CABINET

PENSIONS

NOTE BY THE MINISTER OF PENSIONS AND NATIONAL INSURANCE

As requested I circulate a draft White Paper on pensions (Annex A) and a draft memorandum for use in confidential discussions with the private sector (Annex B). These are the documents referred to in paragraph 13 of the Prime Minister's memorandum (C. (58) 71).

2. Annex A is a preliminary draft which I had earlier had prepared in my Department to indicate the possible lines of a White Paper presenting in a non-committal way the alternative approaches of the August and September Plans. The earlier parts of the paper were designedly drafted at some length both to avoid any suggestion of perfunctory treatment at this late stage and to appeal for a responsible approach to the problem. The later part of the document is, in the circumstances in which it was prepared, necessarily even more tentative and indeed incomplete. I invite the Cabinet to read it accordingly as no more than a very rough cock-shy which may help in deciding whether to adopt or reject the White Paper method of testing informed opinion.

T. A. B.-C.

Ministry of Pensions and National Insurance, W.C. 2,
ANNEX A

DRAFT WHITE PAPER ON THE DEVELOPMENT OF THE NATIONAL INSURANCE SCHEME

I.—INTRODUCTION

1. Her Majesty's Government's study of the wider problems of provision for old age, which was referred to in the Gracious Speech at the opening of the present Session of Parliament, has now reached the point at which the Government considers it appropriate to put their appreciation of the position and certain provisional decisions before the country.

2. Provision for old age is a question of general public concern of the utmost importance to the community as a whole. It has also the personal concern of each individual citizen throughout his or her life. At present every citizen has positive obligations and positive rights as an individual under the national system of provision through National Insurance and National Assistance. Many—and they are an increasing number—have rights and obligations under other forms of provision as well. It is because this question affects every individual's personal interests and arrangements that the Government considers that it is dangerous and wrong to treat it from a partisan point of view or as if some doctrinaire solution could be privately worked out in detail and imposed on the public.

3. There is a further reason for a deliberate and careful national approach to the complex questions involved in making provision for old age. Long-term planning is the essence of such provision. Unless legislation on this subject commands the widest possible measure of confidence and assent, the provision on which people rely will be exposed to the constant fluctuations of political change. It was on such a basis of wide public support, reached after deliberate consideration both by expert opinion from all points of view and by the nation as a whole, that the present scheme of National Insurance was established in 1948. Without such prior debate and acceptance on a national non-partisan basis, plans for further improvement, however ingenious, will not operate successfully, and the provision they offer will not form a continuous and reliable feature of our national life.

4. Much new evidence, showing profound changes in our social and economic structure, has become available since the present scheme of National Insurance was prepared. The Report by Lord Beveridge, from which the present scheme took its shape, had to be based on a projection of the state of the nation as it was before the war. To take one obvious example, no census figures later than those of 1931 were then available. Since the war, the whole economic climate has altered. Full employment is not only a generally accepted object of national policy, but has been attained to an extent which it would have been bold to expect in 1946. The general standard of living is higher than any cautious person considering the state of affairs during or immediately after the war could have dared to hope.

5. The Phillips Committee on the Economic and Financial Problems of Provision for Old Age, which reported in 1954, provided a valuable interim survey, but they too were hampered by lack of information on vital developments, particularly those relating to occupational pension schemes and
the pattern of incomes among older people. The National Advisory Committee on the Employment of Older Men and Women also drew attention to these gaps in our knowledge. These gaps have now been filled. On behalf of the Government, the Government Actuary has carried out the valuable survey of occupational pension schemes in private industry and commerce—the results of which were published on . This gives us, for the first time, the facts about the remarkable advances which have been made in this field in recent years. Our knowledge of the income patterns of older people has also been much enlarged by the Household Budget Surveys recently published by the Ministry of Labour.

6. Adequate information on these issues takes time to collect and to assess. It would have been wrong, in the Government's view, for them to attempt to form even preliminary judgments until this had been done.

7. The Government considers that the way is now open for fruitful discussion and debate and they are therefore putting forward preliminary conclusions before settling, for incorporation in legislation, more detailed proposals which will represent further improvements in the provision for old age. They therefore intend to open discussions on the basis of these preliminary findings with those who speak for employers and workers and those who, as trustees or otherwise, have the responsibility for pension funds. They have no doubt that they will draw valuable help both from these consultations and from the general expressions of public opinion to which they hope discussion of the issues raised will give rise.

8. This initiative springs from the Government's view of its national responsibilities and is taken in no partisan spirit. The Government hope that the invitation to all concerned to express their views freely and frankly in the consultations it is proposed to open will be accepted in the same way. All experience is that building to last in this field takes time and that time taken in discussion is well spent. The Government is convinced that it is only on such foundations that workable and reliable advances can be made.

II.—THE PRESENT POSITION

The Problem

9. The basic problem of old age in this country has now long been familiar. In 1911 one in 15 of the total population was a man of 65 or over or a woman of 60 or over. To-day the proportion is about one in seven. In 1979 it is likely to be about one in five. At the same time progressively greater provision has been made by corporate effort both publicly and privately to secure steadily better standards in old age. These efforts have been made by Government action through the development of National Insurance, and by schemes built up by employers in collaboration with their employees, as well as by individuals and groups through the Life Assurance industry.

The National Scheme: an area of agreement

10. Since 1926, when contributory pensions were first introduced, it has been generally agreed social policy that the old should, within the resources available, be assured a basic income through a national contributory scheme. Since the war it has become a natural aspiration that with increases in national wealth this income which old people receive as of right through the State should not only be maintained against inflationary pressure, but should be increased in real terms as opportunity permits. On three occasions since the end of the war pensions in payment have in fact been increased in this way: in 1946, when the weekly rate was raised from 10s. (single) 20s. (married) to
26s. (single) and 42s. (married); in 1954, when new rates of 40s. (single) and 65s. (married) were fixed; and in the Act which has recently brought into effect the rates of 50s. (single) and 80s. (married). Interim increases were also made in 1951 and 1952 to maintain the real value of pensions in payment.

11. Ever since its introduction the national contributory pension has been, in principle, a flat-rate payment in old age, as a return for the payment of flat-rate contributions. Since 1948 this pension—at improving standards—has been combined with the other benefits of National Insurance into a single scheme, and contribution for it has been compulsory for nearly everyone of working age except married women.

12. The basis of financing it has been tripartite, that is to say the cost has been shared between individual employers, individual insured persons, and taxpayers as a whole through the Exchequer. To the extent that the annual income from the regular contributions provided by law from these three sources, plus the interest on reserves built up, does not meet the annual cost of the benefits, there is a deficit. This deficit is underwritten by the taxpayer, who thus has a residual liability for the scheme, as well as a current one. Because the number of pensioners is rising, and will continue to rise for many years to come, while the number of contributors will remain about the same, this deficit will undoubtedly have to be met, and in coming years will on the present basis amount to very large annual sums.

13. That strain on this account has not already begun to show itself is due partly to sustained full employment, which has meant low expenditure on unemployment benefit, maximum yield in contributions, and a high incidence of postponed retirement from work. But the chief reason has been that progressive increases in benefit rates have been accompanied by increases—in some cases more than proportionate—in the flat-rate contributions paid by employers and insured persons, and the related Exchequer supplements.

14. Originally an acceptable basis for fixing the flat-rate contribution was to take the sum that would produce the benefits if it was paid weekly from the age of 16 and accumulated at interest. That it was not in fact accumulated in a fund did not matter. The calculation was generally accepted as fair, and it clearly linked benefits to contributions so that it could be plainly seen that a rise in the rate of one had to be accompanied by a rise in the rate of the other.

15. It is obvious, however, that contributions on this basis, even if increased on the same basis when benefits were raised, could not provide enough future income if benefit rights earned from the lower contributions of the past were put up at the same time. Those who were already pensioners received increased rates although they paid no more contributions: and indeed everyone over 16 had, at each increase, some improvement in his prospective rights for which, from an insurance point of view, he would never pay in full.

16. As a partial remedy, it has been necessary to make additions from time to time to the contributions, over and above the "actuarial" age-16 amount appropriate to the current rate of benefit. Even when account is taken, however, of the extra income produced by these additions to the actuarial contribution, the cost to the taxpayer of the present National Insurance scheme, which this year will be about £140 millions, may exceed £400 millions a year within the next decade, and may approach £600 millions a year in twenty years' time. In face of this prospect, the Government have accordingly made it one of their objectives to find means of placing the National Insurance scheme on a sounder financial footing. If the National Scheme degenerates from its contributory basis into a substantially tax-
supported system, which would be hard to distinguish from National Assistance, the objectives of helping all pensioners to maintain, and if possible improve their standards with the march of industrial progress will be thwarted, and the conception of benefit as of right will be undermined.

**Occupational Schemes: A National Asset**

17. The movement towards pension provision through employment has been one of the major features of post-war industrial society. In 1936 only just over 1½ million people outside the public services were in pension schemes connected with their work, which was usually of a traditionally permanent kind, such as the railways, the supply of electricity or gas, banking, and insurance.

18. The survey of occupational pension schemes recently published by the Government Actuary, which is the first such enquiry for twenty-two years, shows that a year ago there were more than 6½ million people in industry and commerce who belong to pension schemes, or 4½ millions more than in 1936. This is apart from pensionable employees in the public services and local government. If they are included, the total membership of pension schemes other than the universal National Scheme approaches 9 millions, or more than one-third of the total working population. Of men, nearly one-half of the total employed belong to such schemes. One of the most encouraging features of this impressive development is the progressive extension of coverage from managerial and clerical to manual workers. This marks a change which is not only a function of full employment and improved relationships in industry, but has profound social importance.

19. Possibly no two occupational schemes are exactly the same in their rules or their benefits. They have grown up to suit the needs of particular groups and usually represent the outcome of industrial negotiation. In most the employees contribute as well as the employer, but many are paid for entirely by employers. Some provide fixed benefits, others relate benefits to average salary. Some provide pensions of up to two-thirds of working pay, while others aim at only a modest addition to National Insurance and the individual's own resources. Similarly the rules and conditions of schemes are highly variegated to take account of the circumstances in which each scheme has developed.

20. These schemes, however, have three common features:

(1) They provide cover which is more closely adapted to the individual and his employment than any universal scheme can be.

(2) They are pledges of an improved and self-supporting standard of living for an increasing section of the population in old age.

(3) Their funds form a major part of national saving for investment, and thus help to create the real assets on which the future standard of living of the old must depend.

21. It is clear that occupational schemes now form so important a feature of both the economy and provision for old age, that no proposals in the latter field can ignore them. It may be that their development has now reached a stage at which more systematic provisions than those which have hitherto allowed them the maximum freedom of growth should be applied to them. On the other hand such provisions should not be such that their continued growth might be impeded.
III.—THE FOUNDATIONS FOR FUTURE DEVELOPMENT

An Alternative Financial Basis for Social Security

22. The above analysis suggests that the present flat rate weekly contribution by itself does not afford a sound financial basis for future development of State pension provision and, in particular, there is need for a more buoyant source of revenue than the flat rate contributions of employer and employed giving rise to deficits to be met on an ever-increasing scale by the Exchequer.

23. Continued reliance on general taxation would amount to drawing a blank cheque on the future. It would also undermine the protection given to the individual by the fact that the benefits he receives are based on the contributions he personally makes. The principle of guaranteeing benefits by financing them through funds into which contributions for this particular purpose are paid is observed by all countries, including even Communist countries, where social security has been developed. The Government have no hesitation in rejecting tax-financed social security, even as a temporary expedient, as dangerous in itself, and likely to be unacceptable to the people as a whole, who believe in paying their way.

24. There is thus need for the introduction of a system of graduated contributions by employer and employed (and possibly self-employed) either as an extension or as a modification of the existing flat-rate scheme. The administrative problems of such a change from our present system should not be underestimated. The present apparatus of insurance cards and weekly stamps, for instance, with which everyone is familiar, would have to be profoundly modified. The position of the self-employed and those who at present pay contributions, but have no earned income, would have to be consiered afresh. New types of benefit formula would be needed; and there would be many other problems. These practical problems have now been sufficiently examined for the Government to be satisfied that from a technical point of view such a change is practicable.

25. The Government is, however, convinced that there are important features of the present scheme of National Insurance which are valuable and must be preserved. Chief among these is the principle already referred to, that the benefits of the individual contributor should be related to the contributions he has himself made.

26. Secondly, the sharing of the contribution for employed persons between them and their employers on a broadly equal basis is as readily possible under a graduated as under a flat-rate system, and should remain a cardinal feature of National Insurance.

27. Similarly, the Exchequer should continue to play a clearly-defined part in the support of the National Scheme by payments from general revenue and to concentrate its support on a basic level of benefit.

Occupational Schemes

28. The Government is convinced that no changes in the field of National Insurance should be allowed to hamper the free and vigorous development of independent provision for old age, whether through occupational schemes or otherwise. This form of provision holds out the prospect, on terms suited to the needs and preferences of different workers and industries, of a more comfortable maintenance in old age for the majority of the working population. Here the Government has in mind not only the valuable rights of members of existing schemes, but the future possibilities of development in this field. Such schemes are the joint achievement of the two sides of
industry in fruitful negotiation, and the savings they represent are a vital part of national capital.

Summary of Principles

29. The principles therefore on which the Government considers the development of National Insurance pension provision should be founded are as follows:—

(1) Some graduation of contributions related to earnings.
(2) Full safeguards for existing and potential occupational provision.
(3) Pension rights related to contribution records on an individual basis,
(4) Sharing of these contributions between employers and employed.
(5) Concentration of Exchequer support on basic level of pensions.

IV.—PROBLEMS TO BE RESOLVED AND POSSIBLE LINES OF PROGRESS

30. While, in the Government's view, the above principles represent a framework on which a satisfactory advance in National pension provision can be established, there are some points of principle which remain to be settled. The following paragraphs deal with these matters.

The Problem of Dimensions

31. It is not, in the Government's view, for the State to compel each citizen to contribute for more than an adequate minimum provision in old age. How he spends or allocates his income during his working life in other respects is not a matter in which the State should interfere. An attempt to depart from this would undermine the individual's sense of responsibility and involve existing occupational schemes and their members in grave difficulties. The development of such schemes would be stunted and many existing ones, to which their members attach so much importance, might have to be abandoned as too difficult to keep up alongside the State scheme. The dimensions of the State scheme are thus of critical importance. The compulsory contribution should be limited to that portion of earnings which is consistent with a reasonable scale of graduated benefits representing adequate minimum provision, in return for a moderate percentage contribution. The limitation of the percentage contribution to earnings up to a figure somewhat—but not very far—above average industrial earnings for men and women respectively is probably the appropriate level. Up to this limit a contribution of the order of 8 or 9 per cent. shared between employer and employee would provide a satisfactory basic benefit structure. With earnings of £10 a week the contribution for an employed man and his employer on this basis would be of the order of 9s. each; and with earnings of £15 a week, of the order of 13s. each. It might be desirable to provide a minimum contribution.

The Benefit Structure for Long-Term Benefits

32. Graduated contributions could be used to support flat-rate benefits but where widely different amounts of contribution produce the same benefits, such a system might make the connection between the individual's contribution record and the benefits he received too remote. A number of graduated benefit structures are obviously possible. One would be to pay a basic rate of benefit where the average record of contributions reached a certain level—say, that required on £400 a year for men or £300 for women; and to provide a scale of graduated benefits for contributions on earnings between this level and say £750 a year (£650 a year for women) beyond which level further contributions would not be payable.
33. This scale could be arranged to harmonise with the Exchequer support of the basic rate, by applying a part of the contributions made on earnings above £400 a year (men) and £300 a year (women) towards the basic benefits of these better-off subscribers. The effect of doing this in the individual case would be that the higher the earnings of the contributor, the less would be the Exchequer subsidy towards his own benefits. Thus a person who consistently earned the highest amount on which contributions were payable would be paying the full cost of the pension he received, including the basic portion.

34. It is obvious, however, that such a benefit structure, though it would preserve the contributory principle of relating the individual's benefits to his contributions, could not be described as actuarial, nor as comparable to an occupational scheme of the kind found in industry. It would, in essence, result in a reshaping and expansion of the present National Scheme on a graduated basis in which the contributions and the subsidy provided from general taxation would be redistributed in favour of those at the lower levels of earnings. For these reasons it would not, in the Government's view, be possible to arrange for occupational schemes to contract out of any part of a scheme so constructed.

35. An alternative arrangement would be to superimpose on the existing flat-rate structure graduated contributions and pensions on earnings between say £10 and £15 a week. The graduated contributions and pensions could then be brought into strict actuarial relationship with each other, and membership of this part of the scheme would not have to be compulsory where the contributor was in employment which carried membership of a satisfactory occupational scheme.

An Option to Contract Out

36. Clearly any extension of the State pension scheme carrying graduated contributions by employers and employees and graduated pension benefits beyond those of the existing flat-rate scheme, raises the question whether those already satisfactorily covered by occupational schemes should be left with no way of avoiding additional charges, which may become burdensome, in order to provide additional pensions which may appear unnecessary, except by cutting down the contributions and benefits of the occupational schemes; or whether there should not be the alternative of contracting out of the extension of the State scheme where the occupational scheme satisfies certain conditions. Many schemes in industry as well as of the public services are as sound as any State provision, and, subject to certain adaptations in respect of preservation of rights on change of employment could, if the way were left open, be alternatives to an extension of the State provision for those who belong to them.

37. This problem is one to which the Government has devoted a great deal of attention. It has, as already indicated, a bearing on the structure of the State scheme. Contracting out, to be feasible, would require a two-tiered State system comprising a universal basic tier on present lines with flat rate benefits supported by Exchequer contribution or subsidy and an upper tier unsubsidised by the Exchequer with graduated contributions earning graduated pensions on an actuarial basis. Such a second tier would afford the necessary basis for comparison with the provisions of occupational pension schemes which wished to be contracted out of it in respect of their members.
38. The consideration which the Government has given to this matter suggests that the following arrangements and conditions for contracting out would be appropriate:—

(a) **Applications.**—Contracting-out would be on the application of an employer acting with the consent of trustees, if any, of his pensions scheme, to an independent registrar whose duty it would be to see that the scheme complied with certain broad criteria to be laid down. There would be no individual option on the part of the individual member of a contracted-out scheme to belong to the State graduated scheme.

(b) **Equivalency.**—It would be necessary for the employer to show that the total weekly contribution (employer and worker together) under the occupational scheme in respect of pensions reached a prescribed level of, say, 4s. a week, *i.e.*, the graduated contribution payable under the State scheme in respect of a worker in the middle of the graduated scale. The registrar would have discretion to take account of the contributions paid for any long-term benefits, including widows’ benefits, and of payments made by the employer to the scheme otherwise than on a week by week basis, *e.g.*, payments in respect of back service rights, or to keep the scheme solvent. In other cases, including non-contributory schemes, an alternative test of equivalency of benefits would be applied.

(c) **Solvency.**—The registrar would have to be satisfied that the employer was legally liable to make contributions under the scheme sufficient, with the contributions if any from the employees, to keep it solvent. The contributions would have to be alienated from the employer. Schemes would have to submit periodically returns and valuations to show that the conditions continued to be satisfied, the precise nature of the requirement depending on whether the scheme was self-administered or insured.

(d) **Preservation of pension rights.**—The occupational scheme would have to provide, on change of employment, for preservation of that part of pension rights which had been accepted as equivalent to those of the State graduated scheme. Where more substantial pension provision was made in an occupational scheme the whole of this need not be transferable. It would be open to the employer to adjust his scheme in such a way that during an initial period of service employees remained covered by the State graduated scheme thus avoiding the difficulty of preserving rights however short the period of service. As a transitional measure, pending the development of preservation arrangements in schemes applying for contracting out, an undertaking might be accepted from the employer that in the event of a worker leaving his employment during, say, the first three years of the new arrangement he would pay a transfer value to the State scheme to give that worker equivalent rights in that scheme. Contributions due to be returned to the employee in such a case could be applied for this purpose.

39. The Government have given most earnest consideration to these questions and to the many administrative problems which would arise on an option of this kind. That they would be complex is evident from the survey of occupational pension schemes recently conducted by the Government Actuary. Nevertheless the Government would wish to provide for contracting out—and to frame the State scheme accordingly—if there were a sufficient indication from those concerned with occupational pension schemes...
that such a provision was desirable in the interests of the sound development of those schemes. On the other hand, it may be that a single tier universal scheme which, while not able to accommodate contracting out, remained limited to the dimensions indicated in paragraph 31, would not seriously prejudice the development of occupational schemes.

Problems of Special Classes

40. The Self-Employed.—A graduated scheme need not necessarily extend to the self-employed, who could remain compulsorily insurable for minimum benefits in old age in return for flat-rate contributions, as at present. The taxation concessions of 1956 have made it easier than it used to be for the self-employed to arrange provision in old age for themselves on advantageous terms. On the other hand the self-employed, particularly those with more modest incomes, might benefit from inclusion in a graduated State insurance scheme.

41. Persons not Gainfully Occupied.—Under the present scheme all persons of working age (except married women), even if not gainfully employed, are liable for National Insurance contributions, and receive, in consequence, both the Exchequer supplement paid from general taxation and the advantage from the public underwriting of deficiencies arising from benefit increases. For the comparatively few persons of independent means who (though of working age) have no gainful occupation, the receipt of a concealed Exchequer subsidy of this kind may seem a superfluous provision. For the remainder of those not gainfully occupied—for instance the student, the unmarried daughter keeping house for her parents, and those who have retired on modest superannuation for reasons of health before reaching the National Insurance pension ages—the existing scheme recognises that a compulsory contribution may represent real hardship unless it can be excused on grounds of low income. If the contributions to the State scheme were based on earnings the question arises whether principle would still require that a compulsory contribution should be levied where no earnings are received, or whether in such cases insurance might not be voluntary.

[Among other problems which might have to be included in a White Paper would be that of the treatment of women, particularly married women.]

Ministry of Pensions and National Insurance,
London, W.C. 2,
The following gives an outline of a possible development of the National Insurance Scheme.

Contributions

2. The existing flat-rate contributions would continue to be payable where they are payable as at present.

For men earning more than £10 a week there would be an additional contribution of, say, 4 per cent, a side on their earnings between £10 and £15 a week. For employed women the figures of £8 and £13 might be substituted for £10 and £15 respectively.

No graduated contribution would be payable by self-employed or non-employed persons.

Benefits

3. In respect of people not liable for graduated contributions benefits would continue as at present. In respect of the graduated contributions additional pension benefits would be provided on a money purchase basis. Thus, assuming a basis of 3 per cent, interest, a man who entered the scheme at minimum age who paid the maximum contributions throughout life (i.e., on £15 a week) would qualify for an additional pension of £3 a week on top of the existing National Insurance standard rate.

Contracting Out

4. Men earning more than £10 a week (women over £8 a week) who were in occupational pension schemes which satisfied certain criteria could be contracted out of the liability to pay graduated contributions. Contracting out would be on the application of an employer acting with the consent of trustees, if any, of his pension scheme, to an independent registrar whose duty it would be to see that the scheme complied with certain broad criteria to be laid down. There would be no individual option on the part of the individual member of a contracted-out scheme to belong to the State graduated scheme.

Proposed Criteria for Contracting Out

(a) Equivalency

5. It would be necessary for the employer to show that the total weekly outlay (employer and worker together) under the occupational scheme in respect of long-term benefits reached a prescribed level of, say, 4s. a week, i.e., the graduated contribution payable under the State scheme in respect of a worker in the middle of the graduated scale. The registrar would have discretion to take account of the contributions paid for any long-term benefits, including widows’ benefits, and of payments made by the employer to the scheme otherwise than on a week by week basis, e.g., payments in respect of back service rights, or to keep the scheme solvent. In other cases, including non-contributory schemes, an alternative test of equivalency of benefits would be applied.

(b) Solvency

6. The registrar would have to be satisfied that the employer was legally liable to make contributions under the scheme sufficient, with the contributions if any from the employees, to keep it solvent. The contributions would have to be alienated from the employer. Schemes would have to submit periodically returns and valuations to show that the conditions continued to be satisfied, the precise nature of the requirement depending on whether they were self-administered or insured.
(c) Preservation of Pension Rights

7. The occupational scheme would have to provide on change of employment for preservation of that part of pension rights which had been accepted as equivalent to those of the State graduated scheme. Where more substantial pension provision was made in an occupational scheme the whole of this need not be transferable. It would be open to the employer to adjust his scheme in such a way that during an initial period of service employees remained covered by the State graduated scheme thus avoiding the difficulty of preserving rights however short the period of service. As a transitional measure, pending the development of preservation arrangements in schemes applying for contracting out, an undertaking might be accepted from the employer that in the event of a worker leaving his employment during, say, the first three years of the new arrangement he would pay a transfer value to the State scheme to give that worker equivalent rights in that scheme. Contributions due to be returned to the employee in such a case could be applied for this purpose.

8. It is desired to obtain [from those consulted] informed comment on how a contracting-out option of the kind indicated above would be viewed by those responsible for occupational pension schemes and how far in order to avail themselves of it they would be likely to adapt schemes.