

Military service - Labor problems.
(Industrial Relations Memos)

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MILITARY LEAVE POLICIES OF THIRTY-FIVE SELECTED COMPANIES, OCTOBER, 1950

United Nations military action in Korea and other international developments have acted to accelerate expansion of the armed forces of this country, making it necessary to draft men nineteen to twenty-five years of age and call to active duty substantial numbers of reservists and members of the National Guard. Many companies had but recently adopted "peacetime" military leave policies, designed to comply with provisions of the Selective Service Act of 1948. Such policies contemplated only short absences of reservists and national guardsmen for annual training encampments, and the loss of but a few employees through draft and enlistment. To what extent the Korean affair would eventually alter this situation was not immediately apparent, and companies were hesitant about adopting the kind of policies that were in effect when the country was engaged in a full-scale global war. Although what is ahead is still by no means clear, an increasing number of employees are being taken by the armed forces, and military leave policies undoubtedly will have to be more definitely geared to a wartime or semi-wartime situation.

With a view to finding a possible pattern, Industrial Relations Counselors, Inc., has made a study of the military leave policies of some thirty-five companies. The salient features of these policies are summarized in Exhibit A. The select group of companies covered does not, of course, constitute a representative sample, but the policies of other companies, as reported in the press and otherwise, all seem to fall within the range of policies here described.

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In all cases included in this study, the re-employment rights of employees who leave to enter the armed forces are in conformance with the provisions of the Selective Service Act of 1948 and are spelled out in much the same language. While the act extends re-employment rights only in the case of a first enlistment of not more than three years' duration, some companies accord the same rights to all employees enlisting for the first time, so long as the term of enlistment is the minimum one prescribed for the particular service which the employee selects. This provision takes cognizance of the fact that the Navy and the Air Force now require enlistments of at least four years, and assures the same treatment for all the company's employees regardless of the branch of service in which they enlist.

The principal interest of employers centers around those elements of military leave policy not covered by law, such as, the payment of cash bonuses or adjustment allowances, allowances for dependents, and the status of individual employees under various company benefit plans during military leave. The results of the IRC analysis with respect to these features of company policy may be summarized as follows:

1. Cash Bonuses and Dependents' Allowances: Twenty-four of the thirty-five companies covered by the study give some form of cash bonus or allowance to employees leaving for service, in amounts ranging from one week to two months of normal earnings. Eight of the thirty-five companies (including seven of those that give a cash separation allowance) pay continuing allowances in the case of employees with dependents, in amounts varying from the difference between one-half company pay and government pay to the difference between full company pay and government pay and allowances. (Some companies mention "all" allowances, which would include reimbursement of expenses in the form of travel allowances; others take

account of all allowances with stated exceptions; still others specify the allowances considered.) Twenty-seven of the companies, including ten of those that give no cash separation allowance, make no provision for continuing payments of any kind.

2. Group Life Insurance: Sixteen of the thirty-five companies cancel employee coverage.¹ Three of these sixteen companies agree to pay the premiums for an equivalent amount of National Service Life Insurance for those who take out such insurance. Fourteen of the thirty-five companies allow coverage to continue for periods ranging from two months to one year following the date of leave, with some of these companies paying all premium costs for the period and others requiring employees to continue their regular premium payments. One of these fourteen companies continues group life insurance for sixty days and thereafter pays for an equivalent amount of National Service Life Insurance; another, in addition to permitting continuation of coverage for three months, reimburses employees for one year's premiums for National Service Life Insurance in any amount up to the equivalent of their company insurance. Four companies permit coverage to continue for the full period of service, with three of them paying all premium costs and one requiring employees to continue their regular premium payments. One company makes no mention of group insurance.

3. Other Insurance: Accidental death and dismemberment and accident and health policies are almost invariably cancelled.

4. Hospitalization and Surgical Benefits: Fourteen of the thirty-five companies either do not have this coverage for employees or made no

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The term "cancelled" is used for provisions that terminate insurance (1) at the end of the month leave begins, (2) thirty-one days after leave begins, or (3) at the end of the month following the one in which leave begins.

reference to it in their leave policy statements. Of the remaining twenty-one companies, six suspend coverage immediately or at the end of the month following the date of leave; eight permit employees to continue coverage for their dependents during the full period of leave if they pay the regular premiums; six agree to continue coverage for dependents for the full period of leave at company expense; one has different plans covering employees at different locations, and continuation of coverage for dependents varies in accordance with the terms of the respective plans.

5. Retirement Plans: Fifteen of the thirty-five companies suspend all contributions and "freeze" the account of the employee concerned as of the date leave begins. Eleven companies agree to make up both employee contributions and company contributions; this is done either on a current basis during the leave or upon the return of the employee to active service with the company. It is expected that several other companies will eventually apply this policy, but some will probably defer any decision or announcement about it, as during World War II, until the end of the emergency. One company permits employees who are reinstated within five years to make up within a period of six months thereafter all or part of their contributions that were suspended during military leave; where the employee elects to do this the company will also pay its contributions to cover the period of leave. Three companies having noncontributory plans provide that credits will accrue during military leave, thus assuring employees upon retirement the same pension benefits they would have received had their employment been uninterrupted by the period of leave. Four companies make no reference to their retirement plans in their policy statements; one company has no plan.

6. Vacations: It is interesting to note that eleven of the thirty-five companies include in their policy statements provisions governing the vacation rights of employees in the year of their return from military service. Seven of these eleven companies stipulate that returning employees will be entitled to full vacation privileges in the year of their return, just as though they had been continuously employed by the company. A minimum employment period of four weeks, one month, forty-five days, and ninety days, respectively, is required by four of the seven companies before returning employees are eligible for their vacations. One other stipulates only that the employee shall have returned by December 15 to get a vacation for that year. Four of the eleven companies provide that time in military service will count the same as company service in qualifying for vacations but that no vacations accrue during the period of leave.

In nearly all cases the application of the leave policy is limited to regular employees or employees who have completed six months or more of company service. Wherever insurance or pension benefits are involved, coverage and contributions are figured during the period prescribed at the rates in effect on the date leave begins, and, with one exception, benefits are extended only to those who are participating members of the particular benefit plans at the time leave is granted.

EXHIBIT A

ANALYSIS OF MILITARY LEAVE POLICIES OF THIRTY-FIVE SELECTED COMPANIES, OCTOBER, 1950

Company	Cash Bonus Payments	Continuing Payments for Dependents	Group Life Insurance ¹	Hospital and Surgical Benefits for Dependents	Retirement Plan
Oil Industry					
1	1 year or more of service: 2 months' pay.	1 year or more of service: regular pay less service pay; maximum, one-half company pay.	1 year or more of service: employee may continue by paying his part of premium.	1 year or more of service: employee may continue at own expense.	Credits frozen.
2 3 4	6 months or more of service: 1 month's pay less service pay.	6 months or more of service: after first 30 days of leave, half pay less service pay.	6 months or more of service: continued at company expense.	No mention.	Credits frozen; when participant returns, company pays own and employee contributions to cover period of leave.
5	6 months to 1 year of service: 1 month's pay. 1 year or more of service: 2 months' pay.	1 year or more of service: regular pay less service pay, or one-half pay, or same amount employee gave dependent, whichever is least.	Employee may continue for 90 days by paying his part of premium in advance.	No mention.	Credits frozen.
6	1 year or more of service: 1 month's pay.	1 year or more of service: regular pay less service pay, or one-half pay, or same amount employee gave dependent, whichever is least.	Cancelled.	Cancelled.	For employee of 1 year or more of service who does not withdraw, company pays own and employee contributions.
7 (Proposed plan awaits approval)	Less than 1 year of service: 1 month's pay. 1 year or more of service: 1 month's pay when leave starts; 1 month's pay on return to company after 1 year or more of military service.	None.	Continued at company expense for 6 months.	Continued at company expense.	If participant does not withdraw and is not terminated before retirement, company will pay own and employee contributions to cover period of leave.
8	6 months or more of service: 2 months' pay.	None.	Cancelled.	Continued at company expense.	If participant does not withdraw, company pays own and employee contributions; company starts contributions for those who become eligible while in service.
9	None.	None.	Cancelled.	Employee may continue at own expense.	Company continues own contributions; if participant has 6 months or more of service, company also pays employee contributions.
10 (Revisions being considered)	None.	None.	Cancelled.	No mention.	Credits frozen.
11 (A new policy is under consideration)	None.	None.	Employee may continue for 2 months following month leave begins by paying his part of premium.	Employee may continue at own expense.	Credits frozen.
Other Industries					
12	Less than 6 months' service: one-half month's pay. 6 months to 1 year of service: 1 month's pay inclusive of vacation pay. 1 year or more of service: 1 month's pay.	None.	Cancelled. 6 months or more of service; employer gives employee allowance to cover 1 year's premiums for National Service Life Insurance in amount equivalent to company noncontributory insurance.	No mention.	Credits frozen.
13	1 year or more of service: No dependents, 2 weeks' pay. With dependents, 1 month's pay.	None.	Cancelled.	Continued at company expense for 21 months after employee enters military service, or 90 days after employee leaves military service, or until employee returns to company, whichever period is shortest.	Credits accrue for not more than 60 months (noncontributory plan).
14	1 year or more of service: 1 month's pay.	None.	Employee may continue for 3 months by paying his part of premium. Company reimburses employee for 1 year's premium for National Service Life Insurance in amount up to equivalent of his company insurance.	Employee may continue at own expense.	Credits accrue under noncontributory minimum pension plan. Credits under contributory plan frozen. If employee is reinstated within 5 years and pays contributions within 6 months thereafter for all or part of the period of leave, company will pay its contributions for same period.
15 (Plan tentative)	No dependents: 6 months to 1 year of service, 1 week's pay; 1 year or more of service, 2 weeks' pay. With dependents: 6 months to 1 year of service, regular pay less service pay for 6 weeks; 1 year or more of service, same for 12 weeks.	None.	Cancelled. Company pays for equivalent amount of National Service Life Insurance.	No mention.	Credits frozen.
16	More than 1 year of service: 2 weeks' pay.	None.	Cancelled.	Employee may continue at own expense.	None.
17	None.	Regular pay less service pay.	Cancelled.	Continued at company expense.	Credits frozen; when participant returns, company pays own and employee contributions to cover period of leave.

¹ The term "cancelled" is used for provisions that terminate insurance (1) at the end of the month leave begins, (2) 31 days after leave begins, or (3) at the end of the month following the one in which leave begins.

EXHIBIT A (Continued)

Company	Cash Bonus Payments	Continuing Payments for Dependents	Group Life Insurance	Hospital and Surgical Benefits for Dependents	Retirement Plan
Other Industries (Continued)					
18	No dependents: 1 week's pay. With dependents: 1 week's pay, and in addition half pay for 3 months.	None.	Continued at company expense for 2 months.	No mention.	Credits frozen.
19	1 month's pay.	None.	Continued at company expense for 90 days.	Various arrangements, under the terms of different plans.	Credits frozen; when participant returns, company pays own and employee contributions to cover period of leave.
20	None.	None.	Cancelled.	Mutual benefit association membership suspended.	Credits frozen; when participant returns, company pays own and employee contributions to cover period of leave.
21	Ranges from 1 week's pay for 3 to 6 months' service to 2 months' pay for over 5 years' service.	None.	Continued at company expense for 60 days.	No mention.	Credits frozen.
22	None.	None.	Cancelled. Company pays for equivalent amount of National Service Life Insurance.	If employee continues contributions, company also does so.	Credits frozen.
23	6 months to 1 year of service: 1 week's pay. 1 year or more of service: 2 weeks' pay.	None.	Continued at company expense for 6 months (noncontributory plan).	Cancelled.	Credits frozen.
24	1 or more years of service: 1 week's pay.	None.	Cancelled.	Cancelled.	Credits frozen.
25	6 months or more of service: No dependents, regular pay less service pay for 30 days. With dependents, same for 90 days.	None.	Cancelled.	No mention.	No mention.
26	None.	None.	Continued at company expense for 90 days.	Employee may continue at own expense.	Credits frozen.
27	6 months to 1 year of service: 1 month's pay. 1 year or more of service: 2 months' pay.	1 year or more of service: regular pay less service pay, or one-half pay, or same amount employee gave dependent, whichever is least.	Employee may continue for 3 months by paying his part of premium in advance.	No mention.	Credits frozen.
28	None.	None.	Employee may continue for 90 days by paying his part of premium.	Cancelled.	Credits accrue during period of leave (non-contributory plan).
29	Regular employees: company pay less service pay for 3 months; minimum 1 month's pay. Temporary employees: ranges from 1 month's difference in pay for those with 6 to 8 months' service to 3 months' difference in pay for 12 months' service and over.	None.	Continued at company expense for 2 months.	Continued at company expense.	Credits frozen.
30	None.	None.	Continued 60 days. Thereafter company pays for equivalent amount of National Service Life Insurance.	No mention.	No mention.
31	6 months to 1 year of service: 1 week's pay. 1 year or more of service: 2 weeks' pay.	None.	Cancelled.	Employee may continue at own expense.	No mention.
32	None.	None.	Cancelled.	Continued at company expense.	Employee has choice of (1) withdrawing, (2) accepting paid-up annuity to begin at age 65, or (3) having credits frozen. Choice of "1" or "2" results in loss of supplemental and minimum pension rights.
33	6 months or more of service: 1 month's pay.	None.	No mention.	No mention.	No mention.
34	1 to 2 years of service: 2 weeks' pay. 2 years or more of service: 3 weeks' pay. Maximum on basis of annual salary of \$5,000.	None.	Continued at company expense for 1 year, but cancelled if war is declared.	No mention.	Credits accrue during period of leave (non-contributory plan).
35 (Proposed plan awaits approval)	None.	None.	Cancelled.	Cancelled.	If participant does not withdraw, company pays own and employee contributions.

(Prepared by Industrial Relations Counselors, Inc., as attachment to Industrial Relations Memo, No. 120)