ESSO FLEET NEWS

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THE UNIVERSITY OF TEXAS AT AUSTIN

Your Thrift Fund Tax Liability

Since retirement is such a hot subject in the Fleet these days, it may be of more than casual interest to look at some facts about the taxes you will be faced with when your Thrift Fund account is turned over to you after retirement. Putting it in question and answer form, it comes out like this:

Q. How much of my Thrift account will become subject to income or capital gains taxes when I retire?

A. It is that portion of your account that has not already been taxed. All of your own Thrift Fund contributions have been tax-paid money — earnings on which you have paid taxes. (With drawals reduce your tax-paid balance.) The balance of your account consists of Company contributions, dividends from stock in the Trustee's name, Fund earnings, profit on the sale of stock and any other contributions on which no Federal taxes have been paid.

To determine just how much of your account would be taxable if you received it on Jan. 3, 1968, look at your Thrift Fund account statement for Dec. 31, 1967. Subtract the "Tax-Paid Credit Balance as of December 31, 1967" figure (middle of page 3) from the "Total of Cash and Cost of Stock as of December 31, 1967" figure (bottom of page 2). The difference is the taxable amount with the following possible (but not too likely, we hope) exception:

The Thrift Fund shows the value of your Company stock at what you paid for it — your total cost. For tax purposes, the stock is valued at either your average cost per share or the market price on date of settlement, *whichever is lower.* If, for example, your Thrift account was settled on Jan. 3, 1968, when Jersey stock closed at $69½, and your average cost per share was $75, you would figure the value of your stock at the market price instead of the average cost per share. This would result in a lower tax liability.

Q. I have 300 shares of stock with a total cost of $12,000, or an average of $40 a share. If Jersey stock is selling at $80 a share when I retire, will I have to pay a tax on the $12,000 profit?

A. You won't have $12,000 profit unless you sell the shares. If you don't sell, you only have a "paper" profit (unrealized appreciation is the technical term) and there's no tax on paper profits. The price of the stock has no bearing on your tax liability when you retire unless your average cost per share is higher than the market price.

In your case, you have a tax base of $40 a share. If you sell any of these shares after you retire, any profit over the $40 a share will become taxable in the year you sell.

Q. How can I estimate the amount of income tax I will have to pay when I retire and receive the proceeds of my Thrift account?

A. This can be difficult because there are several variables, especially over a long range. You could subtract your tax-paid credit balance from the total value of cash and stock in your account on Dec. 31, 1967 and get an amount subject to tax now. Add half of this to any other earnings you have received or expect to receive during the year and estimate your deductions to get a total taxable income figure. Then, see what tax bracket you are in. Maybe 16%, 19%, 25% or more. It would be safe to say, on the basis of present tax laws, that the Federal tax on your total taxable Thrift Fund proceeds would be between 7% and 25%. The ceiling is 25% because if your Fund proceeds and/or other earnings put you in a higher bracket you may treat the Thrift Fund proceeds as long term capital gains, on which the tax is 25%.

Q. Does the Thrift Fund office give an employee some help in determining the tax liability on his Thrift Fund when he retires?

A. Yes, a form is provided showing the total value of your account, your tax-paid credit balance and the difference between the two, which is the amount subject to capital gains tax. Also given is the tax basis of all your stock. This is the figure you use to determine your profit (or loss) if you sell shares after retirement.

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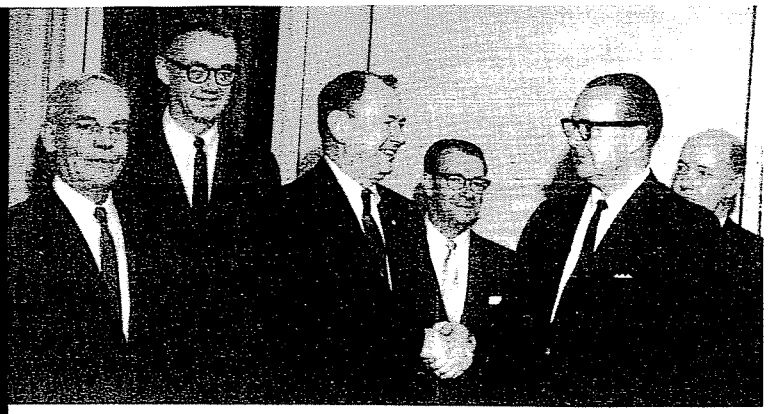

ALBERT J. REINING (center), Head of Traffic's Tonnage and Contracts Section, is congratulated by T. J. Fuson, General Manager of the Marine Dept., on his attainment of 40 years' service with the Company on Jan. 19.

Though not widely known in the Fleet, Al's influence is widely felt. He is responsible for most of the chartering negotiations — including the *Scranton, Miami* and *Newark's* round-the-world voyages last year — that help keep the Fleet profitably employed when we are "long" on tonnage and product deliveries continuing when we are short.

Al joined the Company as an Office Boy in New York, Jan. 20, 1928, worked in Finance until World War II, served 3½ years in the Army and has been in Traffic since 1946.

Left to right in the photo are: E. A. Flotten, Marine Controller; W. F. Robinson, Manager, Traffic; Mr. Reining; M. F. Spellacy, Manager, Inland Waterways; Mr. Fuson, and Captain J. G. Moffitt, Manager, Operations

A Tiger Tale

By OS Donald T. Robinson

The loading of the *Esso Baltimore* at Harbor Island, Dec. 31, was strictly routine — except for a bundle of fur with stripes and an arched back that made its appearance, shivering and rubbing himself against the first available leg.

Tiger (what else could you call a cat looking like that?) was gently returned to the dock, not once but several times. In the hustle and bustle of sailing, Tiger was forgotten but not gone for after the pilot had departed he (or she) emerged from wherever stowaway cats hide out. He (or she) made friends easily with everyone but pointedly directed her charm to the Steward and to only a slightly lesser degree to the cooks.

Early on Jan. 4, Tiger was missing and by most of us, presumed lost at sea. Three o'clock coffee time arrived and so did the cat, much to the relief of a happier crew.

There may be a possibility that Tiger was "the roving kind," intent on some tardy New Year's calls but we hoped that the "Tiger in our tanker" was there because he liked us.

It's a square little story of a square little cat but somehow it seems, from the square little things come the fondest memories.

TAFFRAIL TALK

Captain MILTON L. FRANKLIN, of the *Esso Huntington*, was the object of a double round of plaudits last month. One was from W. E. Cox, a Miami real estate executive, who wrote in a letter to the Company:

"Last month while enroute to the Bahamas in my sailboat we became dismasted and one of your ships, *Esso Huntington*, towed us about 80 miles back to Florida. I expressed my thanks to Captain Franklin for this act and the only reward he would accept is for us to use Esso products.

"I am deeply grateful for Captain Franklin's service and would like to commend your company for employing such a fine gentleman."

In replying to Mr. Cox, T. J. Fuson, General Manager of the Marine Dept., expressed pleasure over the favorable comments on the service rendered by Captain Franklin and the crew of the *Huntington* and added, "We, too, are proud to have people of the caliber of Captain Franklin working with us . . ."

CHARLES J. PIRES, AB in the *Esso Houston*, was featured in "then and now" photographs in his home town (New Bedford, Mass.) newspaper, Jan. 24. The "then" pictures showed him as a New Bedford Vocational High School football star in 1927 and 1928 and as Captain of the championship High School Alumni basketball team in 1930.

Mr. Pires was very careful to tell us that the "now" photo was taken in 1953, perhaps to spare us any confusion that might result from trying to reconcile that handsome-looking fellow with the bearded and "high-foreheaded" gent appearing in the Jan. 11 FLEET NEWS after a transatlantic trip in the *Esso Scranton*.

ALBERT M. SCARA, Second Mate in the *Esso Baltimore*, tells us his son Al, Jr. does the 2.5-mile cross-country run in just over 13 min. and is a member of the St. Rose High School (Belmar, N. J.) cross-country track team that won the New Jersey Parochial "B" State Championship recently. He will be a junior soon and is still improving.

Al believes his son inherited some of his fleet-

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W. E. Gardner, Editor

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footedness from his dad, who can do a mean scoot around the decks while loading and discharging cargo.

RECENT RETIREMENTS



THIRD MATE OSCAR A. JENSEN signed on as AB in the Company's *Fred W. Weller*, Nov. 11, 1948, just to get 4 months' time to become a U. S. citizen. But the 4 months turned into 19 years which, with his previous Panama Transport Co. service, gave him nearly 22 years' credited service when he retired on Jan. 1.

Born in Norway, Mr. Jensen started to sea at the age of 15. He attended Tonsberg Navigation School, sailed with various companies as mate and Master and, during World War II, survived the torpedoing of the *Esso Copenhagen* and the bombing of another ship.

During his years in the Fleet, Mr. Jensen sailed as AB, Bos'n, DM, MM/2P, Pumpman and, for the last 4 years, Third Mate. He was most recently in the *Esso Lima* and *Esso Miami*.

Mr. Jensen is a former resident of Brooklyn but now lives in Tonsberg, Norway.



GEORGE W. LOWE, Operations Coordinator for Inland Waterways in Houston, retired Jan. 1 with over 38 years' service. A native of Everett, Mass., he joined the Esso Refinery there in 1929 and transferred to the Marine Agency in that port in 1933.

After serving with the Army Air Force during World War II, Mr. Lowe returned to the Marine Dept. as a Ship Operator in New York. Since 1947 he has been with Inland Waterways as Operations Asst. at Baltimore and New York and Manager of the New York/New England Branch from 1959 until his appointment in Houston in 1965.

An enthusiastic yachtsman, Mr. Lowe is starting his retirement with a trip to Holland where he hopes to purchase a power-sail yacht and then spend a year or so touring European waterways.

PUMPMAN EDWARD I. BUTLER joined the Fleet in July 1948 after sailing with 3 other tanker companies, service in the U. S. Navy in the North Atlantic and with the Naval Air Force in Europe, and as a trailer driver, telephone cable splicer and shipyard machinist in his native Boston.

Except for 2 assignments as Oiler, Mr. Butler sailed as MM/2P and Pumpman throughout his 18 years, 11 months in the Fleet. He and his wife Margaret live in Winthrop, a suburb of Boston, and have 2 sons and 2 daughters, aged 20 to 34.



K. V. Wintenburg

That's Harry C. Freeman (Chief Engr., ret. 3/1/62) and Chief Engr. Keith V. Wintenburg clicking premium beers at Harry's home in DeBary, Fla., which Keith says is a pleasant and restful little town on Lake Monroe.

Harry and his attractive wife Ollie, Mr. Wintenburg said, "seem very happy, deeply involved in their community life and their beautiful home shows signs of much care. Harry sends regards to all his former shipmates."

Mr. Wintenburg also enclosed a copy of H.R. 13737, a bill introduced in Congress by Rep. Howard W. Robison, of New York, "to allow a seaman to allot a portion of his wages to a checking account." The bill, Congressman Robison said in a letter to Mr. Wintenburg, was introduced "to correct a situation you outlined to me in your letter of a few months ago."

Gentlemen of the Fleet who also happen to be devotees of the sport of kings and students of the scratch sheet will be enraptured with these photos of what, even to Ye Ed's unpracticed eye, appear to be mighty fine specimens of hoss flesh.

On the left is "Mary Storm," a 6-year-old mare and on the right, "Duke of Skyridge," a 2-year-old colt. The gent in both pictures is our recently retired Chief Engr. Charlie Chapman who, though he has switched from oil burners to hay burners, is still concerned with horsepower.

Charlie also has another 2-year-old, "Skyridge Dawn," working out at Skyridge Meadow Farm in New Hampshire. Watch for them at Rockingham Park, starting on or about Feb. 21. Charles L. Chapman photos





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. . . Ask Mr. Ed . . .

Q. We had a discussion aboard ship about different types of service, mostly in regard to early retirement. Could you clarify for us the differences between Benefit Plan Service, Annuity Plan Service, Recognized Sea Service, and Company Service?

A. Tough question but we'll give it a try.

BENEFIT PLAN SERVICE and CREDITED SERVICE are generally the same. They include all periods of employment with Humble, its predecessors and affiliates except time you were off pay for more than 30 consecutive days or any absence from which you did not return to work before termination of employment. Time at sea counts; time ashore counts; paid leaves count; compensable sick leaves count regardless of duration, if followed by work; military leaves preceded and followed by work count; Fleet Reserve counts.

This is the service shown under Roman numeral I, "Personal Data," page 2, of your annual June 30 Humble Benefit Plan statement. It is used for Service Emblem Awards, Non-Contributory Group Life Insurance, Disability Benefits, etc.

RECOGNIZED SERVICE is, generally, Benefit Plan Service less any period prior to 1966 when you were eligible to participate in the Annuity Plan but did not, or suspended your contributions, or any period you failed to qualify for a governmental service annuity under a Company annuity plan.

Recognized service is used to calculate regular Humble Annuity Plan benefits. It is shown under Item II "Retirement Income" of the annual benefit plan statement.

RECOGNIZED SEA SERVICE is the same as Recognized Service except that any shoreside or Inland Waterway service is excluded. This class of service is used to calculate Deck, Engine and Radio Officers' Special Sea Service Retirement Annuity Supplements.

CREDITED SEA SERVICE, a new classification, will be used to calculate service of unlicensed men (except Stewards) who retire under the 20-year pension regardless of age. This pension will become effective if ESA members ratify the current proposed Agreement.

Credited Sea Service is the same as Benefit Plan Service except that shoreside or Inland Waterway employment is excluded. It is all the time you served in the deep-sea tanker fleet of the Company including paid leaves, compensable sick leaves immediately followed by work, and military leaves immediately preceded and followed by sea service. Any time you were off pay for more than 30 consecutive days is excluded.

There is one more service figure that may confuse you — the one on your pay voucher. This figure is just for payroll purposes — calculating continuous service pay — and is unreliable as a guide to any other type of service.

SERVICE EMBLEM AWARDS

★ **20 YEARS** ★



William L. Straley
Second Mate
December 26, 1967



Andrew E. Coffill
Second Mate
January 8, 1968



Michael J. Pagliango
First Asst. Engineer
January 20, 1968



James C. Murdock
Pumpman
July 19, 1967



Herman D. Ambrose
Pumpman
December 14, 1967



Ernest M. Gonzales
MM/2nd Pumpman
January 27, 1968



Marcos M. Tobias
Able Seaman
September 29, 1967



Norman O. Clegg
Able Seaman
December 31, 1967



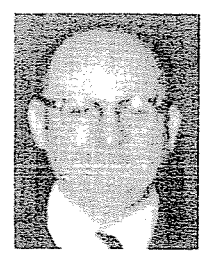
Frank Sawyer
Able Seaman
January 20, 1968



This is EDMUND A. MERRIAM, who joined the Boston Branch Office on Nov. 27. Ed is getting into the swing of agency work under the guidance of Jack Bennett, and "Flash" Gordon (both of whom are real swingers) and is helping to cover the agency's Providence to Bucksport waterfront.

A native of Boston, Ed lives in Salem, N. H., is married and has a 2-month-old son. He attended U. of S.C. and expects to continue his education with night courses.

OBITUARY



RADIO OFFICER NILS O. GJERDE, 55, died Jan. 24, apparently of a heart attack while driving near his home in Dover, N. J. He is survived by a sister, Mrs. Thomas Grodem of Morristown, N. J.

A native of Norway, Mr. Gjerde was senior Radio Officer in the Fleet and had nearly 28 years of continuous service, all as Radio Officer. He joined the *Clio* on Aug. 31, 1939, sailed in 6 vessels throughout World War II and in the *Esso Utica* for 4½ years afterward. From 1961 to early '66 he served in the *Esso Jamestown* and, for the past 2 years, in the *Esso Boston*.

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