

by Brake Shoe people at an estimated cost of over \$50,000 a year. In terms of payroll Brake Shoe's payments represented approximately 9-1/2¢ per hour worked.

This is only part of the money which Brake Shoe and other companies actually spend for all employee benefits. They cover a very wide range including vacations, holidays, unemployment insurance, free coffee and a host of others. Yes, I guess even a nurse could be classified as an employee benefit. All together in 1952 Brake Shoe spent approximately \$5,627,600 or 28-1/2¢ per hour on these benefits, which was considerably in excess of the \$4,073,000 in dividends paid to the owners of our Company, the stockholders. This year, 1953, we estimate their total cost will run in excess of 6 million dollars.

One other point in which you might be interested is the reason Brake Shoe's Plans, with the exception of the Pension Plan, are contributory. The basic reason is one of principle, that of having a man share in the cost of providing the things he considers worthwhile for himself and his family. Contributing also tends to create and sustain greater employee interest. The other important reason is that greater benefits can be provided. After all, if a company is spending all it can afford to then, if the employee does not contribute, it would mean that the benefits would have to be reduced. For example, in our case most of the benefits would be about half of what they presently are.

Looking back to the time the Non-Contributory Pension Plan was put in, quite a few of us were trying to guess what the effect would be and how many of our people would switch from the contributory Retirement Plan. Actually the Retirement Plan gained members. Prior to the establishment of the Non-Contributory Pension Plan membership in the System was around 90% of eligible employees. Afterwards it rose to 92%. This was a pretty good indication of how our people felt and, in addition, highlighted the very fine job which supervisory people did in explaining the plans. It shows that contrary to the somewhat popular theory of "something for nothing" that, if the facts are known and there is no outside pressure, the right kind of people can still be counted upon to come up with the right decision.

I hope that I have given you a little better understanding of Brake Shoe's Plans and the thinking behind them. However, as mentioned before, you cannot be expected to be experts. The Brake Shoe yardstick "I don't know is often a good answer" is sound advice, and when you don't know, seek the assistance of your plant management who will get the answer for you.