
COOPERATIVE RETIREMENT INCOME PLAN
PAN AMERICAN AIRWAYS SYSTEM



PLAN INAUGURATED MARCH 1, 1941
DATE OF THIS REVISED OUTLINE, JULY 1, 1947



TO THE EMPLOYEES OF THE PAN AMERICAN AIRWAYS SYSTEM:

Our System's Board of Directors has authorized me to formulate a Cooperative Retirement Income Plan which will make it possible for the employees of the Pan American Airways System to build during their working years a satisfactory basis for retirement.

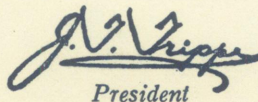
All of us want to look forward with assurance to the active and reasonably comfortable enjoyment of the life that awaits us at the end of our years of work. This requires financial independence, difficult to achieve unless we make adequate provision, regularly and systematically, in our earning years.

It is to the interest of management and employees alike, that steps be taken toward this end. To assure a constantly active, progressive organization, there must be means of advancing qualified young men and women into positions of increasing importance and responsibility. To keep the way open, there must be regular retirement for older employees, at appropriate ages, with reasonable opportunity to obtain a retirement income on which they may confidently face their future years.

The Cooperative Retirement Income Plan outlined in the following pages, is one that I believe will achieve this objective. It is truly a *cooperative* Plan, under which you and your Company work together in building up your retirement income.

The Plan has back of it as security the strength of two of the principal life insurance companies in the United States. Feeling, as I do, that its establishment is an outstanding achievement in the history of the Pan American Airways System, I submit it to you with the expectation that your personal participation will be satisfactory and profitable to you.

Sincerely yours,


President

SUMMARY

The Cooperative Retirement Income Plan was established because of the desire on the part of Pan American Airways System to provide a satisfactory basis for retirement of older employees, and to encourage continuity of employment which is of benefit to the System. To further that desire, the System, while not guaranteeing to do so, expects to purchase, at its own expense, benefits covering past years of service for those employees eligible therefor, and is contributing substantial amounts (more than half of the total costs) toward the purchase, with its employees, of benefits applying to present years of service.

The operation of the Plan is simple. Contributions by the participating employees, together with contributions made by the Company, are paid monthly to the Insurance Companies. As these payments are received by the Insurance Companies, the employees participating in the Plan are credited individually with Retirement Annuities.

The Insurance Companies invest the payments as received. Because the Insurance Companies are given the opportunity to realize income over a period of years on the money paid to them, the cost of the Retirement Annuities is much lower than it would be otherwise.

Each year the costs of the Annuities credited to the employees increase, because the periods during which the Insurance Companies can realize income from the funds invested decrease. These increases in costs are not passed on to the employee but are absorbed entirely by the Company.

Upon retirement the employee receives in monthly payments continuing throughout his life the total income produced by the Annuities credited to him during his years of participation.

In the following pages the Plan is outlined in considerable detail (pages 3-25). Questions frequently asked by employees in connection with the Plan are stated and answered (pages 26-43); and the results of operation of the Plan are illustrated in typical cases (pages 44-52).

Pan American Airways System

Outline of

Cooperative Retirement Income Plan

Plan inaugurated March 1, 1941

Date of this Revised Outline, July 1, 1947

1. The Cooperative Retirement Income Plan outlined in this booklet is underwritten by the Connecticut General Life Insurance Company of Hartford, Connecticut, and the John Hancock Mutual Life Insurance Company of Boston, Massachusetts (herein referred to as the Insurance Companies), each of which assumes one-half the liability for benefits and refunds due Participants and beneficiaries as described herein. All Retirement Income payments and refunds are made by the Connecticut General as administrator of the Plan on behalf of both Insurance Companies.

Employees Eligible to Participate

2. Participation in the Plan is open to each employee of Pan American Airways, Inc., or Uraba, Medellin & Central Airways, Inc., provided that,

- (a) he has completed at least one year's service with any one or more of the Pan

American Airways System Companies*;
and

- (b) he has, if a man in ground service, attained his 25th birthday but not his 65th; or, if an employee in flight service, attained his 25th birthday but not his 60th; or, if a woman employee, attained her 25th birthday but not her 60th; and
- (c) he is receiving earnings from the System at the rate of not less than \$900 per year, United States currency (any portion of such earnings paid in foreign currency to be converted for the purpose of this provision at the official closing rate of exchange on the date of application).

3. Employees stationed in the United States, its Territories and possessions (including the Canal Zone and the Philippine Islands), and employees who are United States citizens stationed in Antigua, Bermuda, Brazil, British Guiana, Canada, French Guiana, Jamaica, Nassau, New Caledonia, Surinam, Trinidad and Tobago, may join the Plan as of the date which, being the first day of a calendar month, coincides with or next follows the date of completion of the eligibility requirements set out in paragraph 2; or, as of the first day of any calendar month thereafter.

4. The System is endeavoring to extend the Plan to other countries where applicable social and

* Pan American Airways System companies are presently considered as including any company in which Pan American Airways Corporation owns directly or indirectly at least a majority of the voting stock.

insurance laws will permit such extension. Employees stationed in any such country may join the Plan as of the date which, being the first day of a calendar month, coincides with or next follows the date when the employing company shall have announced that the Plan is in conformity with the then applicable social and insurance laws in effect where such employees are stationed, if such employees then shall have completed the eligibility requirements set out in paragraph 2; or, as of the first day of any calendar month thereafter. Employees not yet able to satisfy those eligibility requirements when the employing company announces that the Plan is in conformity with the then applicable social and insurance laws in effect where they are stationed, may join the Plan as of the date which, being the first day of a calendar month, coincides with or next follows the date of completion of the eligibility requirements; or as of the first day of any calendar month thereafter.

5. For convenience the word "System" is used in this booklet generally to refer to the company employing a participating employee, but in some cases, where the text refers to a number of successive employments among the System companies, it may include all such companies. The companies listed in paragraph 2, and such other System companies as by action of the Board of Directors may from time to time be added to the list, are for purposes of the Plan designated as "Employing Companies."

How to Join

6. To apply for participation in the Plan an eligible employee completes the Insurance Companies' "census card" and signs the "Payroll Deduction Order" attached thereto, authorizing the required payroll deductions during his participation in the Plan. The "census card" should be completed well in advance of the date the employee will become eligible; where possible, at least 30 days in advance thereof.

If an eligible employee does not desire to participate, it is necessary for him to sign a "Non-Subscriber" card, stating his reason and witnessed by a member of his family. This record that the employee is knowingly choosing not to accept the benefits of the Plan is required in order to protect the System against any later claim that the Plan was not offered or explained to him: for, in fairness to those who have joined the Plan, there cannot in the future be special arrangements for any retirement benefit from the System for any persons remaining out of the Plan. However, a Non-Subscriber card can be cancelled at any future date by completing and signing a Census Card and Payroll Deduction Order, provided the employee is eligible.

7. Employees who join the Plan are referred to as Participants.

Retirement Date

8. The Normal Retirement Date for men in ground service is the first day of the month coin-

ciding with or next following the 65th birthday. The Normal Retirement Date for women and for flight personnel is the first day of the month coinciding with or next following the 60th birthday.

9. With the consent of the System, a Participant may elect to retire on an Early Optional Retirement Date (the first day of any month not more than 10 years *prior to* Normal Retirement Date).

Substantially decreased annual Retirement Income must be expected by a Participant who elects an Early Optional Retirement Date. This occurs inevitably because contributions by the Participant and the System will be made over a shorter period of time and the Retirement Income will be paid over a longer period of time. Since it is to the interest of the Participant that Retirement Income be as large as possible, retirement at an Early Optional Retirement Date except where necessary is not recommended.

10. A Participant may remain in active service *after* his Normal Retirement Date only at the specific request of the System. In this event, the contributions by both the Participant and the System will cease on the Normal Retirement Date, and the Retirement Income will not commence until the Later Optional Retirement Date (the first day of the month following actual retirement), when the Participant will begin to receive Retirement Income at the same rate that he would have been

paid had he retired on his Normal Retirement Date.

Future Service Retirement Income

11. For the purpose of the Plan any service with the System after participation in the Plan commences, is referred to as Future Service and any Retirement Income arising from Future Service is referred to as Future Service Retirement Income.

12. Each Participant will receive an annual amount of Future Service Retirement Income, commencing at the Normal Retirement Date, in accordance with the following schedule:

Portion of Annual Earnings	Annual Retirement Income Purchased for EACH YEAR of Participation as a % of That Year's Earnings	
	Employees Subject to United States Social Security Tax	Employees Not Subject to United States Social Security Tax
First \$3,000	1%	1½%
In Excess of \$3,000	2%	2%

13. The total Future Service Retirement Income which a Participant will be paid annually beginning at his Normal Retirement Date is the sum of the incomes so purchased each year throughout the period of his participation in the Plan. (See Examples, pages 44-52.) A simple method of calculating the total amount of Future Service Retirement Income payable *annually* to a Participant, beginning at Normal Retirement Date and continuing each year for the remainder of his life, is to

take, for ground-service employees, $4/11$ (approximately 36.4%) — or, for flight-service employees, $1/4$ (25%) — of the Participant's total contributions during the entire period of his participation in the Plan.

Thus the ground-service employee described in Example 3 at the end of this booklet contributes, during 35 years of participation, \$2,796.75. Upon retirement at 65 he receives *annually* until death $4/11$ of that sum, or \$1,017 per year, in Future Service Retirement Income. The pilot described in Example 1 contributes, during 35 years of participation, \$23,016. Upon retirement at 60 he receives *annually* until death a Future Service Retirement Income of $1/4$ that sum, or \$5,754 per year.

In other words, a ground-service employee in the first $2\frac{3}{4}$ years after his or her retirement, and a flight-service employee in the first 4 years after retirement, receives, on account of Future Service Retirement Income *alone*, an amount equal to his total contributions under the Plan. The average life expectancy for a man annuitant at age 60 is approximately 17 years, and at age 65 approximately 14 years; and for a woman annuitant at age 60 it is approximately 21 years.

Contributions

14. To provide these benefits the Plan provides for joint contributions by the Participants and the System. In each calendar year during the period

of participation a Participant will contribute in proportion to his earnings and in accordance with the following schedule:

	<i>Ground Personnel</i>	<i>Flight Personnel</i>
(a) Participants stationed in the Continental United States and those of its Territories and possessions in which the United States Federal Social Security Old-Age Benefit Tax applies:		
(I) Earnings subject to U. S. Federal Social Security Old-Age Benefit Tax	2¾%	4%*
(II) Earnings not subject to above tax	5½%	8%
(b) Participants stationed elsewhere:		
(I) First \$3,000 of annual earnings	4¼%	6%*
(II) Excess over \$3,000	5½%	8%

NOTE: Occasionally a Participant based in the United States or in a Territory or possession thereof in which the United States Federal Social Security Old-Age Benefit Tax applies, may find that, owing to his rate of earning and the percentage of his time spent outside the United States during a calendar year, the amount of his earnings subject to such tax during such year is less than \$3,000. In that event, the Participant's rate of contributions under the Plan will be adjusted during or at the end of the year so that he will contribute at the following rates:

	<i>Ground Personnel</i>	<i>Flight Personnel</i>
(1) Earnings subject to U. S. Federal Social Security Old-Age Benefit Tax	2¾%	4%*
(2) Balance of first \$3,000 of annual earnings	4¼%	6%*
(3) Excess over \$3,000	5½%	8%

* Where earnings are at annual rates of less than \$2000 per year, the Ground Personnel rates of contribution will apply.

15. Earnings for this purpose comprise salaries and wages, including overtime and "flight allowances;" also bonus payments; but not "foreign allowances," "station allowances," or similar payments. The amount of a Participant's earnings in any calendar year which will be used as a basis for the Plan will be determined by the System.

16. A Participant's contributions are deducted from the earnings he receives each pay day while covered under the Plan. At the beginning of each calendar year the deductions are made at the lower of the applicable percentages shown in the tabulation in paragraph 14, and they continue at that rate until the total earnings credited to the Participant in the calendar year amount to \$3,000; thereafter the deductions are made at the higher of the applicable percentages until the end of the year.

17. The Participants' contributions are paid each month by the System to the Insurance Companies as a payment on account of the respective Participant's Future Service Retirement Income described in paragraphs 12 and 13. In addition to the Participants' contributions, the System pays currently to the Insurance Companies the *balance of the cost* (amounting in most cases to more than half the total cost) necessary to provide each Participant's Future Service Retirement Income.

Past Service Retirement Income

18. For the purposes of the Plan "Past Service" means continuous service with the Pan American

Airways System companies rendered prior to a specified Qualification Date, but counted back only to age 30 for men and age 25 for women. Any Retirement Income purchased by the System for Past Service is referred to as Past Service Retirement Income.

19. A Participant's Qualification Date is the date *to* which Past Service Retirement Income, if any, is purchased by the System (see paragraphs 18-23), and *from* which Future Service Retirement Income is purchased by the Participant and the System, as set out in paragraphs 11-17.

20. (a) For Participants who on March 1, 1941, were stationed in the Continental United States, the Qualification Date was March 1, 1941.
- (b) For Participants who on March 1, 1941, were not stationed in the Continental United States, but on January 1, 1943, were stationed in the United States or any of its Territories or possessions, the Qualification Date was January 1, 1943 (or, the date on which the employee became a Participant, if earlier than January 1, 1943).
- (c) For Participants employed after March 1, 1941, and in service outside the Continental United States continuously from date of eligibility for participation in the Plan until Jan-

uary 1, 1943 (or until the date on which the employee became a Participant, if earlier than January 1, 1943), and who on January 1, 1943, were stationed in the United States or any of its Territories or possessions, the Qualification Date was January 1, 1943 (or, the date on which the employee became a Participant, if earlier than January 1, 1943).

- (d) For Participants who, being United States Citizens, were stationed on March 1, 1943, in Antigua, Bermuda, Brazil, British Guiana, Canada, French Guiana, Jamaica, Nassau, New Caledonia, Surinam, or Trinidad and Tobago, the Qualification Date was March 1, 1943 (or, the date on which the employee became a Participant, if earlier than March 1, 1943).
- (e) For Participants transferred after January 1, 1943, *from* territory where the Plan is not in effect *into* territory where the Plan is in effect, the Qualification Date is the first day of the calendar month next following expiration of a period of 30 days commencing with date of transfer.
- (f) For Participants stationed in territory where the Plan is in effect, and trans-

ferred after January 1, 1943, *into* employment by an Employing Company (see paragraph 5) *from* employment by a System Company which is not an Employing Company, the Qualification Date is the first day of the calendar month next following expiration of a period of 30 days commencing with date of transfer.

21. The System (while not guaranteeing so to do), expects to purchase, wholly at its own expense, an annual amount of Past Service Retirement Income for those Participants who have rendered previous years of service to the System but have not had the opportunity of systematically building up retirement income during such service because the Retirement Plan had not then been adopted or had not been opened for participation in the territory where they were stationed. The length of credited Past Service is the yardstick by which this portion of the Retirement Income is calculated. No Participant will have any Past Service Retirement Income purchased for him unless he shall have become a Participant as of his Qualification Date (see paragraphs 18, 19, and 20) and on or before the corresponding "deadline" date referred to in paragraph 23.

22. It is expected that, if purchased, the annual amount of Past Service Retirement Income to be provided, commencing at Normal Retirement Date, will be as follows:

- (a) For each man in ground service:
1% of his earnings for the calendar year next preceding his Qualification Date, multiplied by the number of years of service with the System (including credit for additional completed months) after his 30th birthday but prior to his Qualification Date.
- (b) For each man in flight service:
65/100 of 1% of his earnings for the calendar year next preceding his Qualification Date, multiplied by the number of years of service with the System (including credit for additional completed months) after his 30th birthday but prior to his Qualification Date.
- (c) For each woman:
1% of her earnings for the calendar year next preceding her Qualification Date, multiplied by the number of years of service with the System (including credit for additional completed months) after her 25th birthday but prior to her Qualification Date.

23. When a Qualification Date is established, a date is also fixed by which the eligible employees to whom the Qualification Date applies must join the Plan in order to have Past Service Retirement Income purchased for them. Eligible employees who do not join the Plan by such date will not have

Past Service Retirement Income purchased for them even though they may join the Plan at some later date. The dates thus far fixed, corresponding to the Qualification Dates listed in paragraph 20, have been as follows:

Par. 20 (a)	March 15, 1941
Par. 20 (b)	December 31, 1942
Par. 20 (c)	December 31, 1942
Par. 20 (d)	April 30, 1943

24. For the purposes of the Plan the System's determination of earnings and Past Service will govern.

Payment of Retirement Income

25. Retirement Income payments will be payable by the Insurance Companies and will begin on the Participant's retirement date and subsequent payments will be made monthly thereafter, ceasing with the last payment preceding the Participant's death unless the Contingent Annuitant Option (described in paragraphs 27-29) is elected, in which event payments will not cease until the last payment preceding the death of the Participant or Contingent Annuitant, whichever shall last survive.

26. If the amount of Retirement Income, commencing at retirement date, is less than \$10 per month, the income may be payable quarterly, semi-annually, or annually in adjusted amounts. A single cash settlement may be made if the Retirement Income, commencing at the retirement date, is less than \$40 per year.

Continuance of Retirement Income To a Contingent Annuitant

27. A Participant may elect to receive a reduced amount of annual Retirement Income during his own life (beginning at his retirement date, Normal, Early, or Later), and to arrange for continuance of payment of Retirement Income, after the Participant's death, to a designated Contingent Annuitant (usually the Participant's wife or other dependent). In such case, after the Participant dies, the Retirement Income will be paid throughout the remaining life of the Contingent Annuitant, and the annual amount paid to the Contingent Annuitant may be fixed, at the Participant's option, at a percentage of the annual amount that was paid to the Participant during his life. The annual amount of Retirement Income paid to the Participant, if this option is elected, depends on the sex and age of the Participant and of the Contingent Annuitant, and on the ratio selected (preferably 100%, 66 2/3%, or 50%) between the annual amount of Retirement Income to the Contingent Annuitant after the Participant's death and the annual amount of Retirement Income to the Participant before his death.

28. This option may be elected at any time prior to the Participant's Normal (or Early) Retirement Date; but if it is elected within the five years preceding his Normal (or Early) Retirement Date, the consent of the Insurance Companies is

required, and they will require evidence, satisfactory to themselves, of the Participant's good health.

29. After he has elected this option, but before his Normal (or Early) Retirement Date, the Participant may (a) rescind the option, (b) change the Contingent Annuitant, (c) change the annual amount of Retirement Income to be paid to the Contingent Annuitant, or (d) change the date of commencement of Retirement Income payments; but only with the consent of the Insurance Companies, which consent may be conditioned upon evidence, satisfactory to the Insurance Companies, of the good health of the Participant or the Contingent Annuitant. If either the Participant or the Contingent Annuitant dies before the Participant's Normal (or Early) Retirement Date, the election of this option becomes inoperative. The Insurance Companies reserve the right to make the election of this option inoperative if the yearly amount of Retirement Income payable to the Contingent Annuitant would be less than \$40.

Social Security or "Level Income" Adjustment

30. United States Social Security Old-Age Benefit payments usually commence at age 65. A Participant eligible for such payments, and whose Normal or Early Retirement Date occurs earlier than age 65, therefore faces a period in which his Retirement Income received under the Plan may

be substantially less than he will receive in the years after age 65 from the combined sources of the Plan and the Social Security Act. The Participant may elect to receive an increased yearly amount of Retirement Income prior to age 65, when Social Security payments usually commence, and a reduced yearly amount of Retirement Income after age 65; so that the result, based on the Social Security Act as amended in 1939, will be an approximately level income for life from the joint resources of the Plan and the Social Security system.

Absences

31. Interruption of active service due to lay-off, leave of absence, military service, sickness, accident, or any other cause or circumstance not constituting a complete severance of the employer-employee relation between the System and the Participant, is not considered termination of employment and does not terminate participation in the Plan.

32. The Participant's status in the Plan during such interruption of active service depends on whether during such interruption he receives earnings from the System. If he receives earnings at full rate, his contributions and the System's, under the Plan, continue at full rate and his Future Service Retirement Income accumulates accordingly. If he receives earnings at a reduced rate, his contributions and the System's are reduced accord-

ingly and his Future Service Retirement Income is accumulated in the same reduced ratio. If he receives no earnings from the System, neither he nor the System makes contributions and no additional Future Service Retirement Income is purchased for him; but all previously purchased for him remains to his credit unaffected and upon resumption of earnings from the System his contributions and the System's, and the purchase of additional Future Service Retirement Income, all are resumed automatically.

Termination of Employment Benefits

33. If, for any reason other than death, the service of a Participant is terminated prior to his Normal (or Early) Retirement Date, he may elect:

Option A — to leave his own contributions with the Insurance Companies, in which event:

- (I) *If the Participant is then at least age 45 and has had at least 10 years of service with the System* he will receive, commencing at his Normal Retirement Date, the Future Service Retirement Income purchased by his own *and the System's* contributions on his behalf, plus any Past Service Retirement Income for which he is eligible and which had been purchased for him

by the System prior to termination of service.

- (II) *If the Participant is then less than age 45 or has had less than 10 years of service with the System* he will receive, commencing at his Normal Retirement Date, the Retirement Income purchased by his own contributions only.

The Retirement Income provided under either (I) or (II) of this Option A may commence earlier than Normal Retirement Date if an early retirement date is elected by the Participant upon his termination of employment. In such a case the provisions set out in paragraph 9 will apply, except that the consent of the System will not be required for such election.

The Death Benefit provisions, set out in paragraphs 35, 36 and 37, apply to this Retirement Income.

Option B — to have all of his own contributions returned to him.

The Insurance Companies will usually refund contributions immediately in one sum, but reserve

the right to spread repayment over a period not to exceed 12 months.

If the Participant elects Option B, all of his benefits under the Plan will be cancelled.

Reemployment

34. If the Participant's service is terminated prior to retirement, and he is subsequently reemployed by the System, he will then for purposes of the Plan be considered a new employee.

Death Benefit Before Retirement

35. If the Participant dies before Normal (or Early) Retirement Date, his beneficiary will receive a death benefit equal to all of the Participant's contributions.

Death Benefit After Retirement

36. If the Participant dies after Normal (or Early) Retirement Date and if he has not previously elected a Contingent Annuitant, his beneficiary will receive any excess of the amount of the Participant's contributions over the total of the Retirement Income payments made.

37. If the Participant, however, has elected a Contingent Annuitant, then upon the death of both the Participant and Contingent Annuitant, the beneficiary will receive any excess of the Par-

participant's contributions over the total of the Retirement Income payments made.

Beneficiary

38. Each Participant will name a beneficiary at the time he joins the Plan. A Participant may change his beneficiary thereafter at any time by completing a form provided for the purpose. The death benefit will be paid in a lump sum to the person named by the Participant as the beneficiary, provided the name of the beneficiary is on file with the Insurance Companies. If there is no name on file, or if the beneficiary does not survive the Participant, payment may, at the option of the Insurance Companies, be made to any one of the following: the Participant's widow or widower, surviving children in equal shares, or his executor or administrator.

Assignments

39. Payments to and benefits under the Plan may not be assigned or borrowed against, since they are for the support and maintenance of the Participant after retirement.

Certificates

40. Each Participant will receive from the Insurance Companies a certificate outlining his rights and privileges under the master contract issued by the Insurance Companies to the System.

Rights to Employment or Retirement Income

41. The Plan shall not be construed to give any Participant or any employee the right to be retained in the service of the System, or any right or claim to benefits under the Plan unless the right to such benefits has specifically accrued under the terms of the Plan.

Modification, Suspension, or Discontinuance of the Plan

42. The System expects to continue the Plan indefinitely, but necessarily reserves the right to modify, suspend, or discontinue it at any time, either (a) in its entirety, or (b) with respect to employees stationed in any country, or (c) with respect to the employees of any Employing Company. However, any modification, suspension, or discontinuance will not affect the benefits provided by the contributions paid prior to the date of such modification, suspension, or discontinuance. If the Plan is discontinued, the Participant may at any time thereafter withdraw his own contributions, and the Retirement Income provided by the System's contributions will remain to his credit and will be paid to him as Retirement Income.

* * * * *

Pan American Airways System of course does not guarantee the payments which under the Plan are to be made by the Insurance Companies, but undertakes only to pay to the Insurance Companies

periodically the contributions collected by it from the Participants, together with such additional contributions as it is called upon to make under its contract with the Insurance Companies.

* * * * *

The foregoing is intended to be only a summary of the Plan and not a complete description thereof. For an exact statement of the rights of the Participants, reference is made to the Insurance Companies' Group Annuity Contract with the System, which is available for examination by any employee.

Questions and Answers

The following questions and answers are based upon the present provisions of the Cooperative Retirement Income Plan outlined in this booklet.

1. *What employees are eligible to join the Plan?*

Subject to the qualifications stated in paragraphs 2, 3, 4 and 5, any employee who has been in the service of the Pan American Airways System companies one year (and has not attained retirement age) may become a Participant provided such employee has reached age 25.

2. *Must I join, if eligible?*

No; but in fairness to those who have joined, the System cannot provide any retirement benefit of any kind for any persons remaining out of the Plan. *All* employees, whether Participants or not, are subject to retirement from employment at the Normal Retirement Ages established in the Plan.

3. *What do I get by joining?*

A regular, steady, assured Retirement Income, from the day you retire throughout all the rest of your life. For Participants joining the Plan at age 25 and remaining with the System until normal retirement, the annual amount of Retirement Income from the Plan and from Social Security after age 65 will be substantially more than half of the

annual earnings which you average while a Participant. Half or more of the cost of providing the Retirement Income is borne by the System.

4. *When do I retire?*

Normally at 65, if you are a man in ground service; 60, if in flight service; 60, if you are a woman.

5. *May I retire earlier than my Normal Retirement Date?*

Yes. With the System's consent you may retire on the first day of any month in the 10-year period *preceding* your Normal Retirement Date; but in that case the Retirement Income you will receive per year will necessarily be less than if you had continued working until your Normal Retirement Date, because both your contributions and the Company payments stop earlier and also your Retirement Income has to be paid over a longer period of years. (See paragraph 9, page 7.)

6. *May I retire later than my Normal Retirement Date?*

Only at the specific request of the System. In such a case, contributions stop at your Normal Retirement Date but you do not receive Retirement Income until you actually retire. The amount of your Retirement Income per year will be the same as it would

have been if you had retired at your Normal Retirement Date. (See paragraph 10, page 7.)

7. *What do I lose if I do not join the Plan?*

You lose all the benefits provided under the Plan; no retirement benefits are purchased for your account, and the System makes no contributions to the Plan on your behalf.

8. *Do I have to join as soon as I am eligible, or may I wait until a later date?*

You may wait. But each month you delay joining the Plan reduces the amount of your Retirement Income. If you do not become a Participant until a later date, you will not benefit by the contributions the System would have paid on your behalf during the period you were not a Participant. A calculation recently made for a pilot earning \$600 per month showed that to delay 3 months in joining the Plan would cost him \$27 in Retirement Income *every year* after retirement.

9. *If I am eligible and do not become a Participant, do I lose credit for Past Service Retirement Income?*

Yes.

10. *Will I receive Past-Service benefits if I do not join the Plan before the "deadline" dates established by the System and referred to in paragraph 23?*

No. The System proposes (but does not guarantee) to purchase certain annuities with

respect to Past Service for the employees eligible therefor under the provisions of the Plan, and is currently expending money for that purpose at a substantial rate. The System's offer cannot be left open for acceptance indefinitely. The "deadline" dates are intended to afford the employees affected a reasonable length of time for action. If you do not join the Plan before the "deadline" date applicable in your case, no Past-Service benefits will, at any time thereafter, be available to you under the Plan.

11. *How do I join the Plan?*

By completing the Insurance Companies' census card and signing the attached "Payroll Deduction Order" authorizing the required deductions from your earnings. (See paragraph 6, page 6.)

12. *Do I have to pass a medical examination to join the Plan?*

No.

13. *Why do I have to name a beneficiary?*

So that if you die before retirement the Insurance Companies will know to whom to refund your contributions. Likewise, if, *after* retirement, your death occurs before the total Retirement Income paid to you equals the total of the contributions which you have made, the Insurance Companies will refund the difference to your beneficiary. Under no

circumstances do you ever *lose* any money which you contribute under the Retirement Plan. Every cent which you put in will come back either in Retirement Income or in form of a refund to you or your beneficiary. (See paragraph 38, page 23.)

14. *Whom may I name as beneficiary?*

Your wife, husband, mother, father, sister, brother, or any one else you wish.

15. *May I later change my beneficiary?*

Yes, by completing a form provided for the purpose.

16. *What is this Plan going to cost me?*

A percentage of your earnings, deducted each pay day, from the date you enter the Plan until you retire (unless meanwhile you die or your employment terminates). The rate of deductions depends on whether you are in ground or flight service, and on the country in which you are stationed. Ground-service employees in the United States pay 2 3/4% on the first \$3,000 of earnings and 5 1/2% on the excess over \$3,000. (See paragraph 14, page 9.)

17. *When do I start contributing?*

On your first pay day after your participation in the Plan commences.

18. *What happens to the money which I contribute?*

Each month the System pays to the Insurance

Companies a premium which consists of all the money currently collected in Retirement Plan payroll deductions, plus the System's contribution. Your money *and the System's* is thus turned over *currently* to the Insurance Companies' investment departments, for immediate investment.

19. *What does the System contribute?*

The System contributes *each month* the full difference between (a) the total billed by the Insurance Companies as premium then due for purchase of annuities, and (b) the substantially smaller total contributed by the Participants in payroll deductions. The rate at which the System contributes with respect to each Participant grows larger each year, as the Participant's age advances. The rate at which the Participant contributes is not affected by increasing age. Over the course of a normal span of 30 to 35 years' participation, the System's total contributions are equal to or more than the total contributed by the Participant. (See paragraph 17, page 11.)

20. *Why do flight personnel contribute at a higher rate than other men?*

Their Normal Retirement Date is 5 years earlier. Earlier retirement costs more, because (a) the Insurance Companies expect to pay Retirement Incomes over a longer period,

and (b) there are fewer years in which to accumulate the money required for financing the Retirement Income payments. The higher cost each year, permitting earlier retirement, is borne partly by the Participant and partly by the System.

21. *Will I have to contribute a greater amount each month or year as I grow older?*

Only as your earnings increase or your status or station changes. The *rates* at which deductions are made will not increase because of your older age. The amount of money required for financing your Retirement Income increases annually with your age, but this increase is met by the System; *your* personal contribution stays constant, except as your earnings increase or as you may be transferred from ground to flight service or from domestic to foreign station. The only factor which might alter the rates of payroll deduction would be a substantial change in the total annual purchase price of retirement annuities. Such a change might occur if there were a substantial alteration in (a) experience as to longevity of annuitants after retirement, or (b) the level of earnings produced by insurance company investments.

22. *May I contribute more or less than the fixed rate of contribution applicable to me under the Plan?*

No. The Plan is designed and intended to operate uniformly.

23. *Does — or will — any Participant pay any part of the cost of providing Retirement Income for any other Participant?*

No. Under no circumstances is the money which you contribute used for buying anyone's Retirement Income except your own.

24. *What happens when I am shifted from a ground job to flight service and vice versa?*

During the time that you are a ground-service employee you contribute at the rates shown for ground-service employees in the schedule in paragraph 14, and your Retirement Income credit accrues at the rates shown in paragraph 12. When you are transferred to flight service you contribute at the rates shown for flight personnel in the schedule in paragraph 14, and during the time you are in flight service your Retirement Income credit accrues at the rates shown in paragraph 12.

If, having been shifted from ground to flight service, you remain in flight service until you retire, the Retirement Income which was purchased while you were in ground service, and which is normally payable beginning at age 65, will be paid to you (in appropriately reduced annual amounts) beginning at age 60, along with the Retirement Income purchased while you were in flight service.

If, having been shifted from flight to ground service, you remain in ground service until you retire, the Retirement Income purchased while you were in flight service, normally payable beginning at age 60, will be paid to you (in appropriately *increased* annual amounts) beginning at age 65, along with the Retirement Income purchased while you were in ground service.

25. *What happens when I am transferred to a foreign station or any other location where I am not subject to U. S. Social Security taxes; or vice versa?*

During the time you are subject to the Social Security tax, you contribute at the rates shown in the schedule in paragraph 14 for employees subject to United States Social Security tax, and your Retirement Income credit accrues at the rates shown in the schedule in paragraph 12, for employees subject to United States Social Security tax.

When you are transferred to a station where you are not subject to the Social Security tax, you contribute at the rates shown in the schedule in paragraph 14 for employees not subject to United States Social Security tax, and your Retirement Income accrues at the rates shown in the schedule in paragraph 12 for employees not subject to United States Social Security tax.

26. *When I am laid off, on leave of absence, in military service, sick, or injured, do I make contributions?*

You contribute only when you are receiving earnings from the System, and in proportion to those earnings. If you are absent from active duty with the System for any reason not construed as termination of employment, but during which you do not receive earnings from the System, then during such absence neither you nor the System will make any contribution under the Plan. When you resume receiving earnings from the System, your contributions and those of the System will start again automatically. (See paragraphs 31 and 32, pages 19 and 20.)

27. *What happens to my Retirement Income credit when I am temporarily laid-off, on leave of absence, in military service, sick or injured?*

Retirement Income credited prior to and after a period of absence due to lay-off, leave, military service, sickness, or other cause not constituting termination of employment, is unaffected. All that you have to your credit before such an absence, remains to your credit. If you receive earnings from the System during your absence, Retirement Income credit accrues in proportion to the earnings.

If during such absence or any part thereof you receive no earnings from the System, no ad-

ditional Retirement Income accrues during that period; but upon resumption of earnings, and of contributions under the Plan, accrual of Retirement Income credit is resumed automatically. (See paragraphs 31 and 32, pages 19 and 20.)

28. *May I borrow on my contributions?*

No. The purpose of the Plan is to provide Retirement Income for the Participant when he reaches old age. This objective would be defeated if you could borrow on your contributions.

29. *May I withdraw from the Plan while still in active service?*

No. The purpose of the Plan is to provide an income during old age and in order to do this the System joins with you in creating a Retirement Income by systematic contributions continuing throughout your period of active service.

30. *If I become a Participant in the Plan, how much Future Service Retirement Income will I receive if I retire at Normal Retirement Date?*

This depends upon your earnings and the length of time you contribute. For each year or portion thereof when your earnings are subject to United States Social Security tax, you will receive a Retirement Income credit, as shown in the table in paragraph 12, which is based on 1% of the first \$3,000 of your

year's earnings and 2% of your earnings over \$3,000. For each year or portion thereof when your earnings are not subject to United States Social Security tax, you will receive a credit based on 1½% of the first \$3,000 and 2% of the excess.

The additional ½% makes up for the United States Social Security old-age benefit with which you would be credited if you spent that time at a location where you would be subject to the Social Security tax.

The amount of your Future Service Retirement Income when you reach Normal Retirement Age is the sum of the credits which you thus build up year by year as long as you continue to work for the System. (See paragraphs 12 and 13, page 8.)

31. *Do I get any Retirement Income under the Plan for service with the System before I enter the Plan?*

For Participants who have rendered previous years of service to the System, but who during those years have not had the opportunity of building up retirement income systematically and with the aid of the System, for the reason that the Retirement Plan had not then been adopted or had not been opened for participation in the territory where they were stationed, the System expects (but does not guarantee) to provide Past Service Retirement Income with respect to as many as

possible of those years of their service with the System in which they could have been building up a retirement income under the Plan if the Plan had then been available to them. (See paragraphs 18 to 24, pages 12-16.)

- 32.** *Why is Past-Service Retirement Income for flight personnel computed at 65/100 of 1%, instead of 1%?*

The Normal Retirement Date for flight personnel (age 60) is five years earlier than for Participants who normally retire at 65. Each dollar of Past-Service Retirement Income payable beginning at age 60 costs the System approximately 54% more than the cost of a dollar of such Retirement Income payable beginning at 65; because the payments which begin at age 60 have to be continued for more years. The System is spending the same amount for provision of each male Participant's Past-Service Retirement Income, based on equal age, earnings and length of credited Past Service, irrespective of whether the Participant is in ground or flight service. This requires computing the Past Service Retirement Income for flight personnel at 65/100 of the rate used for employees in ground service.

- 33.** *When do I start receiving my Retirement Income?*

On the day that you actually retire (your Normal Retirement Date, or Early or Later Retirement Date, as the case may be).

34. *How is my Retirement Income paid?*

On the first day of each month, by check, directly from the office of the Connecticut General Life Insurance Company, which administers the Plan. (See paragraphs 25 and 26, pages 16 and 17.)

35. *May I arrange to have my Retirement Income continued to another person who may survive my death after retirement?*

Yes, by reducing your own Retirement Income according to the conditions described in paragraphs 27 to 29 (pages 17 and 18).

36. *May I make such an arrangement at any time?*

Yes, at any time before your Normal (or Early) Retirement Date; but if such an arrangement is to be made it is highly desirable to make it at least 5 years before your Normal (or Early) Retirement Date, for otherwise evidence of your good health will be required. (See paragraphs 27 to 29, pages 17 and 18.)

37. *Having once selected a person who will receive Retirement Income after my death, may I change the arrangement?*

Yes, with the consent of the Insurance Companies.

38. *What happens if my service terminates before retirement?*

You may leave your contributions with the Insurance Companies until your Normal (or Early) Retirement Date, and at that date they will start paying you a Retirement Income of whatever amount has been provided by the total contributions you have made.

If, when your service terminates, *you are at least age 45 and have had at least 10 years of service with the System*, the Retirement Income described in the preceding paragraph will be not merely the amount provided by *your* total contributions but *also* the amount provided by all of the System's contributions made in your behalf up to the time your service ends (including any Past Service Retirement Income purchased for you by the System before the termination of your service). Thus in recognition of your service you get the benefit not only of your own money but also of all the money the System has paid in your behalf, even though your service is terminated before your Normal (or Early) Retirement Date.

OR

If you do not desire to leave your contributions with the Insurance Companies you can draw them out in cash, in which case all the benefits which you otherwise would have under the Plan will then be cancelled. (See paragraph 33, page 20.)

- 39.** *Would it not be to my advantage to leave the service of the System as soon as I have reached age 45 and completed 10 years of service?*

Definitely not. Every additional year that you work entitles you to a larger Retirement Income.

- 40.** *What happens if I die before I retire?*

Your beneficiary will receive a refund in an amount equal to all you have paid in under the Plan. (See paragraph 35, page 22.)

- 41.** *What happens if I die soon after I retire?*

If you die before the Retirement Income paid amounts to as much as the total which you paid in contributions under the Plan, the difference will be refunded to your beneficiary. (See paragraphs 36 and 37, page 23.)

- 42.** *Why doesn't this Plan pay interest on refunds to beneficiaries and on contributions returned to Participants terminating employment?*

If that were done, either (a) the employee deductions (and corresponding System contributions) would have to be larger, or (b) the amount of Retirement Income bought for a Participant by the total contributions made on his behalf by himself and the System would have to be smaller. The Retirement Plan was designed to provide Retirement Income for Participants who continue to work for the System until their retirement dates.

It has not seemed appropriate to adopt a Plan which would either cost the Participants more or else provide them with smaller amounts of Retirement Income, in order to pay interest on refunds to beneficiaries or on the contributions of Participants who do *not* continue to work for the System until retirement. As it is you receive more from the investment of your contributions and those of the System, and get more dollars of Retirement Income per dollar of your contribution, than could possibly be provided for you if reserves had to be set up for making interest payments.

43. *Why doesn't this Plan provide life insurance for Participants?*

To do so would add to the cost for either the Participants or the System, or both. The purpose of the Retirement Plan being to provide Retirement Income, care has been taken to design the Plan so as to produce the largest amount of Retirement Income per dollar of cost to you. To that end, *all* of the money that you and the System contribute under the Plan is devoted to buying Retirement Income; everything else that would increase cost has been eliminated.

Moreover, life insurance, giving full protection in event of death from any cause whatever, including aviation hazards, and also benefits in event of permanent and total disability, is available, at very low rates, to em-

ployees, under our System Cooperative Group Life Insurance Plan.

Examples

The following examples are based upon the present provisions of the Cooperative Retirement Income Plan, as outlined in this booklet. All examples shown assume Participants are subject to United States Social Security taxes. Appropriate revisions should be made for Participants not subject to United States Social Security taxes. The estimates of Social Security benefits assume that each Participant will be covered under the Social Security Act Amendments of 1939 from January 1, 1937 until his Normal Retirement Date under the Plan.



Example No. 1

A pilot joins the plan at age 25 and contributes continuously under it until he retires at age 60. Assume his annual earnings are as shown below. His total (Future Service) Retirement Income *per year* after retirement, and his contribution *each month* before retirement, are as follows:

Future Service Retirement Income

Annual Earnings in Future	Annual Earnings Divided Between 1st \$3,000 and Excess	No. of Years Such Earnings Received	Future Service Retirement Income Per cent		Total Annual Future Service Retirement Income for Period	Participant's Contribution Each Month During Period
\$3,000	\$3,000	x 1	x 1%	=	\$30.00	\$10.00
4,000	3,000	x 1	x 1%	= \$	50.00	16.67
	1,000		2%		20.00	
5,000	3,000	x 1	x 1%	=	30.00	23.33
	2,000		2%		40.00	
7,200	3,000	x 1	x 1%	=	30.00	38.00
	4,200		2%		84.00	
7,500	3,000	x 1	x 1%	=	30.00	40.00
	4,500		2%		90.00	
7,800	3,000	x 1	x 1%	=	30.00	42.00
	4,800		2%		96.00	
8,200	3,000	x 1	x 1%	=	30.00	44.67
	5,200		2%		104.00	
8,500	3,000	x 1	x 1%	=	30.00	46.67
	5,500		2%		110.00	
9,000	3,000	x 2	x 1%	=	60.00	50.00
	6,000		2%		240.00	
9,500	3,000	x 1	x 1%	=	30.00	53.33
	6,500		2%		130.00	
10,000	3,000	x 2	x 1%	=	60.00	56.67
	7,000		2%		280.00	
10,500	3,000	x 1	x 1%	=	30.00	60.00
	7,500		2%		150.00	
11,000	3,000	x 21	x 1%	=	630.00	63.33
	8,000		2%		3,360.00	

35

Total—Per Year

\$5,754.00

Under the present provisions of the Social Security Act, this pilot will begin to receive, at age 65, an additional yearly sum of approximately \$619.81; so that beginning at age 65 his total yearly income from the Cooperative

Retirement Income Plan *and* Social Security will be approximately \$6,373.81.

Participant's total contributions to the Plan during participation: \$23,016.00

Approximate annual amount of retirement annuity which this would purchase: \$ 2,235.01

—compared with \$5,754 in the Retirement Plan.

Approximate total cost of \$5,754 annual annuity if bought privately: \$74,872.62

Example No. 2

A pilot joins the Plan on March 1, 1941, when he is age 40 and is earning \$8,000 per year. He was employed by the System when he was age 26 and so has 10 years of past service (since his 30th birthday) under the Plan. He continues to earn \$8,000 per year, and contributes continuously on such amount, until he retires at age 60. His total Retirement Income *per year*, after retirement, and his contribution *each month* before Retirement, are as follows:

Future Service Retirement Income

Annual Earnings in Future	Annual Earnings Divided Between 1st \$3,000 and Excess	No. of Years Such Earnings Received	Future Service Retirement Income Per cent	Total Annual Future Service Retirement Income for Period	Participant's Contribution Each Month During Period
\$8,000	\$3,000	x 20	x 1% = \$ 600.00	\$2,600.00	\$43.33
	5,000		2% 2,000.00		

Past Service Retirement Income

1940 Annual Earnings	No. of Years of Credited Past Service	Past Service Retirement Income Per cent	Total Annual Past Service Retirement Income for Period	
\$8,000	x 10	x 65/100 of 1% =	\$520.00	None

Total Retirement Income Per Year,
beginning at age 60
($\$2,600$ Future Service plus $\$520$
Past Service) = $\$3,120.00$

Under the present provisions of the Social Security Act, this pilot will begin to receive, at age 65, an additional yearly sum of approximately \$531.07; so that beginning at age 65 his total yearly income from the Cooperative Retirement Income Plan *and* Social Security will be approximately \$3,651.07.

Participant's total contributions to the Plan during participation: \$10,400.00

Approximate annual amount of retirement annuity which this would purchase: \$ 869.21
—compared with \$2,600 (Future Service only) in the Retirement Plan.

Approximate total cost of \$2,600 annual annuity if bought privately: \$35,905.31

Example No. 3

A male ground employee joins the Plan at age 30 and contributes continuously under it until he retires at age 65. Assume his annual earnings are as shown below. His total (Future Service) Retirement Income *per year* after retirement, and his contribution *each month* before retirement, are as follows:

Future Service Retirement Income

Annual Earnings in Future		No. of Years Such Earnings Received		Future Service Retirement Income Per cent		Total Annual Future Service Retirement Income for Period	Participant's Contribution Each Month During Period
\$2,400	x	4	x	1%	=	\$ 96.00	\$5.50
2,700	x	3	x	1%	=	81.00	6.19
3,000	x	28	x	1%	=	840.00	6.88
				35			

Total—Per Year \$1,017.00

Under the present provisions of the Social Security Act, this Participant will also receive, at age 65, an additional yearly sum of approximately \$646.88; so that his total *yearly* income from the Cooperative Retirement Income Plan *and* Social Security will be approximately \$1,663.88.

Participant's total contributions to the Plan during participation: \$ 2,796.75

Approximate annual amount of retirement annuity which this would purchase: \$ 340.45

—compared with \$1,017 in the Retirement Plan.

Approximate total cost of \$1,017 annual annuity if bought privately: \$11,293.99

Example No. 4

The employee in Example No. 3 joins the Plan at age 25 and contributes continuously under it until he retires at age 65. Assume his annual earnings are as shown below. His total (Future Service) Retirement Income *per year* after retirement, and his contribution *each month* before retirement, are as follows:

Future Service Retirement Income

Annual Earnings in Future		No. of Years Such Earnings Received		Future Service Retirement Income Per cent		Total Annual Future Service Retirement Income for Period	Participant's Contribution Each Month During Period
\$1,800	x	2	x	1%	=	\$ 36.00	\$4.13
2,000	x	3	x	1%	=	60.00	4.58
2,400	x	4	x	1%	=	96.00	5.50
2,700	x	3	x	1%	=	81.00	6.19
3,000	x	28	x	1%	=	840.00	6.88
		<u>40</u>					

Total—Per Year \$1,113.00

Under the present provisions of the Social Security Act, this Participant will also receive, at age 65, an additional yearly sum of approximately \$647.02; so that his total *yearly* income from the Cooperative Retirement Income Plan and Social Security will be approximately \$1,760.02

Participant's total contributions to the Plan during participation: \$ 3,060.75

Approximate annual amount of retirement annuity which this would purchase: \$ 401.16

—compared with \$1,113 in the Retirement Plan.

Approximate total cost of \$1,113 annual annuity if bought privately: \$12,001.22

Example No. 5

A male ground employee joins the Plan on March 1, 1941 when he is age 45 and is earning \$4,000 per year. He was employed by the System when he was age 33 and so has 12 years of past service under the Plan. He continues to earn \$4,000 per year, and contributes continuously on that amount, until he retires at age 65. His total Retirement Income *per year* after retirement, and his contribution *each month* before retirement are as follows:

Future Service Retirement Income

Annual Earnings in Future	Annual Earnings Divided Between 1st \$3,000 and Excess	No. of Years Such Earnings Received	Future Service Retirement Income Per cent	Total Annual Future Retirement Income for Period	Participant's Contribution Each Month During Period
\$4,000	$\left\{ \begin{array}{l} \$3,000 \\ 1,000 \end{array} \right.$	$\times 20$	$\times 1\% = 2\%$	$= \$600.00$ 400.00	\$1,000.00 \$11.46

Past Service Retirement Income

1940 Annual Earnings	No. of Years of Credited Past Service	Past Service Retirement Income Per cent	Total Annual Past Service Retirement Income for Period	
\$4,000	$\times 12$	$\times 1\%$	$= \$480.00$	None

Total Retirement Income Per Year,
beginning at age 65
(\$1,000 Future Service plus \$480
Past Service) = \$1,480.00

Under the present provisions of the Social Security Act, this Participant will also receive, at age 65, an additional yearly sum of approximately \$595.20; so that his total yearly income from the Cooperative Retirement Income

Plan *and* Social Security will be approximately \$2,075.20
 Participant's total contributions to the
 Plan during participation: \$ 2,750.00
 Approximate annual amount of retirement
 annuity which this would purchase: \$ 264.77
 —compared with \$1,000 (Future Service
 only) in the Retirement Plan.
 Approximate total cost of \$1,000 annual
 annuity if bought privately: \$11,984.24

Example No. 6

A woman joins the Plan at age 25 and contributes continuously under it until she retires at age 60. Assume her annual earnings are as shown below. Her total (Future Service) Retirement Income *per year* after retirement, and her contribution *each month* before retirement, are as follows:

<i>Future Service Retirement Income</i>						
Annual Earnings in Future		No. of Years Such Earnings Received		Future Service Retirement Income Per cent	Total Annual Future Service Retirement Income for Period	Participant's Contribution Each Month During Period
\$1,200	x	5	x	1%	= \$ 60.00	\$2.75
1,500	x	5	x	1%	= 75.00	3.44
1,800	x	25	x	1%	= 450.00	4.13
		<u>35</u>				
Total—Per Year					\$585.00	

Under the present provisions of the Social Security Act, this Participant will begin to receive, at age 65, an additional yearly sum of approximately \$450.17; so that beginning at age 65 her total yearly income from the Co-operative Retirement Income Plan *and* Social Security will be approximately \$1,035.17.

Participant's total contributions to the
 Plan during participation: \$ 1,608.75
 Approximate annual amount of retirement
 annuity which this would purchase: \$ 141.17

—compared with \$585 in the Retirement Plan.

Approximate total cost of \$585 annual annuity if bought privately: \$ 9,137.67

Example No. 7

A woman joins the Plan on March 1, 1941, when she is age 39 and is earning \$1,800 per year. She was employed by the System when she was 28 and so has 11 years of past service under the Plan. Assume her annual earnings are as shown below. Her total Retirement Income *per year* after retirement, and her contribution *each month* before retirement, are as follows:

Future Service Retirement Income

Annual Earnings in Future		No. of Years Such Earnings Received		Future Service Retirement Income Per cent		Total Annual Future Service Retirement Income for Period	Participant's Contribution Each Month During Period
\$1,800	x	4	x	1%	=	\$ 72.00	\$4.13
2,100	x	4	x	1%	=	84.00	4.81
2,400	x	13	x	1%	=	312.00	5.50
Total per year for Future Service						<u>\$468.00</u>	

Past Service Retirement Income

1940 Annual Earnings		No. of Years of Credited Past Service		Past Service Retirement Income Per cent		Total Annual Past Service Retirement Income for Period	
\$1,800	x	11	x	1%	=	\$198.00	None

Total Retirement Income Per Year,
beginning at age 60
(\$468 Future Service plus \$198 Past
Service) = \$666.00

Under the present provisions of the Social Security Act, this Participant will begin to receive, at age 65, an additional yearly sum of approximately \$450.00; so that be-

ginning at age 65 her total yearly income from the Co-operative Retirement Income Plan *and* Social Security will be approximately \$1,116.00.

Participant's total contributions to the Plan during participation: \$ 1,287.00

Approximate annual amount of retirement annuity which this would purchase: \$ 94.25

—compared with \$468 (Future Service only) in the Retirement Plan.

Approximate total cost of \$468 annual annuity if bought privately: \$ 7,627.12

