



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

October 13, 2006



Re: Case Number 195240
LTV Steel Hourly Pension Plan (the "Plan")

Dear :

We have reviewed your appeal of PBGC's September 30, 2005 determination of your PBGC benefit and overpayment. As explained below, we must deny your appeal. We are, however, slightly increasing the pre-plan-termination underpayment PBGC determined is owed to you, from \$602.04 to \$643.56.

LTV's Benefit Determination

LTV determined the following Plan benefits for you:

(i) \$1,974.79 { \$1,574.79¹ + \$400.00 supplement } until age 62, and \$1,574.79 per month for your lifetime thereafter.² LTV used 31.167 { 30 + 1.167 } years service.

(ii) Your \$1,574.79 benefit is a 5-Year Certain and Continuous annuity. The Plan provided \$1,574.79 per month for a minimum of 5 years, through August 2004, even if you had died before then.

(iii) The Plan also provides a separate Surviving Spouse's Benefit ("SSB"):

¹ \$1,656.69 Gross Floor Benefit - \$81.90 DCP offset.
\$1,656.69 = \$52.50 accrual rate x 30 years
+ \$70.00 accrual rate x 1.167 years.

The \$81.90 offset is the annuity-equivalent LTV calculated for \$10,000 paid to you from the DCP. The "DCP" is the LTV Steel-USWA Pension Plan, sometimes referred to as the "Defined Contribution Pension" or the "Defined Contribution Plan."

² The \$1,656.69 is shown on Enclosure 1 page 1. The \$1,656.69 amount was scheduled to increase to \$1,775.03 under a non-guaranteed formula effective after the LTV Hourly Plan terminated.

(a) \$787.40 $\{ \$1,574.79 \times 50\%$ per month until your surviving spouse reaches age 60,

(b) the larger of $\{ \$150.00, \text{ and } (\$787.40 - (\text{widow's Social Security benefit} \times 50\%)) \}$ for the remainder of her lifetime after she reaches age 60.

PBGC's Determination

On September 30, 2005, PBGC determined your PBGC benefit as follows:

- None of your \$400.00 temporary supplement is guaranteed under PBGC's regulation.
- PBGC agreed with the \$1,656.69³ gross accrued benefit LTV used, based on 31.167 years service.
- PBGC favorably reduced the DCP offset LTV used, from \$81.90 to \$61.14. Thus, PBGC increased your full accrued Plan benefit, from \$1,574.79 to \$1,595.55 $\{ \$1,656.69 - \$61.14 \}$ per month.
- Because of your improved DCP offset, PBGC calculated you were underpaid \$602.04 before the Plan terminated. (With this letter, we are correcting PBGC's calculation to \$643.56.⁴)
- Your plan benefit increased from \$1,029.71⁵ to \$1,342.72,⁶ under an amendment adopted in November 1999, and to \$1,595.55 effective August 1, 2000. PBGC must "phase-in" its guaranty of such increases adopted or effective within 5 years of a plan's termination. Thus, your guaranteed benefit is \$1,217.26⁷ per month.
- Expected legal recoveries are funding \$43.16 of your non-guaranteed \$400 temporary supplement. Therefore, your PBGC

³ \$52.50 accrual rate x 30 years + \$70.00 rate x 1.167 years

⁴ $(\$81.90 - \$61.14) \times 31$ months September 1999 through March 2002.

⁵ \$35 multiplier x 31.167 years - \$61.14 DCP offset

⁶ $\$3,886.60$ pension earnings x $(1.155\% \times 30 \text{ years} + 1.26\% \times 1.167 \text{ years}) - \61.14

⁷ Slightly more than \$1,205.49 $\{ \$1,029.71 + (\$1,342.72 - \$1,029.71) \times 40\%$ phase-in + $(\$1,595.55 - \$1,342.72) \times 20\%$ phase-in}. The \$1,205.49 estimate is not exact because the relative value of your minimum SSB changed as your benefit increased. PBGC also included \$.80 from the value of an SSB increase LTV calculated. See PBGC's Benefit Statement.

pension is \$1,260.42 { \$1,217.26 + \$43.16 } per month through November 2008, and \$1,217.26 beginning December 1, 2008.

- Your net overpayments totaled \$6,759.42⁸ through December 2005. The \$6,759.42 total has been decreasing \$54.94 { \$1,260.42 - \$1,205.48 } per month starting January 2006.
- Your \$1,260.42 and \$1,217.26 PBGC benefits will be temporarily reduced by less than 3.5% until your net overpayments have been repaid. You will not be charged interest on your net overpayments.
- PBGC is also guaranteeing a portion of your SSB:
 - (a) \$557.92 per month before your wife reaches age 60, and
 - (b) a minimum of \$111.96 per month after she reaches age 60.

Issues You Raised

In your October 26, 2005 letter, you questioned the service PBGC used:

- You noted a [] 1969 service date is shown on PBGC's Benefit Statement.
- You submitted a document showing LTV recorded an earlier [] 1968 service date.
- You did not dispute that your service ended [] 1999.
- You concluded PBGC mistakenly used only 30 2/12 years service instead of the 31 2/12 years LTV used.
- You questioned whether PBGC failed to apply a 1999 Plan amendment increasing service up to 1 year for certain layoff periods.

In a February 2, 2006 letter, PBGC's Authorized Representative told you the 1969 service date is correct. On February 20, 2006, you asked the Appeals Board to further review your service.

Discussion

We found:

- PBGC already used the 31 2/12 years service you requested. See the benefit calculations on pages 2 and 3 of this letter.
- The full elapsed time from the [] 1968 Service Date you proposed to [], 1999 is the 31 2/12 years PBGC and LTV used. Thus, PBGC used the correct [], 1968 Service Date,

⁸ (\$1,974.79 - \$1,260.42) x 12 months, April 2002-March 2003
- (\$1,260.42 - \$1,205.48) x 33 months, April 2003-December 2005

even though the date is *incorrectly* shown on PBGC's Benefit Statement and *incorrectly* stated in PBGC's February 2006 letter.

- LTV's records show the following dates for you:

(1)	Hire date:	/1965
(2)	Layoff due shutdown:	/1988
(3)	Returned to work:	/1994
(4)	Retirement Date:	/1999

You have not disputed PBGC's use of any these four dates, taken from LTV's records. See Enclosure 4. Also, the Plan document in effect in 1988 gave **2 years** service while on layoff. See Enclosure 3 page 12. Further, the amendment you cited increased your service on layoff 1 more year, to **3 years**. Therefore, your service on layoff ended [] 1991. Thus, using the amendment you cited, you earned the following service:

- 25 10/12 years, from [] 1965 to January 22, 1991, plus
- 5 4/12 years, from [] 1994 to [] 1999.

We concluded, your correct service is **31 2/12 years** (25 10/12 + 5 4/12) years, the same as LTV and PBGC used.

Decision

Having applied Plan provisions to the facts in your case, we must deny your appeal. However, we are increasing to \$643.56 the pre-plan-termination underpayment owed to you.

This letter concludes your administrative remedies with respect to PBGC's September 30, 2005 determination. You may, if you wish, seek court review of PBGC's determination with respect to the issues you raised. Thank you for your patience while we carefully reviewed your appeal.

Sincerely,

William D. Ellis

William D. Ellis
Appeals Board Member

Enclosures:

- (1) Copy of benefit calculation sheets LTV produced (10 pages)
- (2) Copy of PBGC's Benefit Statement (9 pages)
- (3) Excerpt from Plan document in effect before 1999 (3 pages)
- (4) Excerpt from LTV's database on your work history