

An annual subsidy of 67 per cent. and 78 per cent. of the contributions in the case of males and females respectively, amounting as it does to less than 5 per cent. of the salaries, would therefore be quite a normal amount to pay for the benefits accruing to the State from the existence of a sound pension fund; and though from the actuarial point of view it would not greatly matter whether the subsidy were based upon salaries or upon contributions, the latter method has the merit of making fairly clear what each party is doing. In this connection it may be mentioned that up to the end of 1916 the employees had contributed £1,023,080 as against the £300,500 contributed by the State. The percentages I have quoted are subject to the proper flow of new entrants. If the fund were closed to these at any time the position would have to be reviewed.

Wellington, 25th May, 1918.

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APPENDIX.

TABLE I.

THE BENEFITS AND CONTRIBUTIONS PROVIDED FOR BY THE ACT.

Contributions	The contributions vary according to the age at the time when the first contribution becomes payable, and are as follows:—					
	Age 30 and under	..	..	..	..	5 per cent. of pay.
	Over 30 and not exceeding 35	..	..	..	..	6 "
	" 35 "	40	..	..	..	7 "
	" 40 "	45	..	..	..	8 "
	" 45 "	50	..	..	..	9 "
	" 50 ..	..	..	..	..	10 "

I. On Attainment of Pension. Males at Age 65, or after Forty Years' Service; Females at Age 55, or after Thirty Years' Service.

(1.) A pension of one-sixtieth of yearly salary for each year's service, with a limit of forty-sixtieths (two-thirds) of salary. Maximum pension for entrants after 24th December, 1909, £300.

(2.) Or the option, in lieu thereof, of a return of total contributions.

(NOTE.—The Minister in charge of a Department may retire contributors on pension in the following cases:—

(a.) Where the age of a male contributor is not less than 60, or of a female contributor not less than 50.

(b.) Where the age of a male contributor is not less than 55, if his length of service is not less than thirty years.

(c.) Where the length of service of a male contributor is not less than thirty-five years.

In any such exceptional cases the Minister may impose upon the retiring contributor such terms and conditions as to payments into the Fund or otherwise as he thinks fit.)

II. On Retirement before Pension Age (on the Grounds of being medically unfit for Future Duty).

(1.) At any time, on the certificate of two doctors approved by the Board, a pension of one-sixtieth of yearly salary for each year's service, limited to forty-sixtieths.

(2.) Or the option, in lieu thereof, of a return of total contributions.

(Where officers of the Police Force are incapacitated by injuries received on duty the Board may increase the pension up to three-fifths of salary.)

III. On Retirement before Pension Age (on other Grounds than Medical Unfitness).

(1.) On voluntary retirement or dismissal for misconduct, a return of total contributions.

(2.) On compulsory retirement for any reason other than misconduct, after twenty years' service, a return of total contributions with $3\frac{1}{2}$ per cent. compound interest.

IV. At Death, whether before or after becoming entitled to a Retiring-allowance.

(1.) Leaving no widow or children: A return of total contributions less any sums received from the Fund during lifetime.

(2.) Leaving a widow:—

(a.) £18 yearly during widowhood; or

(b.) A return of total contributions, together with such compensation (if any) as the contributor would have been entitled to receive from the Consolidated Fund on compulsory retirement, less any sums received from the Fund during lifetime. (If death occurs before retirement the compensation is paid from the Consolidated Fund; if after retirement, from the Superannuation Fund.)

(3.) Leaving children: 5s. weekly to each child until age 14.

(NOTE.—The contributions and pensions are payable monthly, and the pensions are computed on the average salary for the last three years.)