

longer continue. He needs service to adjust himself in a new occupation. We are able to provide that service for him.

Senator KING. Would those activities conflict with the labor organizations that are set up by the Federal Government in cooperation with the States?

Mr. WALTER. No, sir. Under the Wagner-Peyser Act, we cooperate under the compensation boards and other agencies. There is no conflict there at all.

Senator KING. It seems to me, and this is merely an aversion of my own view, if we could consolidate a lot of these organizations and bureaus and departments of the Federal and State agencies, it would be a good thing, a wise thing. We are operating these bureaus and organizations and increasing the personnel until I am told that about 1 out of every 5 or every 7 persons, certainly of adults, is on either the Federal or State or municipal pay roll.

Mr. WALTER. Well, I am not here to discuss that subject; I am not familiar with the figures.

Senator KING. It seems to me that the multiplicity of organizations calls for consolidation. That is all.

The CHAIRMAN. Was there something further, Mr. Walter? Do you want to put any remarks in the record?

Mr. WALTER. I would like to have the suggested amendment included in the record, and the excerpt from the report of the Committee on Economic Security.

The CHAIRMAN. That has been put in.

Mr. WALTER. Thank you very much.

The CHAIRMAN. The next witness is Mr. George A. Huggins.

**STATEMENT OF GEORGE A. HUGGINS, CONSULTING ACTUARY, PHILADELPHIA, PA., MEMBER OF EXECUTIVE COMMITTEE, CHURCH PENSIONS CONFERENCE; ACTUARY FOR MINISTERIAL PENSION FUNDS OF VARIOUS DENOMINATIONAL BODIES SUCH AS PRESBYTERIAN IN THE UNITED STATES OF AMERICA, PRESBYTERIAN UNITED STATES, UNITED PRESBYTERIANS, DISCIPLES OF CHRIST, CONGREGATIONAL, METHODIST EPISCOPAL, SOUTHERN BAPTIST, AND OTHERS**

Mr. HUGGINS. I represent a group of workers who have not been a social care on the communities in which they live in their age or disability, for the reason that they have been cared for by the groups whom they serve. I refer to the Protestant clergymen and preachers.

The Church Pensions Conference, which has held a special meeting in Washington, February 4, 1935, to consider the Economic Security Act, is an organization which includes the pension systems of 22 denominational bodies in the United States of America and one in Canada, together with the retirement systems of the Y. M. C. A. and the Y. W. C. A.

These 22 denominations include 109,581 ministers serving 135,250 Protestant churches with 25,385,549 members, distributed among the three Presbyterian bodies, Methodist North, and South, Baptist North and South, 5 Lutheran bodies, both Reform churches, Episcopal, Congregational—Christian, Disciples of Christ, Evangelical, Nazarene, United Brethren, Unitarian, and Universalist.

The 22 denominational pension systems have combined assets of \$155,000,000, using round figures, of which \$71,650,000 constitute endowment funds, and \$83,350,000 reserve funds.

Senator KING. Consisting of what?

Mr. HUGGINS. High-grade bonds, a small proportion of stocks, a proportion of first mortgages secured by real estate—urban, suburban, and farms—and a small proportion of real estate, some of which has been acquired recently under foreclosure proceedings.

Senator KING. How many organizations are there that control or have the control of or who are the depositories of these securities?

Mr. HUGGINS. As a general rule, these boards are incorporated agencies of their denominational bodies. In two cases they are departments of the general church body, but in most cases they are separate corporations under the direction of the governing bodies of the church, and, in a few cases, also, they are under the supervision of the insurance department.

Senator KING. I was just wondering how many such agencies there were who held these \$155,000,000 of securities.

Mr. HUGGINS. We represent 25, and then there are a number of smaller ones in the smaller denominations. Probably there are an additional 10.

The CHAIRMAN. What is it that you want done?

Mr. HUGGINS. Briefly, the provision which we have been making, and some of these agencies have been in existence—one of them since 1717, and another one since 1837—the provision which we are making for our aged ministers is generally larger than contemplated under the governmental contributory plan, and that is particularly true during the early years of the development of the new plan. For example, the Episcopal pension fund today is paying pensions as high as \$1,500 with an average of almost \$1,000.

Senator KING. That is to the ministers?

Mr. HUGGINS. Yes, sir.

The CHAIRMAN. What is the age limit when you give pensions, generally speaking?

Mr. HUGGINS. Sixty-five, and, in some of the groups, 68 is the minimum retirement age. In addition to that, we provide quite substantial disabled pensions to those who become totally and permanently disabled prior to attaining retirement age.

We have had another problem, and that is that we have always considered the wife as part of the manse or parsonage and therefore we make quite substantial provision for pensions of widows and minor orphaned children. As a result of that, wide coverage, we have developed pension systems operated on the contributory-reserve plans on the actuarial basis that are supported by contributions which are the equivalent of 6 percent of the salary, and in some cases, 7½, and in others 10, and in others, 10½ percent. In other words, we have created, in some of these groups, quite substantial systems supported on quite a liberal basis in order to give this wide coverage, which is far wider than is generally given in industrial pension systems.

Our point is this: We are in entire sympathy, being religious leaders, with economic security for workers, but we are disturbed as to the effect of the Government contributory plan on our pension systems, for the reason that we will have to maintain some systems anyway in

order to take care of the men whose wages are over \$250 a month, and they represent, on the average, about 15 percent of the total group. It naturally varies somewhat in the denominations, but it averages about 15 percent of the total group. Then we would have to take care of the disabled, because they do break down in this form of service. We would have to take care of the widows and the minor orphans. It would be very difficult for us to get the churches and individuals to contribute to these funds which we will have to maintain in addition to the earnings and excise tax paid by the employing churches. It will be difficult for us to get them to contribute to both, particularly as when we trace the life service of these ministers we find that they start out comparatively at low salaries, therefore, in their earlier years, they would be in the governmental plan; then, in the prime of life, they would be in our plan, those whose salaries are over \$250; and then, in the later years of life, they would come back in the Government plan.

Furthermore, there will be some who will be in the Government plan one year and out of it the next, where the salary basis borders on the \$250, and a change of church might throw them from one group to the other.

The CHAIRMAN. What is your suggestion?

Mr. HUGGINS. We have an amendment that we would like to propose to section 307, subsection 5, page 20, line 24:

Strike out the period in line 24 and insert a comma and add the following:

Excluding every individual for whom a provision is made and maintained through an organization or the purpose, which provision is at least equal to the provision made under this act for such individual, as found from time to time by the Social Insurance Board.

Senator KING. Is that all of the amendment?

Mr. HUGGINS. Yes, sir.

Senator KING. What is the effect of it?

Mr. HUGGINS. The effect will be that any of our ministers who are covered by a contributory plan which provides at least the benefits provided under the Governmental plan would be cared for by his denominational plan. Those men under these plans will get larger pensions than under the Governmental plan, and their disability will be provided for, and their widows and minor orphans just as we are doing now and have been doing for some years and been developing these contributory-reserve plans.

The CHAIRMAN. Was this suggestion made to the committee, the Presidential committee, or the cabinet committee?

Mr. HUGGINS. No, sir.

The CHAIRMAN. Have you presented the matter to the Ways and Means Committee?

Mr. HUGGINS. No, sir. I submitted some of the data relating to these pension funds to the Committee on Economic Security through their research director, Mr. Cohen, and we have talked this matter over with individuals there, but, you see, we called this conference yesterday and had these representatives of these denominational pension systems together in order to discuss the whole situation, and I am here at the request of that conference held yesterday.

The CHAIRMAN. And you think that the preachers in these various denominations prefer to be excluded from the operations of it and to follow the course that is now pursued by the churches?

Mr. HUGGINS. I cannot speak exactly as you say. You asked me if I think the preachers would. I can only say that in my opinion I think they would.

Senator KING. Let me ask you a question. Do you not think that it would be highly improper for the Government in setting up a pension to discriminate against any section or any group or in favor of any section or any group; that is to say, give larger pensions to preachers than it would give to others.

Mr. HUGGINS. I agree with you, and we are not raising the question of excluding the group as a group. We are raising the question of excluding the individual members of the group where the provision is of wider coverage than the governmental plan.

Senator KING. And by that you mean that they would be exempted from making any contribution?

Mr. HUGGINS. To the Government.

Senator KING. To this fund?

Mr. HUGGINS. Yes, sir.

Senator KING. And make their contribution, whatever it is that is made, to the organization with which they are identified.

Mr. HUGGINS. Yes. You see, the problem is very much complicated with us because of the fact that we have a percentage of these groups of workers who would be excluded from the Government's plan all the time, and some of them would be in and out from year to year, and the majority would be partly in and partly out at some period in their career.

I will amend that (c) to say that many would be in and out at some time in their career.

Senator KING. Would you want all of the beneficiaries of your pension system excluded from the operation of that law, if we enact it, that is, exempt or exclude not only those whose compensation is over \$250 a month, but all who are ministers?

Mr. HUGGINS. Yes, sir.

Senator KING. Exclude them all?

Mr. HUGGINS. Yes, sir; exclude them all. Not as a group of a class of workers, but because, through their denominational pension systems, they will care for them and take them out of the general community problem.

Senator KING. I see.

The CHAIRMAN. I wish you would, after you have finished your statement, or, if you want to enlarge on it, put it in the record, but see the expert of the committee and have him arrange for you to have a conference with Dr. Witte, and you discuss this proposition with him.

Mr. HUGGINS. I would be very glad to do that.

The CHAIRMAN. We are likely to get all of the preachers of the country on our backs here if we adopted such a suggestion.

Senator KING. We might need them for spiritual consolation. [Laughter.]

The CHAIRMAN. But you will follow this suggestion, so that we may have the benefit of expert advice. It is rather technical.

Have you any further statement?

Mr. HUGGINS. Yes, sir; I have this statement here.

The CHAIRMAN. That may go in the record.

(The following additional statement is submitted by Mr. Huggins:)

The 22 denominational pension systems have combined assets of \$155,000,000, using round figures, of which \$71,650,000 constitute endowment funds and \$83,350,000 reserve funds. Their yearly income approximates \$13,000,000, of which \$6,000,000 represents earnings on their invested funds.

They are paying yearly to 32,000 beneficiaries more than \$9,000,000 in benefits. The reason why these denominational bodies have set up their own pension systems is that the churches have always regarded as their own social responsibility the case of their ministers who come to age or disability. Furthermore, they have regarded as an integral part of their responsibilities provisions for pensions to widows and minor orphans of deceased ministers, thus making a broader and more inclusive pension coverage than is usual in industry.

One of those pension agencies started to function in the year 1717 and one in 1837. While operating for many years as agencies for providing relief grants based upon need, many of these in recent years have developed into contributory reserve systems, operated on sound actuarial bases.

The problem of providing pensions for ministerial groups is a different one from that of industrial workers, as by far the greater number dedicate their lives through long years of preparation to this form of service, and it is the exception when they give it up for secular work, even though changing from church to church, or agency to agency within a denomination, or even changing their ministerial standing from one denomination to another. And, further, the widows and minor children must be cared for as parts of the life of the parsonage as already stated.

These contributory-reserve systems are maintained through regular dues payments equivalent to 6 percent or 7½ percent or even 10½ percent, as the case may be, and the pension benefits are likewise related to the salaries received during service. The minister's share of the pension cost is 2½ percent, in some cases, while, in others, the local church or other salary-paying organizations pay the entire cost.

As a group of religious leaders the members of the Church Pensions Conference are, naturally, very sympathetic with the social ideals of the economic-security act, and with plans for the economic security of employed persons. However, with some temerity, we wish to state that we are disturbed as to the probable effect of the Federal contributory age-annuity plan on these denomination pensional systems over which we have labored so many years and which we have built up at such great cost.

We have to consider that, as a group of workers, ministers are not paid on a profit basis, but in fact on the basis of a living wage. And yet, because of the social and economic demands on them in every communion, there are some who are paid amounts in excess of \$250 per month, and, being classed as nonmanual workers, would, therefore, not be included in the Federal plan.

This excluded group constitutes percentages of the total group of active workers that varies somewhat in the several bodies, from about 5 percent to about 25 percent, with a general average approximating 15 percent. Furthermore, when the life service of those individuals who are thus excluded is studied, we find that on the basis of the

remuneration received in the early years of their service, and, in many cases, in the later years, they would be included during such years. That is, the higher range of salaries among ministers applies usually to their services in the prime of life.

Therefore, some of the group would be included in the Federal plan in the earlier parts of their careers, then excluded, then later re-included, while, in some cases, the worker might be included 1 year, excluded the next, and vice versa.

So far as a ministerial group of workers is concerned, it would have better fitted their needs to have been all included up to a wage basis of \$250 per month, and let the denomination, through its pension plan, make such additional provision for age annuities as was required; also, as to pensions payable upon total and permanent disability occurring prior to retirement age also benefits to widows and orphans. The pension fund of the Episcopal Church is now paying age pensions up to \$1,500 with a general average of about \$1,000, and other pension funds will, in a few more years, approach these figures.

It is hardly possible actuarially to operate successfully a group-pension plan where only a small percentage of the group are included and those just the higher-salaried members of the group, who generally are in the later middle years of life, especially where the individuals in this group change from year to year, as their salary changes would pass them in or out of the group.

On the other hand, it would be difficult to get ministers and local church boards to pay the earnings and employment excise taxes 1 year and then skip 1 or more years, then resume, and at the same time pay in correspondingly fluctuating sums to their denominational pension boards in order to provide the pensions to the higher-salaried men, the disability pensions for all the group, the widows' pensions, the orphans' pensions, and, besides, the supplemental pensions which would have to be provided in the earlier years of the operation of the Federal system, where the age annuities are limited to 15 percent or only slightly higher percentages of average salaries, limited to \$150 per month.

Furthermore, most of these pension boards also make provision for the missionaries of their churches, home and foreign, and the larger part of the foreign missionaries would be excluded from the Federal plan because of performing the greater part of their duties outside the continental United States.

Without depriving anyone of the right to be cared for under the Federal plan, the amendment we propose will enable the church pension funds which can demonstrate to the social-insurance board their ability to do so to make provision for larger age annuities for their beneficiaries than the Federal plan. For these reasons the members of the Church Pensions Conference respectfully request the attached amendment to the bill, (previously submitted in this statement).

(Mr. Huggins subsequently sent the following telegram:)

ATLANTA, GA., February 7, 1935.

Senator PAT HARRISON,  
*Committee on Finance, Senate Office Building.*

As per your request when I appeared before your committee February 5, I advise that 60 percent are ministers and 40 percent widows and orphans. My testimony related to 32,000 beneficiaries of church pension funds.

GEORGE A. HUGGINS.

The CHAIRMAN. The next witness is Owen E. Pence, National Council of Young Men's Christian Associations.

Senator KING. Is that different from the Young Men's Christian Association?

Mr. PENCE. No, sir. It is the official body of Young Men's Christian Associations of the United States in all the different local communities. It is a constituted body set up by their representatives and under a constitutional procedure.

**STATEMENT OF OWEN E. PENCE, NATIONAL COUNCIL OF YOUNG MEN'S CHRISTIAN ASSOCIATIONS, 347 MADISON AVENUE, NEW YORK, N. Y.**

I speak as a representative of a special committee on security recently authorized by the general board of Young Men's Christian Associations of the United States, which is the ad interim body of the National Council of local Y. M. C. A.'s.

The National Council of Y. M. C. A.'s is the national agency of 1,160 local Y. M. C. A.'s in this country, and the related State organizations thereof. It does not speak with final authority for these on matters of national policy or on legislation, but, by reason of its constitutional and directly representative character, it does from time to time give expression to various cooperative aims and enterprises which the local units may authorize.

In 1931 this National Council took action supporting, among other social ideals of the Federal Council of Churches, the following:

Insurance, socially administered at cost, against invalidism, disabilities from illness and occupational injuries, want in old age, and enforced unemployment—and added—

That in advocating these social ideals for adoption generally, the associations themselves should seek to apply these principles in their own practices and relations as employers.

In 1934, in reaffirming this general position, the National Council expressly gave instructions—

To keep abreast of all developing social legislation proposals having to do with employee security and to call the attention of the council and the associations to any point on which action is deemed desirable.

During the past month—

The general board of Y. M. C. A.'s of the United States, keenly aware of the national character of the social-security problem of our people, requested the committee on security \* \* \* to keep abreast of progress toward Federal legislation and to support legislation affecting employees of the National Council in line with the highest standards of Christian responsibility.

Thus, while not overlooking the concern of over a million and a half of our members and other constituency, largely youths under 25 years of age, who are deeply involved in plans and public policies for making jobs and self-maintenance possible, and for avoiding hazards to self-respect and security with which this bill deals, we speak particularly as representing agencies which employ approximately 16,000 persons, the larger part of whom fall within the general definitions of the proposed act.

Senator KING. Do you propose stating how those 16,000 are employed?