Personnel policies (1955)

[General electric company.

SUPERVISOR'S CHECK LIST FOR GENERAL ELECTRIC'S 5-YEAR, 32-FEATURE "BETTER LIVING" PROGRAM

[New York, 1955]

7 FEATURES FOR BETTER PAY

1 **Better general wage increases**—The Company proposes general annual wage increases of (a) 3 per cent per year for each year during the first three years of the contract, and (b) for each of the fourth and fifth years, an average increase of an extra 1 cent per hour *more* than the 3 per cent would yield.

2 **Better minimum increases**—While the Company proposes to follow its customary practice of making these annual wage adjustments on a percentage basis, no employee will receive an annual increase of less than an additional 4.5 cents per hour in each of the first three years and 5 cents per hour in each of the fourth and fifth years.

3 **Better "real" pay**—The purchasing power—real pay—of the regular annual wage adjustment would be protected by a cost-of-living escalator clause, providing for quarterly adjustments, from a September, 1955 floor but with *no* ceiling.

4 **Better "take-home" pay**—An annual feature in the new pension proposal offers most General Electric employees even higher take-home pay than the wage proposals in themselves would indicate. Under the Company's present pension program, employees contribute two per cent of their earnings up to $4,200 and 5 per cent beyond that. The Company proposal would eliminate 1 per cent of this contribution now and 1 per cent at the end of three years. Thus—over and above the wage increases offered—all employees now participating in the Pension Plan will get the equivalent of another 1 per cent tax-free increase in pay for the first three years *plus* the equivalent of a second 1 per cent tax-free increase in pay for the next two years.

5 **Better base rates for higher classifications of dayworkers and workers on equivalent graded salaried jobs**—In addition to the general wage increases, certain dayworkers and workers on equivalent graded salaried jobs would receive special pay adjustments on the following schedule:

Base Rates of Sept. 14, 1951, as Adjusted
(before application of the "adder")

	From	To	Increases in Base Rates (cents per hour)
Below	1.55	No Change	None
	1.55	1.555	½¢
	1.595	1.605	1
	1.66	1.675	1½
	1.72	1.74	2
	1.79	1.815	2½
	1.86	1.89	3
	1.93	1.965	3½
	2.00	2.04	4
	2.05	2.095	4½
	2.105	2.155	5
	2.16	2.215	5½
	2.215	2.275	6

etc. in ½¢ increments for each daywork step rate up to a maximum increase of 12¢.

6 **Better progression schedules for salaried employees** Salaried employees on jobs having job rates Grade 6 and below would reach their job rates faster under the Company's proposal for accelerated salaried progression schedules. All present six month intervals between steps leading to these grades would be changed to three-month intervals.

7 **Better premium pay**—The Company has two proposals for liberalizing the contractual provisions on premium pay. One proposal would pay time-and-a-half for the first 8 hours of a new work shift, after a temporary shift change with certain exceptions. Another proposal would pay double time for time worked in excess of 12 hours a day. The present contract calls for payment of double time only for work in excess of 16 hours, unless the work involves installation or repair work off Company premises.

9 FEATURES FOR BETTER PENSIONS

1 **Better Minimums for retirement at Social Security age**—Beginning with the effective date of the settlement, employees retiring under the Pension Plan with 15 or more years of full-time credited service would receive, after the attainment of eligibility for social security, a guaranteed minimum pension of $2 per month for each year of credited service up to 25 years. Three years from the effective date of the settlement, this minimum would be increased to $2.25.

Under the Company's proposal for completely separating the minimum from Social Security benefits, the employee would receive Social Security in addition to his minimum and thus would automatically be eligible for increases in Social Security.

Example: An employee with 25 years of service would have a guaranteed General Electric pension of $50 a month which, with the present maximum Social Security of $98.50 would mean a guaranteed minimum retirement income of $148.50 a month. If we added to this income one-half of the Social Security benefits which the wife would receive at age 65, the combined retirement income would be close to $200 a month!

Actually, of course, the retirement income of most employees retiring at normal retirement age in the future will be much higher than the minimums, since General Electric pensions—unlike many pension plans of this nature elsewhere—go up with *both* service *and* earnings.

2 **Better minimums for optional retirement before Social Security age**—Employees who retire between the age of 60 and the age when they will be eligible for Social Security (now 65) would be guaranteed during the interim period a minimum pension of $3 *per month* for each year of service up to 25 years. Thus, the new guaranteed minimum for future optional pensioners would help to bridge the gap between the age of retirement and the age when they begin to receive Social Security benefits. Upon reaching Social Security age, those retiring under the new provisions would receive the guaranteed minimums of $2.00 ($2.25 when retiring after October 1, 1958) as described in the first pension feature.

3 **Better supplements for optional retirement**—All employees now retiring under the Company's proposed plan from the age of 60 to the age when Social Security normally starts would have supplemental monthly payments of $55 during the interim period. This is an increase of $10 over the present supplemental payment which is, in itself, a feature virtually unknown in most plans of this nature.

These supplemental payments would be available to *all* employees with 15 or more years of credited service who now retire under the optional retirement plan, whether or not their retirement incomes were in excess of the guaranteed minimum.

4 Better minimums for disability retirement—Employees entitled to disability pensions and now retiring under the plan would receive the minimum pension of $3.00 for each year of service up to 25 years —plus the supplemental payment.

At 15 years of service the disability income would be a minimum of $100.00 under the Company's proposal. According to the best information available, this is one of the highest disability minimums in any comparable industry and is 25% more than the $80.00 minimum in the present plan.

At 25 years the minimum would be $130.00 under the Company's proposal. Since the disability pension —like regular pensions—can continue to go up with earnings and service, the disability pension can go far beyond this $130.00.

Moreover, the Company's proposal would continue the past practice of not reducing disability pensions more than 20 per cent because of early retirement. This means that the reduction would be calculated as if the pensioner were age 60, although the majority of disability pensioners are, in fact, considerably younger. The early reduction factor of 4 per cent a year—20 per cent for five years—in both optional and disability retirements is much better for the pensioner than is justified by actuarial determinations.

5 Better arrangements for beneficiaries—The Company proposes to guarantee a 5-year pension to the beneficiaries of any employee who dies after 15 or more years of service under the plan. This benefit has previously been available to employees within the optional retirement age or to employees already on pensions. It did not apply, however, to other employees in cases of sudden death or in case of failure to apply for a pension for some reason or another. Thus, the new proposal should be of real assistance to beneficiaries.

This feature generally exists only in advanced contributory plans and its improvement now in the G.E. Plan when the employee contributions are being substantially reduced represents a major liberalization.

6 Better vesting privileges—The vesting privilege, which has been a feature of the General Electric plan for many years but is still relatively novel in the pension field, would be liberalized again under the terms of this offer which proposes the following: employees hired up through age 25 would have vesting rights after 20 years of credited service; employees hired between the ages of 25 and 35 would, for vesting rights, require one less year of credited service for each year of age at time of hiring in excess of 25; employees hired at age 35 or over would require only 10 years of credited service thereafter for vesting.

7 Better crediting arrangements for eligibility—It is proposed that the first year of General Electric service be credited for pension benefits to employees who join the Plan promptly after their first year at General Electric. For employees hired within about the last 10 years under the existing arrangement, the first year of service is a waiting period and is not credited for pension benefits. Thus, the new proposal, while it does not now increase calculated pensions, would reduce by one year the eligibility period for disability pensions, guaranteed minimums, vesting and supplemental payments. All of these benefits would be available under the plan one year *earlier* than in the past for such employees.

8 Better pension opportunities for women—The Company's offer would raise the normal retirement age of women from 60 to 65, thus giving women the opportunity to acquire larger pensions since the benefits increase with earnings and length of service.

9 Better benefits plus protection of existing privileges for present women participants—One part of the proposal which gives women the opportunity to work until age 65 would protect women *now* participating in the present plan in these rights:

a. The present optional retirement as early as age 55, with appropriate adjustments to take into account old and new contributions.
b. For those with 15 or more years of service who elect to retire before age 60, the present guaranteed minimum retirement income will remain available.
c. The present supplemental payment of $45 provided for optional retirement before age 60 will continue to be provided to those with 15 or more years of credited service.
d. Age 60 will continue to be the basis for calculating pensions built up to the date of change.

   The early reduction factor of 4 per cent would apply only for each year of retirement prior to age 60.

Women with 15 years or more of service under the plan who retire at age 60 or later would, until the date they become eligible for Social Security, receive the new minimum of ***$3.00 per month*** for each year of credited service under the Plan. Likewise, these women as well as those whose regular pensions are greater than the guaranteed minimum, would also receive the new supplemental payment of ***$55*** a month for the interim period. Then, when Social Security normally starts, the new $2.00 minimum ($2.25 after 1958) will be payable to those eligible. Thus, the new minimum retirement income for women between age 60 and age 65 would be ***$130*** for 25 years of service (25 times ***$3.00*** plus ***$55.00***) for women who now retire at 60 or over—compared with the previous minimum of $125 for 25 years service. And, of course, these are only minimums, for pensions go up with *both* earnings *and* length of service.

3 FEATURES FOR BETTER LIFE, DISABILITY BENEFITS

1 Better life insurance—The Company proposes to increase life insurance benefits from about 1½ to 2 times straight-time annual earnings—an increase of ⅓ *to* a new high. This means that beneficiaries could count on roughly two years of the breadwinner's income in case of his death.

2 Better accidental death and dismemberment insurance—The Company offer would raise the maximum here from a flat $2,000 to an amount equal to straight-time annual earnings up to a new maximum of $20,000. This provision would not only considerably increase the amount available in case of dismemberment, but in case of accidental death, the total benefit consisting of life insurance plus accidental death insurance would be equal to roughly three years' pay.

3 Better benefits for sickness and accidents—The Company has proposed to increase the maximum in this area from a weekly benefit of $40.00 to $85.00, one of the highest maximums in industry. New weekly minimums are also proposed of $32.50 (and $35.00 for earnings of $3,000 or more.)

BETTER HOSPITAL, SURGICAL AND MEDICAL BENEFITS (Non-Occupational)

The Company offer includes two alternate plans for hospital, surgical and medical coverage. Both plans would provide major benefits in catastrophic cases—the areas of greatest need.

Obviously, broad, generous coverage must be offered under a catastrophe plan in order to meet its purpose. These reasons make it possible for General Electric to offer employees this kind of coverage:

First, General Electric pays such a substantial portion of the total cost.

Second, there are deductible clauses in both plans under which the employee assumes some of the small bills. This provision operates on the same general principle as the deductible clauses in car insurance, except that they may be applied only once in any calendar year before the person covered can begin to receive benefits for any "excess" expenses.

Third, the principle of co-insurance is followed to pay the large bills; that is, the insurance plan takes care of the larger percentage of these bills while the employee pays for the smaller percentage.

While these basic considerations are involved in both plans, there are important differences between them.

The first plan—the "Corridor" plan—would provide initial hospital and surgical benefits through an improved standard hospital and surgical plan; then, after the payment of a $100 "Corridor" amount by the employee, 75 per cent of excess expenses (whether they are "hospital and surgical" or "all other medical expenses") would be paid by the Plan, with payments going up to $5,000 for a single medical expense period (calendar year), up to $10,000 for a lifetime.

Regardless of the type of covered expense incurred by any individual under the plan, he would be required to pay only *one* $100 amount *during any calendar year* before he would begin to receive benefits for "excess" expenses as covered. Thus, if an employee paid $80 of the "hospital and surgical" expenses and $20 for "all other medical expenses" during a single calendar year, he would then begin to receive benefits for any "excess" amount as covered expenses. Appropriate maximums would apply in the same way. An employee can receive up to $5,000 for "excess" expenses during any one calendar year and up to $10,000 for a lifetime, whether his expenses were incurred in one or both of the two covered categories.

The second plan—the Comprehensive Medical Expense Plan—would, after small deductibles ($25 for hospital, surgical and diagnostic x-ray expenses, $50 for "all other medical expenses") make payments in whole or in large part (85 per cent or 75 per cent, depending on the type of expense) for all excess expenses up to a total benefit of $7,500 for a single medical expense period, and up to $15,000 for a lifetime.

The deductible amounts of $25 and $50 would be applied only *once* during any calendar year for each person covered, and the $25 deductible for hospital, surgical and diagnostic x-ray expenses would be included in determining the $50 deductible for "all other medical expenses." This means, in effect, that no individual under the plan would have to pay more than $50 in any calendar year for any combination of covered expenses before he would begin to receive benefits for any "excess" expenses.

The higher maximums of the Comprehensive Plan would approximately match the totals of the first plan's initial benefits plus the first plan's benefits for "excess" expenses. The benefits under both Plans would be available for each employee and each dependent, and both plans would allow reinstatement of maximums, upon demonstration of insurability.

The essential difference between the two plans is this: By dropping the "Corridor" plan's basic layer of hospital and surgical benefits (with the exception of maternity benefits which are the same under both plans), the "Comprehensive" plan would offer broader and more flexible coverage.

6 BETTER "CORRIDOR" FEATURES

1 Better benefits for dependents—Inasmuch as the out-of-pocket costs of a catastrophe are about the same, regardless of what member of the family a catastrophe strikes, catastrophe insurance should offer the same benefits for all members of the family in order to meet its objective. Therefore, the Company has proposed these two broad approaches:

(a) *Definition of dependent:*
The plan would expand the present definition of "dependent" to include the employee's spouse (not in the employ of the Company) and unmarried children from birth to age 23 (providing children 19 years old and over are not employed full time and are principally dependent on the employee for maintenance and support).

(b) *Equal benefits for dependents:*
Under the Company's proposal, each dependent would now be entitled to the same benefits as the employee himself.

2 Better flexibility to meet varying local costs, conditions and practices—One of the inherent problems under the standard kinds of medical insurance plans is that hospital costs and medical practices vary from one locality to another. In order to provide the required flexibility in hospital accommodations, the proposed plan permits employees to elect any one of three different room and board benefits specified in the plan—with appropriate adjustments of the employee's contributions.

A second provision for flexibility would continue the present clause providing for supplemental benefits to accommodate the so-called "inclusive rate" arrangement found in some areas of the country, such as Cleveland, where the daily rate includes certain charges for hospital special services. These supplemental benefits are in lieu of an equivalent amount for special hospital services.

A third area of flexibility is the proposal to pay benefits for diagnostic x-rays made outside a hospital, or when a period of hospital residence is not long enough to qualify reimbursement under the provision for special hospital services.

3 Better hospital benefits—Up to $910 for hospital room and board for any one cause plus up to $1600 for hospital extras are offered to *both employees and dependents* by the new proposal. The proposal would pay to participating employees and their families the cost of a semi-private room up to $13 per day for 70 days for any cause, with options of electing maximum benefits $3 higher (to $16) or $3 lower (to $10) with appropriate adjustment of employee contributions. For special hospital services, the proposal offers both participating employees and dependents $100—$150 at the end of three years—plus 75 per cent of the next $2,000.

4 **Better benefits for hospital care for infants**—Up to $5 per day from birth for infant care while the mother remains in the hospital is offered in the new plan. In case of complications, or for hospital expenses incurred by the infant after the mother leaves the hospital, regular benefits would be paid.

5 **Better maternity coverage for employees and dependents**—The proposal would increase the maternity benefits for dependent wives to the same as those for employees—from $100 for normal delivery to $150; from $150 for a Caesarean operation to $225, and from up to $50 for a miscarriage to up to $75.

In addition, new liberal provisions would be available to employees or wives for complications arising out of pregnancy and child birth. The plan would pay (up to the plan's maximum of $5,000) 75 per cent of covered medical expenses in excess of the sum of the applicable benefit plus $150.

6 **Better benefits for surgical operations**—Up to $250—instead of the present $175—is offered for fees under the plan for both employees and dependents for a surgical operation in or out of a hospital.

6 BETTER "COMPREHENSIVE" FEATURES

1 **Better benefits for dependents**—Like the "Corridor" plan, the "Comprehensive" plan expands the definition of a "dependent" and makes benefits available to them on an equal basis with the participating employee.

2 **Better flexibility to meet varying local costs, conditions and practices**—The "Comprehensive" plan provides coverage for almost all types of medical expenses which are reasonable and necessary. The initial deductibles in the "Comprehensive" plan permit the maximum amount of flexibility for the money in tailoring the benefits to meet individual needs.

3 **Better hospital room and board benefits**—There are practically no rigidly imposed limits on any reasonable and necessary hospital room and board expenses included in the coverage of the plan. For example, if the normal semi-private room rate in a particular locality were $20, the whole amount could be included in the covered medical expenses.

4 **Better benefits for hospital care for infants**—Here again, the expenses that may be included in the coverage are only limited by the definition of "reasonable and necessary." If, for example, the normal hospital nursery charges were $10 daily, this amount could be included in the covered medical expenses.

5 **Better maternity coverage**—The benefits here would be the same as those available under the "Corridor" plan, including the liberal provisions covering medical or surgical complications.

6 **Better benefits for surgical operations**—There is no fixed surgical schedule. Thus, there is no limit beyond the bounds of what is "reasonable and necessary" to surgical expenses which may be included in covered medical expenses.

2 FEATURES FOR "MORE FOR THE MONEY" INSURANCE BENEFITS

1 **Better benefits for the employee's money**—Because General Electric would pay such a substantial portion of the total cost of the whole Insurance Plan, and because of the "deductible" and "co-insurance" features in either plan for medical expense coverage, employees would get more and broader coverage for their contributions. For all personal benefits, employee contributions would be set at .9 per cent of normal straight time earnings. For all dependent benefits, the employee would contribute an additional 2 per cent of the first $5000 of annual straight time earnings. Under the "Corridor" plan, these contributions would be adjusted upward or downward if the employee exercised his option to vary his hospital room and board benefits.

The present additional employee contributions for the purchase of paid-up life insurance which begins at age 55 (50 for women) would no longer be required.

2 **Better benefits for pensioners at NO cost to them after age 65**—Up to $1500 (instead of the present maximum of $500) for hospital and surgical benefits after age 65 would be available to any G.E. pensioner with 15 years of service who has contributed to the General Electric Insurance Plan for as many of the immediately preceding years as he was eligible.

The program would also provide hospital and surgical benefits to any G.E. pensioner with more than 10, but less than 15, years of service, if he had contributed to the General Electric Insurance Plan as long as eligible in the 10 years just prior to age 65. Up to $1000 in benefits would be available to him.

For the first time, wives of pensioners eligible for the foregoing hospital and surgical benefits would be covered, but the combined benefit to husband and wife could not exceed the specified maximums.

5 NEW FEATURES FOR BETTER MISCELLANEOUS IMPROVEMENTS

1 **Better vacations**—The Company is offering two alternative improvements in vacations: (1) employees with more than 10 years but less than 15 years of service would receive an additional one-half week of paid vacations making a total of two and one-half weeks, or (2) employees with 11 years of service would acquire an extra day of vacation for each year of service up to a total of three weeks for 15 years of service.

2 **Better holiday pay for continuous operations**—Under the Company's proposal eligible employees on continuous operations would be assured of 7 paid holidays a year, even though one or more of the holidays should fall on the employee's day off.

3 **Better allowances for jury duty**—The Company proposes to pay hourly employees, regardless of length of service, the difference between straight time hourly earnings and fees for jury duty. Salaried employees, regardless of length of service, would receive their normal salary and the jury duty fee.

4 **Better recall rights for long service employees**—The Company proposes to extend the recall rights from one year to 18 months for employees with 5 years' continuity of service and to two years for employees with 10 years' continuity of service.

5 **New payments for death-in-family absences**—The Company will pay for the time lost by any employee, up to three days, because of a death in his immediate family.

GENERAL ELECTRIC