

Pensions - Handbooks (Company)

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Employees
Retirement Plan

FOOD MACHINERY CORPORATION



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EFFECTIVE SEPTEMBER 30, 1941 • REVISED SEPTEMBER 30, 1945

INSTITUTE OF
INDUSTRIAL RELATIONS

FOOD MACHINERY CORPORATION

San Jose, California

To Our Employees:

Food Machinery Corporation stands for permanence and security; for stability of income for employees as well as for stockholders.

This Plan for retirement income for long service employees is an expression of our confidence in the future. Through it, the Company shares with you a mutual responsibility of building for your income after years of work together.

The retirement income program supplements the Federal Social Security System, which is supported by joint contributions by the Company and by all employees. The Social Security System has been in operation since 1937. Under it, each regular employee has built up reserves and has acquired substantial retirement protection.

The present Plan is underwritten by The Equitable Life Assurance Society of the United States. It applies to all basic salaries, excluding commissions, bonus payments, overtime earnings and earnings over \$10,000 per year.

This is a Plan under which you cannot lose. The Plan guarantees to you or to your heirs, an amount equal to your total contributions plus interest credited by terms of the Plan. Whether you leave or remain in employment with the Company, or if you should die, this is still true. Those who contribute under the Plan as defined and who withdraw before retirement under certain conditions also receive additional benefits from the contributions of the Company. Naturally those who complete the program to retirement age receive the greatest advantage.

Careful study has been given to this Plan. We believe it is fundamentally sound and that it presents so many benefits and advantages to those who participate that none can afford to pass it by. We recommend to every eligible employee that he make application promptly.

FOOD MACHINERY CORPORATION



President

EMPLOYEES RETIREMENT PLAN FOOD MACHINERY CORPORATION

DEFINITIONS

SECTION 1

Wherever used in this Plan:

- (a) The word "Company" means Food Machinery Corporation, its divisions and all of its presently owned subsidiaries in the United States.
- (b) The word "employee" means a person in the service or employ of the Company.
- (c) The words "monthly salary" mean the regular or fixed salary during each fiscal year, whether payable semi-monthly or monthly or at the end of the fiscal year, divided by twelve (12).
- (d) The words "fiscal year" mean the period—October 1st to September 30th, inclusive.
- (e) The word "member" means an employee included in the Plan who makes the required contributions.
- (f) The word "annuitant" means a member receiving retirement income payments under the Plan.
- (g) The word "Equitable" means The Equitable Life Assurance Society of the United States.
- (h) The word "contract" means the Group Annuity Contract issued to the Company by The Equitable, under which contract all benefits purchased will be provided.
- (i) Masculine pronouns shall include both masculine and feminine gender.

EFFECTIVE DATE

SECTION 2

The Plan became effective as of September 30, 1941.

ELIGIBILITY

SECTION 3

Every regular salaried employee of the Company shall be eligible to join the Plan on the first of the month coincident with or next following the attainment of age 30 and the completion of at least one year of continuous service with the Company, if then under 64½ years of age.

HOW TO JOIN THE PLAN

SECTION 4

To become a member of the Plan, an eligible employee signs the application form provided and authorizes the required payroll deductions. Since the object of the Plan is to provide a comfortable Retirement Income through regular contributions by both the member and the Company, it is exceedingly important that each eligible employee join the Plan and continue as a member as long as he continues in the service of the Company.

NORMAL RETIREMENT DATE

SECTION 5

The Normal Retirement Date (the date a member will normally retire) is the first day of the month coinciding with or next following the 65th birthday.

CONTRIBUTION AND AMOUNT OF RETIREMENT INCOME

SECTION 6

The amount of Annuity, beginning at Normal Retirement Date, and the contributions of employees joining the Plan will be determined according to the following table:

A	B	C	D	E
<i>Earnings Class</i>	<i>Rate of Annual Earnings</i>	<i>Average Monthly Earnings in Class</i>	<i>Employee's Monthly Contributions</i>	<i>Employee's Monthly Annuity for Each Full Year as a Contributor</i>
1	Under \$1320	\$100	\$2.25	\$.75
2	\$1321 to 1560	120	2.85	.95
3	1561 to 1800	140	3.45	1.15
4	1801 to 2040	160	4.05	1.35
5	2041 to 2280	180	4.65	1.55
6	2281 to 2520	200	5.25	1.75
7	2521 to 2760	220	5.85	1.95
8	2761 to 3000	240	6.45	2.15
9	3001 to 3240	260	7.20	2.40
10	3241 to 3480	280	8.10	2.70
11	3481 to 3720	300	9.00	3.00
12	3721 to 3960	320	9.90	3.30
13	3961 to 4200	340	10.80	3.60
14	4201 to 4440	360	11.70	3.90
Increasing in Multiples of				
Salary Class	\$240 to \$9961 and over	\$20 to \$833.33	\$.90 to \$33.00	\$.30 to \$11.00

The Company will determine the Earnings Class of each employee for the purpose of this Plan. The Earnings Class as of the date of entry into the Plan shall be based upon the employee's average salary excluding commissions, bonuses or overtime, during the twelve months' period ending on the preceding September 30th. The Company will in like manner determine the Earnings Class of each employee for the purpose of the Plan on October 1st of each year based upon the employee's earnings during the twelve months' period ending on the preceding September 30th, and the Earnings Class so determined will remain unchanged until the next October 1st. Each employee will make contributions and will be credited with Annuity in accordance with that Earnings Class without regard to any interim change in his rate of monthly earnings.

During the continuance of the Plan the Company will contribute the amount required, over and above the contributions of all the employees participating in the Plan. The cost to the Company will be more than the cost to all employees.

The member's contributions will be deducted by the Company from his salary, and the joint contributions of the members and the Company will be transmitted each month to the Equitable.

MEASUREMENT OF SERVICE

SECTION 7

Years of service shall include all continuous employment with the Food Machinery Corporation.

PAYMENT OF RETIREMENT INCOME

SECTION 8

The first payment of a member's Retirement Income will be made on his Normal Retirement Date, and subsequent payments will be made monthly thereafter, ceasing with the last payment prior to his death (if no Earlier Retirement Date or Retirement Income Option, as subsequently described, has been elected), and, at his death any excess of the total of his own contributions with interest, as described in Sections 14 and 19, over the total Retirement Income payments made to him will be paid to his beneficiary.

With the consent of the Company a member may remain in service after his Normal Retirement Date, but the Retirement Income under this Plan will commence on his Normal Retirement Date as if such member had retired on that date, and no further contributions will be made or Retirement Income purchased thereafter.

If a member's Retirement Income under this Plan is less than \$10.00 a month, it may be paid quarterly instead of monthly, and if it is less than \$3.34 per month the Equitable reserves the right to make a lump sum cash payment in accordance with the terms of the Contract.

EARLIER RETIREMENT

SECTION 9

With the consent of the Company (and also subject to the consent of the Equitable, if a Retirement Income Option has previously been elected), a member may elect to retire and have a reduced Retirement Income begin on the first day of any month during the ten-year period immediately preceding his Normal Retirement Date. In the event of such Earlier Retirement the member will receive the Retirement Income purchased by both the member's and the Company's contributions that have already been made; but this Income will be smaller than that which would be provided by these contributions if the Retirement Income were to commence at Normal Retirement Date.

The reduced Retirement Income may be adjusted, with the consent of the Company, to provide as far as is practicable a level total income throughout the entire period of retirement, taking into consideration the monthly benefit payable under the Federal Social Security Act.

RETIREMENT INCOME OPTION

Joint and Survivor Annuity

SECTION 10

A member may, subject to the conditions outlined below, elect to receive a reduced amount of Retirement Income, with the understanding that the same amount or a portion as specified will be continued after his death to a Joint Annuitant, if then living. The amount of the reduced Retirement Income payable to the member depends on his age and the age and sex of the Joint Annuitant and on the portion of the reduced Retirement Income which is to be continued to the Joint Annuitant.

- (a) The election of the option may be made at any time prior to the date the member's Retirement Income begins, but if made within the period of five years immediately preceding such

Retirement Date, the election will be conditional upon submitting to the Equitable satisfactory evidence of the member's good health.

- (b) The Joint Annuitant, the Retirement Date, and the specified portion to be continued must be designated by the member at the date this option is elected.
- (c) Once an election has been made, it may not be changed in any respect or cancelled without the approval of the Equitable; but the death of either the member or the Joint Annuitant before the Retirement Income begins will cancel the election.
- (d) At the death of the member and the Joint Annuitant after the Retirement Income begins, any excess of the total of the member's contributions with interest to the Retirement Date, over the total Retirement Income payments made to the member and the Joint Annuitant will be paid to his beneficiary.

If the Joint Annuitant dies while payments of Retirement Income are being made to the member, the payments to the member will continue to be made at the reduced amount.

The table below illustrates approximately the amount of the reduced Retirement Income as a percentage of the regular Retirement Income depending on the age and sex of the retiring member and of his joint annuitant at his Retirement Date.

<i>Age of Male Member</i>	<i>Age of Female Joins Annuitant</i>	<i>Reduced Joint and Survivor Annuity Where Joins Annuitants Is to Get 100% of Member's Reduced Annuity</i>	<i>Reduced Joint and Survivor Annuity Where Joins Annuitants Is to Get 50% of the Member's Reduced Annuity</i>
55	50	72%	84%
55	55	76	87
60	50	64	78
60	55	69	82
60	60	74	85
65	60	66	80
65	65	72	84

TEMPORARY ABSENCE

SECTION 11

Temporary absences authorized by the Company for causes such as sickness, accident, or leave of absence will not be considered terminations of active service. During any such period when the member's earnings cease, no contributions will be made, but the Retirement Income previously purchased for him will not be affected. Upon resumption of earnings, contributions will be resumed.

If the service of an employee is terminated during a period of temporary absence, the provisions governing termination of service will apply.

TERMINATION OF SERVICE

SECTION 12

If for any reason, other than by death, the service of a member is terminated prior to retirement, he will receive, commencing at Normal Retirement Date, the Retirement Income purchased by his own contributions, increased in some cases by the Retirement Income purchased by the Company's contributions on his behalf, (but only if he at no time has his own contributions returned to him). (See paragraph "Vested Rights," Section 13.) He may also elect a Retirement Income Option or an Earlier Retirement Date under certain conditions, which will be described upon request.

A member may, at termination of service or at any time afterward before his Retirement Income begins, in lieu of all Retirement Income, elect to have all of his own contributions returned to him, with interest at 2 per cent per annum, compounded annually, on each contribution from the September 30th following the date when each contribution was made to the first day of the month in which he elects the return. The Equitable will ordinarily make the return immediately in one sum, but reserves the right to spread repayment over a period not to exceed twelve months.

VESTED RIGHTS

SECTION 13

If at the termination of service of a member prior to retirement, he has

- (a) been in the Company's service at least 10 years, and
- (b) attained age 50, and
- (c) been a member of the Plan for 5 years or more

then (provided he at no time has his own contributions returned to him) the Retirement Income payable to him will be increased by 50% of the amount of the Retirement Income provided for him by the Company prior to termination of service.

If at the termination of service of a member prior to retirement, he has

- (a) been in the Company's service at least 15 years, and
- (b) attained age 55, and
- (c) been a member of the Plan for 10 years or more

then (provided he at no time has his own contributions returned to him) the Retirement Income payable to him will be increased by 100% of the amount of the Retirement Income provided for him by the Company prior to termination of service.

DEATH BEFORE OR AFTER RETIREMENT

SECTION 14

In the event of the death of a member before his Retirement Income begins, the member's total contributions together with interest on each contribution at the rate of 2 per cent per annum, compounded annually, from the September 30th following the date when each contribution was made to the first day of the month in which death occurs, will be returned to his beneficiary by the Equitable.

On the death of a member after his Retirement Income begins (and on the death of the survivor, if the Retirement Income Option

had been elected), any excess of the total of the member's contributions with interest compounded to the date the Retirement Income begins over the total Retirement Income payments made to the member (and the Joint Annuitant), will be paid to his beneficiary.

BENEFICIARY

SECTION 15

A member shall name a beneficiary to receive any benefit payable on death before or after retirement, on a form provided by the Equitable and may change his beneficiary from time to time in the same manner.

If there is no beneficiary designated or surviving when a death benefit becomes payable, the payment described above will be made to the person or persons in the first of the following classes of successive preference beneficiaries then surviving:

- The member's (a) Widow or widower
- (b) Children
- (c) Parents
- (d) Brothers and sisters
- (e) Executors or administrators

Any minor's share, however, may be paid at the rate not exceeding \$50.00 per month to such adult or adults as have, in the opinion of the Equitable, assumed the custody and principal support of such minor.

CERTIFICATES

SECTION 16

The Equitable will issue a certificate for delivery to each member joining the Plan which will certify his inclusion under the Group Annuity Contract between the Company and the Equitable. The terms of the Plan are determined by the contract.

LIMITATION OF ASSIGNMENT

SECTION 17

The member's certificate and the Retirement Income and other benefits and refunds under the Plan are non-assignable.

CHANGES OR DISCONTINUANCE OF THE PLAN

SECTION 18

The Company hopes and expects to continue the Plan indefinitely, and every effort has been made to arrange the Plan so that it will meet future conditions in so far as they can be foreseen. In order to protect members and the Company against unforeseen conditions, however, the right to change, amend or discontinue the Plan is necessarily reserved by the Company. No change or discontinuance for any reason can, however, affect the Retirement Income provided by the member's contributions and the contributions made by the Company for him prior to the date of such change or discontinuance.

If the Plan is discontinued, the Company cannot withdraw any contributions it has made. In such event, the member, whether or not he remains in the employ of the Company and provided he does not withdraw his contributions, will receive the Retirement Income commencing at Normal Retirement Date (or earlier at a reduced amount if an Earlier Retirement Date has been elected) that has been provided for him by his own contributions as well as by those of the Company. In the event such a member elects to withdraw his own contributions he will still be entitled to the Retirement Income provided for him by the Company.

GUARANTEE OF RATES

SECTION 19

The annuity rates, the method of calculating the return upon termination of service, and upon death, the rule for crediting interest and the rate of interest used herein are guaranteed by the Equitable only with respect to contributions made prior to September 30, 1946.

GROUP ANNUITY CONTRACT

SECTION 20

The benefits under this plan, which are summarized in this booklet, will be governed in every respect by the Group Annuity Contract with the Equitable. The Company reserves the right to decide all questions arising in the administration of the Plan, consistent with the terms of the Group Annuity Contract.

Example 1.

Employee who joins the Plan on October 1, 1945 at age 31 after completing 1 year of service and whose salary during the fiscal year ending September 30, 1945 was \$1600 and whose subsequent earnings are as follows:

<i>During Age Periods</i>	<i>Average Monthly Earnings</i>	<i>Earnings Class</i>
31-34	\$140	3
35-39	180	5
40-54	220	7
55-64	240	8

Monthly Regular Annuity under the Plan (see Table on page 4):

For 4 years in Class 3	4 x \$1.15 equals.....	\$ 4.60
For 5 years in Class 5	5 x 1.55 equals.....	7.75
For 15 years in Class 7	15 x 1.95 equals.....	29.25
For 10 years in Class 8	10 x 2.15 equals.....	21.50
	Total.....	\$ 63.10

Monthly Primary Insurance Benefit under

Present Social Security Act..... 49.41*

Total Monthly Income at Age 65.....\$112.51

Should this employee live a total of 173 months after retirement (the average duration of a man's life after he has attained age 65), he would receive a total of \$10,916.30 in Retirement Annuity under the Plan, exclusive of Social Security Benefits. During his participation in the Plan, this employee would have contributed a total of \$2,271.60.

*Based upon the assumption that no further amendments are made in the Federal Social Security Act.

Example II.

Employee who joins the Plan on October 1, 1945, at age 32 after completing 1 year of service and whose salary during the fiscal year ending September 30, 1945 was \$3,000 and whose subsequent earnings are as follows:

<i>During Age Periods</i>	<i>Average Monthly Earnings</i>	<i>Earnings Class</i>
32-34	\$240	8
35-39	260	9
40-44	280	10
45-54	300	11
55-64	340	13

Monthly Regular Annuity under the Plan (see Table on page 4).

For 3 years in Class 8	3 x \$2.15 equals.....	\$ 6.45
For 5 years in Class 9	5 x 2.40 equals.....	12.00
For 5 years in Class 10	5 x 2.70 equals.....	13.50
For 10 years in Class 11	10 x 3.00 equals.....	30.00
For 10 years in Class 13	10 x 3.60 equals.....	36.00
	Total.....	\$ 97.95

Monthly Primary Insurance Benefit under
Present Social Security Act..... 56.40*

Total Monthly Income at Age 65.....\$154.35

Should this employee live 173 months after retirement (the average duration of a man's life after he has attained age 65), he would receive a total of \$16,945.35 in Retirement Annuity under the Plan, exclusive of Social Security Benefits. During his participation in the Plan, this employee would have contributed a total of \$3,526.20.

*Based upon the assumption that no further amendments are made in the Federal Social Security Act.
45.9