

Pension Benefit Guaranty Corporation

76-17

February 5, 1976

REFERENCE:

[*1] 4022(b)(3) Benefits Guaranteed. General Limitation on Amount of Guarantee

OPINION:

Your letter of January 7, 1976 has been referred to me for reply. In your letter, you state that you are a former employee of * * * and that you now have a choice of receiving benefits, under a pension plan in one lump-sum or in monthly payments over the rest of your life. You ask if you choose monthly payments, whether they would be guaranteed by the federal government for the rest of your life.

The Pension Benefit Guaranty Corporation was established by Congress to guarantee benefits of certain types of pension plans if the plan is unable to provide benefits. * * * is covered by the guaranty program.

If you are a participant in that plan, the plan is unable to pay benefits when due, and your benefit under the plan's benefit formula has not increased during the five years prior to the time the plan terminates, the benefit prescribed by the plan will be guaranteed by this Corporation up to a statutory limit of \$750 per month. This limit, however, is adjusted for increases and decreases in the social security base. For plans that terminate in 1976, the limit on guaranteed benefits is \$869.32 per month. [*2] If your benefit under the plan's benefit formula has increased during the five years prior to the plan's termination, the amount of the benefit guaranteed could be reduced depending on the total amount of your benefit and the length of time the increase has been in effect.

If you have any further questions, please feel free to contact me.