

1919.
NEW ZEALAND.

NATIONAL PROVIDENT FUND.

ACTUARIAL EXAMINATION FOR THE TRIENNium ENDED 31ST DECEMBER, 1916.

Laid before Parliament in pursuance of Section 24 (3) of the National Provident Fund Act, 1910.

REPORT

BY THE ACTUARY APPOINTED BY HIS EXCELLENCY THE GOVERNOR-GENERAL TO MAKE THE ACTUARIAL EXAMINATION OF THE NATIONAL PROVIDENT FUND FOR THE TRIENNIAL PERIOD ENDED 31ST DECEMBER, 1916.

I HAVE the honour to submit the following report on the National Provident Fund as at the 31st December, 1916, as required by section 24 of the National Provident Fund Act, 1910.

This statute, which is described as an Act to encourage the making of provision against destitution arising from old age, sickness, widowhood, and orphanage, came into operation on the 1st January, 1911, and its scope has been considerably widened by subsequent legislation.

The principal Act established the National Provident Fund, administered by the National Provident Fund Board. Under the amending Act, 1914, No. 1, the powers of the Board have been largely extended with a view to the establishment of superannuation schemes for the employees of local authorities, and many such corporate bodies have been accepted as contributors by the Board in exercise of the powers conferred by this Act. These contracts, however, do not enter into the accounts of the fund until 1917, and hence do not come within the scope of the present valuation.

The provisions of the Finance Act, 1916, relating to social insurance admit members of friendly societies to the benefits of the National Provident Fund on special terms, but as this part of the Act did not come into operation until the 1st January, 1917, it does not affect this valuation.

The benefits and contributions provided by the principal Act, together with statements showing the progress of membership, and the prospective liabilities incurred in respect to contributions on the one hand, and the number of 10s. pensions contingent on the attainment of age sixty on the other, will be found in the appendix, Tables I, II, and III.

It may be briefly stated that a member entering the fund is entitled to maternity benefit on the birth of a child, and after five years' membership to allowances, in the event of incapacity or death, dependent on the number of children under fourteen years of age. On attaining age sixty he receives a pension. In the event of withdrawal, or death without children, the contributions are refunded. The benefits are set out more explicitly in Table I.

In Table I will also be found the schedule of weekly contributions, ceasing at age sixty, which are charged to members. From this schedule it is apparent, when the high cost of providing deferred annuities commencing at age sixty, in conjunction with the other benefits, is considered, that members are charged very moderate rates.

The scheme is subsidized by the State, which bears all expenses of management, provides the maternity benefits by an annual parliamentary grant, and pays into the fund each year a sum equal to one-quarter of the total contributions received from members in the previous year. Four-fifths of the total annual contributions to the fund are thus paid in weekly instalments by the contributors. The remaining fifth part, or 20 per cent. of the total annual contribution, is received on the average about twelve months later, and is provided by the State.

It may be mentioned that the contributions for a £1, £1 10s., and £2 pension are proportionately more adequate than those for a 10s. pension, owing to the other benefits not being increased; the State subsidy is nevertheless upon the same scale, and hence the subsidies for these higher pensions, being a little more than required, virtually form an indirect addition to the subsidies on the 10s. pensions.

The statistics in respect to the numerical progress of membership, given in Table II, show that 9,847 persons, comprising 9,102 males and 745 females, were contributing at the 31st December, 1916. These figures represent net increases of about 69 per cent. and 81 per cent. respectively in the number of male and female contributors on the books at the beginning of the triennium. No pensions had been claimed prior to the valuation date. The ages of members then contributing both at that date and at their date of entry into the fund, together with their weekly contributions, and the number of 10s.-per-week pensions contracted for, are shown in Table III.

The income and outgo of the fund during the three years are shown in the Consolidated Revenue Account, which is as follows:—