

Pension Newsletter

Pension Benefit Guaranty Corporation
United States Government Agency

Fall 2012



Your Pension is Safe With Us

By Deputy Director Operations Vince Snowbarger

One question we often hear from the people we serve is “how do I know PBGC won’t go bankrupt?”

The answer is that for a very long time, your pension will be safe with us.

At the end of FY 2011 we had nearly \$81 billion in assets to cover about \$107 billion in pensions that we know we will have to pay, a \$26 billion deficit.

During FY 2011, PBGC became responsible for paying 57,000 people in failed pension plans. With the recession have come new bankruptcies, and with new bankruptcies, all too often pension plans fail. Those new failed plans mean new responsibilities for PBGC. If you’re reading this newsletter for the first time, your pension might be among these new responsibilities.

Our long-term deficit needs to be solved, and only action by Congress can solve it. **But the deficit is not a sign of immediate crisis.** Last year, we paid \$5.3 billion in benefits to more than 800,000 people whose pension plans had failed. But we also received \$2.1 billion in premium income, and earned about \$3.6 billion on our invested assets. We inherited hundreds of millions of dollars in assets from failed plans, and recovered millions from companies in bankruptcy courts. But, we had actuarial charges to account for such things as changes in interest rates (for example).

Those are big numbers, and the accounting quickly becomes specialized and complicated. You can always read more about our finances in our annual reports, available at pbgc.gov. But the upshot is that the \$81 billion we have on hand — together with what we take in from other sources each year — will keep PBGC able to pay your benefit for years to come.

Congress recently passed a premium increase to help reduce our deficit, and we continue to champion measures that could help right the ship even more. But as one of the people whom we serve today, you can rest assured that your pension is safe with us.

You should also know that we take our mission of retirement security seriously, whether that means educating policy makers about retirement security issues, making sure that companies keep their own pension promises whenever possible, or making sure we have the money we need to pay the benefits that we owe to you and others. We are here to serve you, and that commitment to you is shared by everyone at PBGC.

Pension Income Verification

Often, housing authorities or others need proof that you are getting the pension income you say you are. If you need us to send you or somebody else verification of your pension income, you have to request it in writing. We can’t just send the information because you call us – not even to you at your own address. Instead, to protect your information and privacy, PBGC needs to have a signed, dated, written request.

You can either mail in your request to PBGC, PO Box 151750, Alexandria, VA 22315-1750 or fax it to (202) 326-4047, Attention: Contact Center Service Manager. Tell us who you want the income verification sent to (either you or a third party) and the address. (Call our Customer Contact Center for specific instructions on sending information to a third party.)

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VIEW THIS AND PAST NEWSLETTERS ONLINE AT www.pbgc.gov/retireenewsletter

Get Help with Health Insurance Costs

The Health Coverage Tax Credit (HCTC) makes health insurance more affordable for Pension Benefit Guaranty Corporation (PBGC) payees age 55 or older and their families. The HCTC pays 72.5% of qualified health insurance premiums. In addition, qualified family members of PBGC payees who enroll in Medicare, pass away, or finalize a divorce may be eligible to receive the HCTC for up to 24 months from the month of the qualifying event, or until January 1, 2014, whichever comes first.

The HCTC is a federal tax credit administered by the Internal Revenue Service. This credit is available on a monthly basis to help you and your family pay for health insurance as you go, or on a yearly basis when you file your federal income tax return.

If you are eligible for the HCTC, you may be able to apply for temporary state-level assistance — also called the National Emergency Grant (NEG) Bridge Grant or Gap-filler funds — while you are registering for the HCTC. Contact the U.S. Department of Labor toll-free at 1-877-US-2JOBS (1-877-872-5627) to learn more about NEG Bridge Grants and find out if they are available in your state. To learn more about how you can qualify or for more information about the HCTC, visit the IRS website at www.irs.gov/hctc or call the HCTC Customer Contact Center at 1-866-628-4282 (TTY/ASCII: 1-866-626-4282).

Your Privacy is Our Concern

If you've ever contacted PBGC by phone, you may wonder why our representatives ask you so many questions. The answer is, to protect you from fraud and identity theft. So when you do call, our representatives ask for your name, Social Security number, date of birth, and in some cases the name of your plan. We may even ask you for your email address as an alternate means of contacting you.

This information ensures that we are talking to you rather than someone seeking your information or worse, your identity.

That's also why we are so careful about verifying that somebody else can act on your behalf. We require a letter of authorization or a power of attorney for someone to help you in connection with your PBGC pension. If you want someone to act in your place in regard to your PBGC pension, you will need to establish that person's authority to do so. PBGC Form 715 is a non-durable Power of Attorney that allows someone to act in your place. We also recognize other Power of Attorney documents.

Important Tax Information: Withholding

We withhold taxes from your PBGC benefit unless you tell us not to.

YOU DO NOT HAVE TO DO ANYTHING IF YOU DO NOT WISH TO MAKE OR CHANGE A WITHHOLDING ELECTION AT THIS TIME

You can elect for PBGC to withhold no taxes, a fixed dollar amount, or an amount based on your marital status and number of exemptions.

If you haven't made an election, PBGC **automatically withholds** at the rate for a married individual with three exemptions. This may result in our withholding too much or too little tax for you, or even no federal tax if your benefit payment is relatively small.

For example, for the 2012 tax year, if you are married with three exemptions, tax will be withheld only if your annual benefit is more than \$19,680 (\$1,640 per month).

To change or revoke your election, use our online service **MyPBA** (www.pbgc.gov/mypba) or call our Customer Contact Center at 1-800-400-7242.

Be Aware:

- a. Elections remain in effect until changed or revoked.
- b. Different withholding rules apply if your mailing address is outside the United States or its territories.
- c. You may owe penalties if PBGC does not withhold enough tax from your payments.
- d. Special rules apply if your plan required employee contributions (most plans do not) since some of your PBGC payment may not be taxable. Consult IRS Publication 575 for more information: <http://www.irs.gov/pub/irs-pdf/p575.pdf>.

Retiree Satisfaction Remains High

Each year we survey a random sample of retirees about PBGC service. The 2012 score was 89, again leading the federal government in customer satisfaction.

You reported highest satisfaction with our benefit payment process, particularly receiving benefits regularly. You also said it's easy to update your information with us, and we make those updates quickly and correctly. We're proud that you value the customer care you receive when you call, especially the respect and knowledge of our representatives. And as always, we've noted areas where we can improve, for future action.

Thanks to all who took the time to take the survey. We are always looking for ways we can make your experience even better, and we remain open to your feedback.

Stay Connected: Social Media and Retirees

A Pew Research Center survey tells us that retirees age 65 and older are the fastest-growing age group on social networking sites like Facebook, LinkedIn, and MySpace.

PBGC uses social media like Twitter and Facebook to keep the general public informed, so keeping up with PBGC news is easy!

If you're among the "wired retired," be sure to follow us on Twitter @USPBGC, like us on Facebook, and visit our blog, "Retirement Matters."

When PBGC makes news, you'll find out first!

Protect Yourself...By Protecting Your Personal Information

PBGC and the PBGC Office of Inspector General work diligently to detect and prevent fraud, waste, abuse, and violations of the law.

Thefts of Personally Identifiable Information (PII), such as Social Security Numbers and financial account numbers, are an increasing national problem. In "identity theft" (or "identity fraud") cases, someone pretends to be someone else usually to get money or other property, or to obtain credit or other benefits, in the victim's name.

At PBGC we take these offenses seriously and strive to prevent them. However, it is YOUR responsibility — as the participant or beneficiary — to protect your PII and pension account information from people who could misuse that information.

If you are owed a pension by PBGC, you may have set up an account in our **MyPBA** service that can be accessed on our website. Anybody who knows your PII, pension plan information, and **MyPBA** account information can get into your account and change important information. And that could be a complete stranger, or a friend or relative.

For example, a beneficiary contacted PBGC to update her mailing address after discovering her pension payments for the previous three months were redirected to a different address. The beneficiary's daughter had gained access to her mother's PII and redirected her mother's pension payments to another bank account that the daughter could access.

This clearly illustrates why you should keep your PII and other important personal information in a secure place and tightly control who has access.

PII Examples:

- Social Security Number
- Date of Birth
- Log-In IDs
- Passwords and Password Hints

Sharing your personal information could put you at risk for pension fraud or identity theft. Protect yourself, by protecting your personal information.

If you suspect that either you or PBGC have been the victim of fraud or other illegal activities, contact PBGC's Office of Inspector General Hotline immediately:

Phone: (800) 303-9737

Internet: <http://oig.pbgc.gov>

U.S. Mail: Post Office Box 34177,
Washington DC 20043-4177

Información en Español

Para recibir el boletín para retirados actuales en español, llame a nuestro Centro de Contacto del Cliente al 1-800-400-7242. Para los usuarios del servicio TTY/ASCII, llame al Servicio de Retransmisión Federal, al número telefónico gratuito, 1-800-845-6136, y pida que lo comuniquen con el 1-800-400-7242. Además hay varias publicaciones de PBGC en español y todas están disponibles en PBGC [Publicaciones en Español](#) que se encuentran en [Newsletter & Publications](#) página de web www.pbgc.gov. Usted puede encontrar el enlace de esta página en la parte izquierda de nuestra página [Workers & Retirees](#).

La coordinadora de servicios en español de PBGC es Orfanny Vanegas. Si usted necesita ayuda, llame al 1-800-400-7242, o envíe un mensaje a hablamos.espanol@pbgc.gov, o escriba a: PBGC, Contacto de Habla Hispana, PBGC, P.O. Box 151750, Alexandria, VA 22315-1750.

Keep Us Informed—It Matters! Call 1-800-400-7242

You must let us know when you change your address, bank, or phone number, or you may find your benefits suspended. Also keep us informed of changes to your e-mail address.

While we administer your pension plan, we need to stay in touch with you. Even if you receive your benefit payment by electronic direct deposit (EDD), we must have your current residential address. **If we can't reach you by phone or mail, we will suspend your benefit payments until we can locate you.**


You can update your information by using our online service, **MyPBA** which is available at www.pbgc.gov/mypba, or by calling our Customer Contact Center toll-free at 1-800 400-7242. [TTY/ASCII users may call the Federal Relay Service toll-free at 1-800-877-8339 and ask to be connected to PBGC's toll-free number.] You may also write to us at: PBGC, P.O. Box 151750, Alexandria, VA 22315-1750. If you write us, please include your **full name, the pension plan name, the pension plan number, and the last four digits of your Social Security Number** on your correspondence. It also helps to include your **current e-mail address**.

Our Customer Contact Center is available to receive your calls Monday-Friday, 8:00 a.m. to 7:00 p.m. Eastern time.

If you call during a busy time, you don't have to hold for the next available representative. Instead, you can request that the next available representative call you back. You can generally expect to receive a call back within 10 minutes. The representative will make three attempts to reach you in case you step away from your telephone momentarily.

Address Service Requested

PRESORT
First-Class-Mail
U.S. POSTAGE
PAID
Permit #75
Randolph, MA

Pension Benefit Guaranty Corporation
P.O. Box 151750
Alexandria, VA 22315-1750
US Government – Official Business
Penalty for private use, \$300

Protecting America's Pensions