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

[Redacted]

NOV 29 2002

Re: Appeal [Redacted] Republic Retirement Plan (the "Republic Plan" or the "Plan" - formerly known as the Pension Plan of Republic Steel Corporation for Eligible Salaried Employees)

Dear [Redacted]

We reviewed your appeal of PBGC's December 19, 1997 determination of your Plan benefit. As explained below, we found that you presented no reason for increasing your monthly PBGC-guaranteed benefit, and therefore, must deny your appeal.

PBGC's Determination and Your Appeal

PBGC's determination letter said that you are entitled to a guaranteed monthly benefit of \$1,383.73 payable as a Straight Life Annuity ("SLA"), which provides a benefit for your lifetime and no survivor benefit, starting on June 1, 1988, your Actual Retirement Date ("ARD"). It noted that this benefit is larger than the \$1,379.41 estimated benefit you were then receiving. On April 1, 1998, PBGC changed your monthly benefit to \$1,383.73, and paid you the accumulated difference of \$509.76 (\$4.32 times 118 months) plus \$159.63 in interest. An accompanying Benefit Statement showed how PBGC calculated your benefit.

In your January 31, 1998 appeal, you said that deducting \$589.80 ("Social Security Benefit") from your Republic Plan benefit is incorrect. You explained that you retired from British Petroleum ("BP") on June 1, 1988, and that they are also deducting social security from your "Kitt/Sohio/BP" benefit. You said that you believe deducting social security from both plans is a "double dip."

Discussion

Enclosure 1 contains pertinent provisions of the 1980 Plan, the Plan in effect when Republic Steel Corporation ("Republic") transferred its stock in Kitt Energy Corporation ("KEC") to The Standard Oil Company of Ohio ("Sohio") on June 1, 1982. Before June 1, 1982, KEC was a subsidiary of Republic, and your service

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with KEC allowed you to participate in the Plan. Enclosure 2 is a copy of an addendum to the 1983 Republic Plan describing the terms of the Stock Transfer Agreement ("STA"), under which your service with KEC and compensation paid by KEC after May 31, 1982 could no longer be considered in calculating your Republic Plan benefit.

You have questioned the portion of PBGC's benefit calculations that involve a reduction in your Republic Plan benefit for certain benefits payable under the Social Security Act. Under Republic Plan section 3.7(b)(2) on page 4 of Enclosure 1, your 30-year retirement benefit amount under the Plan's "1.5% Pension" must be reduced by 50% of your Plan-defined old-age Social Security benefit ("SSB") amount. The last paragraph of Plan section 3.7(b) says that your SSB payable at age 65 must be calculated based on the Social Security Act in effect when your employment with KEC ended in 1982, and on the assumption that you would not have any earnings after May 31, 1982.

PBGC's records show that PBGC accepted Republic's calculation of your SSB amount. After recalculating your SSB based on the Republic Plan's definition cited above, we found that Republic calculated your Plan-defined SSB offset amount correctly.

Please note that PBGC is not authorized under the Employee Retirement Income Security Act of 1974 to pay benefits that are larger than those provided under the terms of a plan that terminates. Thus, because the Plan provisions require the reduction by the Plan-defined SSB offset amount, PBGC must apply the offset in determining your PBGC-payable Plan-defined benefit.

You questioned the fact that the benefit calculations under other pension plans from which you are receiving benefits also include offsets for estimated Social Security benefits. Because PBGC is not the trustee of those other pension plans, the Appeals Board is unable to address your question.

Decision

Having applied the law, and Plan provisions to the issues you raised, we found that you presented no basis for increasing your monthly PBGC-guaranteed benefit.

This is PBGC's final decision regarding the issues you raised in your appeal. You have exhausted your administrative remedies, and may, if you wish, ask a court to review this decision.

If you have additional questions regarding your benefit,

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please call PBGC's Customer Service Center at 1-800-400-7242.

Sincerely,



Michel Louis
Appeals Board Member

Enclosures (2)