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

October 28, 2002

[Redacted]

Re: Appeal [Redacted]
Pan American World Airways, Inc. ("Pan Am")
Cooperative Retirement Income Pension Plan ("CRIP")

Dear [Redacted]

The Appeals Board has reviewed your appeal of PBGC's August 14, 1998 determination that you were entitled to receive \$288.00 per month, if you waited to retire with a Straight Life Annuity starting June 1, 2011 (age 65).¹ Effective June 1, 2001, PBGC began paying you a \$121.60 per-month Joint and 50% Survivor Annuity.

Because part of your service was as a flight attendant, your benefit must be reduced for starting early using slightly more favorable factors than PBGC used. Therefore, we are applying a prior Appeals Board decision to increase your benefit to \$123.63 per month. However, you have not presented a basis for further changing PBGC's determination.

Your Appeal

In your August 21, 1998 letter, you questioned the Pan Am employment period shown on PBGC's Benefit Statement, from September 16, 1983 until July 31, 1991. You noted that you instead worked from July 14, 1968 until August 15, 1982, and from September 16, 1983 until December 1991. We explain below that correcting your employment dates does not change the service PBGC used to determine your benefit.

Data Relevant to your Appeal

PBGC's files contain the following data relevant to your appeal and to your Pan Am employment:

(1)	Your date of birth:	[Redacted]
(2)	Date you were hired as a flight attendant:	7/14/1968

¹ PBGC's letter also erroneously said "You will not receive an additional benefit under Section 4022(c) of ERISA, because PBGC did not collect any money for these benefits from the plan sponsor." We explain in this letter that PBGC is already paying your full CRIP benefit.

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(3)	Date you transferred to full-time ground employment in the Management Workforce:	2/01/1973
(4)	Date you started contributing to CRIP:	12/01/1977 ²
(5)	Date you transferred to a quarter time "25%" position in the Management Workforce:	10/01/1978
(6)	Date you transferred to a part time "45%" position in the Management Workforce:	8/01/1979
(7)	Date you resigned:	8/15/1982
(8)	Date you were rehired in a part time "45%" position in the Management Workforce:	9/16/1983
(9)	Effective date on which CRIP's benefit accruals were "frozen":	12/31/1983
(10)	Your total Years of Benefit Service as of 12/31/83:	12 years 0 months
(11)	CRIP's termination date:	7/31/1991
(12)	Date your Pan Am employment ended:	12/04/1991
(13)	Date you started receiving your benefit (age 55):	6/01/2001

Your Years of Benefit Service

PBGC cannot count as benefit service all of your employment through December 1991: As noted above, CRIP froze Normal Retirement Benefit accruals using service through **December 31, 1983**. See Enclosure 2. However, Pan Am's records confirm the employment dates you gave in your appeal. We used those dates to calculate you earned approximately³ **12 Years** of Benefit Service through the December 31, 1983 freeze, the same as PBGC used. See

² PBGC refunded to you \$581.94 (\$305.75 contributions plus \$276.19 interest) on February 1, 1992.

³ We could not calculate your pension service exactly because the benefit service you accrued as a part-time employee depends on exact hours worked. PBGC's records do not show your exact hours worked for any year, nor your total earnings for some relevant periods.

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Enclosure 3. The Appeals Board decided to calculate your benefit using 12 Years of Benefit Service.

Corrected Adjustment for Starting Your Benefit Early

Part of your \$288.00 Normal Retirement Benefit was earned as a flight attendant, with Normal Retirement Age 60, while the balance of your benefit was earned as a ground employee with Normal Retirement Age 65. Because PBGC based all of your benefit on Normal Retirement Age 65, the Appeals Board increased your benefit slightly as follows.

Your flight service benefit is based on the CRIP document in effect when you transferred to management in 1973. That document permitted an employee to become a CRIP participant only after attaining age 25 and working for one year. You became a participant on June 1, 1971 when you were age 25. Also, PBGC's files show you did not contribute to CRIP while a flight attendant. Therefore, we calculated your non-contributory benefit using CRIP's 1973 formula, which provided \$5.00 per month for each year of benefit service. Based on the 1-8/12 years elapsed time from June 1, 1971 until February 1, 1973, your flight attendant benefit is \$8.33 (\$5.00 x 1-8/12) per month.

The early retirement factor for your Flight Attendant benefit is .7130. The \$279.67 (\$288.00 - \$8.33) balance of your Normal Retirement Benefit is reduced for starting early using a .4520 factor. Also, you elected to receive your benefit as a Joint and 50% Survivor annuity. Your reduced benefit is therefore also multiplied by .9341. Therefore your benefit is \$123.63 ((\$8.33 x .7130 + \$279.67 x .4520) x .9341) per month.

Where to Submit Any New Evidence

PBGC will always - even after an appeal is closed - consider any new, specific evidence that you present showing that you may be entitled to a different benefit. For example, you may be entitled to a larger benefit if you have evidence (e.g. W-2's) for 1979 and 1982 showing that you earned substantially more than the estimated pay shown in Enclosure 3 column (3). Please send any such information to:

PBGC Authorized Plan Representative
1175 Peachtree Street, N.E.
100 Colony Square, Suite 500
Atlanta, GA 30361

You may also contact PBGC's Authorized Plan Representative at 1-800-400-7242 extension 2000.

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Decision

Having applied CRIP's provisions to the facts in your case, the Appeals Board increased your benefit to \$123.63 per month, effective to June 1, 2001. PBGC's Authorized Representative will contact you about paying your underpayments plus interest.

This decision concludes your administrative remedies with respect to PBGC's August 21, 1998 determination. You may, if you wish, seek court review of PBGC's determination with respect to the issues you raised. We appreciate your patience during this careful review of your appeal.

Sincerely,



William D. Ellis
Appeals Board Member

Enclosures:

- 1) Pan Am's "Personnel Master" database record for you
- 2) Explanation of Certain Appeals Board Rulings Involving the Pan Am "CRIP Plan" (8 pages)
- 3) Worksheet showing the Computation of the Minimum Benefit and Benefit Service.