



Pension Newsletter

Pension Benefit Guaranty Corporation

Fall 2003

The Importance of Paying Your Benefit

by Executive Director Steven A. Kandarian

Since PBGC's creation as a U.S. government agency in 1974, our mission has been to protect the basic pension benefits you earned under your defined benefit plan. After nearly 30 years in operation, we now are responsible for the benefits of nearly 1 million people. We know and understand the uncertainty and concern you felt after seeing your pension plan end. PBGC is here to make sure you receive the pension you worked so hard to earn.

Because of legal limits on how much PBGC can pay, not



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all pension participants receive their full benefit. But in about 90 percent of all cases, participants receive the same benefit from PBGC that they were promised by their company.

Public reports in recent months have described the financial problems experienced by some pension plans. You may also have seen reports that PBGC has some financial challenges of its own. Let me reassure you: With nearly \$30 billion in assets, PBGC can pay benefits well into the future. Your pension is secure with PBGC.

We know that you have high expectations of us. We will work not just to meet those expectations, but to surpass them. This is our commitment to you.

If you have any questions about PBGC or your pension, or if you need any assistance, there are several ways to reach us. You may call us using our toll-free telephone numbers listed on page 4 of this newsletter, or contact us through e-mail at mypension@pbgc.gov. We also encourage you to visit our Web site at www.pbgc.gov for the latest news about PBGC, useful publications and other information about how PBGC protects your pension.

Have You Heard About the New Health Coverage Tax Credit?

Certain PBGC benefit recipients who are age 55 or over and are covered by qualified health insurance may be eligible for the Health Coverage Tax Credit (HCTC) which is administered by the Internal Revenue Service (IRS). HCTC is a new tax credit that can pay nearly two-thirds of eligible individuals' qualified health plan premiums.

The tax credit is not available to everyone. For example, a PBGC benefit recipient who is entitled to Medicare Part A is ineligible for

the HCTC. A PBGC benefit recipient who is receiving either Medicare Part B or Medicaid is also ineligible for the HCTC.

You may obtain information about this program including what is considered qualified health insurance, by calling the HCTC Customer Contact Center's toll-free telephone number at 1-866-628-4282 (for TTY/TDD users, call 1-866-626-4282) or by going to the IRS Web site at www.irs.gov — IRS Keyword: HCTC.

Survey Shows Our Service to You Continues to Improve

PBGC's service to you, our customers, continues to improve according to the 2003 American Customer Satisfaction Index (ACSI) survey. PBGC's score on the ACSI survey improved from 74 last year to 77.

The PBGC score is seven points higher than the federal government's current overall score of 70. The score is comparable to that of private sector life insurance companies also measured in the ACSI.

Customers rated PBGC more highly this year on all elements including getting your calls to the right person, handling the call effectively, and treating you with respect.

Here is what one customer said: "The person I talked to actually volunteered to help me. When I didn't get my check she said, 'I'll call the bank.' I didn't have to talk to them like I was talking to a machine. That is actually unbelievable in this day and age! I got service from a stranger that was like the kind of service she would give to a best friend, sister, or mother."

"To continue improving our service, we will focus attention on resolving concerns and providing more clear and timely correspondence. We aim to provide timely, accurate, and responsive handling of concerns and clear, timely, and helpful communication," said Kate Blunt, PBGC's strategic planning director.

We've recently begun using a new program called Customer Relationship

Tax Information You Should Know

PBGC is required to withhold federal taxes from your benefit payments unless you inform us otherwise. You have three options: 1) no withholding; 2) withholding a fixed dollar amount; or 3) automatic withholding based on your marital status and number of exemptions. If you haven't made an election, PBGC uses automatic withholding based on an assumed marital status of "married with three exemptions."

Automatic withholding may result in no federal tax being withheld if your benefit payment is too small after taking into account your marital status and number of exemptions. For example, if you are married with three exemptions, tax will be withheld only if your monthly benefit is more than \$1,320 for the 2003 tax year.

Different withholding rules apply if PBGC determines your Social Security number is wrong or invalid, or if your mailing address is outside the United States or its territories. You may change your tax withholding election by calling our Contact Center at 1-800-400-7242. If you do not want to change your current method of tax withholding, you do not have to do anything.

Management (CRM) to help improve our service to you. Through this program, PBGC employees will be able to track all contacts with the agency, including phone calls, e-mails, and written correspondence, all from one location.

We are currently testing this program with just a few plans. When CRM is fully in place, everyone at PBGC who serves you will have faster access to your information to provide more consistent and timely responses to your inquiries.

When PBGC takes over a pension plan, we act quickly to ensure the transition is seamless and problem-free. We normally work closely with administrators of plans being taken over to accurately account for the plans' financial assets and to safely transfer all employees' pension records. In addition, we keep you abreast of news and information about PBGC via our Web site (www.pbgc.gov) and other communications including a regular newsletter.

Many Benefits to Electronic Deposit

Nearly three-quarters of PBGC's retirees have their monthly benefit payment electronically deposited directly to their bank accounts. When PBGC sends your payment electronically, your benefit payments are transferred to your account on the same date every month and your funds are available sooner than if you had to cash or deposit the check.

Electronic deposits are safe, secure and simple, and they eliminate the risk of lost or stolen pension checks or postal delays. To begin receiving your benefit checks electronically, call the Contact Center at 1-800-400-7242

PBGC Gears Up for Increased Workload

You may have heard through news reports that the number of people due benefits from PBGC is increasing significantly. We want to reassure you that the agency is gearing up to handle the increased workload.

To ensure that everyone due a pension from PBGC receives prompt, courteous and satisfactory service, the agency has added staff at its Washington, DC, headquarters and at its 11 Field Benefit

Administrator offices around the nation. Additionally, recent improvements for retrieving information and forms electronically from PBGC's Web site (www.pbgc.gov) allow quick and easy access to online services.

While the population that PBGC serves has grown significantly in the past few years, the agency's ongoing efforts to improve services to you, our customers, will ensure that your needs will be met.

You May Be Due Increased Benefits If You Are Disabled

Due to a recent change in policy, disabled participants who are receiving benefits from PBGC may be due increased benefits. If you were a member of a pension plan for which PBGC became responsible on or after December 8, 1994, you may be entitled to higher benefits if:

- you retired under a nondisability provision in your plan,
- you received a Social Security Disability Award due to a disabili-

ty that occurred before the earlier of your date of retirement or the date your plan ended, and

- your benefit was reduced by PBGC because you were receiving a supplemental payment or an amount greater than our maximum guarantee.

If you meet these conditions, please call our Contact Center at the phone numbers listed on page 4 for more information.

Información en Español

¡El compromiso de la PBGC es brindar el mejor servicio a nuestros clientes de habla hispana!

Para recibir información en español, llame al Centro de Información (ver la página 4 para nuestros números de teléfono).

Representantes de la PBGC que hablan español estarán listos para responder a sus preguntas.

Toda las cartas y formas que explican los beneficios garantizados por la PBGC están disponibles en español.

Las personas que deseen apelar una decisión de la PBGC pueden hacerlo en español. Además, si el cliente lo desea, la PBGC puede responder en español.

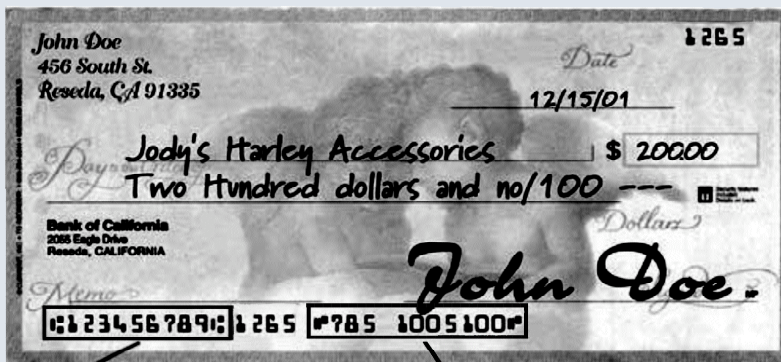
La PBGC puede organizar reuniones para explicar los beneficios en español.

Hay tres publicaciones de la PBGC en español, y todas están disponibles en nuestro sitio de la Internet, www.pbgc.gov.

La coordinadora de servicios en español para la PBGC es **Orfanny Vanegas**. Si Ud. necesita ayuda, llame al 1-800-400-7242, o escriba a: PBGC, Contacto de Habla Hispana, 1200 K St NW, Room 8139, Washington, DC 20005-4026.

How do you sign up for Electronic Deposit?

To begin receiving your benefit checks electronically, call the Contact Center. The only information you need is highlighted at the bottom of this illustration.



Routing Number

Banking Account Number

“My Pension Benefit Account” Debuts

PBGC is testing a new program that makes doing business with us as easy as “pointing and clicking” on our Web site. We recently launched a pilot version of “My Pension Benefit Account” (MyPBA) to select LTV Steel retirees. Those of you in the LTV Steel, Railroad, Mining, Salary, Hourly, and/or Georgia Tubing plans who are currently receiving a benefit can use the Web site (www.pbgc.gov/ltv) to change your address or other contact information, sign up for electronic direct deposit to your bank account or change your banking information.

MyPBA provides LTV retirees with an easy, safe and secure way to update their information with PBGC. Based on the results of this pilot project, we plan to make this service available to participants in additional plans and to expand the types of transactions that can be completed online.

Keep PBGC Informed

Should you move or change your name or telephone number, PBGC needs this new information to stay in touch with you.

You can use a change-of-address form (Postal Form 3576) from your local post office to let us know if you moved. Simply fill it out and mail it to: PBGC, P.O. Box 151750, Alexandria, VA 22315-1750. To help us properly

identify you, we ask that you put the last four digits of your Social Security Number on the line marked “account number.”

You can also send an e-mail message to mypension@pbgc.gov or call our Contact Center toll-free at the phone numbers listed below to provide us with information about changes in your name, address, or phone number.

Call Before Writing

For faster, more efficient service, please call our Contact Center at the phone numbers listed below before writing us a letter. When you call, we will inform you if we need any information or materials sent to us by mail. Calling before writing saves you the time and effort of writing and may provide immediate answers to your questions or needs.

In order to avoid a wait, it is best to call after the 10th of each month before 10 a.m. or after 3 p.m. Eastern Standard Time (the Contact Center’s hours of operation are 8:00 a.m. to 5:00 p.m. Eastern time). In addition, we invite you to browse our Web site (www.pbgc.gov) as it provides answers to many frequently asked questions about pensions and PBGC’s policies and regulations.