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Pension and Profit Sharing Plans for Employees of Morgan Construction Company

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Pension and Profit Sharing Plans
for Employees of
Morgan Construction Company
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1 December 1942
Worcester, Massachusetts
To the Employees of
Morgan Construction Company:

The attainment of financial security in old age is one of life's important problems. Most of us try to lay aside in savings banks, in insurance companies, and in government bonds, what can be spared out of income during productive years. This is sound and prudent.

Within recent years, through the enactment of the Federal Social Security Act, some measure of protection at retirement age has been provided. We, as employees and as a Company, make joint contributions to this end. In many instances, however, the benefits which will accrue to us under the Federal Act will not provide the full measure of security which most of us hope to attain. Recognizing the limitations of the retirement income which this Act provides, the directors of the Company have taken steps through a Morgan Pension Plan to augment this Federal retirement income and have entered into contracts with insurance companies to provide, at retirement age, an income which together with the Social Security
Pension, will yield to each eligible employee a total annual pension of about 20% of the earnings which he had during the year 1941. The entire cost of the pension element of the Morgan Pension Plan will be borne by the Company and an adequate sum has been laid aside to pay the pension premiums for 1942.

In addition to this, the directors offer to create a Morgan Profit Sharing Plan to which both the employees and the Company will contribute. To make this second plan possible, under Federal Law, 80% of the eligible employees must benefit under the plan. The extent of each eligible employee's contribution will be yearly payments, each amounting to one per cent of his 1941 earnings, or roughly, half of one week's pay. The Company's contribution will never be less than the amount which the employees contribute so long as the plan is in force, but may be greater and will depend upon what can justifiably be assigned to this fund out of earnings from year to year. For the year 1942 the directors have voted to pay into the Morgan Profit Sharing Fund $7.00 for the benefit of each eligible employee for every dollar that the employee contributes.

Because the Morgan Profit Sharing Plan requires acceptance by 80% of the eligible employees, a prompt expression of assent from each such employee is necessary, together with the payment into the fund of one per cent of his 1941 earnings, by the 21st December 1942, so that the plan may be put into effect for this year. The Treasurer's office will be glad to answer any questions which may arise.

The Morgan Pension Plan is designed to create a retirement fund for employees. The Morgan Profit Sharing Plan is designed to create an incentive for security through savings. Both plans are set forth and explained in the following pages.

The Company hopes that through the inauguration of these two Morgan plans, all of us may look into the future with a feeling of security which will greatly relieve the problems facing each of us in the evening of our lives.

MORGAN CONSTRUCTION COMPANY

By Philip W. Morgan
President

1 December 1942.
Morgan Pension Plan

The Morgan Pension Plan will be administered by a Board of Trustees under an agreement with the Morgan Construction Company. The Board will consist initially of Wat Tyler Cluverius, Rear Admiral U.S.N. Retired, Philip M. Morgan, and John W. Shepardson.

The Pension Plan is underwritten by Insurance Companies, who, under their guaranteed contracts with the Trustees, will accumulate the funds from which will be derived the annual pensions for the employees at their retirement age.

Eligibility

All employees who have completed at least three years of service with the Company on the 1st December 1942, are eligible, and are automatically included.

Cost

The eligible employees do not contribute to the pension element of the Morgan Pension Plan and nothing is required of them except that they qualify under eligibility.

The entire premium for the pensions will be borne by the Morgan Construction Company.

To establish the plan the Morgan Construction Company has deposited with the Trustees a sufficient sum to pay such premiums for the year 1942.

Policies

The Insurance Companies will issue and deliver to the Trustees an insurance policy for each eligible employee to whom a photo-copy thereof will be given.

In the event the Company fails to make subsequent annual premium payments to the Trustees, or abandons the Pension Plan at any time, each employee under the Morgan Pension Plan will receive:

(a) The cash surrender value of his policy; or
(b) He will be given his insurance policy upon which he may pay subsequent premiums; or
(c) He will accept the annuity payments on their due date which the premiums, previously paid and credited to him, will yield.

Retirement

The retirement date of each employee will be the 1st of December nearest his sixty-fifth birthday, or ten years after qualifying as an eligible employee under the Morgan Pension Plan, whichever is later.

Morgan Pensions

The pension annuity provided under this Plan, together with the estimated Social Security annuity, will be in most cases twenty per cent of the employee's earnings during the calendar year of 1941. However, should the Morgan pension, so computed, not equal $120.00 per annum, then the employee would nevertheless receive a minimum Morgan pension of $120.00 per annum, which will then produce, together with Social Security pension, a total
larger than twenty per cent of 1941 earnings. In the instance of Company executives and employees in key positions, the Morgan pension together with Social Security pension will be less than twenty per cent.

Opportunity to Take Life Insurance

An opportunity will be given to all employees to add, of their own free will and at small cost to themselves, life insurance benefits to the pension benefits provided under the Morgan Pension Plan. This opportunity for the employees grows out of the fact that insurance companies can provide low-cost life insurance when it is coupled with pension deposits. This is what is called "term insurance" and provides protection up to but not beyond retirement date. If any employee takes advantage of this opportunity, the entire amount paid to the Trustees by the Insurance Company on his death will go to his family or designated beneficiary.

There will be several types of policies available, offering different benefits, if an employee elects to take life coverage at his own expense. The choice will depend upon each employee's wishes and private considerations. The Trustees are able to offer the services of Atwood, Arnold & Company, through whom the pension insurance is being placed, and who will take up each employee's case individually and in strictest confidence, undertaking not to disclose the private affairs of one employee to another, to the Trustees, or to the Company. However, at his option, an employee may consult the Trustees or individuals in the Company in the event he wishes further advice.

Termination of Employment

Employees participating only in the pension element of this plan will be subject to conditions enumerated under (a), (b), (c), (d), and (e).

(a) Any employee, who is laid off for no fault of his own, will receive either his insurance policy, on which he may make the future payments himself, or the cash surrender value of the policy.

(b) Any employee, who is discharged for cause, will forfeit his Morgan pension and his participation in the Pension Plan. His share in the plan, so forfeited, will inure to the benefit of other employees in the Morgan Pension Plan.

(c) Any employee, who voluntarily resigns, will be treated as having been laid off or discharged according to the circumstances in each particular case and at the sole discretion of the Trustees administering the Morgan Pension Plan.

(d) Any employee, who has been under the Pension Plan for ten years or more, notwithstanding provisions (a), (b), and (c), if he leaves employment of the Company, either voluntarily or involuntarily, except only death, shall be entitled to receive his pension policy. When he has received it, he may exercise any of the options thereunder.

(e) In the case of an employee, who dies before retirement, or who dies in less than ten years after retirement date, the Trustees, at their sole discretion, may give to the beneficiary or beneficiaries of the deceased employee such a sum as may come to them from the Insurance Company, or a con-
continuing annuity for a specified time, or the Trustees may spread such a sum to the benefit of other employees under the Morgan Pension Plan.

If an employee elects to take life protection, under the favorable cost to him made possible by this protection being combined with an annuity policy, then when he terminates his connection with the Company for any reason, he will be entitled to and will receive his policy.

Those Not Now Eligible

Employees who have not completed three years of service with the Company by 1st December 1942 are not eligible to the Morgan Pension Plan. The Company hopes and intends to include all now ineligible employees after they have completed three years of service before each succeeding 1st December, but the Company cannot and does not obligate itself to include such qualifying employees.

Morgan Profit Sharing Plan

The Offer

The Morgan Profit Sharing Plan is offered by the Company to unify more completely the interests of Morgan employees with those of the Company.

The plan offered will be participating, that is, both the Company and employees will contribute to a fund; but enrollment will be optional and each eligible employee may benefit or not at his own discretion.

The plan will be administered by a Board of Trustees under an agreement with the Morgan Construction Company. The Board will consist of the same Trustees who administer the Morgan Pension Plan.

Eligibility

All employees eligible to the Pension Plan become eligible to the Profit Sharing Plan by contributing to a fund.

The Fund

The Fund of the Profit Sharing Plan will be created by contributions from the Company and from the employees.

The portion to be contributed by an employee will be one per cent of his earnings for 1941 or approximately half of one week's pay.

The Company must contribute for every participating employee the same amount as the employee
contributes, never less, but may, when business results warrant, contribute more. For the year 1942 the Directors of the Company have voted that their share will be seven dollars ($7.00) for every dollar that the employees contribute.

The Trustees under their agreement with the Company will divide the Fund into two parts to be known as Fund A and Fund B.

Fund A will consist of the portion contributed by the employees and an equal amount by the Company; that is, if an employee’s contribution to the Fund is $10.00, then with the Company’s contribution, the total standing in his name in Fund A will be $20.00.

Fund A must be invested by the Trustees in United States bonds, preferably War Savings Bonds at the present time, or kept immediately available in their bank account.

After deducting from the Company’s contribution the amount necessary to match the sum contributed by the employees, the Trustees will establish Fund B with the remainder. For 1942 from a contribution of $7.00 by the Company, the remainder will go into Fund B and will be $6.00 for each dollar which the employees contribute in Fund A.

Fund B may be invested by the Trustees at their discretion, except that a portion must be kept readily available in government bonds, or cash on deposit.

Fund A

Any participating employee
- Who is laid off for no fault of his own, or
- Who is discharged for cause, or
- Who resigns, or
- Who withdraws from the Profit Sharing Plan,

is entitled to receive the full amount of Fund A standing to his credit.

Each participating employee may name a beneficiary to whom, in the event of his death, the amount standing to his credit in Fund A will be payable. If no named beneficiary is living, his estate will inherit his share in Fund A.

Fund B

The benefits to be obtained from Fund B, which is created entirely by Company contributions, will depend on circumstances to be judged and determined at the sole discretion of the Trustees and must be administered by the Trustees to the advantage of the employees as a whole rather than individually.

After an employee has been enrolled under the Profit Sharing Plan for ten years, he will be entitled to his share in Fund B under all circumstances, except death, as fully as to his share in Fund A, whether or not he retires from the Company’s service.

If before ten years of enrollment, an employee is laid off for no fault of his own, he is entitled to receive his full share of Fund B.

If before ten years of enrollment an employee is discharged for cause, his rights in Fund B cease and
his share will be apportioned by the Trustees among the remaining employees participating in the Plan.

If before ten years of enrollment an employee resigns from the Company, or withdraws from participation in the Plan, the Trustees at their sole discretion may treat such an employee either as discharged for cause or laid off for no fault of his own, in fairness and justice in each particular case.

In the event of the death of an employee, whenever it occurs, the disposal of his share of accumulated credits in Fund B shall, in the interest of the employees, rest solely with the Trustees.

Both Funds

After an employee has been enrolled in the Profit Sharing Plan for five years and continues in the service of the Company, he may request the Trustees for advances or payment of his share in Fund A and Fund B, and the Trustees, at their discretion, may make such advances or payment.

When an employee reaches the age of 65, or 10 years after enrollment under the plan if that be later, the Trustees are required to begin a distribution to the employee of the balance of funds standing to his credit in both Fund A and Fund B.

At the sole discretion of the Trustees, withdrawal of an employee's share from either Fund A or Fund B may be paid either in cash or in bonds or securities held in the Funds, and payment may be made in one settlement or in instalments.

Because the share of each employee in Fund A and Fund B is vested in the Trust, it cannot be encumbered. In case an employee becomes bankrupt, or makes an assignment, his rights in both Funds cease, and his share may be used by the Trustees, at their discretion, for the benefit of the employee or of his family, or apportioned among the remaining shares of enrolled employees.

After 1942

Toward the end of each future year, whenever operating results and business conditions justify, the Company will notify the Trustees that it will make a contribution towards the Profit Sharing Plan, but the Company does not obligate itself at this time to make any contributions other than the one voted by the directors for the year 1942.

Employees will make no contribution in any year in which the Company does not contribute. In any year, however, in which the Company does contribute, any employee previously enrolled in the Profit Sharing Plan must contribute his full one per cent of 1941 earnings, or remain credited only with that share in the fund to which his earlier contributions entitle him. The Company's contribution in any year cannot be less than dollar for dollar of the employee's contribution.

The Federal Law

The Federal Law stipulates that in order to establish a Profit Sharing Plan, 80% of the now eligible employees must benefit thereunder. Hence the Morgan Profit Sharing Plan herein offered cannot be put into effect this year unless 80% of the eligible employees signify their intention to participate by paying one per cent of their 1941 earnings before 21st December 1942.
Summary

Two Plans are offered to Morgan Employees:

**A Pension Plan** which does not cost the employees anything and which provides additional pension annuities to augment the pension which will accrue under the Social Security Act, and

**A Profit Sharing Plan** under which the Morgan employees have an opportunity to contribute savings to which the Company will add varying amounts depending upon results achieved from year to year by the Company.

The Company reserves the right to suspend or abandon either or both of the plans, to increase or decrease its contribution from year to year, to include additional employees, and to make adjustments for wage changes.

All funds contributed by the Company to either or both plans are irrevocably relinquished by the Company, and these funds henceforth are administered for the benefit of the Employees by the Trustees.

Every attempt has been made in this announcement to state in plain language the context of the lengthy agreements which have been executed by the Morgan Construction Company and the Trustees. By applying to the Trustees, the actual agreements which govern in all cases are available for examination by an eligible employee wishing to do so.

While the Company cannot and does not obligate itself to continue contributions to either or both plans beyond its commitment to do so for the year 1942, it is confidently believed that conditions will permit these plans to remain in effect permanently to the benefit of the employees.