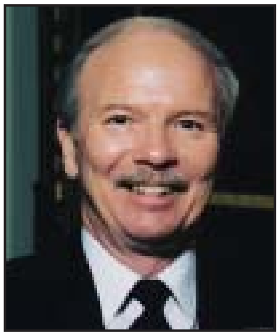
The Federal Manager

COVER

FEATURES

DEPARTMENTS

The Federal Manager (ISBN 0893-8415) is published by the Federal Managers Association, 1641 Prince Street, Alexandria, VA 22314-2818, to inform federal managers of management-related topics, professional development, and legislation affecting them. Statements of fact and opinion are made on the responsibility of the author alone and do not imply an endorsement by the editor, the officers or members of the Federal Managers Association



FMA National President Michael B. Styles

Improving Grassroots Means Improving Your Lives

FMA's voice on Capitol Hill can be a powerful mechanism for change. Over the years, important issues such as better overtime pay for federal managers, pay parity in annual increases for federal workers, a federal long-term care program, dental and vision benefits, and Federal Prison Industries reform have gained significant attention and progress in response to our grassroots campaigns. Through direct contact with congressional offices as well as strong support of an active political action committee, we can continue to keep our voice heard loud and clear throughout the halls of Congress.

As we cross the halfway mark of the 109th Congress, the upcoming mid-term election year signifies fewer days on the legislative calendar, thus less time to enact our priorities. Indeed, our grassroots efforts to promote our legislative agenda and affect policy making become all the more critical in this pressure-cooker environment.

Grassroots efforts are the most crucial part of FMA's legislative operation. Action letters, phone calls, faxes, and emails to FMA members' respective representatives in Congress are the true source of FMA's political power and influence. Every time an FMA member writes a letter, makes a phone call or sends an e-mail to an elected official, he or she is making a certified deposit of political capital in the advocacy bank of FMA.

While the Government Affairs staff in FMA's National Office serves as the Association's messenger on Capitol Hill, their efforts only go so far if Members of Congress do not hear from their constituents. With thousands of special interest groups advocating their unique issues and perspectives before Congress, it becomes imperative that FMA sustain a concerted front-line effort (you!) to keep Congress informed – and hopefully, supportive – of our positions. Constituent voices, a.k.a. voters, make the largest impact on Capitol Hill; just ask any incumbent lawmaker.

Another vital leg of our direct advocacy campaign relates to FMA's Political Action Committee (PAC). FMA-PAC, a separate political arm of FMA, operates independently of the expenditures of the National Office and is the only way FMA can contribute to political candidates. Through contributions to Members of Congress from FMA-PAC, we are able to send FMA members to special events with elected officials and help foster those relationships to further improve our visibility before key decision makers in Congress.

Federal law prohibits using FMA dues for political purposes; therefore, your contribution to FMA-PAC is essential. FMA exercises great care when it comes to deciding which Members of Congress should receive FMA-PAC funds. The Member's voting record on FMA issues, relevant leadership and committee assignments, and the relationship between the Member and the local FMA Chapter are all taken into consideration before distributing funds.

The simplest way to contribute is through payroll deduction, and you can access the payroll deduction form on FMA's Web site in the "Members Only" section or by calling the FMA National Office. Contributions of any size are welcome, although we suggest giving $5 per pay period to keep FMA-PAC growing.

Many challenges face FMA in the months and years ahead. As we take on the last session of the 109th Congress, I implore you to do your part in helping us all step-up our efforts to expand our sphere of political influence. Call your Members of Congress, give to FMA-PAC and get active. The quality of your career, service and life depends on it. ■

FMA Magazine Staff

Publisher
Michael B. Styles
Editor
Didier-Kim Q. Trinh
Assistant Editor
Thomas Richards
Editorial Board
Patricia A. Spade
John C. Priolo
Sherman G. Williams
Advertising Manager
Didier-Kim Q. Trinh
Circulation Coordinator
Marissa Rivera
Graphic Design and Production
Digit Design and InTech Group

Member-at-Large Annual Dues: $72
Retired Member-at-Large Annual Dues: $36
Annual Subscription Rate: $25
Single Issue Rate: $7.50

Advertiser/Subscription Inquiries

The Federal Manager
1641 Prince Street
Alexandria, VA 22314-2818
Tel: (703) 683-8700 • Fax: (703) 683-8707
E-mail: info@fedmanagers.org
Web address: www.fedmanagers.org

Article Submission

All materials submitted to *The Federal Manager* should pertain to public service managers. Copy should be double-spaced, no longer than 10 pages. Color photographs, 35 mm color slides, charts, or other illustrations should be included if possible. Text should be submitted on floppy disk, labeled with type of software and name of file. Also include a biography of author.

Submit unsolicited articles to:
The Federal Manager
1641 Prince Street
Alexandria, VA 22314-2818
Telephone: (703) 683-8700 • Fax: (703) 683-8707
E-mail: info@fedmanagers.org

Q & A with Pension Benefit Guaranty Corporation Executive Director Bradley Belt

PBGC Executive Director Bradley D. Belt

> "It's clear that under current law we do not have the ability to meet our long-term obligations."

The Federal Manager editorial staff had an opportunity to sit down with the Pension Benefit Guaranty Corporation's executive director, Mr. Bradley D. Belt, in October 2005. The following is a transcript of the question-and-answer discussion.

FMA: Thank you, Mr. Belt, for being with us today to talk about the work of the PBGC.

Belt: My pleasure.

FMA: What challenges remain for the defined-benefit pension system? Have you explored any new, innovative models to ensure its future stability?

Belt: There has been steady erosion in terms of network defined benefit plans being offered by private-sector employers. The percentage of work force covered by defined-benefit plans has declined by about half during that period of time. In addition, a number of plan sponsors have implemented some kind of freeze of pension plans, either what is referred to as a "soft" or "hard" freeze, a soft freeze simply being no further interest of the plan and a hard freeze being stopping any additional accrual benefit for people already in the plan.

There was, as some would characterize it, some "light at the end of the tunnel" when benefits consultants and HR executives and others recognized the dynamics of the workforce we're changing and that we had an increasingly mobile workforce. There was a change in expectations of people when they entered the workforce as to what the future would hold for them, and probably a recognition that the days of yore when somebody entered the workforce working for IBM, as an example, expected to be with the company the rest of their career. We anticipate that they will be working for different employers throughout their career and they will change jobs on a regular basis. So that called into question the continued vitality or viability of traditional pension plans, defined benefits plans which really contemplated that you would reap most of the rewards of those types of

continued on next page

Q&A with Bradley Belt continued from page 3

deferred compensation structures in your last few years of working with the company and as a result, the marketplace developed some innovative new product solutions such as hybrid plan structures like cash balance plans that you may have heard of.

FMA: What is your position on the Bush administration's reform proposal for addressing the skyrocketing obligations of the PBGC?

Belt: We've worked with administration agencies and executive departments on crafting the proposal. We are supportive of the administration's proposal; we think what the administration has proposed would address the most serious weaknesses under current law that have led to the termination of too many pension plans in significantly under-funded status, which has caused a loss of benefits for workers and retirees and resulted in costs being shifted to companies that have acted responsibly. This also potentially exposes the taxpayer to risk.

FMA: What impact do you see that having on potential obligations for the PBGC?

Belt: It's clear that under current law we do not have the ability to meet our long-term obligations. We have a substantial amount of assets, currently around $55 billion, and we will be able to continue to pay benefits for a number of years even without any change in law. However we already have a large deficit, and the deficit is growing. We reported a $23.3 billion deficit at the end of the last fiscal year, and I anticipate a further increase in our deficit this year. Without any changes involved we would anticipate the losses to continue to grow, so we do not - again, I am going to reiterate - under the current law have the ability to meet our long-term obligations.

FMA: What other legislative reforms do you think are needed to allow PBGC to meet its long-term obligations?

Belt: Enactment of the administration's reform proposal would clearly be the starting place. The proposal would require that companies reach 100 percent of their funding target over a reasonable period of time. The administration proposed seven years. It would also provide a premium revenue stream that would close the current deficit gap as well as provided premium revenues to cover future expected claims.

FMA: Shifting gears a little bit, Mr. Belt. You recently proposed an expanded enforcement program that included a new penalty structure for administrators of underfunded pension plans who did not inform participants of their status. What prompted the change and what do you hope to gain from it?

Belt: We want to do all we can to ensure that companies are fully complying with their responsibilities and obligations under laws and regulations that the PBGC and the other risk agencies have adopted, but we also want to in a sense encourage compliance where necessary and appropriate. For the first instance, we provided a voluntary correction program to allow companies to "self report" problems or violations that arise and to correct those without any penalty. At the same time we are sending out the signal that our expectations on a go-forward basis are that they will do so, and not just in a voluntary way - we will adequately enforce those laws and regulations.

FMA: If we can maybe take a look more inward, now that you've been in your position for about a year and a half, what do you see as your top three priorities for the agency in the coming months and years?

Belt: The way I characterize it is, the agency at this point in time is facing extraordinary operational challenges, financial challenges, and policy challenges, and we've spent an extraordinary amount of time and effort over the last year addressing each of those three challenges. We've talked a little bit about the policy challenges and the work the agency is putting into informing Congress and policy makers about the need of changes to federal pension laws. As you may know, I think I've testified eight times before four separate congressional committees over the course of the past three or four months. And that's part of that process. We do an extensive amount of analytical work and provide technical assistance to Members of Congress, congressional committees, and executive branch agencies, but that's just on the policy side.

On the financial side, not only do we have our deficit to deal with - over which we have very limited control - but it's increasingly important that everyone recognize we are very large and growing, growing for all the wrong reasons unfortunately. As an asset management organization we have responsibility for more than $55 billion in assets currently, and that number will continue to grow. We have an obligation to make sure that we prudently manage those assets in a way that minimizes the risk of a loss to plan participants, to responsible premium payers, and ultimately to the taxpayer. We need to ensure that we manage those assets in a way that has a minimal impact upon the marketplace. As you may know, when we announced earlier this year some half-a-billion dollars in allocation to three fixed-income asset managers in an attempt to extend duration of our asset portfolio, that actually influenced trading behavior in the financial market and impacted the long end of the heeled curve. We're very sensitive to those kinds of issues.

FMA: And are there any additional operational challenges?

Belt: The operational challenges are the ones that I hope you will begin to talk about because they're ones that don't get sufficient attention. I think it's probably fair to say that most people until a couple of years ago had not heard of the Pension Benefit Guaranty Corporation; it was not an agency or a employer government corporation that was on the forefront of the policy debate or, quite frankly, of the financial market circles. I think that what has transpired over the last year or two has certainly changed that, necessitating that we become much more sophisticated in how we deal with issues like risk management, financial management, how we operate as an organization with respect to efficient and effective use of our human capital resources and our budgetary resources. We are much more visible now - the decisions that are made in the PBGC each and every day affect the economic well-being of millions of Americans, the decisions we make affect the economic well-being of major

American companies and indeed industry sectors, and the decisions we make can also, as I noted, have an effect upon financial markets.

So we've implemented a number of changes here that are consistent with our ever-growing responsibilities to various state quarters. These include putting in place a very robust internal controls environment. Over a year ago, we launched an internal controls project with a view to becoming Sarbanes-Oxley 404-compliant - well ahead of any requirement upon the part of government agencies or government corporations to be so compliant, and I know that OMB has looked at our efforts as being an exemplar for the rest of government. We are adopting a performance-based culture here at the PBGC with respect to our expectations of our staff and our executives. We've been very proactive in recruiting top-flight talent to the PBGC. I've recently brought on a new Chief Financial Officer from the private sector who has an extraordinary record of accomplishment, a new General Counsel from the Financial Crimes Enforcement Network, and a new Chief Administration Officer. One of the strategies that we're employing that we haven't done in the past is, where appropriate, we are putting ads in trade publications, national newspapers and using the services of recruiting firms as we did in the case of our Chief Financial Officer. We used to just, I think like many government agencies, post announcements on USAJOBS.GOV. Instead, we did a national search for that position. So these are some of the ways in which we're dealing with the operational challenges.

I should note that the operational challenges stem from the fact that not only do we have an increasing number of risks, we also have a number of plan terminations of substantial size to deal with. We are now responsible for cutting benefits checks to over 600,000 individuals each and every month, and more than that number again are so-called deferred vested, that is, they haven't started taking their retirement benefits, but we'll be paying their checks at some point in the future.

We also have to be very proactive in bankruptcy court, for example. With Delta, Northwest, United, and companies like Delphi filing for Chapter 11 bankruptcy protection, it's been an extraordinary strain on our operational human capital capabilities as a result of all these market place developments over which we have no control, and obviously makes planning and budgeting extraordinarily difficult because unlike any other government agency, since we don't have control over the agenda we don't control the timing of these events. We can't dictate when companies choose to file Chapter 11. We don't control the dockets of bankruptcy courts or federal district courts. We have to be able to respond on moment's notice to those events.

FMA: On that human capital issue, obviously government-wide there's increasing concern about the number of retirement-eligible individuals over the next few years and it's our understanding that the PBGC is peaking in terms of losing a lot of those employees to retirement. How are you addressing this issue?

Belt: There's no question that we a have a number of senior officials that have left, recently have left, or will be leaving the agency, and we've had a very robust succession planning strategy in place for a period of time. We have programs in place to train the next generation of leaders in this organization. We have had a very robust mentoring program, called "Leaders Growing Leaders," and we have a training institute in-house that is recognized government-wide and is used by other government agencies. Again, as I mentioned, we've been very proactive in recruiting top-flight talent from not only within the agency, but elsewhere within government and from the private sector. I look at this as not only a challenge for us, but an opportunity as well to kind of refresh ourselves.

FMA: You talked earlier about shifting to a performance-based culture. As you may be aware there's currently legislation in draft form called the Working for America Act, which would waive a number of provisions within Title V for non-DOD, non-DHS departments to allow them to go to a pay-for-performance model of human capital management. What authorities do you have over your human capital management system and what changes are you making to your performance review system and your pay systems that are attracting these talented, bright individuals to the PBGC?

FMA National President Michael B. Styles stands with FMA PBGC Ch. 148 Vice President Della Whorton at a September 2005 chapter meeting.

Belt: We need to be very creative and persuasive because we do not have the types of flexibilities as do some of our government brethren. As you know, the Government Accountability Office has its own kind of pay system, pay structure, pay flexibility or human capital flexibility. We also compete from much of the same talent pool as do our sister financial regulators such as the Securities and Exchange Commission, the Federal Deposit Insurance Corporation, and the Office of the Comptroller of Currency. They all have, as a result of legislation enacted, responded to crises that they've had to confront with much greater pay flexibility than do we have. And they can actually pay their top people as much as sixty to seventy thousand dollars more than we can.

FMA: Do you know why it is that you haven't been given the same flexibilities?

Belt: Well, I think it wasn't recognized as a need until now. Often crisis is the mother of inventions, but as you may recall, I was counsel to the Senate Banking Committee back during the savings and loan days and

continued on page 6

Q&A with Bradley Belt continued from page 5

worked on the legislation that came from that. The banking regulators made a very persuasive case that to the extent that they were responsible for managing a large amount of assets, they had to recruit the "best and the brightest" from the private sector and so they were given additional pay flexibility. At that point in time the Securities and Exchange Commission made the same case following the corporate government scandals, and Congress agreed to do the same.

It's my view that the taxpayer should expect that we have the best and the brightest here as well, and I still think that we are still able to obtain that. But it's a tough field sometimes when you're talking to somebody who might be a top-flight lawyer or accountant or a financial analyst who's interested in public service and may be coming from Wall Street and making a big financial sacrifice anyway, yet can make upwards of $50,000 more by going down the street to one of these other agencies than they can at the PBGC. I think we're able to make a persuasive case that there's no more exciting place to be right now than at the Pension Benefit Guaranty Corporation, and that you're not going to find a more interesting mix of issues nor be at the intersection of higher finance and public policy than you will at the PBGC. We've been able to use that rhetorical argument.

FMA: What message would you have for your supervisors and managers who are readers of *The Federal Manager* Magazine?

Belt: What we try to do is convey the point to them that we want them - not only the managers but subordinate staff - to succeed, that they've been viewed with a very important public policy purpose and mission and yet, because we are facing these extraordinary pressures, it's going to require them to continue to exceed their own expectations to be able to carry out the mission as efficiently and effectively in this very highly-scrutinized, resource-constrained environment. What we want to do is create an environment and culture here that is conducive to success, and that we match up the authority, responsibility, and resources that we hold people accountable for delivering results with. We want them to have the requisite amount of responsibility to be able to achieve expected outcomes, and have the necessary resources to achieve those outcomes. We think by focusing on those kinds of goals and objectives, we will be best positioned to carry out our statutory mission in a way that will make the taxpayer proud and the participants proud.

FMA: One last question, Mr. Belt: Is there anything about the PBGC you did not know before you joined the agency, or something about the agency that surprised you the most?

Belt: What surprised me the most was, from a personal or human capital standpoint, the depth of commitment at the PBGC to the agency's mission, notwithstanding the fact that I've been in and out of the policy arena in financial services over the last couple of decades and certainly done my due diligence. I don't think I anticipated that things would play out quite the way they have over the last year or so, that the PBGC would move quite to the forefront of the policy and financial debate to the extent that it has. We all recognize the credit due to my predecessor, Steven Kandarian; he certainly was a Paul Revere on talking about some of the issues that were looming with respect to the pension insurance program, but I don't think that anyone anticipated what we've seen with United Airlines following on the heels of US Airways and, again, some of these other major icons of American business, like Kemper Insurance, Polaroid, and others. Now add Delta and Northwest as well as eight to ten auto part suppliers over the course of the last several months who have filed Chapter 11.

FMA: Suffice it to say, you got more than you bargained for!

PBGC: I bargained for a lot, but even yet, there is certainly more than I bargained for. ■

Bradley D. Belt is Executive Director of the Pension Benefit Guaranty Corporation, a government corporation that protects the pension benefits of 44.4 million Americans.

As the chief executive officer of the Corporation, Mr. Belt is responsible for the PBGC's operations including administration of two insurance programs covering 31,200 defined benefit plans sponsored by private sector employers, providing annual benefit payments of more than $3 billion to more than 1 million workers and retirees, and management of assets totaling more than $40 billion. In addition to his management responsibilities, he assists in shaping and communicating Administration policy on pension and retirement security issues.

Mr. Belt brings to the PBGC more than 20 years of executive management, financial markets, and policy development experience in the private, public, and non-profit sectors. In the private sector, he has been a financial industry executive, management consultant, and government relations strategist. His government service includes senior staff positions with the Securities Exchange Commission and United States Senate, including as counsel to the Committee on Banking, Housing and Urban Affairs. He also has been an executive officer with a leading public policy institute, the Center for Strategic and International Studies.

Mr. Belt has received numerous awards and honors, and has served on the boards of private sector companies and non-profit organizations. His service includes an appointment by President George W. Bush to the Social Security Advisory Board, as executive director of the bipartisan National Commission on Retirement Policy, and as a member of the Board of Trustees of the National Cathedral. Belt holds a B.S. in Business Administration from the University of Nebraska, a Juris Doctor from the Georgetown University Law Center, and he completed the Senior Executives in Government program at Harvard University's John F. Kennedy School of Government.

A PBGC Primer

Q. What is the Pension Benefit Guaranty Corporation (PBGC)?

A. PBGC is a federal agency created by the Employee Retirement Income Security Act of 1974 (ERISA) to protect pension benefits in private-sector traditional pension plans known as defined benefit plans. If your plan ends without sufficient money to pay all benefits, PBGC's insurance program will pay you the benefit provided by your pension plan up to the limits set by law. (Most people receive the full benefit they had earned before the plan ended.) Your plan is insured even if your employer fails to pay the required premiums. Our financing comes from insurance premiums paid by companies whose plans we protect, from our investments, and from the assets of pension plans that we take over, but not from taxes.

Q. What types of plans are insured by PBGC?

A. PBGC insures defined benefit plans, the type that promise to pay a specific monthly benefit at retirement. PBGC does not insure retirement plans that do not promise specific benefit amounts ("defined contribution pension plans"), such as profit-sharing or 401(k) plans.

This FAQ covers only single-employer plans, which are normally sponsored by an individual company for the benefit of its workers. Another PBGC program insures multiemployer plans covering unionized workers of non-related employers in the same industry, such as trucking or construction.

Q. How can I find out if my pension plan is insured by PBGC?

A. The easiest way is to ask your employer or plan administrator for a copy of the "Summary Plan Description," or SPD. The SPD will state whether your plan is covered by the PBGC program. Although PBGC insures most defined benefit plans, some are not covered. For example, plans offered by "professional service employers" (such as doctors and lawyers) with fewer than 26 employees, by church groups, or by federal, state or local governments usually are not insured.

Q. When does PBGC terminate a pension plan?

A. Under certain circumstances, PBGC may take action on its own to end a pension plan. Most terminations initiated by PBGC occur when PBGC determines that plan termination is needed to protect the interests of plan participants or of the PBGC insurance program. PBGC can do so if, for example, a plan will be unable to pay benefits when due.

Q. How can I find out if my pension plan is underfunded?

A. If you are in a single-employer plan insured by PBGC that has been less than 80% funded for the past year or two and less than 90% funded for several years, your plan administrator is required to give you an annual written notice of the plan's funded percentage and the limitations on PBGC's insurance guarantees. You also have a legal right to obtain information about your plan's funding by requesting the information in writing from your plan administrator.

Q. How will I know if my pension plan is ending?

A. If your employer wants to end the plan, your plan administrator must notify you of this in writing. You must get this notice, called the Notice of Intent to Terminate, at least 60 days before the proposed "termination" date. If PBGC is terminating the plan, we notify the plan administrator and often publish a notice about our action in local and national newspapers.

Q. What other information should I receive?

A. In a **standard termination**, you should receive a second letter describing the benefits you will receive, called the Notice of Plan Benefits, generally no later than six months after the date proposed for your plan's termination.

In a **distress termination** or a termination initiated by PBGC, our communication with you begins when we take over your plan as trustee. Initially we will provide you with general information about the pension insurance program and our guarantees. We will be able to provide more specific information about your benefits after we have had an opportunity to review the plan's records, assets, benefit liabilities, and your participation in the plan.

Q. Can I earn additional benefits after my plan ends?

A. No. After the plan ends, you cannot earn additional benefits.

Q. What happens when PBGC takes over my plan?

A. PBGC reviews your plan's records to determine what benefits each person will receive. To ensure PBGC has the correct information, we will ask you to complete an Information Form.

If you are already receiving a pension, we will continue paying you without interruption during our review. These payments, an estimate of the benefits that PBGC can pay under the insurance program, may be less than you were receiving from your plan but will be paid in the annuity form you chose at retirement.

If you have not yet retired, we will pay you an estimated benefit when you become eligible and apply to PBGC to begin payments. About four months before you are ready for your benefits to begin, contact PBGC by calling the Customer Contact Center toll-free at 1-800-400-7242 or by visiting our Web site at www.pbgc.gov.

We pay most benefits by Electronic Direct Deposit, sending your monthly payments directly to your financial institution. If you do not want to use direct deposit, you may still receive your benefit by check.

Q. What benefits does PBGC guarantee?

A. PBGC guarantees "basic benefits" earned before your plan ended, which

continued on page 8

Q&A

PBGC Q&A continued from page 7

include (1) pension benefits at normal retirement age, (2) most early retirement benefits, (3) disability benefits for disabilities that occurred before the plan was terminated, and (4) annuity benefits for survivors of plan participants. PBGC does not guarantee health care, vacation pay, or severance pay.

The pension benefit PBGC pays depends on (1) provisions of your plan, (2) legal limits, (3) the form of your benefit, (4) your age, and (5) amounts PBGC recovers from employers for plan underfunding.

Q. What is the maximum amount that PBGC can guarantee?

A. PBGC's maximum benefit guarantee is set each year under provisions of ERISA. For pension plans ending in 2005, the maximum guaranteed amount is $3,801.14 per month ($45,613.68 per year) for workers who retire at age 65. This guarantee amount is lower if you begin receiving payments from PBGC before age 65 or if your pension includes benefits for a survivor or other beneficiary. The guarantee amount may be higher if you are over age 65 when you begin receiving benefits from PBGC. The table at the end of this booklet shows PBGC's maximum guarantee for retirement at various ages. For certain disability benefits, special rules apply (see the following question). Other guarantee limitations that may apply are described in the questions and answers that follow.

Q. How does the maximum benefit guarantee apply to the benefits of disabled workers?

A. If you met your plan's requirements for a disability benefit before your plan ended (whether or not you applied for the benefit), and you have a Social Security disability award for that disability, PBGC will not reduce the maximum benefit guarantee if you begin receiving payments from PBGC before age 65. For pension plans ending in 2005, the maximum guaranteed amount of disability benefit is $3,801.14 per month ($45,613.68 per year) for workers who begin receiving benefits from PBGC at age 65 or any younger age. Other adjustments to the maximum guarantee are the same as for non-disabled workers: the maximum is increased if you begin receiving payments from PBGC after age 65 and it is reduced if your pension includes benefits for a surviving spouse or other beneficiary.

Q. Are there other limits on PBGC's guarantee?

A. Yes. For example, if your plan was created or amended to increase benefits within five years before it ended, your benefit may not be fully guaranteed. PBGC guarantees the larger of 20% of the benefit or $20 per month for each full year the benefit was in effect. If you own more than 10% of the business, stricter limits apply. Also, if your plan provides supplemental benefits, such as temporary payments, they may not be fully guaranteed. Generally, PBGC does not guarantee any monthly pension amount that is greater than the monthly benefit your plan would have provided if you had retired at your normal retirement age.

Q. Does PBGC pay survivor benefits?

A. PBGC pays survivor benefits if the benefit form you elected (or elect in the future from PBGC) provides for survivor benefits. PBGC will allow all future retirees, whether married or not, to elect a benefit form that provides survivor benefits.

If you are married and die before electing a benefit form, we pay your surviving spouse a survivor benefit. Your spouse can begin this benefit as early as the earliest date your plan states you can retire.

If you are entitled to or are receiving a survivor benefit when your plan ends, PBGC will continue to pay your survivor benefit for the period provided by your plan.

PBGC is a federal corporation created under ERISA. It currently guarantees payment of basic pension benefits earned by 44 million American workers and retirees participating in over 31,000 private-sector defined benefit pension plans. The agency receives no funds from general tax revenues. Operations are financed largely by insurance premiums paid by companies that sponsor pension plans and investment returns.