[redacted]

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

FEB 20 2004

[redacted]

Re: [redacted]; Retirement Plan for Employees of P*I*E Nationwide, Inc. ("Nationwide Plan"); Case #: 140510

Dear [redacted]

Please accept my apologies for the delay in responding to your correspondence relating to our April 5, 2002 decision on your February 26, 2002 appeal. That decision found no basis for changing PBGC's February 19, 2002 determination that you are entitled to a Nationwide Plan benefit of $14.25 per month, or $171.00 annually, payable as a Joint and 100% Survivor Annuity beginning on your actual retirement date of May 1, 1994. The Appeals Board agreed to review the additional information you submitted and has concluded that PBGC's determination is correct.

Your 2002 appeal objected to PBGC's use of an accrual factor under the Plan's "alternate benefit formula" because you believed that the accrual factor did not apply to participants like you with more than 20 years of service. My 2002 decision dealt only with the alternate benefit formula and explained why the accrual factor did apply to your benefit (see Enclosure 1). After receiving this decision, you submitted (1) an undated Ryder/P*I*E Benefits Bulletin summarizing the Plan's "regular," "alternate" and "minimum" benefit formulas for salaried employees and (2) a page from a September, 1981 booklet with a more detailed explanation of these three formulas. Using the data from PBGC's 2002 benefit statement, which you did not dispute, you calculated a benefit of $125.51 per month under the regular formula. We explain below that your regular benefit is actually lower than the $14.25 Plan benefit PBGC determined.

Background

As explained on page 2 of the 2002 decision, P*I*E and its affiliates, including Ryder Truck, adopted the Nationwide Plan on June 10, 1986 to continue retirement benefits for hourly and salaried employees whose prior Ryder/P*I*E plans had terminated, effective August 16, 1985. Ryder Truck had also sponsored the "Ryder Plan," which terminated about 1969.

On March 13, 1990, P*I*E adopted amendments to the Original Nationwide Plan that resulted in higher benefits for some participants and lower benefits for others. If the new benefit formulas increased a participant's benefit (as they did in your case), page 2 of the 2002 decision explained that PBGC cannot guarantee any of the increase because of ERISA's "phase-in" limit.

While PBGC had to compare five different formulas (the regular, alternate and minimum formulas under the Orignal Plan and the 1.6% and flat formulas under the Amended Plan) to determine your guaranteed benefit, PBGC's 2002 benefit statement showed calculations for only the last four formulas. Although PBGC determined that the 1.6% formula produced the highest benefit before offsets as of your May 1, 1994 retirement date (see Enclosure 2, line 19), as noted above, PBGC cannot guarantee any increase under the Amended Plan. Your alternate benefit is the highest under the three Original Plan benefit formulas (Enclosure 2, line 18).

Your Regular Benefit Under the Original Plan

The 1981 document you included with your correspondence[1] describes the Plan's regular benefit as the sum of:

(i) For Credited Service prior to January 1, 1969, the benefit you accrued under any predecessor plan of the Company, plus

(ii) For each year and fraction of a year of your Credited Service accrued after January 1, 1969, a benefit of ¾ of 1% of your Average Final Salary up to your Average Social Security Earnings Limit plus 1½% of your Average Final Salary in excess of your Average Social Security Earnings Limit.

You calculated your regular benefit using the formula in paragraph (ii) and *total* Credited Service (Enclosure 3). However, paragraph (ii) applies only to service *after* January 1, 1969.

Records PBGC's auditors obtained from the former Plan Administrator show that you were first covered under a much older Ryder plan that terminated. Ryder continued pension coverage for those employees under a separate Ryder plan and began crediting service under the new plan on January 1, 1969. Ryder computed the benefits of employees covered under the older plan as of December 31, 1968 and added that benefit (which represented pre-1969 service) to the post-1968 benefit under the new plan. This formula eventually became the "regular" benefit formula under the Ryder/P*I*E and Nationwide Plans. Plan records show that you have a pre-1969 Ryder Plan benefit of $494.00 per year (see Enclosure 4).

You also calculated your regular benefit using the "Estimated Social Security Offset at DOTE" of $12,228 from PBGC's 2002 benefit statement. That amount, however, is used only for the Plan's alternate benefit formula. The regular formula uses a different measure: the "Average Social Security Earnings Limit" which is also known as "Covered Compensation." As defined in the Social Security Act, Covered Compensation is the average annual compensation that would be credited to the individual at age 65 if, in all years of recognized covered employment,

[1] Although the documents you submitted relate to the terminated Ryder/P*I*E Plan, the Original Nationwide Plan kept the same benefit formulas.

the individual's annual compensation was at least equal to the prevailing taxable wage base. The Covered Compensation amount for a particular participant depends on the participant's year of birth and the year his or her employment for pension purposes ended (which is 1991 in your case, the year the Nationwide Plan terminated). Your Covered Compensation amount is $28,092.00 (see Enclosure 5). PBGC did not show this amount on your benefit statement because PBGC did not show your regular benefit calculation.

For your information, Enclosure 6 lists the data PBGC used to compute your Nationwide benefit, describes all five benefit formulas and provides detailed benefit calculations. Page 6-3 of Enclosure 6 shows that the regular formula does not increase your benefit.

Decision

Having applied the law, PBGC policy and the Plan provisions to the facts in this case, the Appeals Board found that PBGC's February 19, 2002 determination that you are entitled to a Nationwide Plan benefit of $14.25 per month, or $171.00 annually, as a Joint and 100% Survivor Annuity beginning May 1, 1994 is correct. This is the Agency's final decision on this matter and you may, if you wish, seek court review.

If you have questions about your benefit, please call PBGC's Customer Service Center at 1-800-400-7242.

Sincerely,

Linda M. Mizzi
Member, Appeals Board

Enclosures (6)