

DRIVER PENSIONS LINKED TO SAFETY

Money Incentives to Retire at 55 Are Provided in Pact of United Parcel, Union

By A. H. RASKIN

The truck drivers who make department store deliveries in the metropolitan area have a new pension program intended to encourage them to retire before they get too old to drive safely.

Under contracts between United Parcel Service, Inc., and four locals of the International Brotherhood of Teamsters, men with twenty-five years of service will be eligible to retire at the age of 55 with an employer-financed pension of \$141 a month.

They will keep drawing that amount until they qualify for Federal Social Security benefits at 65. Then the company payment will drop to \$33 a month. As most of the men are expected to receive the maximum Government benefit of \$108.50 there would be no cut in their total retirement income.

The program does not make early retirement mandatory, but those who wait until they are past 65 before leaving their trucks will receive only \$16.50 a month under the company plan.

The financial incentives for quitting before the usual 65-year cut-off were developed in the light of safety surveys, which showed a close tie between advancing age and accident frequency.

Arrangement for Benefits

The retirement options are open to every employe with at least ten years of service at the time he reaches his fifty-fifth birthday. The monthly benefit for those who have worked twenty-four years is 96 per cent of the full amount. Four per cent is taken off for each lesser year, down to a minimum of 40 per cent for ten years.

All the programs guarantee that pension payments will continue for a minimum of ten years. If the worker dies before that time the retirement fund makes the payments to his designated beneficiary for the rest of the ten-year period.

The contracts also provide for loans to union members at the time they retire. Those who retire before 65 qualify for loans ranging from \$4,600 to \$8,000. Repayment is made through the application of monthly pension benefits until the loan is discharged. For those who retire at 65 or older the maximum loan is \$1,650.

Burton A. Zorn, counsel for the company, said pension payments would begin as soon as formal approval had been received from the Internal Revenue Service. The program is part of a three-year agreement, retroactive to last April 1.

In addition to wage increases and other improvements, the company has undertaken to add 7½ cents an hour to an equal sum it began paying four years ago to provide lump-sum benefits to retiring drivers. The full 15 cents will now be devoted to monthly pensions, in lieu of the old one-shot payments of \$3,000 to \$5,000.

Martin E. Segal, consultant in

formulating the pension plan, said the benefits it provided for early retirement were much more substantial than those in any other collectively bargained program. Usually retirement benefits are cut to 35 or 40 per cent of normal when workers quit at 55.

Leonard Geiger, president of Local 804 of the teamsters, was chief negotiator for the union in the new contract. His local represents 2,500 of the 3,200 United Parcel Service employes. The others are members of Locals 138 in this city and 177 and 478 in Newark.