

5 consecutive years, with an offset at age 62 or later time of retirement for one-quarter of the primary social security benefit under the laws in effect at the time of retirement. Thus, an increase in social security benefits enacted after an employee retires does not reduce his pension.

The mandatory retirement age is 65 and that age has been effective since 1930.

Employees retiring at age 65 are entitled to a pension if they have 15 or more years of continuous service.

Men may retire at their own requests as early as age 60 with 20 or more years' service, women at age 55. There are also provisions for still earlier retirement because of incapacity or to avoid real hardship due to compelling personal reasons for retirement. These earlier retirements require the approval of the employees' benefit committee.

There is no actuarial reduction for any of these pensions.

Copies of the plan summary and texts as amended are given to all employees and have been since the inception of the plans.

In addition, income statements and balance sheets of the trust fund are published to employees. Summaries of benefits paid are published annually to employees.

The plans contain no vesting provisions for employees who leave the Bell System before attaining entitlement to an immediate pension. However, there are death benefits payable to certain survivors of employees who die while in employment, and after retirement on pension, and termination allowances are paid under separate arrangements to employees who are laid off.

From the viewpoint of retaining coverage for pension, there are two important features which deserve mention. The first of these is that term of employment in any of the Bell companies is completely transferable to any of the other Bell companies. The second is that if there is a break in continuous service after an initial period of 6 months, the break or breaks, no matter how long, will be bridged after a subsequent return and continued employment in a Bell company for 5 years.

PENSION PLANS HAVE A BUSINESS PURPOSE

The basic reason for the adoption and continuance of pension plans in the Bell System has been a conviction that they have furthered the efficient and economical operation of the business. This thought was first expressed in the Bell System as far back as 1906, and was a reason for the adoption of a pension plan by Western Electric Co.

By 1913 it had become apparent to the operating telephone companies of the Bell System that a definite and equitable arrangement for continued financial assistance to employees after retirement was needed. A number of informal arrangements had already been made, but these could not be counted on by employees and were not satisfactory to the companies because they did not, in practice, enable the companies to retire growing numbers of older employees whose usefulness to the business had declined.

This business purpose was rather fully stated in the report of a committee of the American Telephone & Telegraph Co. on the revision of pension arrangements, dated July 15, 1927, as follows: "From the viewpoint of management, a pension plan is primarily a systematic