



Delphi Salaried Overpayments Frequently Asked Questions

Q: I received my Benefit Determination and found out that I was overpaid. Why was I overpaid?

A: To avoid any interruption in benefit payments to retirees and beneficiaries in terminated plans that PBGC takes over, PBGC initially makes benefit payments at the level promised by the plan. Once we have sufficient information, we adjust benefits to an estimate of the amount that PBGC can legally pay. For the Delphi Salaried plan, PBGC made most of these adjustments about 6 to 8 months after we became responsible for your pension plan. Most overpayments -- payments that are greater than the amount participants are entitled to receive -- are due to those earlier payments at the plan benefit level.

Even when PBGC adjusts benefits, they are still “estimated” benefits until we determine the final benefit amounts due from PBGC under the terminated plan. Because these are estimated payments, some individuals may receive additional overpayments or underpayments until their final benefits are determined.

Q: If I understand correctly, most of the overpayments were made shortly after PBGC took over the plan. Why are you just now letting me know of the overpayment?

A: PBGC determines your total overpayment or underpayment by comparing what you were paid to what you are entitled to receive. We can make this calculation only after we have determined the benefit you are entitled to receive.

Q: If I was overpaid how will PBGC collect the overpayment? Will I have to pay the money back in a single lump sum?

No – you will not have to repay the overpayment in single lump sum. To reduce the burden on

participants and beneficiaries, PBGC collects the overpayment by “recoupment,” which means that we collect the amount you have been overpaid by reducing your monthly benefit by a percentage, called the recoupment percentage. Recoupment is designed to spread the reduction out over the expected duration of the benefit (including payments to your beneficiary, if any). Once the overpayment has been repaid, we stop the reduction for recoupment.

Generally, we limit the recoupment percentage to no more than 10% of your monthly benefit.

Your Benefit Determination will tell you the recoupment percentage and the amount of your benefit before and after the recoupment percentage is applied.

Q: If my benefit changes in the future, will the recoupment reduction continue to apply?

A: Yes. If your benefit changes in the future, this same recoupment percentage will be applied to that benefit until the overpayment has been repaid.

For example, say you are receiving a supplement that is payable until age 62 and one month, and that your benefit equals \$2,500 before age 62 and one month and \$2,000 thereafter.

Also, say that your recoupment percentage equals 2% of your benefit amount.

Your benefit before age 62 and one month with the recoupment percentage applied is \$2,450, determined as follows:

Monthly Benefit until age 62 and one month:

\$2,500 (before recoupment)

Recoupment amount = $\$2,500 \times 2\% = \50

Monthly Benefit until age 62 and one month:

\$2,500 - \$50 = \$2,450

Your benefit after age 62 and one month with the recoupment percentage applied is \$1,960, determined as follows:

Monthly Benefit after age 62 and one month:

\$2,000 (before recoupment)

Recoupment amount = \$2,000 x 2% = \$40

Monthly Benefit after age 62 and one month:

\$2,000 - \$40 = \$1,960

Q: If I die before my beneficiary, will payments to my survivor be reduced for recoupment also?

A: Yes. The same recoupment percentage will apply to the payments to your survivor until the overpayment has been repaid.

Q: How do you determine the amount of my overpayment?

A: For each month in which PBGC paid you estimated benefits, we look at the difference between what you were entitled to receive and what you received to determine whether you were overpaid or underpaid in that month. PBGC then sums up all the monthly underpayments and/or overpayments month by month.

The result is the net overpayment or underpayment. In performing this determination, PBGC does not charge interest on overpayments, but it does pay interest for any month in which your over-/underpayment balance is a net underpayment.

Q: I was overpaid initially; however, when PBGC adjusted my benefit to the estimated amount, that amount was lower than what I am entitled to receive as shown in my benefit determination. Will those underpayments be taken into consideration when you determine my overpayment?

A: Yes. Please refer to the question above on how PBGC determines the amount of your overpayment. You will see that we take into account all underpayments when we determine the amount of your overpayment.

Q: Will PBGC charge interest on my overpayment?

A: No. PBGC does not charge interest on overpayments.

Q: I plan to appeal my Benefit Determination. Will my benefit be recouped while you are considering my appeal?

A: No. If you appeal, PBGC will not reduce your benefit and we will not apply recoupment for prior overpayments until the appeal is decided. If the amount the Appeals Board determines you are entitled is less than what you were paid, any amounts that you received in excess of what you are entitled to receive during the appeal period will be included in your total overpayment.

Q: My benefit determination says that I have been overpaid due to payments in the past, but it also says that the benefit I am entitled to receive is greater than the estimated benefit I am currently receiving. If I appeal, will you still increase my benefit?

A: Yes. For some participants, even though PBGC has determined that they have been overpaid based on past payments, we have also determined that the estimated benefit they are currently receiving is less than what they are entitled to receive.

When this occurs, PBGC will increase your benefit to the amount you are entitled to receive, even if you file an appeal. And we will not apply recoupment until the appeal is decided. Once the appeal is decided, we will apply recoupment if there is an overpayment.

Q: What happens once the appeal is decided?

A: Once the Appeals Board has issued its decision, we will recalculate any over- or underpayment you have received based on your final monthly benefit (as determined by the Appeals Board). All payments you have received as of the date of the Appeals Board determination will be included in the recalculation.

If you have been overpaid, we will start reducing your monthly benefit to recoup the overpayment at that time.