

## THE LEGAL CORNER

(A Column Written by Leon Novak of Novak & Diamond, Attorneys)

### Alimony Deductions From Income Tax

Now that we are approaching the deadline for filing income tax returns, it is advisable to write a few articles on what can be deducted from your income tax. One of the questions which I am frequently asked is whether a person who is paying alimony can deduct from his income the alimony being paid by him. Also, whether the person who is receiving the alimony must report the money received as income.

Persons who have been legally separated or divorced by a decree of a court, fall into a category which permits alimony paid to be deducted from the income of the person paying alimony and gives the wife income which can be taxed. The money being paid by the husband to the wife must be a payment which is required of him as a legal obligation for support. Payments which he may make to her over and above the legal obligation or in repayment of a debt to his wife is not deductible from his income. Furthermore, if the amount which is being paid for support specifies a part to be paid for the support of children then the part which is being paid for the support of the children cannot be deducted from income.

A person who deducts from his income alimony being paid by him under the above rule must be prepared to justify his deduction by submitting to the government a certified copy of a court decree of separation or divorce which contains a specific court order in its language requiring the husband to pay alimony for his wife's support.

Since 1954, when the tax laws were amended by Congress, the right to deduct from a person's income the amount paid for a wife's support where a separation has taken place was extended to situations where no court decree has been issued. These cases, however, give such a right to deduct alimony only where the agreement of separation is in writing and where it was entered into after August 16, 1954. In other respects, the same conditions must be met as in the case of court decrees such as for example that the support be for the wife and not for children and that no payments made voluntarily over and above the amount agreed upon in the written agreement are being deducted from income.

Before tax-return time, I hope to write further on problems involving tax returns.

### State AFL-CIO Maps Labor Legislative Program

Aid to Education (Continued from Page 1)

1. Construction and equipment of new schools where needed and necessary repair and modernizing of existing schools.
2. Increased salaries and adequate pensions for teachers.
3. Statutory prohibition against overcrowding class rooms.
4. Annual State aid for educational materials and supplies.
5. Expand opportunities for higher education.

#### Health Program

1. A medical plan covering all citizens of State.
2. Provision for use of public funds to provide medical and hospital care for needy.
3. Construction of more hospitals.
4. Financial aid to medical, dental and nursing schools. Liberalize program for scholarships to aid qualified young men and women who desire to enter these professions.

#### Minimum Wages

Enact \$1.25 as minimum wage.

#### Civil Rights

Broaden the powers of State Commission against Discrimination to include enforcement of all anti-discrimination laws.

#### Permanent Personal Registration

Establish a uniform State-wide system of permanent personal registration with adequate safeguards against fraud.

#### Aged Population

1. Agencies to serve the elderly.
2. Development of recreational and health programs in communities.

## Questions and Answers Regarding The Pension Plan

Q. I have always understood that my annual pension at age 65, accumulated after 1946, would be 40% of my total contributions. Now with contributions reduced, won't my pension be reduced accordingly?

A. No. Your pension will not be reduced as a result of this change. The calculation of the pension rate will be made so that you will receive the same pension as if you had continued making the previously required contributions. The only difference is that you will have more money to save or to spend for other things.

Q. How is the guaranteed minimum pension to be figured in the future for employees retiring at age 65?

A. For employees with at least 15 years of full time credited service, the guaranteed minimum pension will be \$2 (\$2.25 for employees who reach Social Security age on or after October 1, 1958) per month per year of full time credited service up to a maximum of 25 years. This minimum is entirely separate from Social Security and is a distinct improvement over the former method of calculation.

Q. If I should decide to be unwise and discontinue my contributions as you implied in answering my previous question, could I withdraw the contributions I have already made?

A. Only if you leave the employ of the Company. However, if you discontinue contributions while remaining in the employ of the Company, your contributions would be retained in the Trust and upon reaching age 65, you would be

eligible for an annual pension based upon service, contributions, and compensation up to the time you discontinue contributions.

Q. I understand that beginning October 1, 1958 I will no longer be required to contribute on the first \$4200 of my compensation but will contribute 3% instead of 5% as at present on the excess over that amount. Will \$4200 always be the break-off point?

A. The break-off point under the present provisions of the Pension Plan would be changed only in the event the Social Security Law were amended to make a sum other than \$4200 subject to tax for old age insurance benefits. The Plan provides for this change automatically.

Q. I am earning more than \$4,200 per year. In 1958, under the Amended Pension Plan, I will no longer be required to make contributions on this portion of my earnings. Will I be permitted to discontinue contributions on the excess over \$4200 and still get my pension based on the rest \$4200?

A. No. In order to continue to build up pension credits, you will have to continue as a participant in the Pension Plan and make the required contributions which, in your case, would be (after September 30, 1958) 3% of your annual compensation in excess of \$4200. You would, of course, get full credit for contributions already made and up to the time you might discontinue your participation. It seems unnecessary to add that you would be very unwise to discontinue your participation.

### Flash Notice

As we go to press, management has just notified the local Union office that it is their intention to transfer the Porcelain work now presently being done in Bldg. 68 to the Baltimore plant of the Company. This involves displacement of approximately 250 employees.

Also, the atomic work now being done at CAP is to be transferred from Schenectady. Local management at this time has not stated where this work is to be moved. This move involves displacement of approximately 100 employees. The Union is in the process of negotiating transfers for those employees affected according to the local plant-wide supplement.

3. Adoption of public or private housing program to the special limitations and needs of older people.
4. Memorialize Congress to increase Social Security benefits.

The program also includes giving employees of the State Power Authority the rights of collective bargaining and repeal of the Condon Wadlin Law affecting Government and Civic employees. Also, a request to have the New York State Legislature memorialize Congress to establish Federal standards which will stop Interstate competition for industry because of low wages and other anti-labor programs and policies.

# LOCAL 301 NEWS

IUE CIO

Vol. 2 — No. 16

The Voice of GE Workers, Local 301, Schenectady, N. Y.

February 10, 1956

## Westinghouse Strike

### New Building Drawings Are Nearly Ready

The architect has notified the Building Committee that the drawings and specifications for our new Union Hall should be complete by next week. The Building Committee is preparing a list of contractors to be notified and invited to bid for the contracts.

Included in the drawings and specifications are the requirements for driving piles whereby contractors will be requested to bid on this part of the job either separately or inclusive in the over-all construction bid. Contractors interested in making bids will be required to deposit a sum of \$25.00 to cover cost of drawings and specifications.

The Union's Building Committee is in the process of trying to acquire some priority on the structural steel that will be necessary in the main auditorium in as much as the shortage of steel has caused some delay in present building construction.

The membership will be continually informed through the columns of this paper as progress on the new building is made.

### Share of Stock Is Income, Says C.P.A.

Employees participating in the G.E. Stock Bonus Plan must declare it as income when issued, says Edward Wolter, Certified Public Accountant. Mr. Wolter claims the value of the share at the time it was issued is the amount considered as income for Income Tax purposes. According to Mr. Wolter, the value of the G.E. stock issued in 1955 was \$49.75 per share. Dividends from previous stock issued is also considered income to be reported.

## Continues

### Financial Support for Westinghouse Strikers Must Be Doubled

The bitter Westinghouse strike is still on, despite efforts of the public press to make it appear that the workers were to begin going back to work. Although the Federal Mediators proposal was a plain and simple one the press managed to garble and distort the facts.

The Federal Mediator's latest proposal was first to set aside the issue of time studies for dayworkers and work out agreeable terms for a moratorium on this issue, during which time the Company would not be able to disturb any existing standards or make any wage cuts.

Negotiations would then continue to settle the other issues including wages, length of contract, arbitration clauses and terms of strike settlement.

If no satisfactory conclusions were arrived at in regard to time studies of dayworkers at the end of the moratorium period, then the Federal Mediator would recommend this issue be given to a fact finding board.

As we go to press that's exactly where the Westinghouse strike situation stands. This means that after 15 weeks, with no settlement yet in sight your fellow workers at Westinghouse are still carrying on the fight for the entire electrical industry.

They deserve and need your moral and financial support. See your shop steward today about purchasing strike stamps —do your share.

### Activities Committee to Hold Raffle

The Activities Committee of IUE Local 301 has decided to hold a raffle, with the proceeds to be used for the children's Christmas Party this year.

The committee is in the process of acquiring prizes which will be more or less comparable with the prizes given last year. It is expected that there will be 16 prizes, with tickets selling at three for a quarter. The prizes will be awarded at the May membership meeting.

Other activities are being considered by the committee for 1956.

### Assemblyman Thomas H. Brown Supports Program

Assemblyman Thomas H. Brown from Troy has notified Executive Board Members that he has pledged his support to the CIO Legislative Program. Referring to the last issue of IUE Local 301 News, which carried the CIO Legislative Program, Assemblyman Brown wrote the following letter to our Union:

February 6, 1956

"IUE-CIO  
I am in full accord with your program of Workmen's Compensation, Unemployment Insurance, Aid for Education, your Health Program and the Minimum Wage Law after reading Vol. 2, No. 15, of your newspaper of January 27, 1956.

Sincerely yours,  
Thomas H. Brown"

Moreover, Assemblyman Brown wrote a letter to the Westinghouse Corporation requesting them to arbitrate the dispute causing the strike. He is the only New York State legislator to our knowledge who has done this.

We say congratulations to you, Assemblyman Brown. You deserve the support of every working man and woman in your district.

### Plant Closed Monday —Lincoln's Birthday

The Schenectady plant of G.E. will be closed Monday to observe Lincoln's Birthday. This is not a paid holiday.

The Schenectady plant usually closes down to observe 7 national holidays and also on Election Day. Seven of the holidays are paid for, covered by the Contract.

If you work Monday, February 13, you are entitled to double time.

## Questions and Answers

**Q.** Some of the announcements I saw said that on October 1, 1958 the guaranteed minimum pension would be \$2.25 per month per year of full time credited service instead of \$2.00. Does that mean that if I retire at age 65 now, I will have a guaranteed minimum pension of \$2.00 per month per year of service and that in 1958 will be raised to \$2.25 per month per year of service?

**A.** No. It doesn't mean that. Your guaranteed minimum will continue on the \$2 basis for life. The \$2.25 basis will apply only to those who reach the age of eligibility for Social Security (presently 65) on or after October 1, 1958.

**Q.** Has there been any change in the provisions for disability pensions?

**A.** Yes. There have been improvements and liberalization in the guaranteed minimum in these areas also. Employees entitled to disability pensions and who also have 15 or more years of full time credited service, if they retire under the amended Plan, will receive, until reaching the age of eligibility for Social Security, at least the minimum pension of \$3 for each year of full time credited service up to 25 years—plus the supplemental payment.

For example, after 15 years of such service, the disability income would be a minimum of \$100 per month (\$3 times 15 years plus \$55 supplement=\$100). By the same method of calculation, with 25 years of such service, the minimum would be \$130 per month. Upon reaching Social Security age the supplemental payment would be discontinued and the minimum would drop back, as explained in the answer to a previous question.

**Q.** Has there been any change in the amount of the supplemental payment that has been made in lieu of Social Security to those who retire before they are 65?

**A.** Yes. It has been increased from \$45 per month to \$55 per month. This means that if an employee with at least 15 years of credited service retires on a disability pension or on optional pension at or after age 60, he or she will receive \$55 per month in addition to the calculated pension until reaching the age of eligibility for Social Security.

**Q.** If an employee becomes totally and permanently disabled at 45 or 50, would his pension be subject to the 4% per year reduction right down to the age at which he retires?

**A.** As in the past, pensions will not be reduced more than 20% in case of disability retirement of participants having 15 or more years of credited service. This means that the reduction would be calculated as if the pensioner were age 60, although most disability pensioners are, in fact, younger. You may be interested to know that the reduction factor of 4% per year that you mentioned is substantially less than is justified by actuarial determinations.

**Q.** Some of my friends have been talking about an improvement in the five-year guarantee provision. Will you explain this change?

**A.** In the past the five-year guarantee of pension has assured those who were retired on pension that they or their beneficiaries would receive their pensions for a minimum of five years even though the pensioner died within that period of time. If an employee died after reaching the optional retirement age but prior to retirement, his beneficiary would receive the pension for five years. Likewise, if death occurred after a declaration of total and permanent disability and while an application for disability pension was in process, the pension would be paid to the beneficiary for five years.

Now, the improvement is that if an employee dies after attaining 15 years of credited service, even though he may be only 40 years of age or even younger, and whether or not he has applied for disability pension, his beneficiary will receive for five years the pension based upon his service, contributions, and compensation to date of death. As in the case of disability pension, the maximum reduction will be 20%, thus making the amount of the pension the same as it would have been if the employee were 60 at the date of death, based, as indicated in the preceding sentence, on the actual pension built up to the date of death. Neither the supplemental payment nor the guarantee minimum is applicable in such cases.

**Q.** Will you explain the new vesting provisions?

**A.** The vesting feature permits employees with longer service who, for one reason or another, leave the employ of the Company, to retain eligibility to receive a General Electric pension upon reaching retirement age. Previously, the requirement has been 20 years of

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### How Pensions Are Taxed

I have been asked repeatedly by workers whether pension payments made to an employee after he retires from his job can be taxed. The answer to this question is that such payments are taxed in part only. The formula as to what part is taxed is a little complicated and thus many pensioners will probably look for help in filling out the tax forms.

The principle involved here is in itself not too difficult to understand. It is, simply, that a pensioner should pay a tax only on that portion of his pension income which is paid by his employer, but not on that portion which the pensioner or himself contributed towards his own pension.

In order to distinguish between these two separate amounts you have to know three things:

1. How much have I contributed altogether towards a pension?
2. How much of a monthly pension will I get when I retire?
3. How long will I receive this pension? (In other words, how long may I expect to live?)

Of these three, the first two items are given you by the Company at the end of the year in which you retire. The third item is obtained from a life expectancy table supplied by the Government which estimates how long you are expected to live after retirement. How this works out can best be shown by the following example, but you must remember that the figures we are using are imaginary and are not intended to apply to any specific individual.

John Jones worked for the Company for thirty years. He became 65 years of age on December 24, 1954 and received his first monthly pension check for \$100.00 on January 1, 1955. In January 1956 he received a slip from the Company showing that he had paid \$6,000.00 into the fund and had received \$1,

200.00 in pension payments during the year 1955. From government tables we learn that Mr. Jones may expect to receive that pension for fifteen years. He figures his taxable income as follows: multiplying his annual pension (\$1,200.00) by the life expectancy (15 years) his total pension is worth \$18,000. Of this he contributed \$6,000.00, so \$6,000.00 over \$18,000.00 shows that his contribution is 1/3 or 33 1/3 percent. Taking 1/3 of his annual pension (\$1,200.00) allows him \$400.00 in tax exempt income, and leaves \$800.00 subject to tax. As long as Jones' pension payments do not change he will use the same figure each year thereafter to determine his taxable income.

There is one other method of determining taxable income from pensions but this applies only where the total amount contributed by the pensioner into the fund is equal to or is less than three year pension combined. Where this is true, you can then take credit for all contributions first before designating any of the pension payments as taxable income, but thereafter you have to pay the tax on the full pension. For example:

Harry Smith also retires at age 65 in December 1954 and receives his first pension check of \$50.00 in January 1955. At the end of that year the Company notifies him that his total contribution into the fund was \$1,800.00 and that he had been paid \$600.00 pension in the year 1955. If he used the same method of figuring taxable income as did Jones, he would have \$120.00 in exempt income and \$480.00 in taxable income. On the other hand he can claim the entire \$600.00 as repayment of his contribution into the fund and therefore exempt income, and do the same thing the following two years. In the fourth year, however, and every year thereafter, the entire pension income would be subject to tax.

Age at continuity of service date	Years of credited service to be acquired to vest
25 and under	20
26	19
27	18
28	17
29	16
30	15
31	14
32	13
33	12
34	11
35 and over	10

credited service. The new liberalized provision continues the 20-year requirement for employees hired at or under 25 years of age but, the period required for vesting will be reduced by one year for each year of age at his continuity of service date, in excess of age 25 up to age 35; thus employees age 35 or over on the date from which continuity of service is computed will need to accumulate only 10 years of credited service thereafter. The following table may help in making this clear:

## Executive Board Meets Management

The entire Executive Board and Officers held a meeting with management representatives headed by Mr. A. C. Stevens last Tuesday.

The purpose of the meeting was to give union and management an opportunity to discuss any general problems affecting union relations. Mr. Stevens gave the Executive Board a picture of the business outlook as it affects the Schenectady plant. He pointed out that while the Control Department and others had moved or are in the process of moving this year, the floor space made available by these outgoing jobs would be utilized by remaining departments which are in the process of expansion. On employment Mr. Stevens said the present level of employment is expected to remain the same inasmuch as the number of people that would be displaced by jobs moving out of Schenectady should be absorbed by those departments in the process of expansion.

The Union pointed out that during the next 12 months over 1000 factory employees will be transferred as the result of the Control and Porcelain Departments leaving Schenectady. This will involve a number of long service employees whereby finding suitable jobs in line with their experience and earnings will be difficult. The Union suggested that jobs be sought out and earmarked for employees with service as quickly as possible so that when

the notice of lack of work was given to these employees, jobs would be immediately available.

Mr. Stevens raised the question of work stoppages, pointing out that the effect of work stoppages damaged the opportunity to encourage Company officials to route new jobs providing more work for Schenectady. Considerable discussion followed on this question whereby many board members cited particular cases that had caused work stoppages. The Union representatives made it clear that their efforts were bent on trying to prevent work stoppages by resolving complaints from members of the Union in their sections. During the discussion it was pointed out that the decentralization policy of the Company creating independent units had had its effect with new people vested with the responsibility of labor relations as well as production and cost problems and they had not acquired the technique or the knack of resolving competitive production problems while at the same time respecting and maintaining existing working conditions and wage levels.

After more than two hours of constructive discussion, a number of suggestions were made which management is taking into consideration.

## IUE-CIO 301 On the Job

IUE Local 301 handles thousands of grievances at all levels each year. These are just a few examples of cases, not settled at steward-foreman level, to be processed at management level.

**Bldg. 60:** Crane Repair group under Shop Steward J. Bien protesting installation of main feed wire in Bldg. 52, Side Bay. Union demands management abide by jurisdictional agreements.

**Bldg. 85:** Harry Vrooman and Ray Vrooman in Shop Steward C. Littorin's group protest violation of Contract, Article V, Sec. 9. Union demands management correct this violation at once.

**Bldg. 11:** Group under Shop Steward P. Nowicki protest supervisor's intended addition of a 2nd shift since there is no following up of jobs, there are material shortages and there is a lack of proper supervision. Union demands management investigate and correct this situation.

**Bldg. 23:** Sadie Adach under Shop Steward H. Dagostino did not receive proper holiday payment. Union demands payment according to Contract, Article VII-4(iii).

**Bldg. 95:** Joseph Salerno, C1 A Machine Repairman did not receive proper rate increase when upgraded from C1 B. Union demands retroactive adjustment to 1/16/56.

**Bldg. 11:** Group under Shop Steward P. Nowicki, protest Foreman Lane's failure to make proper payment for lost time due to faulty material, defective material and price checks. Union demands proper payment according to Contract, Article VI-4-(d).

**Bldg. 60:** Group under Shop Steward R. Ginac protest health hazard created by drafts from Doors 19 and 20. Union demands management correct this condition.

**Bldg. 16:** Group under Shop Steward S. Fingle protest supervisor's failure to give proper notice when time studies are to be taken. Union demands management abide by Contract, Article V-4-(e).

**Bldg. 16:** When Shop Steward J. Corless questioned Foreman Lewinski as to how Erectors were to be paid for accumulation of parts and crane waiting time for Oper. 3 on SO 437-3262, foreman refused to discuss the matter and resolve the issue. Union demands management correct arbitrary attitude of this foreman and make proper payment in this case.

**Bldg. 24:** W. L. Zengen, C1 B Sheet Metal Worker in Shop Steward J. Rakvica's group is performing C1 A work. Union demands reclassification to C1 A and proper rate increase.

**Bldg. 68:** Group in Shop Steward F. Niles' section protest inadequate service for piece workers. Union demands management add help needed to correct this situation.

**Bldg. 10A:** Milling Machine group under Shop Steward J. Drowski protest inadequate job rate on Main Housing Job, 7038E91-1. Union demands this work be classified as "A" and paid for as such.

**Bldg. 8:** Company has failed to notify the Local according to Contract, Article VI-2 in regard to job titled Prepare Shell Molds and Pour Off including Shake-out. Union demands proper increase in rate for Stanley Wosniak in Shop Steward R. Leonard's group.

**Bldg. 273:** Howard Hall in Shop Steward R. Jollota's group requests

transfer to his former job on mill and fit keys in H-Bay on 1st shift where there is an opening.

**Bldg. 29:** J. Juresak and B. Phillips in Shop Steward V. Lawya's group protest cut in standard price on SO 3102-1015, drwg. A144B10-32. Union demands restoration and retroactive adjustment of price to 5.20/C standard.

**Bldg. 12:** Group of C1 C Winders under Shop Steward G. Vincent protest changes in their work area and the crowded conditions that have resulted. Union demands management correct these conditions.

**Bldg. 12:** Group under Shop Steward W. Stevens protest conditions created from mounting the James tools too near the floor. Union demands management investigate and correct this condition.

**Bldg. 84:** Groups under Shop Steward J. Marco protest inadequate job rates for Repair Industrial Trucks and Equipment; Maintenance and Repair Batteries; Maintenance and Repair Electrical. Union demands management investigate and make proper increase.

**Bldg. 285:** Group of Wiremen in Shop Steward C. Daney's group protest excessive lost time due to lack of work. Union demands reduction of forces according to Contract.

**Bldg. 77:** Group under Shop Steward F. Gengenbach were promised that help would be added to this group in January 1956. Over-time is being scheduled and Union demands management abide by this agreement.

## Executive Board Members Have Busy Schedule

The Executive Board and Officers had a busy schedule this week with a legislative lobby in Albany Monday evening, a special meeting of the entire Board and management representatives on Tuesday for the purpose of discussing general problems (see separate story), and on Wednesday evening a regular Board meeting to decide the administrative affairs of the local union.

All this extra activity is in addition to the regular headaches on grievances which Board members get during the course of a day in the shop.

Attend Your Union Meetings

Local 301 IUE-CIO  
JOINT MEMBERS  
and STEWARDS  
MEETING

Mon., Feb. 20, 1956

2nd Shift—1:00 P.M.  
(Before Work)

1st and 3rd Shifts—  
7:30 P.M.

KRUEGER'S HALL  
LIBERTY and SOUTH FERRY STREETS

Regular Order of Business  
Report of Committees

EXECUTIVE BOARD  
LOCAL 301, IUE-CIO  
MILES MOON, Rec.-Sec'y

IUE-CIO LOCAL 301 NEWS  
OFFICIAL ORGAN OF LOCAL 301,  
REPRESENTING SCHENECTADY  
GE WORKERS

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