

*The Society of Writers to The Signet*

THE  
P R I N C I P L E S

OF THE

D O C T R I N E

OF

L I F E - A N N U I T I E S ;

EXPLAINED IN A FAMILIAR MANNER,

SO AS TO BE

Intelligible to Persons not acquainted with the Doctrine of CHANCES ;

AND ACCOMPANIED

With a VARIETY of NEW TABLES

Of the Values of such ANNUITIES at several different Rates of  
Interest, both for Single Lives and for Two Joint Lives,

ACCURATELY COMPUTED FROM OBSERVATIONS.

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By FRANCIS MASERES, Esq; F.R.S.

CURSITOR-BARON OF HIS MAJESTY'S COURT OF EXCHEQUER;

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L O N D O N :

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M. DCC. LXXXIII.

The value of one pound a year to be received by a person of 80 years of age, according to the rate of interest and table of probabilities above-mentioned, when he shall be 86 years old, or

at the end of 6 years,	is	$\pounds$ .2612 ;
And the value of $\pounds$ 1 to be received by		
him at the end of 7 years,	is	.1998 ;
And at the end of 8 years,	is	.1472 ;
And at the end of 9 years,	is	.1039 ;
And at the end of 10 years,	is	.0693 ;
And at the end of 11 years,	is	.0428 ;
And at the end of 12 years,	is	.0237 ;
And at the end of 13 years,	is	.0115 ;
And at the end of 14 years,	is	.0056.

And the sum of all these values is - - - .8650.

Therefore when the interest of money is 3 per cent.  $\pounds$ .8650, or 17s. 3d.  $\frac{1}{2}$ , is the value of an annuity of one pound for the life of a man of fourscore years of age, to commence when he shall be 85 years old, or whereof the first payment is to be made him when he shall be compleatly 85 years old. Q E I.

## S C H O L I U M.

*Concerning the bill for establishing certain remote life-annuities in parishes, which passed the House of Commons in the spring of the year 1773.*

XXXVIII. In this manner may be computed all those tables of remote life-annuities which were prepared in the spring of the year 1773, and annexed to a bill at that time in the House of Commons, for enabling parishes to grant such annuities to their poor and industrious inhabitants. This bill was brought into the House of Commons by Mr. Dowdeswell, and seconded by Mr. George Rice, the member for Caermarthenshire, and supported by Sir George Savile, Sir Richard Sutton, Mr. Edmund Burke, Mr. Cornwall, Mr. Jackson, counsel to the Board of Trade, Mr. Thomas Townshend, junior, and many other members of parliament of eminent abilities. And it passed in that house upon a division, after a debate, by a majority of about two votes to one of all the members present. But it was thrown out by the House of Lords. As great pains had been taken in the framing this bill by Mr. Dowdeswell, (who brought it into the house,) Mr. Rice, and Sir George Savile, and many other gentlemen; who had often met together, for several hours at a time, at Sir George Savile's house in Leicester-Square to consider the several clauses of it; it may not be amiss to give my readers the following general account of it.

XXXIX. The

XXXIX. The design of this bill was to encourage the lower ranks of people to industry and frugality, by laying before them a safe and easy method of employing some part of the money they could save out of their wages, or daily earnings, in a manner that would be most strikingly for their benefit. It was observed that their wanting opportunities of this kind was probably one very principal cause of their neglecting so obvious a piece of prudence.—That they knew, for the most part, but little of the public funds; and that, when it happened that they were acquainted with them, the smallness of the sums they would be intitled to receive as the interest of the money they could afford to lay out in them, was no encouragement to them to dispose of it in that way. For what inducement, for instance, can it be to a poor man who has saved ten pounds out of his year's wages to invest it in the 3 per cent. bank-annuities, to consider that it will produce him about six or seven shillings a year? It is but the wages of three days labour. And, if they lend their money to tradesmen of their acquaintance, as they sometimes do, it happens not unfrequently that their creditor becomes a bankrupt, and the money they had trusted him with is lost for ever; which discourages others of them from saving their money at all, and makes them resolve to spend it in the enjoyment of present pleasure.—But that, if they saw an easy method of employing the money they could spare in such a manner as would procure them a considerable income in return for it in some future period of their lives, without any such hazard of losing it by another man's folly or misfortune, it was probable they would frequently embrace it: and thus a diminution of the poor's rate on the estates of the rich, an increase of present industry and sobriety in the poor, and a more independant and comfortable support of them in their old age than they can otherwise expect, would be the happy consequences of such an establishment. To effect these useful purposes the bill provided as follows.

The design of the said bill.

1st, That in every parish in England or Wales, in which there were two churchwardens and two or more overseers of the poor, or one churchwarden and three or more overseers of the poor, that is, four, or more, parish-officers intrusted with the care of the poor, it should be lawful for the body of the rateable inhabitants of such parish, that is, of those inhabitants who contributed to the poor's rate, to grant life-annuities, payable every quarter of a year, to such of the inhabitants thereof as should be willing to purchase them, at the prices set down in the tables annexed to the bill, which were computed upon a supposition that the interest of money was only 3 per cent.

The principal provisions of it.

2dly, That the money received from the purchasers of these annuities should be vested in the 3 per cent. bank-annuities in the name of the parish which had granted it: and the dividends duly received by them every

half-year, and employed in the purchase of new stock, so as to be improved at compound interest, to the end that it may be able to answer the annuities bought with it when they shall become due.

3dly, That for the aforesaid purposes of granting these life-annuities, and receiving the money paid for them, and holding the stock purchased with it in the bank-annuities, and the other purposes of this bill, the said rateable inhabitants of every such parish should be made a body politick and corporate, and have a common seal.

4thly, That, if the parish-fund in the 3 per cent. bank-annuities should, by the mismanagement of it, or from any other cause, prove insufficient to supply the life-annuities charged upon it, the poor's-rate should be made a collateral security to the poor purchasers of these annuities for the payment of them, and should be increased to such a degree as should be sufficient to make good the deficiencies.

5thly, That no such annuity should be granted to any one person of more than 20*l.* sterling a year.

6thly, That no such annuity should be granted to any of the inhabitants of a parish but such as were legally settled in it, or had a right to be relieved by it in case they became poor and helpless.

7thly, That no such annuity granted to any man should commence before he was compleatly 50 years of age; nor to any woman before she was compleatly 35 years of age.

8thly, That no sum less than five pounds should be received by the managers of these annuities as the price of any such annuity.

9thly, That the ministers, and church-wardens and overseers of the poor, should be the managers of these annuities for the whole body politick and corporate of the rateable inhabitants of the parish, and should receive the money from the purchasers of them and vest it in the 3 per cent. bank-annuities, and receive the dividends, and employ them in the purchase of fresh stock, and pay the annuities to the purchasers when they became due; and that for the transacting of the said business at the Bank they should give a power of attorney to some person residing in London.

10thly, That nevertheless the said managers should not have the power of granting any of these annuities without the consent of the rateable inhabitants of the parish, who should be assembled in vestry for that purpose after public notice of such intended meeting given in the parish-church

church on two Sundays immediately after divine service. And in these meetings of the parishioners it should be necessary not only that the majority of them in number should consent to the granting the annuity proposed, but that those who so consented should have paid more than half the last poor's-rate paid by all the rateable inhabitants so assembled.

This restraint was intended to prevent the renters of small tenements in the parish from involving the parish in the contingent burthen on the poor's-rate that might arise from these annuities, against the will of the more substantial inhabitants.

And it was further provided that no such annuity should be granted unless there were present at the meeting, in which it was granted, at least twelve of the said rateable inhabitants of the parish, except in parishes where the whole number of rateable inhabitants was less than nineteen; and that in that case it should be necessary that at least two third parts of the whole number of inhabitants should be present at it.

And, in the 11th and last place, it was provided that the purchasers of these annuities should not be permitted to alienate them without first making an offer of them to the parish at the price they were worth at the time of such offer according to the tables annexed to the bill, or at some lower price: and that such of them as should, at the time of purchasing them, consent to a clause that should declare them to be absolutely unalienable, should, in consequence of such consent, be incapable of alienating them at all.

The reason of this restraint upon the alienation of these annuities was to guard the poor owners of them against their own folly and weakness, by making it impossible for them to sell their annuities for a small part of their true value, over a pot of ale and without a proper degree of deliberation.

The reason of computing the values of these life-annuities upon the supposition of so low a rate of interest as 3 per cent. was to make the fund arising from the money paid for them be amply sufficient to answer them when they should become due; so that it should be almost impossible, without great negligence in the management of this fund, that there should ever be a necessity of having recourse to an augmentation of the poor's-rate to make good its deficiencies. Yet even at this low rate of interest the purchasers of these annuities would usually get nine or ten per cent. for their money, if they purchased them only five years before the time of their commencement; and 30 or 40 per cent. if they would be content to wait for them 25 or 30 years; which men under 30 years of age might do without any inconvenience. And the hope of this, it was presumed, might be



be a sufficient inducement to them to employ some part of their money in this way, and to be diligent in their callings, and frugal in their expences, with that view.

The principal objection that seemed likely to be made to the said project.

In order to remove the said objection, the bill provided that every parish might chuse whether it would, or would not, adopt the said project.

XL. The only objection that seemed likely to be made to this project was the difficulty of carrying it into execution, arising from the inability of the minister and church-wardens and overseers of the poor of the parish to manage the money received from the purchasers of these annuities without an agent in London for that purpose; who would probably be, for the most part, either some stock-broker, or banker, or banker's clerk, or other man of business that dealt in money transactions, whom it might be difficult to engage in an employment of this kind without paying him for his trouble in a manner that the parish-fund could hardly afford. But this objection is not so strong as it appears to be: because the business of this kind to be done in London would not be so much as might at first be apprehended; and the price of brokerage upon buying and selling the parish-stock in the bank-annuities and receiving the dividends of it when they became due, is no great matter. But how far this difficulty was likely to hinder the execution of the bill could not be known with any tolerable degree of certainty without giving it a trial. And therefore the House of Commons passed it. But that the experiment might be as little hazardous as possible, and parishes might not be involved by it against their wills in the danger of these remote incumbrances, the bill was made intirely optional, and the rateable inhabitants of every parish were left at liberty to grant or not grant any of these annuities, as they should think fit, and even, after they had granted some such, to desist from granting any more. And this full liberty of proceeding herein according to their own judgments and inclinations was thought by the gentlemen who supported the bill in the House of Commons to be a compleat answer to the objection above-mentioned arising from the supposed difficulty of carrying it into execution.

An ingenious observation made in support of the said objection.

XLI. There was however a very ingenious and subtle observation made upon this answer, and in support of the foregoing objection, by a noble lord, of distinguished abilities, and who formerly filled the highest station in the law with great reputation. This was, "that the option above-mentioned was not given to the right persons, or to those who were most likely to be affected by the burthens which the granting these annuities might hereafter bring upon the parishes.—For that the option was given to the rateable inhabitants of the parish, who were, for the most part, only renters of the lands they occupied; whereas the burthen upon the poor's-rate arising from the supposed deficiency of the annuity-fund was not likely to be felt till many years after the granting of the annuities, when

when the leases of the renters who had voted for the granting them, would be at an end, or, if they were renewed, would have been renewed at a lower rent than before, in consideration of the approaching and probable increase of the poor's rate arising from the said supposed deficiency; which would be an injury to the freeholders of the land, who were possessed of the permanent property of it:—and that therefore the consent of the said freeholders ought to be obtained to every act by which the lands of the parish might be exposed to the danger of such a future burthen.”

This observation seems to be somewhat refined; but will admit, as I conceive, of the following answer. The rateable inhabitants of parishes are of the three following sorts; either owners of the houses and lands which they occupy; or renters of them under long leases for 21 years, or for three lives, and oft n with a right of renewal; or renters of them under short leases for one or two years, or merely at the will of the owners without any leases. If they are of the first sort, they are the very persons in whom the noble author of the observation thinks the option of granting, or refusing to grant, these life-annuities ought to have been vested. If they are of the second sort, that is, renters of the lands they occupy under long leases, they then are more likely to feel the burthen brought upon the parish by the supposed augmentation of the poor's rate than the freeholder or owner of the reversion, and therefore are fitter than he is, according to the principle of the observation, to be trusted with the power of bringing this contingent burthen upon the parish. And lastly, if they are renters of the lands they occupy under short leases or at will, (which is the case supposed in the objection,) they are, in consequence of the precariousness of such a tenure, so much under the influence of their landlord, that, if he should but signify his pleasure to them, by his steward or by a letter, that he does not chuse that any of these annuities should be granted in the parish, lest his lands should be exposed to such a future increase of the poor's rate, they will be sure to give their votes against them. So that in all these cases the interests of the persons who are most likely to be affected by the apprehended burthen on the poor's rate, are sufficiently protected by the provision that vests this option in the rateable inhabitants of the parish. And besides, experience shews that the inhabitants of parishes in general, as well those who rent lands and houses by the year, or at will, as those who have more permanent interests in them, are wonderfully averse to every thing that has even a remote tendency to increase the poor's rate. And consequently there is no reason to apprehend that they would consent to grant any of these parish-annuities whenever there was the smallest danger of their being ill managed, and producing, in consequence thereof, an augmentation of the poor's rate to make good the deficiencies of their proper fund.

An answer to  
the said ob-  
servation.

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