

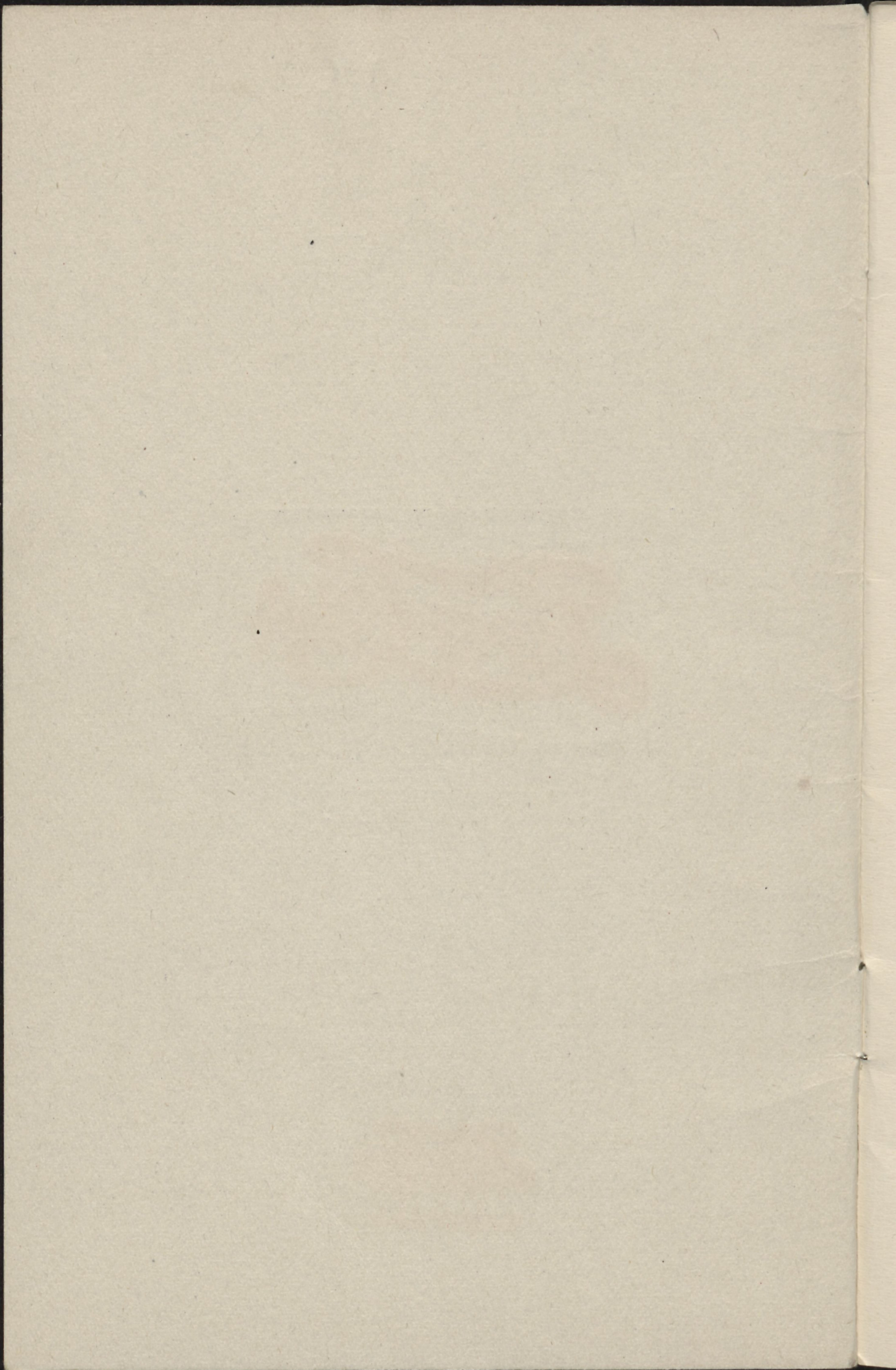
A PENSION  
*and*  
DEATH BENEFIT  
*for*



EMPLOYEES

Effective March 1, 1943







October 29, 1943

To Employees of Pepsi-Cola Company in the United States:

For some time past we have been studying methods of providing for our employees a pension or retirement plan, which would contain provisions not only for retirement of the employees as they reach retirement age but also for the protection of their families in case of death, before retirement. It gives me a great deal of satisfaction to announce to you that such a program has now been worked out, approved by your officers and Board of Directors, and has been put into effect as of March 1st, 1943.

I will not attempt to give you the full details of the plan in this announcement. These details will be found in the pages following this letter. However, I would like to point out to you briefly some of the most important elements of the plan, with which I am sure you will be delighted.

1. The plan covers all employees of the Pepsi-Cola Company and its domestic subsidiaries in the United States, including all plant, office and field men.

2. The Pepsi-Cola Company is bearing the entire cost of the pension plan and the death benefit provisions. I am sure that you will welcome the knowledge that if you remain a loyal employee of the Company until your retirement age, which is 60 for women and 65 for men, your years from then on will be provided for with a fixed income and this fixed income is entirely independent of and is in addition to any payments which you may receive under the Federal Security Act.

3. The plan becomes effective for you, individually, after you have been with the Company for one year.

4. In case of death before your retirement age is reached, your family will receive a sum equal to twice the amount of your last year's earnings.

5. The plan also provides a past service credit for employees who have already been with the Company for some time, crediting them with their prior years service.

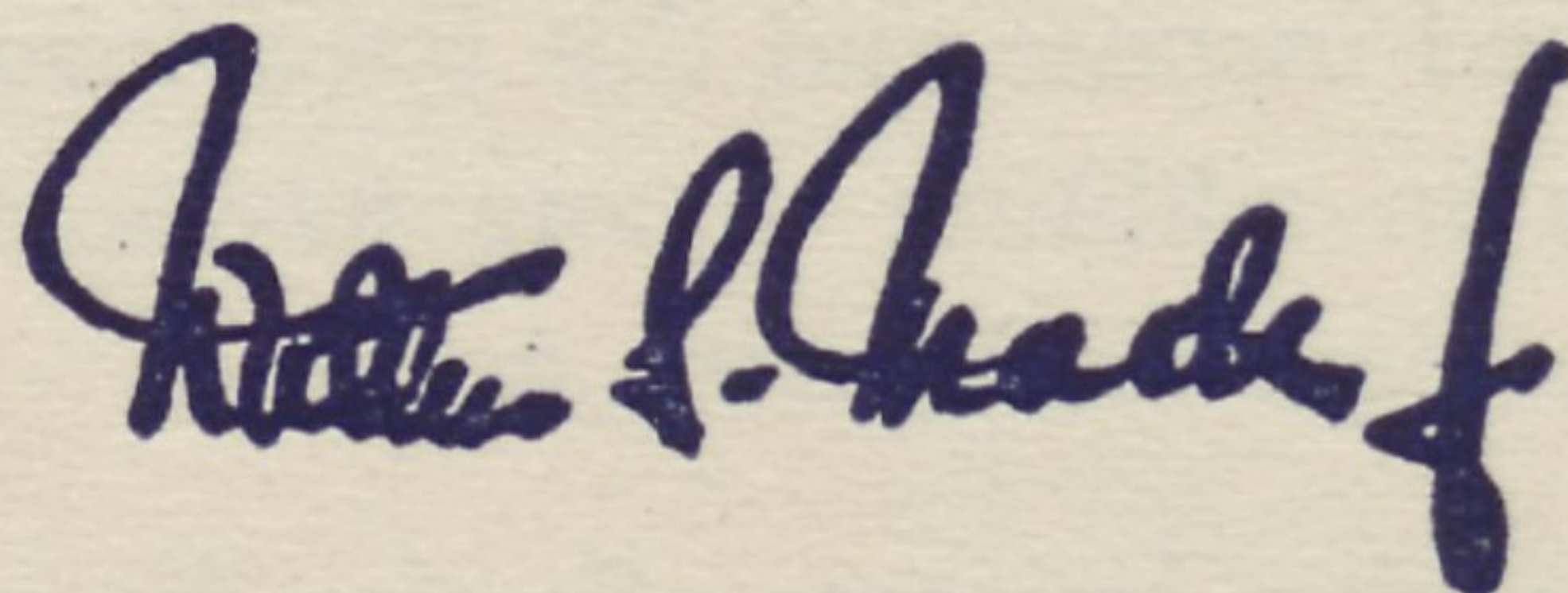
6. This pension plan has been set up with one of the strongest Life Insurance Companies, The John Hancock Mutual Life Insurance Company of Boston, Mass., so that the payments will be made directly to the employees from the Insurance Company.

We feel sure that you will appreciate the thought and care that has been taken in trying to work out the utmost protection for those who continue to work loyally for this great company of ours. There is already in effect, for your protection, a Group Life Insurance Plan, a Sickness Benefit Plan, a Hospitalization Plan for you and your dependents and a Surgery Benefit Plan. This Pension Plan, then, rounds out the picture in safeguarding not only your present but your future welfare as well.

The Company expects that the plan will be permanent but necessarily reserves the right to change, modify or terminate it at any time in order to meet changing conditions.

I know that you will join with me in welcoming the protection and care for the future of all Pepsi-Cola employees which this Plan gives, without any cost to them, and I know that the steps now being taken will prove of great value and comfort to you and your families in the years ahead.

Sincerely yours,

A handwritten signature in dark ink, appearing to read "Walter S. Mack, Jr.", written in a cursive style.

WALTER S. MACK, JR., President

WSM:LC

# PEPSI-COLA COMPANY

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## PENSION AND DEATH BENEFIT PROGRAM

The Program is divided into two parts: the Death Benefit Section and the Annuity Section. The following general provisions apply to both parts of the Pension and Death Benefit Plan. The major provisions of the Death Benefit Section and Annuity Section are outlined immediately following the description of the general provisions.

### 1. EFFECTIVE DATE

The Pension and Death Benefit Plan became effective as of March 1, 1943.

### 2. HOW TO PARTICIPATE

The entire cost of the Pension and Death Benefit Plan will be paid by the Company. However, an eligible employee must complete a participation card in order to participate and to become entitled to benefits under the Plan.

### 3. LIMITATION OF ASSIGNMENT

Unless otherwise provided by law the benefits provided under this Plan are non-assignable.

### 4. CONTRACTS AND CERTIFICATES

The Plan will be administered under Group Contracts issued to the Company by the John Hancock Mutual Life Insurance Company. The Death Benefit Section of the Plan will be administered

under a Group Life Contract and the Annuity Section of the Plan will be administered under a Group Annuity Contract. The John Hancock will issue certificates to each participating employee describing the benefits to which he is entitled under the Pension and Death Benefit Plan.

#### 5. RE-EMPLOYMENT

If the service of an employee is terminated prior to retirement and he is subsequently re-employed, he will, for purposes of the Plan, be considered a new employee. This section does not apply to employees who are temporarily laid off or who are on leave of absence.

#### 6. RIGHT TO EMPLOYMENT OR RETIREMENT ANNUITY

This Plan shall not be construed to give any employee the right to be retained in the service of the Company or any right or claim to a Death Benefit or Retirement Annuity unless the right to such Death Benefit or Retirement Annuity has specifically accrued under the terms of the Plan.

#### 7. FUTURE OF THE PLAN

The Company hopes and expects to continue the Plan indefinitely and every effort has been made to arrange the Plan so that it will meet future conditions insofar as they can be foreseen. In order to protect employees and the Company against unforeseen conditions, however, the right to change or discontinue the Plan or either part thereof is necessarily reserved by the Company. Insofar as the Annuity Section of the Plan is concerned, no change or discontinuance for any reason can, however, affect the Retirement Annuities purchased by the contributions made by the Company for an employee prior to the date of such change or discontinuance.

# DEATH BENEFIT SECTION OF PENSION AND DEATH BENEFIT PLAN

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## 1. ELIGIBILITY

Each present full-time regular employee of the Company who was in the employ of the Company on March 1, 1943, is eligible to participate in the Death Benefit Section of the Pension and Death Benefit Plan as of that date.

Each other and new full-time regular employee will become eligible to participate in the Death Benefit Section of the Plan on the July 1 or January 1 coincident with or next following his date of employment.

## 2. NO MEDICAL EXAMINATION

Each eligible employee, regardless of age, may participate in the Death Benefit Section of the Plan without medical examination.

## 3. AMOUNT OF DEATH BENEFIT

### A. Prior to Retirement Under Annuity Section of the Plan

If an employee dies before his retirement under the Annuity Section of the Plan, a Death Benefit will be paid to his beneficiary. The amount of such Death Benefit will be determined as follows:

- (1) If the employee had satisfied the eligibility requirements of the Annuity Section of the Plan and had become covered thereunder, the amount of such death benefit will be equal to twice his total earnings (including overtime and bonus earnings) received on account of the calendar year immediately preceding his death. The minimum amount of death benefit payable in such event shall be \$2,000 and the maximum amount shall be \$10,000.

- (2) If the employee had not yet become covered under the Annuity Section of the Plan, the amount of such death benefit will be equal to \$2,000.

**B. Subsequent to Retirement Under Annuity Section of the Plan**

- (1) If an employee dies after his retirement under the Annuity Section of the Plan and before the total of the annuity payments he has received under that section of the Plan equals his total earnings (including overtime and bonus earnings) for the calendar year immediately preceding his retirement, a Death Benefit will be paid to his beneficiary. The amount of such death benefit will be equal to the excess of his total earnings (including overtime and bonus earnings) for the calendar year immediately preceding his retirement over the total of the annuity payments he has received under the Annuity Section of the Plan except that the minimum amount of death benefit payable in such event shall be \$300.
- (2) If an employee dies after his retirement under the Annuity Section of the Plan and after the total of the annuity payments he has received under that section of the Plan equals his total earnings (including overtime and bonus earnings) for the calendar year immediately preceding his retirement, no Death Benefit will be payable.

For the purposes of this sub-section (B), total earnings of an employee which are greater than \$5,000 shall be considered as \$5,000 and total earnings of an employee which are less than \$2,000 shall be considered as \$2,000.

#### 4. PAYMENT OF BENEFITS

An employee's Death Benefit will be paid immediately upon receipt of proof of his death. If an employee dies before his retirement under the Annuity Section of the Plan, the Pepsi-Cola Com-

pany may designate that payment of such Death Benefit be made as follows:

- (a) in a lump sum
- (b) in monthly instalments over a period of not more than 5 years
- (c) partially in cash and the balance in instalments over a period of not more than 5 years.

It is contemplated that under normal conditions the Death Benefit payable on account of an employee who dies before his retirement under the Annuity Section of the Plan will be paid in such a manner that the employee's beneficiary will receive yearly following the employee's death for a period of 4 years an amount approximating  $\frac{1}{2}$  of the employee's total earnings for the calendar year immediately preceding his death.

If an employee dies after his retirement under the Annuity Section of the Plan, any Death Benefit which may be payable will be paid in a lump sum.

## 5. BENEFICIARY

Each employee may name his own beneficiary and may from time to time change his beneficiary by completing and signing the necessary form.

## 6. DISCONTINUANCE OF INDIVIDUAL INSURANCE

The insurance of an employee under this Death Benefit section of the Plan automatically ceases

- (a) 31 days after the date on which he leaves the employ of the Company prior to his retirement under the Annuity Section of the Plan, or
- (b) when the total of the annuity payments he has received under the Annuity Section of the Plan equals his total earnings (including overtime and bonus earnings) for the calendar year immediately preceding his retirement. (As described in Section 3 B 2 on page 4.)

Information may be obtained from the Company regarding continuance of the Life Insurance in event of layoff, leave of absence, or absence because of disability.

#### 7. INSURANCE AVAILABLE FOLLOWING TERMINATION OF EMPLOYMENT

If an employee leaves the employ of the Company, he will be entitled to have issued to him, in exchange for his Group Life Insurance Certificate, any type of individual Life or Endowment policy customarily issued by the John Hancock (except Term Insurance) without medical examination. The amount of such insurance shall be not greater than the amount to which he was entitled at the time of his termination under the Group Life contract covering the Death Benefit Section of the Pension and Death Benefit Plan and the premium rate shall be for his then attained age and occupational classification. Application for this policy must be made within 31 days following the date of termination of employment.

#### 8. TOTAL DISABILITY

If an insured employee becomes totally disabled and death occurs after his employment has been terminated because of total disability from bodily injuries or disease, the full amount of insurance for which he is insured under the Death Benefit Section of the Pension and Death Benefit Plan will be paid to his beneficiary provided:

- (a) his disability has been continuous until his death, and
- (b) he has been prevented by the disability from engaging in any business for wage or profits, and
- (c) death occurs before age 65 and while the Group Life policy covering the death benefit program is in effect with the insurance carrier, and
- (d) death occurs within a period dating from such termination of employment not longer than the time his insurance has been in force, but in no event longer than twelve months after such termination of employment.

# ANNUITY SECTION OF PENSION AND DEATH BENEFIT PLAN

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## 1. ELIGIBILITY

Each present employee of the Company is eligible to participate in the Annuity Section of the Pension and Death Benefit Plan as of March 1, 1943 provided he then

- (a) Had been continuously in the service of the Company for at least the immediately preceding 12 month period or had completed at least 5 months of continuous service in each 12 month period of the immediately preceding 24 month period, and
- (b) Had not already attained his 65th birthday, if a man, or her 60th birthday, if a woman.

Each other and new employee will be eligible to participate in the Annuity Section of the Plan on the July 1 or January 1 on which he first satisfies the requirements above.

## 2. RETIREMENT DATE

An employee's Normal Retirement Date is the first day of the month coincident with or next following his 65th birthday, if a man, or her 60th birthday, if a woman.

It is the employee's privilege to retire on the Normal Retirement Date and receive the Retirement Annuity which has been provided to commence on such date.

With the consent of the Company, an employee may retire on the first day of any month during the ten-year period immediately preceding his Normal Retirement Date, but his Retirement Annuity will be reduced in amount.

With the consent of the Company, an employee may continue in service for a limited period after his Normal Retirement Date. In this event, contributions will cease and Retirement Annuity payments will commence as if retirement had actually occurred.

### 3. AMOUNT OF RETIREMENT ANNUITY

The amount of Retirement Annuity payable to an employee commencing on his Normal Retirement Date will be the sum of the Future Service Annuities which are purchased for him as described below in (a) and any Past Service Annuity which may be purchased for him as described below in (b).

#### (a) Future Service Annuity

The yearly amount of Future Service Annuity purchased in each calendar year from the John Hancock by the contributions of the Company on account of such year of service will be equal to

- (i) 1% of that portion of the employee's Total Earnings in such year which is not in excess of \$3,000 plus
- (ii) 2% of that portion, if any, of such Total Earnings which is in excess of \$3,000

No contributions will be made by the Company for an employee on account of earnings received by him prior to his effective date of coverage under the Annuity Section of the Plan.

The total yearly amount of Retirement Annuity on account of Future Service payable to the employee during each year for life from his Normal Retirement Date will be the aggregate of all such Future Service Annuities purchased during his entire period of participation in the Annuity Section of the Plan.

For the purpose of this sub-section (a) Total Earnings shall equal basic earnings plus overtime and bonus earnings.

Reference should be made to the examples in this booklet beginning on page 13 illustrating the method by which Retirement Incomes are computed.

#### (b) Past Service Annuity

It is recognized that present employees have not had the opportunity to accumulate any Retirement Annuity during their earlier years of service.

Accordingly, the Company will purchase at its own ex-

pense, by additional payments to the John Hancock over a period of years, a Past Service Annuity for each employee

- (i) Who joins the Annuity Section of the Plan as of March 1, 1943 and
- (ii) Who then has completed at least 1 year and 6 months of service

The yearly amount of such Past Service Annuity will be equal to 1% of that portion of the employee's Annual Total Rate of Earnings on the effective date of the Plan which is not in excess of \$3,000 plus 2% of that portion, if any, of such earnings which is in excess of \$3,000, multiplied by the number of years of his "Credited Past Service" with the Company.

For the purpose of determining an employee's Past Service Annuity, his "Credited Past Service" is determined as follows:

- (A) The number of years and completed months of service rendered by the employee prior to March 1, 1943 but subsequent to December 31, 1936 is calculated.
- (B) From (A) one year is subtracted.
- (C) The number of completed years determined in (B) shall be an employee's period of "Credited Past Service," except that any fractional portion of a year which is in excess of such period of completed years and which is six months or more shall be counted as an additional year of "Credited Past Service."

For the purposes of this sub-section (b) an employee's Annual Total Rate of Earnings on the effective date of the Plan shall equal his annual basic rate of earnings on such date plus an approximation of his overtime and bonus earnings in the calendar year 1942.

The Company's determination of the amount of an employee's Annual Total Rate of Earnings and the amount of his Past Service Annuity will be conclusive. The Company will advise the employee, at any time upon request, of the amount of his Past Service Annuity.

Payments made by the Company to the John Hancock for the purchase of Past Service Annuities will, except in certain cases of temporary absence from work or other special circumstances, be applied toward the purchase of such annuities for employees in the order of their seniority of employment treating, for this purpose, employees hired prior to January 1, 1937 as though hired on such date. Each employee will be notified when his Past Service Annuity has been purchased.

Reference should be made to the examples in this booklet beginning on page 13 illustrating the method by which Retirement Incomes are computed.

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An employee's Retirement Annuity will ordinarily be payable monthly, commencing on his Normal (or earlier) Retirement Date and ceasing with the last payment before his death.

#### 4. DEATH BENEFIT

There are no death benefits under the Annuity Section of the Pension and Death Benefit Plan in the event of an employee's death either before or after retirement. (Death benefits are provided under the Death Benefit Section of the Pension and Death Benefit Plan and are described beginning on page 3.)

#### 5. TERMINATION OF EMPLOYMENT

If, for any reason other than death, the service of an employee with the Company is terminated prior to age 55, if a man, or age 50, if a woman, and prior to the completion of at least 5 years of service with the Company, he will receive no further benefits under the Annuity Section of the Plan.

If, for any reason other than death, the service of an employee with the Company is terminated prior to Normal (or earlier) Retirement Date, and either after at least 5 years of service with the Company or after attainment of age 55, if a man, or age 50, if a

woman, he will receive an annuity commencing on his Normal Retirement Date, if he is then living, in the amount provided by a portion or all of the Company's contributions on his behalf for the Future Service Annuities and any Past Service Annuity which have already been purchased, determined in accordance with the following tables:

Male Employees Under Age 55; Female Employees Under Age 50  
At Time of Termination of Employment

| <u>Years of Service Prior to Termination of Employment</u> | <u>Portion of Company's Contributions Included in Determining Annuity</u> |
|--|---|
| 5 years but less than 10                                   | 50%   |
| 10 years or more   | 100%  |

Male Employees Age 55 and Over; Female Employees Age 50 and Over At Time of Termination of Employment

| <u>Years of Service Prior to Termination of Employment</u> | <u>Portion of Company's Contributions Included in Determining Annuity</u> |
|--|---|
| Any number   | 100%  |

An employee eligible for a paid-up annuity upon termination of employment may elect to have his annuity begin on the first day of any month during the ten-year period immediately preceding his Normal Retirement Date, but such annuity will be reduced in amount.

6. LEAVE OF ABSENCE, SICKNESS, OR ACCIDENT

If an employee is temporarily absent from work but continues to receive earnings from the Company, the purchase of Future Service Annuities for him will be continued.

If an employee is temporarily absent from work and is not receiving any earnings from the Company, no Future Service Annuities will be purchased for him during his absence, but the amount of Retirement Annuity previously purchased for him will not be affected.

## 7. OPTIONAL FORMS OF RETIREMENT ANNUITY

An employee may elect either of the following options:

### (a) **Contingent Annuitant Option**

An employee may elect to receive a reduced amount of Retirement Annuity, with the provision that all, two-thirds, or one-half of this reduced Retirement Annuity will be continued after his death for life to a designated Contingent Annuitant, who is usually the employee's wife or other dependent. The amount of the reduced Retirement Annuity depends upon the sex and age of the employee and of the Contingent Annuitant and upon the portion of the reduced Retirement Annuity which is to be continued to the Contingent Annuitant.

This option may be elected at any time prior to Normal (or earlier) Retirement Date, but if elected after December 1, 1943 and within five years prior to the date Retirement Annuity payments are to commence, the John Hancock will require evidence satisfactory to it of the good health of the employee before granting the option.

If either the employee or the designated Contingent Annuitant should die before the employee's Normal (or earlier) Retirement Date, or if the monthly amount of Retirement Annuity payable to either the employee or the Contingent Annuitant would be less than \$10, the election of this option becomes inoperative. If this option is elected, it cannot subsequently be changed or rescinded, nor can an earlier Retirement Date subsequently be elected, except with the consent of the John Hancock.

### (b) **Social Security Adjustment Option**

If an employee retires before he is entitled to receive monthly benefits under the Social Security Act, he may elect to have his Retirement Annuity payments increased before his 65th birthday and decreased after his 65th birthday, when Social Security benefits usually commence, to obtain insofar as practicable a uniform total yearly Retirement Income from both sources.

## EXAMPLES OF RETIREMENT INCOMES

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The operation of the Plan may be illustrated by the following hypothetical examples.

The Social Security Act benefits shown in these examples are the approximate Primary Insurance Benefits provided under the Social Security Act Amendments of 1939.

### EXAMPLE I

A male employee with 1 year of service enters the Plan as of March 1, 1943, when he is 35 years of age. His earnings are \$1,800 per year and he continues in service at this rate of earnings until his Normal Retirement Date.

His Yearly Retirement Income will be:

(a) Under the Company's Retirement Plan

Future Service Annuity

1% of \$1,800 x 30 (years of participation)      \$ 540.00

(b) Under the present Social Security Act

Estimated Primary Insurance Benefit

(assuming coverage under the Act since  
age 30) . . . . .

486.00

(c) Total Yearly Retirement Income . . . . .

\$1,026.00

## EXAMPLE II

A male employee who joins the Plan as of March 1, 1943 is 45 years of age and has been in the service of the Company since January 1, 1937.

His Annual Total Rate of Earnings on March 1, 1943 amounts to \$2,800 and his earnings from March 1, 1943 to Normal Retirement Date are as follows:

|                       |                  |
|-----------------------|------------------|
| First 5 years . . . . | \$2,800 per year |
| Next 10 years . . . . | 3,200 per year   |
| Next 5 years . . . .  | 3,600 per year   |

His Yearly Retirement Income will be:

(a) Under the Company's Retirement Plan

Past Service Annuity

1% of \$2,800 x 5 . . . . . \$ 140.00

Future Service Annuity

1% of \$2,800 x 5 . . . . . \$140.00

1% of \$3,000 x 10, plus  
2% of \$200 (excess) x 10 . . . . . 340.00

1% of \$3,000 x 5, plus  
2% of \$600 (excess) x 5 . . . . . 210.00      690.00

(b) Under the present Social Security Act

Estimated Primary Insurance Benefit

(assuming coverage under the Act since  
January 1, 1937) . . . . .

598.86

(c) Total Yearly Retirement Income . . . . .

\$1,428.86

### EXAMPLE III

A female employee who joins the Plan as of March 1, 1943 is 30 years of age and has been in the service of the Company since January 1, 1937. Her Annual Total Rate of Earnings on March 1, 1943 amounts to \$1,600 and she continues in service at this rate of earnings until her Normal Retirement Date.

Her Yearly Retirement Income will be:

|     |  |          |
|-----|--|----------|
| (a) | Under the Company's Retirement Plan                |          |
|     | Past Service Annuity                               |          |
|     | 1% of \$1,600 x 5 . . . . .                        | \$ 80.00 |
|     | Future Service Annuity                             |          |
|     | 1% of \$1,600 x 30 (years of participation)        | 480.00   |
|     |  | 480.00   |
|     | Total Yearly Retirement Annuity Com-               |          |
|     | mencing At Age 60 . . . . .                        | \$560.00 |
| (b) | Under the present Social Security Act              |          |
|     | Estimated Primary Insurance Benefit Com-           |          |
|     | mencing At Age 65 (assuming coverage               |          |
|     | under the Act since January 1, 1937) . . . . .     | 439.96   |
|     |  | 439.96   |
| (c) | Total Yearly Retirement Income At Age 65 . . . . . | \$999.96 |
|     |  | \$999.96 |
| (d) | Level Income From Age 60 if Social Security        |          |
|     | Adjustment Option of Plan were Used . . . . .      | \$860.05 |
|     |  | \$860.05 |

## ESTIMATE YOUR OWN RETIREMENT INCOME

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In making this calculation you must assume, of course, that you will participate in the Plan as soon as you become eligible; that you will continue to participate in the Plan until your Normal Retirement Age; that the present Plan and the Social Security Benefits will remain in effect without modification for that period of time; and that your present earnings will continue to retirement age.

I am \_\_\_\_\_ years old and my Annual Total Rate of Earnings is \$\_\_\_\_\_. I have \_\_\_\_\_ years of credited past service. (Nearest number of years of service prior to March 1, 1943 and subsequent to January 1, 1937, after excluding the first year of such service.)

### Past Service

- (a) 1% first \$3,000 of Annual Total Rate of Earnings as of March 1, 1943 plus 2% of any excess equals . . . \$\_\_\_\_\_
- (b) Number of years of credited past service . . . . . \$\_\_\_\_\_
- (c) Income for Past Service (b times a) . . . . . \$\_\_\_\_\_ a year

### Future Service

- (d) 1% of first \$3,000 annual Total Earnings plus 2% of any excess . . . \$\_\_\_\_\_
- (e) Number of years between your present age and your Normal Retirement Age . . . . . \$\_\_\_\_\_
- (f) Income for Future Service (d times e) . . . . . \$\_\_\_\_\_ a year

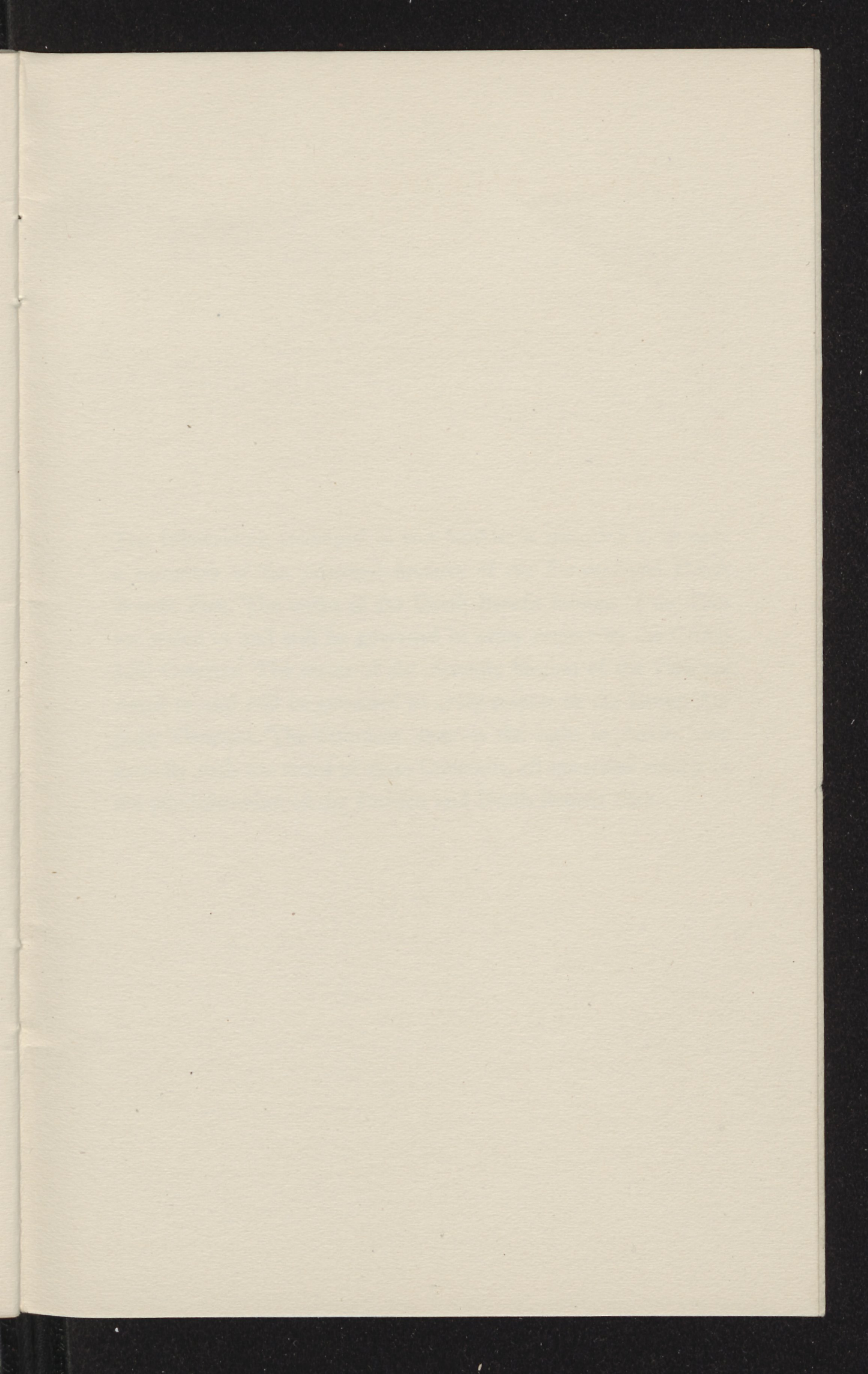
### Social Security (Primary Insurance Benefit)

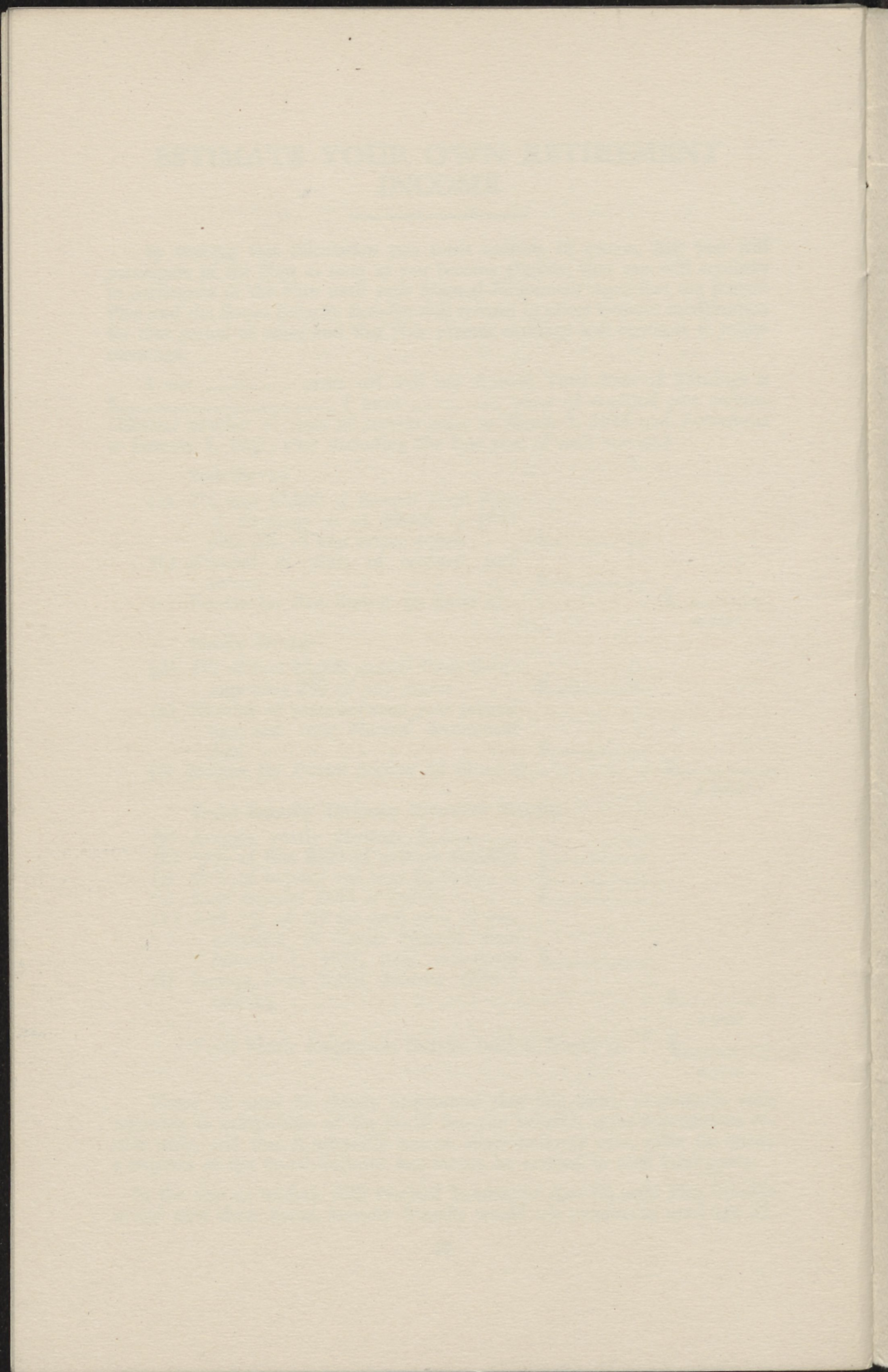
- (g) Average yearly earnings \$\_\_\_\_\_
- (h) 40% of first \$600 of average earnings \$\_\_\_\_\_
- (i) 10% of balance (of next \$2,400) . . . \$\_\_\_\_\_
- (j) Basic amount (add h and i) . . . \$\_\_\_\_\_
- (k) Add 1% of (j) for each year of participation in Social Security since January 1, 1937, until retirement \$\_\_\_\_\_
- (l) Income from Social Security (add j and k) . . . . . \$\_\_\_\_\_ a year

Total Yearly Retirement Income (add c, f, and l) . . . \$\_\_\_\_\_ a year

Note: It must be clearly understood that this form, particularly with reference to calculations of the Social Security benefits, gives approximate results only, and that it naturally cannot apply to every case, since the many provisions of the Social Security Act cannot be covered in such brief space.

In the case of women with Normal Retirement Age 60, only Plan benefits would start then. Social Security Benefits would not commence until age 65.





The information contained in this booklet is intended to be only a summary of the principal features of the Pension and Death Benefit Plan. The terms of the Death Benefit Section of the Plan are stated in and will be governed in every respect by the Group Life Contract. The terms of the Annuity Section of the Plan are stated in and will be governed in every respect by the Group Annuity Contract. The Company reserves the right to decide, consistently with the terms of these Contracts, all questions arising in the administration of the Pension and Death Benefit Plan.

