ESSO FLEET NEWS

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THE UNIVERSITY OF TEXAS AT AUSTIN

How to Use the Thrift Fund to Minimize Taxes

We have the impression that many men in the fleet were not members of the old Alternate Thrift Fund and were not fully aware of the advantages it offered. These advantages are carried forward in the new Humble Thrift Fund and an important new one has been added. The purpose of this article is to explain some of these points. [Ed.]

Two major advantages of Humble's new Thrift Fund are deferral of taxes until employment is terminated (or shortly thereafter) and capital gains treatment on the amount received at that time.

Tax deferral means that you pay no income tax on Company contributions or stock dividends or other fund earnings credited to your account until this money is actually received by you or is available for you to withdraw. This feature makes it possible for money you would otherwise pay out in taxes to continue to work for you.

Starting January 1, 1961 the money in your Thrift Fund balance on which tax has been paid, that is, the money *you* put into the old Regular Thrift Fund, plus your own future contributions, will make up the "tax-paid balance" in the new Thrift Fund.

All other money — the Alternate Fund balance, if you had one; future Company contributions, both regular and additional; future Fund earnings, including stock dividends paid to your account, if you so wish; and any gains on sales of stock — will make up a "tax-deferred balance".

When an employee retires and receives his Thrift Fund balance, he will then (or shortly afterward) have to pay a tax on that portion which was tax-deferred. The tax he pays will be at the capital gains rate.

There are two ways to compute your capital gains tax at retirement. You pay whichever is lower.

1. When you compute your tax, you include in taxable income only half of the tax-deferred balance in your Thrift Fund account. And, on that half, you pay the appropriate tax for your own income bracket.

For example, let's assume that an employee retires with a tax-deferred balance in his Thrift Fund account of $10,000. In addition, his earnings during that year were $6,000. This employee would include in taxable income only half of the tax-deferred balance, or $5,000. He would add this $5,000 to his other earnings of $6,000 and would pay taxes on total taxable income of $11,000.

Disregarding the effect of personal exemptions and other deductions, the employee's Federal income tax would be computed as follows:

Tax on $6,000 salary	$1,360
Tax on $5,000 (half of tax-deferred balance)	1,660
Total tax	$3,020

From this calculation it can be seen that the effective tax rate on the $10,000 of tax-deferred balance was 16.6 per cent ($1,660 divided by $10,000).

2. A second computation is possible, if the facts are different from those above stated and the employee is in an over-50-per-cent tax bracket when he includes the $5,000 in his taxable income. This alternative computation would limit the tax on the $5,000 included in income to a 50 per cent rate. In effect, it limits the overall tax on the total tax-deferred balance to 25 per cent.

Put another way, the alternative computation really becomes effective only for people whose taxable income — which means all income including half of the tax-deferred balance minus allowable exemptions and reductions — is approximately $18,000 a year for separate returns or $36,000 a year for joint returns.

The new feature of the Thrift Plan which provides a tax advantage is the provision that employees retiring can, *by giving six months' notice,* defer receipt of their Thrift Fund balance to the year following retirement. This would prevent a lumping of taxable income in one year. The employee would pay income tax on his normal earnings in the year of retirement and would pay tax on his Thrift Fund balance in the following year when he had no salary coming in.

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MARINE CYI AWARDS

$40

Window Washing Device

By Second Mate Robert G. Driver

A wheelhouse window washer for supertankers, Mr. Driver said, could be made easily and conveniently from ¼" copper tubing and valves connected to the wash water in the Captain's or Chief Engineer's rooms. The tubing could be brought up through the deck, inside the forward panelling of the wheelhouse and passed outside above the window.

$15

Elimination of Word in Radio Messages

By Captain William Hamilton

Captain Hamilton suggested that the word "arrival" or "ETA" in radio messages is unnecessary. For example, "Ambrose 10 1400" would be enough to mean arrival at New York, Captain Hamilton said.

Crew Identification Card

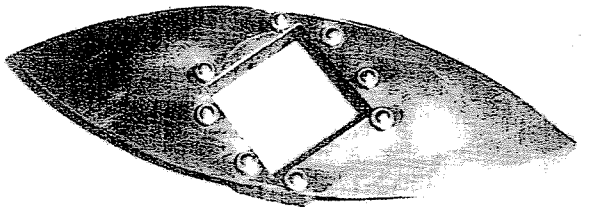
By Captain Bernard Roberts

A new type assignment/identification card was submitted to the CYI Committee by Captain Roberts. He recommended that the card have spaces for name, rating, payroll number, endorsements, home address and next of kin.

Servicing Stern Lights

By Able Seaman Alexander McDonnell

Mr. McDonnell received a $15 CYI award for suggesting that the replacement of bulbs in the stern lights on the 48,800-tonners would be safer and faster if the brackets for the loudspeaker and floodlights were relocated.



Plug Valve Position Indicator

This is a position indicator for plug valves on cargo lines, for which Chief Mate Robert G. Driver received a $50 CYI award. The square opening in the center fits on the valve stem. When the stem is turned, the indicator turns with it in a 90° arc and tells at a glance whether the valve is open or closed.

The indicator should be particularly helpful in preventing contaminations on the 27,300 dwt. multi-grade clean oil and specialty ships. Plug valve position indicators may be requisitioned from the Marine Storehouse in Bayonne on form DD134. State size of valve stem when ordering.

Chief Cook's Daughter Is Talented Honor Student

Arthur H. G. Penha, Chief Cook in the *Esso Baltimore,* and his wife, Julia, are looking forward to May 29. That's the day Virginia, their older daughter, will be graduated (doubtless with honors) from Eastern Nazarene College in Wollaston, Mass.

Miss Penha was named to the Dean's List for the first semester of her senior year. She is majoring in elementary education and already has a contract to teach fifth and six grades at Wareham, Mass., next fall. She is well known as a musician — teaches piano, sings in the college choir and is studying the organ.



Virginia Penha

The Penhas' younger daughter, Matilda, is a junior in high school.



Arthur Penha

Arthur, who has 15 years' service in the fleet, credits his daughter's musical ability to his wife. His talents, in addition to cooking, are in the carpentry and handyman line. Most of his paid leaves are spent on such projects as closing-in a porch, building a garage and breezeway or shingling his home in Onset, Mass. First class workmanship, too, judging from his photographs.

Esso Washington Commended

A letter highly complimentary to personnel in the *Esso Washington* was received from Commander Frank B. Guest, Jr., USNR, who was commanding officer of the *USS Hunt* (DD 674) and coordinator of a search and rescue effort on January 13.

Early that morning the barge *Arizona Sword,* under tow of the tug *Sally B,* broke up in heavy seas and sank almost immediately off Palm Beach, Fla. Seven crew members were missing.

The *Esso Washington,* Captain Fred G. Smith and Chief Engineer Fulton A. Bergeron, arrived at the disaster area at 0610 and joined in the search for the missing men for four hours.

ESSO FLEET NEWS is published for the seagoing employees of the Marine Division, Humble Oil & Refining Co.: J. D. Rogers, General Manager; James E. Stoveken, Assistant General Manager; Sydney Wire, Assistant General Manager.

W. E. Gardner, Ed.; R. M. Sheridan, Editorial Ass't.

Contributions and suggestions are invited and should be addressed to The Editor, Esso FLEET NEWS, Room 936, 15 West 51st Street, New York 19, N. Y.

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In his letter to the Company, Commander Guest wrote that "Although our efforts were unsuccessful, I was very much impressed with the excellent spirit of cooperation and the untiring efforts on the part of *Esso Washington*. Under difficult conditions of rough sea, high winds and poor visibility due to rain, her seamanship in maintaining position in the search line demonstrated the excellent caliber of her officers and men."

Captain Smith also reported on the fine cooperation of the officers and crew of the vessel during the search.

Heads Up, Men — But Carefully

Even though we all should expect to receive a certain number of lumps in our lives, there's no sense in taking any unnecessarily — especially on the head.

On the theory that we can profit from the mistakes of others, here are some examples of what *not* to do if you would avoid getting more than your share of head bumps.

Deck Maintenanceman, painting wheelhouse sun visor in a crouched position, stood up, bumped forehead on the visor.

Getting a chainfall out of the machine shop, a Wiper stooped to throw the block on his shoulder. When he straightened up, he struck his head on the main feedwater stop valve to the economizer — 1" cut on top of head.

Oiler, bending over to check water in evaporator system, backed up and turned, striking forehead on thermometer protruding from evaporator steam line — 1½" gash over eyebrow.

After awaking from a nap, a MM/2nd Pumpman walked along passageway and bumped head on an electrical box — deep cut on side of head.

Pumpman, leaning over to open stripper suction valve, struck head on a drain valve attached to vent line.

An Oiler, descending ladder to start fire pump, turned and hit his head on electrical junction box of the main circulator.

Library Association Seeks Donations

The services of the American Merchant Marine Library Association are well known to men in the Esso fleet. For years they have enjoyed the books and magazines provided by the "Public Library of the High Seas".

The Association is entirely supported by voluntary contributions and this year a goal of $116,000 is needed to continue the program.

Literature describing AMMLA's seagoing and shoreside facilities for recreational and educational reading has been sent to Masters, along with a form to list contributors. All who feel that the Library is performing a worthwhile service are urged to contribute to its support.



Mail at the Rail

Especially for men going ashore, OS Roberto Ribolla distributed mail as soon as it came aboard when the *Esso Baltimore* anchored off Stapleton, March 2. On the receiving end are, l. to r., AB Benjamin Barraneda, DM John Leger and AB Alexander McDonnell.

RECENT RETIREMENTS

RADIO OFFICER ARCHIBALD MARCUS. Mr. Marcus was assigned to the *Esso Chester* from the time she came out of the builder's yard in October, 1952 until his retirement on March 1. In his 32 years of credited service he also was aboard the *Esso Charleston* from October, 1938 to November, 1942 and the *Esso Springfield* from May, 1946 to December, 1949. During World War II he sailed in five different tankers on North and South Atlantic, Mediterranean and Pacific voyages without ever experiencing an enemy attack. A native and resident of Massachusetts, Mr. Marcus had been a radio operator for 11 years before joining the fleet on June 24, 1921.

TAFFRAIL TALK

MORE COMPETITION COMING. On April 1 Phillips Petroleum Co. is slated to open 200 service stations in Pennsylvania and Maryland, according to THE WALL STREET JOURNAL. Soon Phillips will have additional stations in Delaware, District of Columbia, northern Virginia and southern New Jersey. With this new marketing area, Phillips will have retail outlets in 40 states.

* * *

Facilities to increase crude loading capacity from 25,000 to 45,000 bph. at No. 5 Dock, Baytown, are to be completed this month. New 30" and 20" pipe, a new pump and motor-operated valves will make it possible to load a 48,800 dwt. supertanker in eight to ten hours. Four remote controlled loading arms,

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similar to those on No. 2 Dock, are being installed on No. 5 Dock.

* * *

Alfonso A. Medway, Oiler in the *Esso Gloucester,* was taken ashore at Miami on the morning of February 25, in order to rush to the bedside of his wife, who was seriously ill. Captain William Mello, Agent at Jacksonville, arranged to have Mr. Medway transferred to the pilot boat and T. E. Attwood, representative at Miami, secured air transportation. Mr. Medway was at his wife's side in St. Vincent's Hospital, New York, on the afternoon of the same day. On March 7 Mrs. Medway was reported doing nicely and well on the road to recovery.

* * *

The turning of a 48,800 dwt. supertanker in the Arthur Kill was accomplished a second time when the *Esso Boston* (Captain Christian W. Tolfsby and Chief Engineer Charles A. Ruggerio) made the maneuver on February 11. Under the con of Docking Master E. Russell Sherman and with Port Captain Frank L. Hooper and Asst. Port Captain Harry E. Heffelfinger observing, the *Boston* was turned at Lakes Island (Fresh Kills) to test that location. There is more clearance there than at Morse Creek (Bayway), where the *Esso Baltimore* reversed course February 7, due to channel buoys displaced by ice.

OBITUARY



WILLIAM Z. GARDNER, Editor of THE SHIPS' BULLETIN from 1937 to 1957, died of a heart attack at his home in Port Washington, N. Y., on February 23. He was 73 years old. Born in Bridgeport, Conn., Mr. Gardner rose from copy boy to reporter and feature writer on Bridgeport newspapers. He came to New York in 1920, worked on several marine publications and, in 1927, went into business for himself as editor and publisher of MARINE AGE. In 1946 he edited and supervised the production of the book SHIPS OF THE ESSO FLEET IN WORLD WAR II. He was one of the founders and first president of the Propeller Club, Port of New York. Surviving are his widow, a daughter, son and brother.

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SERVICE EMBLEM AWARDS

★ 30 YEARS ★



Harold F. Blytt
Master
September 1, 1960



Erich Blume
2 Asst. Engr.
September 11, 1960



Herman A. Dahlke
Radio Officer
February 1, 1960



Nicolaas Vriesema
Chief Steward
June 1, 1959

☆ ☆ 20 YEARS ☆ ☆



Harold Martin
Chief Mate
September 28, 1960



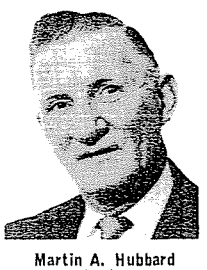
Joseph E. Johnson
Second Mate
May 14, 1960



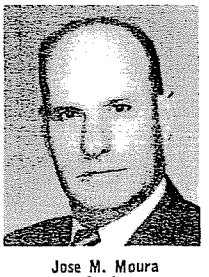
Albino A. Boitano
2 Asst. Engr.
September 11, 1960



Ernest E. Gilmore
Radio Officer
October 24, 1960



Martin A. Hubbard
Bos'n
July 13, 1960



Jose M. Moura
Bos'n
October 5, 1960



Herbert F. Lindstrom
Ordinary Seaman
January 27, 1961



Jose A. Nava
Oiler
January 22, 1959

☆ 10 YEARS ☆

Frank R. Ritchie — Apr. 23, 1959
William A. Prewitt — Apr. 26, 1959
George H. Macklin — Apr. 29, 1959
Raymond C. Edwards — Apr. 30, 1959
Charles B. Spacek — May 1, 1959
James C. Jenks — May 2, 1959
Paul D. Rupp — May 15, 1959
Ovid Denmark — May 21, 1959
Charles J. Pires — May 22, 1959
John P. Gomes — May 23, 1959
Marshall J. Dedon — May 27, 1959
Ishmael B. Sadler — June 9, 1959
Manuel S. Vieira — June 9, 1959
Henrique S. Oliveira — June 13, 1959
Frederick J. Schilein — June 26, 1959
Francis E. Conroy — July 2, 1959
Agustin Rodriguez — July 6, 1959
Manuel C. Correira — July 12, 1959
Jose M. Castro — July 25, 1959
Carl R. Blaisdell — July 26, 1959
Jose A. Gomes — Aug. 16, 1959
Calogero Radosti — Aug. 21, 1959
William A. White — Aug. 27, 1959
Elmer G. Pina — Aug. 24, 1959
Henry Reynolds — Sept. 12, 1959
Prescott Q. Holmes — Sept. 19, 1959
Stephen Turlis — Sept. 22, 1959
Walter J. Doran — Sept. 23, 1959
Marshall Parsons — Oct. 12, 1959
Thadeus S. Sokolowski — Oct. 12, 1959

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