

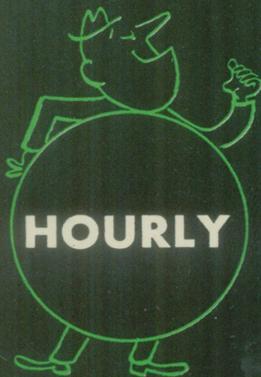
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LOCKHEED RETIREMENT PLAN

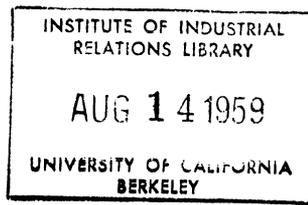
Lockheed
American
Corporation

BBK/ink/HLL

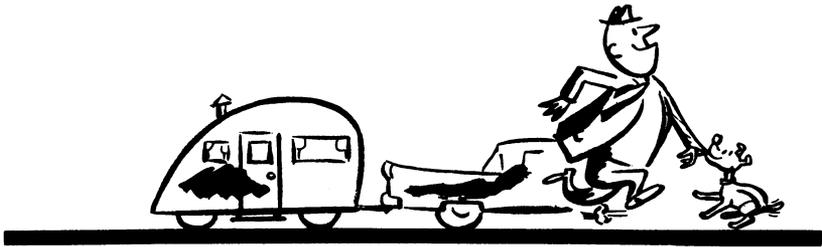
for



employees



The information contained in this booklet is intended to be only a summary of the principal features of the retirement plan. The agreements with the unions, the provisions of the plan itself, the trust agreements, and other such legal documents shall in all respects have control over any statement set forth in this booklet.



The Road to Retirement

In these days of greater material comforts and ever-increasing life expectancy, retirement has become a very important part of our lives. Our plan is intended to supplement your Social Security benefits and give you a good start toward building a sound retirement program.

Employees will benefit under the plan because of their greater security in retirement years and the peace of mind that comes from knowing such security is theirs. The company will benefit because the plan provides its employees with an added incentive to build their careers with Lockheed.

Development of the Plan. The plan as described in this booklet came about as the result of an agreement negotiated between District 727, International Association of Machinists, and Lockheed Aircraft Corporation. The plan has since been extended to cover all hourly paid groups of the company. Under the terms of the plan the company pays the full cost of retirement benefits.

Type of Plan. There are two basic types of retirement plans. One is based on length of service alone, and one is based on a combination of length of service and amount of earnings. Ours at Lockheed is this second type. We believe this type is fairer to you because it recognizes not only the length of your service but also the value of your work to the company over the years.

Our Plan Supplements Social Security. We first started our retirement plan in 1942. Since Social Security then provided benefits on the first \$3000 of annual wages, our original plan offered benefits on wages above this amount.

Today the annual base wage under Social Security is \$4200. Our plan now provides basic benefits determined by service with the company plus additional benefits based on wages above this larger figure. If the \$4200 Social Security base should change, our plan contains provisions that will automatically adapt it to the new base.

What It Would Cost You. It is easy to see the value to you of your retirement plan when you consider how much it would cost to buy, at age 65, a monthly income of \$100 for the rest of your life. It would cost approximately \$15,000 for a man and \$18,000 for a woman. Most of us would find it difficult to accumulate enough money, after taxes, to buy an adequate pension plan when we reach age 65. That is where a retirement plan like ours comes in, with funds being set aside each year toward your retirement goal.

Lockheed and District 727, I.A.M., endeavored to work out one of the best plans in the industry. Its most important provisions are explained in this booklet. If you desire a more detailed explanation, a copy of the complete text of the plan is available from the company. Your personnel people will also be glad to answer any questions you may have.

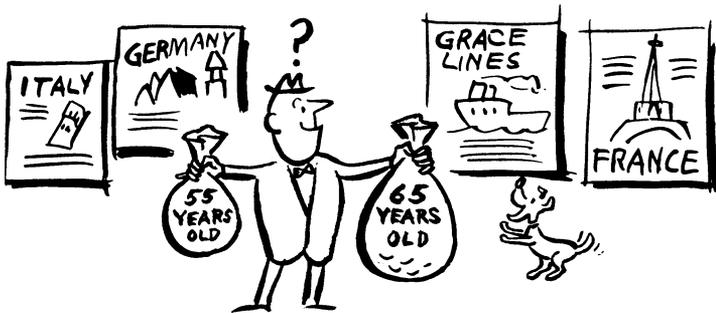
Am I a Member of the Plan?

Yes, if you are an hourly-paid employee of any Lockheed division or subsidiary you are a member of the plan. You do not have to apply for membership, and you do not have to serve a waiting period. You begin to qualify for retirement benefits from the first day of your employment.

When Do I Retire?

Your normal retirement age is 65. At this age you may qualify for "normal retirement benefits." You may work beyond this age, but you must retire on the first day of the month after you reach age 68, whether or not you are eligible for retirement benefits. There is one exception to this compulsory retirement age of 68: if you were 66 or older on December 16, 1957, you won't have to retire until two years from that date.

If you qualify, you may retire as early as age 55 with an "early retirement benefit," necessarily smaller than the normal one.



How Do I Qualify for Retirement Benefits?

To be eligible for the normal retirement benefit you must be at least 65 years of age and have 10 or more years of continuous service.

To be eligible for the early retirement benefit you must be at least 55 years of age and have 10 or more years of continuous service.

Even if you have less than 10 years but more than five years of service and are required to retire by the terms of the plan as described in the preceding section, "When Do I Retire?" you may be eligible for a benefit.

IN ANY CASE YOU MUST APPLY IN WRITING.

(For a more detailed explanation of "continuous service," see Appendix.)

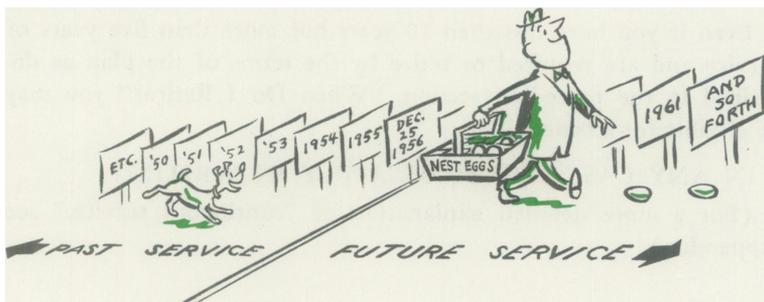
How Is My Service Counted?

“Credited service” is an important factor in determining your eligibility for retirement benefits and the amount of those benefits. Credited service is made up of past and future service. Past service includes, in general, the period of unbroken employment before December 25, 1956. Future service includes the period of unbroken employment since December 25, 1956. Your service, both past and future, will correspond to your seniority in most instances. But there are some circumstances in which both past and future service may be counted even though there is a loss of seniority. Loss of seniority through leaving employment for 30 days or less is one example. Reemployment in any division or subsidiary within 24 months of the date of layoff is another, provided you have retained your eligibility for recall with seniority and also provided you are rehired after December 16, 1957.

For the years before December 25, 1956, you earned a year of *past* credited service for every year of unbroken employment to the nearest one twelfth year.

For the years starting with December 25, 1956, you earn a full year of *future* credited service for every year in which you work at least 1800 hours. This comes to about 45 weeks a year. If the number of hours worked is less than 1800, you get credit at the rate of one twelfth of a year for every 150 hours worked. Absences due to paid holidays, illness or injury for which you receive workmen’s compensation, local or district union business, and jury duty are counted as if they had been worked. No other time is counted.

(For a more detailed explanation of “credited service,” see Appendix.)



How Are My Benefits Calculated?

Your normal retirement benefit at age 65 is figured this way:

1. For every year of past credited service (service before December 25, 1956) you get \$2 a month for life upon retirement.
2. For every year of future credited service you get \$1.75 a month plus an additional sum. This sum is really a bonus for earnings rate in excess of the rate necessary to earn the maximum wage taxable under the Social Security program. At the present time this maximum is \$4200 per year or approximately \$2.02 an hour. The bonus, figured on a monthly basis, is 1½% of the earnings rate over \$2.02 an hour. There is a minimum figure of 25¢ per month for this bonus, so you are assured of at least \$2 a month for every full year of future credited service. Proportional payments are made for fractions of years at the rate of one twelfth of a year for every 150 hours worked.

Can I Provide for My Wife or Husband?

You may make provision for your wife or husband after retirement by electing an arrangement called "a joint and survivor option." The option provides monthly benefits smaller than normal but pays them as long as either one of you is alive.

If you want your benefits paid in this way, you should make a written request any time after you reach age 50 but at least two years before your retirement date.

What Happens If I Am Placed on Salaried Status?

Any benefits accumulated under the hourly plan will be held for you and paid at retirement. In addition, you will receive any benefits you earn under any other plans that may cover you as a salaried employee.

Suppose I Move from One Division of the Company to Another?

Our plan covers all hourly-paid employees in all divisions and subsidiaries of Lockheed. So a move from one division to another will not affect your rights under the plan, provided you are not off the payroll for more than 30 days, or, if you are off for more than 30 days, your seniority is retained or restored. This also applies to termination and rehire by the same division or subsidiary.

What If I Am Laid Off?

If you are laid off you will remain a member of the plan providing you retain your eligibility for recall and are reemployed in any division or subsidiary, even without restoration of seniority, within 24 months of the date of layoff. Under this condition the time you were off is counted as continuous service.



Do I Receive Benefits If I Leave the Company Before Retirement?

If you have reached 40 years of age when you leave the company and you have at least 10 years of continuous service, you may receive a deferred monthly benefit, available to you after your 65th birthday.

This deferred benefit is a percentage of the retirement benefit earned at the time your continuous service was broken. It will amount to the following percentage of your earned normal retirement benefit:

Years of Credited Service	Deferred Benefit
Less than 10	0
10 but less than 11	50%
11 but less than 12	60%
12 but less than 13	70%
13 but less than 14	80%
14 but less than 15	90%
15 or more	100%

To obtain this deferred benefit you must apply for it in writing within three months before you reach age 65 and no later than age 75.

If you were entitled to a cash termination benefit under the plan before its revision as of December 16, 1957, you will still be entitled to that benefit, provided your continuous service is broken before age 65. But your deferred benefit will be reduced accordingly.

May I Receive Retirement Benefits and Continue To Work at Lockheed?

No. The benefits are to provide financial help after you retire. You must actually leave Lockheed to receive them. Work for yourself or another employer, of course, will not affect your benefits.

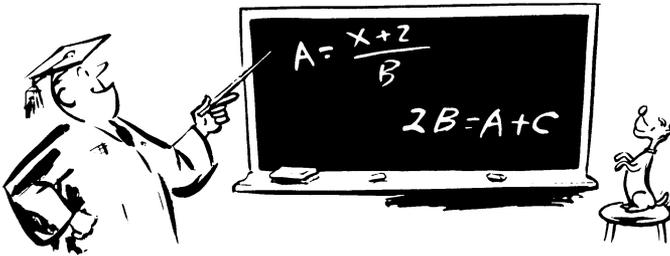
If, as a retired employee receiving benefits, you return to work at Lockheed, your retirement benefits will be suspended during the time of your reemployment.

What If I Retire Early?

If you retire between ages 55 and 65 with at least 10 years qualifying service you are eligible for an early retirement benefit. This benefit is determined in the same way as the normal retirement benefit except that credited service is computed only to the time of your early retirement. This figure is then reduced by 6/10 of 1% for each complete month you are under 65 when you retire.

How Are Benefits Paid?

Payment of benefits will start on the first day of the month after you retire and apply in writing. Monthly checks will be mailed to you at whatever address you specify. You will be responsible for keeping the company informed of any change in your address.



How Do I Estimate My Monthly Retirement Income

Of course, the exact amount you will receive cannot be figured now since it depends on your future earnings rates and hours worked. But you can arrive at an estimate of your monthly retirement income by using service credits already earned and by making certain assumptions.

To help you prepare your estimate we use the term "monthly income credit" in this booklet. This means a monthly amount you would receive upon retirement, based on your credited service and rates.

Credits Already Earned

Past Service

For each full year of credited past service (service before December 25, 1956) you will be entitled to \$2 per month for life upon retirement after age 65. For each fraction of a year $1/12$ of a year's monthly income credit ($1/12$ of \$2) is given for each month of past service.

EXAMPLE: You are 46 years old. Your seniority date is 6-25-47. You have 9 years and 6 months of past service. Your monthly income credit for past service is $9\frac{1}{2} \times \$2$ or \$19.

Future Service

Future service is credited service starting with December 25, 1956. For every year after that date in which you work at least 1800 hours you get a full year of future credited service. Actual hours worked, up to 2080, and your base rate of pay (as of the previous December 25) are used to determine your monthly income credit for each plan year.

Because the formula for figuring these credits is rather complicated, we have reproduced on page 10 a chart, "Future Service Monthly Income Credits," which shows the monthly income credit for varying rates of pay. With this chart you can estimate your own future service credit, using the wage rate figure closest to your actual one on December 25 for any plan year.

EXAMPLE: Your base rate of pay on December 25, 1956, was \$2.63 an hour. To get a rough estimate, use \$2.65 an hour, which indicates a monthly income credit of \$3.33 for 1957, based on 2000 hours worked.

Credits Still To Be Earned Before Age 65

No one knows what his rate of pay will be for each year until retirement, nor whether he'll be able to work full time for the whole period. An estimate can be made of future service credits,

however, based on maintaining the present rate of pay and assuming 2000 hours worked each year. Again, you would use the chart below to estimate these future service credits.

EXAMPLE: You are now 46 years old and your present base rate is \$2.75 an hour. There are 19 years remaining until your normal retirement date. The chart indicates that a base rate of \$2.75 an hour with 2000 hours worked provides \$3.58 a month for each year of service. The estimated monthly income which may be earned for years in the future is $\$3.58 \times 19$ or \$68.02.

Monthly Income		Monthly Income	
Wage Rate	Credit*	Wage Rate	Credit*
\$2.12 or less	\$2.00	\$3.10	\$4.45
2.15	2.08	3.15	4.58
2.20	2.20	3.20	4.70
2.25	2.33	3.25	4.83
2.30	2.45	3.30	4.95
2.35	2.58	3.35	5.08
2.40	2.70	3.40	5.20
2.45	2.83	3.45	5.33
2.50	2.95	3.50	5.45
2.55	3.08	3.55	5.58
2.60	3.20	3.60	5.70
2.65	3.33	3.65	5.83
2.70	3.45	3.70	5.95
2.75	3.58	3.75	6.08
2.80	3.70	3.80	6.20
2.85	3.83	3.85	6.33
2.90	3.95	3.90	6.45
2.95	4.08	3.95	6.58
3.00	4.20	4.00	6.70
3.05	4.33		

*for a year with 2000 hours worked

Who Administers the Plan?

A joint board consisting of three company members and three union members makes certain determinations on some matters affecting the benefits due individual employees. On other matters the company is responsible for administering the plan.



What Is the Future of the Plan?

We expect to continue the plan permanently. We've made every effort to arrange the plan so that it will meet future conditions as we can foresee them. But if we must cancel the plan, the funds to provide benefits for you will remain with the trustee to hold for you or your beneficiary. They cannot revert to Lockheed under any circumstances.

Who Pays for the Plan?

Lockheed pays the entire cost of the plan. You pay nothing.

Estimating Your Retirement

EXAMPLE

Date when making estimate: 12-31-57

For: Ben Black

Age: 46

Seniority date: 6-25-47

Base rates of pay: December 25, 1956 — \$2.63 per hr. (use \$2.65)
 December 25, 1957 — \$2.75 per hr.

1. Credits Already Earned

- a. Allow \$2 per month credit for each year of service prior to December 25, 1956.

$$9\frac{1}{2} \text{ years} \times \$2.00 = \underline{\$19.00}$$

- b. For years starting December 25, 1956, that have already gone by, use chart on page 10 to estimate each year's monthly credit already earned.

Year	Base Rate	Monthly Credit
1957	\$2.65	\$3.33
_____	_____	_____
_____	_____	_____
_____	_____	_____
		<u>\$3.33</u>

2. Credits Still To Be Earned

For years starting December 25, 1956, still in the future, estimate the number of years you still have to work before 65 and multiply this by the monthly credit for your present rate of pay as shown on chart on page 10.

$$19 \text{ years} \times \$3.58 = \underline{\$68.02}$$

3. Total Estimated Monthly Income

Add past and estimated future service credits (1a, 1b, and 2 above).

Total estimated income from Lockheed to age 65 \$90.35

Income from the Lockheed Plan

YOUR ESTIMATE

1. Credits Already Earned

- a. Allow \$2 per month credit for each year of service prior to December 25, 1956. $\text{--- years} \times \$2.00 = \$\text{---}$

	Year	Base Rate	Monthly Credit
b. For years starting December 25, 1956, that have already gone by, use chart on page 10 to estimate each year's monthly credit already earned.	_____	_____	_____
	_____	_____	_____
	_____	_____	_____
			\$ _____

2. Credits Still To Be Earned

- For years starting December 25, 1956, still in the future, estimate the number of years you still have to work before age 65 and multiply this by the monthly credit for your present rate of pay as shown on chart on page 10. $\text{--- years} \times \$\text{---} = \$\text{---}$

3. Total Estimated Monthly Income

Add past and estimated future service credits (1a, 1b, and 2 above).

Total estimated income from Lockheed at age 65 \$

Your Social Security Benefits

In addition to the benefits from the Lockheed retirement plan, you will probably be eligible for Social Security benefits. Estimating these benefits also requires some assumptions.

If you qualify under the law for maximum Social Security benefits, you will receive \$108.50 a month at age 65. A smaller monthly average of earnings taxed by Social Security gives a lesser benefit. If a retired man receiving \$108.50 has a wife 65 or older, she receives an additional check for \$54.30 a month. You may obtain a booklet at any Social Security office which will give you detailed information on the determination of your Social Security retirement benefit.



Estimating Total Retirement Income

EXAMPLE*

YOUR ESTIMATE

\$ 90.35	1.	Income from Lockheed retirement plan	\$ _____
108.50	2.	Husband's Social Security benefit at age 65	_____
54.30	3.	Wife's Social Security benefit at age 65	_____
_____			_____
<u>\$253.15</u>	4.	Total <i>lifetime</i> income	_____
	5.	Income from other sources	_____
	6.	Total amount available	\$ _____

*Based on information used in the example on page 12.



Your Estimated Monthly Retirement Benefits Starting December 25, 1956

How To Use This Chart

The table at right gives examples of the monthly income you can expect at age 65 from the future credited service part of the Lockheed retirement plan. The table also shows estimated primary Social Security benefits.

It lists your estimated monthly retirement benefits based on the number of years worked *after* December 24, 1956. Add to this amount your benefits for the years worked *before* that date, figured at \$2 for each year.

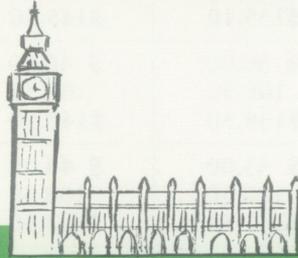
BASE RATE (per hr.)		FULL YEARS OF CREDITED SERVICE WITH LOCKHEED STARTING DECEMBER 25, 1956 (Assuming 2000 hours worked each year)				
		10	15	20	25	30
\$1.75	Retirement Plan	\$ 20.00	\$ 30.00	\$ 40.00	\$ 50.00	\$ 60.00
	Social Security	96.70	96.70	96.70	96.70	96.70
	Total	\$116.70	\$126.70	\$136.70	\$146.70	\$156.70
\$2.00	Retirement Plan	\$ 20.00	\$ 30.00	\$ 40.00	\$ 50.00	\$ 60.00
	Social Security	105.10	105.10	105.10	105.10	105.10
	Total	\$125.00	\$135.10	\$145.10	\$155.10	\$165.10
\$2.12	Retirement Plan	\$ 20.00	\$ 30.00	\$ 40.00	\$ 50.00	\$ 60.00
	Social Security	108.50	108.50	108.50	108.50	108.50
	Total	\$128.50	\$138.50	\$148.50	\$158.50	\$168.50
\$2.20	Retirement Plan	\$ 22.00	\$ 33.00	\$ 44.00	\$ 55.00	\$ 66.00
	Social Security	108.50	108.50	108.50	108.50	108.50
	Total	\$130.50	\$141.50	\$152.50	\$163.50	\$174.50
\$2.30	Retirement Plan	\$ 24.50	\$ 36.75	\$ 49.00	\$ 61.25	\$ 73.50
	Social Security	108.50	108.50	108.50	108.50	108.50
	Total	\$133.00	\$145.25	\$157.50	\$169.75	\$182.00
\$2.40	Retirement Plan	\$ 27.00	\$ 40.50	\$ 54.00	\$ 67.50	\$ 81.00
	Social Security	108.50	108.50	108.50	108.50	108.50
	Total	\$135.50	\$149.00	\$162.50	\$176.00	\$189.50
\$2.50	Retirement Plan	\$ 29.50	\$ 44.25	\$ 59.00	\$ 73.75	\$ 88.50
	Social Security	108.50	108.50	108.50	108.50	108.50
	Total	\$138.00	\$152.75	\$167.50	\$182.25	\$197.00
\$2.75	Retirement Plan	\$ 35.80	\$ 53.70	\$ 71.60	\$ 89.50	\$107.40
	Social Security	108.50	108.50	108.50	108.50	108.50
	Total	\$144.30	\$162.20	\$180.10	\$198.00	\$215.90
\$3.00	Retirement Plan	\$ 42.00	\$ 63.00	\$ 84.00	\$105.00	\$126.00
	Social Security	108.50	108.50	108.50	108.50	108.50
	Total	\$150.50	\$171.50	\$192.50	\$213.50	\$234.50
\$3.50	Retirement Plan	\$ 54.50	\$ 81.75	\$109.00	\$136.25	\$163.50
	Social Security	108.50	108.50	108.50	108.50	108.50
	Total	\$163.00	\$190.25	\$217.50	\$244.75	\$272.00

Appendix

(The following definitions are quoted from the formal plan)

Continuous Service

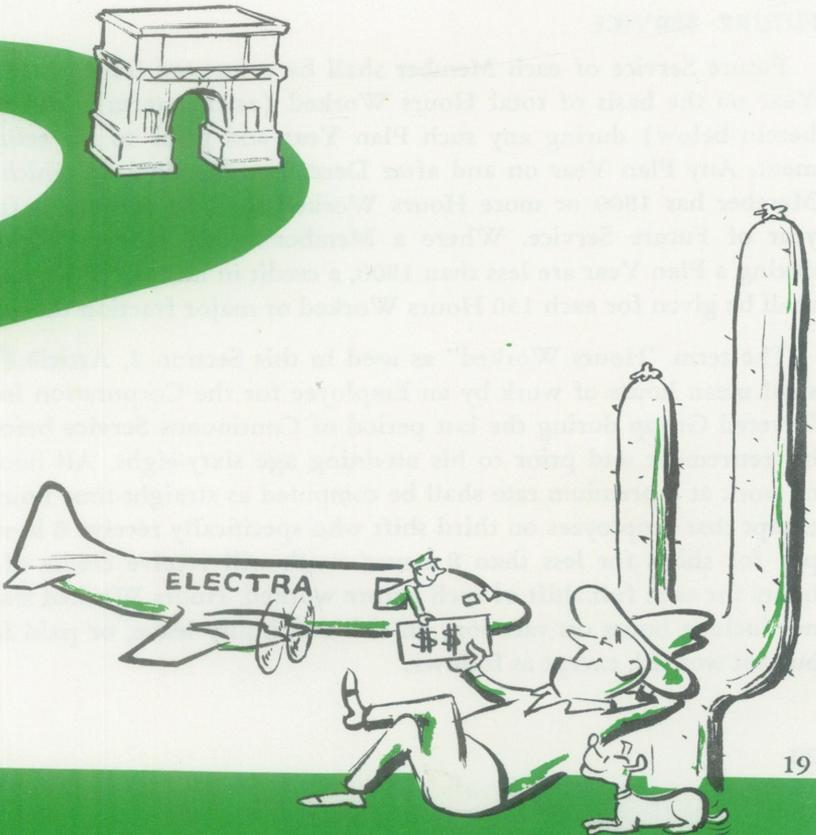
An Employee's Continuous-Service, for the purposes of the Plan, shall be his employment with the Corporation which begins with that date of hire of him by the Corporation since which date of hire his employment has not been broken by suspension of his earnings from the Corporation, except that, suspension of his earnings from the Corporation shall not break his Continuous Service (and the



period of such suspension shall be deemed to have been Continuous Service) when:

- a such suspension of earnings is for 30 calendar days or less, whether or not said employee loses his seniority, or
- b such suspension of earnings is for more than 30 calendar days but is without loss of seniority, or if lost, with seniority reinstated or restored, or
- c such suspension of earnings is with respect to an Employee laid off but who has retained his eligibility status for recall with seniority and who is rehired after December 16, 1957, without seniority, by the Corporation within 24 months of the date of his layoff.

Article II, Section 4



Credited Service

"Credited Service" means the sum of "Past Service" and "Future Service."

Article II, Section 7

PAST SERVICE

An Employee who on December 16, 1957, is an Employee in a Covered Group (including one who is on layoff with recall status and is not otherwise employed by the Corporation, and who returns to a Covered Group with Continuous Service) shall be credited with Past Service which shall consist of the number of years (to the nearest 1/12 of a year) of his Continuous Service (subject to Section 3 below) prior to December 25, 1956, except that in no event shall Continuous Service begin prior to July 1, 1932.

Article IV, Section 1

FUTURE SERVICE

Future Service of each Member shall be computed for each Plan Year on the basis of total Hours Worked (as that term is defined herein below) during any such Plan Year and prior to his retirement. Any Plan Year on and after December 25, 1956, in which a Member has 1800 or more Hours Worked shall be counted a full year of Future Service. Where a Member's total Hours Worked during a Plan Year are less than 1800, a credit in units of 1/12 years shall be given for each 150 Hours Worked or major fraction thereof.

The term "Hours Worked" as used in this Section 2, Article IV, shall mean hours of work by an Employee for the Corporation in a Covered Group during the last period of Continuous Service before his retirement and prior to his attaining age sixty-eight. All hours of work at a premium rate shall be computed as straight-time hours, except that Employees on third shift who specifically receive 8 hours pay for shifts for less than 8 hours' work will receive credit of 8 hours for each full shift of such nature worked. Hours Worked shall not include hours on vacation, on sick and injury leave, or paid for but not worked, except as follows:

- (1) Holiday hours paid for but not worked shall be deemed to be Hours Worked.
- (2) Any Employee who is absent from work in a Covered Group because of injury or illness sustained in the course of employment with the Corporation and with respect to which he receives Workmen's Compensation benefits shall be credited with Future Service at the rate of 40 Hours Worked per week, prorated on a daily basis, during the period he would normally have been scheduled to work in a Covered Group for the Corporation during such period of absence.
- (3) Any Employee who is absent from work in a Covered Group pursuant to leave of absence approved by the Corporation for local or district Union business directly related to Employees in a Covered Group in accordance with any collective bargaining agreement shall be credited with Future Service at the rate of 40 Hours Worked per week, prorated on a daily basis, during the period he would normally have been scheduled to work in a Covered Group for the Corporation during such period of absence.
- (4) Hours absent from work in order to serve as a juror or to report to court in person in response to a jury duty summons, or to report for jury examination, which are paid for by the Corporation in accordance with a collective bargaining agreement shall be deemed to be Hours Worked.

Article IV, Section 2