

11-20-99 11:30 AM

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

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[Redacted box]

Re: Appeal [Redacted] Republic Retirement Plan (the "Plan")

Dear [Redacted]

The Appeals Board has reviewed your appeal of PBGC's January 20, 1999 determination of your benefit under the Plan. For the reasons we state below, the Board changed PBGC's determination by increasing your monthly benefit payable as a Straight Life Annuity ("SLA") at your earliest unreduced retirement age (62) from \$816.34 to \$912.20, and thereby increasing your monthly PBGC benefit payable as an SLA starting on your actual retirement date (May 1, 1999) from \$456.25 to \$509.83.

Determination and Appeal

PBGC's determination letter said that you were entitled to a monthly benefit of \$816.34 beginning on May 1, 2006, your earliest unreduced retirement date, payable as an SLA, which provides a benefit for your lifetime and no survivor benefit. PBGC explained that your benefit amount would be lower if payments began at an earlier date or included a survivor benefit. PBGC included a benefit statement showing the data and formulas PBGC used to determine your monthly benefit.

PBGC's files show that you elected to start receiving your PBGC benefit on May 1, 1999, and that since that date, PBGC has been paying you a monthly estimated benefit of \$456.25 as an SLA.

Your January 31, 1999 appeal said that your "Notice of Eligibility for Deferred Vested Pension" form, which you received from LTV Steel Corporation ("LTV"), shows that you are entitled to a Deferred Vested Pension of \$903.60 at age 62 rather than the lower \$816.34 amount determined by PBGC.

Discussion

The Appeals Board reviewed PBGC's and LTV's calculation of your Plan-defined benefit. The Board found that the main reason LTV's monthly amount under the Plan's "1.5% pension" formula is higher than the amount calculated by PBGC is that LTV applied a lower estimated Social Security Benefit ("SSB") amount.

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The Appeals Board recalculated your SSB in accordance with the Plan's provisions and all available data in PBGC files regarding your lifetime annual earnings. The Board found that PBGC overstated your SSB because PBGC used a level-future-earnings assumption instead of the zero-future-earnings assumption required by the Plan's provisions.

Using PBGC software for calculating SSB amounts, the Appeals Board found that your correct SSB is \$405, which is very close to LTV's amount of \$402. Because the Board does not have a complete history of your lifetime Social Security earnings, the Board decided to accept LTV's calculation of your SSB amount.

The **Enclosure** shows the Appeals Board's recalculation of your Plan-defined 1.5% Pension amount, using LTV's \$402 SSB amount, and the benefit formula and other data that PBGC used to calculate your 1.5% Pension.

Decision

Having applied Plan provisions to the facts of this case, the Appeals Board changed PBGC's determination by increasing your monthly benefit payable as an SLA at your earliest unreduced retirement age (62) from \$816.34 to \$912.20, and thereby increasing your monthly PBGC benefit payable as an SLA starting at your actual retirement date (May 1, 1999) from \$456.25 to \$509.83.

This is the agency's final decision regarding the issue you raised in your appeal. You have exhausted your administrative remedies and may, if you wish, seek court review of this decision. When the Insurance Operations Department, the PBGC group responsible for benefit payments, receives a copy of this letter, they will increase your monthly benefit to \$509.83, and pay you an additional amount to reimburse you for previous underpayments.

We appreciate your patience while we completed our review. If you have additional questions, please call PBGC's Customer Service Center at 1-800-400-7242.

Sincerely,



Michel Louis
Appeals Board Member

Enclosure