in column (a) provide for no benefit being payable in the event of the death of the contributor prior to age stated, while those in (b) provide for the return of the whole of the contributions paid.

|                      |     | Pension to commence at the Age of |                   |                        |                        |  |                         |                       |                          |                    |           |                     |                         |                       |                         |                        |   |     |                        |                       |         |                         |                       |  |     |
|----------------------|-----|-----------------------------------|-------------------|------------------------|------------------------|--|-------------------------|-----------------------|--------------------------|--------------------|-----------|---------------------|-------------------------|-----------------------|-------------------------|------------------------|---|-----|------------------------|-----------------------|---------|-------------------------|-----------------------|--|-----|
| Present Age.         |     | 60.                               |                   |                        |                        |  | 65,                     |                       |                          |                    |           | 70.                 |                         |                       |                         |                        |   | 75. |                        |                       |         |                         |                       |  |     |
|                      |     | (a.)                              |                   |                        | (b.)                   |  | (a.)                    |                       |                          | (b.)               |           |                     | (a.)                    |                       |                         | (b.)                   |   |     | (a.)                   |                       |         | (b.)                    |                       |  |     |
| 20<br>30<br>40<br>50 | ••• | £<br>1<br>2<br>4<br>10            | s.<br>5<br>3<br>3 | d.<br>6<br>6<br>9<br>7 | £<br>1<br>2<br>4<br>11 |  | d.<br>10<br>3<br>8<br>8 | £<br>0<br>1<br>2<br>4 | s.<br>15<br>4<br>5<br>18 | d.<br>0<br>11<br>5 | £ 1 1 2 6 | s.<br>0<br>13<br>18 | d.<br>0<br>1<br>10<br>0 | £<br>0<br>0<br>1<br>2 | s.<br>8<br>13<br>3<br>6 | d.<br>2<br>3<br>4<br>8 | 0 | 13  | d.<br>7<br>1<br>5<br>8 | £<br>0<br>0<br>0<br>1 | 6<br>10 | d.<br>10<br>2<br>7<br>2 | £<br>0<br>0<br>1<br>2 |  | _ ` |

Table I.—Table of Annual Contributions as above for Pension of 5s. per Week.

As illustrative of the increased pension which would be properly granted on account of the recipient postponing the date of his retirement, the following table is given:—