



25 Years of Pension Protection

Pension Newsletter

Pension Benefit Guaranty Corporation Spring/Summer 1999

PBGC's Financial Strength Continues

Thanks in large part to the continuing healthy economy and low claims from pension plans we took over last year, PBGC remains financially strong. For the third year in a row -- and for

only the third time in the agency's 24-year history -- PBGC ended the year in the black. At the end of September 1998, PBGC's assets exceeded liabilities by about \$5 billion.

"PBGC is financially healthier than ever before. But I am also very mindful that it was not so long ago that PBGC's financial condition was precarious, so we must remain vigilant," said PBGC Executive Director David Strauss.

PBGC is now responsible for the pensions of more than 470,000 people in some 2,700 underfunded pension plans, including 160 that were taken over during 1998. The agency paid out \$848 million in benefits to more than 209,000 people during the year; the remaining 263,000 people will receive their benefits when they retire in the future.

Frequently Asked Questions

Q: I'm thinking of going back to work. How will my working affect my benefit?

A: It depends on when you retired. If you retired at the normal retirement age specified by your plan, you can work anywhere you want and continue to receive your benefit payments from PBGC. If you retired early, your benefit will not be affected if you go back to work -- as long as you do not work for the employer who maintained your pension plan. If you do work for the same employer, your benefit will stop until you reach normal retirement age or stop working for that employer.

Q: Will my benefit ever be adjusted for inflation?

A: No, your benefits are fixed as of the day the plan ended.

Questions?

PBGC's Customer Service Center is available from 8:00 a.m. - 5:00 p.m. Eastern Time. For assistance, call:

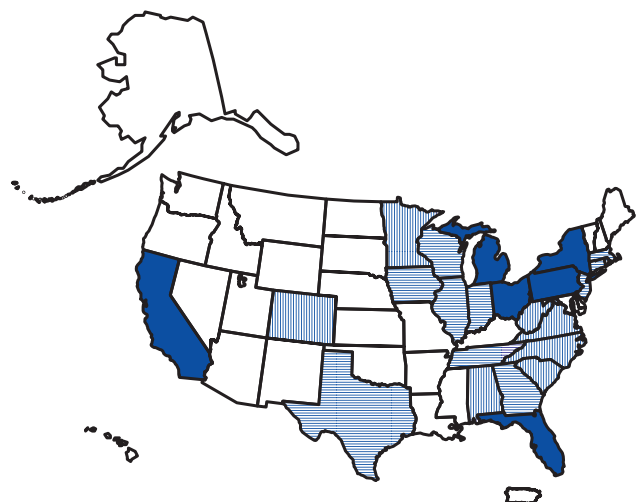
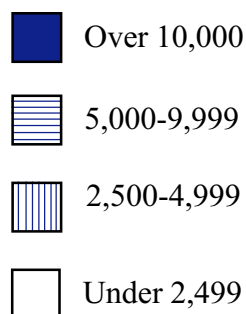
1-800-400-7242

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.

PBGC Commemorating 25th Anniversary

PBGC will mark its 25th year as a federal agency during 1999. On Labor Day 1974, President Gerald Ford signed the Employee Retirement Income Security Act into law, which created PBGC to insure defined benefit pensions of private businesses. Congress acted because of shocking instances of workers losing their retirement benefits. Most notable was the shutdown of the Studebaker Automobile Company in 1963 when some 4,000 workers lost some or all of their promised benefits.

Participants and Beneficiaries Receiving PBGC Benefits



Your Pension and Divorce

If you are getting a divorce or a legal separation, a court may treat your pension benefit as an asset of the mar-

Marriage and Your Pension

Q: What happens to my pension in the case of marriage or remarriage?

A: Your decision about how you wanted your pension benefit paid when you became eligible, still applies. If you were married, you probably received a “joint-and-survivor annuity” that provided a survivor benefit for your spouse upon your death. If your spouse died and you remarried, however, your new spouse will not be entitled to a survivor benefit.

Q: What if my pension doesn't include a survivor benefit?

A: If you have been receiving a benefit payment that does not include a survivor benefit and you married or remarried, your new spouse is not entitled to a survivor benefit.

Q: If my pension includes a survivor benefit and my spouse dies, will my benefit be increased?

A: Your benefit will most likely remain unchanged. In very rare cases, a pension plan may have a provision that increases the retiree's benefit after the spouse's death. In these cases, we make the proper adjustment upon notification of the spouse's death.

riage that can be divided along with other marital property as part of a divorce settlement. PBGC will pay part or all of your pension benefits to your spouse, former spouse or dependant children only under a qualified domestic relations order (QDRO).

PBGC has a booklet available to help your attorney and others who prepare domestic relations orders in a divorce or legal separation. The publication, *Divorce Orders & PBGC*, reviews the agency's requirements for court orders that divide pensions and includes model orders that may be used to draft domestic relations orders for plans for which we have responsibility.

If you already had a QDRO when PBGC took over your plan, the agency will review the QDRO. If we have questions, we will contact with all the parties involved.

The booklet is available on the PBGC web site at www.pbgc.gov/divorce.htm, or by writing to: QDRO Coordinator, PBGC, PO Box 19153, Washington, DC 20036-9153, or you may call our toll-free telephone number.

Information on the Internet

PBGC has a web site on the Internet (www.pbgc.gov) with the latest information on the pension insurance program.

For example, a special section provides information on the steps PBGC is taking to strengthen and expand the defined benefit system. There is also a section on PBGC's year-long 25th Anniversary commemoration.

In addition, the agency's Pension Search Directory continues to be a

Progress in Processing Final Benefits

Some recent news reports of lengthy delays in PBGC's benefit processing do not reflect the way PBGC processes pension plans today. As you know, there is no delay in paying your benefits. However, until we are able to determine your final benefit under the insurance program, we estimate your benefit. For nearly 90 percent of the people receiving benefits, the final benefit and the estimate are the same.

We recognize that the sooner you know your final benefit amount, the better you can prepare for your future. Our goal is to shorten as much as possible the time it takes to determine your final benefit. We have made progress.

Examples of delays cited in the news reports occurred in pension plans we took over prior to 1991. We now have systems in place to correct past deficiencies, and have tripled the number of benefit determinations issued each year. Still, processing takes time because we often have to reconstruct missing records from failed companies, and follow complex statutory formulas. We will continue to do everything we can to speed up the process.

source for people to find out if they are owed benefits from a fully-funded plan that ended or a plan that PBGC took over.

If you do not have Internet access at home, check your library, community college or other Internet resource to see if you can use their computer.

If there is something you would like to see on the PBGC homepage, send an e-mail to **webmaster@pbgc.gov**.