

ast line' from 'the bottom, where the witness says "ten times as fast as it does after that," it should read "five times," &c. (iv.) On the next page, about half-way down, the witness makes reference to the favourable mortality experienced by insurance offices. Well, it is desirable, I think, to point out this: the favourable mortality referred to in the reports of life-insurance companies arises largely from the lives insured having been carefully selected after passing a strict medical examination, quite recently in a considerable proportion of cases. The mortality tables I have employed in these calculations relate to the general population of a large number of healthy districts in England, the majority of which population would not be as well provided for as the body of teachers under consideration. A decrease in the mortality acts against the fund when pensions, or annuities, are the chief benefits provided, and the above standard would hardly be a safe one for a private association unless some addition were made. The mortality employed will barely cover the real cost, and no saving may be looked for from that source. (v.) Further on the witness goes on to the question of the high rate of interest obtained in insurance offices. On this point I merely have to say that, although some margin will arise if the investments produce 4 per cent. interest (my estimates being on a $3\frac{1}{2}$ -per-cent.-interest basis), it is not likely to be lasting, and in any case will probably not be more than sufficient to provide for the miscellaneous benefits not directly allowed for in the calculations. (vi.) In fact, all margins of profit which are added by life-insurance companies for safety and to furnish the periodical bonuses have been omitted in my calculations, and only the bare cost of the benefits is included. I notice that in two or three parts of the evidence certain witnesses insist on calling attention to what they consider the strictness of the methods adopted, and state that all the liability I have provided for is not really involved in the scheme. Well, I think it is desirable to go into this matter once for all. I have explained about the mortality; there is no margin here. I have also explained about the interest, that I consider it will all be required. Then, as to loading, none whatever has been imposed. Neither has any charge been made for the special treatment proposed for those retiring prematurely through ill health. On the other hand, in the case of a member dying and leaving a widow an additional sum of £200 is provided for her in the calculations; but according to the provisions of the Bill this may not be all spent before she dies, and any balance left would benefit the fund. It has, however, been asked by one or two witnesses that if any children are left under fourteen they should have the balance of the £200. Next, the contributions paid are returned without interest at premature retirement or death; in the cases of death of both males and females, and premature retirement of females, this has been allowed for in the calculations; in the remaining case of premature retirement of males the interest saved will benefit the fund to a certain extent, but it will not amount to very much. Finally, any fluctuations are just as likely to be unfavourable to the scheme as not. It is clear that I have not loaded the calculations in the slightest, and I come to the conclusion that there is very little chance indeed of any favourable deviation on the whole. (vii.) Then, at the top of page 6, the witness refers to me with regard to women living longer than men. He says, "I believe that once a woman arrives at the age of fifty she then lives two or three years longer than a man. Perhaps Mr. Fox can tell us as to that." And I reply, "I can only say that experience shows that after about that age female life is better than male life." I would point out that I was thinking principally of insured male lives when I said that. Generally speaking, female life is better all round than male life. The lives of insured women are worse than those of insured men up to from forty-four to fifty, but afterwards they are better, and this may largely be accounted for by the fact that in the very serious times of life for women, when they pass medical examinations for insurance the doctors have not been, in the past at any rate, so strict as with men, and weak points have consequently passed without being discovered. (viii.) On page 6 again, at question 60, with regard to the maximum and minimum, the witness seems to think that fixing the maximum at £200 would largely compensate for a minimum pension of £52. This is not so. If the pension is limited to £200 it will make very little difference to the present members or to the liability, for to obtain a pension of £200 a man would have to receive an average salary of £600 for twenty years or £400 for thirty years, and the chance of his qualifying for a higher pension is extremely remote. On the other hand, taking the present average salaries, females of thirty-two and upwards and males of forty-eight and upwards have their pensions increased by the minimum of £52, the increase in the total liability under this head amounting to fully £79,000. (ix.) As to the inclusion of house allowance in the salary for pension purposes, it has been suggested that this might be done. By how much would it be likely to increase the liability? The minimum pension, taking average salaries, comes in at age 32 for females, and 48 for males, and if the average salary is increased by house allowance it will decrease the liability above the ages mentioned and increase it below them. The contributions would also be increased, and the net effect would not be great either way. (x.) As to an allowance to children under fourteen after the death of the widow, which I referred to just now, this is provided for in the calculations. I have assumed that the £200, plus return of subscriptions, is paid in one sum. The Bill provides that an annuity may be purchased with the amount; but not less than the return of contributions or balance of three years' pensions, as the case may be, is paid if the widow dies. (xi.) I was asked what effect on the scheme a large increase in salaries would have, and I had to give an indefinite reply. I say now that the net effect on the scheme of such increases cannot be seen readily, because some of the benefits are not functions of the salary, and the ages of the recipients will also make a difference. (xii.) A lady witness proposed an addition to clause 13 as follows: "Every woman who has attained the age of fifty shall have the option of retiring and receiving an annuity equal to the present value of the annuity which would have been due to her had she continued to serve until she reached the age of fifty-five." By how much should her annuity be reduced if this were allowed? I now reply that it should be reduced by 30 per cent. (xiii.) Then, with regard to clause 4 of the Bill, subsection (3): "If he does not so elect"—that is, to join the scheme—"he shall not at any future time become a contributor to the fund, or participate in its benefit, except on the payment of such sum and on such conditions as the Board determines." This section provides for a teacher being allowed to buy into the scheme, if he does not think fit to join it at the start,