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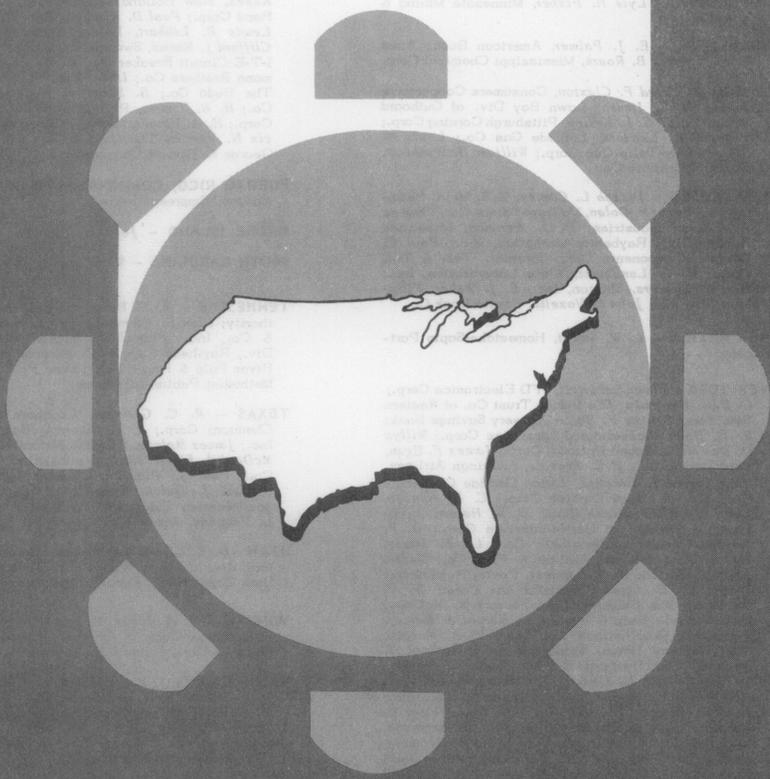
SURVEY NO.
65

Military Service - Labor problems

MILITARY LEAVE PRACTICES

**(Personnel
Policies
Forum[®]**

Survey no. 65)



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What Is The Personnel Policies Forum?

The Editors of The Bureau of National Affairs have invited representative personnel and industrial relations executives to become members of the 1961-62 Panel of the PERSONNEL POLICIES FORUM. These Panel members are top personnel officials in all types of companies, large and small, in all branches of industry and all sections of the country.

At regular intervals throughout the year BNA editors ask the members of the Panel to outline their policies and procedures on some important aspect of employment, industrial relations, and personnel problems. From these replies, the editors complete a survey report on the problem, showing prevailing practices, new wrinkles and ideas, and cross-section opinion from these top-ranking executives.

In many cases, the comments, suggestions, and discussions are reproduced in the words of the Panel members themselves. In effect, survey users are sitting around a table with these executives and getting their advice and experience on the major problems in this field facing all companies this year.

Results of each PERSONNEL POLICIES FORUM survey made during 1961-62 are printed in a special survey report which is sent, as part of the service, to users of these BNA labor reports:

Labor Relations Reporter; Labor Policy and Practice; Daily Labor Report; White Collar Report; Retail Labor Report; and Services Labor Report.

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MILITARY LEAVE PRACTICES

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INTRODUCTION

As a result of the continued build-up of our military might, military leave problems in industry have become more prevalent than at any time since the Korean War. To gauge current practice in this area, this survey, first in the 1962 series, sets out to discover what employers are doing for employees who have reserve training obligations and for those who have been called upon to serve extended periods on active duty. The information contained herein is based on replies received from 157 top personnel and industrial relations executives on BNA's Personnel Policies Forum.

Reserve Training--Transferring reservists from night to day shifts to allow them to attend night training sessions is permitted by most Panel companies; however, it's usually up to the employee himself to make the necessary arrangements. Companies that forbid such transfers often explain that the seniority provisions of their labor contracts make it impossible. When employees do take time off to attend night drills, executives on the Panel report, they do so without compensation from the company.

It's a different story, however, when employees must take a leave of absence to attend summer encampment with a reserve component. The practice of most Panel companies is to pay the employee for his period of absence, usually the difference between his normal company pay and his base service pay. The next most popular method of compensating the employee is to pay him the difference between his normal pay and his service pay and allowances. Only a handful of companies, it was found, give employees full pay for the period of absence. Furthermore, where payment for summer encampment duty is authorized, the majority practice is to require employees to have six months or one year's service with the company.

Active Military Service--Payment of induction bonuses to employees entering active military service is not especially prevalent--only 27 percent of Panel companies follow this practice, with most requiring an employee to have either six months or a year's company service. Where such bonuses are paid, the amount ranges anywhere from one week's to a full three months' pay.

Salary continuation plans also are the exception rather than the rule. In fact, fewer than 10 percent of larger companies report that they continue an employee's salary for any length of time while he is in service. None of the smaller companies report doing so.

What about vacation pay? Nine in 10 Panel companies report that they award vacation pay to employees leaving for active duty. By far the most prevalent method of payment is to award the employee pay for vacation earned up to time of departure. Only a scattering of executives report that employees are paid full vacation pay for one year.

An inquiry was also made to discover whether employees were allowed time off with pay to settle their personal affairs. It was found that only 24 percent of Panel companies gave paid time off for this purpose. Giving employees time off with pay to take pre-induction physicals, however, is the practice of close to half of Panel companies.

Sending employees in service the company house organ is by far the most popular method of maintaining contact with employees in service, according to Panel members. Sending Christmas

greetings and Christmas gifts are next in line. Quite a few executives also mention that either the personnel manager or the employee's immediate supervisor keeps in touch by mailing regular or periodic correspondence to employees in service.

Practically all firms that have pension plans say they credit time spent in military service toward pension benefits. Furthermore, close to half the companies continue to make contributions to the fund on the employee's behalf while he is in service. It is rare, however, to find Panel companies also maintaining an employee's contribution while he is in service if the plan is contributory. Although virtually all Panel companies report having group life insurance for employees, the continuation of this benefit is found in only a small percentage of companies.

Continuation of medical care benefits for dependents of employees in service also is a minority practice. Of the more than nine companies in 10 that provide such benefits, about 30 percent report that they are continued while the employee is in service, and usually only if he makes monthly contributions.

(In the following discussion, "larger" company refers to one with over 1,000 employees; "smaller" company to one with 1,000 or fewer employees.)

RESERVE TRAINING POLICIES

Night-Shift Work

Do employers transfer reservists from night to day shifts to allow them to attend night training sessions? Close to 55 percent of the executives on the Panel answer "no" (53 percent of larger companies and 55 percent of smaller ones). About an eighth of these companies point out that the seniority provisions of their labor contracts do not permit such a practice.

Among those companies that answer "yes" (46 percent), a few require that the employee himself arrange a shift trade with another employee. Others qualify their "yeses" with such statements as "only within transfer and seniority provisions of contract;" "if operating schedule permits;" "if feasible;" "through regular union bidding procedure;" and the like. One larger northeastern company which replies affirmatively comments: "if this is a regular occurrence, we can generally work out alternate training arrangements with the reserve unit." Another firm which answers "yes" qualifies it by saying, "if it does not cause an inconvenience or payment of overtime."

What about employees who miss work to attend night training sessions? Are they compensated for this absence? Virtually all Panel members answer "no." Of the three percent who answer affirmatively, an executive representing a larger company explains that night-shift workers are permitted to attend night drills without loss of pay if they are "unable to transfer to unit with non-conflicting drill schedule."

Summer Encampment Duty

Just over half the executives on the Panel report that employees are compensated for leave taken to attend summer-encampment training sessions. This practice is found more frequently in larger companies (57 percent) than in smaller ones (41 percent). Of these companies, close to one in eight remark that this practice applies to salaried employees only.

Among those companies that pay employees for summer encampment duty, the majority practice is to pay the difference between the employee's normal pay and his base service pay. Next most popular move is to pay the employee the difference between his normal pay and his service pay and allowances. Only a handful of companies choose to award full pay for the period of absence.

The table that follows shows the percentage of companies that have the practices described above:

| Methods of Compensation | | | |
|--|-----------------|--------------------|---------------------|
| | <u>All Cos.</u> | <u>Larger Cos.</u> | <u>Smaller Cos.</u> |
| Difference between normal & base service pay | 64% | 65% | 62% |
| Difference between normal pay & service pay & allowances | 26 | 26 | 25 |
| Full pay for period of absence | 6 | 6 | 6 |
| Other | 6 | 6 | 6 |

Figures in the above table total more than 100 percent because one larger company uses one method for its salaried employees and another for hourly employees. The following comment illustrates this company's practice:

Hourly: regular straight-time pay less that portion of base service pay received from the government attributable to the working days in the employee's regular schedule for which he is eligible for protection against loss of pay. Maximum 2 weeks for training duty and 1 month for emergency duty each calendar year.

Salary: full salary in addition to any remuneration received from the government. Maximum 2 weeks for training duty and 1 month for emergency duty each calendar year. --Donald B. King, General Industrial Relations Department, Union Carbide Chemicals Co., New York, N. Y.

The "other" practices mentioned in the above table include giving the employee one full week's pay; and allowing him 40 hours' pay "if one week of vacation is used for summer encampment duty," specified by a small southern company.

Among those companies that pay employees the difference between normal pay and service pay and allowances, a couple of executives explain that this does not include allowances for uniforms, travel, subsistence, or quarters.

A scattering of Panel members who report paying the difference between normal pay and base service pay impose certain time limits on the extent of such payment. One executive says the practice is followed for a maximum of three weeks. Another larger southern company explains its practice this way:

All employees who have been members of the South Carolina National Guard and/or Officers Reserve Corps for a period of one year at the beginning of the summer encampment will receive the difference between their National Guard and/or Reserve Officer's total pay, excluding quarters allowance, subsistence, and travel, and their hourly base rate of their base salary, calculated on a 40-hour week basis, during the period in which they are engaged in National Guard and/or Reserve Officers summer training period, provided period of training does not exceed fifteen (15) days in any one year. --William H. Bailey, General Personnel Director, Sonoco Products Co., Hartsville, S. C.

Another executive has this to say:

Employees enrolled in the reserves of any of the various branches of the Armed Forces who are called out for a training period will be paid the difference between their normal earnings and the amount received from the Government for a maximum training period of three weeks annually. The term "normal earnings" means the amount of pay received for a scheduled work-week with a maximum of forty-eight (48) hours including any overtime premiums. --larger company.

Of the companies that stipulate paying the difference between normal pay and base service pay, one company does so only if the employee has "no vacation entitlement," while another firm will compensate the employee only if his vacation time is used for summer encampment.

When an employee needs time off for summer encampment, companies require that he give sufficient notification. The following comments illustrate this requirement:

An employee who presents proper orders requiring performance of an annual period of military training with a Reserve or National Guard unit shall be granted a military leave of absence. It is understood that an employee required to participate in annual military training will notify his supervisor of the training period as far in advance as possible. -- Lyle H. Fisher, Vice President, Minnesota Mining & Mfg. Co., St. Paul, Minn.

* * *

In order that production schedules be maintained and necessary replacements obtained, it is necessary that thirty (30) days notice of intention to leave for summer military training be given to both the immediate supervisor and the Personnel Records office. -- Larger company.

What happens when an employee's summer encampment coincides with the annual plant vacation shutdown? The same executive makes this comment:

If this time coincides with the annual plant shutdown for vacation purposes, the reservist will not be granted additional time off for vacation at a later date. In this event, the reservist will receive whatever vacation pay he is entitled to, regardless of military pay. Incomplete overlaps of military training and vacation periods will be apportioned in a manner consistent with the above.

Amount of Service Required

Panel members were asked to specify the amount of service an employee had to have with the company before he was eligible for summer-encampment pay. Close to 35 percent of the companies that provide such compensation say they have no service requirement. Among the rest the most frequently encountered time requirement is one year. Next in line is a service requirement of six months.

The table that follows summarizes the responses of the Panel members to this question:

| <u>Company Service Required For Payment</u> | | | |
|---|-----------------|--------------------|---------------------|
| | <u>All Cos.</u> | <u>Larger Cos.</u> | <u>Smaller Cos.</u> |
| No service requirement | 34% | 34% | 33% |
| One year | 26 | 28 | 20 |
| Six months | 19 | 19 | 20 |
| Three months | 8 | 9 | 7 |
| Other | 13 | 9 | 20 |

"Other" time periods include 30, 45, and 60 days; and "complete probationary period." One executive from a smaller company explains that salaried employees are eligible for one week's pay after serving one year with the company and two weeks' pay upon completion of two years' service.

PAY POLICIES FOR SERVICE-BOUND EMPLOYEES

Induction Bonus

Giving an induction bonus to employees departing for military service is the practice in only 27 percent of Panel companies. This procedure is carried on more in larger companies (33 percent) than in smaller ones (18 percent). Where an induction bonus is given, executives report that the amount varies anywhere from one week's pay to a full three months. In some companies a flat amount is paid to the employee about to enter military service; in others, the amount is based on the length of service an employee has with the company; and, in a few cases, the amount is based on the length of time the employee is to spend on active duty.

Where the bonus given is specified as a flat amount, the figure most frequently mentioned by executives is a week's pay. Other comments advanced by Panel members include: "one-two weeks' pay;" "one half monthly salary;" "one month's straight-time salary or 4-1/3 weeks' straight-time hourly wage;" and so on. One larger company, which has a salary continuation plan for married employees who are called to active duty, offers an induction bonus only to employees who have no dependents. Here's how the company explains its policy:

All employees entering the active service who have no dependents and who have worked with the company at least six months just prior to entering the service will receive two weeks' wages based on their average earnings over the six months' period before joining the service. --William H. Bailey, General Personnel Director, Sonoco Products Co., Hartsville, S. C.

A majority of companies that give an induction bonus, however, base the amount to be paid on the length of the employee's service with the company. The comments that follow illustrate this practice.

Lump Sum Payments are based on Service as follows: (1) Over six months but less than 5 years' service--one month's pay; (2) Five years but less than 10 years' service--one and one-half months' pay; (3) Ten years of service and over--two months' pay. --C. D. Owens, Jr., Director of Personnel, Sinclair Oil Corp., New York, N. Y.

* * *

[Service of] 6 mos.- 1 yr.--2 wks. [pay]; 1-2 yrs. --3 wks.; 2-4 yrs. --4 wks.; 4-10 yrs. --2 mos.; over 10 [years]--3 mos. --H. C. Lundquist, Personnel Director, White Laboratories, Inc., Kenilworth, N. J.

* * *

1 day's pay for each 2 months of service with maximum of 2 weeks. --John S. Vozella, Personnel Manager, Presto Lock Co., Garfield, N. J.

* * *

1-3 yrs. service, 80 hours pay; over 3 yrs., 160 hours pay. --T. Whitney Barker, Manager of Industrial Relations, Pennsalt Chemicals Corp., Calvert City, Ky.

* * *

Employees leaving active employment for extended active duty with the Armed Forces of the United States will be granted the following pay at base rates: Less than 12 months of service--Exempt: None; Non-Exempt: None. 12 months but less than 24 months--Exempt: $\frac{1}{2}$ month; Non-Exempt: Two weeks' pay. 24 months but less than 60 months--Exempt: $\frac{3}{4}$ month; Non-Exempt: Three weeks' pay. 60 months or more--Exempt: 1 month; Non-Exempt: Four weeks' pay. --R. C. Grainger, Personnel Director, Thiokol Chemical Corp., Longhorn Division, Marshall, Tex.

A scattering of companies base the amount of induction bonus on the length of time the employee is to spend in military service. The following comments illustrate this practice.

One-half month's pay for enlistments of 3 months to 6 months. One month's pay for enlistments of more than 6 months but not more than 18 months. Two months' pay for enlistments of more than 18 months. --Robert W. McDonald, Manager, Personnel and Industrial Relations, Shell Development Co., Emeryville, Calif.

* * *

If tour of duty is less than one (1) year--one (1) week's pay. Tour of duty one year or more [and employee has] Gillette Service of 3 months but less than 6--one week's pay; 6 months but less than one year--2 weeks' pay; 1 year or more--one month's pay. --Earl B. Loescher, Manager Employee Services & Communications, Gillette Safety Razor Co., Boston, Mass.

Length of Service Required For Bonus

Members of the Panel were asked to specify the amount of service an employee is required to have with the company before he may receive an induction bonus. Ninety-six percent of the companies paying bonuses replied that they require between three months and a year of service. Slightly over half the executives require employees to have a minimum of one year's service; close to a third specify six months; and a little over one in 10 mention a three-month service requirement. The table that follows shows the amount of company service necessary before an employee is eligible for an induction bonus.

Company Service Required For Bonus
(Expressed as % of companies paying bonuses)

| | All Cos. | Larger Cos. | Smaller Cos. |
|--------------|----------|-------------|--------------|
| Three months | 11% | 15% | -- |
| Six months | 33 | 35 | 29 |
| One year | 52 | 50 | 57 |
| Other | 4 | -- | 14 |

The "other" category includes one company which required two months' service.

How Bonus Is Paid

Is the induction bonus paid to employees in a lump sum or in installments? By far the majority practice is the lump-sum method of payment, followed by 96 percent of all companies paying bonuses (95 percent of the larger companies and all of the smaller ones). One company which reports paying the bonus in installments explains that it is paid over a three-month period.

Panel members were also asked whether the bonus paid to the rank-and-file entering regular military service was computed the same as that paid to executives. Ninety-six percent of the executives answered "yes" (94 percent of larger companies and all of the smaller firms). One company which says that the method of payment differs explains that its induction bonus does not apply to executives.

Salary Continuation Plans

Salary continuation plans whereby an employee on active duty is paid the difference between his present salary and his military pay are the exception rather than the rule among companies on the Panel. Such plans are reported in only 5 percent of all companies (8 percent of larger and none of the smaller ones). Where these plans are found the usual practice is to limit the payments, as the following comments illustrate:

All employees entering the active service who are married and living with their wives at the time they enter the service of our country and who have worked for the company for at least six months just prior to entering the service will receive for six months an amount equal to one-half the difference of their government pay (which includes soldier's pay and any allotment for wife and/or children) and their average earnings over the six months' period mentioned above or two weeks' wages based on their average earnings over the six months period, whichever is greater.

Checks covering the above pay will not be mailed until at least 30 days after the employee enters the service and not until the employee advises the company in writing of his correct address or that of the person to whom the check should be mailed. --William H. Bailey, General Personnel Director, Sonoco Products Co., Hartsville, S. C.

* * *

Employees with dependents (wife and/or children) receive in addition to one week's pay, one half of their base earnings for a period of three months. --Francis N. Vernon, Manager Employee and Community Relations, The Quaker Oats Co., Shiremanstown, Pa.

* * *

Difference between salary or wage and military base pay for 3 months. --W. S. Traylor, Office Manager, Personnel Department, Hercules Powder Co., Wilmington, Del.

Other methods of payment mentioned by Panel members include the following: "two weeks" and "two to twelve weeks depending on service."

Vacation Pay on Departure

Nine in 10 Panel companies report that they give vacation pay to employees departing for military service. This practice is found more in larger companies (95 percent) than in smaller ones (82 percent). In the majority of firms that do give vacation pay, though, payment is given only for the vacation time an employee has earned and not used at the time of his departure, rather than full annual vacation pay.

The table below summarizes the vacation pay practices on departure for service.

| Vacation Pay Practices | | | |
|---|-----------------|--------------------|---------------------|
| | <u>All Cos.</u> | <u>Larger Cos.</u> | <u>Smaller Cos.</u> |
| None | 10% | 5% | 18% |
| Full vacation pay for one year | 7 | 7 | 8 |
| Pay for vacation earned up to time of departure | 81 | 87 | 72 |
| Other | 2 | 2 | 3 |

The "Other" category includes one larger company which said "vacation time earned and not paid for at time of departure [is] credited on return." Another smaller company figures the "percent of past years earnings based on length of service."

One larger company which gives full vacation pay for one year to employees departing for military service makes this comment:

It is assumed that employees who are drafted or who volunteer for military service between the period of January 1st and May 31st would have met the requirements for a vacation had they not been drafted or had they not volunteered. Therefore, the Company will pay vacation pay to those individuals who are inducted into the Armed Forces between January 1st and May 31st of any year just as if they worked the entire period. This vacation pay will be paid only for the year in which the employees enter the service. --William H. Bailey, General Personnel Director, Sonoco Products Co., Hartsville, S. C.

This same company also has a special vacation pay policy for servicemen who are discharged from active duty and are reinstated with the company. Here is the policy:

Employees discharged from the Armed Forces and who are reinstated to active employment not later than August 31st of any year shall receive vacation pay for the year in which they return to active employment . . .

Other members of the Panel whose companies follow a similar path, that is, allowing vacations to veterans returning from active duty, explain their policies in this manner:

An employee who returns from military service on or before July 1, of any year, will be eligible for vacation during the year in which he returns in accordance with his accumulated service credit. If the veteran returns to work in the same vacation year for which he has already received all or part of his vacation pay, such benefit will be deducted in determining the vacation allowance due him. --Lyle H. Fisher, Vice President, Minnesota Mining & Mfg. Co., St. Paul, Minn.

* * *

On their return they (employees) are also credited with whatever months they have worked into the next vacation accrual period (fiscal year) for which time was not granted at the time they entered the service. --James P. Pilkington, Personnel Manager, The Methodist Publishing House, Nashville, Tenn.

Panel members who report that they pay employees entering the service for vacation earned up to time of departure explain their policies in the following ways:

. . . applies only where tour of duty will be less than one (1) year. In case of employees leaving for duty over 1 year, vacation allowance is included in bonus payment. --Earl B. Loescher, Manager Employee Services & Communications, Gillette Safety Razor Co., Boston, Mass.

* * *

At the time of entry into active military service the employee will be paid for vacation time which has been accrued but not yet taken, and will be paid vacation pay for the next year's vacation in proportion to the number of months worked in the current vacation year up to the time of leaving for military service. --Lyle H. Fisher, Vice President, Minnesota Mining & Mfg. Co., St. Paul, Minn.

One smaller company which pays employees for vacation earned up until the time of departure stipulates that the employee "must have received pay for 1600 hours prior to departure . . ." Another executive makes this comment:

If they haven't taken current year's vacation they receive this pay plus accrual for next year. --J. A. Jones, Industrial Relations Manager, Celanese Corp. of America, Narrows, Va.

Accrual of Sick Pay

Panel members were asked this question: "Do employees continue to accrue sick pay while they are in service?" Ninety-six percent of all executives answer "no"--96 percent of larger companies and 97 percent of smaller ones.

One Panel member who answers "yes" says: "Sick leave will continue to accrue . . . provided credited time does not exceed the maximum credit of 100 days."

Time Off to Settle Personal Affairs

In many cases, an employee about to enter military service has a lot of odds and ends to clear up before he can leave. In view of this, Panel members were asked if employees about to enter the service are given time off with pay to settle their personal affairs. Only 24 percent of executives say that they follow this practice (24 percent of the larger and 25 percent of the smaller ones).

When time off with pay is allotted, the amount most frequently mentioned by Panel members is that which is "reasonable" or "necessary." Those companies that specify a definite time usually allow one day; one larger company, however, allows up to a week. Other practices listed by Panel companies include the following: "2 or 3 days--salaried employees only;" "one to two days;" "any reasonable amount of time required;" "reasonable amount to salaried employees and shop clerks;" and the like.

Time Off For Pre-Induction Physicals

Panel members also were asked if employees about to enter service were given time off with pay to take their pre-induction physicals. Forty-seven percent of the executives on the Panel replied affirmatively. This practice was found to be more common in larger companies (55 percent) than in smaller ones (36 percent).

How much time off with pay is an employee allowed to take for a pre-induction physical? Most executives say they give such amount as is "reasonable" or "required." When a definite time limit is specified, the amount varies from a half day to two days. A few executives explain that they limit payment to specific groups of employees as demonstrated by these replies: "only exempt and non-exempt are paid;" "only for salaried employees;" "reasonable amount to salaried employees and shop clerks;" and so forth.

A few Panel members who report giving employees time off with pay to take pre-induction physicals state their company policies in this manner:

When physical examinations requested by a draft board or a military service branch require an employee to be absent from his scheduled work, the employee shall be paid, without charge against sick leave or vacation allowances, for such absence at his straight-time rate. In these instances, it is expected that maximum advantage will be taken of Selective Service regulations which permit taking examinations locally. --R. C. Grainger, Personnel Director, Thiokol Chemical Corp., Longhorn Division, Marshall, Tex.

* * *

Time off with pay at base rates will be allowed for actual time required for pre-induction physical examination, normally not to exceed one day, provided proper evidence of notice to report is given to the supervisor, and the absence authorized by him, and provided such time occurs during the first forty hours of the employee's scheduled work week, not to exceed eight hours in any day. Such time, if duly authorized, will not be charged against any Salary Continuance or Sick Benefit to which the employee may be entitled. In the event the employee received compensation from the Government for such examination, this benefit will be the difference, if any, between military pay and regular pay at base rates. --Lyle H. Fisher, Vice President, Minnesota Mining & Mfg. Co., St. Paul, Minn.

CONTINUATION OF FRINGE BENEFITS

Nearly all executives on the Panel who report having pension plans for their employees say that time spent in military service is credited toward pension benefits. The practice of extending group life insurance to employees in service and medical-care benefits to their dependents, however, is a different story. For example, while practically all Panel members report having such benefits, only about three in 10 say they continue them during the time the employee is in service.

Profit-sharing plans are found in only 20 percent of Panel companies. Where such plans are found, one in four executives report that employees continue to share in the profits while on active duty.

The table that follows shows the extent to which these fringe benefits are provided for employees in service.

| <u>Fringe Benefits For Employees in Service *</u> | | | |
|---|-----------------|--------------------|---------------------|
| | <u>All Cos.</u> | <u>Larger Cos.</u> | <u>Smaller Cos.</u> |
| Pension credits (87%) | 82% | 88% | 73% |
| Life insurance (98%) | 28 | 34 | 20 |
| Medical-care benefits for employees' dependents (92%) | 29 | 33 | 23 |
| Profit-sharing benefits (20%) | 25 | 19 | 50 |

* Percentages in parentheses show the proportion of Panel companies that have the fringe benefit for employees. Table percentages are based on those firms that have the benefit in question.

Among other benefits offered by one or more Panel companies to employees in service are the following: savings plans, stock purchase options, special discounts for travel and utilities, family allowances, Christmas bonuses, and veterans' benefits.

Pension Plans

Eighty-seven percent of Panel companies report that they have a pension plan for their employees -- 92 percent of larger companies and four fifths of smaller ones. Of this number, 82 percent (88 percent of larger companies and 73 percent of smaller ones) say that time spent in military service is credited toward an employee's pension.

Where this practice is followed, a handful of companies explain that they set a maximum on the number of years spent in military service that can be counted toward a pension. A couple of companies, for example, specify that no more than five years' service in the military can be credited; one firm says four years; and another holds it down to 24 months.

Another scattering of companies mention that they credit service time toward pension benefits only if the employee returns to work. For instance, one company explains that time in service is credited only if the employee comes back to work within 90 days of discharge; other companies qualify their answers by stipulating "if he returns," "if re-employed," and the like. In addition, one larger firm mentions that it credits such time for "salaried personnel, [but] not for bargaining units." One smaller company that does not credit service time toward pensions mentions that the plan is "based on age and contributions."

Noncontributory Plans--Panel members were asked this question: "If plan is noncontributory, do you continue to make contributions to the fund while employees are on active duty?" Forty-six percent of the executives answer "yes," the practice being more prevalent in smaller companies (52 percent) than in larger ones (43 percent). One executive from a larger company who says that company contributions continue during the time employees are in service mentions that they do so only for a six-month period.

Contributory Plans--Where the company's pension plan is contributory, 24 percent of companies make arrangements to maintain an employee's contribution to the fund while he is in service. Such arrangements, while made in a third of larger companies, are found only in 8 percent of the smaller firms. A few of the Panel members who report that arrangements are made to maintain employee contributions say this is accomplished by giving the employee the option of continuing the payment while in service. Another company gives employees the opportunity only after discharge from service and reinstatement, as the following comment illustrates:

Under contributory plan, employee upon reinstatement has six months option to make retro-active payments either as lump sum or installments spread over a period not to exceed one month for each two months of military leave. --Donald B. King, General Industrial Relations Department, Union Carbide Chemicals Co., New York, N. Y.

Another Panel member whose company's pension plan is contributory explains that a serviceman benefits even though he is not required to make contributions while on active duty. He explains the plan this way:

Our pension plan is contributory and is for salaried employees only. The retirement benefit is not based on contributions but on the highest five of the last ten years of annual earnings before retirement. During military leave the employee accrues full service credit and the plan is funded by the Company accordingly, even though the employee makes no contribution while on military leave. --Industrial Relations Manager, small southern company.

One executive makes this comment when asked if any arrangements are made to maintain an employee's contribution:

By employee arranging to make monthly payments equal to his contribution. If employee returns within 90 days of discharge and is a member, company will make its contribution for period of absence. --John E. Hamm, Jr., Manager--Industrial Relations, Chemical & Plastics Div., FMC Corp., Baltimore, Md.

Several of the larger company executives report that the company "pays both its share and the employee's share." One Panel member summarizes his company's practice by saying:

Earnings of \$3,000 per year assumed arbitrarily--company pays employee and company contributions on this basis. --E. J. Mullen, Personnel Manager, I-T-E Circuit Breaker Co., Philadelphia, Pa.

Group Life Insurance Plans

Of the 98 percent of all companies who report having a group life insurance plan for their employees (98 percent of larger and 97 percent of smaller companies), only 28 percent (34 percent larger and 20 percent smaller) continue employees' group life insurance during military service. Most companies that continue an employee's group life insurance stipulate that the practice is carried on only for a period of one to three months. Other companies specify 180 days, from 3 to 6 months, only up to 120 days, and the like.

A few Panel members explain that the employee is given an option. The following comments illustrate this procedure.

Employee has option of continuing for two months following last day of policy month in which he enters service on a contributory basis. --Walter W. Hanes, Vice President Industrial Relations, The Greyhound Corp., Chicago, Ill.

* * *

If you are going on military leave of absence for six months or less, your Term and Life Insurance may remain in force if you continue premium payments. If you do not choose to continue payments you must elect to receive either your cash value, or, if your Paid-Up Life Insurance totals more than \$100 at termination, a Paid-Up Life Insurance Certificate. --A. R. Gifford, Personnel Manager, Sanborn Co., Waltham, Mass.

* * *

One month after the month in which absence commenced plus two more months at employee's option. Employee pays his share of cost. --Donald B. King, General Industrial Relations Department, Union Carbide Chemical Co., New York, N. Y.

* * *

Employee may continue his group life insurance but is required to pay entire premium while in the service. Company does not continue its contribution. --Richard B. Miller, Director of Employee Relations, Litton Systems, Inc., College Park, Md.

Medical-Care Benefits For Dependents

Members of the Panel were asked this question: "Do you have hospitalization or medical-care benefits for employees' dependents?" Ninety-two percent of the executives answered "yes" (93 percent of larger and nine in 10 smaller companies). Of this number, 29 percent report that they continue these benefits for dependents of employees in service. This practice is found more in larger companies (33 percent) than in smaller ones (23 percent).

Of those firms that continue hospitalization or medical-care benefits for employees' dependents, most of them qualify their answers by remarks such as: "if employee makes monthly contributions,"

"for 1st 6 months only," "at employee's option," "for two months," and the like. One larger company states that it limits payment to dependents of employees who are on a six-month active duty tour.

Profit-Sharing Plans

Profit-sharing plans are found in only one in five Panel companies. Twenty-seven percent of larger companies report having a profit-sharing plan as against 10 percent of smaller ones. Of these firms, only one in four report that employees in service continue to share in the profits. This is true of about one fifth of larger companies with profit-sharing plans, as against two in four smaller ones.

A few of the companies explain that the serviceman-employee continues to share in the retirement portion of the profit-sharing plan, but not in the cash payment. Another handful of companies who report that employees do not continue to share in the profits while in service mention that the serviceman's portion of the plan is held in suspense until he returns.

Continuation of Other Benefits

Panel members were asked what other benefits their companies provide for employees in service or their families.

A few Panel members state that they extend discounts or special privileges to the servicemen themselves or to their families as illustrated by the following comments:

The employee on military leave of absence is given a yearly mileage allowance for free transportation for the use of himself and eligible dependents. Also unlimited half-fare privileges are granted on our Airline only. --D. S. Scotland, Manager--Employee Relations, American Airlines, Inc., New York, N. Y.

* * *

Utility service discount continued for family. --D. M. Pritchett, Assistant to the President, California-Pacific Utilities Co., San Francisco, Calif.

Free and reduced rate transportation on Company system. --Thomas D. Stuart, Vice President--Industrial Relations, Pacific Northern Airlines, Inc., Seattle, Wash.

A handful of companies report that they pay special allowances to the families of employees. Here's what they say:

Family allowance payments are made to the wife of a male employee with one year of service. Family allowance provides make-up pay of up to one-half of normal salary with total of make-up pay plus Government pay and allowances not to exceed employee's normal salary. --Robert W. McDonald, Manager, Personnel and Industrial Relations, Shell Development Co., Emeryville, Calif.

* * *

Father's Allowance--Employees who are fathers receive difference between 3/4 of former earnings up to \$10,000 and total military pay--for period up to 4 years. --V. A. Womack, Personnel Assistant, DeSoto Chemical Coatings, Inc., Chicago, Ill.

A scattering of firms have employee savings plans from which people in service may receive certain benefits. In one such plan, the company continues to make contributions for servicemen based on what they paid in during employment. Thus:

Company contributions at one-half the employee's active employment rate of contribution (2½%, 5%, or 10% of monthly salary) to the Shell Provident Fund (a Company provided non-compulsory savings plan) are continued for the period of military service but not for more than two years. --Robert W. McDonald, Manager, Personnel and Industrial Relations, Shell Development Co., Emeryville, Calif.

Another firm which has a savings plan for its employees explains:

The Company has a Savings Plan which provides for Company Contribution in an amount equal to 50% of Employee Allotment. An employee entering Military Service may elect to suspend

his participation for the period of leave. In such event while no employee allotments or company contributions are added to his account he will continue to share in the earnings of the fund(s) in which he has invested. --C.D. Owens, Jr., Director of Personnel, Sinclair Oil Corp., New York, N. Y.

A couple of executives explain that their companies grant leaves of absence to veterans who wish to further their education. In one case, the veteran is assured reemployment, but he does not accumulate service credit or seniority during his absence. In the other, reemployment is not guaranteed, but if the employee is reinstated, it is with accrued seniority. The following comments illustrate these practices:

Upon request, the company will grant a six-month leave of absence to any . . . veteran who desires to obtain education under the G. I. Bill, and who enrolls in a recognized educational institution. At the end of the six-month period, at the veteran's request, his case will be reviewed by the company, and if circumstances permit, the leave may be extended for an additional period of six months. An employee granted a leave of absence for G. I. Schooling will not accumulate service credit or seniority during such leave. --Lyle H. Fisher, Vice President, Minnesota Mining & Mfg. Co., St. Paul, Minn.

* * *

Any veteran who is a former employee . . . may get a leave of absence to continue his education upon certain conditions. The leave of absence must be approved by the employee's supervisor, the General Production Manager, or other company executives and the General Personnel Director. The leave of absence will be granted for a period of not more than one year or one school term. The Company cannot guarantee employment for employees who receive leaves of absence for educational purposes. The only benefit a leave of absence of this type will carry is that in case the employee is reemployed, he will not lose his seniority. --William H. Bailey, General Personnel Director, Sonoco Products Co., Hartsville, S. C.

Other benefits provided for employees in service or for their families, mentioned by Panel members, include the following: (1) a stock-purchase option; (2) a salary progression plan whereby an employee reinstated with the company returns to the salary he would have reached if he had not entered military service; (3) participation by servicemen and their families in all recreational and social activities sponsored by the company; (4) Christmas bonus; and (5) a Christmas turkey.

Generally, the law requires that an employee-veteran who has satisfactorily completed his military service and who applies within 90 days of discharge be reinstated to his former job. Most companies in this regard follow the letter of the law. One company, however, gives the veteran 120 days in which to apply for reinstatement. Its policy is stated this way:

If application is made within one hundred twenty (120) days from the expiration of the military leave period, employees will be reinstated so far as possible in their former positions, depending upon seniority status, or (in the case of salaried employees) length of credited service at time of application. If such reinstatements are not practicable, the Company will make every effort to place those employees involved in other positions with no loss of rights acquired by previous service. --Larger company.

One larger company executive whose firm is considering a policy which would be beneficial to the wife of a serviceman explains:

A policy is at present being proposed whereby the wife of a serviceman, herself an employee of the company whether her husband is or not, would be promised a retention of her original service date should the organization be able to re-employ her when she returned to work after having left to join her husband in the service. Our experience has been that we are as much affected, certainly in the offices, by women leaving to join their husbands as by the men being called to service. We think it proper that the wife be with the husband, and while we cannot promise to hold the woman's job for her, we would promise her (if she is a good employee) reemployment, if a job is open, on a level as near to that of her job at the time of leaving as is possible and reinstatement of her original service date. This would protect certain fringe benefits (such as vacation) that depend on length of service. While this policy has not yet been formally approved, representatives of top management have viewed it favorably. --James P. Pilkington, Personnel Manager, The Methodist Publishing House, Nashville, Tenn.

MAINTAINING CONTACT WITH EMPLOYEES IN SERVICE

Keeping in touch with employees in service is the practice of seven in 10 Panel companies--75 percent of the larger and 62 percent of the smaller ones. Among these companies, slightly better than four fifths send employees in service a copy of the company house organ; a fourth send Christmas greetings; a little less than a seventh mail Christmas gifts; and a scattering send birthday greetings. The table that follows summarizes the methods used by those companies that maintain contact with employees in service.

| Methods of Maintaining Contact * | | | |
|----------------------------------|-----------------|--------------------|---------------------|
| | <u>All Cos.</u> | <u>Larger Cos.</u> | <u>Smaller Cos.</u> |
| Company house organ | 82% | 89% | 70% |
| Christmas greetings | 25 | 24 | 26 |
| Christmas gifts | 15 | 16 | 13 |
| Birthday greetings | 4 | 4 | 4 |

* Figures total more than 100 percent because some firms use more than one method.

What other steps do companies take to keep in touch with employees in service? Among those Panel members who answered this question, the majority mentioned that they send regular or periodic correspondence. In some cases, the purpose of such correspondence is to keep the company abreast of the serviceman's location and/or to answer queries from the servicemen themselves. As one executive puts it:

We correspond with all our employees on military leave of absence during their leaves. This is basically for the purpose of keeping us informed of any changes in address and to answer any questions they may have regarding their status. --Larger northeastern company.

In the same vein, another large company has this to say:

We have no formal plan for keeping in touch with employees in service; however, all letters are answered and we endeavor to keep in touch with them informally. --H. R. Timms, Manager, Employee Relations, Gulf Oil Corp., Phila., Pa.

A couple of firms specify that they maintain contact only with technical personnel. The following comment illustrates this point.

Tech recruiting section maintains contact with all technical personnel through correspondence and mailing of literature used in recruiting. --W.S. Traylor, Office Mgr., Personnel Department, Hercules Powder Co., Wilmington, Del.

Other companies mention that they keep in touch through contact with the serviceman's family; by paying a Christmas bonus; by mailing a copy of the annual profit-sharing statement; by encouraging employees on military furlough to visit the plant.

Finally, The Gillette Safety Razor Co., Boston, Mass., maintains contact by sending a monthly supply of razor blades to men in service and a box of candy to women.

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