BRITISH CONTRIBUTORY PENSIONS
ALEXANDER FLEISHER AND ERIC KOCHER *

When the Contributory Pensions Act of 1925 was introduced in Great Britain, two social insurance systems were already operating to protect workers against the risks of sickness and of unemployment, and a noncontributory old-age pension system had been in operation for over 15 years. National health insurance, established in 1911, was a compulsory, contributory system covering in general the entire employed population between the ages of 16 and 70. (In 1928 the age limit was lowered to 65.) The Old-Age Pension Acts of 1908-24, similar in purpose to the old-age assistance program under the Social Security Act, provide pensions to persons 70 years of age and over whose annual incomes are less than a specified amount and who meet residence and nationality requirements.

The Contributory Pensions Act of 1925 (Widows', Orphans', and Old-Age Contributory Pensions Act) established a compulsory, contributory system providing old-age pensions to be paid to wage earners between the ages of 65 and 70 and to the wives of insured men, and survivors' benefits to widows and children of insured men who die. The act of 1925 was integrated with the noncontributory pensions acts of 1908-24 in that, at age 70, all persons in receipt of a contributory pension become eligible for a noncontributory pension without the application of the means test or of nationality and residence requirements. In other words, the transfer at age 70 from one system to the other is such that the insured individual receives a continuous pension from age 65 till death.

The act of 1925 was also closely interlocked with health insurance. By including under the pensions act all persons compulsorily insured under the National Health Insurance Act, a combined program for health insurance and old-age pensions was effected. On December 31, 1937, the estimated number of persons insured for pension purposes in Great Britain and Northern Ireland was 20.5 million. Administration of the two acts is unified under the Ministry of Health, although the two funds are wholly separate. Contributions under the two acts are combined in a single payment. In the method of paying benefits, however, the two systems diverge, and the procedure for payment of contributory pensions integrates with that for payment of noncontributory pensions.

This article outlines briefly the procedures developed for payment of contributory pensions. It is not intended to give a detailed picture of the whole system but rather to emphasize points which are characteristic of the British system and may be of interest in the development of procedures for the payment of monthly benefits in the United States.

Contributions

When compulsory health insurance was introduced in Great Britain in 1911, it made use of the numerous “friendly societies,” trade-unions, provident societies, and other voluntary mutual insurance associations of workers which had been in operation to protect their members in times of sickness. Although administrative control of this system is vested in the Government (the Ministry of Health for England, the Welsh Board of Health, the Department of Health for Scotland, and the Ministry of Labour for Northern Ireland), some features are administered by the “approved societies,” of which there were in 1937 some 790 with 5,490 branches or administrative units in England and Wales. These societies have a large degree of autonomy under the law. They participate in the administration of the contributory pensions act to the extent of keeping records for their members. The application for an old-age pension is made to the Ministry of Health, which requests information from the approved society regarding the insurance record of the applicant for the purpose of adjudicating the claim.

Under both acts, contributions are paid by

*Mr. Fleisher was formerly regional representative, Region III, Bureau of Old-Age Insurance; Mr. Kocher is on the staff of the Analysis Division of the Bureau. The authors desire to express their appreciation for the help and kindness of Mr. E. Hackforth, Controller of Insurance, British Ministry of Health, and of many of his colleagues during Mr. Fleisher’s visits to the Pensions Branch at Acton, at which time much of the information for this article was gathered. Responsibility for the statements in the article, of course, rests solely with the authors.

employers, employees, and the Government. The ordinary rate for weekly contributions under both programs is as follows:

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<th>Contributor</th>
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<th>Women</th>
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<tr>
<td></td>
<td>Total</td>
<td>Health insurance</td>
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<tr>
<td>Employer</td>
<td>10 s. d.</td>
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</tr>
<tr>
<td>Employee</td>
<td>10 s. d.</td>
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A wage earner included under the program must obtain a contribution card. If he is a member of an approved society, the society issues the card. If he does not belong to any society or does not join one, he can obtain a contribution card at any post office.

Contributions are paid by the purchase of stamps by the employer through the post office. Stamps representing the amount of the combined weekly contribution of the employer and the worker are affixed by the employer at or before the time of payment of wages for the week for which the contribution is due, and canceled by him.

At the end of each 6 calendar months the employer returns the card to the contributor, and the latter returns it to his approved society or, if he is not a member of a society, sends it to the Ministry of Health. A receipt is issued showing the contributions entered on the old card, and a new card is returned to him by the same agency.

Upon receipt of the card, the approved society records in a contribution register the number of contributions to the credit of the member. Each half year the cards of all members are sorted according to the number of stamps on the card, a contribution return is prepared, summarizing the entries in the contribution register and on the cards, and both the return and the cards are sent to the Ministry of Health. Persons not members of a society are credited with their contributions by the Ministry of Health. The Ministry of Health then sets up its own records.

Money received from the sale of stamps is paid into the respective health insurance and old-age pension funds, in the ratio in which the stamps are attributable.

**Eligibility**

The following statutory conditions must be satisfied before a claimant is eligible for an old-age insurance pension:

1. He must have been continuously insured for 5 years immediately prior to the date on which he attained age 65; otherwise the pension commences only after completion of 5 years' insurance.

2. He must have paid 104 weekly contributions (including health contributions paid prior to January 4, 1926).

3. At least 39 contributions (including weeks of sickness and genuine unemployment) must have been paid on the average in each of the 3 contribution years immediately prior to the date on which the pension becomes payable. This condition is modified for persons who were continuously insured between ages 50 and 60 and for women who were continuously insured between ages 45 and 55.

**Amount of Pension**

Pensions are a flat sum and are paid through the post office. The full rate of the old-age pension for an insured person is 10s. a week ($2.43). The wife of an insured worker also receives a pension of 10s. a week when she reaches age 65 or as soon thereafter as her husband becomes 65.

The widow of an insured worker who dies after having satisfied the conditions qualifying him for an old-age pension is entitled to a pension of 10s. a week until she remarries or until she reaches the age of 70, at which time she comes into a noncontributory old-age pension without means-test qualifications. If she has children depending upon her she receives an additional allowance of 5s. a week for the eldest and 3s. for each of the others. In the case of motherless children, orphans' pensions at the rate of 7s. 6d. a week are paid from the date of the father's death. Benefits to children are payable until they reach 14, or until 16 if they are attending full-time day school.

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**General Claims Procedure**

A claimant may file application any time less than 4 months before the claim becomes payable. If the Ministry of Health is satisfied that a claimant is likely to be entitled to such a pension at any time within 4 months from the date in which the claim is being considered, the claim is approved provisionally to take effect when the pension is actually due and payable. If no final determination has been made by the date when the claimant reaches age 65, authorization for weekly payments is made for a period not exceeding 6 weeks. Such an interim payment is made only after the claimant has furnished all the particulars in his possession and all essential documents have been filed. If a claim is filed within 3 months after the claimant has become eligible, payment begins from the date of eligibility. If a claim is filed more than 3 months after the individual becomes entitled to the pension, he is paid for a maximum of three of the elapsed months in addition to the regular payments.

The more important steps in handling pension applications are as follows:

The application form is obtained at any post office, which also distributes leaflets explaining the eligibility provisions. The completed claims application is sent by the claimant to the Pension Branch of the Ministry of Health, and its receipt is acknowledged. An office folder is prepared for each claim, on which each step in the procedure is noted.

The application is numbered serially, the first two digits representing the week before the birthday, the second two the year in which the claimant will reach age 70, and the last four digits indicating the individual's number among the list of people who will reach 70 during a given year and week. An addressograph plate is made out, showing the serial number, the post office, and the claimant's name, address, and approved society number.

**Old-age pension order blank**

The application is first checked against an alphabetic file to ensure that it is not a duplicate claim. If the claimant is a member of an approved society, the society is asked to certify his eligibility and the number of contributions paid. Date of birth is verified through the office of the Registrar General which has practically complete records since 1870. If these records are not productive, then the census is searched. As a final resort, any other available records may be submitted.

The award section decides on the validity of the claim and fills out the award sheet. A ledger sheet, containing the signature of the applicant...
cut from the original application, is prepared for each individual as a continuing record.

A pension book, covering the period until the next birthday, is issued and forwarded to the local post office, where the pensioner is instructed to call for it. Before the date on which the book expires, the annuitant must send in a certified pension-book renewal. If the renewal form has not been received by the Ministry of Health a few days before the specified date, a last-minute warning is sent to the annuitant. If the form is not received within 7 days after the date that this notice is sent, the payment of the pension automatically ceases.

Method of Payment

The pension book contains 52 weekly slips or pension orders. These slips are dated and are payable in cash at a specified post office. The name of the pensioner and of the post office appear on the cover of the book.

Normally the order must be cashed by the person to whom it is issued and must be signed by him. When a pensioner is ill and unable to get to the post office, he must sign a special statement giving authority to a second person to cash the order.

To avoid congestion in the post offices, different days are set aside for the various groups. Widows' and orphans' pensions are cashed on Tuesday, those for persons from 65 to 70 years of age on Thursday, and for persons over 70 on Friday.

When a pensioner changes his residence, he must notify the central office of his new address. The old book is recalled and a new one issued. Changes of residence are infrequent and do not constitute a major administrative problem.

Appeals

Great Britain has a joint committee to rule on appeals in cases in which a claim has been disallowed or a payment reduced. This body is a coordinating committee composed of the Minister of Health for England, the Secretary of State for Scotland, the Minister of Labour for Northern Ireland, and a person having special knowledge of the program for Wales. The joint committee appoints a panel of referees, who are generally lawyers but cannot be officers of the Ministry of Health. A registrar of appeals, chosen from among the officers of the Ministry of Health, acts as secretary of the appeals tribunal.

The right of appeal belongs to any class of claimant. Notice of this right appears in printed italics on the form announcing rejection of a claim. Although a claimant has no right to appeal a final decision, occasionally the committee itself will recommend a second hearing.
Stopping of Payments at Death

In any pension plan one of the most difficult problems is to obtain a prompt and accurate report of the death of a pensioner so that payments may be stopped. A related problem is the detection of fraud. The principal and most effective procedure used by the Ministry of Health is to check its records against a daily report of deaths of all persons over 65 which is submitted by the Registrar General. A death certificate is usually received by the latter 48 hours after death. Another method of control lies in the fact that postal clerks have an opportunity to become personally acquainted with an annuitant, since pension slips can be cashed only in person at a specific post office. A third important control is the annual certified statement submitted by each pensioner when requesting a new pension book. In addition, signatures in random samples of pension orders are compared with the signature on the original claims application. At the present time one-half of 1 percent are examined; in the early days of the plan 5 percent were checked.

When the central office has ascertained that a pensioner has died, a form stopping payment of future orders is sent by the Ministry of Health to the postmaster of the specific post office at which the individual has previously cashed his slips.

In England during the fiscal year 1937-38, 297,255 claims for old-age pensions were received by the Ministry of Health, an increase of 21,257 as compared with the previous year. The number of pensions awarded was 253,288—19,155 more than the previous year. At the end of 1937 the number of old-age pensions and allowances paid to persons between the ages of 65 and 70 in Great Britain and Northern Ireland amounted to 828,312, and 1,215,494 to those over 70.

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1 Ibid., pp. 87-89.