



# Pension Newsletter

Pension Benefit Guaranty Corporation June 1998

## PBGC Remains Financially Strong

PBGC's financial condition continues to improve. The agency's annual report to the President and Congress showed assets of \$15 billion. For the second straight year PBGC's program recorded a positive financial position.

"A financially strong, well-managed PBGC is part of this nation's strategy for providing Americans with retirement security. Workers know that with PBGC on their side they will receive the benefits they have earned," said Secretary of Labor Alexis Herman, who chairs PBGC's Board of Directors.

"We must maintain a cushion that will be sufficient to protect the insurance program against any future economic downturns. With a financially strong insurance program, workers and employers can have confidence that pensions are secure," said PBGC Executive Director David Strauss.

During 1997, PBGC paid \$824 million in benefits to 205,800 people. Another 260,000 people, including you, will receive benefits from PBGC when eligible to do so.

## Director's Message

*David M. Strauss was appointed as Executive Director of PBGC in July of 1997. Strauss comes to PBGC with extensive management and policy experience as Deputy Chief of Staff to Vice President Al Gore.*

I want you to know that how we treat you is very important to me. Since I became PBGC Executive Director last summer, I have stressed the importance of personal service. One of my three priorities for this agency is for it to become a premier service organization. I want the people you deal with at PBGC to be attentive and responsive to your needs and provide you the finest customer service -- from promptly answering mail and returning phone calls to meeting directly with people to find out what is important to them. Based on surveys and face-to-face meetings with participants, we know we are doing our job better, but there's always room for improvement and I assure you we will improve.

My second priority is to safeguard PBGC's financial solvency. The agency

is well on its way to building a strong foundation and has taken advantage of this time of unprecedented prosperity to build a financial cushion. I am determined to keep PBGC strong and solvent so that you can have confidence that the insurance program will be able to provide you with your pension benefit.

My third priority is to promote new defined benefit pension plans. As you may know, defined benefit plans are the only type of pension plans insured by PBGC and the type that provides predictable, secure benefits for life. Through education and proposed legislation, we are focusing on small businesses where the need for pension coverage of workers is most critical.

I am convinced that we can carry out our mission best by remaining financially strong and being a premier service organization.



David Strauss

## PBGC's Customer Service Standards

As customers, you deserve our best efforts. We are committed to always showing you respect and courtesy when you contact us. We further pledge that with only one call from you, we will tell you:

- \* what can be done immediately or what you should expect if it will take longer,
  - \* when it will be done, and
  - \* who will handle your inquiry or request.
- \* If it will take longer than expected or anything changes from what we first told you, we will call you with a status report and tell you what will happen next.
- \* During normal business hours (8:00 a.m. - 5:00 p.m. Eastern Time), we will have someone available to take your call, as necessary. However, anytime you leave a message, we will return your call within one work day.
- \* If you write to us, we will acknowledge your inquiry within one week of receiving your request.

## How to Reach Us

Written inquiries should be addressed to PBGC, P.O. Box 19153, Washington, DC, 20036-9153. You can also call our Customer Service Center toll-free at 1-800-400-7242. For TTY/TDD users, call the federal relay service toll-free at 1-800-877-8339 and ask to be connected to 1-800-400-7242. To help us respond quickly to your requests, please have your social security number, address, and plan name available when you call.

# Getting Close to Retirement?

Several years may have passed since your pension plan terminated and was taken over by PBGC, so here is a little refresher about PBGC's guarantee and what happens when you're ready to start receiving your benefits.

## Eligibility for Retirement

First, eligibility for retirement is determined by the provisions of your plan, such as the number of years you must work and at what age you can begin receiving benefits. Often, the normal retirement age is 65, but most plans allow for early retirement at age 55. When you get close to the time your plan tells you that you can retire and begin receiving your benefits, write to us or call PBGC's Customer Service Center. To be sure that you begin receiving your benefits as soon as you are eligible, get in touch with us about six months before your eligibility date.

When you first begin to receive your benefit, it may be an estimate of the benefit you will receive under the insurance program. Most of the time, our estimate is right on the button. However, the estimated benefit could be higher or lower than the final amount to which you are entitled under the law. In that case adjustments will be made.

## Guarantee Limits

PBGC will pay you the benefit you have earned under the provisions of your plan up to limits that are set by law. The most we can pay -- the maximum guarantee -- is for a single-life annuity beginning at age 65 and is permanently established for each pension plan based on the year your plan terminated.

For example, the maximum monthly guarantee for plans terminated in 1995 is \$2,573.86 for a single-life annuity beginning at age 65. This does not mean that a person whose plan terminated in 1995 will get a monthly benefit of \$2,573.86. Rather, people are entitled to the benefit earned under the provisions of their specific plan, up to the maximum guarantee. The guarantee limit is lower if your plan allows you to retire at a younger age and you begin receiving benefits before age 65. In a 1995 termination, for example, the monthly guarantee limit for a 62-year-old early retiree is \$2,033.35. The guarantee limit is further reduced if your benefit is in a form other than a single-life annuity, such as a form that provides for a survivor benefit.

## Form of Payment

Usually PBGC pays your benefit as a monthly annuity. However, if the total value of your benefit is small, PBGC may pay the benefit in a lump sum (a one time payment).

# Appealing Your Benefit Determination

PBGC's letter notifying you of your final benefit determination under the program will also contain information on the appeal process. If you feel the determination is incorrect, you can send a letter to the Appeals Board stating why you believe the determination should be changed and providing any docu-

ments or other information you have to support your claim.

You should know that PBGC will correct any errors that are found at any time, even after your appeal period has ended. If you have proof that the data used in your determination is incorrect, simply call our Customer Service Center to report the correct information.

# We Take the Time to Get It Right

PBGC's top priority is to provide accurate benefits owed to you on a timely basis. This process takes time as PBGC must gather and analyze personal data and calculate benefits for all participants of the plan at the same time.

This process will never delay your receiving your pension benefit when you are eligible.

# Information at Your Fingertips

PBGC has a site on the World Wide Web that gives you the latest information on what we're doing. Our Internet address is [www.pbpc.gov](http://www.pbpc.gov).

You might want to look at Frequently Asked Questions on benefit guarantees. Also, our Pension Search Directory lists people who are owed benefits but can't be located, and you may find someone you know.

If you do not have a computer or access to the Internet, check with your local library or nearby college to see if you can use a computer to sign-on to the Internet.

PBGC will continue to refine its home page to make it easy and interesting for you to use. We welcome your suggestions and comments.

# Keep Us Informed

It is very important for you to let PBGC know if you move, change your name, telephone number, marital status, or make any other changes that will help us to keep you updated and informed.

You can get a change of address form at your local post office and send it to the Pension Benefit Guaranty Corporation, P.O. Box 19153, Washington, DC 20036-9153, or call the PBGC Customer Service Center.