

UAW-AFL

RECOMMENDED

Pension Plan

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Prepared by

INTERNATIONAL UNION,

UNITED AUTOMOBILE WORKERS OF AMERICA, A. F. L.

**PENSION PLAN ADOPTED
BY THE
UAW-AFL EXECUTIVE BOARD**

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The following are the important provisions to be included in all UAW-AFL local union pension proposals.

ELIGIBILITY

All employees should be eligible for membership in the pension plan after the completion of one year of service. When the employee is admitted as a member in the pension plan, his service should be retroactive to date of employment.

RETIREMENT DATE

The normal retirement age shall be at age 65 with full participation in pension after 25 years of service. Employees may retire at age 60 with reduced pension that shall be determined by the amount of retirement income that deposits in the trust to his credit will purchase at his earlier retirement age.

PENSION FORMULA

a. PAST SERVICE—An employee's past service is to be determined by seniority or total years worked with the company, irrespective of any break in continuity of service. Pension credit for past service is to be based on a credited retirement income equal to 1% of a month's wages times the number of years for past service. Monthly wage to be used for this computation shall be the wage based on a forty hour week and equal to the amount being paid during the month preceding the adoption of the pension plan (example: If a plan is adopted January 1, 1950, and a member's wages for December would equal \$250 per month and he has twenty years of past service, the member would then have a credit of \$50 per month pension at age 65 [$\$2.50 = 1\%$ of \$250] times twenty years of service, equals \$50 per month).

b. FUTURE SERVICE—This will include all time worked from the effective date of pension plan to retirement age. The employee shall receive credit for retirement income equal to 1% of his monthly wage times the number of years worked. The example under past service will also apply for future service.

Credits for past and future service for retirement income are to be in addition to any social security or other pension of any kind.

MINIMUM RETIREMENT INCOME

If an employee has a full twenty-five years of service at retirement age, his minimum retirement income shall be \$70 per month, irrespective of the amount that the pension formula might guarantee. This minimum shall be reduced at the

rate of \$1.50 per year for each year of service less than 25 years. The absolute minimum for retirement shall be \$50 per month, providing the member has at least ten years of service. A member must have ten years of service in order to receive a retirement income.

VESTED RIGHTS IN EMPLOYEE

If an employee shall leave the Company for any reason, whether released by the Company or because of his own decision, deposits made by the Company in the pension trust shall be vested in (owned by) the employee at the rate of 10% per year. At the end of ten years, each member will have all rights to all deposits made in the plan vested in him.

If the plan is a participating plan (member paying part and Company paying part) all deposits made by the member are completely vested in him from the time the deposits are made. If the member should leave the Company before retirement age at any time, he may withdraw his total deposit.

If the member leaves the Company for any reason after any portion or all of the Company's deposit is vested in him, he shall leave this vested portion in the trust until he reaches retirement age, and he will then receive retirement income in accordance with the amount vested in him.

TEMPORARY ABSENCE

The following provisions covering temporary absence must be included in the pension plan in order to give proper protection to each member of the plan.

A member under this plan shall not be deemed to be severed because of

- a. Temporary or seasonal closing of the plant.
- b. A lockout.
- c. Temporary or seasonal lay-off.
- d. Time lost as a result of any labor dispute.
- e. The absence of an employee from his duties on leave of absence from the Company, provided such employee re-enters the service of the Company before the expiration of the leave of absence.
- f. His required service in the armed forces as a draftee in peace time or because of enlistment or as a draftee during war, providing he returns to the service of the Company after the declaration of an armistice or the cessation of hostilities.

TOTAL AND PERMANENT DISABILITY

A member with twenty-five years of service shall receive, in case of total and permanent disability, \$100 per month. If the member has less than twenty-five years of service and has ten years as a minimum of service, he shall receive a proportionately reduced income for total and permanent disability. The \$100 maximum shall be reduced for lesser years of service than twenty-five years by \$3.33 per year to an absolute minimum of \$50 per month with ten years of service.

Any member with less than ten years of service shall not be entitled to total and permanent disability.

DEATH BEFORE RETIREMENT

In case of a member's death before retirement age is reached, all deposits in the trust vested in him shall be paid to his beneficiary at the rate of \$100 per month. This amount shall be in addition to any life insurance included in the plan.

DEATH AFTER RETIREMENT

In case of death after retirement, life insurance included in the plan shall be paid to the beneficiary in accordance with the options elected by the member.

LIFE INSURANCE

All members up to 55½ years of age shall have included in the pension plan over and above his retirement income \$2,000 of life insurance with paid up values and being entirely paid up with no further premiums to pay at age 65. Any member of the plan over 55½ years of age and under 65 years of age shall have \$2,000 of group life insurance paid for by the plan and continued after retirement until his death. Any member who is employed at the time that the plan is adopted and is over 65 years of age shall have \$1,000 of group life insurance paid for by the plan and continued to the date of his death.

MAXIMUM AGE OF FUTURE EMPLOYEES FOR PARTICIPATION IN PENSION PLAN

If the plan is adopted, any employees who may be employed and are over 55½ years of age shall not be eligible to become a member of the plan.

TYPE OF TRUST AND PENSION INCOME

A pension trust should be established that will receive and administer all funds to be deposited. This trust may be with a trust company or an insurance company. The company should use the money purchase type of plan for the accumulation of funds.

At retirement age an annuity should be purchased for each individual member. The member shall have the right to elect a straight life annuity or a type of joint or survivor annuity that will continue to pay his beneficiary at least a portion of his pension after his death.

RETIREMENT BOARD

A retirement board should be set up to administer the pension plan. This board is not to be confused with the trustees of the pension trust. The board should consist of an equal number of members from management and the union, and an odd member should be appointed by this equal number of members. The board is set up to govern and interpret all questions concerning retirement pay, eligible members rights, and any future changes that may be advisable in the plan. The board will operate similar to a grievance committee.