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

March 6, 2009

Re: [redacted], Case 194672, Outboard Marine Corporation Employees Retirement Plan (the "Retirement Plan")

Dear [redacted]:

The Appeals Board has reviewed your second appeal of PBGC's May 18, 2005 determination of your benefit under the Retirement Plan.[1] For the reasons stated below, we have denied your second appeal. Accordingly, this decision, which upholds PBGC's May 18, 2005 revised determination, becomes PBGC's final administrative action concerning your benefits under the Retirement Plan.[2]

PBGC's Benefit Determination and Your First Appeal

PBGC's revised determination letter stated that you are entitled to a monthly benefit of $1,449.43 in the form of a Straight Life Annuity with No Survivor Benefits. Because this would be an increase over the $1,255.06 per month that PBGC has been paying you, PBGC said that you would receive a backpayment for the difference between what PBGC owed you and what you had received. Although it was not mentioned in the determination or Benefit Statement, PBGC had concluded that you were not entitled to any additional benefits from PBGC based on the legal requirements that apply to the September 30, 1999 merger of the Outboard Marine Corporation Employees Pension Plan ("Pension Plan") into the

[1] Previously, on July 24, 2007, we denied your first appeal.

[2] Your second appeal states that you and four other former Outboard Marine Corporation ("OMC") employees "have essentially merged our efforts" and are appealing their benefit determinations "on substantially the same issues." Although the Appeals Board decided not to formally consolidate these five appeals, we have completed our review of all of them. As a result, we are issuing separate decisions on the same date to all five appellants.

Retirement Plan.[3]

In your September 14, 2005 appeal letter and subsequent addenda, you asserted that the Pension Plan was underfunded on September 30, 1999, and the pre-merger Retirement Plan was overfunded on that date. You noted that: (1) ERISA and IRC provisions are designed to prevent participants from losing benefits when their pension plan merges with a pension plan that is less well-funded; and (2) Treasury Regulation 1.414(ℓ)-1 provides that, if the merged plan terminates within five years after the merger, a special schedule of benefits ("Special Schedule") must be created to give participants in the better-funded plan a higher claim against the merged plan's assets.

Among other things, your first appeal disagreed with PBGC's conclusion that creation of a Special Schedule was not needed. You asserted that: (1) PBGC's analysis of the need for a Special Schedule did not take into account all relevant information, nor was the analysis unbiased; and (2) if PBGC had performed a proper analysis, the likely result is that you and some other pre-merger Retirement Plan participants would be entitled to greater benefits from PBGC.[4]

The Appeals Board's 2007 Decision and Your Second Appeal

The Appeals Board's July 24, 2007 decision ("2007 Decision") explained that a Special Schedule could improve a participant's termination benefit from PBGC only if both of the following two conditions were met: (1) the merged plan was underfunded (based on an ERISA § 4044 allocation) on the merger date; and (2) the funding level of the merged plan (based on an ERISA § 4044 allocation) on

---

[3] Legal requirements governing pension plan mergers are set out in section 208 of the Employee Retirement Income Security Act ("ERISA"), section 414(ℓ)(1) of the Internal Revenue Code ("IRC"), and Treasury Regulation 1.414(ℓ)-1. Among other things, the Treasury Regulation requires the creation of a "Special Schedule" of benefits under certain conditions. The plan merger requirements are discussed in detail on pages 3-5 and in Appendix 1 of the Appeals Board's prior decision.

Before it issued your revised benefit determination, PBGC documented its findings on the plan merger issue on page 28 of its Actuarial Case Memo ("Case Memo"). The Case Memo is the document (dated November 9, 2004) in which PBGC's TPD-8 approved the actuarial valuation of the Retirement Plan. In the Case Memo, PBGC, among other things, concluded: "Even if we did not consider the merged plan to be fully funded at the merger date, we do not believe the special schedule would be applicable to the DOPT valuation results."

[4] Your first appeal also questioned the validity of the merger. The Appeals Board's July 24, 2007 decision, however, found that the merger was valid. You have not questioned the validity of the merger in your second appeal.

the Plan's Date of Plan Termination ("DOPT") was higher than the funding level of the lower-funded plan immediately before the merger. With respect to the second condition, we upheld PBGC's finding (which you did not contest) that the Retirement Plan's assets covered 62.51% of Priority Category 4 benefits on its DOPT of August 17, 2001.

We concluded, therefore, that the only way a Special Schedule of benefits could improve your PBGC benefits was if the assets of the Pension Plan (which the Board agreed was the lower funded of the two Plans) covered less than 62.51% of Priority Category 4 benefits on the merger date. To determine whether or not the Pension Plan's funding on the merger date was below this threshold, the Appeals Board retained the services of Milliman, Inc. ("Milliman") to review independently the actuarial information regarding the merger of the Pension Plan into the Retirement Plan.

Specifically, the Board requested that Milliman address whether or not a Special Schedule of Benefits constructed as of the September 30, 1999 merger date would have impacted the PBGC benefit payable to any participant of the Retirement Plan. Milliman's detailed memorandum analyzing the merger issue concluded:

> [W]e were unable to find a set of assumptions that we consider reasonable . . . that would yield a PC4 funding percentage in the lower funded plan at the Date of Merger that is less than the DOPT PC4 funding percentage of 62.51%. Consequently, we conclude that a 9/30/1999 IRC 414(ℓ) Special Schedule of Benefits will not affect the plan termination benefit of any participant in the merged plan.

Memorandum dated June 25, 2007 from [redacted] and [redacted] of Milliman to Chip Vernon("Milliman Memorandum") at page 11.[5]

In its analysis of the merger, Milliman assumed that the RPA '94 current liability of the Retirement Plan on the merger date as calculated by Hewitt Associates ("Hewitt") ($494,912,659) was close to the actuarially appropriate 414(ℓ) liabilities for the merged Plan.[6] After receiving the Milliman Memorandum, the Appeals Board,

---

[5] The Milliman Memorandum, which is Appendix A to the 2007 Decision, also is included as Enclosure 1 to this decision.

[6] "Current liability" is defined in section 412(ℓ)(7) of the IRC. In this decision, "RPA '94 current liability" refers to the calculation by Hewitt of the Retirement Plan's current liability on September 30, 1999, as reflected in the Retirement Plan's 1999 Form 5500 filing with the IRS.

with Milliman's assistance, prepared an estimate (Appendix 3 to the 2007 Decision) to reconcile the benefit liabilities at DOPT (8/17/01) to the benefit liabilities at the merger date (9/30/99).[7] This estimate showed the Retirement Plan's benefit liabilities at DOPT ($481,706,576), projected backwards, corresponded to benefit liabilities at the merger date of approximately $482.4 million.[8] The Appeals Board concluded in the 2007 Decision that this backwards projection supported Milliman's use of the RPA '94 current liability that was calculated by Hewitt (rather than a larger amount that could be more favorable to you) in its analysis of the merger issue.

For the reasons explained in the 2007 Decision, the Appeals Board "fully accepted Milliman's thorough and sound analysis of the merger issue" as presented in the Milliman Memorandum. The Board accordingly decided that a Special Schedule of Benefits would not affect the plan termination benefit of you or any other participant.

We decided, however, that because that decision was based in part on information and analysis not previously provided to you, we would provide you with the opportunity to file a second appeal if you disagreed with that decision. After you requested and the Board granted extensions of time, you filed a second appeal on March 24, 2008. You also have made several additional filings with the Appeals Board after that date, including extensive supplemental materials submitted on December 15, 2008.

In your second appeal, you claim that "PBGC failed to prove its contention that a Special Schedule for Asset Allocation is not necessary even with the supplemental data contracted with Milliman." For this issue, you question the Appeals Board's and Milliman's conclusions on several specific grounds, which are discussed in detail later in this decision. Your appeal also asserts that PBGC should increase your benefit because: (1) PBGC decided not to terminate the Retirement Plan on February 28, 2001

---

[7] In this decision, we use the term "Milliman/PBGC Backwards Reconciliation" to refer to the analysis in Appendix 3 of the 2007 Decision.

[8] The Appeals Board noted the following caveats with respect to the use of these estimates to reconcile the data: (1) Hewitt's current liability amount uses an interest rate of 6.29%, while the backwards projection uses PBGC's interest rates (6.30% for 20 years; 5.25% thereafter); (2) the backwards projection is based on PBGC's Expected Retirement Age assumptions, while the current liability amount is based on Hewitt's retirement assumptions (which took into account the Waukegan and Milwaukee shutdowns); and (3) the backward projection does not take into account changes in participant data between 10/1/99 and 8/17/01.

as it initially proposed, and a substantial decrease in Retirement Plan assets occurred after that date; and (2) PBGC settled its "unfunded benefit liabilities" claim in OMC's bankruptcy for an amount you consider to be inadequate. You suggest that, if PBGC had taken different actions with respect to the above, your PBGC benefit would be greater.

Background

On pages 3 to 14 of the 2007 Decision, we presented extensive background information related to the pension merger issue. That background information is incorporated by reference, rather than repeated here.

We have included, in the Appendix to this decision, an explanation of the benefits PBGC guarantees and ERISA's requirements for the allocation of pension plan assets. We further are providing, as Enclosure 2 to this decision, Chapter 5.10-1 of PBGC's Operating Policy Manual, entitled "Benefit Liabilities in Priority Category 6" ("PC6 Policy"). The PC6 Policy discusses how non-vested benefits are treated upon a pension plan's termination. We are providing the information in the Appendix and Enclosure 2 since it relates to certain issues raised in your second appeal.

Discussion

A. The Plan Merger Issue

Your second appeal contains several specific assertions and claims concerning the plan merger issue, which are addressed below.

1. *Your Assertions Concerning Non-Vested Benefit Liabilities*.

Your appeal notes: (1) the Schedule B in the Retirement Plan's 1999 Form 5500 filing with IRS ("1999 Schedule B") shows approximately $24 million non-vested active participant liabilities on September 30, 1999 (the plan merger date); and (2) PBGC's Case Memo shows there were no non-vested benefit liabilities on DOPT. You question whether PBGC properly handled non-vested benefits in valuing the Retirement Plan's benefit liabilities at DOPT. You further point out that the Milliman Memorandum and the Milliman/PBGC Backwards Reconciliation do not reflect an accounting for non-vested benefits. You suggest that the failure of Milliman and the Appeals Board to take them into account is a flaw in their merger analysis.

As you state, the 1999 Schedule B shows Retirement Plan vested benefit liabilities of $471.1 million and total benefit liabilities

of $494.9 million. Thus, according to that document, the non-vested benefit liability for non-vested active participants was $23.8 million on the merger date. You further correctly state that, according to the Case Memo, none of the $481.7 million in benefit liabilities at DOPT was for non-vested benefits. We explain below the reasons for this decrease in non-vested benefit liabilities between the merger date and DOPT, following some background information.

As stated in the PC6 Policy (Enclosure 2), the first five priority categories in ERISA section 4044 cover nonforfeitable (i.e., vested) benefits. The sixth priority category ("PC6") covers forfeitable (i.e., non-vested) benefits.

One type of PC6 benefits, which is listed in Section F of the PC6 Policy, is for "benefits contingent on future age or service." This classification includes, for example, the benefit liabilities for participants who had not met the five-year vesting requirement for a Retirement Plan benefit as of the valuation date.[9] Similarly, this classification includes subsidized early retirement benefits and temporary supplemental benefits that, as of a future date, participants could become eligible to receive.[10] Furthermore, as noted in the PC6 Policy, PC6 liabilities include any benefit amounts for which eligibility is based (in whole or in part) on the occurrence of a future event, such as plant shutdown, disability, or death.

On the plan merger date, many of the OMC business operations were still ongoing, including the Milwaukee and Waukegan operations. Thus, as of the merger date, PC6 benefit liabilities included benefit amounts for participants with less than five years of service and for participants who at a future date could qualify for subsidized early retirement benefits or temporary supplements. Although we do not have information showing how Hewitt calculated $23.8 million in non-vested benefit liabilities for purposes of the 1999 Schedule B, the Appeals Board found no reason to disagree with that amount.

---

[9] Such benefit liabilities are in PC6 because participants with less than five years of service generally are not eligible to receive Retirement Plan benefits.

[10] A pension benefit is nonforfeitable (and hence is in a category with higher priority than PC6) if the participant has satisfied all conditions for the benefit except "submission of a formal application, retirement, completion of a required waiting period, or death in the case of a benefit which returns all or a portion of a participant's accumulated mandatory employee contributions upon the participant's death." 29 U.S.C. § 4001(a)(8) (definition of nonforfeitable).

By DOPT, however, the situation involving OMC's business operations had changed dramatically. When OMC filed its Chapter 11 bankruptcy petition on December 22, 2000, it already had signaled its intention to liquidate its assets by terminating substantially all manufacturing operations and laying off the majority of its workforce. Furthermore, on February 9, 2001, the Bankruptcy Court had approved the sale of substantially all of OMC's assets. PBGC's Case Memo further shows that, on DOPT, there were only 85 "Active Vested" participants and zero "Non-Vested" participants.

Because of OMC's cessation of operations, at DOPT it was impossible for any participant, as of a future date, to meet the vesting requirements for a benefit or to meet the eligibly requirements for an early retirement subsidy or for a temporary supplement.[11] Thus, the Appeals Board found no reason to disagree with PBGC's determination that the Retirement Plan had $0 in PC6 benefit liabilities at DOPT.[12]

As is stated in the second appeal, the Milliman Memorandum used, as a source document for its analysis, the 1999 RPA '94 current liability of $494.9 million that was reported in the 1999 Schedule B. Milliman's analysis further does not differentiate between "vested" and "non-vested" benefit liabilities. Rather, the benefit liabilities amount Milliman used for "Active" participants ($141.5 million) equals the sum of the vested ($117.7 million) and non-vested ($23.8 million) benefit liabilities that are shown on the 1999 Schedule B.

We concluded that Milliman's lack of differentiation between vested and non-vested liabilities does not affect the validity of its conclusions concerning the merger issue. ERISA 4044 provides

---

[11] Footnote 4 to the PC6 Policy addresses this situation: "To become entitled to a benefit contingent on post-termination service, the participant must satisfy the conditions for credited service under the plan. This would not be possible if the "employer" under the plan (or other entity for which employment counts toward credited service under the plan) ceased to exist."

[12] As you note in your appeal, a Retirement Plan amendment effective on September 30, 1999 provided that certain participants with less than 5 years of vesting service were immediately vested. PBGC concluded that this amendment was subject to a $20/20% phase-in; thus, at DOPT, part of this benefit increase is in PC4 and the remainder is in PC5. As of the merger date, however, none of this benefit increase was in PC4 because, on that date, the amendment was subject to a $0/0% phase-in.

Thus, some benefits in PC6 on the merger date became benefits in PC4 or in PC5 at DOPT. We note that this occurred not only for some participants with less than five years of service on the merger date, but also for some participants who qualified for subsidized early retirement benefits and/or temporary supplements after the merger date but before DOPT.

that plan assets are allocated to nonforfeitable benefits (i.e., to benefits in PC1 through PC5) before they are allocated to PC6 (non-vested benefits). Thus, with respect to the legal requirements governing pension plan mergers, the amount of PC6 benefit liabilities on the merger date does not affect how plan assets are to be allocated as of the merger date to benefit categories with higher priority (i.e., benefits in categories PC1 through PC5).

As discussed above, the critical question for the merger issue is whether "the PC4 funding percentage in the lower funded plan at the Date of Merger [i.e., the Pension Plan] is less than the DOPT PC4 funding percentage of 62.51%." Accordingly, regardless of whether the Pension Plan had several million in non-vested benefit liabilities on the merger date or $0, the outcome would be the same with respect to the critical issue of whether the Pension Plan's PC4 funding percentage was 62.51% (or greater) on the merger date. Thus, we found that Milliman's analysis and conclusions on the merger issue to be sound regardless of the value of the Retirement Plan's non-vested benefit liabilities on the merger date.[13]

Finally, we concluded that the lack of accounting for non-vested benefits in the Milliman/PBGC Backwards Reconciliation does not have a material impact upon our resolution of the plan merger issue. First, as discussed above, we found no reason to change PBGC's conclusion that non-vested benefit liabilities were $0 at DOPT. Also, as is discussed in other parts of this decision, we

[13] As is discussed in the Milliman Memorandum at pages 8-11, Milliman constructed an Excel model to produce asset allocation results as of the merger date under various scenarios. One of the variables Milliman used in its models is the percentage of total liability allocated to PC5. The model constructed by Milliman, however, assumed for each scenario that the PC6 benefit liability amount was $0.

If, however, Milliman had included PC6 amounts in its models but otherwise did not change the models, the result would be that (under each scenario) the PC4 funding ratio for the Pension Plan would be increased. For example, in Assumption Set 1, Milliman assumed (at the merger date) that 90% of each pension plan's liability for retirees was in PC3 and 7% of each plan's total benefit liability was in PC5. If we modify Assumption Set 1 to assume that 5% of each plan's benefit liability is in PC6 (but do not change the assumptions for PC3 and PC5 benefits), the $238,077,960 in total benefit liabilities for the Pension Plan would be allocated as follows: $128,372,282 to PC3; $81,136,323 to PC4; $16,665,457 to PC5; and $11,903,898 to PC6. Under these modifications to Assumption Set 1, the Pension Plan would be 93.0% funded in PC4 [$75,496,366 assets available for PC4 ÷ $81,136,323 PC4 Liabilities = 93.0%], as compared to 81.1% without the modifications. Thus, it appears to us that the inclusion of a PC6 benefit category in the Milliman models would strengthen, rather than weaken, Milliman's conclusion that (under all reasonable sets of assumptions) the Pension Plan was at least 62.51% funded in PC4 as of the merger date.

found no basis for changing PBGC's conclusion that benefit liabilities totaled $481.7 million on DOPT.

Additionally, as is discussed in footnote 12 of this decision, some benefits that were in PC6 at the merger date were included in PC4 or PC5 at DOPT. Since the Milliman/PBGC Backwards Reconciliation is a comparison of the total benefit liabilities in the Retirement Plan as of the two dates, there is no need to make an adjustment for benefits that moved from one priority category to another.

Lastly, while some benefit liabilities in PC6 on the merger date may not have been Retirement Plan liabilities at DOPT,[14] this does not have a material impact on our resolution of the merger issue. This is because, if we included an additional entry in the backward reconciliation for non-vested benefit liabilities, it would (in effect) change only the amount of PC6 benefit liabilities on the merger date. It would not require any adjustment to benefit liabilities in categories PC1 through PC5 as of the merger date. Accordingly, even if we changed our backwards reconciliation to add an adjustment for non-vested benefits, such a change would not affect our analysis of the critical merger issue of whether or not the Pension Plan's PC4 funding percentage was 62.51% (or greater) on the merger date.

2. *Your Assertions Concerning the February 27, 2001 OMC Board Resolution*.

Your appeal asserts that, on February 27, 2001, OMC's Board of Directors adopted a resolution ("Board Resolution") that amended the Retirement Plan to decrease temporary supplemental benefits and other benefits obligations.[15] You question whether PBGC, in its DOPT valuation of the Retirement Plan, took into account the

---

[14] Benefits in PC6 at the merger date would not be Retirement Plan liabilities at DOPT if, for example, the conditions for the benefit had not been satisfied on or before DOPT and could not be satisfied after DOPT. See discussion on pages 7-8 and footnote 11 above.

[15] The Board Resolution (Enclosure 3 to this decision) states:

> RESOLVED, effective February 27, 2001 or, on a person-by-person basis, the earliest later time permitted by applicable law, the Outboard Marine Retirement Plan (the "Plan") be, and it hereby is, amended to reduce benefits under the Plan (whether or not in pay status) including, without limitation, any temporary supplemental benefit or ancillary benefits (including ancillary health insurance benefits), to the maximum extent allowed by applicable law (including Section 411(d)(6) of the Internal Revenue Code of 1986, as amended).

benefit reductions under the Board Resolution.[16] You also claim that, if (in fact) PBGC's DOPT valuation had included these benefit reductions, the Milliman/PBGC Backwards Reconciliation would be in error because it did not contain an adjustment for the benefit reductions between the merger date and DOPT.

You further suggest that the Board Resolution could have a significant impact. Your appeal states: "My guess based on emails I have which I have attached the benefit changes pertaining to supplements could be $30 - $40 million (but I think doing my own reconciliations that the value is significantly less)." In your benefit reconciliation calculations, you estimate the impact of the Board Resolution to be $15.8 million.

When PBGC valued the Retirement Plan's benefit liabilities at DOPT, PBGC decided not to accept the Board Resolution as a plan amendment. PBGC reached this decision primarily because OMC, as Plan Administrator, had never implemented the Board Resolution. We concluded that PBGC's decision was reasonable in light of the particular circumstances involved, which are discussed below.

The Board Resolution was adopted on (or near) the date when OMC's management decided to explore, as an alternative to PBGC's termination of the Retirement Plan, a private sector arrangement under which an insurance company would issue annuity contracts to Retirement Plan participants. The Board Resolution's apparent purpose, therefore, was to facilitate the purchase of plan termination annuities from an insurer through a reduction (to the maximum extent permitted by law) of the Retirement Plan's benefit obligations.

OMC's efforts to complete a private sector termination through the purchase of insurance annuity contracts were unsuccessful. It further appears that, because a private sector termination proved not to be feasible, OMC never implemented the benefit decreases provided under the Board Resolution.[17] We further observe that OMC's decision not to implement the Board Resolution (and PBGC's decision not to change what OMC had done) generally was in the interest of the Retirement Plan's participants because it avoided

---

[16] In this decision, our reference to PBGC's "DOPT valuation" refers to PBGC's valuation of the Plan at DOPT as reflected in the Case Memo.

[17] The Appeals Board identified several Retirement Plan participants who were receiving temporary supplements at DOPT. Additionally, OMC's failure to implement the Board Resolution is demonstrated, in your case, by OMC's conclusion that you were entitled to a temporary supplemental benefit of $400 per month starting in June 2001.

benefit reductions. Thus, it is the Appeals Board's view that PBGC's position concerning the Board Resolution was reasonable.[18]

Moreover, even if we agreed with you that PBGC must implement the Board Resolution and decrease benefits, we concluded that it would not have as large an impact upon the plan merger analysis as your appeal suggests. First of all, we note that ERISA section 204(g) and IRC section 411(d)(6) generally prohibit plan amendments that eliminate or reduce accrued benefits.[19] Accordingly, for benefits protected by those sections of ERISA and the IRC, the Board Resolution generally could not lawfully reduce benefits.

The Board Resolution potentially could impact upon temporary supplements since, under IRS regulations, temporary supplements generally are not protected by IRC section 411(d)(6).[20] Nevertheless, to the extent that the Retirement Plan's temporary supplements could have been reduced or eliminated by a plan amendment, much of the impact would involve benefits that were in PC5 or PC6 on the merger date (which would not be funded by the Retirement Plan's assets at DOPT even if the benefit reduction amendment was implemented).[21]

Accordingly, we decided that the issue you raised concerning the Board Resolution does not provide a basis for changing our plan merger analysis in our 2007 Decision.

---

[18] We also note that the Board Resolution is vague in that it did not state precisely which benefits were being reduced. This also supports PBGC's decision not to accept the Board Resolution as a plan amendment.

[19] See also Section G of the PC6 Policy, which refers to this rule.

[20] Treasury Regulation § 1.411(d)-4, Q&A 1(d).

[21] As is stated above, the critical question for the merger issue is whether the lower funded plan on the merger date (the Pension Plan) was less funded in PC4 than the merged Retirement Plan at DOPT. Further, as also discussed above, any benefit reductions that occurred in PC5 or PC6 between the merger date and DOPT would not affect the Retirement Plan's funding for benefits in PC3 or PC4 at DOPT.

We note that temporary supplements often are in PC5 because: (1) the "Accrued at Normal Retirement Age" limit, which is discussed in the Appendix, generally limits the amount of the temporary supplement that PBGC guarantees; and (2) the phase-in rule (also discussed in the Appendix) limits PBGC's guarantee of increases in temporary supplements that resulted from plan amendments that occurred within five years of DOPT.

3. *Your Assertions Concerning Hewitt's Benefit Liabilities Estimates as of January 1, 2001.*

Your appeal notes that Hewitt valued the Retirement Plan's benefit liabilities at $527.0 million as of January 1, 2001. According to your calculations, this $527.0 million liability as of January 1, 2001 corresponds to a $528.2 million liability as of the September 30, 1999 merger date. You assert that the Milliman/PBGC Backwards Reconciliation, which shows $482.4 million in benefit liabilities as of the merger date, is inconsistent with the Hewitt estimates. You suggest that the Appeals Board should use the $528.2 million merger date amount in its analysis of the plan merger issue.

As is discussed in a November 19, 2001 memorandum from Theresa R. Leatherbury of Milliman USA to Ruth Williams of PBGC ("Leatherbury Memorandum," which we are providing as Enclosure 4 to this decision),[22] Hewitt's January 1, 2001 estimates were based upon PBGC's plan termination assumptions. Additionally, the Leatherbury Memorandum indicates that Hewitt's actuarial assumptions for the January 1, 2001 estimates were similar to those used in PBGC's "UBL Program." As discussed in our 2007 Decision, the UBL Program is a standard computer program that PBGC uses to estimate a pension plan's Unfunded Benefit Liabilities ("UBLs") as of a particular plan termination date.

The Leatherbury Memorandum also shows that Milliman, at PBGC's request, used the January 2001 Hewitt estimates as a source document for estimating the Retirement Plan's benefit liabilities and underfunding as of DOPT (8/17/2001). The spreadsheet attached to the Leatherbury Memorandum indicates that the Retirement Plan's estimated benefit liabilities at DOPT are $535.2 million, of which $519.9 million is for vested benefits.[23]

---

[22] The work performed for PBGC by Milliman USA in November 2001 was done by a different Milliman office and by different actuaries than the Milliman office and Milliman actuaries who performed the plan merger analysis for the Appeals Board in 2006-2007.

[23] PBGC used the calculations in this spreadsheet, which showed the Retirement Plan's underfunding at DOPT to be $101.6 million, for purpose of PBGC's bankruptcy claim for Unfunded Benefit Liabilities under ERISA section 4062. In your December 15, 2008 appeal supplement, you request that PBGC not use the $101.6 million amount in analyzing the plan merger issue.

We have not relied upon the $101.6 million amount or the other spreadsheet calculations because we found PBGC's DOPT valuation (which show Unfunded Benefit Liabilities at DOPT of $79.8 million) to be more accurate than the spreadsheet for purposes of determining plan asset and plan benefit values at DOPT.

The Appeals Board further asked the actuarial firm of Bolton Partners ("Bolton") to use PBGC's UBL Program to determine the Retirement Plan's estimated benefit liabilities as of the merger date and as of DOPT. Both of these calculations used, as a source document, the data in the 1999 Schedule B. The calculations prepared by Bolton (Enclosures 5 and 6 to this decision) show the following amounts: (1) $553.0 million in benefit liabilities on the merger date, of which $509.4 million is for vested benefits; and (2) $524.8 million in benefit liabilities at DOPT, of which $473.0 million is for vested benefits. By comparison, PBGC's DOPT valuation shows $481.7 in benefit liabilities, all of which is for vested benefits.

The above information thus indicates that Hewitt's January 1, 2001 estimates, as well as the calculations Bolton made using the UBL program in combination with the 1999 Schedule B, substantially overestimated the Retirement Plan's benefit liabilities at DOPT. The Hewitt estimates (projected to DOPT by Milliman) show benefit liabilities that are $53.5 million greater than the amount PBGC valued at DOPT. The Bolton DOPT estimates show a difference at DOPT of $43.1 million.[24]

In the 2007 Decision, the Appeals Board concluded that the RPA '94 current liability of the Retirement Plan on the merger date as calculated by Hewitt ($494,912,659) is close to the actuarially appropriate section 414(ℓ) liabilities for the merged Plan. We also concluded that the Milliman/PBGC Backwards Reconciliation indicated that the total RPA '94 current liability on the merger date, as calculated by Hewitt, was comparable to (or even somewhat higher than) the benefit liabilities of the Retirement Plan if they had been calculated using PBGC's actuarial assumptions.

We decided, after considering your assertions in the second appeal, that the Hewitt January 1, 2001 estimates and the Bolton calculations do not provide a reason to change the above-mentioned conclusions in our 2007 Decision. As discussed above, the Hewitt and Bolton estimates and calculations overestimated the benefit liabilities at DOPT when compared with PBGC's DOPT valuation. It also is likely that the merger date benefit liabilities estimates that Bolton made using the UBL Program, as well as the Hewitt January 1, 2001 estimates (if they are projected backwards to the merger date), overestimated benefit liabilities as of the merger

---

[24] The differences, although notable, were not as large when only vested benefits are considered. The Hewitt estimates (projected to DOPT by Milliman) show $38.2 million more in vested benefits than PBGC's DOPT valuation. Additionally, Bolton's DOPT estimate of vested benefits is $8.1 million less than the DOPT valuation.

date. Finally, we found no reason to change the DOPT valuation to make it consistent with these other estimates, since the DOPT valuation occurred after a thorough audit of participant data and was based on detailed actuarial calculations for the identified Retirement Plan participants.[25]

4. *Additional Assertions in Your Appeal Concerning the Plan Merger Issue*.

- You contend that the $494.9 million 1999 RPA '94 current liability as of the merger date should not have been used by Milliman in its merger analysis. You assert that, under PBGC's plan termination actuarial assumptions, participants are assumed to retire at much younger ages than under RPA '94 assumptions, and thus the liability at time of merger is greater than what Milliman used.

In the 2007 Decision, we acknowledged that - while the interest rate and mortality assumptions for the RPA '94 current liability calculation as of the merger date were not significantly different from the PBGC termination liability interest and mortality assumptions as of the merger date - the expected retirement age assumptions were not the same. Nevertheless, we concluded that the backwards projection indicates that the total RPA '94 current liability on the merger date, as calculated by Hewitt, was comparable (or even somewhat higher) than the benefit liabilities of the Retirement Plan if they had been calculated using PBGC's actuarial assumptions.

We have considered the assertions in your March 24, 2008 appeal regarding these above-stated holdings, but we decided that you have not provided a basis for changing them. We note that your disagreement with the Milliman/PBGC Backwards Reconciliation in a

---

[25] While PBGC relies upon the UBL Program in estimating pension plan liabilities, the accuracy of its results ultimately depends upon the quality and completeness of the actuarial data that is inputted into the program. With respect to Hewitt's valuation of the Retirement Plan at the merger date, PBGC had only the 1999 Schedule B; thus, PBGC lacked detailed information concerning how Hewitt made its calculations. Furthermore, PBGC did not have the additional detail that an Actuarial Valuation Report ("AVR") as of the merger date would have provided. As is discussed in the 2007 Decision, there is no evidence that any Retirement Plan AVR was prepared after 1998, and we were unsuccessful in obtaining any additional benefit calculation information from Hewitt.

Also, in the DOPT valuation, PBGC identified a smaller number of Retirement Plan participants than Hewitt had listed in its actuarial reports. PBGC further corrected benefit data for a large number of participants. This may account, at least in part, for the differences between Hewitt's valuation as of January 1, 2001 and PBGC's DOPT valuation.

large part is based on your contentions concerning non-vested benefit liabilities and the OMC Board Resolution, which we have already addressed above.[26]

- You assert that Milliman's analysis of the merger issue undervalued the benefits in PC3 at the time of merger. You claim that PBGC's determination of $325 million in PC3 liabilities at DOPT corresponds to a $354 million PC3 liability at merger date (before adjustments for deaths that occurred between the two dates).

On page 8 of the Milliman Memorandum, the Milliman actuaries explained their conclusions concerning the likely PC3 liability as of the merger date. The Milliman actuaries, who have extensive expertise concerning defined-benefit pension plans, reached their conclusions after having examined the data in the 1998 Actuarial Valuation Reports for both of the pre-merger pension plans. We concluded that your March 24, 2008 appeal did not provide a sufficient basis for changing Milliman's analysis. Accordingly, the Appeals Board accepted the expert analysis of the Milliman actuaries, rather than your own analysis, concerning the likely PC3 benefit liabilities as of the merger date.

- You state that Milliman should redo its analysis. Although you considered Milliman's approach to be sound and its analysis thorough, you contend that the underlying data they relied upon was not valid. You further state that the primary problem is that the retirement age assumptions used did not correspond to the actual ages when active participants would be expected to retire taking into account the plant closures.

We have considered your objections to the analysis in the Milliman Memorandum and in Milliman/PBGC Backwards Reconciliation, but we decided that you have not provided a sufficient basis for

---

[26] Your March 24, 2008 appeals notes that the Milliman/PBGC Backwards Reconciliation did not contain an adjustment for mortality between the merger date and DOPT, which we had acknowledged in a footnote in the 2007 Decision. You further estimate that the adjustment for mortality would be "less than 2% or $10 million." You also indicate that, by itself, the adjustment for mortality has "little impact," but that it would have an impact when combined with the other adjustments you asserted should be made. We agree that an adjustment for pre-DOPT mortality, even if it were $10 million, would not impact our merger analysis.

Your appeal also asserts that PBGC's valuation of benefits at DOPT (i.e., as of August 17, 2001) actually may have been valued at September 30, 2001. Your appeal also indicates, however, that the difference in the dates may not be significant. We found no basis for concluding that PBGC had valued benefits as of September 30, 2001, rather than as of DOPT.

changing them. As discussed above, Milliman, in its analysis of the plan merger issue, used Hewitt's RPA '94 current liability calculations (without changing the underlying retirement age assumptions used by Hewitt). The Milliman/PBGC Backwards Reconciliation further verified that Hewitt's RPA '94 current liability calculations were consistent with PBGC's DOPT valuation. We decided that, in light of Milliman's expert analysis of the merger issue and our reconciliation of the relevant data, your appeal does not establish a reason for changing the analysis through the use of different retirement age assumptions. The Appeals Board accordingly denied your request that the Milliman analysis be redone.

- In your appeal (which included several spreadsheets as enclosures), you provided your own estimates of the Retirement Plan's benefit liabilities, as well as estimates for the separate Retirement Plan and Pension Plan liabilities prior to the plan merger. You estimated, for example, $535 million in termination liabilities at merger date, which includes a $7 million adjustment for pre-DOPT mortality. In another part of your appeal, you estimated the merged plan's liabilities on the merger date for the ERISA 4044 asset allocation categories as follows: $365.6 in PC3, $122.2 million in PC4; $27.3 million in PC5; and $23.8 million in PC6 (which results in a total liability of $538.9 million).

Your $538.9 million estimate of the Retirement Plan's benefit liabilities on the plan merger date, among other things, includes a $23.8 million adjustment for non-vested liabilities and a $15.8 million adjustment for "benefit reductions." As discussed above, we disagree with your position that these two adjustments should be made. We further concluded that, overall, the estimates and calculations in your appeal overstate the Retirement Plan's benefit liabilities on the merger date, as well as the separate Retirement Plan and Pension Plan liabilities immediately prior to the plan merger. Accordingly, we decided that the Appeals Board's findings and conclusions on the plan merger issue (as stated in the 2007 Decision) should not be changed based on your estimates and calculations.

- The appeal disputes the Appeals Board's conclusion that, under all reasonable scenarios, the preparation of a Special Schedule would not result in increased PBGC benefits for Retirement Plan participants. You assert that whether a special schedule is needed is "too close to call," and therefore PBGC must do a participant by participant calculation. You state that PBGC should have sufficient

information to do this, since, in 2001, data was compiled by OMC and Hewitt to obtain insurance annuity bids.

On page 21 of the 2007 Decision, we stated as follows:

"The Board recognizes that precise, separate actuarial valuations of the benefit liabilities of the two Plans as of the merger date never were undertaken (or, if they were done, are no longer available). We found, however, that it is not reasonable to expect any new attempts by PBGC to value separately the two Plans as of the merger date would lead to more reliable results than Milliman's analysis, given the quality of the information that PBGC obtained from OMC. We further concluded that, even if such attempts were successful, the likelihood of a different outcome with respect to the need for a Special Schedule is, at best, remote."

We further have decided, after considering your second appeal, that the above-stated conclusions continue to be valid. Accordingly, we denied your request that PBGC make additional participant-by-participant calculations of benefits liabilities at the merger date for the purpose of determining whether a Special Schedule is needed.

B. <u>PBGC's Change of its Proposed Termination Date and the Decrease in Plan Assets after February 28, 2001</u>

Your appeal asserts that your PBGC benefit amount adversely was affected by PBGC's decision not to terminate the Retirement Plan as of February 28, 2001, as PBGC initially had proposed. Instead, the Plan terminated as of August 17, 2001. You also claim that you were harmed because the Retirement Plan's assets decreased substantially between those two dates. You assert that, based on information provided to you, the Retirement Plan's assets declined by $52 million between February 22, 2001 and August 17, 2001. You suggest that PBGC should have taken actions that would have prevented such a large reduction in assets.

As you state in your appeal, the PBGC Notice of Determination issued on February 22, 2001 said that PBGC was initiating proceedings to terminate the Retirement Plan, to have it trusteed by PBGC, and to have February 28, 2001 established as the Retirement Plan's termination date (DOPT). On February 27, 2001 and in a confirming letter dated March 15, 2001, OMC's management informed PBGC that it was exploring arrangements under which an insurance company would issue annuity contracts to provide Retirement Plan benefits. PBGC agreed to suspend its efforts for

trusteeing the Retirement Plan while OMC pursued this alternative private sector arrangement.

OMC's efforts to complete a private sector termination through the purchase of insurance annuity contracts were unsuccessful. On September 20, 2001, PBGC issued a Notice of Determination stating that: (1) the February 21, 2001 Notice of Determination was withdrawn; and (2) PBGC was proceeding under ERISA section 4042 to have the Retirement Plan terminated, trusteed by PBGC, and August 17, 2001 established as DOPT. Through an agreement between OMC and PBGC effective October 3, 2001, the Retirement Plan was terminated, trusteed by PBGC, and August 17, 2001 was established as DOPT.

The Appeals Board is authorized to review certain initial determinations made by PBGC, including determinations of benefits payable to individual participants. 29 Code of Federal Regulations ("CFR") §§ 4003.1(b), 4003.51. Issues relating to plan termination or the plan termination date are outside of the scope of what the Appeals Board may decide. 29 CFR §§ 4003.1, 4003.61(b)(1); 29 United States Code §§ 1342(c); 1348. Therefore, the Appeals Board does not have the authority to decide whether or not the Retirement Plan should have been terminated as of a different date.

Furthermore, under ERISA and PBGC regulations, entitlements to PBGC benefits, which are based on (1) a plan asset allocation under ERISA section 4044, (2) PBGC's guarantee, and (3) PBGC's recoveries on its claims (as specified under ERISA section 4022(c)), are determined based on the pension plan's DOPT. Also, for the plan asset component of the ERISA 4044 and 4022(c) calculations, assets are valued as of DOPT. ERISA and PBGC regulations do not provide for the use of alternative dates or asset values that would be based, for example, on actions that PBGC could have taken (but did not take) in the plan termination process. Accordingly, the Appeals Board concluded that it lacks authority to provide you with relief on your claims that relate to the Retirement Plan's DOPT and to pre-DOPT changes in plan asset values.

C. <u>Your Claims Concerning PBGC's ERISA section 4022(c) Recoveries</u>

In your March 24, 2008 appeal and December 15, 2008 supplemental filing, you presented extensive information, which you obtained from both PBGC and other sources, concerning PBGC's recoveries on its bankruptcy claims for the Retirement Plan's Unfunded Benefit Liabilities ("UBLs"). You claim that PBGC "was not diligent in recovery of UBL's from the [OMC] owners." You further question whether PBGC's settlement of its bankruptcy claims in November 2005 was in the best interest of Retirement Plan participants. You assert that other unsecured creditors in OMC's

bankruptcy are receiving a higher percentage recovery on their claims than the percentage recovery PBGC obtained through its bankruptcy settlement. You contend that PBGC should have recovered $20 million on its unsecured claims, which would have increased significantly the amounts PBGC could pay to you and other participants pursuant to ERISA section 4022(c). For this reason, you request that PBGC increase the UBL recovery amount of $2,512,169 that it used for determining ERISA section 4022(c) benefits.

As you indicate in your appeal, section 4022(c) of ERISA authorizes PBGC to pay additional benefits based on the monies that PBGC recovers from employers that maintained underfunded pension plans. Thus, PBGC allocates additional money (the "section 4022(c) amount") to pay otherwise unfunded benefits that are in excess of guaranteed benefits. For pension plans like yours, in which the outstanding amount of unfunded non-guaranteed benefit liabilities exceeds $ 20 million, the section 4022(c) amount is based on PBGC's actual recovery on its claims against the plan sponsor. Thus, for the Retirement Plan, PBGC needed to value its recovery on its UBL claims in the OMC bankruptcy so that it could calculate the amounts it will pay based on ERISA section 4022(c).

Although PBGC had timely filed its claims in OMC's bankruptcy, PBGC had not received payment on its claims at the time the actuarial valuation of the Retirement Plan otherwise was completed in November 2004. Thus, in the DOPT valuation, PBGC relied upon estimates of its future bankruptcy recoveries. As is shown in documents already provided to you, on February 27, 2003, PBGC estimated its total recoveries for UBLs in OMC's bankruptcy as $3.2 million, with a likely payment date of May 2005. Additionally, as is provided in Chapter 8.2-1 of PBGC's Operating Policy Manual, titled "Valuation and Allocation of Recoveries," PBGC discounted this $3.2 million estimated recovery amount payable in May 2005 to reflect its value if the recovery had been paid at DOPT. The discounted value of the $3.2 million recovery is $2,512,169.00, which is the amount PBGC used in the DOPT valuation.

In November 2005, PBGC and OMC's Bankruptcy Trustee entered into a settlement (Enclosure 7) that resolved in full all of PBGC's claims against the Trustee and the Debtors.[27] The settlement

---

[27] On October 28, 2005, the Bankruptcy Trustee had filed a motion in Bankruptcy Court seeking approval of the compromise with PBGC. The Bankruptcy Court entered an order on November 1, 2005 that authorized the Trustee to enter into settlement.

We note that the Settlement provided, as a sole exception to the release of claims, that "PBGC expressly retains any claims arising from breach of

provided that PBGC would receive, in full payment on its claims, the sum of $3 million. As provided by the settlement, part of the $3 million amount was to be paid from the proceeds from the sale of Principal Financial Group, Inc. ("PFG") stock, and the remainder was to be paid in cash.

PBGC's Financial Operations Department has informed the Appeals Board that, between October 2005 and October 2006, PBGC received payments totaling $2,990,005.80, of which $739,682.55 was for the sale of the PFG stock. PBGC did not receive any additional recoveries with respect to the Retirement Plan's termination, nor are any future recoveries anticipated. Thus, PBGC's actual recoveries were somewhat less than the amount estimated in the DOPT valuation, since the actual recoveries were for a smaller amount (approximately $210,000 less than estimated) and occurred at a later date (i.e., between October 2005 and October 2006, compared to the estimated payment date of May 2005).

PBGC, however, is paying ERISA 4022(c) amounts based on the larger estimated amount. Accordingly, when the estimated recovery amount in the DOPT valuation is compared to the amounts PBGC actually received, there is no basis for increasing payments under ERISA section 4022(c).

Your appeal essentially asks the Appeals Board to resolve whether PBGC's settlement on its claims was prudent. You further suggest that, if PBGC imprudently had settled its claims on unfavorable terms, PBGC should compensate you and other Retirement Plan participants based on the higher amounts that PBGC would have received under more favorable terms. The Appeals Board, however, lacks the authority to provide administrative review of the prudence of PBGC's settlement, nor may it increase ERISA section 4022(c) benefits based on "recoveries" that PBGC did not actually receive. As PBGC's Office of General Counsel already has informed you, PBGC's business decisions regarding claims settlement are not subject to administrative review. See September 11, 2008 letter to you from Nicole C. Hagan (Enclosure 8).[28]

---

fiduciary duty by individuals who may have administered the OMC Pension Plans." PBGC, however, did not recover (nor does it anticipate recovering) any funds based on fiduciary duty claims.

[28] In your correspondence to PBGC, you also suggest that PBGC's Recovery Valuation Group ("RVG") should reconsider its valuation of the PBGC's recoveries. You refer to Chapter 8.2-1 of PBGC's Operating Policy Manual (titled "Valuation and Allocation of Recoveries"), which provides in section H.2 for adjustment of recoveries in the case of a material mistake of fact or if there has been an extraordinary material change of circumstances. The RVG, however, has not reopened its valuation of PBGC's recoveries with respect to the Retirement Plan.

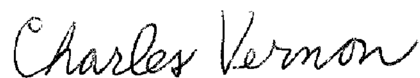
In your December 15, 2008 supplemental appeal filing, you express concern that, if the Appeals Board or another entity within PBGC cannot rule on some of the issues you raised, you and other Retirement Plan participants are left without effective recourse. You further assert that you are in a difficult position because some of these matters are still unresolved even though OMC's bankruptcy occurred more than eight years ago. As I previously informed you, you are entitled to raise your concerns to PBGC officials, as you already have done in your August 28, 2008 letter to former PBGC Director Charles Millard. You may also pursue other remedies, including filing a court action.

Decision

For the reasons explained above, we have denied your appeal. This decision is PBGC's final Agency action with respect to the issues you raised and you may, if you wish, seek review of this decision in an appropriate federal district court.

If you need other information from PBGC, please call our Customer Contact Center at 1-800-400-7242.

Sincerely,



Charles Vernon
Chair, Appeals Board

Appendix and Enclosures (8)

We further note that, under section H.2 of Policy Manual Chapter 8.2-1, the RVG "has sole discretion in determining whether a valuation was based on a material mistake of fact or whether there has been an extraordinary change of circumstances concerning a valuation, and whether or not to adjust the recovery value." Thus, the Appeals Board does not have the authority to decide what actions (if any) the RVG should take.

APPENDIX

This Appendix provides an explanation concerning the benefits PBGC guarantees and ERISA's requirements for the allocation of pension plan assets.

PBGC's Guarantee and Its Limits

PBGC does not guarantee all benefits provided by an insured plan. To be guaranteed, a benefit must, first, be "nonforfeitable." See 29 United States Code ("U.S.C.") § 1322(a) (definition of nonforfeitable). This means that the participant must have satisfied the pension plan's requirements to be eligible for the benefit by the date on which the plan terminates. 29 U.S.C. § 1301(a)(8); 29 Code of Federal Regulations ("C.F.R.") § 4022.3(a). Not all nonforfeitable benefits are guaranteed; there are a number of statutory and regulatory limits on PBGC's guarantee. These include the maximum guaranteed benefit ("MGB") limit, the phase-in limit, and the "Accrued at Normal Retirement Age" limit, each of which is discussed briefly below.

The MGB is a statutory cap on the amount of PBGC's guarantee. 29 U.S.C. § 1322(b)(3). The amount of an individual's MGB depends on a number of factors, including the year in which the pension plan terminated, the age of the participant at the later of DOPT or when benefits begin, the form in which the benefit is paid, and the age of the participant's spouse if the benefit will provide surviving spouse benefits. 29 C.F.R. § 4022.23. For plans terminating in 2001, as the Plan did, the MGB is $3,392.05 per month for a participant who begins receiving PBGC benefits at age 65 in the form of a straight life annuity with no survivor benefit. If the person is younger than 65 and if survivor benefits will be paid (for example, to a spouse), the MGB limit is lower. *See* 29 C.F.R. §§ 4022.22 - .23 and Appendix D to Part 4022.

The phase-in limit provides that PBGC's guarantee of benefit increases is phased in over five years from the later of the adopted or effective date. 29 U.S.C. § 1322(b)(1), (7); 29 C.F.R. §§ 4022.2, 4022.24, 4022.25. To determine the phase-in limit, PBGC must scrutinize all plan amendments made during the five years before a plan terminates.

The "Accrued at Normal Retirement Age" limit generally limits PBGC's guarantee with respect to temporary supplemental benefits. PBGC's regulation provides that, in general, PBGC "will not guarantee that part of an installment payment that exceeds the dollar amount payable as a straight life annuity commencing at normal retirement date, or thereafter, . . ." 29 C.F.R. § 4022.21(a)(1).

The Statutory Scheme for Allocating a Pension Plan's Assets

The six-tier asset allocation scheme in ERISA section 4044 (29 U.S.C. § 1344) determines how a pension plan's assets are distributed among various categories of benefits when the assets are insufficient to pay all promised benefits. We refer below to each of the priority categories as "PC1," "PC2," "PC3," etc. The highest priority categories (PC1 and PC2) are reserved for benefits derived from a participant's own contributions. The next priority category (PC3) covers a participant's benefits that were "in pay status" (i.e., were being paid) three or more years before the plan's termination date, or that would have been in pay status three years before termination if the participant had retired.

Thus, a participant who retired (or could have retired) three or more years before plan termination may receive his or her full plan benefit, even if it is not all guaranteed by PBGC, if (1) all of the benefit is in PC3, and (2) the plan assets are sufficient to cover all benefits in PC3. In many instances, however, not all of a participant's plan benefit is in PC3. This is because PC3 is limited to the benefit amount earned as of three years before the Plan's DOPT based on the plan provisions in effect five years before DOPT. *See* 29 U.S.C. § 1344(a)(3); 29 C.F.R. § 4044.13.

PC4 generally is for benefits guaranteed by PBGC. PC5 is for other nonforfeitable benefits; generally, these are benefits that are not included in PC3 and also are not guaranteed because of the limits described above. And PC6 covers all other benefits under the plan (i.e., non-vested benefits). Chapter 5.10-1 of PBGC's Operating Policy Manual, entitled "Benefit Liabilities in Priority Category 6" ("PC6 Policy," which is Enclosure 2 to this decision), provides detailed information concerning PC6 benefits.