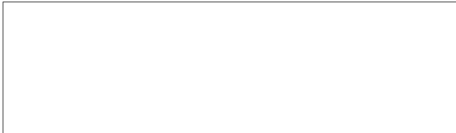




Pension Benefit Guaranty Corporation
1200 K Street, N.W., Washington, D.C. 20005-4026
www.pbgc.gov

September 15, 2006



Re: Case Number 195240
LTV Steel Hourly Pension Plan (the "LTV Hourly Plan")¹

Dear :

The Appeals Board has reviewed your April 16, 2005 appeal of PBGC's April 13, 2005 corrected determination of your benefit. As explained below, we are granting your appeal by increasing your benefit and eligibility service. Further, you may start part of your benefit unreduced for starting early under a 30-Year Retirement, retroactive to September 1, 2000.

Benefit Determinations

PBGC determined your benefit is \$293.36 per month if paid as a Straight Life Annuity, and is the sum of two amounts:

- \$202.50 {\$13.50 rate x 15 years} for YS&T service August 19, 1964 - August 13, 1979, payable unreduced for starting early, starting 2005, plus
- \$90.86 {\$17.50 rate x 7.25 years - \$36.02 DCP² offset}, payable unreduced for starting early, starting 2007, under the Republic Hourly Plan, for October 24, 1979 -

¹ (i) Successor to the Jones & Laughlin Hourly Pension Plan (the "**J&L Plan**"), which was successor to the Pension Plan for Hourly Employees of Youngstown Sheet and Tube Company and Affiliates (the "**Youngstown Plan**"), formerly called the Youngstown Sheet and Tube Company Pension Plan for Employee Pension Benefits (the "**YS&T Plan**").

The LTV Plan is also successor to the Pension Plan of Republic Steel Corporation (the "**Republic Hourly Plan**"). The Republic Hourly Plan merged with the J&L Plan in 1999.

² The DCP, a *defined contribution plan*, was formerly the LTV Steel-USWA Pension Plan, until the DCP merged into the Hourly Plan in 1999.

[redacted] 1988 employment at Warren/Niles and Drainage Products ("WCI"). Your eligibility service for your Republic/WCI Plan benefit is almost 21 years, [redacted] 1979 - [redacted] 2000.

You provided a YS&T statement showing your accrued benefit is \$302.02 based on service ending [redacted] 1984. You asked PBGC to include benefit service through August 31, 1988, and eligibility service through [redacted] 2000.

Relevant Data

PBGC's files contain the following relevant data:

(1)	Your date of birth:	/1945
(2)	Hired at YS&T:	/1964
(3)	Laid off at YS&T:	/1977
(4)	YS&T merged with J&L:	/1978
(5)	YS&T service ended, 2 years after layoff:	/1979
(6)	Hired at Republic/WCI:	/1979
(7)	You returned to YS&T:	/1982
(8)	Laid off at YS&T again:	/1982
(9)	Youngstown Plan merged with J&L Plan:	/1983
(10)	YS&T service ended, 2 years after layoff:	/1984
(11)	Republic Steel and J&L merged into LTV:	/1984
(12)	LTV Hourly Plans' first termination date:	/1987
(13)	LTV sold WCI:	/1988
(14)	Your WCI employment ended:	/2000
(15)	LTV Hourly Plan's final termination date:	/2002

YS&T Benefit Changed to \$302.02 Using 17.08 Years Service

We found YS&T replaced their \$202.50³ calculation, which PBGC used, with \$302.02,⁴ by including your later 2.08 years 1982-1984 YS&T service. The total 17.08 years YS&T used is the duration of

³ \$13.50 rate x 15 years

⁴ \$17.50 rate x first 15 years + \$19.00 rate x 2.08 years

your [] YS&T employment {19.667 years} minus your [] {2.583 years} absence from YS&T Plan service. See the table above. Therefore, we are changing your YS&T Plan accrued benefit to the \$302.02 amount YS&T calculated, based on 17.08 years YS&T Plan service.

8.833 Years Republic Hourly Plan Service Used

Your Republic Hourly Plan benefit calculations depend on your service and on contributions LTV made to the DCP. LTV started the DCP following the **January 13, 1987** termination of its defined benefit pension plans for hourly employees. Those defined benefit plans were restored to LTV following a 1990 Supreme Court decision - and were terminated again March 31, 2002.

Based on your [] 1979 hire date, and Plan provisions, LTV calculated your Republic Hourly Plan service two ways:

- (i) LTV calculated the \$90.86 Republic Hourly Plan benefit PBGC used, then corrected it slightly to **\$91.08**.⁵ They used **7.25** years Republic employment, [] 1979 - January 13, 1987, and deducted for "Additive Contributions" to the DCP.⁶
- (ii) Your benefit service [] 1979 through the [] 1988 sale date is **8.833** years. The 8.833 years includes the period beginning January 13, 1987 when LTV provided regular DCP benefits even if prior Republic Hourly Plan benefits were vested. Thus, your Republic Hourly Plan benefit based on all 8.833 years Republic service is **\$47.17** { $\$154.58$ ⁷ - $\$71.61$ regular DCP Annuity Equivalent - $\$35.80$ DCP "Additive" Annuity Equivalent}.

Therefore, LTV used all 8.833 years of your Republic service but found your benefit is largest under formula (i), which uses only your first 7.25 years of Republic employment. We are also correcting your PBGC-Republic benefit slightly to the \$91.08 LTV calculated.

⁵ $\$17.50$ rate x **7.25 years** - $\$35.80$ Annuity Equivalent from "Additive" DCP contributions. See Enclosure 1 to this letter.

⁶ You \$91.08 benefit was not vested when the Republic Hourly Plan terminated in 1987. Therefore, LTV made extra DCP contributions for you, called "Additive Contributions." However, following a 1990 Supreme Court decision, the Republic Hourly Plan needed to be reinstated. Thus, your Additive Contributions were made under an assumption which would no longer be true.

⁷ $\$17.50$ rate x 8.833 years. See Enclosure 1.

The calculations above show:

- PBGC is using 25.913 {17.08 + 8.833} total years benefit service during the 24-year period from your August 1964 hire date through the August 1988 WCI sale date. You earned overlapping benefit service while you were on layoff at YS&T and working at Republic, and
- PBGC is using all of your benefit service from [] 1964 through 1988, as you asked in your appeal.

Almost 21 Years Republic Hourly Plan Eligibility Service

The Republic Hourly Plan does not include your August 1964 - August 1979 YS&T employment in your service, because YS&T was not related to Republic yet. Similarly, neither law nor policy requires using unrelated 1964-1979 YS&T employment under the Republic Hourly Plan. Thus, under the Republic Hourly Plan, your eligibility service:

- started with your [] 1979 Republic/WCI hire date,
- ended August 31, 2000, when your WCI employment ended, and
- totaled slightly less than 21 years.

Therefore, your \$91.08 Republic Hourly Plan benefit is a 40/15 Deferred Vested Pension: unreduced for starting early at age 62, and reduced if started early between ages 60 and 62.

30+ Years Eligibility for \$302.02 YS&T Plan Benefit

PBGC found you earned more than 30 years eligibility service for your \$302.02 YS&T benefit, because in addition to your 17.08 years benefit service:

- LTV granted eligibility service beginning June 29, 1984 when your employer Republic Steel/WCI was in YS&T's controlled group, and
- following WCI's 1988 sale until your WCI employment ended in 2000.⁸

Therefore, your \$302.02 YS&T benefit was payable unreduced under a 30-Year Retirement starting 2000, the day after your WCI employment ended.

Error Starting \$302.02 YS&T 30-Year Retirement

We found that when your WCI Steel employment ended in 2000, you applied for a 30-Year Retirement. You were then paid a 30-Year Retirement under WCI's pension plan. However, WCI and LTV found under the LTV Hourly Plan you were entitled only to your \$91.08

⁸ See Enclosure 2 page 133.

40/15 Deferred Vested Pension, from your Republic/WCI service. They overlooked your \$302.02 30-Year benefit derived from your YS&T service. See Enclosure 3. Further, a former LTV Hourly Plan administrator told us:

- (i) LTV probably erred in 2000 by not advising you of your 30-Year eligibility to receive an unreduced YS&T benefit, and
- (ii) If such an error was uncovered, LTV would have allowed you to start your YS&T benefit retroactive to 2000.

The Appeals Board decided you may start the \$302.02 YS&T portion of your LTV Hourly Plan benefit effective September 1, 2000, because of your facts and circumstances, including administrative error before plan termination. If you have any questions about applying for your PBGC benefits, please contact:

PBGC Authorized Plan Representative
PO Box 151750
Alexandria, VA 22315-1750

You may also contact PBGC's Authorized Plan Representative, at 1-800-400-7242.

Decision

Having applied LTV Hourly Plan provisions to the facts in your case, the Appeals Board changed PBGC's determination as follows:

- We are increasing the YS&T portion of your benefit from \$202.50 to \$302.02 per month if paid as a Straight Life annuity starting effective September 1, 2000. You may start your YS&T benefit retroactive to September 1, 2000, if you apply within 90 days of the date PBGC sends you an application.
- We are increasing the Republic Hourly Plan portion of your benefit from \$90.86 to \$91.08 per month if paid as a Straight Life Annuity starting March 1, 2007. The \$91.08 benefit will be reduced if started earlier.

This letter concludes your administrative remedies with respect to PBGC's April 13, 2005 corrected determination. You may, if you wish, seek court review of PBGC's determination with respect to the issues you raised. Thank you for your patience while we carefully reviewed your appeal.

Sincerely,



William D. Ellis
Appeals Board Member

Enclosures:

- 1) LTV's calculation of your \$91.08 Republic Hourly Plan (WCI) benefit
- 2) Excerpt from 1999 LTV Hourly Plan document. Appendix G permits: (i) continuing service, but for eligibility only, in some circumstances after a facility is sold, and (ii) requires otherwise determining benefits under the Predecessor Plan applicable at the time of the sale. (3 pages)
- (3) WCI notice that employment had ended and a \$91.08 LTV Hourly Plan benefit would be payable starting March 1, 2007