

1943
NEW ZEALAND

ACTUARY'S REPORT ON THE VALUATION OF THE
NATIONAL PROVIDENT FUND

AS AT 31ST DECEMBER 1942

Laid before Parliament in pursuance of Section 73 of the National Provident Fund Act, 1926

Wellington, 3rd December, 1943.

1. In accordance with the provisions of section 73 of the National Provident Fund Act, 1926, as amended by section 8 of the National Provident Fund Amendment Act, 1942, I have the honour to submit the following report on the National Provident Fund as at 31st December, 1942.

2. The Fund is divided broadly into two sections the Main Fund, established in 1911 to enable individuals to purchase pensions commencing at age sixty, and the Local Authorities' Section, established in 1917 to provide pension facilities for employees of local authorities. In the former, membership is voluntary, new members being enrolled by representatives of the Department appointed for the purpose, while in the latter membership as contributors on behalf of their employees is compulsory in respect of Hospital Boards and optional for other local authorities.

Employers other than local authorities are accepted as contributors on behalf of their employees under both the Main Fund and the Local Authorities' Section. The published accounts of the Department relate to the whole Fund, and in consequence the financial positions of the two sections cannot be viewed separately.

3. The receipts and expenditure of the Fund for the quinquennium 1st January, 1938, to 31st December, 1942, were as follows :—

CONSOLIDATED REVENUE ACCOUNT, 1ST JANUARY, 1938, TO 31ST DECEMBER, 1942			
<i>Income</i>		<i>Outgo</i>	
	£		£
Amount of Fund at 1st January, 1938 ..	4,992,587	Maternity claims—	
Contributions	1,593,826	National Provident Fund members ..	6,328
Interest, less investment expenses ..	1,108,555	Approved friendly-society members ..	63,338
Fines	1,962	Refund of contributions on lapse, withdrawal, &c. ..	516,992
State subsidies	392,370	Incapacity allowances	46,861
Refund of maternity claims by State ..	69,631	Death claims—	
Benefits refunded on exit	83,668	Refund of contributions	170,745
Miscellaneous receipts	21	Widows' and children's allowances ..	63,325
Refunds unclaimed	4,517	Retirement allowances	447,941
Premiums on conversion	5,751	Investment Fluctuation Account	75,000
		Amount of Fund at 31st December, 1942 ..	6,862,358
	£8,252,888		£8,252,888

4. All contributions paid by contributors—with minor exceptions noted in paragraphs 7 and 8— attract a 25-per-cent. State subsidy, and, in addition, expenses other than the charges by the Public Trustee for his administration of the assets of the Fund and legal charges incurred in connection with investments are met by the State. The Public Trustee's charges and legal expenses have been regarded as investment expenses and deducted from interest in the Consolidated Revenue Account. The State also guarantees the solvency of the Fund.

Prior to 1939 members of the Fund received, subject to certain limitations as to income and duration of membership, a payment of £6 on the birth of a child or children. Members of approved friendly societies attracted a like benefit, the payments being made through the National Provident Fund. In both cases the sums so paid were recovered from the State. The benefit is payable now only in cases where a full maternity benefit has not been paid under the Social Security Scheme. Payments under this heading have fallen from £40,602 in 1938 to £74 in 1942.

5. The average annual rates of interest credited to the accumulated funds for each year of the quinquennium were as follows :—

Year ended 31st December,	Average Rate of Interest, per Cent.		
	£	s.	d.
1938	3	18	9
1939	3	19	3
1940	3	18	11
1941	3	18	0
1942	3	16	0

In calculating the above rates investment expenses have been deducted from interest, and allowance has been made for the fact that the State subsidy taken credit for in the accounts of any year is not received until some months later.