

Pension Plans - Handbooks (Company) ✓
(19482)

A Plan For YOUR Future

Crown Zellerbach
Corporation

PROPERTY OF INSTITUTE
OF INDUSTRIAL RELATIONS
214 CALIFORNIA HALL

What this booklet is all about

This booklet could properly be called "Let's Take a Look at Tomorrow," for actually its contents look forward to the day when you will join the Plan which Crown Zellerbach Corporation has established to assist you in making adequate provision for the years following your retirement from active employment.

The booklet is a brief explanation of our Plan, told as *simply* and as *accurately* as we know how to do it. It is not a complete, legal statement of every small detail of the Plan.

If you're like the rest of us, legal language is hard to read. You keep stumbling over the "whereases" and "hereinafters" . . . to say nothing of the "joint annuitants" and "contingent compensations." So this booklet tries to get away from legal language — and give you an idea in ordinary English of what the Crown Zellerbach Retirement Plan adds up to for you.

The booklet describes the main points of the Plan, covers a lot of questions you'd probably want to know about — and gives you the answers as plainly as possible.

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THE GENERAL IDEA

Q. What is the official name of the Plan?

A. The Crown Zellerbach Retirement Plan.

Q. What is the purpose of the Plan?

A. To make available to you a financially sound basis to provide for your retirement from active service with a steady income for the remainder of your life.

Q. When was the Plan established?

A. It was put into effect on September 1, 1945.

Q. How was it worked out?

A. In order to offer employees the soundest possible retirement plan, the services of specialists in the retirement income field were engaged, a two years' study of employee plans was made, and a plan designed for the needs of Crown Zellerbach employees resulted.

Q. Is it compulsory that I join the Plan?

A. No, the Plan is entirely voluntary.

Q. How is the Plan being received by my fellow employees?

A. Within two months after the Plan was presented, 98 per cent of the eligible employees signed up.

Q. When do I become eligible for the Plan?

A. As soon as you have completed 5 years work for the company (Crown Zellerbach or its subsidiaries) you are entitled to enroll.

Q. Will I need to take a physical examination?

A. No examination will be required.

Q. Does the company expect any benefits from the Plan?

A. Certainly, the Corporation as a whole expects to get definite benefits from the Plan; otherwise, the management and directors would have had no right to propose the Plan, and the stockholders would not have ratified the Plan, as they did.

Q. Actually, how does the company benefit?

A. The company feels that stability of employment and satisfactory conditions surrounding that employment, plus steady income when a worker retires, are factors which should minimize labor turnover. Employees and management will make a better working team, do a better job of planning, producing, maintaining the properties, and selling the products if all of us can be free of worries about the future. Social Security goes part of the way towards relieving this worry, but the Crown Zellerbach Retirement Plan goes further. The management, the directors, and the stockholders believe that it is sound business, and a good investment for millions of dollars of the Corporation's money, to make possible the provision of retirement income for its employees.

HOW *the plan works*

Q. How is the Plan set up, or, in other words, how does it work?

A. It's as simple as this. Upon joining the Plan member employees put aside a regular amount each month toward retirement. The company matches that amount on about a two-for-one basis; that is, for each dollar employees invest the company puts in approximately two more dollars.

Q. When and how do I receive retirement benefits?

A. On retirement, you will receive annual benefits amounting to $\frac{3}{4}$ per cent of your annual pay up to \$3,000.00, plus $1\frac{1}{2}$ per cent of any amount in excess of \$3,000.00, for every year you have put money into the Plan.

Q. Please give an example.

A. Assume that you are now 28 years old and have just enrolled in the Plan. You have 37 years to go before retirement at age 65. As a basis for figuring this example, let's say that at the end of those 37 years you will have earned an average of \$4,000.00 a year. All right, then on retirement you get:

| | |
|--|--|
| $\frac{3}{4}$ per cent of \$3,000, which is \$22.50 | |
| $1\frac{1}{2}$ per cent of \$1,000, which is \$15.00 | |

\$4,000

\$37.50

Multiplying \$37.50 by 37 years equals \$1,387.50 per year, or about \$115 a month as your retirement income.

Q. Is this all I receive?

A. Not at all. The \$115.00 monthly you would receive, on the basis of the foregoing example, is in addition to the approximate \$55.00 you will receive as a result of the Social Security investments that you and the company have been making in your name during your working years. So the \$115.00 added to the \$55.00 makes a total monthly income of \$170.00. When your wife reaches age 65, she, too, will receive Social Security benefits amounting to \$27.50 per month.

Q. You mean for life?

A. That's right.

Q. Will the Plan reduce my Social Security benefits?

A. No. On the contrary, benefits under the Company's Retirement Plan are *in addition* to Social Security benefits.

Q. Do I have to join the Plan as soon as I am eligible or can I wait and join later?

A. You can join at any time after becoming eligible, but it is greatly to your advantage to join as soon as you become eligible in order to build up larger retirement benefits.

RETIREMENT DATES

- Q. Before we go any further, just when do I retire?
- A. Your normal retirement date is the first day of the month following your 65th birthday. (The Plan makes special provision for employees who were over 60 on Sept. 1, 1945.)
- Q. Can I retire before my normal retirement date and get retirement income under the Plan?
- A. The section of this booklet on *Retirement Income Options* explains how you may retire before 65 and the benefits you would receive.

WHAT *you invest*_____

- Q. Just what does it cost me to secure these retirement income benefits?
- A. In order to participate and gain the benefits from the plan, you will invest two (2) per cent of your annual pay up to \$3,000 and four (4) per cent of any pay in excess of \$3,000.
- Q. Why do you say "invest?"
- A. "Invest" is the correct word to use because you will actually be putting your payments into what amounts to a savings account on which interest is earned.
- Q. Then if I make \$250 per month, I'd invest \$5.00 per month?
- A. That is correct.

Q. What if I earn, say, \$3,600 annually?

A. Here is the way it would work out:

2% of \$3000 is \$60

4% of \$ 600 is \$24

Total \$3600 is \$84

Thus, your average monthly investment would be \$7.00.

WHAT *the company invests*

Q. It was mentioned before, but I would like to have it explained again. Do I understand that the company matches the investment I put into this "savings account" or "trust fund?"

A. It does. In order to make the retirement benefits possible, it is necessary for the company to contribute about twice as much money to the Retirement Fund as the employee invests.

Q. Is it possible for the Company to receive any cash benefits from the fund?

A. No, not one penny can ever go to the company from the retirement fund. Once the company and employee money goes into the fund, it becomes the property of a trust fund; and the only person who can benefit in cash form is the employee who is a participant in the Plan. The company cannot receive a penny's interest on the deposits made by it or by any employee. And, of course, it cannot receive any of the money deposited by the employees.

MANAGEMENT *of the plan*

Q. Who manages the Plan?

A. The Plan is managed by a Retirement Plan Committee, appointed by the Board of Directors. The committee must administer the Plan in strict conformance with its legal provisions. The present committee includes both employees and officers of the Company.

Q. Was it necessary for the U. S. Government to approve the Plan?

A. Yes. The whole Plan was submitted to and received approval of the U. S. Bureau of Internal Revenue.

Q. How does the Plan compare to an individual buying an annuity from an insurance company?

A. The Retirement Plan is obviously more beneficial to the employee for two reasons:

1. Insurance companies necessarily must make a charge for their services which is deducted from premiums, so that the remaining premium buys that much less in retirement income. This is not the case with our Retirement Plan.
2. Since the Company pays into the fund on the basis of approximately two dollars (\$2) for every one dollar (\$1) employees invest you will receive a proportionately larger income under the Retirement Plan than you

would receive from an annuity purchased by you from an insurance company.

- Q. Do you mean the cost of administering the Retirement Fund is not absorbed by the Fund itself?
- A. That's correct. All costs of administering the Retirement Fund are paid by Crown Zellerbach Corporation in addition to its contributions. All cash going into the Fund from both company and employee remains net to the fund.

RETIREMENT *options offered*

- Q. Can I retire before 65 and still get some retirement income if I have been participating in the Plan?
- A. Yes. Upon completion of 20 years' service, you may retire after 55. In this event your retirement income commences at date of retirement, at a later date, or you may defer it until you reach age 65.
- Q. How much will I receive if I retire before age 65?
- A. The following table provides the answer. You should keep in mind that when you accept earlier retirement income you reduce payments into the fund and spread the benefits to you over a longer period of time.

OPTION TABLE

| Age of Retirement | Approximate Retirement Income as % of That Payable at Age 65 | |
|-------------------|--|-------|
| | Men | Women |
| 65 | 100% | 100% |
| 64 | 91 | 92 |
| 63 | 83 | 85 |
| 62 | 76 | 79 |
| 61 | 70 | 73 |
| 60 | 64 | 68 |
| 59 | 60 | 64 |
| 58 | 55 | 59 |
| 57 | 51 | 56 |
| 56 | 48 | 52 |
| 55 | 44 | 49 |

LEAVING *the company*—

- Q. If I sign up in the Retirement Plan, pay into it for a few years, and then decide to leave the Company — what happens to the money I've paid in?
- A. What you paid in is *your* investment — you get all of this back plus 2% interest compounded annually.
- Q. What would happen as far as the Plan is concerned if I should leave my job and later go back to work for the Company?

- A. If you resign or are discharged, or if you are absent from your job for one month or more without authorization, you will have broken your continuous employment. Your deposits will have been refunded to you and you will be out of the Plan. If you are later re-employed, your status as far as the Plan is concerned will be the same as a new employee and you will not be eligible to enroll in the Plan for five years.

PAYMENTS *to heirs*_____

- Q. Suppose I die before reaching retirement age or before I actually retire?
- A. In the event of your death the beneficiary you name will get all you have invested plus 2% interest compounded annually.
- Q. Can I arrange things so that my retirement income will be paid to my wife or another member of my family after my death?
- A. Yes, there are two ways in which you can arrange for payments to be continued to your survivor after your death:
First (Option A) you can take smaller payments while you live and have these same payments made to, say, your wife after your death.

Second (Option B) you can take somewhat larger payments than under Option A and have one-half this amount paid to your wife after your death.

The table below shows approximately what percentage of your full payments you would get under Option A and Option B—based, of course, on your wife's age at the time you retire:

| <i>Age of Your Wife When You Retire</i> | <i>You Will Be Paid This Percentage of Your Total Retirement Income</i> | |
|---|---|-----------------|
| | <i>Option A</i> | <i>Option B</i> |
| 65 | 70% | 83% |
| 60 | 64% | 78% |
| 55 | 58% | 74% |

It is also important to note that if you elect to take advantage of the foregoing options, you must make written application at least three years prior to your normal retirement date.

WORKING *after 65*_____

- Q. Suppose I decide to work for someone else after I retire from the Company at age 65, will I still be entitled to receive my retirement benefits from the Crown Zellerbach Retirement Fund?
- A. Yes. What you do with your time after retiring is entirely up to you.

- Q. What about working for the Company after age 65?
- A. The required retirement age is 65, except in circumstances where the Board of Directors request the employee to work longer for special purpose, and the employee consents. However, no benefits will accrue or no contributions may be made on account of or based upon earnings during the extended period of employment.

ADDITIONAL *information*

- Q. Can the Plan be changed or discontinued?
- A. Yes, Crown Zellerbach legally has the right to suspend, modify or discontinue the Retirement Plan at any time. However, the employee's deposits, with accrued interest, are guaranteed at all times.
- Q. Is there any additional information about the Plan available to me?
- A. Certainly. This booklet is descriptive only. The actual legal documents — the full texts of the Crown Zellerbach Retirement Plan and of the Trust Agreement — will govern at all times. A booklet containing both of those documents, including all the “whereases” and “hereinafters”, may be obtained by you at the Personnel Office.



CROWN ZELLERBACH CORPORATION