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**Mayor's Pension
Committee**

1913, Dec.

The Mayor's Pension Commission met in the Reception Room of the City Hall Friday, December 5, 1913, at 4 P. M.

Present: Mr. Perkins, Mr. Pollak, Mr. Priol, Mr. Hanks, Mr. Williams, Mr. Wolfe, Mr. Haag, Alderman Bolles and Mr. de Roope.

Absent: Mr. Bruere, Mr. Creelman, Mrs. Cothren, Alderman Frank L. Dowling and Mr. Daniel Harris.

Mr. Haag reported that he had mailed to the members of the Commission the synopsis of existing New York City pension systems which he had been asked to prepare.

Mr. Perkins reported for Mr. Bruere that the latter's data regarding Police pensions would be available in three or four days.

Mr. Perkins asked Mr. Wolfe to go over the ground covered in Mr. Wolfe's letter to Mr. Bruere.

Mr. Wolfe, proceeding, questioned whether it is necessary for this commission or whether it was the intention of the late Mayor to go into every detail of the existing systems and attempt to remodel them and place them on a sound actuarial basis rather than on a current cost basis, and recalled the remark made in the previous meeting that any such attempt involving increased contributions from employees or decreased pensions or annuities would meet with determined opposition. Mr. Wolfe said he had been under the impression

that certain general principles could be arrived at by the members of the Commission as the basis for pension plans, and that there is sufficient technical skill to enable us to arrive at the figures required.

Mr. Williams asked why we should not start in to end the present systems as soon as possible, and make a new start, treating the employees of the City exactly as they should be treated, calling a pension a pension, a savings fund a savings fund and an annuity an annuity. The name pension, he said, suggests too much of charity. Why not treat the moneys paid the policemen and firemen as compensation for accidents or for the care of dependents in the event of death? Protect all of the equities that exist today, but weed out the evil of a system in which the cost will eventually equal the payroll of the active force. All these phases should be covered by this Commission with the idea of having suitable provision incorporated in the proposed new City charter. Is it not a waste of time to patch up these obsolete systems?

Mr. Perkins said that his interest would be along these lines; that he would like to do something constructive that the people fifteen or twenty years hence would think well of, that he did not think much could be done with the present systems for the reasons advanced by Mr. Williams.

Mr. de Rodde argued that there is a moral obliga-

tion on the part of the City to carry out its contract with men now in the service, and that we should start out with the idea that these existing rights should not be disturbed as to people now in the service, except that possibly, under pension provisions which are now optional with the City, we can provide for the exercise of that option at a later date; for instance, where it is optional now with the City whether an employee shall be retired at 55, or 60 or 65, it can be provided, in order to reduce expense that no retirement shall be made before 65; but where it is mandatory after 25 years of service we should not attempt to change it. As to all persons entering after the adoption of the Commission's plan, they can be treated along constructive lines - a new single pension plan, subdivided to meet the different classes of employees. And an employee under one subdivision might be permitted, under certain circumstances, to elect to transfer to another.

Mr. Priol thought the most useful service the Commission could render would be to study existing systems of government pensions so as to make a report, even if the point of drafting a bill were not reached. Sound principles could be laid down in accordance with which a pension system should be established. It might be well also to find out the Mayor-elect's preference as to continuing, or not, the present Commission, and if the Commission is to go on,

what his ideas are as to the ground which should be covered.

The Chairman expressed his willingness, if the Commission desires, to interview Mr. Mitchell. What he would like to see undertaken, he said, would be to have furnished a brief, clear statement of just what each pension scheme or retirement scheme or savings scheme is in each department, in such shape that the principle on which it works can be seen; then compare that with some of the systems in other cities and in great industrial concerns. If there are no savings fund or death benefit schemes in the City of New York today, the City ought to be able to afford it. While vested interests of employees cannot be disturbed, a great many of them would undoubtedly fall in with the new plan. It is not a matter of what it costs. Ultimately they have got to pay it in one form or another. Lack of such an incentive results in poor efficiency, which is the poorest kind of economy.

Regarding the much-discussed question of existing rights of City employees, Mr. Wolfe drew attention to the fact that a bill is to be introduced in the Legislature to increase the contributions of the teachers to their retirement fund in order to prevent insolvency. He spoke, with Mr. DeRoche's approval, of an annual contribution of 7-1/2% as about what such a pension plan would cost.

Mr. Williams thought these figures very high. Mr. deRoode said he referred to retirement after forty years of service on a basis of two-thirds of the average annual salary. The cost, it developed, depends upon whether a compulsory savings fund or what is ordinarily understood by a pension system is considered.

Mr. de Roode argued the distinction that payments from the teachers' retirement fund is dependent upon the solvency of that fund, whereas the police join the force on the definite understanding that after 25 years, he thought, upon reaching the age of 35, they had an absolute right to retire.

Mr. Williams argued against any moral obligation on the part of the City to continue to obligate itself to retire on a pension an able-bodied man at the age of forty or forty-five. The "soldier's risk" which the police and firemen take should be provided for, in the event of disability by a disability fund.

An instance was cited of one man drawing a pension as a civil war veteran, as a retired police officer, now drawing a salary in another department and soon to be eligible for retirement in the graded city service.

Mr. Prial and Mr. Hahlo pointed out the desirability of determining, first, the ideal system, and, second, the

measures necessary to merge existing funds therewith.

The Chairman defined a pension as a sum of money paid to a person after a number of years faithful service who reaches an age that, on the average, is the age at which a person should no longer be expected to do active work.

Mr. Williams spoke of a pension as a deferred annuity, accruing as a right to an employee through the increasing value of continued service for one employer, which the employer should include ^{as part of} in the cost of his labor.

Mr. Haag referred to Mr. Perkins' speech at the Hippodrome as summing up the matter.

Mr. Wolfe reverted to the matter of whether it is necessary or proper to secure the new administration's approval before proceeding.

Mr. Perkins considered it a duty to a newly-elected administration.

Mr. de Roode thought most salutary Mr. Perkins' remarks about disregard of cost in arriving at the proper basis for an ideal pension system, and, with Mr. Haag, argued that if not paid in the form of pensions, it is paid in some other way; to which Mr. Perkins rejoined that a pension plan should be absolutely mutual and beneficial, not to be regarded as wasteful expenditure but in the same spirit as payroll payments. On that basis, he said, the cost to the City is big and the value received is big.

Motion was made and seconded that the Chairman be a committee to interview the Mayor-elect regarding plan of procedure and report at next meeting.

Mr. Williams suggested that the Commission proceed at first without an appropriation.

The Chairman agreed that it would be better to do so. He thought the aid of some of the men in the big corporations, familiar with pensions, might be secured, and that perhaps one or two of them might be added to fill vacancies on this Commission.

On motion, meeting adjourned to the call of the Chair.

The Commission appointed by the Mayor to draft a scientific pension law for the City of New York met in the Reception Room of the City Hall Friday afternoon, October 10, 1913.

There were present: Mr. George W. Perkins, Mr. John A. Bolles, Mr. Henry Bruere, Mr. James Craseman, Mr. Albert de Roode, Mr. Joseph Haag, Mr. Francis D. Pollak, Mr. Frank Priol, Mr. S. Herbert Wolfe, Mrs. Frank H. Cothren, Mr. Arthur Williams by Mr. Haumuller, and Mr. Louis Mahlo, Assistant Corporation Counsel, the last-named appearing to give such legal advice on behalf of the City as the Commission might require.

The Mayor welcomed the Commission, spoke briefly concerning the necessity for the work the Commission is to undertake and its magnitude, and invited the Commission to call upon him for any cooperation which lay in his power to give them.

Mr. George W. Perkins was elected Chairman of the Commission and Mr. Henry Bruere, Secretary.

Mr. Mahlo suggested that the Commission might well determine, before proceeding further, in whom the power to grant pensions should be vested, the length of ser-

vice requisite to eligibility for pensions, the amount of pension; while, in the meantime, the Law Department could reach a conclusion as to whether or not the result of the Commission's work should be put in the form of an ordinance for adoption by the Board of Aldermen or the Board of Estimate and Apportionment or prepared as a bill for submission to the State Legislature. He assured the Commission that the Law Department expects to cooperate in the work to the fullest extent. Mr. Kahle assumed, he said, and in this the Chairman concurred, that the Commission's power is limited to reporting its recommendation to the appointing power - that no power existed to carry its ideas into effect.

The Chairman was assured that Secretary Haug, of the Board of Estimate and Apportionment, would be able to furnish much valuable information concerning existing pensions for civil employees. It developed that no funds are at present available for the Commission's use, and that to go into the actuarial phase of the pension question would cost a large amount of money; also, that Alderman Bolles is Chairman of a Committee of the Board of Aldermen on Pensions, and, as he suggested, it might be advisable for the two bodies to cooperate and that said Aldermanic Committee might be of assistance in securing funds.

Mr. Haag suggested the advisability of appointing a committee of two or three to gather data regarding existing pension schemes in the City so that the Commission might be informed regarding the inconsistencies in said systems, and said that such information could be promptly collated for the Commission's use.

The question was raised as to whether information is available regarding the ages of city employees and the number within certain ages.

Mr. Creelman spoke of the desirability of retiring, without disgrace or humiliation, through pensions, the large number of employees who have served the City long and faithfully but are now superannuated, and adduced Mayor Gaynor's letter agreeing with his view that employees long in the City's service become incapacitated for service elsewhere.

Mr. Haag suggested that we should decide, for instance, whether the minimum age for retirement should be 60 or 65, whether the length of service prior to retirement should be 20 or 25 years, that it should be ascertained how many men are now employed over 55 years of age, and that the probability of life and the rate of retirement should be balanced against the increased ex-

ficiency of the younger men who will take the place of retiring pensioned employees, and asserted that much of this data is available concerning certain departments of the City.

Mr. Bruere spoke of the necessity for developing; first, the actuarial facts that must be faced; second, the principles on which the Commission is to proceed - to determine, for instance, whether an employer's liability feature is to be incorporated, whether there is to be a death benefit, etc.; and suggested that a sub-committee be appointed to consider each of these phases of the pension matter, and that when these two committees report, the Commission would have a basis upon which to put its work into concrete form.

Mr. Wolfe said he thought the teachers would be glad to place at the Commission's disposal the data which he had gathered for them last year regarding teachers' pensions. He believed that the German and Belgian pension systems were not adapted to conditions in this city, and thought this Commission should strike out along new lines.

Mr. Bruere said that his organization had made a complete study of the New York Police Pension Fund, and is now studying the Teachers' Pension Fund. A calculation has been

based on the existing pension roll and the existing force. The results of the study of the Police Fund are most astonishing. No doubt the Aldermanic Committee would release the data for the use of this Commission. He urged the impossibility of concluding a recommendation until the financial strains involved are known. The data should be available in two or three weeks.

Mr. Creelman called attention to the fact that in the Street Cleaning Pension System there is no age limit as in other pension systems.

It was brought out that the Commissioners of Accounts had called attention to this discrepancy.

Mr. Creelman also spoke of the information available on the cards of the Standardization Committee, regarding employee's history, age and civil service standing, and added that the Civil List has been copied in triplicate for this Commission.

Mr. Friel spoke of the availability of many reports, for instance, the report of the Citizens' Union on Pensions, of the Civil Service Associations with especial reference to Federal pensions, of the valuable work of Mr. Herbert D. Brown, the report published by the Massachusetts Legislature in 1910, and of the pertinence of Mr. Bruere's suggestion regarding separate committees, one to develop principles and another data.

Mr. Newmiller said that the Edison Company has collected a large amount of data which he thought Mr. Williams would be willing that the Commission should use.

Mr. Priol spoke of having copies sent to the members of the Commission of the data gathered by the Citizen's Union in connection with the suit to test the constitutionality of the general pension law of this state, in which is tabulated the pension laws of the states and cities of the United States. It would be seen, he said, that existing laws, like assessment insurance, do not take into consideration the actual expenses to be met, but depend on raising the money largely as the need arises.

Mr. De Roope pointed out that while it is necessary that pension systems of various city departments be harmonized and brought under one control, the Commission should be careful not to disturb "quasi-vested interests" of present and prospective beneficiaries of existing pension systems, but should work rather to get rid of any evils that exist as gradually as possible. This position was generally concurred in, except that it was questioned whether it is practicable to bring the Teachers' Retirement Fund into the general scheme. It was agreed that publicity should be given to the fact that this Commission does not plan to rob City employees of their existing rights to pensions.

Mr. Breere spoke of the desirability of having the principles governing pensions discussed in the light of actual experience and of cost. Cost, he emphasized, will have to be reckoned with.

Mr. Creelman said that whereas the Fire Department and the Street Cleaning Department and the Police Department pensions are based on the hazards of service, it is his understanding that the Mayor desired a pension system applicable to the whole municipal service, based not upon hazards but upon the economic idea of retiring old people; and therefore we must get some idea as to how many of these employees there are and are to be - their general average of ages - in order to estimate the expense.

It was decided to appoint three committees to serve until the next meeting.

Mr. de Roode was appointed Chairman of a committee to present to the next meeting a recommendation as to the principles and features which should be embodied in the proposed pension system. He is to appoint another to work with him, notifying the Secretary of his selection.

Mr. Haag was appointed Chairman of a committee to gather data regarding existing pension systems. He selected Mr. Frial to work with him.

Mr. Perkins and Mr. Breere agreed to act as a committee

on the plan of procedure.

After agreeing that the next meeting should be held Friday, October 31st, in the same place, the Commission adjourned.