# STALEY NEWS

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## *New Provisions for Group Life Insurance*

By W. G. Reynolds

Carrying out our desire to best serve the interests of our employees who are carrying certificates of Fellowship Club and Contributory Group Life Insurance, we have added two installment option methods of settlement as amendments to our Master Policies of Group Life Insurance.

### *Installment Option Number 1*

Any insured employee may, by notifying the company in writing, so arrange his Group Insurance Estate, that, upon his death, in place of paying the entire amount of the certificates in a lump sum to his beneficiary, such amount may be paid to the designated beneficiary according to the following table of monthly installments:

| Number of Monthly Installments | Amount of Each Monthly Installment Per $1,000 of Insurance Applied |
|---|---|
| 6 | $167.69 |
| 9 | 112.21 |
| 12 | 84.48 |
| 18 | 56.73 |
| 24 | 42.86 |
| 36 | 28.99 |
| 48 | 22.06 |
| 60 | 17.91 |

If the insured employee fails to choose one of the optional methods of settlement, his beneficiary may, after his death, choose to have the insurance settled under these options, provided that, no installment settlement may be selected under which the amount of each installment payable would be less than $10.00.

### *Installment Option Number 2*

Payment of the Group Life Insurance amounts may be made partly in one sum and the balance in installments under the provision of Option 1.

The payment of installments begins as soon as proofs of death have been received by the Equitable and the subsequent installments are sent monthly thereafter until the entire proceeds of the certificates have been paid out. In case of the death of the beneficiary before all of the installments due under the provisions of the selected option have been paid, such unpaid installments are merged into a single lump sum at the rate of 3 per cent per year compound interest and paid over to the executors or administrators of the beneficiary, unless the insured employee shall have made other provision by written notice to the company.

An excess interest dividend is provided for as follows: Above listed installments are based on an assumed interest earning of 3 per cent per year; however, if in any year the Equitable declares that such funds held under installment options shall receive interest in excess of 3 per cent per year; an excess interest dividend, as determined and apportioned by the Equitable, will be paid with the installment due on the anniversary of the due date of the first installment.

Since most insurance policy provisions are rather complicated and require specific cases of their actual application to be clearly understood, let us make up two case studies of the settlement of Group Life Insurance certificates under the provisions of these installment options:

Mr. A. calls at the Personnel Office and signs a statement instructing the office to change the settlement provisions on his Group Life Insurance certificates so that his beneficiary, Mrs. Mary A., in place of receiving his entire $3,000 of insurance in a lump sum will receive it in installments of $17.91 per month per thousand for a total period of sixty months or five years; thus the $3,000 total Group Insurance amount will yield to his beneficiary a monthly installment payment of $53.73 for sixty months.

Mr. A in the course of the conversation mentions the fact that he has another insurance policy in addition to his Group Life Insurance protection. That policy is made payable to his beneficiary

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## GROUP HOSPITAL PLAN TO BE RE-OPENED FOR MEMBERSHIP FEBRUARY 3-15, 1941

The membership rolls of the Decatur Hospital Service Corporation are to be opened for the period of February 3rd to 15th inclusive. All new and old employees who have not joined the Plan may do so at that time.

Application cards and information may be secured either at the Personnel Office or at the Office of the Staley Credit Union. Enrollment will start at 8:15 A. M. February 3rd and close promptly at noon on February 15th.

No applications for membership can be accepted after February 15th, noon, and we have no definite assurance at this time as to any further re-opening of the Plan.

Present members of the Staley group whose certificate anniversary dates occur during the re-opening period may add other certified dependents to their contract cards at that time.

Membership dues are 75c per month for each member of the family 19 years of age or older. The husband, wife and all children under 19 years of age may be included in a special family group at a cost of $2.00 per month. Dues will be deducted from plant pay checks each month starting with the pay of the third week of February; for the office payroll, deductions will be made on the 15th of the month pay checks.

Each family member listed on the contract card is entitled to 21 days of hospital care during the certificate year. Applications become effective on the 15th of February, 1941, provided the contract cards are accepted by the Service Corporation and certificates of membership are issued. Hospital care includes payment of $3.50 per day for semi-private room, ordinary nursing care, use of operating room, medicines and dressings, practically all hospital expenses are included except X-

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## MORE ABOUT INSURANCE

so as to provide an amount of $1,500 to pay off the mortgage on his home and a balance of $1,500 to be paid in cash to his beneficiary to be used as a clean-up fund for his burial expense and current debts he owes at the time of his death. He is asked if he understands clearly that at the end of five years his group life insurance certificates will be entirely paid out on the installment basis and that his beneficiary will have no further income from the Equitable. His answer is that he realizes that fact but that he is glad to know that his beneficiary will be provided with a modest sized income, certain, for five years. He further points out that she is not accustomed to handling large sums of money for investment and that he has seen too many widows lose their insurance money through unwise investment or poor advice from friends and relatives often within one or two years after the death of the husband. He also states that his two sons, now in High School, will be graduated well within the five year period and should be able to look after their mother.

Now let us turn to Mr. B. who has no other insurance except the $3,000 Group Life that he carries with Equitable. Mr. B says that he approves the idea of leaving his insurance funds with the Equitable but that since he has no other insurance he thinks it best to leave a clean-up fund in a lump sum to his beneficiary to take care of his burial expenses, current bills and expenses incidental to his last illness. By estimating the cost of a modest funeral and the total of his current bills payable he arrives at a figure of $1,200 to take care of these expenses. His insurance card is marked in this manner, "Payable to my beneficiary, Mary B, wife, the sum of $1,200 in a lump sum at my death; the balance of the proceeds of my certificates, $1,800 is to be paid in equal monthly installments over a period of 48 months totaling $22.06 per $1,000 of insurance." Thus $1,800 of insurance will yield an income of $39.71 per month for a period of 48 months or 4 years. He states that due to his age and that of his wife, 59 years, that she will be entitled to her widow's and survivors monthly pension when she reaches age 65 and that this pension fund, which represents contributions by both himself and the company, will yield her a monthly pension for life, if she does not re-marry, of about $20.00 per month. They own their own home and have an income of $30.00 a month from an upstairs apartment so that he feels assured that his widow will be provided for.

Anyone who wishes to take advantage of these provisions should call at the Personnel Office and fill out the proper forms for notifying the company of his wishes to add installment options 1 or 2 to his Group Life Insurance certificates.

## NOTICE TO BAND MEMBERS

All Staley employees and their children who were in the band will please get in touch with the Decatur Music Shop at 449 N. Water St. to make arrangements for continuing the band.

## WHEN YOU CHANGE YOUR NAME OR ADDRESS

Paragraph 3 of Section 29F of the Driver's License Law of the State of Illinois has caused some confusion among Staley People. It reads as follows:

"Whenever any person after applying for or receiving an operator's license shall move from the address named in such application or in the license issued to him or when the name of a licensee is changed by marriage or otherwise such person shall within ten days thereafter notify the Secretary of State in writing of his old and new address or of such former and new names and of the number of any license then held by him."

Which means just what it says. Within ten days after you move, marry (applies to women only) or change your name you are required to drop the Secretary of State a line and tell him all about it. No forms to fill out, no fee to pay, no obligation, salesman will not call.

If, however, you want your driver's license card to show your new name or address, you may fill out a duplicate application and receive a new driver's license card which shows your corrected name or address. The fee for this service is 50c but you are not compelled by law to get a new card.

## STALEY SAFETY

Here is an article we picked up in a Safety magazine. It was pointed at safety men but we thought you might like its new slant on an old problem.

"Let's face facts. Accidents don't happen often. They are unusual. Frequently a worker says, "I've worked here twenty years and had only one lost time accident". He thinks that he is a safe worker.

"Recently I have been translating accident frequency figures into years of work per accident and it is surprising how seldom lost-time cases occur. For example, last year all American industry had a frequency of 11.83. That doesn't mean much but if we say that the average worker had a disabling injury only once in 44 years it becomes more intelligible. Thus a man must work 44 years without a disabling injury before he is average. A man with two disabling cases in 44 years is below average and must be considered "accident prone". Too many of us preach as though accidents occurred every day to every man.

"Our job is to prevent that rare thing, an injury that results in lost time. Of course, twenty or thirty years ago accidents did occur with more frequency but today disabling injuries happen, on the average, less than once per working lifetime of an employee.

"Shouldn't we change the tone of our safety program? Shouldn't we get our employees to realize that a disabling injury, even if it lost only one day's time, is more than he is allowed in a whole life time if he is to be classed as a "safe worker"? The truth is that accidents don't happen often."

He may have something. Our own frequency rate for last year indicates that the average Staley employee is injured only once every 35 years. On that basis our oldest employee has not been here long enough to be classed as safe.

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## "RESERVE FOR DEPRECIATION"

Our year end statement shows that depreciation of our plant during 1940 amounted to a total of $834,037.61*. That looks big compared to our profit figure. Where did it come from? Why should it eat up so much of the money we took in?

You are familiar with depreciation as it applies to your automobile. Let's see how it works in an industrial plant. Suppose John Jones goes into the shoe-string business and builds two buildings, one to manufacture strings and one for the metal tips. They cost $40,000 each. John's engineers, by agreement with the Treasury Department, estimate their life at 40 years. The depreciation rate will be 1/40 of the cost per year. Jones' accountants figure that $1000 into the cost of shoestrings and, at year end, charge it off against the building's depreciation account. At the end of 40 years the building will be paid for, worn out, torn down and replaced.

But no one foretells the future exactly. Jones didn't know that someone would invent a plastic shoestring tip that would make metal tips obsolete. But it happened — just 30 years later — and one building had to be torn down and replaced with a building suitable for making the new tip. Only $30,000 depreciation had been charged off so Jones transferred a loss of $10,000 to his general depreciation account.

The other building was still good at the end of 40 years but Jones, with the government's permission, continued to charge depreciation for 10 more years and built up a credit of $10,000 before the building had to be replaced. He transferred the $10,000 credit to his general depreciation account and balanced the earlier loss. Two misses equalled a hit.

He couldn't have handled the transaction that way if he had only had one building because there would have been nothing to average against but, where there are several buildings, the government allows them to be averaged so that optimistic guesses will balance pessimistic ones. Wear and tear may be greater or smaller than estimated. New products and processes, inadequate capacity or inefficiency may render a building obsolete in a fraction of its estimated life. When that happens the owner suffers a loss. Exceptionally fortunate conditions may cause the building to last longer than estimated. When that happens the owner enjoys a gain. In the end the guesses should come close to cancelling each other.

Coming to our own case the general building depreciation account shows a loss of $20,751.42* as of the end of 1940. The loss is only apparent, however, because we are still using a few buildings that have been completely depreciated. When they are torn down the gain should be sufficient to wipe out our loss. But we won't know that story until they are and, in the meantime, we may have to tear down buildings that have not been completely depreciated if changes in our process (there have been many in the past) render them obsolete. The glucose refinery, for example, has an estimated life of 50 years but new discoveries make it doubtful that we will be able to use that building until 1969 when it will be depreciated out.

Equipment and machinery is another story. Its life is shorter and can be more accurately predicted than the life of a building. But it too may be subject to abnormal wear, to obsolescence, to lack of capacity or again, it may outlive its estimated life. Incorrect guesses there are averaged out in a different manner. When equipment has been completely depreciated and is still usable (this rarely happens under new government calculation methods) it is not depreciated any further but merely disappears from the depreciation account. Equipment that must be replaced before its normal expectancy is a loss and cancels gains made on the other.

So, because buildings and equipment must be paid for out of the price we get for our product and because we'll have to replace them when they wear out or become obsolete, we must set aside a large sum every year in an item called, "Reserve for Depreciation".

* Not audited.

## MORE ABOUT HOSPITAL

Rays or services of the X-Ray department. The only waiting period included in the rules is a ten months period for cases of pregnancy.

The person signing the membership application card must either certify to the good health of each dependent member that he includes in his family group or state in writing the fact that ill health exists or that hospital care has been advised for this person. Naturally such members of the family who are not in good health or are in need of hospital care at the time of application will not be allowed hospital care under the Plan for the conditions of health listed.

The Plan has always been very liberal in its allowances for hospital care and because of this policy only healthy people, not in need of hospitalization at the time of joining the Plan, should be enrolled.

## SUCCESS STORY

Few stories can be told as completely by a column of figures as this one can. The figures are year end statements of the total assets of the Staley Credit Union and their story, not yet finished, is that our Credit Union, under the wise guidance of its officers and directors, is still expanding its range of usefulness to us.

Our Credit Union started in June of 1930. As of December 31, 1930 its total assets came to the comparatively modest sum of $15,066.05. From there on the figures tell the story.

| | |
|---|---|
| Dec. 31, 1931 | $ 25,177.11 |
| Dec. 31, 1932 | 41,123.76 |
| Dec. 31, 1933 | 76,639.25 |
| Dec. 31, 1934 | 117,598.54 |
| Dec. 31, 1935 | 148,892.84 |
| Dec. 31, 1936 | 198,210.33 |
| Dec. 31, 1937 | 268,824.00 |
| Dec. 31, 1938 | 289,442.94 |
| Dec. 31, 1939 | 338,646.54 |
| Dec. 31, 1940 | 409,554.01 |

Here is a half million dollar business which you and I have built on mutual need, mutual helpfulness, mutual trust. It has progressed from utter dependence upon the Staley company to the place where it can pay a large share of its own operating expenses. It is a good tool and the fact that we have, thus far, used it well, is a tribute to the way we are able to get along together.

# *Plan for Planning*

When executives dream of perfection part of the dream is a plant where production flows smoothly at the most efficient rate with no peak loads or shut downs. Material and supplies (bought at the right price) are present when needed. There is storage space for everything but none is wasted. Inventories of finished product are just large enough to ship every order *the same day it is received.* Customers *never* complain.

That's *too* good. But it is a goal to keep in mind and we have set up a Planning Department whose sole job is to keep us pointed toward it.

Production planning is not new. Every business that lasts longer than fifteen minutes must plan production in accordance with anticipated sales; purchase of material and supplies in accordance with production; shipment or storage of products according to orders and its best judgment of the future.

Our planning, heretofore, has been done by the Sales Department, where an attempt was made to anticipate orders; by the Purchasing Department, where future needs for supplies were considered; by the Manufacturing Department, where decisions were made as to when and how we would produce goods to fill orders for our many types of product and by the Shipping and Traffic Departments who decided how and when those orders would be shipped. Everyone did his own planning and, in view of the way our business has grown, you'll have to admit that they planned pretty well.

But not well enough if there is a better way. None of them were in possession of *all* the facts and judgments can be no better than the facts on which they are based. The Planning Department was brought into being, therefore, to gather *all* the facts, to correlate them and to dispense them with a view toward better coordination of the activities of the departments mentioned above.

From "Sales" they will receive copies of orders to be filled and help in estimating minimum and maximum stocks of product to be kept on hand. With the help of "Manufacturing" they will get figures on production and storage capacities. From these two sets of facts they will determine the material and supplies necessary and work with "Purchasing" to keep enough supplies on hand for production and, at the same time, prevent the oversupplies which tie up capital in inventories. These things done they, with the superintendents and foremen, will determine the quantities of various products to be produced.

At the end of every day they will make up a "Daily Position Sheet" of all products which will show, for the previous day, orders received, amount produced, shipments scheduled or completed and finished products on hand or scheduled for production. This set of facts will indicate the amounts of various products to be produced next. Suppose the position sheet shows 1000 cases of Golden Table Syrup on hand, orders for 500 cases and a maximum stock for this product of 550 cases. We won't spend the day making Golden Table. But we have 1000 cases of Waffle on hand and orders for 3000. A run of 2000 cases of Waffle is indicated and that will take so many hours and so many men. And so on — until the day's work is planned out. The Planning Department will know how many labels, cartons, cans, bails and lids are necessary and make sure that they are on hand.

Thus far planning has been confined to No. 17 and No. 20 Buildings because in this, as in any new system, some basic data must be established and some problems which don't show up until the job is in operation must be worked out. After it is operating smoothly in these departments the plan will be extended to others wherever practicable.

There isn't a miracle in the whole set-up. In a plant as large and diversified as ours a *system* must be charged with the responsibility for thinking ahead. The job has too many angles to be done by any one man or group of men unless *every* relevant fact is in their hands. If it is done by a separate department, production supervisors are freed of that burden and can spend their whole time keeping production flowing smoothly. It is insurance against the mistakes or loss of any individual because it is closely checked and doesn't depend on one man. Finally, it gets us a little closer to our dream of perfection. We operate smoothly at an efficient rate. We are not constantly hiring men and laying them off. We ship every order as it is received and produce only to keep our stocks balanced. That isn't going to happen tomorrow but it can happen—with good planning.


Our basketball team is still having a tough time with its hoop hitting. Thus far they have lost nine games and won only five. Since we last reported to you they have lost a tough one to Shelbyville 32 to 29 and to Oakes who made it 38 to 28. Cox was high man in both games getting 11 points in the first and 14 in the second. The Caterpillars plowed them under 53 to 31 even with James (The Jeep) Cozad coming through with 12 points to lead the scoring.

On the fifteenth Illinois Iowa Power trimmed our brave boys by a score of 44 to 35 with Rusk being high man for the Staley's with 13 points. Then came the dawn and we up and beat the Mississippi Valley team 57 to 33 with Cox getting 19 points, Rusk 14 and Mr. S. Page 13.

What comes next for our B. B. team is hard to say at this point but there are two thoughts from which some consolation can be derived. Staley basketball teams have been awful good for an awful long time. Maybe we were due for an off year. And then again — the season isn't over yet, we are only four games away from a 500% average and Lincoln, or somebody, said, "You can't win all the games all the time".

★ ★ ★

The top three bowlers are still Clarence Koshinski (178), Emmet Cunningham (170), and Harry Litz (168). Best left handed bowler in the league (since the abdication of Diz Wills) is Walter Meinert who stays in the top ten by virtue of a 162 average.