RETIREMENT PLANS IN
RETAIL FOOD CHAINS

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RETIREMENT PLANS IN RETAIL FOOD CHAINS

By

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CHAPTER I

INTRODUCTION

Purpose of Study

This is a study of the pension movement among the retail food chains. For some time (except for brief periods) the nation's birth and death rates have been declining. Fewer children are being born; more people are living into adulthood and old age. The result is that, as time passes, a larger and larger proportion of the population of the United States is classified in the older brackets. This is a situation which directly affects the retail food industry and for which retail food chain executives must plan.

The maintenance by an employer of a sound employee pension or retirement income program carries with it many tangible and practical advantages for the employer, as well as the employee. From the employer's standpoint, the development of such a plan is no mere philanthropic gesture. An employee retirement plan is a practical business proposition. A properly constructed plan has many natural advantages. It has the effect of stabilizing employment and reducing turnover in personnel. A company which is able to keep its personnel intact during periods of boom can capitalize upon business opportunities with an experienced and capable employee group. Many plans have the effect of increasing morale, goodwill and loyalty of the employee.

Any plan that tends to free employees from worry, to make them more secure in their jobs, to help them solve their personal financial problems, to relieve them of fear of the future, is a plan that promotes efficiency. The adoption of a retirement income plan is a long step towards solving management's problem of the superannuated employee.

Scope of the Study

There are two phases to the study. The first phase deals with the investigation and report on the development of pension plans, generally, in the United States which lead to the present adoption of many retirement income programs among the retail food chains.

The second phase covers the results of an actual survey of retirement income programs among retail food chains. This survey was made by the use of a mail question-naire. It listed seven points (see appendix for copy of questionnaire) concerning aspects of plans now in operation. The results of this survey were reported by the use of tables incorporated in the content of Chapter V on "Presentation of Data".

Procedure

All data in the second scope of the study were obtained by the use of a mail questionnaire. A letter, containing a request for information was submitted with the questionnaire.

In return for a filled-in questionnaire, the author promised to tabulate the returns from the survey and return a copy to those who requested it.

Approximately one hundred and thirty questionnaires and letters were sent out to retail food chain executives. Out of this number sixty-four were completed and returned.

Half or sixty-five of the letters mailed were typed individually and half of them mimeographed. The former resulted in approximately a 90 percent return, the latter a 10 percent return.

Source of Data

The sampling was controlled to the extent that the author attempted to mail the questionnaires to five types of outlets classified on the basis of number of employees:

0 - 300
301 - 700
701 - 1100
1101 - 2500
Over 2500

Review of Literature

The National Industrial Conference Board, Incorporated [1] has in recent years, concerned itself with various aspects of the pension problem. Members of this group stress the importance of recognizing the pension problem as a dominant one in our economy. Many believe that the importance of

[1] Handbook on Pensions, Studies in Personnel Policy, No. 103, April 1950. National Industrial Conference Board.

security among workers will increase with the age of United States economy, and will, in time, present one of management's most complex problems. However, these men insist that unless management takes the prerogative in planning for the superannuated worker, he will look toward the Government for assistance in old age. This could result in another major victory for those who would like to see our economy drift into socialism.

Arnitt H. Coate, Secretary of the New Jersey Bankers Association said:

> All equipment, all machinery that enters into a business is depreciated or its cost amortized over a period of its useful career. Certainly the human being, the motive power behind a growing institution--brains--the experience--the loyalty--should have at least the same provision made as that accorded inanimate fixtures. The employee is expected to maintain a reasonably high standard of living and is usually unable to accumulate a sufficient amount of savings to enable him to exist for more than a limited period without his position or other financial assistance.
>
> Therefore, the motive for instituting a pension plan is the material advancement of both the company and its employees and it can be erected on a foundation of mutual self-interest and understanding. The best interests of the employer become the best interests of the employee--their objectives are harmonized and become identical.[2]

Many individuals, whose interest lie in the field of human relations, have recognized the need for adjustment

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[2]The American College of Life Underwriters, Study Unit No. 1[illegible], p. 308.

of present aspects of retirement income programs. In an address before the First Annual University of Nebraska Insurance Institute, Lincoln, Nebraska, Ralph H. Blanchard said:

> The pension plan that provides pensions only for employees who reach the age of retirement in the employer's service is outmoded. The ideal should be a plan that provides pensions in proportion to service rendered and that does not defeat its ends by withdrawal rights and forfeitures.

The President of the Grand Union Company, Lansing P. Shield, whose company is a grocery chain doing a volume of business in excess of 150 million per year voiced the following opinion.

> A primary obligation of business is to provide security for the worker in his old age. But he has no use for "security" which freezes initiative. In such plans the employee should hold a vested interest, and "be free to move around within industry" without sacrifice of pension rights. There is nothing unsound in a pensioner receiving checks....from several companies.[3]

In the research conducted by the author it was readily observed that there is a great deal of progress to be made in the field of human relations. A great deal of time and planning must be expended in preparing plans that will adequately retire a superannuated employee, gracefully, from faithful service with an employer.

[3]Lawrence L. Hughes. "People-Building Pays for Grand Union". Sales Management. p. [illegible]. January 15, 1951.

CHAPTER II

HISTORICAL DEVELOPMENT OF THE PRESENT RETIREMENT INCOME PLANS

The employee retirement income program is an outgrowth of that desire for security which has characterized our nation from the very beginning.

Records of pensions are not wanting, even in the case of slavery in the Southern States,[1] but study of earlier plans for retirement relief set up by American corporations indicate that the pressure of the aged was not recognized as a special problem until after the opening of the twentieth century.[2]

The tremendous expansion of our country supported migration of the population to the West. This western migration tended to take out of work in the industrial centers many who in similar circumstances at the present time would be compelled to remain.

While the economy of our country remained predominately agricultural, security against adverse economic conditions and personal incapacity usually took the form

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[1] See, for example, U. B. Philips, _American Negro Slavery_, New York: Appleton and Co., 1918, p. 359.

[2] Murray W. Latimer, _Industrial Pension Systems_, Industrial Relations Counselors, Inc. N.Y. 1932, p. 18.

of farm land accumulated through individual thrift. However, this means of providing security proved inadequate as soon as the development of the factory and corporation, with its large personnel and limitless possibilities for perpetual existence, became an important part of our economy. The shift of population from the farms to city factories made it increasingly difficult to accumulate enough through thrift to provide for his own security. Employers and workers began to look for other methods through which protection against old age and other catastrophe could be provided.[3]

There were three principal factors from the standpoint of the employer that influenced the adoption of early pension plans.

1. The advisability of removing from the service elderly persons and others no longer able to perform their tasks efficiently.

2. The desirability of developing a stable personnel of competent employees.

3. The reputation of a company and its ability to induce capable persons to enter its employ made necessary a humane method of meeting the pressure of the aged and incapacitated.[4]

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[3]Excerpt from speech by Milton L. Selby, Secretary-Treasurer, Safeway Stores, Inc., Oakland, California, October 16, 1950.

[4]Latimer, op. cit., p. 21.

The development of formal pension plans in the United States followed no set pattern. The first solution to the problem was to designate light work, such as watchmen or gatekeeper, to persons who were no longer able to perform regular employment. The second solution was to develop an informal pension scheme. This type was a pension plan ordinarily not published, but in some instances it was given to those who were "deserving" or in some cases where relief was necessary. This practice continues among many small retail food chains of today. A third step in early pension programs was to keep the incapacitated employee on the payroll.

The railroads or companies closely connected with the railroads were the first to set up formal plans for old age and disability relief, since single business organizations first attained great size in this industry.

The first formal industrial pension system in the United States was adopted by the American Express Company in 1875. This was the first of the non-contributory plans. The second formal pension plan was established as a part of the relief association of the Baltimore and Ohio Railroad Company on May 1, 1880. It was contributory. These pension systems, however, were in later years either discontinued or greatly modified.

From 1884-1900, old age relief was administered under unstandardized procedure. There was no further extension of the railroad pension movement.

The next railroad pension system adopted in the United States and, today in existence, was inaugurated by the Pennsylvania Lines east of Pittsburgh in 1900. Because many later retirement systems were modeled after the Pennsylvania Railroad scheme, a more detailed analysis is given on the provisions. This retirement income plan was a definite step forward in attacking constructively the problem of old age. The plan contained the following provisions:

1. It applied only to employees entering the service under age forty-five.

2. Retirement was compulsory for employees at age seventy regardless of whether or not any pension credits had accrued.

3. Thirty years' service was required to qualify for a pension, thus attempting to introduce a factor for stabilizing employment much more powerful than the ten years requirement of prior plans.

4. The amount of the retirement income was one percent of the average salary for the last ten years of service, multiplied by the number of years of service.

5. It was open to all employees rather than only to members of the relief association.

It is interesting to note that by 1905, a total of twelve formal pension plans had been set up by railroads in the United States covering 35.4 percent of all railroad employees. For the year ending June 30, 1908, seventy-two railroads and railroad systems employing 954,919 persons, 66.9 percent of the total number of railroad employees in the United States had coverage.[5] During this period it is unmistakably clear that the trend of railroad policy toward the adoption of retirement income systems was a definite one.

The next group to provide formal pension plans for their employees was the public utilities. Consolidated Gas Company of New York established a retirement income plan in 1892. The public utilities group to a great extent copied the railroad plan; however, there was a tendency to make their plans more liberal with respect to age at retirement, service qualifications and relation of pension allowance to customary earnings.

There was a definite pension movement at this time. The public utility companies were followed by pension plans in banks. Most of these were contributory and were begun in the 1884-1900 period. One naturally would think that insurance companies were among the first to adopt pension

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[5] Latimer, op. cit., p. 26.

programs; however, the first pension plan was not begun by an insurance company until 1909. Insurance companies during this period introduced no new principles and followed rather than led in the development of practice insofar as it relates to employees in industry.

In the merchandising field, the only activity in pension systems prior to 1900 of which a record has been found was the establishment in 1838 of a pension fund of $10,000 for permanently disabled employees in the Wannamaker Department Store in Philadelphia. It was an informal plan and no rules were set down for its administration.[6]

The first evidence on record of a retirement income plan among retail food chains was in 1925. Kroger Grocery & Baking Company adopted a retirement income plan which contained the following provisions:

1. Pension of $50 a month was to be paid.
2. The maximum pension specified was $600.
3. Other provisions of the plan were not reported.[7]

This plan was discontinued in 1926; however, in 1929 pensions were being paid informally and the Company was expecting to offer a new plan.

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[6]N. P. Gilman. Profit Sharing Between Employer and Employee, Boston: Houghton, Mifflin & Co., 1889, p. 325.
[7]Murray W. Latimer. Industrial Pension Systems, Industrial Relations Counselors, Inc., N.Y. 1932. Vol. II, p. 1090.

The period from 1929 - 1932 witnessed a rate of discontinuance highest since the inception of pension plans. This, of course, was due to the reduced business activity through a depressionary period. Remaining pension systems reduced the scale of benefits and otherwise deliberalized their plans. In this period there were four main steps taken to reduce the pension system expenses.

1. The plan was closed to new employees.

2. Admission to the pension plan in the future was made more difficult.

3. Future benefits scaled down.

4. Plan changed from non-contributory to contributory.

Despite all these adverse revisions, direct employee opposition to them seems to have been negligible.

The period from 1932 - 1938 was one of extraordinarily rapid growth. Between 1932 - 1938, the total number of new plans aggregated 251, or about forty-two each year. In no previous period of comparable length had the rate of establishment of new plans approached this level. It is interesting to note that between May 1, 1932 and the passage of the Social Security Act, only 1.4 percent of the new plans were non-contributory. More than 75 percent of the 515 plans known to be operating in 1938 were contributory. The period is definitely significant in that, despite a long-continued depression and the initiation of a great system of governmental social insurance, the industrial pension program, except in railroads, more than held its own. Moreover, the decision of a substantial number of relatively small employers to adopt plans indicated a healthy extension of the movement.[8]

The second retail food chain of record to inaugurate a retirement program for its employees and the first program to operate, thus far successfully, was Jewel Tea Company, on December 24, 1938. The plan provided a means whereby the company and its employees could work together to build retirement funds. Each year the Jewel Tea Company pays into J. R. E. (Junior Retirement Estate) 15 percent of its profits before taxes, of the amount distributed into employee accounts from profits, half is divided among employees according to deposits during the year and the other half is divided according to the salaries during the weeks in which they made deposits.[9] According to company reports, employee general reaction to the plan is one of approval and the company believes it has created a greater degree of security than was heretofore realized.

The period from 1939 - 1946 saw a tremendous growth in retirement income plans. World War II served as a major impetus to the adoption of such plans. Wartime regulations

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[8]Karl Tufel and Murray W. Latimer. Trends in Industrial Pensions, Industrial Relations Counselors, Inc., N. Y. 1940, p. 7.

[9]Booklet, Jewel Tea Company.

[illegible] the amount of [illegible] [illegible] [illegible] [illegible], but [illegible] [illegible] [illegible] in [illegible] [illegible] result that the number of these programs [illegible] col-lective bargaining [illegible] [illegible] August, 19[illegible], the [illegible] [illegible] [illegible] plans ([illegible] Table No. 1), and 2,[illegible] profit-sharing plans. [illegible] until in June 19[illegible], the [illegible] indicated that [illegible] pension and profit sharing plans [illegible] approved at the rate of [illegible] a hundred a month, and that 12,[illegible] pension and profit sharing plans had been submitted to the Bureau of Internal Revenue since 1942.[10]

While there are no exact statistics on the number of pension plans [illegible] in force, the [illegible] on Labor-Management [illegible] has estimated that there probably are 13,000 pension plans in operation with a coverage of 6.5 million workers.[11]

One of the significant developments in retirement income plans was the ruling of the National Labor Relations Board on April 13, 19[illegible] that the Taft-Hartley Act requires employers to bargain collectively on company pension plans.

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10 [illegible], [illegible]. [illegible], [illegible] [illegible] [illegible]. [illegible] [illegible]
11 [illegible] "[illegible]". Journal of Commerce. [illegible], 19[illegible], p. 5[illegible].

TABLE 1*

Period in which Plan Became Effective[a]	Number of Plans	Number of Participating Employees[b]
Prior to 1930	105	1,394,184
1930 - 1939	517	530,606
1/1/40-9/1/42	843	450,008
9/2/42-12/31/44	4,208	714,681
1945 and 1946[c]	1,189	201,129
	6,862	3,290,608

*Carrol W. Boyce. How to Plan Pensions, McGraw Hill Book Co., Inc., 1950. p. 4.

[a]Represents the period in which the "effective date" of the plan fell, which often preceded or sometimes followed the date of actual adoption. In cases where the plan was very materially amended, it may represent the period in which the effective date of amendment fell.

[b]Represents employees covered by the plan at the date of which information was submitted in connection with the application for a ruling on the plan. Includes all employees nominally covered under the plan even though a large number of such employees may never receive any benefits under it.

[c]Excludes a substantial portion of plans effective in 1946 and some plans effective in 1945, for which favorable rulings were not issued and processed until after August 31, 1946.

if the employees request it. This was the first ruling of the board on this subject.

It would, perhaps, be well to examine the background of this controversy that led to a favorable decision for the unions. This decision, of course, exerted a profound influence upon the future of company retirement plans. The National Industrial Conference Board reported the incident as follows:

> The case rose out of the action of the United Steel Workers' Union which claimed that the company had breached the contract because it had refused to negotiate on the company's announced policy to retire 256 employees who had reached age sixty-five. The company claimed that the union did not have the right to question its retirement policies.
>
> The company's pension plan was first introduced in 1936 long before the union had been certified as the collective bargaining agency. In 1943, the pension plan, which in the beginning applied only to employees earning $250 a month or more, was expanded to include all employees thirty or more years of age with five or more years of service who elected to participate. On December 2[illegible], 1945, the company established a Past-service Pension Trust which contained the provision that every employee should be retired on January 1 nearest his sixty-fifth birthday and permitted retention on the active roll only under exceptional circumstances. It was this policy which the union protested and brought before the National Labor Relations Board. The trial examiner held that the pension and retirement policy was a proper subject for collective bargaining.[12]

The United States Circuit Court of Appeals on September 23, 1948 held that company pension plans, like

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[12] Handbook on Pensions. _op_. _cit_., p. 5.

wages and hours, must be submitted to collective bargaining at the demand of the union. On April 25, 1949, the United States Supreme Court set its stamp of approval on the National Labor Relations Board's ruling by refusing to review the United States Circuit Court of Appeals decision that pensions are a subject of collective bargaining.

This decision provided further entrenchment of retirement income programs in our economy. Companies began to face the situation realistically. The retirement income program was reduced to the proposition: not "if", but "how".

CHAPTER III

THE ROLE OF SOCIAL SECURITY

A basic principle for a satisfactory pension program is that the pension, together with the social security benefits, will enable the retired employee to live on a reasonable scale. If the plan provides benefits so low that the worker's standard of living falls below this level, the worker will fight retirement. Company management also will hesitate to retire an employee if he will suffer hardship because of a drastically reduced income.

Legislation covering old age insurance has been in existence since 1935, when the basic law was adopted under impact of the depression and the pension movement of the early 1930's. A radical revision of benefits occurred in 1939, under which payments of monthly benefits began to be made on January 1, 1940.[1] Despite drastic changes in our economy affecting labor mobility and the level of wages and cost of living, Congress did little in the next ten years to improve the program. It is probably the recent union-industry drive for pensions that influenced Congress to pass a new Social Security Law.

It is the new Social Security Law and its relation to private pension plans that will be discussed here.

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[1] Perlman, Jacob. Changing Trends Under Old-Age and Survivors Insurance, 1935-1950. Industrial and Labor Relations Review, Vol. 4. No. 2, Jan. 1951, p. 173.

The social security bill which became law on August 21, 1950, embodies several important changes. It extends coverage to an additional ten million persons. It provides increased benefits for those now receiving benefits, as well as those who will retire in the future. During the last few years, employees have had to retire on pensions earned during periods of lower wage and salary levels than prevail today. Owing to the continuing lack of political and economic stability, the end of the cycle is not in sight. This factor was a major impetus to the plan's amendment. It changes the schedule of benefits to survivors and dependents. It grants credits for service in World War II. It calls for gradually increasing contributions by both employer and employee. Altogether there are more than thirty major changes in the original act, which became law in 1935.

The major points in the Social Security Law which must be considered when revising or setting up a private retirement income plan are explained.

Increased Benefits

<u>For persons currently receiving benefits</u>. The benefits will be increased on an average of about 77½ percent, starting with about 50 percent for high-benefit groups and climbing to 100 percent increases for low benefit groups.

Old	New
$10	$20.00
15	[illegible]
20	37.00
25	46.50
30	54.00
35	[illegible]
40	64.00
45	68.50

For Persons Retiring in the Future

A new formula for calculating benefits is provided. Formerly the formula was: 40 percent of the first $50.00 of average monthly wage--plus 10 percent of the next $200.00 of average monthly wage--plus 1 percent of the total of the first two items for each year of coverage. This was the primary insurance benefit.[8]

The primary insurance amount figured under the new formula is: 50 percent of the first $100.00 of average monthly wage--plus 15 percent of the next $200.00 of average monthly wage (with no additional recognition for years of coverage).

Example: For a man with ten years' coverage whose average earnings are $3,600 a year or more:

Old Formula

40 percent of first $50.00 ----------------	$20.00
10 percent of next $200.00 ----------------	20.00
	40.00
1 percent of $40.00 for 10 years ---------	4.00
Primary benefit --------	$44.00

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[8]See H. R. 6000 for a more technical discussion of Social Security provisions.

New Formula

50 percent of first $100.00 ------------	$50.00
15 percent of next $200.00 ------------	30.00
Primary benefit ------------	$80.00

The new formula may be used only if six quarters of coverage are earned after 1950.

Provision for Veterans

Veterans of World War II will, in general, be considered to have earned wages of $160.00 a month while they were in service. (Under the old law, veterans received no credit for the time they served.) This credit is in addition to credits for wages actually earned, but does not apply if the period of service is credited toward any other Federal retirement benefits (except pensions paid through the Veterans Administration). The $160-a-month credit will also not apply if a larger benefit will result without using it.

Taxes

The following rates will be paid by both employer and employee:

1951 - 1953 ------------------------	1½ percent
1954 - 1959 ------------------------	2 percent
1960 - 1964 ------------------------	2½ percent
1965 - 1969 ------------------------	3 percent
1970 and thereafter ------------------	3½ percent[3]

[3] Central Hanover Pension Bulletin, 70 Broadway, New York 15, N. Y. Discussion of major changes in Social Security Law of 1950, published by Prentice-Hall.

It would appear that the new Social Security Act will influence private pension plans to some extent. The establishment of private retirement income programs is not discouraged. The new Social Security Law does not attempt to do the complete job of providing adequate income in the case of superannuated employees. There is sufficient room for supplementation of the insurance benefits from a number of different private and public sources. Second, under the new law it is less costly to establish a private plan where previously it might have been too costly or too uncertain to do so.[4]

For example, if a medium size retail food chain, or a smaller onefor that matter wanted to provide a \$100 a month insurance benefit for their employees, the increased government insurance coverage makes it immeasurably less costly. Assuming a hypothetical situation, let us take an individual earning an average of \$250 a month. He will receive an insurance benefit of \$72.50 a month instead of approximately \$46.00 under the old law. Thus, an employer who wishes to provide a \$100 a month pension to his employees in this salary group would only have to make up \$27.50 under the new law, whereas he would have to make up \$54.00 under the old law. The additional cost to the employer would be decreased approximately one half.

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[4]Cohen, Wilbur J. Aspects of Legislative History of the Social Security Act Amendments of 1950, _Industrial and Labor Relations Review_, Vol. 4, No. 2, January, 1951.

In a report by the Senate Finance Committee, several important points were brought out as to the inadequacy of the present relationship between public and private plans.

> Another question which is not resolved by this bill (referring to H. R. 6000), but which will be a matter of increasing importance, is the relationship of the public social security program to private pension plans, particularly those now being established through collective bargaining to cover major groups of industrial workers. Your committee is aware that there are many disadvantages in the collective bargaining approach to retirement plans. From the standpoint of the worker, as well as the economy, these plans have serious weaknesses. Most of these plans do not give the worker rights which he can take with him from job to job. They require long periods of service with one employer just before retirement. They tend to discourage the hiring of older workers. Most young workers will never qualify for benefits because they will not meet these long-service requirements. The long run relationship between the Federal program and the movement in collective bargaining deserves the most careful study.[5]

Ever since pensions were made a collective bargaining issue, there has been increased interest on the part of the employer as regards social security. They now may look upon social security as a means of reducing costs.

There has been a great deal of criticism regarding the collection and disposition of social security funds. Some have said that the money collected under the Social Security Act has not been transferred to a trust fund, but rather has been placed in the general funds of the Treasury Department. Because of these accusations against the Social

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[5] Senate Finance Committee Report

Security Law, the author wrote to Senator Homer Ferguson of Michigan concerning this subject. He in turn, asked A. J. Altmeyer, Commissioner of the Federal Security Agency, to answer this criticism of social security. An excerpt from the letter, dated April 20, 1951 follows:

> The Social Security Act provides that 100 percent of the taxes collected to finance the old-age and survivors insurance program are to be transferred to a trust fund which is kept separate from the general funds of the Treasury. The managing trustee of the old-age and survivors insurance trust fund (the Secretary of the Treasury) is directed by law to invest in interest-bearing Government securities that portion of the fund which is not required for meeting current benefit payments and administrative expenses of the program. This practice of investment in Government securities is exactly the same as that followed by banks, insurance companies, trustees for workers' pension plans, and others who seek the most sound investment for their funds, and, at the same time, a reasonable income therefrom. In either case, the investor receives for his loan a bond or other form of obligation as evidence of the Treasury's indebtedness. When the Treasury repays the loan, with interest, the money becomes available for social security benefits just as the Treasury's repayment of loans made by an insurance company makes this money available to the company's policyholders and beneficiaries.[6]

The role of social security benefits is an important one. Old age security has become a prime political, economic and social problem; and with it, adequate provision for the retirement of aged and incapacitated employees has become a definite modern business problem.

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[6]Excerpt from letter from Commissioner A. J. Altmeyer, Federal Security Agency, Washington, D. C., dated April 20, 1951.

Such provision for employee retirement grows more important every day as a result of our high-speed, mechanized production system and its trend toward the individual's early withdrawal from active industrial life. In the development of a sound plan for the solution of this problem, social security inter-related with private pension plans can and is playing an important part.

CHAPTER IV

PROBLEMS IN RETIREMENT INCOME PLANNING

A company contemplating the adoption of a retirement income program should be guided by certain general rules. No single plan can be suggested as the ideal solution nor even as a standard for general use. Companies differ in size, geographical location, history, financial resources, market conditions, wage scales, personnel, public and employee relations. A plan that would work perfectly for one company might be hopelessly inadequate under other circumstances. In order for a plan to be successful, it is necessary that it be developed to meet the peculiar problems of the particular business involved. It must be developed as a "tailor made" proposition.

No attempt is made here to present the many different types of retirement income programs in effect. In fact, almost as many types of plans can be listed as there are plans in effect, since each individual situation differs in many material respects. According to the author's research, there are four major retirement income programs that are generally considered when adopting a pension program. They are classified as follows

1. The informal type of plan.
2. The pension trust plan.
3. The group annuity plan.
4. Profit-sharing programs.

The informal type of retirement income plan permits an employer to pay pensions to workers, indefinite in amount, and generally without any vested interests or rights in the employees.[1] This type of plan is little more than expression of the management's approval of the policy of retiring superannuated employees. Ordinarily, actuarial reserves are not set up, and seldom is there any specific relationship between appropriations to the plan and promised benefits. In a great deal of cases, the companies pay the actual pension claims as the obligations arise out of current income or corporation reserves. This type of an arrangement is more commonly referred to as "the pay as you go plan". The obvious defect in this type of a program is that the workers have no guarantee that their pension checks will continue if the company runs into financial difficulties. This type of plan involves a smaller investment in its early years of operation, and thus has an illusory appearance of being more economical than plans that are specific and definite. There is a definite danger in this type of plan. As additional employees come within retirement age, the cost rises sharply, and sooner or later the corporation finds the load too heavy to bear out of current earnings or inadequate

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[1]The American College of Life Underwriters, Study Unit No. 10, p. 313.

reserve accumulations. These difficulties, in some cases, do not occur until the plan has been in force for years and then, it is too late to rectify the situation, without doing an injustice to some workers.[2]

Under the pension trust plan, the retirement benefits are determined in advance through a definite formula in a properly prepared pension trust. The contributions necessary to produce these benefits then are established on a sound actuarial basis, taking into consideration the number of employees to participate, their ages, the selected age for retirement, and an assumed rate of interest.

The fund is administered by a bank or trust company and is entirely separated from corporate control and assets.[3] The trustee has two alternatives when the pension benefits come due.

1. The trustee may pay them out of the accumulated reserve.

2. The trustee may purchase single premium immediate annuity policies upon retirement.

Under a plan of this type, participating employees acquire definite rights in the pension fund accumulated in the trust. The employer may stop making contributions to a pension program at any time, however, he cannot recover

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[2]*Ibid*. p. 113.
[3]Handbook on Pensions, *Studies in Personnel Policy, No. 117*, National Industrial Conference Board, Inc. p. 13.

past contributions -- at least not until all benefits to which employees are entitled under the law have been paid them.

The group annuity is a contractual plan, as distinguished from the trust plan. Under this plan the funds are invested by a life insurance company, and the pension benefits purchased thereby are guaranteed.[4] A company, contemplating the use of this plan, may be issued a master contract by an insurance company. Participants receive certificates containing a brief description of their rights under the contract.

Insurance companies usually insist on a minimum of fifty participants. If the plan is contributory, it is usually required that 75 percent of the eligible group participate.

The premium paid each year for an individual participant is applied to the purchase of a single premium deferred annuity that equals the credit earned by the employee for that year.

Premium rates are usually guaranteed for a period of five years and after that rates are subject to annual change.[5] If rates are raised, the new rates are applied to the original participants as well as to new entrants.

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[4]Hugh O'Neill. Modern Pension Plans, Principle Practices, New York, Prentice-Hall, Inc. 1947, p. 103.

[5]Central Hanover Bank and Trust Company, Successful Pension Planning, Prentice-Hall, Inc., New York, N.Y., p. 50.

The group annuity plan has two features which make it popular as a funding medium.

1. The insurance company provides an all-inclusive service covering investment, actuarial and certain administrative phases.

2. The insurance company guarantees the payment of annuities actually purchased.

The last plan to be considered is the "profit-sharing program". A general profit sharing plan consists of an agreement under which the employees of a business are given an increased incentive to greater productive effort and efficiency by offering them a definite and pre-determined share in the profits to be derived from their efforts. Each individual worker is given a definite interest in the promotion of greater profits. One of the most successful plans of this type has been promoted by Jewel Tea Company, Inc. in the retail food chain industry. (See summary of this plan in appendix).

Most plans of today make use of a profit sharing trust with deferred distribution of the benefits. Under this type of plan, the agreed percentage of profits, or "wage dividends", instead of being paid outright to the participating employees, is paid into a trust and accumulated for them. The trustee holds and invests the profit sharing accumulations and distributes them according to the provisions of the trust agreement. Distribution of money can be deferred for a fixed period or payment of the money may be deferred until the employee reaches retirement age.

The plan provides a measure of retirement benefits — through the exact amount cannot be determined in advance as under a retirement income plan, since future earnings cannot be determined in advance.[6]

Income Code provisions dealing with
Retirement Income Plans

Employers need to realize in this period of demands for retirement income plans that setting up such a plan is a very complicated procedure. One of the major reasons for this situation is due to the stringent and sometimes complicated requirements set up by the Treasury Department under Internal Revenue Code 165. A retirement income setup must have approval of the Treasury Department before an employer can take an income tax deduction for his payments into a retirement income fund.

Certain standards must be met in order to get approval of the Treasury Department. The plan must not discriminate in favor of special groups of employees. A collective bargaining agreement between the employer and union does not necessarily mean the terms will be accepted by the Treasury Department. Furthermore, a plan cannot easily be

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[6]The American College of Life Underwriters, _Study Unit. No. 10_, p. 325.

dropped after a few years because it proves too costly.

Section 165 of the Internal Revenue Code lays down several important requirements that any plan must meet to qualify for tax exemption.

First of all, there must be a binding agreement, in writing, to maintain the plan for the exclusive benefit of employees or their beneficiaries. The trust fund and income cannot be used for any other purpose. The plan cannot be "rigged" in favor of officers, stockholders, supervisors or highly paid employees.

Only the money paid into a plan that wins prior approval of the Treasury can an employer deduct from his taxable income. A deduction is allowed as a business expense provided the Internal Revenue Codes are met.

A plan does not necessarily have to cover all employees. A plan can cover only a percentage of the employees as long as there is no discrimination in favor of higher ranking employees. There is no set rule for the number of employees that must be covered. Under one formula about fifty-six percent of the employees must be covered. Approval, according to an insurance report,[7] has been given to plans covering as few as ten percent of a company's employees.

An employer is limited as to the amount of money he can pay into a plan. The Treasury Department has set up

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[7]See Massachusetts Mutual Life Insurance Company's booklet entitled "Pension Trusts", 1950, p. 3.

several formulas for figuring out how much an employer can pay into a plan in one year and get a tax deduction for it.

In order to obtain Treasury approval of the retirement income proposal, a detailed plan must be submitted to the Pension Trust Division, Bureau of Internal Revenue, Washington 25, D. C. This Division passes the proposal to the local Internal Revenue Agency Division for approval or disapproval.

A plan once begun cannot be easily terminated. For instance, an employer cannot drop a retirement income plan merely because he has several bad years of losses. If a plan is set up, later discontinued, and there is evidence of bad faith, the Bureau of Internal Revenue would collect back taxes.

A retirement income plan may be amended providing the employer obtains prior approval from the Treasury Department. This is necessary in order to keep the tax-exemption status of the plan.

Where an amendment is proposed, the Treasury Department will want to know what effect that would have on an employer's liability and the future benefit of employees. In adding the amendment, the employer must be careful not to discriminate in favor of higher-paid employees, officers or stockholders,[8] otherwise he will "run into trouble" with the Bureau of Internal Revenue.

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[8] See Section 165 of Revenue Code, 1942, for complete text of provisions dealing with retirement income plans.

CHAPTER V

PRESENTATION OF DATA

Any company considering a retirement income plan is immediately confronted with many questions which must be settled before the actual work of setting up the plan may progress.

A survey was made by the author among sixty-four companies engaged in retail distribution of food. A questionnaire was used and contained the following points.[1]

1. Do you have a retirement income plan for employees?

   a. If the answer to above was "no", an additional question was asked.

      (1) Do you expect to place a pension or retirement income plan in operation to supplement social security benefits? Please indicate the approximate date of plan.

2. How many employees do you have in your organization?

3. What is the approximate annual cost of administering the pension plan?

4. How long has the retirement income plan been in operation.

5. What is the approximate annual sales volume in your chain store operation?

6. Is the plan contributory or non-contributory?

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[1]A copy of the questionnaire may be found in "Appendix B"

7. How many retail outlets do you operate?

8. Please indicate further any details of your retirement income plan for employees which would assist us in making this survey.

The response to the mailed questionnaire was good and indicated much interest among retail food chains in retirement income programs.

Of the sixty-four companies reporting to the survey, it was shown that twenty-five of the companies, or 39 percent, have retirement plans in operation. The following table indicates the number of plans started each year beginning with 1939:

TABLE 2

NUMBER OF PLANS BY YEAR IN OPERATION

Year	Number of Plans	Year	Number of Plans
1939	1	1945	3
1940	0	1946	4
1941	1	1947	4
1942	0	1948	4
1943	3	1949	1
1944	2	1950	2

The above tabulation would seem to indicate that employers are becoming increasingly conscious of the necessity of supplementing social security benefits with additional annuities.

It is interesting to note that twelve, or 19 percent of the retail food chains indicated that they had retirement income plans "under consideration". This figure and percentage includes those who indicated a definite date that their plan would be in operation.

In relation to industries as a whole, out of a total of nearly 6,900 pension plans approved up to August, 1946, 5,400 or 78 percent went into effect between September, 1942 and August, 1946.[2]

The next question pertained to the number of employees. This question was asked in order to determine if size was a definite factor in the setting up of retirement income plans.

TABLE 3

NUMBER OF PLANS IN OPERATION
IN RELATION TO NUMBER OF EMPLOYEES

Group	No. of Employees	No. of Companies Reporting	Companies with Plan
A	0 - 300	10	2
B	301 - 700	20	5
C	701 -1100	8	2
D	1101-2500	12	3
E	over 2500	14	13

The above table would indicate that any company may have a retirement income plan; however, those companies with

[2]Herbert L. Jamison. Practical Problems in Personnel Administration. *Practical Aspects of Establishing and Administering Pension Plans*. American Management Association. 1946. p. 15.

over 2500 employees have a much higher percentage of retirement income plans in operation. There are many divergent opinions concerning the factor of size. One well-known insurance company actuary is of the opinion that group annuities are particularly appropriate for groups of 50 to 1,000 employees. Several insurance companies are unwilling to insure groups as small as fifty unless the annual premium reaches a fairly sizable minimum. This same actuary feels that it is unsound to self-insure groups of less than three-hundred and fifty. On the other hand, one of the largest banks in the country believes that groups of one-hundred may be safely covered under a trust-fund plan.[3]

The author was unable to establish any average hourly or annual cost data. One company reported that their plan costs five cents per hour, others indicated the "initial" capital paid into a reserve to set the plan up. There was no standardized figure reported that could be used for comparative analysis. Some say they are, at present, unable to exactly determine what their pension plan costs or will cost in the future. It is further explained that mortality tables only give expression to fact experience and do not predict future life expectancy. Generally speaking, an actuary points out that the cost of a plan will be primarily

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[3] Jamison, <u>op. cit</u>. p. 11.

affected by the size of the pensions, retirement age, income earned on funds, mortality and turnover. These factors operate regardless of the method of funding that is selected to operate your retirement income plan.[4]

Again utilizing the returns from the survey conducted, it was found that a decided difference of opinion existed as to whether or not employees should contribute. Of the companies with retirement income plans who responded to the questionnaire, 45 percent were contributory and 54 percent were non-contributory. The following table indicates a further breakdown:

TABLE 4

RELATION OF SIZE AS TO COMPANIES HAVING PLANS

Group	No. of Employees	Percent of Companies Contributory	Non-Contributory
A	0 - 300	---	100%
B	301 - 700	25%	75%
C	701 -1100	50%	50%
D	1101 -2500	100%	
E	over 2500	54%	46%

The survey shows that non-contributory plans are, at present, in the majority. While at one time the unions

[4] Arthur J. Menche. Successful Pension Planning. Central Hanover Bank & Trust Co., Prentice-Hall, Inc., N.Y. p. 60.

strongly favored managements' payment of the entire cost of pension plans, they now favor contributory plans. The union reasoning behind this position is that contributory plans provide for more adequate benefits. In addition, this type of plan provides the participant with a sense of responsibility regarding his future security, encourages saving, and in many instances it is an incentive to do better work. It is also the union's considered opinion that they should be granted a voice in the establishment and administration of such plans.[5]

Prior to 1930, over 70 percent of all retirement income plans were on an employer-pay-all basis. Between 1930 and 1941 about 60 percent of the new plans were contributory. From 1941 to 1945 the trend again was toward employer-pay-all plans. The retirement income program is greatly affected by economic fluctuations which strengthen or weaken the employer's bargaining position.

Sixteen of the twenty-five companies reported their eligibility requirements for participation in retirement income plans. They were as follows:

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[5]Letter, Retail Clerk's International, A.F. of L., LaFayette, Indiana, April 27, 1951, Wm. W. Maguire, Dr. of Research.

TABLE 5

ELIGIBILITY REQUIREMENTS FOR ENTERING PLAN

	Years of Service	Age Requirement
1.	5 years of continuous service	No age requirement
2.	" " " " "	Age, 25
3.	" " " " "	" 35
4.	" " " " "	" 30
5.	" " " " "	" 30
6.	" " " " "	No age requirement
7.	3 years " " "	Age, 25
8.	1 year " " "	" 18
9.	5 years " " "	" 30
10.	" " " " "	" 30
11.	" " " " "	No age requirement
12.	No service requirement	Age, 25
13.	5 years of continuous service	" 30
14.	2 years " " "	" 21
15.	5 years " " "	" 30
16.	1 year " " "	" 21

The preceding table would definitely indicate that the more popular plan provides that an employee be at least thirty years of age and be employed continuously by the company for at least five years.

Because of the high rate of turnover in retail food chains, it was necessary to impose age and length of service conditions of eligibility for participation in the retirement plan. Many of the retail food chains feel that the eligibility requirement of five years service with the company and attainment of age thirty tends to eliminate most of the group among whom the greatest turnover can be expected and thus restrict coverage to those employees who may be expected to remain with the company until retirement.[6]

The last significant question that was covered by the survey dealt with established age for retirement. The popular plan was, of course, sixty-five with retirement privileges available after fifty-five at reduced pensions. Some plans provided for retirement at age sixty and one plan stated fifty-seven. Under most retirement income programs the age of retirement is the same for either sex. It is the union's position that plans should engender a consideration of age fifty-five as a normal retirement age.

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[6]City Bank Farmer's Trust Company, trust affiliate of The National City Bank of New York, W. Lawrence Marsh, Assistant Trust Officer, April 18, 1951.

CHAPTER VI

SUMMARY AND CONCLUSIONS

Generally speaking, the case for security against want and reward for faithful service extends back to the very beginning of the United States economy. The railroads were the first to set up formal plans for old age relief, since single business organizations first attained great size in this industry. By 1905 there were a total of twelve formal pension plans set up by the railroads in the United States.

The railroad companies were followed, in turn, by the public utilities, banks, insurance companies and lastly, the merchandising field. The first evidence on record of a retirement income plan among retail food chains was in 1925 by the Kroger Grocery & Baking Company. The plan, however, was later discontinued in 1926.

During the depression from 1929-1932, pension programs were discontinued at a very high rate. Plans were deliberalized, but despite all adverse revisions, direct employee opposition appeared to have been negligible.

The period from 1932-1938 was one of extraordinarily rapid growth. Retirement income programs were begun at a rate of forty-two each year. The decision of a substantial number of relatively small employers to adopt plans indicated a healthy extension of the movement.

On December 24, 1938, the Jewel Tea Company inaugurated a retirement income program. This was the second retail food chain of record to adopt a retirement program for its employees, and the first program, thus far, to continue as a successful operation.

The period from 1939 - 1946 saw a tremendous growth in retirement income plans. The adoption of many of these plans came as a result of the war regulations limiting the amount of wage increases. By August, 1946, the Treasury Department reported that it had approved 6,862 plans. At the present time, according to a report by Senate Sub-Committee, there are approximately 13,000 retirement income plans with a coverage of 6.5 million workers.

The ruling of the National Labor Relations Board on April 13, 1948 that the Taft-Hartley Act requires employees to bargain collectively on company retirement income plans was a significant development.

Many of the retail food chains, recognizing the pension movement as a definite one, began to adopt retirement income programs. According to a survey by the author, of 64 companies actively engaged in the retail distribution of food, 25 respondents or 39 percent have adopted retirement income plans.

The Role of Social Security

With the rise in the cost of living, the government social security program was found to be totally inadequate to sustain the living standard of millions of aged persons and millions of others, who have been pensioned after reaching 65 and found that their pensions, funded in normal times, fell far short of meeting standard living conditions.

It is sometimes said that the law is years behind conditions. In recognition of the problem of the aged, Congress increased benefits under the amendment to Social Security Legislation in 1950. The bill embodied several important changes regarding number of people covered, increased benefits, granted credit for World War II and called for gradually increasing contributions by both employer and employee.

It is somewhat premature to predict the effect of this new Social Security Law on private retirement income plans. However, several trends seem clear. First, the new plan does not discourage the establishment of private plans. It does not attempt to do the entire job of providing adequate income in the case of old age. Different private and public sources may still be used to augment social security benefits.

The new Social Security Law makes it possible for the establishment of private plans where previously it might have been too costly or too uncertain to do so.

Employers must take a more than direct interest in social security. With financial considerations for unions in collective bargaining contracts, employers must look upon social security as a way of reducing costs.

In general, among the retail food chains there has been no published information which would indicate an adjustment to the new Social Security Law, with one exception. In an exchange of letters between the author and Safeway Stores, Inc., it was learned that they had already changed primarily to make their retirement plan conform to the revised social security benefits. (See discussion of Safeway Stores, Inc. plan in appendix.)[1]

Fallacies in Retirement Income Planning

It is important to note that you cannot adopt a plan that will fit all situations. A plan that would work perfectly for one company might be badly suited to a company under other circumstances. The retirement income plan must be adopted as a "tailor made" proposition.

There are four popular types of plans in effect today. They are as follows:

1. The informal type of plan.
2. The pension trust plan.
3. The group annuity plan.
4. Profit sharing plan.

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[1] Letter from A. L. Lockler, Director of Personnel, Prudential Procedures Service, Division of Safeway Stores, Inc., Oakland, California, April 15, 1951.

A company situation will demand the investigation of all four in order to get the plan that will work best for them in the final analysis.

A retirement income plan must adhere to certain stringent requirements set up by the Treasury Department under Internal Revenue Code 165 in order to qualify for tax exemption.

1. It must be a binding agreement, in writing, to maintain the plan for the exclusive benefit of employees or their beneficiaries.

2. An employee can deduct from his taxable income only the money paid into the plan that wins prior approval of the Treasury Department.

3. There must be no discrimination in favor of higher ranking employees.

4. An employer is limited as to the amount of money he can pay into a plan.

5. A detailed plan must be submitted to the Pension Trust Division, Bureau of Internal Revenue, Washington, D.C.

6. An employer cannot drop a retirement income plan merely because he has had several years of bad losses.

7. Retirement income plans may be amended providing the employer obtains prior approval from the Treasury Department.

A survey was made among sixty-four retail food chains to determine the extent of the retirement income program. From this survey, it was indicated that there is a definite movement in the retail food chains to adopt sound, sensible retirement income programs. It was further indicated that although a greater majority of the larger retail food chains have a higher percentage of the plans now in effect, the movement is extending to the medium size and small food chains.

The author was unable to establish any average hourly or annual cost data as the returns did not indicate answers that could easily be standardized for comparative analysis. Furthermore, many retail food chain executives were not sure or did not care to answer this question.

The survey indicated that non-contributory plans are in the majority, 54 percent of the plans being entirely paid for by the employer. However, it was pointed out that the A. F. of L. Retail Clerk's Union is in favor of contributory plans as they provide the participant with a sense ofre-sponsibility regarding his security, encourage saving and in many instances provides an incentive to do better work. The unions want a voice in the establishment and administration of such plans.

The more popular plan, regarding conditions of eligibility, provides than an employee be at least thirty years of age and be employed continuously by the company for at least five years.

It was the general consensus that an employee should be retired at age 65 with retirement privileges available after 55. The union takes the position that plans should engender a consideration of age 55 as a normal retirement age.

Conclusions

Business has long recognized the necessity for setting aside ample reserves for the replacement of machinery, equipment and buildings that become aged and inefficient in the light of modern standards of business progress and production. The replacement of man-power that has similarly become aged and inefficient in the light of modern standards of progress and production is no less necessary in most business organizations.

The human body wears out, and the tempo of modern business brings an increasingly rapid exhaustion of human efficiency. The orderly and planned withdrawal of the employee whose productivity is waning is just as much of a business problem, and a business expense, as the withdrawal of plant equipment that is incapable of today's production requirements.

It is the opinion of the author that if a man puts in a large portion of his life working faithfully for an employer, that employer owes him, at the least, as much protection for his old age as the company can afford.

Properly operated retirement income programs operate as a stabilizing factor on employment and reduce turnover in personnel.

It is believed that the five-year waiting period and minimum-age requirement might well be amended because the longer an employee is covered by and contributing toward a retirement plan, the larger his retirement benefit. Moreover, according to actuaries, long waiting periods and minimum-age requirements do not save the employer very much on his overall costs. If the minimum age requirement were reduced and the five-year waiting period were lowered, it might exert a stabilizing influence on the group who has the highest rate of labor turnover.

It is generally recognized today by medical authorities that physical age is not a matter of calendar age. Some individuals age sooner than others; others age slowly. So the automatic retirement age keeps some people at work too long; retires others too soon. A solution to this problem would be to examine, periodically, workers who are approaching age fifty. It should be the responsibility of the pension committee to decide whether an employee should be allowed to continue work or whether he should be retired early.

Size is no factor in setting up a retirement income program; however, more advantages accrue to employees of larger organizations in the form of higher pension amounts.

A retirement income program is inherently complex and, therefore, should be permanent in its basic elements. Much emphasis should be placed on the meticulous detail of complying with Internal Revenue Code 165. The employer should be convinced that his plan is actuarially and humanly sound.

Companies having retirement income plans should encourage active participation by the employees in the administration of the plan--perhaps a committee of five employees, five members of the company and an impartial arbitrator. It is felt that lack of employee participation will lead to distrust and false accusation. Such representation may lead to improved morale, good will and loyalty of the employees. The position is taken that this presents an opportunity to win the cooperation of labor by sound and attractive pension planning that will benefit not only the worker but the business for which he works.

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APPENDIX A

SUMMARY OF INDIVIDUAL RETIREMENT PLANS

IN THE RETAIL FOOD CHAINS

SUMMARY OF THE GREAT ATLANTIC AND PACIFIC TEA COMPANY PENSION PLAN

Approximately 35,000 employees of The Great Atlantic and Pacific Tea Company are covered under a retirement plan underwritten by The Prudential Insurance Company of America. The full cost of the plan, one of the largest ever written by Prudential, is borne entirely by the food chain.

The plan is being funded under a Deposit Administration Group Annuity Contract. The effective date of the plan was October 1, 1948, at which time all regular full-time employees with five years or more of continuous service became covered. Employees ineligible on that date become members on the first of the month after they have served five years.

For each year of future service an employee is credited with an annual retirement allowance based on regular earnings during that year. In addition employees are credited with a retirement allowance for any recognized service before October 1, 1948, based on the earnings for the fifty-two weeks ended April 3, 1948.

For employees in the United States the annual retirement allowance for each year of creditable prior or current service is 3/4 of 1 percent of the first $3,000 of annual earnings and 1 1/2 percent of earnings over $3,000. The plan covering Canadian employees is essentially the same as the plan for the United States employees, but recognizes that Canada has no equivalent to United State Social Security benefits. The "means test" is used in Canada to determine old age government assistance.

Normal retirement date is the first of the month following the sixty-fifth birthday. The first monthly installment of the retirement allowance is paid at the end of the first month of retirement.

An employee over age fifty-five with at least ten years of service may elect early retirement or the company may require it. He then becomes entitled to a deferred retirement allowance beginning at age sixty-five based on his creditable service up to his early retirement. He can, however, take a reduced allowance to start at once, that is actuarially equivalent to the payments otherwise to begin at age sixty-five. The following table shows what percentage of the retirement-allowance at sixty-five will be paid if an immediate allowance is elected:

Months from Early Retirement to Age 65	Percentage
120	45
108	[illegible]
96	[illegible]
84	57
72	[illegible]
60	65
48	70
36	76
24	[illegible]
12	91

In lieu of a straight lifetime retirement allowance, an employee can elect to retire under a contingent annuity option. Under this election he would receive a reduced pension for life; if his beneficiary survives him, she would then receive the same or a smaller pension for the rest of her life.

Death before normal retirement date cancels all rights. The same result follows as to death after normal retirement date unless the employee had elected a contingent annuity option and his beneficiary survived him. Termination of rights unless the employee was over sixty-five, or was over fifty-five with ten years of creditable service; if over sixty-five he has the same rights as if he retired; if he is fifty-five and has ten years of service, he has the same rights as if he had elected early retirement.

Retirement cannot be postponed beyond the normal retirement date except under unusual circumstances, and then on a year-to-year basis, and only at the request of the company and with the employee's consent.

*Information taken from A & P booklet entitled "Outline of Employees' Retirement Plan".

SUMMARY OF SAFEWAY STORES, INCORPORATED

EMPLOYEES' RETIREMENT PLAN

Employees of Safeway Stores, Incorporated are now covered under a retirement plan administered under a trust fund. The plan is contributory and provides at least three times the future service benefits which an employees' contributions alone could provide.

All contributions to the plan by the members and the company are paid into a trust fund with The City Bank Farmers Trust Company in New York City. The bank, acting as trustee, holds and invests the money in the trust. The effective date of the plan was December 1, 1946, at which time all regular full-time employees with five years or more of continuous service and age thirty-five, but not age sixty-five became covered. Employees ineligible on that date become members on the first of the month after they have met the preceding qualifications.

Effective June 17, 1951, the following will apply. No basic change, but a provision is added that an employee who is a participant, or eligible for participation, under another pension or retirement plan to which the company contributes (such as a union negotiated plan) cannot qualify for the company plan.

For each year of future service an employee will be credited with an annual retirement allowance based on regular earnings during the year. In addition employees are credited with a retirement allowance for any recognized service before December 1, 1946 with the following stipulation:

> If when an employee becomes eligible for the plan he has passed his fourty-fifth birthday and if he joins the plan within ninety days after date of eligibility he will receive a past service benefit for the period of continuous full-time service between his fourty-fifth birthday and the date he becomes eligible.

Under the plan dated December 1, 1946, an employee contributed 2 1/2 percent of his first $3,000 of annual earnings and approximately 5 per cent on earnings between $3,000 and $6,000.

Under the new plan, which is effective June 17, 1951, the following will apply:

> Changed to: 2 1/2 percent of the first $3,600 of the annual earnings and 5 percent of earnings between $3,600 and $7,200.

For employees in the United States the annual retirement allowance for each year of creditable future service is 1 percent of compensation which is at an annual rate of not more than $3,600 and 2 percent of that part which is at an annual rate of not more than $7,200 and 1 1/2 percent over $7,200 per year.

Normal retirement date is the first of the month following the sixty-fifth birthday. The first monthly installment of the retirement allowance is paid at the end of the first month of retirement.

Under the original plan the optional retirement date was sixty; however, effective June 17, 1951 this date was lowered to fifty-five. The vesting date is changed from:

> Twenty years of continuous full-time employment since the thirty-fifth birthday or after attainment of age sixty to:
>
> Twenty years of continuous full-time employment since thirtieth birthday or after attainment of age fifty-five.

In lieu of a straight lifetime retirement allowance, an employee can elect to retire under a contingent annuity option; provided this is done at least two years before his income is to start. Under this election he would receive a reduced pension for life; if his beneficiary survives him, she would then receive the same or a smaller pension for the rest of her life.

In event of death before an employee has received retirement income payments equal to his total contributions with interest, the balance will be paid to his estate or to the beneficiary he may have appointed.

Normally, an employee cannot continue working after age sixty-five; however, with the approval of the company he may continue in service after age sixty-five. In such case, his retirement income payments will commence on the first of the month following his actual retirement and will be in the same amount as he would have received had he retired at age sixty-five.

In a letter dated April 16, 1951 from A. R. Koehler, Personnel Director, Brunswick Procedures Service, Division of Safeway Stores, Inc., it was pointed out that the above changes (effective June 17, 1951) were made primarily to make their retirement plan conform to the revised social security benefits.

SUMMARY OF THE KROGER COMPANY

EMPLOYEES' RETIREMENT PROGRAM

About 25,000 employees of the Kroger Company are now covered under a retirement plan which is unfunded. The full cost of the plan is borne entirely by the food chain. The company established a $2,000,000 reserve for employee retirement benefits. They call it the Employees' Benefit Fund and it is available for the payment of retirement benefits as provided under their plan. The Kroger Company will add to this reserve, annually, an amount equal to 5 percent of the year-end balance and any additional allocations may be made from time to time as the board of directors deems necessary or advisable.

The effective date of the original plan was 1947 and an amendment was made January 1, 1950. This synopsis will deal with the amended plan. All regular full-time employees who become age twenty-five are eligible to participate in the Kroger retirement plan. Employees ineligible on that date become members on the first of the month after they become twenty-five.

For each year of future service an employee will be credited with an annual retirement allowance based on regular earnings during that year. In addition employees are credited with a retirement allowance for any recognized service before January 1, 1950. Prior service credit is given for each year of such service up to a maximum of fourty years and the attainment of age twenty-five.

The annual retirement income will be computed as follows:

(a) The employees' total earnings during the calendar years immediately preceding his retirement will be divided by ten to determine his average annual earnings.

(b) The employees' years of continuous service between his twenty-fifth and sixty-fifth birthdays will be counted to determine his years of participating service.

(c) If his average annual earnings do not exceed $3000, the average annual earnings (a) will

(c) be multiplied by 3/4 of 1 percent, and the result by the number of participating years (b) to obtain the annual Kroger retirement income.

(d) If his average annual earnings (a) do exceed $3000:

(1) The first $3000 will be multiplied by 3/4 of 1 percent and the result by the number of participating years

(2) The amount over $3000 will be multiplied by 1 1/2 percent and the result by the number of participating years

(3) The results of (1) and (2) above will be added together to obtain the annual Kroger retirement income.

Under normal circumstances, employees will be retired at the end of the Kroger period during which he reaches his sixty-fifth birthday.

An employee over age fifty-five and with at least fifteen years of creditable service may elect early retirement or the company may require it. The early retirement must have the written consent of the board of directors. In any such case his retirement income will be reduced since his length of participating service will be less than if he had continued to work until sixty-five.

There is no provision for an employee to retire under a contingent annuity option. Death before normal retirement cancels all rights. The same result follows as to death after normal retirement date.

Retirement may be postponed beyond the normal retirement date if management approves and if the board of directors so orders. Payments will start at the time of actual retirement in amounts that would have prevailed if retirement had occurred at age sixty-five.

Information taken from Kroger Company booklet entitled "Kroger's Retirement Plan".

SUMMARY OF AMERICAN STORES COMPANY

RETIREMENT INCOME PLAN FOR EMPLOYEES

Employees of American Stores Company are covered under a retirement income plan underwritten by the Equitable Life Assurance Society of the United States. The full cost of the plan is borne by the company and employees.

The effective date of the plan was December 1, 1946, at which time all regular full time employees reaching age thirty and having five years continuous service "but not including persons acting only as directors" were eligible to join the plan. Employees ineligible on that date become members on the first of the month after they have served five years and reached age thirty. The amount of annual retirement income payable to a member on his normal retirement date is in proportion to the member's actual contributions and approximately 1/10 of 1 percent of the first $3000 of his annual base earnings plus 1½ percent of his annual base earnings in excess of $3000 for each year of service during which he makes contributions to the plan. No provision is made for prior service credit.

A member's normal retirement date is the first day of the month following the sixty-fifth birthday providing the member has attained his fifty-fifth birthday when first eligible to become a member. If an employee has attained his fifty-fifth birthday when first eligible, his normal retirement date is the tenth anniversary of his first date of eligibility or the first day of the month following his seventieth birthday.

With the consent of the company, a member may retire on an early retirement date which may be the first day of any month within the ten year period prior to his normal retirement date. In that event his retirement income commences from early retirement date and is reduced in amount based on all contributions made on his behalf. In lieu of a straight lifetime retirement allowance, an employee can elect to retire under a contingent annuity option. Under this election he would receive a reduced pension for life. If his beneficiary survives him she would then receive the same or a smaller income for the rest of her life.

If a member dies and his total contributions plus interest has exceeded the total retirement income payments, if any, received by the employee, then the excess will be paid to the designated beneficiary.

At the request of the board of directors, a member may remain in active service after his normal retirement date. Such request will cover a period in excess of one year. No contributions will be made by the member or the company on his behalf and service thereafter will not operate to increase the amount of his retirement income.

*Information taken from American Stores Company booklet entitled "Outline of Employees' Retirement Plan".

SUMMARY OF THE FIRST NATIONAL STORES COMPANY

EMPLOYEES' RETIREMENT PLAN

About 4,500 employees of First National Stores Company are now covered under a retirement plan. The plan is underwritten by The Connecticut General Life Insurance Company of Hartford, Connecticut and the New England Mutual Life Insurance Company of Boston, Massachusetts. The trustee is the Old Colony Trust Company of the City of Boston. Employee's are not required to contribute to the plan, the entire cost is borne by the First National Stores, Inc.

The effective date of the plan was September 1, 1947, at which time all regular full-time employees with five years of continuous service and between the ages of twenty-nine years and six month and fifty-five years and six months became covered. Employees ineligible on that date become members on the first of the month after they have served five years and reached age twenty-nine years and six months.

The company plans to pay for all of the retirement income benefits for prior service as called for in their plan. In addition, First National Stores, Inc. is paying the entire cost of the future benefits. When an employee retires, he will receive a check from First National Stores Pension Plan every month as long as he lives.

Normal retirement date is the first of the month following the sixty-fifth birthday. The first monthly installment of the retirement allowance is paid at the end of the first month of retirement.

(a) If an employee fifty-five years and six months of age or under when he became included in the plan, he will retire at age sixty-five.

(b) If the employee was over fifty-five years, but was not over seventy years and six months of age, he will retire at seventy.

(c) If the employee was over sixty-five years and six months of age, but not over seventy years and six months, he will retire at seventy-five.

An employee may be retired at his own request with the approval of the company on the first day of any month within ten years before his normal retirement date. The employee will receive proportionately less benefits.

In lieu of a straight lifetime retirement allowance, an employee can elect to retire under a contingent annuity option. Under this election the employee would receive a reduced pension for life; if his beneficiary survives him, she would then receive the same or a smaller pension for the rest of her life. The amount of retirement benefit the employee will receive under this option depends upon his sex and age when he retires, as well as the sex and age of the contingent annuitant and the amount of the benefit to be continued.

In addition to the contingent annuitant option, this plan provides several other options. Four of the several are listed below:

(1) Increased retirement benefits payable during the lifetime of the employee.

(2) Death benefit to be paid if option number one above is chosen.

(3) Retirement benefit with payments guaranteed for not less than fifteen years.

(4) Continuation of a reduced amount of life insurance.

Death before normal retirement. If an employee included in the plan before reaching fifty-five years and six months of age, in the event of his death before retirement his beneficiary would receive an amount of insurance which is according to his salary scale.

If an employee was included in the plan after reaching fifty-five years and six months of age, he is insured for $1000 and in the event of his death before retirement, his beneficiary will receive this amount.

In the event of an employee's death after retirement payments have begun but before one hundred twenty monthly retirement payments have been made, the present value of the remainder of the one hundred twenty payments will be paid to his beneficiary unless he has elected one of the optional benefits.

Retirement cannot be postponed beyond the normal retirement date except under unusual circumstances. If circumstances require an employee's temporary employment by the company after that date, he may annually file a request for a one year deferment with the pension board.

*Information taken from the First National Stores Company booklet entitled "Outline of Employees' Retirement Plan."

SUMMARY OF THE GRAND UNION COMPANY

EMPLOYEES' RETIREMENT PLAN

Employees of The Grand Union Company are now covered under a retirement income plan. The funds are managed by Bankers Trust Company in New York City. The bank, acting as trustee, will hold and invest the money in trust. The plan is based on the joint efforts of the company and its employees.

The plan is being funded under a trust fund plan. The effective date of the plan was March 1, 19[illegible], at which time all regular full-time employees with five years of continuous service and age thirty, but not sixty-five, became covered. Employees ineligible on that date become members on the first of the month after they have served five years and reached age thirty.

The company pays for all of the retirement income benefits for prior service as called for in their plan. In addition, the company contributes the balance required, over and above the contribution, to make up the full amount of the retirement income as stated under the plan. If an employee makes contributions until normal retirement date, the amount he will receive as a result of company contributions will more than double the amount which could be obtained from the employees' contributions alone.

Normal retirement date is the first of the month following the sixty-fifth birthday. The first monthly installment of the retirement will [illegible] paid at the end of the first month of retirement.

If you are over age fifty-five and not over sixty when first eligible, the normal retirement date is the tenth anniversary of your first date of eligibility.

If an employee is over age sixty but under sixty-five when first eligible, the normal retirement date is the first of the month on or after your seventieth birthday.

An employee may be retired at his own request with the approval of the company or at the request of the company within five years before the normal retirement date. In such case, the employee will receive smaller benefits. Because of longer life expectancy and less money available with which to provide his retirement income, the benefits actuarially calculated will be considerably reduced. Roughly, the benefits at age sixty would be about 50 percent of his benefits at normal retirement age.

In lieu of a straight lifetime retirement allowance, an employee can elect to retire under a Contingent Annuity option. Under this election an employee would have the following options:

(1) A reduced income payable during life, and after his death income to be continued for the life of his contingent member.

(2) A reduced income, but larger than in Option 1, payable during his life, and after his death one-half of this amount would be continued for the life of his contingent member.

If an employee dies before retirement, his named beneficiary would receive his contributions with compound interest.

If the beneficiary is not living, his contributions with compound interest would be paid to his estate.

If an employee dies after retirement and before 60 monthly payments have been made, the balance of the 60 monthly payments will be made to his named beneficiary, if living.

Retirement cannot be postponed beyond the normal retirement date except under unusual circumstances, and then on a year-to-year basis, but not beyond five years. This provision is normally upon request of the Board of Directors of the Company, subject to employees' approval. In such case, no further contributions to the Plan is made by the employee or by the Company. The retirement income will commence when the employee actually retires. The amount of the benefit will be the same as though he had retired on his normal retirement date.

*Information taken from The Grand Union Company booklet entitled "Outline of Employees' Retirement Plan".

SUMMARY OF COLONIAL STORES, INCORPORATED

RETIREMENT INCOME PLAN FOR EMPLOYEES

Employees of the Colonial Stores, Incorporated are now covered under a retirement income plan which is in the hands of the Wachovia Bank and Trust Company. It is a contributory plan and that portion of the cost of the plan which is not defrayed by contributions of participants is borne by the company. The plan is administered jointly by the trustees, the Wachovia Bank and Trust Company of Winston Salem, North Carolina and by a pension committee of five members appointed by the president of the company.

The effective date of the plan was July 1, 1943, at which time all regular full-time employees with five years or more of continuous service and at least thirty years of age, became covered. Employees ineligible on that date become members on the first of the month after they have served five years and have attained age thirty. Future services are credited for each year of continuous service rendered after the effective date of the plan and prior to normal retirement date. Prior service is credited for each completed year of continuous service prior to July 1, 1943 after attainment of age thirty and after completion of five years of continuous service.

The annual retirement allowance for each year of future service is 1 percent of the first $3000 of your base annual compensation in excess of $3000 multiplied by the number of years of credited future service. The annual amount of retirement benefit for past service is ½ of 1 percent on that part of the "base annual compensation" not in excess of $3000, plus 1 percent of that part of the base annual compensation in excess of $3000 multiplied by the number of years of credited past service. Normal retirement date will be the first day of the calendar month following the sixty-fifth birthday, except that for participants who are age sixty-four or under on July 1, 1943, the effective date of the plan, the normal retirement date is July 1, 1949.

If you leave the employ of the company for any reason other than death prior to your actual retirement, the employee will receive his total contributions to the plan plus interest at 3 percent computed annually, or if he has served the company for ten years, he may leave his equity with the trustee and the company's contribution will also be credited, so that a benefit due at age sixty or sixty-five will commence for him.

With the consent of the pension committee, an employee may voluntarily retire on the first day of any month following his sixtieth birthday; or, if circumstances warrant, the pension committee may direct that he be retired on the first day of any month following his sixtieth birthday. If, between your fifty-fifth and sixtieth birthdays, he becomes totally and permanently disabled, he will be retired on the first day of any calendar month subsequent to the termination of total and permanent disability. The amount of his retirement income in such case is determined by his age and service credit at that time.

An employee may work beyond his normal retirement date with the consent of the company but no additional retirement benefits will accrue to him.

In lieu of a straight lifetime retirement allowance an employee can elect to retire under a contingent annuity option. Under this election he would receive a reduced pension for life; if his beneficiary survives him she would then receive the same or a smaller pension for the rest of her life.

*Information taken from Colonial Stores, Incorporated booklet entitled "Outline of Employees' Retirement Plan".

SUMMARY OF THE RED OWL STORES, INCORPORATED

EMPLOYEES' RETIREMENT INCOME PLAN

Employees of the Red Owl Stores are now covered under a retirement income plan. The full cost of the plan is borne entirely by the chain.

The plan is administered under a group annuity underwritten by the Great-West Life Assurance Company. The effective date of the plan is February 26, 1945. Eligibility requirements are that each present employee of the company under age sixty-five who has attained the ageof twenty-five and who has completed three years of continuous service with the company is eligible. All other employees, new employees and employees of any subsidiary company will be covered on February 26, May 26, August 26, or November 26 next following attainment of age twenty-five or the completion of a probationary period of three years, whichever is the later, provided he or she is then under the normal retirement age.

Each year an employee earns a unit of monthly pension amounting to 1 percent of his regular monthly earnings. The sum of these units from date of entry until retirement is the employee's monthly pension. In addition employees are credited with a retirement allowance for any recognized service before February 26, 1945. The additional pension for past service will be as many times 6/10ths of 1 percent of regular monthly earnings during December, 1944 as there were completed years of continuous service rendered before the employee's twenty-fifth birthday, and the first three years of service.

The normal retirement date is the first day of the month coinciding with or next following an employee's sixty-fifth birthday.

An employee by giving three months' notice may elect with the consent of the employer to retire and have his retirement annuity begin on the first day of any month during the ten year period immediately preceding his normal retirement date. In this event, the employee will receive a retirement annuity based on the amount already purchased by the company's contributions on his behalf, but for a reduced amount because of his younger age at retirement.

In lieu of a straight lifetime retirement allowance, an employee can elect to retire under a contingent annuity option. Under this election he would receive a reduced pension for life; if his beneficiary survives him, she would then receive the same or a smaller pension for the rest of her life.

Death before normal retirement date cancels all rights. The same result follows as to death after normal retirement date unless an optional settlement is selected which pays a slightly lower income.

If at the date an employee leaves the company's employ he is age fourty-five or over and has ten years of creditable service, or is at least age fourty and has fifteen years creditable service, he will be granted a paid-up deferred annuity equal to the amount purchased by the company up to the date of such termination. The annuity payments do not begin, however, until normal retirement age of the member.

Retirement cannot be postponed beyond the normal retirement date except under unusual circumstances, and then on a year-to-year basis, and only at the request of the company and with the employee's consent.

*Information taken from The Mutual Stores, Incorporated booklet entitled "Outline of Employees' Retirement Plan".

In lieu of a straight lifetime retirement allowance, an employee can elect to retire under a contingent annuity option. Under this election he would receive a reduced pension for life; if his beneficiary survives him, she would then receive the same or a smaller pension for the rest of her life.

Death before normal retirement date cancels all rights. The same result follows due to death after normal retirement date unless an optional settlement is selected which gives a slightly lower income.

If at the date an employee leaves the company's employ he is age forty-five or over and has ten years of creditable service, or is at least age forty and has fifteen years creditable service, he will be granted a paid-up deferred annuity equal to the amount purchased by the company up to the date of such termination. The annuity payments do not begin, however, until normal retirement age of the member.

Retirement cannot be postponed beyond the normal retirement date except under unusual circumstances, and then on a year-to-year basis, and only at the request of the company and with the employee's consent.

*Information taken from The [illegible] Stores, Incorporated booklet entitled "Outline of Employees' Retirement Plan".

SUMMARY OF STOP & SHOP SUPER MARTS

RETIREMENT INCOME PLAN

Employees of the Stop & Shop Company are covered under a retirement plan underwritten by John Hancock Mutual Life Insurance Company. The cost of the plan is divided between the company and employees.

Each employee participating in the plan makes deposits which for each complete year amount to:

(a) 2 percent of his basic annual rate of earnings on January 1st of such year up to $3000, and

(b) 4 percent of such basic annual rate of earnings over $3000.

The plan is being administered under a group annuity contract issued to the company by the John Hancock Mutual Life Insurance Company. The effective date of the plan was January 1, 1945, at which time all regular full-time employees with five years of continuous full time service became covered. Employees ineligible on that date become members on any July 1 or January 1 after they have served five years.

For each year of future service an employee will be credited with an annual retirement allowance based on regular earnings during that year. No credit is given for prior service.

For employees the annual retirement allowance for each year of creditable service will be 3/4 percent of the employee's basic annual rate of earnings as of January first of that year up to $3000 and 1 1/2 percent of his basic annual rate of earnings over $3000. This plan is in addition to social security benefits.

An employee's normal retirement date is the first day of the month following his sixty-fifth birthday, or his sixty-fifth birthday if it falls on the first day of the month, at which time he will receive the retirement income which has been provided to commence on such date.

With the consent of the company, an employee may retire on the first day of any month during the ten year period immediately preceding his normal retirement date, but his retirement income will be reduced in amount.

With the consent of the company, an employee may continue to work after his normal retirement date. In this event, his deposits and the company's contributions will cease and retirement income payments will commence as if retirement had actually occurred.

An employee may elect to receive a reduced amount of retirement income, with the provision that all, two-thirds, or one-half of this reduced retirement income will be continued after his death as an income for life to a designated contingent annuitant, who is usually the employee's wife or other dependent. The amount of the reduced retirement income depends upon the sex and age of the employee and of the contingent annuitant and upon the portion of the reduced retirement income which is to be continued to the contingent annuitant.

Death before normal retirement - should an employee die before his normal (or earlier) retirement date his beneficiary shall receive an amount which equals his total deposits with credited interest.

*Information taken from Stop & Shop Company booklet entitled "Outline of Employees' Retirement Plan".

SUMMARY OF LOBLAW GROCETERIAS, INCORPORATED

RETIREMENT INCOME PLAN

Employees of Loblaw Groceterias, Incorporated are covered under a retirement plan. The trustee of the plan is Bankers Trust Company, New York, New York.

The plan is being administered under a trust fund plan. The effective date of the plan was November 1, 1948, at which time all regular full time employees with five years or more of continuous service and age thirty became covered. Employees ineligible on that date become members on the January first or July first following the date when he becomes eligible.

For each year of future service an employee is credited with an annual retirement allowance based on regular earnings during that year. In addition employees are credited with a retirement allowance for any recognized service before November, 1948. Prior service credit is given for each year of such service.

Upon retirement on or after normal retirement date, a member will receive an annual retirement allowance payable at 1/12th of the following annual amounts:

(a) An amount based on compensation paid during membership service before age sixty-five equal to 1 percent of that part of each year's compensation up to $3000 plus 1 1/2 percent of that part of each year's compensation in excess of $3000.

(b) Plus an additional amount equal to 1 percent of his compensation paid during the fiscal year ending February 29, 1948, for each year of past service.

The maximum retirement allowance payable under the plan upon retirement on or after normal retirement date will be $625 per month.

Normal retirement date is the first of the month following the sixty-fifth birthday. The first monthly installment of the retirement allowance is paid at the end of the first month of retirement.

An employee over age fifty-five with at least fifteen years of service may elect early retirement. He then becomes entitled to a deferred retirement allowance beginning at age sixty-five based on his creditable service up to his early retirement. The employee can, however, take a reduced allowance to start at once, that is actuarially equivalent to the payments, otherwise to begin at age sixty-five.

In lieu of a straight lifetime retirement allowance, an employee can elect to retire under a contingent annuity option. Under this election he would receive a reduced pension for life; if his beneficiary survives him, she would then receive the same or a smaller pension for the rest of her life.

In the event of death of a member prior to his retirement, an amount will be paid, to his designated beneficiary equal to member's contributions, together with regular interest. No death benefit will be paid with respect to the company's contributions.

In the event of death after retirement, any excess of his accumulated contributions at the time of his retirement, over the aggregate amounts received by the retired member as a retirement allowance, will be paid to his designated beneficiary.

Retirement cannot be postponed beyond the normal retirement date except under unusual circumstances, and then on a year-to-year basis, and only at the request of the company and with the employee's consent.

Information taken from Loblaw Groceterias, Incorporated booklet entitled "Outline of Employees' Retirement Plan".

SUMMARY OF JEWEL TEA COMPANY, INCORPORATED

JEWEL RETIREMENT ESTATE PLAN

Employees of the Jewel Tea Company, Incorporated are now covered under a profit sharing retirement plan. The retirement estate is managed by three trustees, a corporate trustee and two individual trustees. The Continental Illinois National Bank and Trust Company of Chicago is the corporate trustee. This bank and the individuals work together in the administration of the trust. The cost of the plan is borne by the company and employees.

The effective date of the plan was December [illegible]. The eligibility requirements are as follows: (1) Twenty-one years old or over, (2) a full time employee, and (3) employed by Jewel Tea for one year or longer.

The employee deposits a regular amount into the plan each week. They have a choice of weekly deposit rates: $1.00, $1.50, $2.00, $2.50, $3.00, $3.50, $4.00 and $[illegible] maximum. The employee has several options which he is using this plan.

(1) The employee can increase or decrease the rate of deposit at any time, providing he doesn't change it more often than once in every three months.

(2) The employee can discontinue deposits at any time. If he discontinues deposits before he has made twenty-six deposits in any year, he won't receive a share of the payment from company profits for that year.

(3) The employee can resume deposits after a discontinuance.

(4) The employee can make up missed deposits any time during the same calendar year.

(5) The employee can make deposits ahead, but not for any weeks beyond the current year.

The employee cannot increase the rate of deposits for past weeks, nor can he withdraw any of his deposits while he is working for Jewel Tea Company.

The company, each year, pays into Jewel Retirement Estate 15 percent of its profits before taxes after a provision for stockholders. Of the amounts distributed into the employees' accounts from profits, half is divided among the employees according to their deposits during the year and the other half is divided according to their salaries during the weeks in which they made the deposits.

Each year, part of the company profits and earnings previously credited to the accounts of J.R.E. members who leave service before retirement is redistributed to the accounts of the employees who remain in the plan.

An employee under J.R.E. may retire and receive his entire account any time after he reaches his fifty-seventh birthday. The employee may be retired by the Company any time after he reaches age fifty. In this event, the employee would also receive all the money in his account.

An employee's retirement is automatic at age sixty-five unless the company and he agree that he should work awhile longer.

An employee is entitled to a certain percentage of his deposits if he has made deposits for fifty-two weeks or more and leaves before normal retirement. The percentage will depend on how many years he has been with Jewel Tea Company and how long he has been a member of J.R.E. The table indicates the exact percentages.

*Information taken from Jewel Tea Company, Incorporated booklet entitled "Outline of Employees' Retirement Plan".

YEARS OF JEWEL SERVICE

Years of Participation in J.R.F.	2 Yrs.	3 Yrs.	4 Yrs.	5 Yrs.	6 Yrs.	7 Yrs.	8 Yrs.	9 Yrs.	10 Yrs. and over
Less than 1	Return of all deposits only								
1	5%	6%	7%	8%	9%	10%	11%	12%	13%
2	....	9	10	11	12	13	14	15	16
3	....	....	13	14	15	16	17	18	19
4	....	....	....	17	18	19	20	21	22
5	....	....	....	....	26	27	28	29	30
6	....	....	....	....	....	31	32	33	34
7	....	....	....	....	....	....	36	37	38
8	....	....	....	....	....	....	....	41	42
9	....	....	....	....	....	....	....	....	46
10	....	....	....	....	....	....	....	....	50
11	....	....	....	....	....	....	....	....	54
12	....	....	....	....	....	....	....	....	58
13	....	....	....	....	....	....	....	....	62
14	....	....	....	....	....	....	....	....	66
15	....	....	....	....	....	....	....	....	70
16	....	....	....	....	....	....	....	....	74
17	....	....	....	....	....	....	....	....	78
18	....	....	....	....	....	....	....	....	82
19	....	....	....	....	....	....	....	....	86
20 years and over	....	....	....	....	....	....	....	....	90
Upon retirement	....	....	....	....	....	....	....	....	100%

SUMMARY OF THE WINN & LOVETT GROCERY COMPANY

PROFIT SHARING RETIREMENT PLAN FOR EMPLOYEES

Employees of the Winn & Lovett Grocery Company are covered under a profit-sharing retirement plan. The program is administered under a trust fund. The name of the trust is designated as "The Winn & Lovett Profit-Sharing Trust for Employees". The full cost of the plan is borne by the food chain; however, each participating employee may, but is not expected or required to, make contributions to the trust from time to time.

The effective date of the plan is December 23, 1946. The eligibility requirements are as follows: An employee must be a regular full-time employee of one or more employers, he must have attained the age of twenty-five years, have been continously in the employ of some one or more of the employers for five consecutive years, he must have filed an application to become a participating employee.

The employers pay into a trust fund 10 percent of the consolidated net income of all of the employers for the preceding calendar year before deducting contributions and before deducting any provision for income taxes. A separate account has been set up for the contributions from employees. The purpose of the separate account is for ascertaining, determining, and allocating to the participating employee's account, the share of the interest, dividends and profits of the trust for the preceding calendar year. Voluntary contributions share in the interest, dividends and profits of the trust on a pro rata valuation basis, and are proportionately charged with any losses of the trust.

Allocations and credits to the employee accounts are made upon a unit basis, as follows: for each one hundred dollars of his compensation for the preceding calendar year, the employee is entitled to one salary unit.

The normal retirement date for each participating employee is the adjustment date nearest the employee's sixtieth birthday, at which he retires. With the consent of the board of directors of the parent company and upon recommendation of employees' immediate supervisor, the employee may continue his employment from year to year.

If a participating employee is sixty years of age or over at the time of his entry into the plan, or if his employment continues after he has attained the age of sixty years, he continues to share in the benefits of the plan until such time as his employment actually terminates.

With respect to the benefits payable to any participating employee who retires on or after his normal retirement date:

(a) The employee may elect to have the amount to which he is entitled paid in approximately equal monthly installments over a period of not less than ten years; or

(b) The employee may elect to have the amount to which he is entitled paid as a monthly income in an amount not to exceed one hundred dollars per month until the amount is exhausted; or

(c) The employee may elect to have the committee purchase for him an immediate or deferred, non-assignable and non-cashable annuity with all or part of his funds, either on a life or a refund basis.

With respect to the benefits payable on account of death:

(a) The employee may provide that the amount to which he is entitled be paid in approximately equal monthly installments over a period of not less than ten years; or

(b) The employee may provide that the amount to which he is entitled be paid as a monthly income in an amount not to exceed one hundred dollars per month until such amount is exhausted; or

(c) The employee may provide that the committee purchase an immediate or deferred non-assignable and non-transferable annuity for his beneficiary or beneficiaries.

If an employee's service is terminated involuntarily and he has attained the age of fifty-five years and has been for fifteen consecutive years or more continuously in the employment of one or more of the employers, he is entitled to receive 100 percent of the amount or value of his account.

*Information taken from Winn & Lovett Grocery Company booklet entitled "Outline of Employees' Retirement Plan".

SUMMARY OF FOOD FAIR STORES, INCORPORATED

[illegible]

For Supervisory Employees Only

The Food Fair Stores, Incorporated Plan covers only supervisory personnel. Supervisory personnel is defined as those employed on a full time, salary basis in the company's executive, supervisory, administrative, buying and office departments. The full cost of the plan is borne by the company.

The plan is being funded under a trust fund plan. The money is turned over to the trustee who, on instructions from the advisory committee, purchases annuities and/or life insurance contracts or U. S. Government securities or company common and preferred stock, in such proportions as the committee deems advisable. The effective date of the plan was September 11, 19[illegible]7, at which time all supervisory personnel (as explained above) who have been employed by the company continuously for at least sixty months are covered. Employees ineligible on that date become members on the first of the month after they have served sixty months.

An advisory committee is appointed by the board of directors of not less than three members. The practice of the company is to have the beneficiaries elect two additional committee members (not corporate officers), who serve on the advisory committee for a term of two years. One member is elected each year, so that there is always one member with one full year's experience on the committee. The company contributes [illegible] percent of net profits before taxes. This amount cannot exceed 15 percent of the aggregate annual salaries of the beneficiaries covered by the plan.

There is no published information on just how much the employees will receive. The plan states that the employee will receive the monthly or periodic installments payable under his annuity contract, and from the proceeds of investments or equivalent amounts held in trust for him over a period of at least five years.

Normal retirement date is the first of the month following the sixty-fifth birthday. The employee may retire before that age, provided the beneficiary has had ten years of continuous employment, subsequent to the expiration of the sixty month eligibility period.

SUMMARY OF FOOD FAIR STORES INCORPORATED

PROFIT [illegible] PLAN

For Supervisory Employees Only

The Food Fair Stores, Incorporated plan covers only supervisory personnel. Supervisory personnel is defined as those employed on a full time, salary basis in the company's executive, supervisory, administrative, buying and office departments. The full cost of the plan is borne by the company.

The plan is being funded under a trust fund plan. The money is turned over to the trustee who, on instruction from the advisory committee, purchases annuities and/or life insurance contracts or U. S. Government securities or common and preferred stock, in such proportions as the committee deems advisable. The effective date of the plan was September 1[illegible], 19[illegible]7, at which time all supervisory personnel (as explained above) who have been employed by the company continuously for at least sixty months are covered. Employees ineligible on that date become members on the first of the month after they have served sixty months.

An advisory committee is appointed by the board of directors of not less than three members. The practice of the company is to have the beneficiaries elect the additional committee members (not corporate officers) to serve on the advisory committee for a term of two years. One member is elected each year, so that there is always a member with one full year's experience on the committee. The company contributes 1[illegible] percent of net profits before taxes. This amount cannot exceed 15 percent of the aggregate annual salaries of the beneficiaries covered by the plan.

There is no published information on just how much the employees will receive. The plan states that an employee will receive the monthly or periodic installments payable under his annuity contract, and [illegible] of investments or equivalent amount held in trust for him over a period of at least five years.

Normal retirement date is the first of the month following the sixty-fifth birthday. The employee may retire before that age, provided the beneficiary has [illegible] years of continuous employment, subject to the limitation of the sixty month eligibility period.

A participant's vested interest is effective after ten years of participation in the plan, including as part of the ten years the sixty month period of eligibility for admission to the plan.

Participation in dishonesty or fraud against the company will disqualify the employee from receiving plan benefits even though he has a vested interest.

*Information taken from Food Fair Stores, Incorporated booklet entitled "Outline of Employees' Retirement Plan".

SUMMARY OF CHILDS COMPANY

EMPLOYEES' RETIREMENT PLAN

Employees of the Childs Company are covered under a retirement plan underwritten by The Connecticut Mutual Life Insurance Company of Hartford, Connecticut. The plan is contributory and the cost is shared between employer and employee.

Childs has a combination of self-administration which means that basically they are funding the retirement benefits through a trustee who invests the money through traditional channels which are legal in the state in which the company is located, and the fully-insured plan. The trustee purchases ordinary life insurance on each of the eligible employees, and then by the use of valuation tables, provided by the insurance company, determines how much must be credited to each employee's account on each anniversary date to eventually convert the ordinary life policy to a retirement income policy which will provide the desired amount of pension income.

The eligibility under the plan calls for two years of service for market managers, grocery managers, buyers, supervisors, etc.; and five years of service for other employees including stockholders.

Retirement benefits are directly related to salary, the formula being the amount purchasable with [illegible] percent of the employee's salary. Provision is made for increases in retirement benefits as a participant's earnings increase over the years. In this particular plan, the employee contributes 4 percent of salary towards the cost of providing the retirement benefits, and the employer contributes the balance. Employees retire at age sixty-five or in ten years after the anniversary date, whichever is later.

In the event of death after retiring, the beneficiary that the employee has named will receive payments until the employee and his beneficiary together have received a total amounting to ten years of monthly payments. If the employee lives, he continues to receive monthly payments until the date of his death.

If an employee would rather have cash at age sixty-five than a guaranteed income for life, all he has to do is to show the pension trust committee that it would be to his advantage to do so.

*Information taken from Childs Company booklet entitled "Outline of Employees' Retirement Plan".

SUMMARY OF CHILDS COMPANY

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Childs has a combination of self-administration which means that basically they are funding the retirement benefits through a trustee who invests the money through various channels which are legal in the state in which the company is located, and the fully-insured plan. The trustee purchases ordinary life insurance on each of the eligible employees, and then by the use of valuation tables, furnished by the insurance company, determines how much must be deposited to each employee's account on each anniversary date to eventually convert the ordinary life policy to a retirement income policy which will provide the desired amount of pension income.

The eligibility under the plan calls for two years of service for district managers, area managers, buyers, supervisory personnel; and five years of service for other employees including stockholders.

Retirement benefits are directly related to salary, the formula being the amount purchasable with [illegible] percent of the employee's salary. Provision is made for increases in retirement benefits as a participant's earnings increase over the years. In this particular plan, the employee contributes 4 percent of salary towards the cost of providing the retirement benefits, and the employer contributes the balance. Employees retire at age sixty-five or in ten years after the anniversary date, whichever is later.

In the event of death after retiring, the beneficiary that the employee has named will receive payments until the employee and his beneficiary together have received a total amounting to ten years of monthly payments. If the employee lives, he continues to receive monthly payments until the date of his death.

If an employee would rather have cash at age sixty-five than a guaranteed income for life, all he has to do is to show the pension trust committee that it would be to his advantage to do so.

*Information taken from Childs Company booklet entitled "Outline of Employees' Retirement Plan".

SUMMARY OF THE E. G. SHINNER AND COMPANY, INCORPORATED

EMPLOYEES' RETIREMENT FUND

Employees of the E. G. Shinner and Company, Incorporated are now covered under a retirement income plan. The full cost of the plan is borne entirely by the retail chain.

The plan is being administered under a trust fund. The effective date of the plan is December 10, 1943. The conditions of eligibility are as follows: Any person of either sex of the age of eighteen years or over, who is an employee of the company at the date of agreement, or who after becomes an employee of the company, and who

(a) Has been continuously employed in the service of the company for a period of not less than one year as of December 31, 1943, or on December 31 of any year subsequent thereto;

(b) Receives all or part of his compensation from the company in the form of wages or salary;

(c) Signs and delivers to the trustees an agreement of participation in substantially the same form as set forth in published schedules

(d) Acknowledges that there is no obligation on the part of the company to continue contributions to this trust and that each and every contribution made by the company at any time is voluntary and not obligatory

shall be eligible to participate in their trust.

The company agrees to pay to the trustees the balance remaining after deductions for all expenses, charges paid or incurred, an amount sufficient to pay a dividend of one dollar per share on all of the outstanding shares of the capital stock of the company, an amount sufficient to pay or provide for taxes; provided, however, that the amount of the contribution will not exceed 15 percent of the total compensation of the participants under the trust.

For each calendar year beginning with the year 1943, the trustees set up a share account for each member as of

December 31 of each year. The trustees allocate for each member one share for each one hundred dollars of an aggregate annual compensation of the member for such year. Those members earning in excess of fifteen thousand dollars in any year will be limited to one hundred and fifty shares.

Each member will have a vested interest in all amounts belonging to his separate trust account equal to a certain percentage. The percentage will be determined according to number of years service. The following table indicates vested interest according to number of years service.

0 to 1 year	None
1 to 2 years	20%
2 to 3 years	30%
3 to 4 years	40%
4 to 5 years	50%
5 to 6 years	60%
6 to 7 years	70%
7 to 8 years	80%
8 to 9 years	90%
After 9 years	100%

Normal retirement date is the first of the month following the sixty-fifth birthday.

Upon the death of any member prior to retirement, the trustees will pay and distribute the member's entire separate trust account, together with earnings, to beneficiary or beneficiaries.

Information taken from The A. G. Skinner and Company, Incorporation booklet entitled "Trust Fund" Retirement Plan.

SUMMARY OF IDEAL FOOD STORES

EMPLOYEE BENEFITS PROGRAM

Employees of the Ideal Food Stores Company are now covered under a retirement income plan which is administered under a trust fund. The trust is known as "The [illegible] Brothers Grocery Company Employee's Pension Trust". The cost of the plan is divided between the company and its employees.

The plan is being funded under a pension trust agreement. The effective date of the plan was December 26, 1950. The eligibility requirements for participation are as follows:

(a) Any regular and full time employee, including officers, of the company will be eligible to become a participant who on January 1, 1951, or on or before any anniversary files a written statement with the trustees to become a member,

(b) and who has attained the age of twenty-one years,

(c) and who has been continuously employed by the company for a period of twenty-four months.

Employees ineligible on that date become members on the first of the month after they have met the above requirements.

The company will make a contribution to the trust for each year ending on December 31. This amount will be equal to 5 percent of the company's net profits in subsequent years. In the event of a net loss in operations during any year, the loss will be deducted from net profits in subsequent years in determining the amount of contribution to be made by the company in subsequent years.

Each participant in the plan will deposit to his account in the trust not less than 3 percent nor more than 5 percent of his regular earnings in company's employment. The maximum deposit during each year will not exceed $500.

Each participant will be credited by the trustees for:

(a) The full amount of all deposits made by the employee in the trust; and

(b) Shares in the total contributions made by the company determined as of the first day of each January, as follows:

1. One share for each hundred dollars of the participant's regular annual earnings during the year ending December 31; and

2. One share for each twelve months of continuous past employment with the company; and

3. One share for each fifty dollars of the total deposits made by the participant.

Normal retirement date is the first month following the sixtieth year of age, unless for special reasons the company and the participant agree to continuation of active employment of the participant. In this case, contributions and deposits to the participant's account will continue as otherwise provided, but retirement benefits will not become payable until actual retirement.

In case of retirement, death, total permanent disability or on dismissal of employment with the company without fault of the participant, each participant will be entitled to the full amount of the participant's net account in the trust, payable in one lump sum, or in equal monthly installments for a period not exceeding one hundred and twenty months, at the election of the participant or his beneficiary.

Information taken from Ideal [illegible] booklet entitled "Employee Benefit Plan".

SUMMARY OF HOME DAIRY COMPANY - SAGINAW, MICHIGAN

RETIREMENT PLAN FOR EMPLOYEES

Employees of The Home Dairy Company are covered under a retirement plan which is administered under a trust fund. The Second National Bank & Trust Company of Saginaw is the trustee. As funds are provided by the company, the trustee individual contracts to be issued on the lives of all participants by The Mutual Benefit Life Insurance Company of Newark, New Jersey. All contributions are made by the Home Dairy Company. The full cost of the plan is borne by the food chain.

The plan is administered under a trust fund plan. Pensions are paid out of the fund, or the trustee may purchase an annuity from an insurance company when the employee retires. The eligibility requirements are as follows:

> All employees not less than thirty years of age and not more than sixty-four years of age, who had been in the employ of the Home Dairy Company for five years prior to December 1, 1944, automatically became eligible to participate in the plan. All other employees meeting these requirements on the first day of June or the first day of December of any succeeding year, will also qualify as participants.

For each year of future service an employee is credited with an annual retirement allowance based on regular earnings during that year. In addition, employees are credited with a retirement allowance for any recognized service prior to December 1, 1944. This past service does not necessarily have to be consecutive.

The number of years of past service is multiplied by the basic salary of the participant at eligibility date times 3/4 of 1 percent.

The number of years of future service from the eligibility date to the normal retirement date of the participant is multiplied by the basic salary of the participant at eligibility date up to $3000 annually times 3/4 of 1 percent. To this is added the number of years of future service multiplied by the basic salary in excess of $3000 times 1½ percent.

Monthly payments will commence on the anniversary of the individual contract nearest the employee's sixty-fifth birthday for all employees whose ages at the time of commencing participation are under fifty-six. For participants from ages fifty-six to sixty inclusive, the retirement date will be ten years from the date of participation, and for participants ages sixty-one to sixty-four retirement will be at the anniversary of the individual contract nearest age seventy.

When a participant has completed five years of participation, 25 percent of the cash surrender value of policies held by the trustee for his benefit will be payable.

Upon completion of each additional year of participation an additional 5 percent will be payable until the entire interest will be be payable.

*Information taken from [illegible] Dairy Company booklet entitled "Outline of Employees' Retirement Plan".

APPENDIX B

MAIL QUESTIONNAIRE

1. Do you have a retirement income plan for employees?____________________

Please check if answer to #1 is No.

Do you expect to place a Pension or Retirement Income Plan in operation to supplement social security benefits? Please indicate the approximate date of plan____________________

2. How many employees do you have in your organization?____________________

3. What is the approximate annual cost of administering the pension plan?

____

4. How long has your retirement income plan been in operation?____________

____

5. Is it contributory or non-contributory?____________________

6. What is the approximate annual sales volume in your chain store operation?

____

If you do not care to indicate the approximate volume, would you indicate in what classification it would fall?

Under 5 million__________

5 M__________	20 M__________	51 M__________	65 M_______
21 M__________	35 M__________	66 M__________	80 M_______
36 M__________	50 M__________	Over 80 million__________	

7. How many retail outlets do you operate?____________________

8. Please indicate further any details of your retirement income plan for employees which would assist us in making this survey.

____

____

____

____

APPENDIX C

LETTER ACCOMPANYING MAIL QUESTIONNAIRE

April 9, 1951

National Tea Co.
Chicago
Illinois

Attention: Mr. Martin, Personnel Director

Gentlemen:

The Food Distribution Curriculum is conducting a survey on retirement income plans in the retail food chains.

We have prepared a questionnaire in order to collect information which will indicate the number of retirement income plans in operation plus other information.

We would appreciate it very much if you would fill out the attached questionnaire and return it to Michigan State College in the self-addressed envelope. If you have a copy of your retirement income plan available, I would appreciate your sending the copy with the questionnaire.

Any information received will, of course, be treated confidentially. No company will be identified by name in the results. A copy of the tabulated results may be had upon request. Please include your store name and address if you desire the tabulated results of this survey.

Thank you in advance for the kind consideration I know this correspondence will receive.

Very truly yours,

Harris E. Whiting

APPENDIX D

GLOSSARY OF TERMS

GLOSSARY OF PENSION TERMS

Actuarially Sound Pension Plan -- A plan under which the funds already deposited in the reserve and the current contributions are sufficient to meet the liabilities already accrued and those which are being accrued. The contributions required to fund the pensions are determined by an actuary on the basis of various assumptions such as interest rates, mortality experience, and composition of the working force.

Actuary -- A specialist, trained in the science of mathematics, statistics, and legal accounting methods, who applies the probabilities of longevity to financial operations, especially insurance. Recognized professional standing through the Society of Actuaries.

Annuity, Life -- Periodic payments made after retirement and ceasing with the death of the annuitant.

Annuity, Five or Ten Years Certain -- The guarantee of a specified number of pension payments. If the annuitant dies before he receives all of the payments, the balance is continued to his beneficiary. The guarantee most commonly used is payments for ten years.

Approved Plan -- Pension or profit-sharing plan which meets the provisions of the Internal Revenue Code and accompanying regulations. An approved plan is advantageous taxwise from the standpoint of the employer, employee and the trust.

Average Pay Plan -- Pension based upon the individual's pay averaged over his years of participation in the plan.

Balance Sheet Reserve -- A reserve set up by the employer for the payment of future pensions. These funds may be recaptured by the employer. Usually these reserves are not actuarially determined.

Compulsory Membership -- Eligible employees are required, as a condition of employment, to join a contributory plan. Compulsory membership usually is required only of workers who are employed after the effective date of the plan.

Contributory Plan -- Plans under which the employer and employees share in the cost. Employee contributions are made through periodic payroll deductions.

Death benefit -- The benefits provided for the beneficiary or estate of a participant upon the death of the latter.

Death, Discounts for -- The anticipated cost of providing pensions may be reduced by assuming that a certain number of employees will die before retirement. A recognized mortality table is used as the basis for these assumptions.

Definite Benefit -- A pension equivalent to a definite percentage of pay multiplied by years of service or by years of participation in the plan.

Deposit Administration -- Funds are deposited with an insurance company under a group contract. The contributions needed to fund the benefits are determined either by the insurance company's actuary or an independent actuary. The sums so deposited are not allocated to the account of any individual, but are accumulated to purchase an annuity when the employee retires.

Disability Pension -- Pension payable in the event that the employee becomes totally and permanently disabled before age of normal retirement.

Final Pay Plan -- A plan under which the pension is based upon the participant's pay immediately preceding retirement, or averaged over the last five or ten years preceding retirement.

Flat-percentage Pension -- A pension equivalent to a uniform percentage of compensation for all participants in the plan upon retirement.

Flat-sum Benefit -- A benefit, or pension, of a specified uniform amount for all participants in the pension plan, regardless of the individual's earnings. Such plans ordinarily require a long service record before an employee is eligible.

Funded, Fully -- The cost of providing the ultimate benefits under the plan is determined actuarially. The funds necessary to meet the financial obligations under the plan are accumulated in a reserve during the individual's participation under the plan.

<u>Funding Method</u> -- Method of accumulating funds for the payment of pensions.

<u>Future (Current) Service Benefits</u> -- Pension credits provided for years of participation subsequent to the plan's adoption and prior to retirement.

<u>Group Annuity Plan</u> -- Underwritten and administered by an insurance company under a master contract. The retirement benefit consists of a series of units of paid-up deferred annuities, one unit to be purchased each year for each eligible employee.

<u>Group Permanent Plan</u> -- A policy is purchased for each participant under a group contract negotiated between an insurance company and an employer. Life insurance protection equivalent to $1,000 for each $10 monthly annuity is provided. No physical examination is required unless the insurance underwritten for an individual exceeds a specified maximum.

<u>Individual Policy Plan</u> -- A retirement annuity or retirement income policy is purchased for each participant from an insurance company. The policies are usually held by a trustee under a trust agreement. If the employee can pass a physical examination he receives life insurance coverage of $1000 for each $10 monthly annuity.

<u>Life Expectancy</u> -- The average number of years an individual may be expected to live at each age level, determined according to a mortality table.

<u>Non-contributory Pension Plan</u> -- The employer bears the entire cost of providing pensions for employees.

<u>Past (Prior) Service Benefit</u> -- Pension credits, provided by the employer, for all or part of the individual's years of service with the company prior to the adoption of the plan.

<u>Pay-as-you-go Plan</u> -- Employer pays for pensions out of current income as they become due. No advance funding.

<u>Profit-sharing Retirement Benefit Plan</u> -- The employer's contributions to the plan are based on a percentage of the company's profits, according to a predetermined formula. The funds are deposited in a trust to the account of the participants according to a formula. The employee's retirement benefit is dependent upon the funds to his credit.

<u>Retirement, Deferred</u> -- The employee is permitted to work after the normal retirement date on a year-by-year basis. If the employee works beyond the age of normal retirement, he does not normally receive a larger pension.

<u>Retirement, Early</u> -- Employee is permitted to retire before the normal retirement age, with the consent of the employer. The employer may also request early retirement, with the consent of the employee.

<u>Retirement, Normal Date</u> -- The normal retirement date is the age at which retirement occurs, except under unusual circumstances, and is the basis of all retirement benefits.

<u>Self-Administered Plan</u> -- A pension plan which is administered by the employer, contrasted to one which is insured with an insurance company.

<u>Social Security, Integration Under Section 165 (a)</u> -- A regulation of Bureau of Internal Revenue which instructs employers regarding the manner in which benefits under the private plan and federal plan must be integrated so that the private plan does not discriminate in favor of higher-paid employees.

<u>Trust fund</u> -- Funds deposited in an irrevocable trust for the payment of pensions.

<u>Trust Fund Plan</u> -- Funds, which are actuarially determined, are deposited in an irrevocable trust. The funds are invested in securities, cash, or other property. The fund is administered by a trustee which may be a bank, an individual or a committee. Pensions are paid out of the fund, or the trustee may purchase an annuity from an insurance company when the employee retires.

<u>Trustee</u> -- Has general supervision over the trust fund and the investment of the fund. The trustee may be an individual, a bank or a committee.

<u>Turnover Rate</u> -- For purposes of pension plan, rate at which participating employees' services are terminated, as a ratio of total participants. For actuarial assumptions under a pension plan, turnover rate should be analyzed by age, sex and length of service.

<u>Vesting Rights</u> -- Vesting permits the employee to receive certain rights to the employer's contributions upon termination of employment.

Fe 4 '52
Ap 2 '52
Jl 10 '52
Se 18 '52 pd.
NO 4 '52 pd
De 9 '52
De 29 '52
Jan 24 59
27 Apr 58
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