Pensions (1949)

PROPOSED

RETAIL CLERKS INTERNATIONAL ASSOCIATION

RETIREMENT PLAN FOR EMPLOYEES

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PRESIDENT
VERNON A. HOUSEWRIGHT, LAFAYETTE, IND.

RETAIL CLERKS
International Association - A. F. L.
ORGANIZED 1890
La Fayette, Indiana

SECRETARY-TREASURER
JAMES A. SUFFRIDGE, LAFAYETTE, IND.

OFFICE OF
INTERNATIONAL SECRETARY-TREASURER
LEVERING BUILDING
LAFAYETTE, IND.

November 17, 1949

Miss Gwendalyn Lloyd,
Industrial Relations Librarian
University of California
Berkeley 4, California

Dear Miss Lloyd:

We deeply regret the delay in answering your postal of November 3rd relative to a copy of the Associations Retirement Plan. As a matter of fact, we were (and still are) waiting for the printed plan to come from the publishers.

Rather than delay further, we are enclosing a copy of the proposed plan, which has been adopted exactly as outlinned in the proposal.

Very truly yours,

Wm. W. Maguire
Wm. W. Maguire,
Director of Research

SUMMARY AND EXPLANATION
of the proposed Retail Clerks International Association Retirement Plan for Employees

(1) Introduction

The retirement plan herewith submitted for referendum vote, in accordance with the action taken by the delegates to the Twentieth General Convention in San Francisco in July of 1947, will (if adopted) provide pension benefits for the men and women who are employed by the International Association and its duly chartered subordinate bodies, that is, the men and women who carry on the administrative work of the Union and who are on its payroll. While some of the people covered by this plan will be members of the Retail Clerks International Association, many of them will not be members of our organization, as it is not a plan for members, as such, but for Union employees.

The plan, as submitted, is the result of many conferences by your International officers and your Executive Board with Attorney Milton Elrod, Jr., of Indianapolis, Pension Consultant, and others, in an effort to provide a practical and workable plan for our employees.

The plan is submitted in the form of an amendment to the International Constitution, and will (if adopted) become a part of that Constitution. The section which would be added to cover the retirement plan is set out in full in the proposed amendment; and this explanation and summary of the main provisions of the plan has been prepared for the general guidance and information of those voting on the amendment.

(2) Operation of Plan

The general operation of the retirement plan will be controlled by a Pension Board, consisting of the International President, First Vice-President and Secretary-Treasurer. Accordingly, the Pension Board which will be responsible for the proper operation of the plan will consist of the same officers who constitute the Board of Trustees of the International Association. The same people who manage the property of your Association, will manage the retirement plan for its employees.

This Pension Board will determine and decide any questions or disputes concerning the eligibility of any employee under the plan, the meaning of any provisions of the Constitution pertaining to the plan, and the application of the plan to specific situations which may arise from time to time in the course of its operation. The Pension Board will develop rules and regulations governing the plan; but, of course, the Pension Board must act at all times in a manner consistent with the provisions of the Constitution outlining the plan, and cannot run counter to the plan itself.

(3) Employees Who Are Eligible

In general, every full-time officer and employee on the payroll of the Retail Clerks International Association, or on the payroll of any local union or other subordinate body chartered by the International, can participate in the plan, except that no person will be eligible until he or she has completed at least one year of service nor until he or she is at least 35 years old. In other words, an employee hired at age 37 would be eligible after one year of service; but an employee hired at age 25 would not be able to participate in the plan until he or she reached age 35. The provisions are intended to eliminate part-time and temporary workers, and younger employees, and confine the plan to those people whose age and service records indicate that they intend to stay with Union work.

Subject to the age and service requirements, the plan will be available to all full-time paid officers and employees of the International Association, all full-time paid officers and employees of any District Council, and all full-time paid officers and employees of any Local Union. Elective officers who serve only part-time or without pay would NOT be covered by the plan. In other words, part time employees or elective officers who receive compensation for part time work, committee meetings, attendance at Local Union meetings, etc., shall not be covered by this Plan.

(4) *Joining the Plan*

Since the plan involves contributions by each employee, as well as a Union contribution obtained from a special per capita tax, it is essential that each eligible employee signify his acceptance of the plan and agree to make his contributions under the plan. Accordingly, it is provided that only those eligible officers and employees who elect to come into the plan can be covered by it.

Each officer and employee will be notified when he or she becomes eligible to participate, and must decide within six months whether to come into the plan. This is necessary in order to operate the plan on a sound financial basis. The six-month period runs from the receipt of *notice* of eligibility. If, for any reason, notice is delayed, the employee's rights are not forfeited. An employee will be barred from participating in the plan, however, if he or she fails to come into the plan within six months after receiving notice of eligibility.

(5) *The Pension Benefit*

The plan contemplates a monthly retirement or pension benefit equal to one-third of the employee's average monthly salary during his or her years of participation in the plan, but not to exceed $300 in any case. Social Security benefits are not considered in the retirement plan, and the benefits will be in addition to any Social Security payments. The "ceiling" of $300 per month on benefits under the plan was included to avoid instances of extremely high benefits which might otherwise occur. Without this ceiling, some employees or officers with high salaries would receive rather large retirement incomes.

Since most employees and officers will be eligible to retire after 20 years of participation in the plan, the benefit will be based on their average pay during that 20-year period. The total amounts paid to the employee or officer during that period, divided by 240, (months) will establish the *average* monthly salary. The retirement benefit will be one-third of that figure. While retirement can be postponed (as later noted), this will *not* change the pension benefit, since the benefit is based on the 20-year period immedaitely prior to the date when an employee becomes *entitled* to retire, not the date of his or her actual retirement.

The following examples illustrate the pension benefit for an employee who retires after 20 years under the plan, with various average salary figures:

Average Annual Salary	*Average Monthly Salary*	*Pension Benefit*
$ 1,800	$ 150	$ 50
$ 3,600	$ 300	$100
$ 5,400	$ 450	$150
$ 7,200	$ 600	$200
$10,800	$ 900	$300
$12,000	$1,000	$300

This pension benefit will be payable for the lifetime of the employee, from and after his or her *actual* retirement.

A *smaller* benefit can be elected by the retiring employee, payable for his life and continuing after his death to his wife or other designated beneficiary, so long as either of them lives. For example, an employee retiring at age 55, after 20 years under the plan, with an average annual salary of $3,600 a year (or $300 a month), would be entitled to a normal benefit of $100 a month for life. If his wife was also age 55, he could elect to take roughly $75 per month for their joint lifetimes, that is, so long as *either* of them lived.

(6) When Retirement Occurs

An officer or employee who participates in this plan will, generally speaking, be entitled to retire at age 55, *or* after 20 years of participation, whichever occurs last. In other words, if the employee came into the plan at age 35, he would be entitled to retire on attaining age 55 (actually upon the first of the month next following his 55th birthday). But if the employee was over age 35 when he became eligible to come into the plan, he would not retire until he had completed 20 years under the plan (actually upon the first of the month next following his completion of 20 years under the plan).

Strict application of the requirement of 20 years "under the plan" to *present* officers and employees would be unfair, since many of them have been employed by the Union for years, and yet they would be unable to retire at the normal retirement age simply because no plan existed in past years. A new employee would be entitled to retire at an earlier age than a present employee with the same years of service, in many cases. Yet, it would be equally unfair to give full credit to present employees for prior years of service, since they made no contributions to the plan in those years, while the new employee must make contributions from the day he becomes eligible to participate. After much consideration it was decided to give a *limited* credit for past service, and allow *up to* ten years of employment prior to January 2, 1949, to count as "years under the plan." This limited credit is allowed without requiring contributions for those years, since the collection of contributions for those years would be burdensome on many employees in the lower brackets, and would even prevent some of them from coming into the plan, and would involve administrative difficulties as well. The first year of employment, would, in all cases, be excluded, as would all service prior to age 35, in computing this past service credit. Present employees, with this credit, could retire on full benefit after 10 years *under the plan,* and on advance or limited retirement after 5 years *under the plan.*

In order to start the plan on a sound basis and build up a substantial Pension Fund before heavy retirement payments begin, it is provided that *no* employee will retire under the plan before January 2, 1959, that is, until the plan has been operating for ten years, except in case of advance retirement as herein provided.

While an officer or employee is *entitled* to retire at age 55, or after 20 years under the plan, whichever occurs last, retirement is not compulsory. With the consent of the International Association or the Local or other chartered subordinate body by which he is then employed, the officer or employee can continue at work; but no further contributions will be made by him, and his benefits will be frozen as of the time he became entitled to retire.

(7) Payments In Case of Death

If an officer or employee dies *PRIOR* to retirement, the total amounts paid into the plan by such employee up to the time of his death will be refunded (without interest) to his estate, or to such beneficiaries as he may have designated.

If an officer or employee dies *AFTER* retirement, the total amounts paid into the plan by such employee (without interest), *LESS* the pension benefits actually paid up to the time of his death, will be refunded to his estate, or to such beneficiaries as he may have designated. Of course, where a joint annuity is elected, the payments continue to the survivor for his or her lifetime.

Whether death occurs before or after retirement, an employee or officer is assured that the amounts he has paid into the plan will be refunded to his estate or to his family or heirs.

(8) Termination of Employment

Whenever an officer or employee participating in the plan leaves Union employment (other than by reason of his death or normal retirement), his rights in the plan terminate, and he is entitled to a refund of the money he has paid into the plan (without interest). In other words, he would get back what he paid into the fund, and no more. This is true regardless of the nature or circumstances of the termination of employment, whether it is with or without cause so far as the Union is concerned.

However, temporary interruptions of employment for illness and the like will not constitute a *termination* of employment. Moreover, where an officer or employee goes from one employing unit in the Union to another (as from a Local Union to the International office, or vice versa), there is no termination of employment, so long as he is back on the payroll of some such unit of the Union within 60 days. For example, a Local Union officer might fail to be re-elected; and if he was then employed by the International or some other Local Union in a different capacity (perhaps as an organizer) within 60 days, he would continue under the plan.

In addition, any termination of employment for any reason (other than death), during the five years immediately preceding the date when an employee would otherwise be entitled to retire, will be considered as an advance retirement. This provision is made in order to eliminate the possibility that an employee might be fired (or an officer defeated for re-election) just before he reaches retirement, and thus lose all pension benefits. Of course, the pension benefit is considerably reduced in such a case of advance retirement, partly because the employee retires at an earlier age, and partly because the contributions on his account will be less. The following table indicates the approximate scale of benefits for an employee who would have retired on $100 a month at age 55:

Advance Retirement At Age	*Percent of $100 Benefit*
54	91-92%
53	83-84%
52	75-76%
51	68-69%
50	61-62%

These are rough approximations only, since each case will depend on its own facts; but they are indicative of the size of the reduced pension benefit.

(9) Disability

Whenever an officer or employee participating in the plan becomes disabled, *PRIOR* to retirement, he would receive a refund of his contributions to the plan (without interest). In other words, a termination of his employment because of mental or physical disability would be treated the same as any other termination of employment. It is believed that any provision for the payment of disability benefits, other than a refund of the contributions of the officer or employee, would endanger the operation of the retirement plan as a whole, since there is no way of determining in advance the probable liability for this type of benefit. Moreover, such benefits could be paid only upon a showing of total and permanent disability; and this would place upon the Pension Board a tremendous responsibility in determining whether or not an individual officer or employee was actually disabled and entitled to benefits. Additional complications would arise in the event of the subsequent recovery of a disabled officer or employee, and his attempt to resume employment. In order to avoid all of these complications, disability has been treated the same as any other termination of employment.

However, it should be noted that if the disability occurs within five years of the time the officer or employee would ordinarily retire, he will still retire on a reduced basis as hereinbefore noted.

(10) Voluntary Withdrawal from the Plan

Whenever any participant hereunder shall elect to withdraw from this Plan and shall terminate his contributions hereunder, while continuing in his employment, there shall likewise be refunded to such withdrawing participant an amount equal to the total contributions made by such participant under the Plan, up to the time of such withdrawal, without interest. Employees voluntarily withdrawing from the Plan as aforementioned shall disbar themselves permanently from further participation or coverage under the Plan.

(11) Financing the Plan

The benefits to be provided under this retirement plan will (if it is adopted) be financed by contributions from each participating officer or employee, together with a special per capita tax to be used exclusively for the maintenance of this plan.

Each participating officer or employee will contribute 2% of his or her salary or wages, which will be deducted from the weekly or monthly salary or wage remittances.

The Union contributions will be derived from a special per capita tax of 5c per month, per member, to be levied in the same manner as the regular per capita tax for operating revenue.

The procedure for collecting both this per capita tax and the employee contributions is set out in detail in the proposed amendment to the Constitution.

Periodically, the Pension Board must examine the plan and ascertain its financial condition, and determine whether or not the contributions are sufficient to assure the maintenance of the plan on a sound basis.

(12) Amendment or Termination

The Union does not undertake any perpetual contract to maintain this plan, and reserves the right to reduce or suspend or discontinue the contributions derived from the per capita tax, as well as the right to alter, amend or terminate the plan. Any such action, however, would be effective only when approved in accordance with the voting procedure set forth in Section 50 of the International Constitution. The amendment to the Constitution sets forth in detail the procedure for amending or terminating the plan as well as the method of distributing the accumulated Pension Fund in case of termination of the plan.

Retail Clerks International Association
Proposed Retirement Plan for Employees

Section 52. (a) The Retirement Plan hereby authorized and created shall be and become effective January 2, 1949. The International President, First Vice-President and Secretary-Treasurer of this Association shall, in addition to their duties as a Board of Trustees, and by virtue of their offices, constitute a Pension Board for the general administration of the Retail Clerks International Association Retirement Plan for Employees. Said Pension Board shall act as trustees for said Retirement Plan with full power and authority to:

1. *Hold, accumulate, invest and generally administer the Pension Fund; provided, however, that all moneys and funds contributed hereunder by the Union or its members or any participant hereunder shall be held separate and apart from all other funds of the International Association or any of its chartered bodies or organizations; subject, however, to the terms and conditions of this Plan; or*

2. *Arrange for the transfer or payment of all or any part of such Pension Fund and the contributions thereto to a bank or trust company having fiduciary powers, to be held and administered by such bank or trust company as trustee, in trust, for the purposes of this Plan, with such powers in such trustee as to investment, reinvestment, administration and disbursement of such Trust Fund as the Pension Board shall approve and as are not inconsistent with this Plan; or*

3. *To negotiate and contract with any life insurance company selected by the Pension Board to administer and invest all or any part of such Pension Fund and the contributions thereto under a group annuity or deposit administration type of contract or under individual annuity or insurance contracts, on such terms and conditions as the Pension Board may deem advisable and proper and as are not inconsistent with this Plan.*

(b) The Pension Board shall be charged with and shall have vested in it the sole power, duty and authority to interpret and construe the provisions of this Plan and determine the meaning and intent thereof and the application thereof to the facts of any individual case, and to decide any disputes which may arise with respect to the rights of employees hereunder, or with respect to the eligibility of any employee hereunder, and generally to direct the administration of this Plan in accordance with the Plan herein created and established. The Board may make rules and regulations for the administration of this Plan, and may from time to time modify, alter, amend or revoke such rules and regulations; provided, however, that such rules and regulations are not inconsistent with the terms of this Plan.

(c) The Pension Board shall have a Chairman and a Secretary. A majority of the Board shall constitute a quorum and any action by a majority vote at a meeting of the Board, or in writing without a meeting, shall constitute the action of the Board. Minutes shall be kept of the proceedings and actions and decisions of the Board, together with such other records as may be pertinent to the matters coming before the Board from time to time. No member of the Board shall, however, take any part in any actions relating to his individual participation in the Retirement Plan herein created and established. Should any member of the Pension Board appear before said Board on his own behalf the Second Vice-President of the Retail Clerks International Association shall replace said Board member as an alternate, with full voting rights on the specific case at hand.

(d) All the decisions of the Pension Board in matters properly coming before it as authorized or directed in this Plan, and all actions taken by the Board in the exercise of its administrative powers, duties and responsibilities, shall be final and binding upon any employee covered by this Plan, and upon each and every person who may be or become

interested in this Plan or claim any rights or benefits hereunder.

(e) The Pension Board shall be required to give such bond or other security for the faithful performance of its duties as may be required from time to time by the General Executive Board of the International Union. The Pension Board shall keep full and complete records of its Administration of this Plan, and as soon as practicable after each Anniversary Date of this Plan, and at such other times as may be necessary, shall prepare and deliver to the International Association and its subordinate bodies an account of its administration of this Plan. The Pension Board shall, periodically, but not less frequently than every three (3) years in any event, ascertain and establish the financial condition of this Plan, and shall determine the amounts required to be held in the Pension Fund at all times in order to assure the maintenance of this Plan on a sound basis and the payment of the benefits herein provided for; and the Pension Board shall be and is hereby authorized to consult with and employ such attorneys and/or actuaries as the Pension Board may deem desirable to make such computations and determinations as may be necessary to provide the Pension Board with information concerning the soundness of this Plan.

(f) No member of the Pension Board shall incur any personal liability to any employee, any death beneficiary, or any other person by reason of any act or failure to act on the part of the Board or any member thereof, nor for anything done or omitted in the exercise of good faith and reasonable prudence; and members of the Board shall be liable only for their own individual fraud or malfeasance.

(g) Members of the Pension Board shall receive no compensation for their services as such; and any and all expenses, including but without limiting the generality of the foregoing, compensation to its clerical employees, agents and counsel, reasonably incurred by the Board and its members in carrying out the powers and duties herein conferred upon it or them, shall be paid from moneys in the Pension Fund.

(h) Every full time officer and employee on the payroll of the Retail Clerks International Association and each local union or other subordinate body chartered by the International Association who shall have completed one (1) year of service as a full time employee with the said International Association or local union or any other subordinate body which it may have chartered, and who shall have reached the age of thirty-five (35) years, shall be eligible to participate in this Plan. Eligibility shall be determined as of January 2, 1949, and annually thereafter. As soon as practicable after January 2, 1949, and after each succeeding January 2nd, the International Association (with respect to persons directly employed by such Association) and each local union or other subordinate body chartered by the International Association (with respect to persons employed by such local union or other subordinate body) shall transmit to the Pension Board a certified list of its employees eligible to participate in this Plan, such list to be in such form and contain such information as the Pension Board may desire.

(i) Every employee whose eligibility to participate in the Retirement Plan has been certified to the Pension Board as above provided shall be promptly notified of his eligibility by the Pension Board, acting through its Secretary, and shall be informed of the existence of this Plan, and of his rights and duties under the Plan, and of the rights and duties of the Union under the Plan, and shall be given an opportunity to participate in the Plan. Every eligible employee must (within six (6) months after receiving notice of his or her eligibility) execute a written election to participate in this Plan and agree to be bound by the terms and conditions of this Plan and to make his or her contributions as hereinafter provided. Should said eligible employee not execute a written election to participate within the time and in the manner prescribed by this Plan then and in that event the said employee shall thereafter and forever forfeit his right to participate in the Plan and the benefits thereof. An eligible employee who has properly executed an election

to participate in the Pension Plan shall become a participant hereunder as of the date of his becoming eligible.

(j) It is the purpose and object of this Plan to provide each employee (who elects to and does participate in this Plan) with a retirement benefit equal to one-third (1/3) of the average monthly salary of such employee, but not to exceed three hundred dollars ($300.00) per month in any event. The term "average monthly salary" shall mean the aggregate salaries of the employee for the twenty (20) years of employment immediately prior to the date such employee would be entitled to retire, divided by 240. The pension benefits so established shall be payable for the lifetime of the employee, from and after his or her retirement; provided, however, that if a retired officer or employee dies there will be refunded to his or her estate, or to such beneficiaries as he or she may designate, an amount equal to the excess (if any) of his or her contributions to the Plan (without interest) over the pension benefits received up to the time of death. Each retiring employee shall have the right to elect a smaller pension benefit payable for life and continuing after such employee's death to a wife or other designated beneficiary so long as such beneficiary may live; and such optional benefit shall be determined on an actuarial basis in accordance with mortality tables acceptable to and prepared for the Pension Board.

(k) Each employee (who elects to and does participate in this Plan) shall be entitled to retire upon the *latest* of the following dates—

1. *The first of the month next following or coinciding with his or her fifty-fifth (55th) birthday.*

2. *The first of the month next following or coinciding with his or her completion of twenty (20) years of participation in this Plan while in the service of the International Association and/or any local union or other subordinate body chartered by the International Association.*

3. *Provided, however, that no employee shall retire under this Plan*

prior to January 2, 1959, except in cases of advance retirement as provided in (n) of this Section.

Any officer or employee who is entitled to retire may with the consent of the International Association or the local union or other chartered subordinate body by which he or she is then employed, postpone retirement to a later date and continue in his or her employment; but no retirement benefits shall be paid until he or she has actually retired and terminated his or her employment, and no additional or increased benefit of any kind shall accrue because of such continued employment, nor shall any contribution be required from any employee from and after the date on which he or she would be entitled to retire.

(l) Employees becoming eligible to participate as of January 2, 1949, the effective date of this Plan, shall be credited with up to ten (10) years of service on the payroll of the International Association or any duly chartered subordinate body prior to the effective date of this Plan as "years of participation" under this Plan for purposes of computing retirement benefits and/or establishing the date when he or she will be entitled to retire; provided, however,

1. *That the first year of service with the International Association or any duly chartered subordinate body shall in all cases be excluded from consideration, together with all service prior to age 35, and*

2. *That such service prior to the effective date of this Plan be continuous and for consecutive years uninterrupted by any termination of employment on the part of such employee.*

(m) If any employee participating in this Plan, dies prior to retirement, there will be refunded to his or her estate or to such beneficiaries as he or she may designate, an amount equal to the total contributions of such employee to this Plan up to the time of such death, without interest.

(n) If any employee participating in this Plan shall leave the service and employment of the International Association or any local union or

other chartered subordinate body by which he or she is employed, prior to retirement, there shall be refunded to such employee an amount equal to the total contributions of such employee to this Plan up to the time of such termination of employment, without interest; provided, however,—

1. That any termination of the employment of any such participating employee for any cause whatsoever (other than death) during the five (5) years immediately prior to the date when he or she would be entitled to retire shall be considered as an advance retirement; and in such case, the employee shall receive retirement benefits commencing the first (1st) of the month next following such termination of employment; but the retirement benefit payable in case of such advance retirement shall be reduced to the actuarial equivalent of the pension benefit to which he or she would have been entitled at the time of normal retirement, in accordance with tables to be prepared for and accepted by the Pension Board.

2. That no termination of employment shall be deemed to have occurred if any such participating employee shall be re-hired or re-employed by the International Association or by any chartered subordinate body within sixty (60) days after such severance of his or her employment and removal from the payroll.

3. That temporary interruptions of employment for sickness or accidental injury or any other temporary inability to attend to the duties of the employee shall not be deemed a termination of employment.

4. That interruptions of employment occasioned as a result of the voluntary or involuntary service of any such participating employee in any of the armed forces of the United States or Canada shall not be deemed a termination of employment; but the International Association or its duly chartered subordinate body by which such employee is then employed must consent to any voluntary enlistment for active service; and the period of such service in the armed forces of the United

States or Canada shall be included as "years of participation in this Plan," in computing the date when such employee is entitled to retire under (k) of this Section; but the "average monthly salary" of such employee under (j) of this Section shall be his average for the period remaining after excluding the period of such service from the twenty (20) years immediately prior to the date such employee is entitled to retire.

(o) Whenever any participant hereunder shall elect to withdraw from this Plan and shall terminate his contributions hereunder, while continuing in his employment, there shall likewise be refunded to such withdrawing participant an amount equal to the total contributions made by such participant under the Plan, up to the time of such withdrawal, without interest. Employees voluntarily withdrawing from the Plan as aforementioned shall disbar themselves permanently from further participation or coverage under the Plan.

(p) Each participating employee shall contribute to this Plan an amount equal to two per cent (2%) of his or her monthly salary or wages from and after the time he or she becomes eligible to participate in this Plan. In the case of participating employees employed by the International Association, the contributions of each such employee shall be deducted by the International Association from each remittance for services rendered, in the amount of two per cent (2%) thereof; and the amounts so withheld by the International Association shall be remitted to the Pension Fund as of the end of each calendar month. In the case of participating employees employed by any chartered subordinate body of the International Association, such chartered subordinate body by which such employee is employed shall deduct the contributions of each such employee from each remittance for services rendered by him, in the amount of two per cent (2%) thereof; and the amounts so withheld by such chartered subordinate body shall be remitted to the International Association on or before the fifth (5th) day of the following month; and

the International Association shall remit the same within thirty (30) days to the Pension Fund.

(q) The cost of administering this Retirement Plan, and the benefits provided hereunder, shall be financed by the contributions of participating employees, as hereinbefore provided, and by a per capita tax of five cents (5c) per month to be levied upon each member of the Retail Clerks International Association, based upon the membership as of the last day of each month, such per capita tax to be remitted to the International Secretary-Treasurer on or before the fifth (5th) day of the following month. The per capita tax of five cents (5c) per month on each member, herein described, shall be in addition to the regular per capita tax set forth in accordance with Section 18 of the Constitution of the Retail Clerks International Association for purposes of obtaining operating revenue, and shall be applied exclusively for the maintenance of the Retirement Plan herein created and established. The International Association shall, upon receipt of the said special per capita tax herein provided for, remit the same to the Pension Fund within thirty (30) days.

(r) It is the expressed intention and expectation of the International Association and its duly chartered subordinate bodies that they will continue the Retirement Plan herein created and established for the benefit of their respective present and future employees; but the continuation of this Plan is not assumed as a perpetual contract obligation of the Union which reserves the right to reduce, suspend or discontinue the contributions hereunder derived from the special per capita tax provided for in this Plan, and otherwise to alter, amend or terminate this Plan. Any such reduction, suspension or discontinuance of Union contributions hereunder or other alteration, amendment or termination of this Plan shall be effective only when approved in accordance with the voting procedure set forth in Section 50 of this Constitution.

(s) In the event of the complete discontinuance of Union contribu-

tions hereunder derived from the special per capita tax, or the complete termination of this Plan, by appropriate action as hereinbefore set out, this Plan shall become inoperative; and the Pension Board shall pay, transfer and distribute, or arrange for the payment, transfer or distribution of, the entire Pension Fund (remaining after the payment of all expenses and costs of administering this Plan) to the following persons and in the following proportions:

1. There shall first be purchased out of the Pension Fund, for each retired employee then receiving pension benefits hereunder, or his surviving joint annuitant if he be deceased after having elected the optional joint annuity as provided in (j) of this Section, such insurance or annuity contracts as may be necessary to assure to all such retired employees (or their respective surviving joint annuitants) full payment of the benefits to which they have become entitled. If the Pension Fund is insufficient to purchase full pension benefits for all such retired employees, then the Fund shall be applied pro rata in the proportion that the cost of the benefits for each such retired employee or surviving joint annuitant bears to the aggregate cost for all such persons.

2. There shall be next distributed to each participating employee an amount equal to the total contributions of such employee to this Plan up to the time of such complete termination of this Plan, without interest. If the amount remaining in the Pension Fund after the payment of all expenses and costs and the purchase of insurance or annuity contracts as hereinbefore provided should be insufficient to permit a full refund of the contributions of the then participating employees, the Fund shall be applied pro rata in the proportion that the contributions of each such participating employee bears to the contributions of all such participating employees.

3. All amounts remaining in the Pension Fund after the payments hereinabove provided for shall be paid, transferred and distributed to the then participating employees pro rata in proportion to the years of participation of each such employee under the Plan.