

Pensions - Handbooks (company)  
(1968 Foster)

**CROWN  
ZELLERBACH Corporation**

**YOU AND  
YOUR  
RETIREMENT  
PLAN**

for salaried employees



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## FOREWORD

The Crown Zellerbach Retirement Plan has been established to help provide a secure future for you after you retire. Retirement income from the Plan supplements your Social Security benefits and your savings.

The Plan, one of the finest in the industry, has been improved substantially from time to time to provide increased benefits. The cost of these improvements has never resulted in an increased cost to participating employees; in fact, under the most recent change, employee contributions were substantially reduced beginning May 1, 1967.

This booklet is an informal explanation of the Crown Zellerbach Retirement Plan in which you are either presently participating or in which you may be eligible to participate in the future, but it does not, of course, modify in any way the official text of the Plan which governs. Any special provisions applicable only to the Part of the Plan covering you are outlined in an insert at the back of this booklet. Because many of the Plan's features affect both husband and wife, it is important that you and your family understand the Plan. If you have questions about the Plan, please direct them to your Retirement Plan Administrator.

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## Highlights

- ★ You are eligible to join the Plan after completing five years of accredited service.
- ★ You contribute only a small part of the cost. The company pays the remainder.
- ★ You can't lose. The Plan provides a guarantee of the return of your contributions plus interest.
- ★ If you leave the company before you are eligible to retire, you may qualify to receive retirement benefits when you reach 65. This "vesting" privilege can start as early as age 40.
- ★ If you are a participant and become totally and permanently disabled you may then qualify for a retirement income.
- ★ Although normal retirement age is 65, you may retire as early as 55, with reduced benefits.
- ★ Your retirement income will not be less than the specified minimum amount.
- ★ You may elect to provide for your wife or a dependent relative to receive an income from the Plan when you die after retiring.
- ★ A \$1000 death benefit is paid to your beneficiary when you die if you are retired under the Plan.

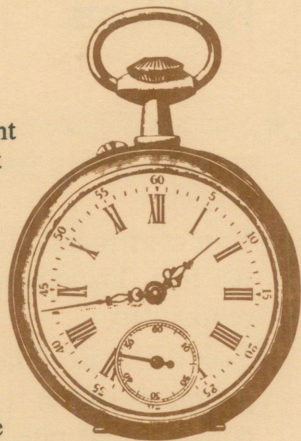


## When To Join

You are eligible to join the Plan when you complete five years of accredited service. In general, all full-time continuous employment counts as accredited service. Your Retirement Plan Administrator will contact you when you become eligible to enroll.

If after joining the Plan your employment status changes from hourly to salaried or vice versa, you will be automatically covered by the appropriate Part of the Plan without a new enrollment.

However, should you delay enrolling, you are allowed only five years of accredited service when you do enroll, even though you have been employed longer. If you are eligible to enroll before age 60 and do not do so, you may not enroll after that age.



## What It Costs You

Effective May 1, 1967, you as a participant contribute nothing on the first \$6600 of annual earnings and only 2% on what you earn above \$6600. Your contributions are made through payroll deductions.

Prior to May 1, 1967, a participant in the Plan contributed 2% of his wages or salary up to the first \$3000 earned each year, and 4% on his earnings above \$3000.

## Determining Your Retirement Income

The amount of your retirement income depends primarily on your years of accredited service, your annual earnings and your age at retirement.

The amount of your retirement income at normal retirement will be your *basic benefit* plus income from the application of the

*supplemental retirement income* provision. However, if this total is less than the minimum benefit, it is adjusted up to the minimum. If you participated in the Plan before May 1, 1967 and continue to do so, your retirement income is increased by the "Deposit Annuity" arising from all or a portion of your contributions before May 1, 1967.

Basic benefits include those earned under the Gaylord Container Corporation Retirement Plan for Hourly Employees through 1957 as well as certain benefits accrued under the St. Helens Trusteed Plan. These other basic benefits, as well as benefits provided by the Gaylord Salary Pension Plan through 1957, the retirement plans of Crown Canada and the old St. Helens group annuity contract, are taken into account in determining the supplemental retirement income as well as the minimum benefit.

A retirement income calculation will be illustrated for a fictitious employee we will call Bill Smith. Here are the assumed facts on Bill:

Date of birth	March 26, 1911
Hired	March 26, 1942
Enrolled in Plan	April 1, 1947
Becomes 65	March 26, 1976
Normal retirement date	April 1, 1976
Accredited service to normal retirement date	34 years
Current-service benefits for	29 years

## Basic Benefit Computation

As of December 31, 1966, Bill has accrued an annual basic benefit from the Plan, to begin at age 65, of \$1,141.12. For each subsequent calendar year he continues to participate in the Plan, he receives an annual current-service benefit equal to  $\frac{3}{4}\%$  of his first \$3000 of earnings plus  $1\frac{1}{2}\%$  of earnings over \$3000.





Based on Bill's assumed earnings shown below, he will have built up a total annual basic benefit from the Plan at age 65 of \$2,200.12, or \$183.34 on a monthly basis calculated as follows:

	<u>Annual Income Beginning at 65</u>
1. Basic benefits accrued to December 31, 1966	\$1,141.12
2. Assume that during 1967 he earned \$8000:	
\$3000 x $\frac{3}{4}\%$ =	\$ 22.50
5000 x $1\frac{1}{2}\%$ =	<u>75.00</u>
	97.50
3. Assume Bill earns \$8600 per year, 1968 through 1970:	
\$3000 x $\frac{3}{4}\%$ =	\$ 22.50
5600 x $1\frac{1}{2}\%$ =	<u>84.00</u>
	<u>\$106.50 x 3 years =</u>
	319.50
4. Assume he earns \$9400 per year, 1971 through 1973:	
\$3000 x $\frac{3}{4}\%$ =	\$ 22.50
6400 x $1\frac{1}{2}\%$ =	<u>96.00</u>
	<u>\$118.50 x 3 years =</u>
	355.50
5. During 1974 and 1975, assume he earns \$10,400 per year:	
\$3000 x $\frac{3}{4}\%$ =	\$ 22.50
7400 x $1\frac{1}{2}\%$ =	<u>111.00</u>
	<u>\$133.50 x 2 years =</u>
	267.00
6. In 1976 and until his retirement on April 1, assume Bill earns \$2600:	
\$2600 x $\frac{3}{4}\%$ =	<u>19.50</u>
7. Thus, Bill's total annual basic benefit from the Plan, commencing at 65 is	<u><u>\$2,200.12</u></u>
	or
	\$ 183.34 per month

# Supplemental Retirement Income (SRI) Computation



The Supplemental Retirement Income formula primarily increases the retirement income of long-service employees. After Bill's total annual basic benefit has been computed, another calculation is made to see if his retirement income is to be increased by a Supplemental Retirement Income. Bill's Supplemental Retirement Income is the amount by which  $1\frac{1}{2}\%$  of his years of "SRI service," (up to  $33\frac{1}{3}$  years) multiplied by his "ending pay" exceeds his total annual basic benefit plus 75% of his annual Primary Social Security benefit.

"SRI service" is accredited service less certain periods of time such as employment after normal retirement date, periods covered by a joint-trusted union retirement plan, and most leaves of absence without pay in excess of 30 days. Maximum SRI service is  $33\frac{1}{3}$  years. "Ending pay" is the average of the annual earnings in the highest consecutive five calendar years during the last ten calendar years prior to the year a participant retires.



**Here is the way Bill Smith's Supplemental Retirement Income is calculated:**

**STEP 1**

First we determine the percentage to apply to his "ending pay" by multiplying his years of SRI service up to  $33\frac{1}{3}$  years by  $1\frac{1}{2}\%$  :

$$33\frac{1}{3} \text{ years} \times 1\frac{1}{2}\% = 50\%$$

His "ending pay" worked out to a yearly average of \$9800 (\$816.67 a month), so we take 50% of that:

$$\$9800 \times 50\% = \underline{\underline{\$4,900.00}}$$

**STEP 2**

Then we add together

(a) his total annual basic benefit (from the preceding calculations) \$2,200.12\*  
and

(b) 75% of his annual Primary Social Security benefit, 1,617.30

for a total of \$3,817.42

**STEP 3**

The amount from Step 1 \$4,900.00

less the amount from Step 2 3,817.42

is his annual SUPPLEMENTAL RETIREMENT INCOME which is added to his basic benefit

\$1,082.58

or  
\$ 90.22 per month

**\*If entitled to a retirement benefit under the Crown Canada Plans or the Gaylord Plans, the amount of such benefit is added here to the basic income.**

## Deposit Annuity Computation

The "Deposit Annuity" benefit applies only to those who were participants before May 1, 1967. This benefit is the equivalent of all of your contributions to the Plan made prior to May 1, 1967 except 2% of compensation in excess of \$6600 per year, with interest. In Bill's case, his annual Deposit Annuity amounts to

\$ 438.12  
or  
\$ 36.51 per month

## Total Retirement Income

Thus, Bill's total income after retirement (including the primary benefit he will receive from Social Security) on a monthly basis is as follows:

	<u>MONTHLY</u>
CZRP—Basic Benefit	\$ 183.34
CZRP—Supplemental Retirement Income	90.22
CZRP—Deposit Annuity	36.51
CZRP—Total	<u>\$ 310.07</u>
Primary Social Security Benefit	179.70
Total per month	<u>\$ 489.77</u>

This total equals 60% of his monthly ending pay of \$816.67.

## The Plan Really Pays Out

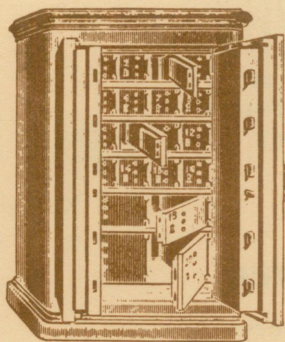
Bill will receive in excess of \$52,000 in income from the Plan if he lives only the average number of years (14.2) after retiring at age 65. He will have contributed \$3,538 into the Plan. For every \$1 he contributed he will receive about \$15 back in monthly payments, assuming he has an average life expectancy.

Bill's retirement income from the Plan is not affected if he receives income from other sources, or undertakes other work after he retires.





# You Can't Lose One Cent Of Your Contributions



All of your contributions plus interest will be returned to you:

- . . . if your employment terminates and you are not entitled to or do not choose a vested interest (as a "Terminated Vested Participant"); or if after having elected such a vested interest you change your mind before age 65 and elect to have your contributions returned to you.
- . . . if you are eligible to withdraw from the Plan and do so.

All of your contributions plus interest will be paid to your beneficiary if you die before retiring or after terminating with a vested interest but before your vested retirement benefit payments begin. If you die after retiring but before you (and your joint annuitant, if you elected a joint and survivor option) have received payments equal to your total contributions with interest, the difference will be paid to your designated beneficiary. This also applies to a terminated vested participant who commences receiving a retirement benefit but dies before the payments to him equal his contributions plus interest.

## Joint And Survivor Options



Your normal form of retirement income consists of regular monthly payments which cease when you die. But you can select other methods of payment that will, upon your death, give your wife or a selected dependent relative a life income also. Under any of these arrangements, you will receive less money each month than you would under a normal form of retirement income, but your joint annuitant upon your death will have an income for as long as he or she lives.

Another alternative you may select is the option under which you will receive a monthly income *for as long as you live*, but should you die before having received 120 monthly payments, the rest of those payments will be made to your joint annuitant, or if she does not so survive, to your designated beneficiaries.

Your joint annuitant must be designated by you in writing prior to your normal, early or disability retirement date. You are permitted to revoke a joint and survivor option, change it, or name a new joint annuitant, at any time prior to such retirement date. This feature of the Plan gives you the maximum time to reach a decision concerning the sharing of your retirement income.



If your joint annuitant dies before you retire, the option is automatically cancelled and the normal form of payment of retirement income will apply unless you subsequently select another payment plan.

To illustrate the various options available to you, we again consider our fictitious Bill Smith, who is retiring at age 65. Bill names his wife, who is 3 years younger, as his joint annuitant. As you remember, his normal retirement income from the Plan for his life was computed to be \$310.07 a month.

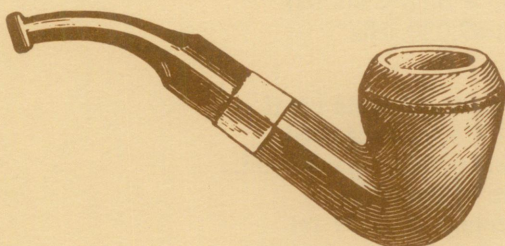
If Bill selects Option (a) of the Plan, he can receive \$221.52 a month for as long as he lives and his wife upon his death will receive the same amount of \$221.52 a month until her death.

If he selects Option (b) of the Plan, Bill can receive \$258.42 a month for as long as he lives. In this case, his wife upon his death will receive one-half of that amount, or \$129.21 a month until her death.

If Bill selects Option (c) of the Plan, he can receive \$279.48 a month for as long as he lives. If, however, he should die before receiving 120 such payments, his wife would then receive the \$279.48 a month payments until a combined total of 120 payments have been made to both of them. If both die before they have received a total of 120 payments, the balance will be paid to Bill's beneficiary or estate.

By selecting Option (d) of the Plan, Bill can arrange for another method of his choosing to share his retirement income with his wife, but the amount he provides for his wife cannot exceed the amount available to her under Option (a).

## Early Retirement



You may retire before the normal retirement age of 65 as follows:

<u>At Age</u>	<u>With Years of Accredited Service</u>
55	20
56	18
57	16
58	14
59	10
60 and over	5

If you decide to retire before 65 and elect to start receiving your retirement income when you retire, your monthly check will be reduced as shown by the following table:

<u>Age at Which Retirement Income Commences</u>	<u>"Early Retirement" Income Expressed as Percentage of That Which Would Be Payable If Payments Commenced at 65</u>
64	97%
63	94
62	90
61	84
60	78
59	72
58	65
57	58
56	51
55	44

Now let's see what Bill Smith's retirement income would be if he retires early, say on January 1, 1974, when he is 62.8 years old. His ending pay average is \$9,080. His SRI service is 31.8 years.

First we figure out how much he would get if he retired on January 1, 1974, and deferred receiving retirement income until he reached 65. Then we reduce this figure by the early retirement payment percentage (93.1% for age 62.8) since he will begin receiving payments at age 62.8 on January 1, 1974:

#### STEP 1

We again use the Supplemental Retirement Income formula but the result will be different than normal retirement since he now has less service and smaller "ending pay":

SRI service of 31.8 years  $\times 1\frac{1}{2}\% = 47.7\%$

47.7% of his "ending pay" of \$9,080 =

<u>Annual</u>
<u>\$4,331.16</u>

#### STEP 2

His basic benefit for service up to January 1, 1974, but payable at 65 (as determined under the basic formula) is \$159.47 a month, or

Add 75% of his Primary Social Security benefit

Total

\$1,913.62
1,617.30
<u>\$3,530.92</u>

#### STEP 3

The difference between the amounts in Step 1 and Step 2 is his Supplemental Retirement Income starting at 65

<u>\$ 800.24</u>
or
\$ 66.69 per month



#### STEP 4

His total retirement income on a monthly basis for service to January 1, 1974, but still payable at 65, is:

	Monthly
CZRP—Basic Benefit	\$159.47
CZRP—Supplemental Retirement Income	66.69
Sub-total	\$ 226.16
CZRP—Deposit Annuity	34.16
CZRP—Total	<u>\$ 260.32</u>

#### STEP 5

Reduce the above sub-total by the percentage payable at age 62.8 (January 1, 1974)

93.1% of \$226.16 =	\$210.55
Add Deposit Annuity payable at age 62.8	31.55
CZRP—Total	\$ 242.10
Add Primary Social Security benefit	147.00
Total per month	<u>\$ 389.10</u>

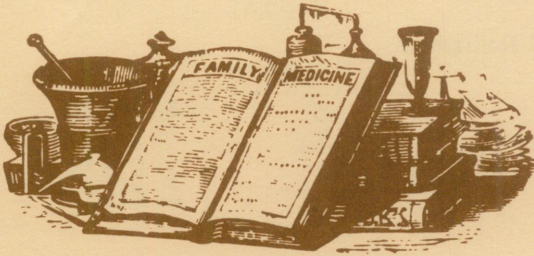
This total equals 51% of his monthly ending pay of \$756.67.

With the consent of the Retirement Plan Committee, you may also arrange, if you retire before age 62, for increased payments prior to the time you are entitled to receive Social Security (presently at age 62 if not disabled) with smaller payments from the Plan thereafter. This will provide in most cases for a level income both before and after you are eligible for Social Security.

Should Bill Smith retire on January 1, 1972, at age 60.8 with this Social Security Adjustment, his income would be:

	Monthly
Income from the Plan to age 62	<u>\$ 299.36</u>
Income from the Plan after age 62	\$ 169.06
His estimated Primary Social Security benefit	130.30
Total after age 62	<u>\$ 299.36</u>

# Disability



Under the Plan, if you should become totally and permanently disabled and

- (1) Have 15 or more years of accredited service, or
- (2) You are eligible for early retirement,

you can receive a reduced retirement income computed, as of the date of your disability retirement, under the basic, supplemental retirement income and, if applicable, the Deposit Annuity provisions of the Plan.

The Plan permits the Retirement Plan Committee broad latitude with respect to how your disability retirement income is paid, including a joint and survivor option. Every attempt is made to adjust the amount and duration of payments as nearly as possible to the needs of the retired disabled person and his family.



## Vesting

If your employment is terminated before you are eligible for normal, early or disability retirement, you may qualify as a Terminated Vested Participant and obtain a retirement benefit commencing at age 65. The payment consists of the basic retirement benefit (but not less than the minimum benefit) and the Deposit Annuity, if any.

To qualify as a Terminated Vested Participant you must have reached the age and completed the years of accredited service shown in the table below; and you must leave your deposits in the Plan until age 65.

<u>AGE</u>	<u>SERVICE</u>	<u>AGE</u>	<u>SERVICE</u>
40	20	48	12
41	19	49	11
42	18	50	10
43	17	51	9
44	16	52	8
45	15	53	7
46	14	54	6
47	13	55	5
		or over	

Your basic retirement income as a Terminated Vested Participant does not start automatically at age 65. You must apply in writing to the Retirement Plan Committee not earlier than 60 days before your 65th birthday.

If you qualify as a Terminated Vested Participant, your retirement benefit will be paid on a regular monthly basis for the rest of your life. Methods of payment other than this straight life monthly income are not available, and you are not entitled to the death benefit or a supplemental retirement income.

## **Minimums**

Under the Plan, you will receive at normal retirement date a minimum income of not less than \$2.50 a month for each completed year of accredited service to May 1, 1965, and \$3.00 a month for each completed year thereafter to your date of retirement or to your termination date if you become a Terminated Vested Participant. In determining the application of the minimum, any benefits earned under the Crown Zellerbach Canada, Gaylord and St. Helens Plans are taken into account.

Minimums also apply if you should retire early or with total and permanent disability but are reduced if your payments commence before you reach 65.

## **Death Benefit**

If you die after you retire under the Plan, your designated beneficiary will receive a \$1000 death benefit. This is in addition to any other amounts to which the beneficiary may be entitled under the Plan.

## **Accredited Service**

If you are a regular full-time employee and have worked steadily from the day you were hired and enrolled in the Plan when first eligible and continued in the Plan, the entire period of your employment is accredited service. Time away from your job because of company layoffs, military service, or leave of absence — if you return to work within a certain specified time — is all part of your accredited service.

This is the general rule but there are some exceptions. If you have a question about whether any part of your employment is accredited service . . . check with your local Retirement Plan Administrator.



If your continuous service is broken and you are later re-employed, your accredited service prior to the termination is reinstated up to a maximum of five years. However, there is no reinstatement for service with the Gaylord Container Corporation prior to November 30, 1955.



## **Proof Of Age**

Before anyone can receive a retirement benefit under the Plan, he must first give satisfactory proof of age, since the amount of benefit is partly dependent upon age.

An incorrect birth date may possibly result in a reduced benefit to you. If you do not have a birth or baptismal certificate, there are other documents that may be acceptable. In all probability you have or can obtain proof that will satisfy the requirements. Consult your Retirement Plan Administrator for assistance on this matter.

Proof of age also is required by the Social Security Administration when you apply for your Social Security benefit. Proof furnished to the Plan may serve this purpose.

## **Change Of Beneficiary**

The person you designate as your beneficiary receives any refund of contributions due if you die, and is also entitled to the death benefit if you die after you have retired. Therefore, it is important to review your beneficiary designation if your status changes because of marriage, births, divorce, death or other circumstances.

You may change your beneficiary as of the date when written notice on the required form is received by the Retirement Plan Committee or by a personnel office or division office manager for forwarding to the Committee.

## **Withdrawal From The Plan**

Any participant who enrolls or re-enrolls in the Plan on or after December 31, 1957, may not withdraw from the Plan while he remains an employee.

Any participant in the Plan before December 31, 1957, may withdraw from the Plan once at any time and have his contributions plus interest refunded to him. He may re-enroll in the Plan if he is under age 60.

## **Who Administers The Plan**

The Plan is administered by a Retirement Plan Committee appointed by the company's Board of Directors. The Committee administers the Plan in strict conformance with the official text and the regulations of the Internal Revenue Service. Under the Plan the Committee is authorized to interpret all provisions of the Plan.



## Who Holds And Invests The Plan Trust Fund



Your contributions and the company's contributions are paid regularly to the Trustee, Bankers Trust Company, New York. As Trustee, it invests the funds of the Plan in bonds, stocks, mortgages and other types of investments. Earnings from these become a part of the Trust Fund. Each year, the Retirement Plan Committee distributes an audited financial report regarding the Plan.

No part of the Plan Trust Fund held by the Trustee can be recovered or used by the company.

## Other Provisions Of The Plan

The foregoing explanation, together with any applicable insert, is intended to be only a brief summary of the more important and generally applicable provisions of the Plan. There are other provisions which may apply to your situation. Therefore, if you desire to make an exact analysis of your Retirement Plan rights, you should refer to a copy of the Plan's official text which is available through your Retirement Plan Administrator.

# **Social Security**

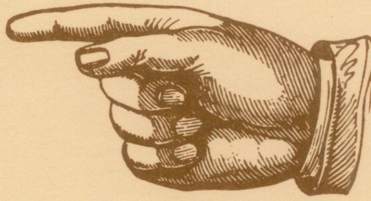
The Social Security law is an important part of your retirement program.

In general, the law provides:

- retirement benefits to you and your wife at age 65 or reduced benefits at earlier ages.
- benefits to you if you become disabled and are unable to work.
- benefits to your widow after your death upon her reaching a certain age.
- benefits to your family upon your death, disability or retirement.
- a lump-sum death benefit.
- protection for hospital and medical expenses under Medicare.

You or your family should contact your local Social Security office with respect to the above benefits if you have any question, or whenever you believe you may be entitled to a benefit.

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# **For Salaried Employees**