



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

NOV 26 2003



Re: Appeal [redacted] The Graduate Hospital Pension Plan (Case #: 187421)

Dear [redacted]:

The Appeals Board has reviewed your appeal of PBGC's June 17, 2003 determination that you are not entitled to a PBGC benefit from the Graduate Plan. As explained below, we changed PBGC's determination by finding that you are entitled to a monthly benefit of \$248.22, if paid as a lifetime annuity with no survivor benefit beginning at age 65.

PBGC's Determination and Your Appeal

PBGC determined that you did not meet the Graduate Plan's 10-year service requirement. PBGC's letter said that (1) you had only nine years of service from July 1, 1976, your date of participation, to April 15, 1985, the date you terminated employment; (2) prior to July 1, 1976, the Plan counted only time in excess of three years towards vesting; and (3) you did not have more than three years of service between September, 1973, when you began your employment with the University of Pennsylvania, and July 1, 1976.

According to your July 7, 2003 appeal, you attempted to determine your exact Graduate Hospital start date but, after 30 years, you could not do so. From what you could piece together, you think you probably started in June of 1973, not September of 1973. You also noted that correspondence you received from Graduate over the years, including as recently as August 6, 1999, clearly outlines your vested accrued benefit. You sent copies of these documents to PBGC's Insurance Operations Department on April 28, 2003, along with your completed PBGC *Plan Participation Information* form.

Plan History

Before January 1, 1978, non-union employees of Graduate Hospital were covered under the Retirement Allowance Plan of the University of Pennsylvania (the "University Plan"). On January 1, 1978, Graduate Hospital established its own plan to replace the prior plan. Graduate employees who had been covered under the University Plan became covered by the Graduate Plan.

In 1991, Graduate Hospital initiated a "standard" termination of the Graduate Plan with a proposed termination date of July 14, 1991. A standard termination can occur only if, among other things, the plan has sufficient assets to provide all benefits accrued as of the proposed termination date. Because the Plan did not at that time have sufficient assets, the standard termination did not occur. However, as part of the termination process, the former Plan Administrator calculated an accrued benefit as of July 14, 1991 for each Plan participant. Although the Plan continued as an ongoing plan until it eventually terminated, effective November 10, 1998, the Plan was administered during that period as if all benefit accruals were frozen as of July 14, 1991.¹

One of the items you sent PBGC, an August 6, 1999 *Personal Employee Benefit Statement*, shows that the former Plan Administrator calculated a "monthly vested accrued benefit" for you as of July 14, 1991, of \$248.22 per month, if paid as a Life Annuity beginning at age 65.

Discussion

After you contacted PBGC to request a benefit, PBGC examined Graduate Plan records obtained after the Plan terminated and found no records or other information to show you were a Plan participant. PBGC then sent you the *Plan Participation Information* form discussed above on which you said (1) you were born on [] (2) you were hired by Graduate in 1973; and (3) your employment with Graduate ended on April 15, 1985. With your permission, PBGC obtained your Social Security earnings history for the years 1973 through 1985. The Social Security data are consistent with a hire date in the 3rd quarter of 1973, and the employment termination date you cited. PBGC's Disclosure Officer sent you a copy of this information on July 24, 2003.

PBGC's files contained copies of the 1965 and 1976 Plan documents for the University Plan, and the 1978 and 1984 Plan documents for the Graduate Plan. After reviewing these documents, the Appeals Board concluded that, under the Plan in effect when you were hired in 1973, an employee did not become a Plan Member until the July 1st following the later of the date the employee reached age 25 or completed three years of service. Depending on your exact date of hire, you became a Plan Member either July 1, 1976 or July 1, 1977.

For Plan Members who had not completed three years of service before July 1, 1976, the Board found that the University and Graduate Plans excluded pre-July 1, 1976 service for accrual purposes. This means the Plans would use only post-July 1, 1976 service in computing the Member's accrued benefit. The Board further found that, once an employee became a Member, the Plans would count vesting service from date of hire, with one exception. For Plan Members

¹ PBGC later determined that the July 14, 1991 benefit freeze was invalid. This decision does not affect you because your employment with Graduate ended before July 14, 1991.

who had not completed three years of service before July 1, 1970, the University and Graduate Plans excluded for vesting purposes the pre-July 1, 1970 service.

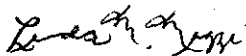
The Appeals Board found that, between your 1973 date of hire and the date you left Graduate, you had at least 10 years of vesting service. The Board further found that you are entitled to the Graduate Plan benefit determined by the former Plan Administrator as part of the 1991 failed standard termination.

Decision

Based on the information described above, the Appeals Board changed PBGC's determination by finding that you are entitled to a benefit of \$248.22 per month, if paid in the form of a lifetime annuity with no survivor benefit beginning at age 65 (or to a lower amount if paid earlier and/or in a different form). This is the agency's final decision on this matter and you may, if you wish, seek court review.

We will forward a copy of this letter to PBGC's Insurance Operations Department, the organization responsible for determining and paying benefits, so they can correct their records. If you have questions, please call PBGC's Customer Contact Center at 1-800-400-7242.

Sincerely,



Linda M. Mizzi
Member, Appeals Board