

*Your  
Thrift Fund  
Account . . .*

**DECEMBER 31, 1945**

# Purpose of the Plan

Thrift is one of the hardest habits to develop and one of the easiest to ignore. Without it, no matter what a person earns, he or she faces a worried and uncertain future. And certainly there is no greater tragedy than penniless old age.

Realizing this, the J. C. Penney Company developed a Thrift Plan for the benefit of associates. Essentially a long-range program with benefits that grow with the years, the Thrift Plan enables participants to profit handsomely from deposits in the Fund.

Like most long-range programs for economic self-betterment, Penney's plan is geared to regular saving over a long period. If you stop saving, or withdraw your savings before you become eligible to receive the full return on them, you fail to get the maximum benefits available to you.

In this respect the Thrift Plan operates on much the same principle as United States "E" bonds. These bonds, yielding 2.9 per cent interest, mature in 10 years. Only then can the holder who paid \$18.75 for a bond collect the full face value of \$25. Everyone knows that cashing a bond before it becomes due results in scaling down the owner's maximum return on his investment.

The same is true of your Company's Thrift Plan. You may wait as long as ten years to collect the full amount which you eventually will be entitled to receive. But deposits *left* in the Thrift Fund produce big returns over a long pull. And here's the reason: members are credited not only with their share of the Fund's earnings, but also substantial contributions each year by the Company.

These three elements—a member's own deposits, Company contributions and Fund earnings—are added together and the total is shown on your annual statement. But the amount by which your account is increased each year by Company contributions is withdrawable *in full* only under the conditions outlined by Paragraph D, Page 7, of the Thrift Fund manual. This paragraph reads as follows:

## PARAGRAPH "D"

Withdrawal in full without any relinquishment of any Company contributions may be made by the following upon leaving the employ of the Company:

1. Any employee having participated for ten consecutive years immediately prior thereto. (1949 first year this provision will apply.)
2. Any employee reaching the age of 50 after participation for five years immediately prior to withdrawal.
3. The beneficiary, upon the death of a participant.
4. Any employee who, upon competent authority acceptable to the Administrative Committee, is determined to be permanently disabled and incapable of self-support.
5. Any employee whose services, in the Administrative Committee's sole discretion, are discontinued because of the Company discontinuing operation in the town of employment, or because of discontinuance of the particular work in which engaged, if employed in an office or warehouse of the Company.

*An Amendment Now Provides That:*

6. Any participant who is required by the terms of the Company's Retirement policy to leave the employ of the Company may withdraw his or her account in full.

# How the Plan Works

The Thrift Plan is a long-term program—always keep this in mind in connection with it and in the planning of your own future. The longer you participate in the Plan, the greater are your benefits!

The Thrift Plan was created primarily for the benefit of those who "remain in the employ and contribute to the development of the Company over a considerable period of time."

The word "relinquishment" is used in the plan in connection with Company contributions. There has been considerable confusion as to just what "relinquishment" means and how it works. All the word means, actually, is that those who leave the Company before the completion of ten years in the Fund (or who fail to qualify under one of the other conditions outlined in paragraph "D" on page 2) receive less in total benefits than those who continue in Company employ. For further details see page 4.

## AN EXAMPLE

Mary Smith was employed in 1938, entered the Fund in 1939 and left the Company in October 1945. In the years between she deposited \$273.60 (Table 1). But she got back the sum of \$556.82 (Table 4)—\$283.22 more than she put in.

Where did this \$283.22 profit come from? \$227.64 was Company contribution to Mary's account (Table 2). The remainder—\$55.58 was her share of Fund earnings (Table 3).

Mary thus profited handsomely. But because she did not meet the full-withdrawal requirements of Paragraph D, (page 2 of this folder), the total Company contributions to her account were subject to the Relinquishment percentages shown on page 20 of the Thrift Plan book.

*The tables below show how Mary's deposits of \$273.60 grew to \$556.82.*

TABLE 1 These Are Mary's Own Deposits		TABLE 2 This Is What Mary Received of Company Contributions After Relinquishment	TABLE 3 This Is Mary's Share Of Fund Earnings	TABLE 4 This Is Total Amount Mary Withdraws
1939	\$00.00	\$13.30	\$00.00	\$13.30
1940	64.80	42.36	1.27	108.43
1941	52.80	61.28	5.46	119.54
1942	66.00	53.40	10.90	130.30
1943	24.00	30.60	16.59	71.19
1944	66.00	26.70	21.36	114.06
Total	<u>\$273.60</u>	<u>\$227.64</u>	<u>\$55.58</u>	<u>\$556.82</u>

### SUMMARY

Mary withdrew a total of.....	\$556.82
Mary deposited (her own money).....	<u>273.60</u>
Mary's share of Company Contributions was.....	\$227.64
Mary's share of Fund Earnings was.....	<u>55.58</u>
<b>MARY'S TOTAL PROFIT</b> .....	<b>\$283.22</b>

If Mary had not left until 1949, completing ten full years, her \$273.60, *even if she had made no further deposits*, would have grown to \$910.33, plus Fund Earnings and 7% of her salary up to \$300 per quarter for four additional years.

# "Relinquishment"—What It Is!

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"Relinquishment" is no loss to anybody!

"Relinquishment" is simply the difference between a participant's cash receipts (if he or she leaves the employ of the Company before qualifying for full credit in any of the ways outlined in paragraph "D" on page 2) and the amount which would have been received if he or she had so qualified.

The total balance shown on line No. 8 of your Annual Thrift Fund Statement represents the full amount of credits you are entitled to if you meet the qualifications of paragraph D appearing on the bottom of page 2 of this folder. If you fail to qualify, however, then the "relinquishment" tables which appear on page 20 of the Thrift Plan booklet come into operation.

## WHAT HAPPENS TO THE MONEY THAT IS "RELINQUISHED"?

Every cent of it remains in the Fund. The amount that is "relinquished" is added to Fund "earnings" and increases the account of every remaining participant. None of the money "relinquished" ever returns to the Penney Company!

AGAIN!

THE THRIFT PLAN IS A LONG-TERM PLAN!  
THE LONGER YOU PARTICIPATE THE MORE YOU MAKE!

J. C. PENNEY COMPANY THRIFT AND PROFIT-SHARING RETIREMENT FUND  
ANNUAL STATEMENT OF ACCOUNT FOR YEAR ENDING DECEMBER 31, 1945

No. 12539

MARJORIE MARY ZANDER

PARTICIPANT.....

1396-ST. LOUIS, MISSOURI

EMPLOYED IN STORE NO.....

1. Balance in Your Account December 31, 1944.....	\$	1 5 5.4 7	
2. Charged Against Above during 1945 ( <i>As per withdrawal advice submitted</i> ).....			
3. Remainder of Your December 31, 1944 Balance ( <i>Line 1 minus Line 2</i> ).....		1 5 5.4 7	S
4. Your 1945 Deposits Remaining in Fund at End of 1945.....		4 8.0 0	
5. Company Contribution Based on Your 1945 Deposits ( <i>Not in excess of 75% of the total of your contribution factors</i> ).....		3 6.0 0	
6. Company Contribution Based on Your 1945 Salary ( <i>Not in excess of 2% of \$1200.00</i> ).....		2 4.0 0	
7. Your Share of Fund Earnings for 1945.....		5.2 0	
7a. Company Contribution Based on Your 1945 Salary ( <i>Special 5% to \$1200.00 for 1945</i> ).....		6 0.0 7	
8. Your Total Balance as at December 31, 1945 ( <i>Lines 3 to 7a inclusive</i> )..... (SEE OVER)		3 2 8.6 7	S

The accounts of the Fund are now being audited by Peat, Marwick, Mitchell & Company. If above is correct, sign the stub, tear off, and hand to manager. If this statement is incorrect, for the purposes of the audit, communicate directly with Peat, Marwick, Mitchell & Company at 70 Pine Street, New York, N. Y., stating your exceptions. Any other exceptions or questions during the year should be taken up directly with the New York Office. A statement of the accounts of proceedings of the Trustee is available for inspection at the offices of J. C. Penney Company in New York.

ADMINISTRATIVE COMMITTEE

By R. C. WEIDERMAN

The purpose of this Plan as explained in the booklet which you have is as follows:

"The purpose of this plan is to assist those regular employees of J. C. Penney Company covered by the plan who remain in the employ and contribute to the development of the company over a considerable period of time or until they retire from active service, to accumulate a sum as a protection for the employee and his or her family against subsequent insecurity."

This fund is not intended as a savings fund available for occasional withdrawals to meet unexpected needs. The company discourages such withdrawals except under extreme circumstances.

As explained, the Plan is intended for old age and retirement needs. This is the reason that certain relinquishments of company contributions are imposed on withdrawals either while the participant is employed by the company or upon severance of employment. See Page 20 of the Plan booklet for a schedule of such relinquishments. No relinquishments apply to a participant who complies fully with the terms of the Plan as outlined on Pages 20 and 21 of the booklet. Any sums relinquished are not returned to the company, but remain in the Plan for the remaining participants.

All contributions made by participants are, of course, returned in full.